

- (e) The system of internal control is sound in design and has been effectively implemented and monitored.
- (f) There are no significant doubts upon the Company's ability to continue as a going concern.
- (g) Significant deviations from last year's operating results of the Company have been highlighted in the report and reasons there of have been explained.
- (h) Key operating and financial data of preceding four years have been provided on page 2.
- (i) During the year six Board meetings were held and the attendance by each director is given on page 60.
- (j) The pattern of shareholding is provided on pages 33 & 60.
- (k) In accordance with the requirement of the Securities and Exchange Commission, "Corporate Governance Compliance Report" is provided on page 56.
- (l) Segment-wise or product-wise business performance is provided on page 19 to 20.
- (m) Statement of all related party transactions is provided on page 42 to 43.
- (n) During the year the company did not pay any remuneration to its non whole time Directors including Independent Director. 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 2016:

- | | | |
|-------------------------------------|-------------------|--|
| 1. Mr. Nitish Kapoor | Chairman | |
| 2. Mr. Vishal Gupta | Managing Director | |
| 3. Mr. Raghu Krishnan | | (Resigned on 1st May 2016) |
| 4. Mr. Parag Agarwal | | |
| 5. Mr. Nayan Ranjan Mukhopadhyay | | (Resigned on 30 October 2016) |
| 6. Mr. Sourav Mitra | | (Joined on 30 October 2016) |
| 7. Mr. Mahmud Hasan Khan | | |
| 8. Mr. Rashidul Hasan | | (Resigned on 28 November 2016) |
| 9. Mr. M. Jahangir Kabir | | (Re-appointed on 28 November 2016) |
| 10. Mr. C.Q.K. Mustaq Ahmed | | (Joined on 28 November 2016) |
| 11. Mr. Enamul Hoque | | (Resigned on 31 March 2016) |
| 12. Mr. Sushen Chandra Das | | (Retired and re-elected on 8 September 2016) |
| 13. Mr. Jamal Abdul Naser Chowdhury | | (Resigned on 28 November 2016) |
| 14. Md. Azizul Islam | | (Joined on 28 November 2016 and resigned on 30 April 2017) |
| 15. Mr. Shahidul Islam | | (Joined on 30 April 2017) |

During the year of 2016, Mr. Enamul Hoque, Mr. Raghu Krishnan, Mr. Nayan Ranjan Mukhopadhyay, and Mr. Rashidul Hasan, Mr. Jamal Abdul Naser Chowdhury and Md. Azizul Islam resigned from the Board of Directors on 31 March 2016, 1 May 2016, 30 October 2016, 28 November 2016 and 30 April 2017 respectively. Mr. Vishal Gupta, Mr. Sourav Mitra, Mr. C.Q.K. Mustaq Ahmed and Md. Azizul Islam, joined as Director to the Board on 1st May 2016, 30 October 2016, 28 November 2016 and 30 April 2017 respectively.

ELECTION OF DIRECTORS

As per Article 118A of the Articles of Association of the Company, Mr. Parag Agarwal, Mr. Mahmud Hasan Khan and Mr. Nitish Kapoor retire from the Board of Directors and being eligible offer themselves for re-election.

Mr. Sourav Mitra has been appointed as Director and Chief Financial Officer in place of Mr. Nayan Ranjan Mukhopadhyay with effect from 30 October 2016. Mr. M. Jahangir Kabir has been re-appointed as Independent Director with effect from 28 November 2016. Mr. C.Q.K. Mustaq Ahmed has been appointed as Independent Director in place of Mr. Rashidul Hasan with effect from 28 November 2016. Mr. Shahidul Islam has been appointed as Director in place of Md. Azizul Islam with effect from 30 April 2017.

The elections of new Directors are subject to approval in the 56th Annual General Meeting.

AUDITORS

The retiring auditors of the Company, A. Qasem & Co., Chartered Accountants, have expressed their willingness to continue in office and being eligible, offer themselves for- reappointment, subject to shareholders' approval in the 56th Annual General Meeting.

ACKNOWLEDGEMENT

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

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



Sushen Chandra Das
Director



M. Jahangir Kabir
Independent Director



Sourav Mitra
Director & CFO



Vishal Gupta
Managing Director

Independent Auditor's Report to the Shareholders of Reckitt Benckiser (Bangladesh) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Reckitt Benckiser (Bangladesh) Limited (the 'Company') which comprise the statement of financial position as at 31 December 2016, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Reckitt Benckiser (Bangladesh) Limited as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

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

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



(A. Qasem & Co.)
Chartered Accountants

Dhaka, 30 April 2017

Statement Of Financial Position As At 31 December 2016

In Taka	Note	31 December 2016	31 December 2015
Assets			
Property, plant and equipment	17	258,755,117	169,965,501
Deferred tax assets	12(C)	26,333,001	13,604,907
Non-current assets		285,088,118	183,570,408
Inventories	13	295,729,610	283,031,437
Trade and other receivables	14	16,411,459	11,599,815
Advances, deposits and prepayments	15	75,164,616	78,436,643
Cash and cash equivalents	16	769,394,334	435,316,478
Current assets		1,156,700,019	808,384,373
Total assets		1,441,788,137	991,954,781
Equity			
Share capital	18	47,250,000	47,250,000
Retained earnings		189,109,665	158,186,243
Total equity		236,359,665	205,436,243
Liabilities			
Employee benefits - gratuity - non current portion	19	74,460,000	57,873,493
Non-current liabilities		74,460,000	57,873,493
Trade and other payables	20	1,022,878,694	653,045,094
Employee benefits - gratuity - current portion	19	2,590,000	5,010,000
Current tax liabilities	21	105,499,778	70,589,951
Current liabilities		1,130,968,472	728,645,045
Total liabilities		1,205,428,472	786,518,538
Total equity and liabilities		1,441,788,137	991,954,781

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



Sushen Chandra Das
Director



Sourav Mitra
Chief Financial Officer



Vishal Gupta
Managing Director



Md. Nazmul Arefin
Company Secretary

As per our report of same date.



(A. Qasem & Co.)
Chartered Accountants

Dhaka, 30 April 2017

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2016

In Taka	Note	For the year ended 31 December	
		2016	2015
Revenue	6	3,326,615,328	2,884,380,316
Cost of sales	7	(1,548,198,653)	(1,387,826,270)
Gross profit		1,778,416,675	1,496,554,046
Net operating expenses	8	(1,306,703,317)	(1,091,549,443)
Profit from operation		471,713,358	405,004,603
Finance income	9	9,562,361	18,899,945
Profit before contribution to Workers' Participation in Company's Profit		481,275,719	423,904,548
Contribution to Workers' Participation in Company's Profit	11(A)	(22,917,891)	(21,195,227)
Profit before tax		458,357,828	402,709,321
Income tax expense	12(A)	(162,271,906)	(125,195,503)
Profit for the year		296,085,922	277,513,818
Other comprehensive income/(loss)	11(B)	(5,287,500)	-
Total comprehensive income		290,798,422	277,513,818
Earnings per share			
Basic earnings per share (Taka)		62.66	58.73

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



Sushen Chandra Das
Director



Sourav Mitra
Chief Financial Officer



Vishal Gupta
Managing Director



Md. Nazmul Arefin
Company Secretary

As per our report of same date.



(A. Qasem & Co.)
Chartered Accountants

Dhaka, 30 April 2017

Statement of changes in equity for the year ended 31 December 2016

In Taka	For the year ended 31 December 2016 Attributable to owners of the Company			
	Share capital	General reserve	Retained earnings	Total
Balance as at 1 January 2016	47,250,000	-	158,186,243	205,436,243
Profit for the year 2016			296,085,922	296,085,922
Other comprehensive income			(5,287,500)	(5,287,500)
Total comprehensive income			290,798,422	290,798,422
Transactions with owners of the Company				
Contributions and distributions				
2nd interim dividend for the year 2015			(70,875,000)	(70,875,000)
Interim Dividend for the year 2016			(189,000,000)	(189,000,000)
General reserve transferred to the retained earnings		-	-	-
Total contributions and distributions			(259,875,000)	(259,875,000)
Total transactions with owners of the Company			(259,875,000)	(259,875,000)
Balance as at 31 December 2016	47,250,000	-	189,109,665	236,359,665
Balance as at 1 January 2015	47,250,000	108,900,000	55,272,425	211,422,425
Total comprehensive income				
Profit for the year 2015			277,513,818	277,513,818
Other comprehensive income			-	-
Total comprehensive income			277,513,818	277,513,818
Transactions with owners of the Company				
Contributions and distributions				
Final dividend for the year 2014			(47,250,000)	(47,250,000)
Interim Dividend for the year 2015			(236,250,000)	(236,250,000)
General reserve transferred to the retained earnings		(108,900,000)	108,900,000	-
Total contributions and distributions			(174,600,000)	(283,500,000)
Total transactions with owners of the Company			(174,600,000)	(283,500,000)
Balance as at 31 December 2015	47,250,000	-	158,186,243	205,436,243

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

Statement of cash flows for the year ended 31 December 2016

In Taka	Note	For the year ended 31 December	
		2016	2015
Cash flows from operating activities			
Receipts from customers		3,866,832,052	3,208,198,905
Payment to suppliers, employees and others		(3,121,329,393)	(2,604,481,736)
Payment for technical services fee	20.3	-	(188,820,000)
Cash generated from operating activities		745,502,659	414,897,169
Income tax paid	21	(140,090,173)	(124,532,676)
Net cash from operating activities		605,412,486	290,364,493
Cash flows from investing activities			
Investments encashed during the year		-	140,000,000
Purchase of property, plant and equipment		(36,939,936)	(31,673,144)
Proceeds from disposal of property, plant and equipment		5,608,545	2,060,990
Income from investment during the year		12,239,028	20,480,695
Net cash from investing activities		(19,092,363)	130,868,541
Cash flows from financing activities			
Dividend paid		(252,242,267)	(283,575,564)
Net cash used in financing activities		(252,242,267)	(283,575,564)
Net (decrease)/increase in cash and cash equivalents		334,077,856	137,657,470
Cash and cash equivalents at 1 January		435,316,478	297,659,008
Cash and cash equivalents at 31 December	16	769,394,334	435,316,478

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

1. Reporting entity

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

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

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

2. Basis of accounting

These financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 and the Securities and Exchange Rules 1987. These financial statements have been authorised for issue by the Board of Directors of the Company on 30 April 2017.

Details of the Company's accounting policies, including changes during the year, if any, are included in Notes 30 and 31.

3. Functional and presentational currency

These financial statements are presented in Bangladeshi Taka (Taka/Tk.), which is the company's functional currency. All financial information presented in Taka has been rounded to the nearest integer, unless otherwise indicated.

4. Uses of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of 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. Revision to estimates are recognised prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in Note 25 of lease classification.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2016 is included in the following notes:

- Note 11(C) - measurement of defined benefit obligations: key actuarial assumptions;
- Note 12(C) - recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used;
- Note 13 - inventories;
- Note 21 - current tax liabilities;
- Note 31 (O) - recognition and measurement of provisions and contingencies: Key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note 31(h) - useful life of property, plant and equipment.

5 Operating segments**A. Basis for segmentation**

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

The following summary describes the operations of each reportable segment.

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

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

B. Information about reportable segments

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

2016

In Taka	Reportable segments		Total
	Household and toiletries	Pharmaceuticals	
Revenue	3,134,331,593	192,283,735	3,326,615,328
Cost of sales	(1,438,728,286)	(111,056,617)	(1,548,198,653)
Gross profit	1,695,603,307	81,227,118	1,778,416,675
Operating expenses			
Administrative expenses	(182,815,959)	(11,215,321)	(193,238,155)
Marketing expenses	(733,117,755)	(46,470,570)	(779,588,326)
Selling and distribution expenses	(218,474,897)	(13,402,912)	(228,969,683)
	(1,134,408,611)	(71,088,803)	(1,201,796,164)
Profit from operation	561,194,696	10,138,315	576,620,511

2015	Reportable segments			
	In Taka	Household and toiletries	Pharmaceuticals	Total
Revenue		2,754,871,887	129,508,429	2,884,380,316
Cost of sales		(1,302,485,104)	(85,341,166)	(1,387,826,270)
Gross profit		1,452,386,783	44,167,263	1,496,554,046
Operating expenses				
Administrative expenses		(173,864,136)	(8,173,473)	(182,037,609)
Marketing expenses		(601,522,792)	(22,175,109)	(623,697,901)
Selling and distribution expenses		(200,463,960)	(9,423,949)	(209,887,909)
		(975,850,888)	(39,772,532)	(1,015,623,419)
Profit from operation		476,535,895	4,394,732	480,930,627

C. Reconciliation of information on reportable segments to BFRS measures

In Taka	Note	2016	2015
i. Revenues			
Total revenue for reportable segments	5(B)	3,326,615,328	2,884,380,316
Revenue for other segments		-	-
Elimination of inter-segment revenue		-	-
Total revenue		3,326,615,328	2,884,380,316
ii. Profit before tax			
Total profit before tax for reportable segments	5(B)	576,620,511	480,930,627
Profit before tax for other segments		-	-
Elimination of inter-segment profit		-	-
Amount not related to reported segments		(118,262,683)	(78,221,306)
Total profit before tax		458,357,828	402,709,321
iii. Amount not related to reportable segments			
Other income	8.1	5,725,597	2,010,169
Technical services fee	20.2.2.1	(110,632,750)	(77,936,193)
Finance income	9	9,562,361	18,899,945
Contribution to Workers' Profit Participation Fund	11(A)	(22,917,891)	(21,195,227)
		(118,262,683)	(78,221,306)

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.

6. Revenue

See accounting policies in Note 31(b).

In Taka	Note	For the year ended 31 December	
		2016	2015
Household & toiletries		3,134,331,593	2,754,871,887
Pharmaceuticals		192,283,735	129,508,429
Food		-	-
		3,326,615,328	2,884,380,316

6.1 Revenue

Revenue including VAT		3,842,724,524	3,328,309,263
VAT		(516,109,196)	(443,928,947)
		3,326,615,328	2,884,380,316

7. Cost of sales
Manufacturing unit

Opening balance of raw and packing materials		151,439,724	150,749,305
Purchases during the year		508,906,727	507,384,101
Closing balance of raw and packing materials	13	(157,040,517)	(151,439,724)
Materials consumed	7.3	503,305,934	506,693,682
Salaries, wages and welfare expenses		162,593,072	134,947,388
Product testing and laboratory expenses		1,654,025	870,766
Travelling and conveyance		2,336,199	2,233,082
Power, fuel and utilities		14,709,187	13,012,811
Vehicle expenses		45,375	100,541
Repairs, maintenance and others		19,989,138	13,174,373
Rent, rates and taxes		3,615,394	2,395,739
Printing, stationery and office supplies		745,238	918,948
Insurance		2,843,443	3,023,372
Office expenses		6,314,794	1,411,167
Depreciation	17(B)	34,429,705	36,367,724
Manufacturing overhead		249,275,570	208,455,911
Opening stock of work-in-progress		5,820,785	7,469,369
Closing stock of work-in-progress	13	(6,641,219)	(5,820,785)
		(820,434)	1,648,584
Cost of production		751,761,070	716,798,177
Opening stock of own manufactured finished goods		90,741,425	103,130,460
Closing stock of own manufactured finished goods		(62,471,684)	(90,741,425)
Cost of sales-manufacturing unit		780,030,811	729,187,212

Trading unit

Opening stock of finished goods	7.1	19,853,793	22,718,229
Purchase of finished goods	7.1	771,165,785	655,774,622
Closing stock of finished goods	7.1	(22,851,736)	(19,853,793)
Cost of sales - trading unit		768,167,842	658,639,058
Total cost of sales		1,548,198,653	1,387,826,270