

REPORT OF THE DIRECTORS

The Directors of the Company are pleased to submit the audited financial statements of the Company for the year ended 31 December 2020 and report that:

PRINCIPAL ACTIVITIES

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

INDUSTRY OUTLOOK

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

BUSINESS HIGHLIGHTS

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

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

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

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

By maintaining an efficient supply infrastructure we've managed to expand gross profit margin to 56.55 % versus 54.48% in the previous year, despite huge price hike in international freight cost and pressures from increase of prices of some key raw materials in the International market during the year. Net profit increased to 724 Million at the end of 2020 which included a one-time extra ordinary write back of technical services fees of 32 million.

RELATED PARTY TRANSACTIONS

During the year the company made transaction with related parties which includes key management personnel, parent's entity and inter group entity. This is mainly for salaries & benefits, dividend and technical services fees, seller-buyer transaction and support services. The detail statement on transaction, nature & amount etc. are showing in note no. 27 of the Financial Statements.

SEGMENT WISE PERFORMANCE

The company has two reportable segments based on two strategic business divisions i.e., Household & toiletries and Pharmaceutical's. Detail information reportable for each reportable segment has been shown in note no. 5 of Financial Statements.

RISK AND CONCERNS

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

EXTRA-ORDINARY GAIN OR LOSS

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

SIGNIFICANT VARIANCE BETWEEN QUARTERLY AND ANNUAL FINANCIAL PERFORMANCE

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

SUMMARY OF FINANCIALS

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

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

*after recognition of dividend in the period of appropriation

DIVIDEND

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

The above recommendation of dividend is as per the Board approved dividend policy which is disclosed in the "Dividend Distribution Policy" section of the Annual Report 2020 on page _____. (Will be addressed in Published Annual Reports 2020).

EARNINGS PER SHARE

The earnings per share numbers are provided on pages ____, ____, & _____. (Will be addressed in Published Annual Reports 2020).

CORPORATE GOVERNANCE

We would like to confirm that:

- a) The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

- b) Proper books of account of the issuer company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;
- g) There are no significant doubts upon the Company's ability to continue as a going concern.
- h) Significant deviations from last year's operating results of the Company have been highlighted in the report and reasons thereof have been explained.
- i) Key operating and financial data of preceding five years have been provided on page _____. (Will be addressed in Published Annual Reports 2020).
- j) During the year six Board meetings were held and the attendance by each director is given on page _____. (Will be addressed in Published Annual Reports 2020).
- k) The pattern of shareholding is provided on pages _____ & _____ (Will be addressed in Published Annual Reports 2020).
- l) A management discussion and analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with brief discussion of changes in the financial statements, is provided on page _____. (Will be addressed in Published Annual Reports 2020).
- m) Declaration or certification by the CEO and the CFO to the Board as required under condition no. 3(3) of Corporate Governance Code; is provided on page _____. (Will be addressed in Published Annual Reports 2020).
- n) In accordance with the requirement of the Bangladesh Securities and Exchange Commission, "Compliance of conditions of Corporate Governance Code as required

under condition no. 9” is provided on page _____. (Will be addressed in Published Annual Reports 2020).

- 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 2020:

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

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

The brief resume of directors, expertise, and directorship to other Company (If any) provided on page _____. (Will be addressed in Published Annual Reports 2020).

ELECTION OF DIRECTORS

As per Article 118A of the Articles of Association of the Company, Mr. Rahul Mathur, Mr. Pradeep Krishnamurthi and Ms. Afreen Huda will retire from the Board of Directors and being eligible offer themselves for re-election.

The elections of new Directors are subject to approval in the 60th Annual General Meeting.

AUDITORS

As per the Companies Act 1994 and the Articles of Association of Reckitt Benckiser (Bangladesh) Limited, the statutory auditors of the Company, Rahman Rahman Huq, Chartered Accountants (Member firm of KPMG), shall retire at this AGM. As per BSEC Order No. SEC/CMRRCD/2009-193/104/Admin dated 27 July 2011, an audit firm cannot be

engaged for more than three consecutive years as statutory auditors of the same Company. Rahman Rahman Huq, Chartered Accountants has been the statutory auditors of the Company since 2018. In compliance with the BSEC order, we are required to appoint new statutory auditors for the Company. A. Qasem & Co. Chartered Accountants (Member firm of Member Firm of ECOVIS International) has offered their willingness to be appointed as statutory auditors of Reckitt Benckiser (Bangladesh) Limited. On the suggestion of the Audit Committee, the Board recommends their appointment for the year 2021 and continuation till the next AGM.

CERTIFICATION UNDER COMPLIANCE OF CORPORATE GOVERNANCE CODE

During the year 2020, M/s. Rahman Anis & Co., Chartered accountants, have certified the Compliance of the Company under corporate Governance code of BSEC and expressed their willingness to continue in office offer themselves for reappointment, subject to shareholders' approval in the 60th Annual General Meeting.

INDEPENDENT SCRUTINIZER 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 SANAULLAH & ASSOCIATES, Chartered Secretaries, as Independent Scrutinizer for 60th AGM of Reckitt Benckiser (Bangladesh).

ACKNOWLEDGEMENT

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

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



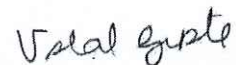
Md. Golam Yahia
Director



C.Q.K. Mustaq Ahmed
Independent Director



Sourav Mitra
Director



Vishal Gupta
Managing Director