

Management Discussion & Analysis

Dear Fellow Shareholders,

Assalamualaikum

On behalf of the management of the company, I would like to welcome you all to the 37th Annual General Meeting of Kohinoor Chemical Company (Bangladesh) Limited. It is an honor for me to present to all of you about the performance of our Company during the financial year 2023-2024.

Economic scenario of the world and the country

Global growth is projected to be in line with the April 2024 World Economic Outlook (WEO) forecast, at 3.2 percent in 2024 and 3.3 percent in 2025. Services inflation is holding up progress on disinflation, which is complicating monetary policy normalization. Upside risks to inflation have thus increased, raising the prospect of higher for even longer interest rates, in the context of escalating trade tensions and increased policy uncertainty. The policy mix should thus be sequenced carefully to achieve price stability and replenish diminished buffers.

Despite an improvement in near-term prospects, the global outlook remains subdued by historical standards. In 2024-25, growth is set to underperform its 2010s average in nearly 60 percent of economies, comprising over 80 percent of the global population. Downside risks predominate, including geopolitical tensions, trade fragmentation, higher-for-longer interest rates, and climate-related disasters. Global cooperation is needed to safeguard trade, support green and digital transitions, deliver debt relief, and improve food security. In EMDEs, public investment can boost productivity and catalyze private investment, promoting long-run growth. Comprehensive fiscal reforms are essential to address ongoing fiscal challenges in small states, including those arising from heightened exposure to external shocks.

Bangladesh has a strong track record of growth and development, even in times of elevated global uncertainty. Bangladesh's post pandemic recovery faces continued headwinds. Real GDP growth slowed to 5.8 percent in FY23, down from 7.1 percent in the previous year. The introduction of a multiple exchange rate regime in September 2022 disincentivized foreign exchange inflows, leading to a financial account deficit. Foreign exchange rationing measures were implemented to restrict imports, which resulted in shortages of key intermediate goods, capital goods, gas, and energy.

Cosmetic & Toiletries industries in one of the most important sectors which plays major role in the development in the national economy of Bangladesh. In 2024, the revenue in the Cosmetics market in Bangladesh amounts to US\$1.29bn. It is projected to grow annually by 4.02% (CAGR 2024-2028). When compared globally, in the United States generates the highest revenue in the market, reaching US\$20,130m in 2024. Total domestic market size of consumer products in Bangladesh is approximately Tk 500 billion. Toiletries and cosmetic products contribute Tk 250 billion, whereas food and beverage items contribute the rest.

Guiding Principles

Dear shareholders, the preparation and presentation of the Financial Statements and the relevant disclosures therein have been made in accordance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987, the Listing Regulations of Stock Exchanges as applicable and relevant International Accounting Standards (IASS) and International Financial Reporting Standards (IFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

Company Performance

Dear shareholders, below is a comparative analysis of the financial performance and financial position of our company over the last five years:

	BDT in thousand' 000				
	2023-24	2022-23	2021- 22	2020- 21	2019- 20
OPERATIONAL RESULT					
Net Sales Revenue	5,789,043	5,357,546	4,705,165	4,167,165	3,899,550
Gross Profit	1,534,715	1,188,262	912,019	802,974	727,626
Operating Profit	746,398	523,072	348,312	301,769	228,137
Net Profit before Tax	705,061	525,497	400,620	297,639	223,641
Net Profit after Tax	509,532	377,264	317,226	234,004	167,963
FINANCIAL POSITION					
Shareholders' equity	2,033,868	1,821,687	1,493,647	1,233,938	995,805
Total Assets	2,961,789	3,418,869	2,907,417	2,542,959	2,021,996
Total Current Assets	2,677,153	3,120,755	2,601,156	2,235,994	1,716,922
Total Current Liabilities	564,792	1,019,619	1,031,915	932,812	653,951
FINANCIAL RATIOS					
Current Ratio (times)	4.74	3.06	2.52	2.39	2.63
Debt Equity Ratio (times)	0.46	0.88	0.95	1.06	1.03
Return on Total Assets (%)	15.97	11.03	11.62	10.23	8.31
Inventory Turnover (times)	2.99	2.97	3.38	3.46	3.89

Now let us take a look at the peer industry scenario and have a comparison with them in regards to our performance. If we look at the industry, we will find that there are many competitors but also see that the productlines of many of the listed companies do not match with those of ours. We can go for comparisons with Marico Limited. Below is the five year's trend of ratios:

Year	2022-2023		2021-22		2020-21		2019-20		2018-19	
Ratio	KCCL	Marico	KCCL	Marico	KCCL	Marico	KCCL	Marico	KCCL	Marico
Current Ratio (times)	3.06	1.25	2.52	1.34	2.39	1.03	2.63	1.21	2.45	1.25
Return on Total Assets (%)	11.03	41.45	11.62	50.43	10.23	53.65	8.31	52.84	9.18	44.21
Net Assets Value per Share	54.05	113.85	58.49	85.37	55.58	51.95	49.34	44.05	43.68	41.34
Earnings per Share (BDT)	11.19	122.93	12.41	112.82	10.84	98.69	8.32	84.01	8.64	64.23

Future Plan

The Company always formulates strategies keeping in mind about providing the best quality to give utmost satisfaction to the customers. In this regard, we have already been able to successfully establish ourselves as one of the top companies in the local market. I would like to end my speech here by expressing sincere thanks to the management team and all employees for their efforts and performance to improve our Company. And I should also like to thank all of you for your continued confidence in us. I am closing my report with the expectation of your continued support and trust in us.

Thank you,



Rezaul Karim
Managing Director