



**KOHINOOR  
CHEMICAL**

(Since 1956)

**2019  
ANNUAL  
REPORT**



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# LETTER OF TRANSMITTAL

Hon'ble Shareholders  
Registrar of Joint Stock Companies & Firms  
Bangladesh Securities and Exchange Commission  
Dhaka Stock Exchange Limited  
Chittagong Stock Exchange Limited

**Sub: Annual Report for the year ended June 30, 2019**

**Dear Sir/Madam (s):**

We are privileged to inform you that the Board of Directors of Kohinoor Chemical Company (Bangladesh) Ltd. has taken the decision, in its Board Meeting held on **October 24, 2019**, to hold the 32<sup>nd</sup> Annual General Meeting of the Company on **December 15, 2019**.

As per the notification of Bangladesh Securities and Exchange Commission, we are enclosing a copy of the Annual Report together with the Audited Financial Statements including Statement of Financial Position as at June 30, 2019, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended June 30, 2019 along with notes as well as the Directors' Report of the Company thereon for your record/necessary measures.

Yours sincerely

Sd/-

**Md. Ferdous Jaman**  
Company Secretary  
Dated: October 24, 2018

# Tibet

A Symphony of World-Class  
Soap Cosmetics & Toiletries  
from

## BANGLADESH





# Vision & Mission Values



## Vision

We envision for a happier, healthier and cleaner life and make the natural attributes of life sustainable through innovation, dedication and ethics. This keeps inspiring us to create a better future by adding value to all we do for the people to look better, feel better and live better. We persistently care for our valued consumers, stakeholders and continuously strive to prove our products' superiority, with an aim to obtain perpetual loyalty.

## Mission

We envision for a happier, healthier and cleaner life and make the natural attributes of life sustainable through innovation, dedication and ethics. This keeps inspiring us to create a better future by adding value to all we do for the people to look better, feel better, and live better. We persistently care for our valued consumers and stakeholders, and continuously strive to prove our products' superiority, with an aim to obtain perpetual loyalty.



## Values

Quality of the products, reliability, and strong distribution channel are the core values of the organization and are the basis on which they do business.



## *about the* **COMPANY**

Kohinoor Chemical Company (Bangladesh) Limited (KCCL) is the oldest and largest national Soap, Cosmetics and Toiletries manufacturer and marketer of Bangladesh. KCCL started its business in 1956. After the independence of Bangladesh, KCCL became a fully government owned company under the direct control of Bangladesh Chemical Industries Corporation (BCIC) up to May 05, 1988. A few of the employees, who had been laid off during the liberation war, were re-absorbed in the company. It was transformed into a Public Limited Company under Companies Act 1913 and was named as Kohinoor Chemical Company (Bangladesh) Limited from May 05, 1988.

Kohinoor Chemical Company (Bangladesh) Ltd. (KCCL) was acquired by the present entrepreneurs on August 03, 1993 as part of the government privatization policy. The management of KCCL subsequently completed an arduous BMRE program with the technical collaboration of a reputed industrial conglomerate of Europe. Since then, the company has accelerated its journey towards perfection, overcoming all hurdles with wisdom, dedication, hard-work and honesty of the entrepreneurs and employees.





This enabled the enterprise to become a repositioned cosmetics and toiletries manufacturing company of Bangladesh with the most advanced technology. KCCL holds the largest market share in soap, cosmetics and toiletries industry amongst the national companies, primarily due to its highly-focused customer orientation.

This Public Limited Company is listed with both the bourses of Bangladesh, the Dhaka Stock Exchange and the Chittagong Stock Exchange.

Most of the products of KCCL are known by the legendary brand name Tibet. The Company Started production with Tibet Snow in 1956. Subsequently other renowned brands like Tibet Pomade, Tibet 570, Tibet Ball, Tibet Kodur Tel etc. were launched. A number of its other brands, such as Sandalina, Genstar, Bactrol, Ice Cool, Fair & Care, Xpert, Heel Guard and Clean Master are equally famous in Bangladesh.







# A brief look at the history of



## THE BEGINNING

1956

1959

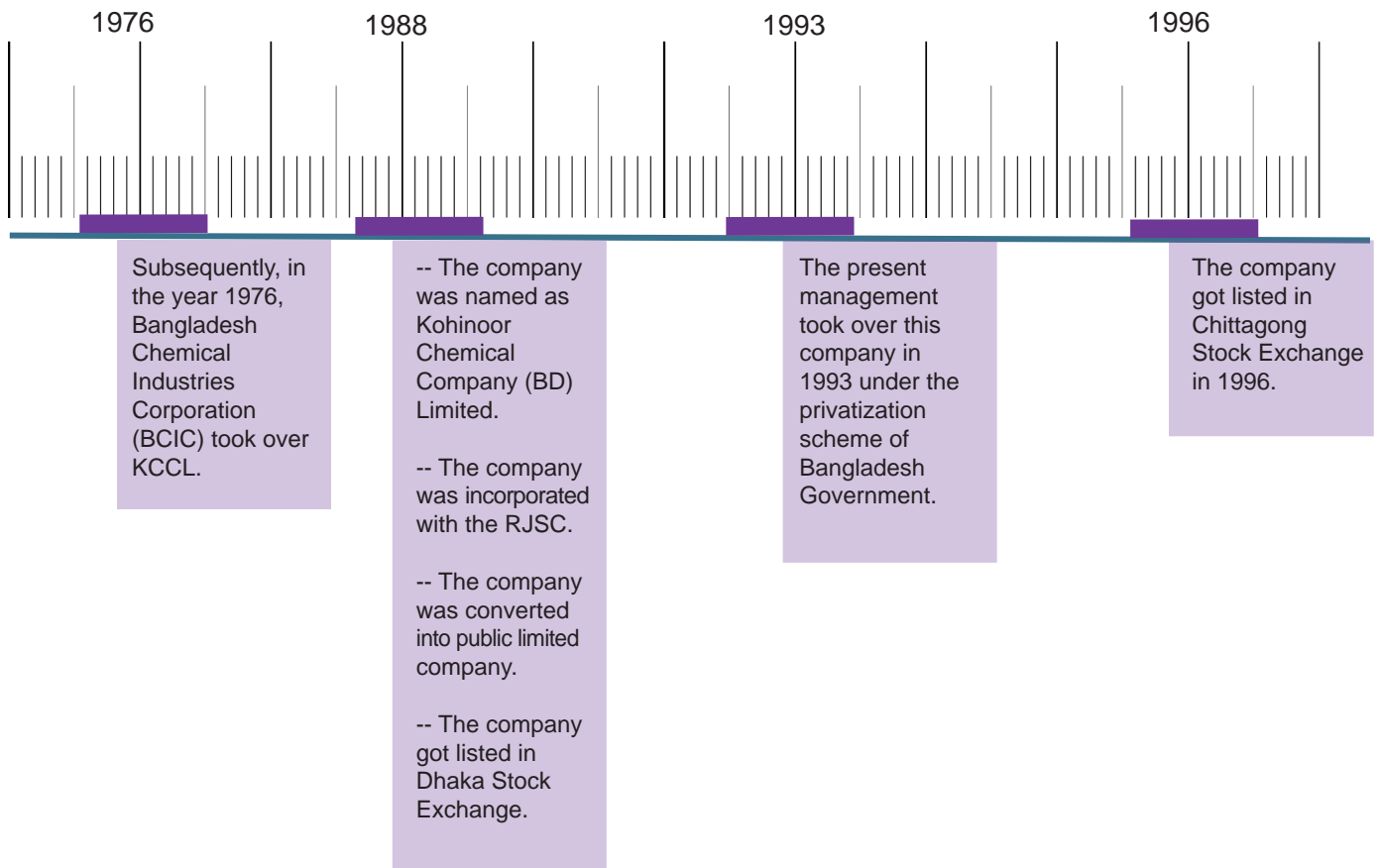
1973

Kohinoor Shilpa Gosti (previous form of Kohinoor Chemical Company Bangladesh Limited) was founded by a Pakistani entrepreneur.

The Company Started production with Tibet Snow. Subsequently other renowned brands like Tibet Pomade, Tibet 570, Tibet Ball, Tibet Kodur Tel etc. were launched.

The company was licensed and registered in 1959

After the liberation in 1972, the Company was placed under Bangladesh Fertilizer, Chemical and Pharmaceutical Corporation.



# Company at a Glance



## Company Name

Kohinoor Chemical Company (Bangladesh) Limited

## Year of Establishment

1956

## Legal Status

Public Listed Company

## Converted into Public Limited Company

1988

## Listing Status

Listed with Dhaka Stock Exchange (DSE) in 1988 and with Chittagong Stock Exchange (CSE) in 1996

## Initial Public Offering (IPO)

In the year 1988

## Line of Business

Manufacturing of Cosmetics, Toiletries and Beauty products

## Authorized Share Capital

BDT 500,000,000

## Paid Up Share Capital

BDT 168,187,500

## Number of Shareholders

6,212

## Number of Employees

2,296

## Registered Office and Factory

36, Shahid Tajuddin Ahmed Sarani  
Tejgaon I/A, Dhaka-1208

Phone: +88-02-8891267-70

Fax: +88-02-8891523

E-mail: [info@kccl-bd.com](mailto:info@kccl-bd.com)

Web: [www.kccl-bd.com](http://www.kccl-bd.com)

## Corporate Office

Orion House, 153-154

Tejgaon I/A, Dhaka-1208

Phone: +88-02-8870133

Fax: +88-02-8870130

# Company at a Glance



## Main Bankers

Agrani Bank Limited  
National Bank Limited  
Shahjalal Islami Bank Limited  
BRAC Bank Limited  
Islami Bank Bangladesh Limited  
United Commercial Bank Limited

## Insurers

Islami Commercial Insurance Company Limited

## Statutory Auditors

S. F. Ahmed & Co.  
Chartered Accountants  
House - 51 (2nd & 3rd Floors)  
Road - 9, Block - F  
Banani, Dhaka - 1213  
Bangladesh

## Governance Compliance Auditor

Podder & Associates  
Professional Accountants & Business Advisor  
8/1 (Old 333/1), Segun Bagicha (Third Floor)  
Dhaka-1000

# Corporate Directory



## **Board of Directors**

Mr. Mohammad Obaidul Karim  
**Chairman**

Mr. Md. Rezaul Karim  
**Managing Director**

Mr. Md. Ebadul Karim  
**Director**

Mrs. Arzuda Karim  
**Director**

Mrs. Nurun Nahar  
**Director**

Mrs. Shirin Akhter  
**Director**

Professor Dr. M. Shamsher Ali  
**Independent Director**

Mr. Quazi Mamun-UI-Ashraf  
**Independent Director**

## **Company Secretary**

Mr. Md. Ferdous Jaman

## **Chief Financial Officer**

Mr. Abu Bakar Siddique

## **Head of Internal Audit & Compliance**

Mr. Mohd. Shamim Kabir

### **Management Committee**

Mr. Md. Abul Khair

**Director, Company Affairs**

Mr. M. Ziaul Haq

**Head of Sales and Marketing**

Mr. Abu Bakar Siddique

**Chief Financial Officer**

Mr. Shah Md. Abdul Wadood

**Head of Production**

### **Audit Committee**

Mr. Quazi Mamun-Ul-Ashraf

**Chairman**

Mrs. Arzuda Karim

**Member**

Mr. Md. Ebadul Karim

**Member**

### **Nomination & Remuneration Committee**

Mr. Quazi Mamun-Ul-Ashraf

**Chairman**

Mrs. Arzuda Karim

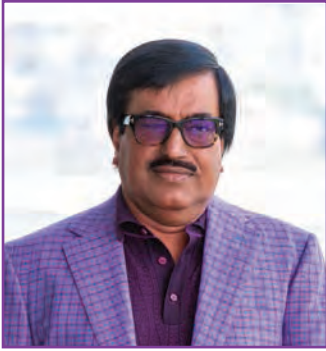
**Member**

Mr. Md. Ebadul Karim

**Member**



**Corporate**  
Directory



# Directors' Profile

## Mr. Mohammad Obaidul Karim Chairman

Mr. Mohammad Obaidul Karim is a distinguished self-achieved industrialist & businessman. Mr. Karim's business career started in the early 1980s with his first pharmaceutical company named Orion Laboratories Limited, which is now known as Orion Pharma Limited. Mr. Karim turned the company into one of the most successful businesses of the country. Later in 1992-1993, Mr. Karim acquired the then ailing "Kohinoor Chemical Company (Bangladesh) Limited" (KCCL) and within a short period of time took it to new heights.

He is the Founder of Orion Group and established the group into one of the largest conglomerates in Bangladesh with his futuristic attitude, determined will and a burning passion. He heads the Group through his rich experience in diversified sectors. He is an innovative, self-motivated and enterprising Bangladeshi business icon who has instrumented his success in the field of diversified business portfolios. All concerns of Orion Group were formed under his dynamic leadership and management power which have received various industrial recognitions.

Mr. Karim is one of the first entrepreneurs in the country to recognize the importance of Public Private Partnership (PPP). Under his leadership, Orion Group constructed and owns the 11.8km long Mayor Mohammad Hanif Flyover, the longest flyover and the first ever successful PPP project of the nation. Also, Orion Group built City Centre, the

tallest commercial complex cum car parking in Motijheel, the financial hub of Bangladesh. Mr. Karim's success went further up when the Group became successfully involved in Private Sector Power generation of the country, when it signed the biggest contract with Bangladesh Power Development Board (BPDB) of 4 supercritical Coal based power plants of 3000 MW under IPP (apart from 500 MW current generation under HFO), under the Ministry of Power of the Government of Bangladesh.

Mr. Karim is also the Chairman of Orion Pharma Limited, Orion Infusion Limited, Digital Power & Associates Limited, Dutch Bangla Power & Associates Limited, Orion Power Meghnaghat Limited, Orion Power Dhaka Limited, Orion Power Unit-2 Dhaka Limited, Orion Power Sonargaon Limited, Orion Power Rupsha Limited, Orion Infrastructure Limited, Orion Infrastructure Development Company Limited, City Centre, Orion Gas Limited, Orion Oil & Shipping Limited, Orion Hospitals Limited, Orion Holdings Limited, Orion Knit Textiles Limited, Orion Footwear Limited, Noakhali Gold Foods Limited, Orion Agro Products Limited, Orion Vegetable Oil & Foods Limited, Orion Capital Limited, Orion Natural Care Limited, Orion Restaurants Limited, Orion Tea Company Limited, Orion Tourism & Entertainment Limited, Orion Consumer Products Limited and ORION Quaderia Textiles Limited.

Mr. Karim is the Founder Chairman of Tejgaon Industrial Owners Association. He is also the former President of Dhaka Mohamedan Sporting Club Ltd., a century old legendary and most successful sporting club of the country.



**Mr. Rezaul Karim**  
Managing Director

Mr. Rezaul Karim has been in business for almost 36 years. Besides involvement in Kohinoor Chemical Company (Bangladesh) Limited as its Managing Director, he established Group Reedisha and is associated with a number of business and philanthropic organizations in different management positions including Chairman of Board of Trustees of Southeast University, Bangla Tel Limited, Jbondhara Solutions Limited and BD Link Communication Limited; Vice Chairman of Islami Commercial Insurance Company Limited; Director of Midland Bank Limited, Chartered Life Insurance Company Limited; Proprietor of Reedisha Trading and Distribution Company.

He is also associated with various Business Communities like Secretary General of Bangladesh Cosmetics and Toiletries Manufacturers Association, Member of Bangladesh Textile Mills Association (BTMA), Member of Bangladesh Chamber of Industries (BCI), Dhaka Chamber of Commerce and Industry (DCCI), India-Bangladesh Chamber of Commerce and Industry (IBCCI), Bangladesh Garments Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), Baridhara Cosmopolitan Club Limited and Member of Advisory Board Center for Zakat Management (CZM).

Mr. Rezaul Karim is also the adviser of Banani Society and Gulshan Joggers Society as well as the Member of Banani Club Limited.





**Mr. Md. Ebadul Karim**  
Director

Mr. Md. Ebadul Karim, entered into the realm of business horizon after completion of his graduation. By virtue of his entrepreneurial skill and sound management capability accompanied with vast experience and farsighted vision he has been running a number of business enterprises very successfully. He is the Managing Director of Beacon Pharmaceuticals Limited, Beacon Developments Limited, Beacon Cephalosporin Limited, Beacon Nutraceuticals Limited, MEK Auto Bricks Limited, MEK Industries Limited, MEK Pharmatech Limited, Mujibunnessa Medical College & Hospital Limited, Beacon Oncology Limited, Beacon Power Systems Limited and Chairman of Beacon Point Limited, Beacon Medicare Limited, EREBA Capsules Limited and Beacon Economic Zone Limited. He is also the Director of Kohinoor Chemical Co. (BD) Ltd., one of the largest and leading soaps, cosmetics and toiletries manufacturing company in the Country. He has travelled many countries of the world for business purposes. Currently, he is acting as the member of Audit Committee and Monination & Remunation Committee.



**Mrs. Arzuda Karim**  
Director

Mrs. Arzuda Karim has been one of the successful women entrepreneurs in Bangladesh over the years. She is the wife of Mr. Mohammad Obaidul Karim, Chairman of the company. Mrs. Karim holds Master's degree in Social Science from University of Dhaka. Mrs. Karim has been associated with the company as well as with Orion Group since inception. She has vast working experience of more than 37 (thirty seven) years in diverse areas including production, commercial and administration. She leads several business units of Orion Group with her expertise in the areas of leadership, corporate management, organizational development, marketing and human resource management.

Mrs. Karim is the Chairman of Jabong Tea Co. Limited and Intergral Energy Limited and also holds the Directorship of Orion Infusion Limited, Kohinoor Chemical Co. (BD) Limited, Digital Power & Associates Limited, Dutch Bangla Power & Associates Limited, Orion Power Meghnaghat Limited, Orion Power Dhaka Limited, Orion Power Unit-2 Dhaka Limited, Orion Power Sonargaon Limited, Orion Infrastructure Limited, Orion Infrastructure Development Company Limited, City Centre, Orion Gas Limited, Orion Oil & Shipping Limited, Orion Renal & General Hospital, Orion Hospitals Limited, Orion Holdings Limited, Orion Footwear Limited, Noakhali Gold Foods Limited, Orion Agro Products Limited, Orion Vegetable Oil & Foods Limited, Orion Natural Care Limited, Orion Tea Company Limited and Orion Tourism & Entertainment Limited Orion Consumer Products Limited and ORION Quaderia Textiles Limited.

Mrs. Karim is one of those rare people who combine professionalism with warmth and humanity. Besides holding directorship in many companies, Mrs. Karim is actively involved in various religious and philanthropic activities in the fields of education, human resources and disaster relief. Mrs. Karim is also involved with the Orion Renal and General Hospital, which provides partly free medication to the underprivileged of the country.



**Mrs. Shirin Akhter**  
Director

Mrs. Shirin Akhter, graduate from University of Dhaka, is the Director of the company since inception. She supervises and monitors the Administration department of the Company. She is the wife of Md. Rezaul Karim, Managing Director of the Company. She is also the Director of Reedisha Knitex Limited, Reedisha Spinning Limited, Reedisha Textstripe Limited.



**Mrs. Nurun Nahar**  
Director

Mrs. Nurun Nahar completed her MSS in Political Science from University of Dhaka. She is the wife of Mr. Md. Ebadul Karim and one of the Directors of Kohinoor Chemical Company (Bangladesh) Limited. She has been associated with KCCL from the inception of the company. She has been engaged with the Company by supervising the HR department of KCCL.

Mrs. Nurun Nahar is the Chairman of BEACON Pharmaceuticals Limited, BEACON Cephalosporin Limited, BEACON Nutraceuticals Limited, BEACON Development Limited, BEACON Power System Limited, BEACON Oncology Limited, MEK Auto Bricks Limited, MEK Industries Limited, MEK Pharmatech Limited. She is also the Vice Chairman of Mujibunnessa Medical College & Hospital Limited and the Director of BEACON Medicare Limited, BEACON Point Limited and BEACON Economic Zone Limited.



**Professor  
Dr. M. Shamsher Ali**  
Independent Director

Professor Dr. M. Shamsher Ali is the President of Educational Quality Assurance Foundation of Bangladesh. He was also the President of Bangladesh Academy of Sciences, Founder Vice Chancellor of Bangladesh Open University and Southeast University. He was made Honorary Professor of Physics in 1973 by the University of Dhaka as a mark of recognition of a brilliant career and original contributions to nuclear Physics. He is the life member of Bangla Academy, Asiatic Society of Bangladesh and Bangladesh Mathematical Society. He has been teaching at the graduate and post-graduate level for about 30 years. A large number of research papers of him were published in international Journals.

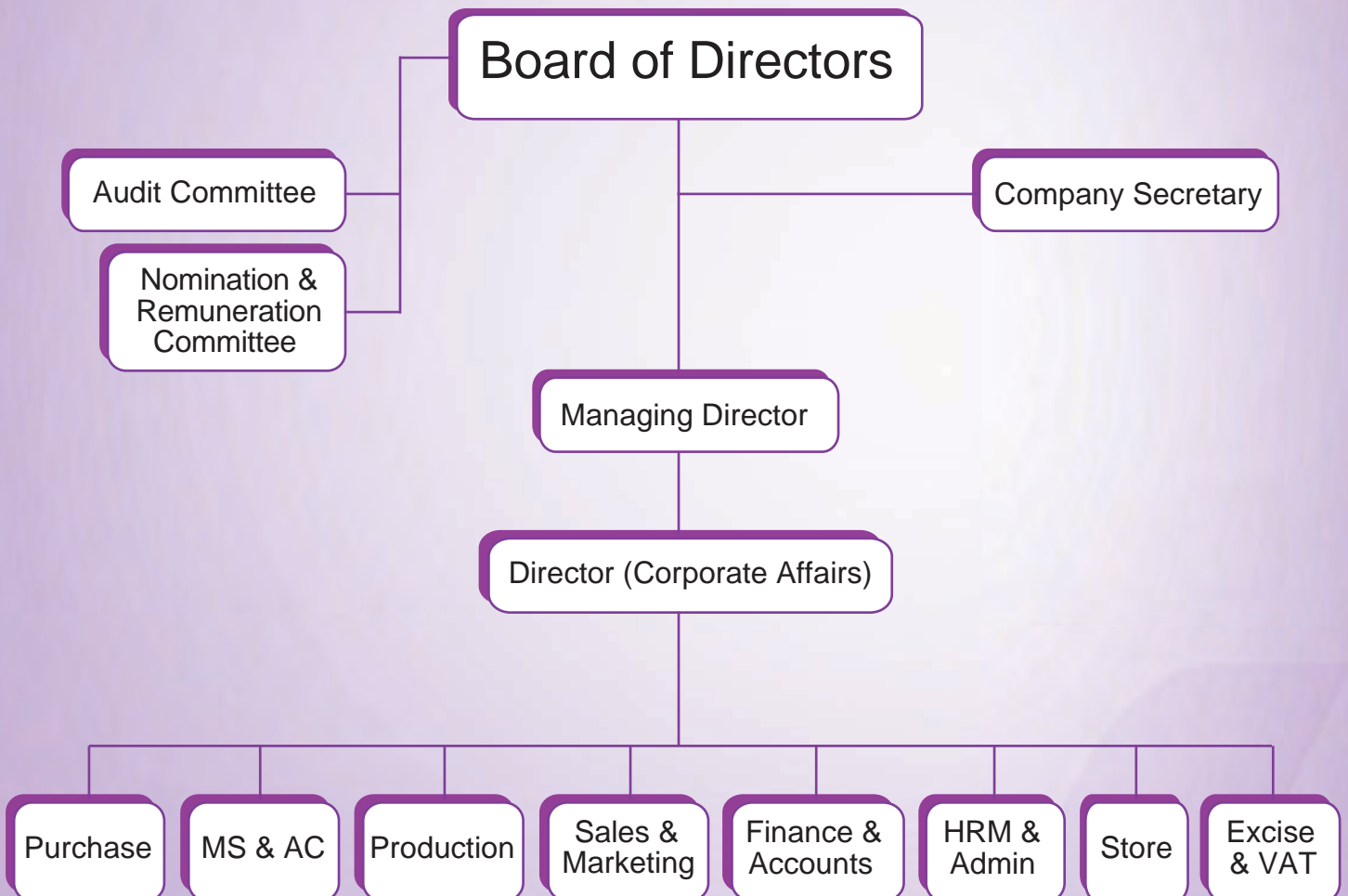


**Mr. Quazi Mamun-UI-Ashraf**  
Independent Director

Mr. Quazi Mamun-UI Ashraf, B.S.S (Hons) and M.S.S in Economics from University of Dhaka, was the Manager and Vice President of Jamuna Bank Limited till 2007. He also served Dhaka Bank Limited since inception. He started his banking career as an officer of IFIC Bank Limited in 1987. He also completed Diploma from Bangladesh Institute of Bankers in order to enhance his banking career. Now, he is the life member of various Association including Bangladesh Institute of Bankers, Bangladesh Red Crescent Society, Anjuman Mu•dul Islam, United Nations of Bangladesh, Bangla Academy, Dhaka University Economics Department Alumni Association.

The appointed ID, Mr. Quazi Mamun-UI Ashraf, is a highly knowledgeable and qualified person. He is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business. He is acting as the Chairman of Audit Committee and Nomination & Remuneration Committee.

# Organogram of the company



# Sales Promotional Scheme



Tibet Luxury Powder Display Program



Sandalina Soap Display Program



SANDALINA proud sponsored 'FACE OF BANGLADESH'



SANDALINA 'BOLD WOMEN' Digital Campaign

# 31<sup>st</sup> Annual General Meeting



31<sup>st</sup> Annual General Meeting (AGM) of Kohinoor Chemical Company (Bangladesh) Limited for the financial year 2017-18 was held at Officers' Club, Baily Road, Dhaka on December 10, 2018



The Hon'ble Chairman giving his speech at the 31<sup>st</sup> AGM



The Shareholders at the 31<sup>st</sup> AGM

# Shareholders providing their opinion at the 31<sup>st</sup> AGM



## NOTICE OF THE 32<sup>nd</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 32<sup>nd</sup> Annual General Meeting (AGM) of Shareholders of **KOHINOOR CHEMICAL COMPANY (BD) LIMITED** will be held on **Sunday, December 15, 2019, at 09.30 a.m. at Officers' Club, 26 Baily Road, Ramna, Dhaka-1000, Bangladesh**, to transact the following businesses:

### AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Auditors' Report and Directors' Reports thereon.
2. To declare dividend for the year ended June 30, 2019.
3. To elect/re-elect Directors who will retire by rotation as per the relevant provisions of Article of Association.
4. To appoint Statutory Auditors and to • x their remuneration for the • nancial year 2019-2020.
5. To appoint Corporate Governance Compliance Auditors and to • x their remuneration for the • nancial year 2019-2020.
6. To transact any other business with the permission of the Chair.

Date: November 14, 2019  
Dhaka

By the Order of the Board

Sd/-  
**Md. Ferdous Jaman**  
Company Secretary

Note:

1. "Record Date" shall be the November 17, 2019 (Sunday).
2. Shareholders whose names appeared in the Depository/Members Register on the Record Date will be eligible to attend the meeting and will qualify for Dividend.
3. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. The proxy form, duly stamped (BDT 20.00), must be deposited at the Company's Corporate Office not later than 48 hours before the time fixed for the meeting and in default, Form of Proxy will not be treated as valid.
4. Annual Report, Attendance Slip and Proxy Form along with the notice are being sent to all the members through post/courier service. The members may collect the Annual Report or the Proxy Form from the registered office of the Company. Admission into the venue of the AGM will be allowed on the production of the Attendance Slip/Proxy Form sent with the Annual Report.

Members are requested to notify change of address if any, to the Company.

**Attention : As per BSEC Guidelines, the Shareholders shall not be entertained with any gift/food item in the ensuing AGM**



# Growing business through **our products**

## Product Range:

Luxury Soap  
Bath Soap  
Washing Soap  
Skin Care  
Hair Care  
Oral Care  
Baby Care  
Health Care  
Men's Product  
Fragrance  
Detergent and  
Household Items

- **Number of Brands: 12**
- **Stock Keeping Units: 79**

## Soap Section:

This unit produces Beauty Care Soap, Bath Soap, Health Care Soap and Laundry Soap of various brands and SKU's. Sandalina Soap is the market leader in its category in Bangladesh. The other popular brands are Tibet 570, Tibet Ball Soap, Bactrol, Tibet Luxury Soap, etc.

## Cosmetics Section:

This section produces Skin Care, Hair Care, Oral Care, Health Care, Fragrance, Household Items, Baby Care and Men's products. "Tibet Pomade" and "Tibet Snow" are the legendary iconic products that have been widely popular in mass market for more than half a century in this region. The other well-known products are am.pm. Toothpaste, Tibet Lather Shaving Cream, Ice Cool Shaving Cream, Genstar Lather Shaving Cream, Tibet Lip Gel, Tibet Petroleum Jelly, Fruity Lip Balm, Tibet baby Lotion, Pumpkin Hair Oil, Tibet Luxury Talcum Powder, Bactrol Hand Wash, Tibet Chandon Attar, Wiper Glass Cleaner, Beautina Body Lotion, Beautina Face Wash, Beautina Hair Oil and so on.

## Detergent Section:

"Tibet Detergent Powder" is widely popular across the country for its affordable price and quality. This section also produces premium quality washing powder "Fast Wash".

## Household Items Section:

Products like "Xpert" Dish Wash Powder, "Clean Master" all-purpose Surface Cleaning Powder and "Clean Master" Liquid Toilet Cleaner are well known for their effectiveness in every household of Bangladesh.

# OUR PRODUCTS

Brand	Products	Brief	Specification
<p><b>Sandalina</b></p>		<p>Sandalwood has been used as a natural source of beautification. Sandalina Soap is appreciated at every home of this country and beyond. Sandalina's enormous popularity as Grade-1 (TFM 80%) Sandal Soap for all genders is attributed simply because of its basic ingredient, the Sandal Wood Oil, suitable for all kinds of skin. It makes your skin soft and supple.</p>	<p>Weight Size: 75 gm, 100 gm &amp; 125 gm</p> <p>Color: Golden</p> <p>Ingredients: Sodium soap, Sandal wood oil, Presevative, Color, Perfume &amp; Aqua.</p>
<p><b>Sandalina</b></p>		<p>The new variant of SANDALINA Soap, Sandal &amp; Rose, has been launched last year with world's purest sandal wood extracts and world famous garden fresh rose oil.</p>	<p>Weight Size: 75 gm, 100 gm &amp; 150 gm</p> <p>Color: Pink</p> <p>Ingredients: Sodium soap, Sandalwood oil, Rose Extract, Sweet Almond oil, Glycerin, Titenium di- oxied, Anti Oxident, CI-11680, 12085,74160, Perfume &amp; Aqua.</p>
<p><b>Tibet Ball Soap</b></p>		<p>Tibet Ball Soap is a highly quality washing soap. It is made from vegetable fat. Tibet ball soap is a combination of optical brightener for brightening and protecting the cloth.</p>	<p>Weight Size: 130 gm</p> <p>Color: Off White</p> <p>Ingredients: Karnel Fat, Color, Fixotiv, Caustic Soda, Palmfatty Acid, RBD Palm Stearine, Coconut Acid Oil, Mixed Perfume, Preservative, Aqua.</p>
<p><b>Tibet</b> DETERGENT POWDER</p>		<p>Tibet Detergent Powder is prepared from effective extra power whitening and brightening agents to protect delicate skin and fabrics. Gentle refreshing touch of jasmine or lemon &amp; Rose fragrance keeps a miraculous satisfaction of mind all day long.</p>	<p>Weight Size: 20, 200, 500 &amp; 1000 gm</p> <p>Color: Blue &amp; White</p> <p>Ingredients: Sodium LAS, Sodium Carbonate, Precipitate Calsite, SCMC, Zeolite, Leucophor. Color, Perfeume.</p>

# OUR PRODUCTS

Brand	Products	Brief	Specification
		<p>Tibet Laundry Soap is a popular laundry soap for the upmarket. This soap prevents the erosion of thread. It also cleans the cloths effectively with beautiful two types of fragrance.</p>	<p>Weight Size: 130 gm</p> <p>Color: Green &amp; Blue</p> <p>Ingredients: Sodium Soap, Titanium Di-Oxide, Aqua, Preservative, Color.</p>
		<p>Tibet 570 Laundry Soap has been a household name in Bangladesh for the last 60 years. This uniquely formulated washing soap is ideal for any cloth washing.</p>	<p>Weight Size: 130 gm</p> <p>Color: Red</p> <p>Ingredients: Sodium Soap, Aqua, Preservative, Color.</p>
		<p>Tibet Pumpkin Hair Oil, a unique product, represents a heritage of more than 50 years in Bangladesh. Drago Botania Plus+ (7 Herbal Oil &amp; Multivitamin) enriched Tibet Pumpkin Hair Oil is produced from pumpkin extract, nature's proven hair nourishing agent.</p>	<p>Weight Size: 50,100 &amp; 200 ml</p> <p>Color: Green</p> <p>Ingredients: Macadamia, Avocado, Jojoba, Wheat, Calendula, Camomile, Seaweed, Vitamin &amp; Perfume.</p>
		<p>A seamless blend of antibacterial multi-vitamin complex and Henna oil are among the active ingredients of Tibet Medicated Hair Oil.</p>	<p>Weight Size: 100 ml &amp; 200 ml.</p> <p>Color: Red</p> <p>Ingredients: Refined Mineral Oil, Anti Bacterial Agent with Multi Vitamin Complex, Herbal Extracts, Color, Perfume.</p>

# OUR PRODUCTS

Brand	Products	Brief	Specification
		<p>Tibet Chandaan Attar is a well renowned and premium quality product. It is specially made from sandal wood extracts. It is 100% alcohol free and Halal. The fragrance lingers all day long. People of all religion can use the Attar.</p>	<p>Weight Size: 3.5 ml.</p> <p>Color: Transparent Yellow</p> <p>Ingredients: Non-toxic perfume without Alcohol.</p>
		<p>Tibet Luxury Soap with world class fragrance. This Soap is a high quality bath soap made from 100% vegetable fat. There are two different variants with unique benefits-Pink (Natural Glow) white (Smooth Care)</p>	<p>Weight Size: 35, 50, 75 &amp; 100 gm</p> <p>Color: Pink &amp; White</p> <p>Ingredients: Sodium soap, Jojoba Oil, Extract, Milk Cream, Camomile Extracts, Sweet Almond oil, Extract Aloe vera Extract, Olive Extract, Tetra sodium, EDTA, Perfume, Glycerin Titanium di-oxide.</p>
		<p>Irgason-enriched Tibet Prickly Heat Powder helps treat and prevent rashes and chafing. By absorbing excess perspiration it soothes heat irritation quite instantly.</p>	<p>Weight Size: 100 gm</p> <p>Color: White</p> <p>Ingredients: Purified Talc, Magnesium Carbonate, Zink Oxide, Irgason, Boric Acid, Perfume.</p>
		<p>Tibet Luxury Talcum Powder is a deodorant body powder made from the finest and pure imported talc blended with world famous fragrance from Switzerland, equipped with UV sun protection and other skin care ingredients that provides all over protection against body odor.</p>	<p>Weight Size: 50, 100 &amp; 200 gm</p> <p>Color: White</p> <p>Ingredients: Purified Talc, Magnesium Carbonate, Zink Oxide, Perfume.</p>

# OUR PRODUCTS

Brand	Products	Brief	Specification
		<p>KCCL launched Tibet Snow in 1956 as a skin care cream. It is one of the top leading brands in the skin care segment of Bangladesh as well as in KCCL product portfolio.</p>	<p>Weight Size: 25, 50 gm (tube), 50 gm (Bottle)</p> <p>Color: White</p> <p>Ingredients: Stearic Acid, Cetyly Alcohol, Aqua, Perfume, Preservative.</p>
		<p>A unique combination of well-known antiseptic and soothing cream that guards the facial skin against infections, generates profuse non-irritating foam and provides enough moisture that help smooth shaving.</p>	<p>Weight Size: 50 gm</p> <p>Color: White</p> <p>Ingredients: Potassium Stearate, Glycerin, Aqua, Perfume.</p>
		<p>Tibet Pomade is a well accepted winter product. This ideal winter skin care product is made from the finest contents added by Rose Oil, pure petroleum jelly added with mineral oils and a refreshing fragrance. Its unique formula protects skin from dryness, penetrates through layers of skin to cure cracked lips, ankle and feet.</p>	<p>Weight Size: 50 ml</p> <p>Color: Light Orange</p> <p>Ingredients: White Petroleum Jelly, Paraffin wax, Liquid Paraffin, Color Perfume.</p>
		<p>Beautina® Intensive Moisturizing Body Lotion is enriched with the extract of Aloe Vera and Cocoa Butter. Aloe Vera helps to make the skin soft, tender and fresh. Whereas Cocoa Butter gently helps to keep body moisture all day long. The sweet fragrance of Beautina® Intensive Moisturizing Body Lotion gives an amazing satisfaction to body and mind.</p>	<p>Weight Size: 100 gm</p> <p>Color: White</p> <p>Ingredients: Calcium Carbonate, Sodium Mono fluoro phosphate, Triclosan, SLS, Flavour.</p>

# OUR PRODUCTS

Brand	Products	Brief	Specification
 <p><b>Beautina</b> Face Wash</p>		<p>A new addition in Beautina family is Beautina face wash. This product is enriched with Neem &amp; Aloe vera, which are well accepted solutions for pimple, oil control and deep cleansing. Antibacterial properties of Beautina face wash ensures healthy glowing skin by protecting from pimples, oiliness and dark skin.</p>	<p>Weight Size: 50 &amp; 100 ml</p> <p>Color: Green</p> <p>Ingredients: Aqua, Sodium Laureth Sulfate, Sodium Acrylates copolymer, CAPB, Decyl Glucoside, Sodium Lauryl Glucose Carboxylate &amp; Lauryl, Glucoside, D-Panthenol, Phenoxyethanol, Disodium EDTA, Citric Acid, Azadirachta Indica (Neem) Extract, Aloe Barbadosensis (Aloe Vera) Extract, CI 47005, CI 42090 &amp; Perfume</p>
 <p><b>Beautina</b> HAIR OIL</p>		<p>Enriched with natural and herbal extract of Amla, Almond, Olive, Jojoba, Tee Tree and Coconut, BEAUTINA Hair Oil (Non-Sticky) ensures Complete Hair Therapy by giving five benefits to the hair. It controls hair fall, treats the scalp, controls dandruff, and makes hair light, soft, shiny &amp; silky.</p>	<p>Weight Size: 100 &amp; 200 ml</p> <p>Color: Golden</p> <p>Ingredients: Mineral oil, amla oil, almond oil, olive oil, jojoba oil, tea tree oil, coconut oil, silicone oil, vitamin-e &amp; prezervativ.</p>
 <p><b>Tibet</b> Petroleum Jelly With Anti-Cracking Agent</p>		<p>Tibet Petroleum Jelly is a very popular winter tip for beauty conscious men and women. This unique Tibet Petroleum Jelly is made from the finest contents added by Jojoba Oil, Anti-Cracking Agent, rejuvenating fragrance and moisturizing fragrance.</p>	<p>Weight Size: 15 &amp; 50 ml</p> <p>Color: White</p> <p>Ingredients: Jojoba Oil, White petroleum Jelly, Paraffin wax, Liquid Paraffin, Perfume.</p>
 <p><b>Tibet</b> lip gel</p>		<p>An addition of Cocoa Butter, extra moisturizing and emollient agents with pure petroleum jelly and mineral oils make this product neat all day long for protection against cracking and chapping of the lips in the dry winter season.</p>	<p>Weight Size: 10 gm</p> <p>Color: White</p> <p>Ingredients: Purified white Petroleum Jelly, Cocoa Butter, Flavour.</p>

# OUR PRODUCTS

Brand	Products	Brief	Specification
		<p>Tibet Glycerin enriched with Emolin &amp; Anti-Cracking Agent is a very popular winter solution for beauty conscious men and women. It's 100% pure and natural formulation prevents skin from dryness and improves complexion, resulting the skin to be soft and smooth.</p>	<p>Weight Size: 60 &amp; 125 gm</p> <p>Color: White</p> <p>Ingredients: Purified Glycerin, Perfume.</p>
		<p>Contains Vitamin C and E to protect lips from dry and cold weather. Enriched with cocoa butter, jojoba oil and freshly fruity odor, it brings both moisture and fragrance. The botanical extracts prevent collagen loss and flatten fine lines on lips. Keeps your lips smooth and supple.</p>	<p>Weight Size: 4.5 gm</p> <p>Color: White</p> <p>Ingredients: Jojoba Oil, Coco Butter, Vitamin C&amp;E, Liquid Paraffin, Glycerin, Bees wax, anti Oxidant flavor.</p>
		<p>Bactrol Hand Wash works as a defense against the spread of many diseases from the common cold to more serious diseases such as meningitis, bronchiolitis, influenza, hepatitis A, and most types of infectious diarrhea.</p>	<p>Weight Size: 200 ml (container) &amp; 180 ml (pouch)</p> <p>Color: Pink</p> <p>Ingredients: SLES, TEA, Glycerin, Triclosan, Preservative, Color, Perfume Aqua.</p>
		<p>A high quality antibacterial soap made from 100% vegetable fat which ensure 100% protection of your family health. It is equally effective against body odor, cuts, scratches and pimples. Bactrol Family Health Soap keeps your family healthy and protected.</p>	<p>Weight Size: 100 gm</p> <p>Color: Red &amp; Blue</p> <p>Ingredients: Sodium Soap, Glycerin, Olive Oil, Titanium di-oxide, Perfume, Ci-26100, Preservative, Aqua.</p>

# OUR PRODUCTS

Brand	Products	Brief	Specification
<b>Fast wash</b>		<p>Fast Wash Detergent Powder is the premium grade white variant detergent powder of its kind. Its Brilliant White formula removes tough stains and keeps cloths shiny. Fine fragrance and eco-friendly Fast Wash Detergent Powder (Brilliant White) reduces the average time of cleaning and does not cause skin irritation.</p>	<p>Weight Size: 22gm, 200gm, 500gm &amp; 1000 gm</p> <p>Color: White</p> <p>Ingredients: Sodium LAS, Sodium Carbonate, CMC, Zelite, Optical Brightener, Color, Perfume.</p>
<b>am. pm.</b> TOOTHPASTE		<p>The unique formula of am.pm. tooth paste protects decay. Its main ingredient, Calcium, Carbonate fights againts decay; Fluoride is dedicated for protecting gum of teeth; Triclosan protects against germs.</p>	<p>Weight Size: 45, 100 &amp; 200 gm</p> <p>Color: White</p> <p>Ingredients: Calcium Carbonate, Sodium Lauryl Sulphet, Sorbitol, Gum, Sodium Mono Fluro Phosphet, Triclosan, Aqua, Sodium Saccharine, Flavour.</p>
<b>Ice COOL</b>		<p>Ice Cool Prickly Heat Powder Gives you the relief from the itching heat rash and skin irritation from hot weather. Its advanced therapy to refresh and relax you body and mind from unbearable heat and stress. It also keeps you away from bacterial, fungal agents and body odor all day long.</p>	<p>Weight Size: 100 gm</p> <p>Color: White</p> <p>Ingredients: Purified Talc, Magnesium Carbonate, Zink Oxide, Boric Acid, Menthol, Perfume.</p>
<b>GENSTAR</b>		<p>Special beard softening formula gives you the coolest shave and leaves your face fresh for hours after shaving. It reduces friction to make the shave comfortable. Genstar Lather Shaving Cream improves the performance of your razor / blade.</p>	<p>Weight Size: 100 gm</p> <p>Color: White</p> <p>Ingredients: Potassium Stearate, Glycerin, Aqua, Perfume.</p>



# OUR PRODUCTS

Brand	Products	Brief	Specification
		<p>Xpert is a highly effective antibacterial Dishwash Bar, Liquid and Powder. It kills bacteria on contact and leaves crockery hygienically clean. Lemon fragrancd Xpert Dishwash Bar, Liquid and Powder is a special blend of active ingredients that gives fastest cleaning action against grease, oils-fat, stains and other deposits without any scratch.</p>	<p>Weight Size: 200, 500 &amp; 750 gm (Powder), 500 ml (Liquid), 325 gm &amp; 125 gm (Bar)</p> <p>Color: Green &amp; White.</p> <p>Ingredients: SLAS, SLES, Concentrate Lime juice, color, Di sodium EDTA, Aqua.</p>
		<p>Wiper is one of the finest Glass Cleaners in Bangladesh. After long research and development, a world class glass and household cleaner has been introduced that does not only clean the dusts, but also kill the germs. Clear visibility is ensured now.</p>	<p>Weight Size: 350 ml</p> <p>Color: Blue</p> <p>Ingredients: Butyle Glycol, STPP, SLES, Amonia Solution, IPA, Color.</p>
		<p>Clean Master Liquid Toilet Cleaner is a highly effective toilet cleaner that is enriched with ultra power gel and special inorganic chemical. Clean Master Liquid Toilet Cleaner removes tough stains, kills germs and deodorizes toilet within a very short time. It has Anti Bacterial Agent which is 100% effective for killing germs.</p>	<p>Weight Size: 500 ml &amp; 750 ml</p> <p>Color: Blue</p> <p>Ingredients: Aqua,Hydrochloric Acid, Color, Perfume, Acid Thikener.</p>
		<p>Clean Master All Purpose Surface Cleaning Powder is very effective for cleaning floor, basin, sink and all types of tiles. It has Anti Bacterial Agent which is 100% effective for killing germs.</p>	<p>Weight Size: 200 &amp; 400 gm</p> <p>Color: Blue</p> <p>Ingredients: Sodium SAS, Sodium Carbonate, Dolomite, Calcite, Anti bacterial agent, Color, Speckles, Perfume.</p>

# Corporate Governance Statement 2018-19

Corporate governance is the process and rules under which a company is managed on behalf of the shareholders and stakeholders. Kohinoor Chemical Company (Bangladesh) Limited (KOCL) has always strived to maintain the highest standards of corporate governance and business conduct so as to create and maintain sustainable shareholders' value, safeguard stakeholders' interest and maintain investors' trust and confidence. The Board of Directors of KOCL is primarily responsible for applying and maintaining the company's corporate governance and the Board considers itself a trustee of all shareholders and acknowledges its responsibilities to the shareholders for creating and safeguarding their assets.

## Composition of the Board

The Board comprises of eight (8) members including two Independent Directors having diverse and professional expertise and experiences. KOCL believes that its Board has the optimum level of knowledge, experience, composure and technical understanding about the Company's business. The composition of the Board of Directors of KOCL as of June 30, 2019 was as follows:

Sl.	Name	Status
1	Mr. Mohammad Obaidul Karim	Chairman, Non-Executive Director
2	Mr. Rezaul Karim	Managing Director, Executive Director
3	Mr. Ebadul Karim	Non-Executive Director
4	Mrs. Arzuda Karim	Non-Executive Director
5	Mrs. Nurun Nahar	Non-Executive Director
6	Mrs. Shirin Akhter	Non-Executive Director
7	Prof. Dr. M. Shamsheer Ali	Independent Director
8	Mr. Quazi Mamun-UI-Ashraf	Independent Director

The respective biographies of all members of the Board are set out on pages 12 to 16 of this Annual Report.

## Independent Directors

The Board of Directors of KOCL appointed Prof. Dr. M. Shamsheer Ali and Mr. Quazi Mamun-UI-Ashraf as Independent Directors of the company with the approval of the shareholders. Both the Independent Directors are highly knowledgeable and qualified persons.

Prof. Dr. M. Shamsher Ali was in the teaching profession at the University level for about 31 years. On the other hand Mr. Quazi Mamun-Ul-Ashraf was the manager and Vice president of Jamuna Bank Limited and presently the life member of many associations including Bangladesh Institute of Bankers.

They are free from any business or other relationships with the company that might materially affect the exercise of their independent judgment. The Board believes their experience and knowledge will enable them to provide both effective and constructive contribution to the company and both the Independent Directors fulfill the conditions specified in the revised Corporate Governance Code imposed by BSEC.

### **Principal Responsibilities of the Board**

The Board of KOCL establishes structures and processes to fulfill Board responsibilities that consider the interests of investors, regulators, management and employees among others. The Board directions are taken at its meetings held as per the Company's Memorandum and Articles of associations, the Companies Act 1994 and guidelines and regulations imposed by various regulatory authorities. The major responsibilities of the Board are as follows:

- Retention of full and effective control of the company;
- Formulation of strategic objectives, goals and direction to the company;
- Taking decisions concerning certain policies, budgets, financing plan and major capital expenditures of the Company;
- Monitoring management in implementing plans and strategies, as approved by the board;
- Appointment of the CEO and other directors and top executives of the Company;
- Identification and monitoring of key risk areas and key performance indicators of the business;
- Confirmation of the fact that the company complies with relevant laws, regulations and codes of business practice;
- Providing assurance that the company communicates with shareholders and relevant stakeholders openly and promptly;
- Monitoring of the company's integrated performance;
- Establishment of a formal and transparent procedure for appointment to the board;
- Regularly review the report provided by the Audit Committee;

### **Separation of work for the Chairman and the Chief Executive Officer (CEO)**

In compliance with the corporate governance code imposed by BSEC the positions of the Chairman and the Managing Director of the company held by different individuals and there are clear defined roles and responsibilities for the Chairman and Managing Director of KOCL.

Mr. Mohammad Obaidul Karim elected as the Chairman of the Board from among the non-executive Directors of the company. The Chairman leads the Board and is responsible for ensuring the effectiveness of the Board and its governance processes.

On the other hand Mr. Rezaul Karim, Managing Director of the company is accountable to the Board and its committee to run and manage the company in accordance with the prescribed policies, principles and strategies established by the Board as well as rules, regulations and guidelines from the regulatory authorities.

Both the Chairman and the Managing Director are collectively accountable for the leadership of the company and for exercising the highest standards of ethics, integrity and governance.

### **The Directors' Report to Shareholders**

The Directors' Report to Shareholders in compliance with the Corporate Governance Code imposed by Bangladesh Securities and Exchange Commission duly approved by the Board of Directors in its Board meeting held on October 24, 2019 is articulated on pages 43 to 49 of this Annual Report.

## Meetings of the Board of Directors

As per the provision mentioned under Section 96 of the Companies Act-1994, a meeting of the Board of Directors shall be held at least once in every three months and at least four such meetings shall be held in every year. The Board of Directors of KCCL accordingly met eight (8) times during the financial year 2018-2019.

The Board met for both scheduled meetings and on other occasions to deal with urgent and important matters that require attention. The Company Secretary finalized the agenda for meetings in consultation with the Chairman and the same is circulated to the Board members well in advance to ensure meaningful participation in the meetings.

Along with the Board members, the Company Secretary (CS), Chief Financial Officer (CFO) and the Head of Internal Audit and Compliance (HIAC) also attended the meetings. A record of the Directors' attendance at Board meetings during the financial year 2018-2019 is set out on page 57.

## Company Secretary

The Company Secretary, Mr. Md. Ferdous Jaman is responsible for ensuring effective collection, compilation and timely flow of information to and from the Board. He assists and guides the Chairman and Board of Directors and acts as the Disclosure Officer of the Company and monitors the compliance of the acts, rules, regulations, notifications, guidelines, orders/directives, etc. issued by BSEC or Stock Exchange(s) applicable to the conduct of the business activities of the Company so as to protect the interests of the investors and other stakeholders.

Mr. Md. Ferdous Jaman is acting as the Company Secretary of Orion Pharma Limited and Orion Infusion Limited though he cannot hold any executive position in any other company at the same time according to the Corporate Governance Code issued by BSEC. However, the Board is aware of this issue and is still working to appoint a different suitable individual in the position of the Company Secretary as required by the code.

## Chief Financial Officer

The Chief Financial Officer of the company is Mr. Abu Bakar Siddique. The primary responsibilities of the CFO are planning, implementing, managing and running of all the finance activities of a company, including business planning, budgeting, forecasting, negotiating and maintaining investor relations. The CFO together with the MD reviews and certifies the financial statements of the company and place before the Board. Mr. Abu Bakar Siddique is also one of the key members of Management Committee of the company.

## Head of Internal Audit and Compliance

Mr. Mohd. Shamim Kabir, the Head of Internal Audit & Compliance is an extremely self-driven and clearheaded person who strives to be a diligent professional through team work and relationships with the colleagues. He is responsible for performing the full audit cycle including determining internal audit scope and developing annual plans, risk management and control management over operations' effectiveness, financial reliability and compliance with all applicable directives and regulations. Mr. Mohd. Shamim Kabir is one of the top executives of KCCL.

## Board of Directors' Sub-committees

To assist the Board and for ensuring good governance in the company, the Board of KCCL has established the following sub-committees:

- i) Audit Committee
- ii) Nomination and Remuneration Committee

The role of Board of Directors' Committee is to review and appraise in the respective areas and then to advise and make recommendations to the Board.

## **Audit Committee**

The Audit Committee assists the Board in discharging its supervisory responsibilities with respect to internal control, financial reporting, risk management, auditing matters and monitoring compliance with applicable legal & regulatory requirements.

The Audit Committee is constituted according to the conditions of the Corporate Governance Code imposed by BSEC. The Committee comprised of two (2) Non-Executive Directors Mrs. Arzuda Karim and Mr. Ebadul Karim with a minimum requirement of one (1) Non-Executive Independent Director Mr. Quazi Mamun-UI-Ashraf. Mr. Quazi Mamun-UI-Ashraf duly appointed by the Board as the Chairman of the committee. The Company Secretary Mr. Md. Ferdous Jaman acts as the Secretary to the Committee, ensures effective functioning of the Committee.

All members of the Audit Committee are 'financially literate' as per regulatory requirement and are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Committee.

## **Nomination and Remuneration Committee**

As a sub-committee the Nomination and Remuneration Committee supports the Board in formulating the nomination criteria or policy for identifying and recommending the qualified candidates to become members of Board of Directors and key managerial personnel as well as sets policy for formal process of considering remuneration of the directors, key managerial personnel and other employees of the company.

The Nomination and Remuneration Committee is consist of two (2) Non-Executive Directors Mrs. Arzuda Karim and Mr. Ebadul Karim with a minimum requirement of one (1) Non-Executive Independent Director Mr. Quazi Mamun-UI-Ashraf. Mr. Quazi Mamun-UI-Ashraf is the Chairman of the committee, duly appointed by the Board. The Company Secretary Mr. Md. Ferdous Jaman acts as the Secretary to the committee.

## **Management Committee**

To achieve the strategic goals & mission of the Company, KOCL constituted a Management Committee and this committee comprises of four (4) following members:

### **Mr. Abul Khair**

(Director, Company Affairs)

### **Mr. M. Ziaul Hafiz**

(Head of Sales and Marketing)

### **Mr. Abu Bakar Siddique**

(Chief Financial Officer)

### **Mr. Shah Mohd. Abdul Wadood**

(Head of Production)

The committee is in full control of the company's affair and is also accountable to the Board of Directors. It builds the confidence of the Board by ensuring that all the activities carried out by them are consistent with high ethical standards.

## **External or Statutory Auditors**

Regarding the appointment and reappointment of external or statutory auditors, KOCL follows the Companies Act 1994, Securities and Exchange Rules 1987 and related notifications of BSEC. Complying with the rules, the Audit Committee recommends to the Board to appoint or reappoint the statutory auditors and the board recommends the same for the approval of shareholders at the next annual general meeting. Also the remuneration of the external auditors is fixed by the shareholders in the Annual General Meeting.

S. F. Ahmed & Co., Chartered Accountants, was appointed as the Statutory Auditors of the company in the last Annual General Meeting and will retire in the forthcoming Annual General Meeting. Meanwhile, they have confirmed their eligibility and willingness to accept their office as the statutory/external auditors of the Company for the next financial year to be ended on June 30, 2020, if re-appointed. In this regard, subject to the approval of shareholders in this forthcoming Annual General Meeting, the Board with the recommendation of the Audit Committee has proposed to be appoint S. F. Ahmed & Co., Chartered Accountants, as the Statutory Auditors of the company for the financial year to be ended on June 30, 2020.

### **Company Website**

To keep all the stakeholders informed about the Company's key performance indicators as well as other relevant financial and non-financial data, KCCL maintains an official website and the website address is [www.kohinoor-bd.com](http://www.kohinoor-bd.com). All shareholders have access to the annual report, share related information, PSI, Quarterly, Half-yearly and the annual financial statements of the company through the Company's website.

### **Reporting and Compliance of Corporate Governance**

In compliance with the notification no: SEC/CMRRD/2006-158/207/Admin/80 dated June 03, 2018 imposed by BSEC, a listed company requires to obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary), who shall be appointed by the shareholders of the company in the AGM. However, Poddar & Associates has been appointed by the shareholders in the last AGM as the Compliance Auditors and their report regarding compliance of conditions of Corporate Governance Code of the BSEC has been published in "Annexure to the Directors' Report" in details. The Board has recommended to appoint Poddar & Associates as the Corporate Governance Compliance Auditors for the financial year to be ended on June 30, 2020 subject to the approval of shareholders at the ensuing AGM.

### **Investor Relation**

KCCL always pays great importance to its investor's community. The Company always tries to keep informed the investors about the Company's financial results, regulatory landscape, growth opportunities and strategic ambitions while objectively sharing the associated risk to bridge the gap between the Company and investors.

### **Communication with Shareholders and Stakeholders**

To ensure good corporate governance and build trustworthy relationship with all stakeholders, KCCL always keep informed the shareholders of all major developments that impact the business of the Company. The company believes in promoting effective and transparent communication with all stakeholders, ensuring consistency and clarity of disclosure at all times.

Moreover, all information provided to BSEC and Stock Exchanges are also immediately made available to the Shareholders and the market through newspapers and the website of the company.

### **Shareholders' Queries**

Shareholders of KCCL communicate with the share department of the company directly or address their queries/complaint through phone, fax or email.

### **Share Department**

Kohinoor Chemical Company (Bangladesh) Limited  
153-154, Tejgaon Industrial Area, Dhaka – 1208  
Phone: +88-02-8870133 (Ex.160 & 161)  
Fax: +88-02-8870147  
Email: [info@kccl-bd.com](mailto:info@kccl-bd.com)

Poor communication with shareholders can lead to losing their trust and confidence from the business. Hence, KCCL leaves no stones unturned in order to establish a strong and regular flow of information and communicate the results that create value for the shareholders.

## **Annual General Meeting**

To report on the activities of the company to the shareholders, KCCL holds Annual General Meeting at the end of every financial year as per law with adequate notice. Shareholders are welcome to attend the Company's interactive and informative Annual General Meetings at which they have the opportunity to know about the future opportunities of their investment. The Chairman and other members of the Board answer the questions of the shareholders and note the views and suggestions of them offered at the AGM with utmost seriousness.

The Company aims to earn the trust of the shareholders by regularly engaging with them and facilitating a mutual understanding of respective objectives, by ensuring effective communication not only prior to the Annual General Meeting (AGM) but throughout the course of the year.





# COMMUNICATION WITH **SHAREHOLDERS**

Kohinoor Chemical Company (Bangladesh) Limited believes in promoting effective and transparent communication with all shareholders, ensuring consistency and clarity of disclosure at all times. The Company aims to earn the trust of the shareholders by regularly engaging with them and facilitating a mutual understanding of respective objectives, by ensuring effective communication not only prior to the Annual General Meeting (AGM) but throughout the course of the year.

## **Annual General Meeting**

The Company holds regular Annual General Meetings as per law with adequate notice and disclosures in the Directors' Report and the Auditors' Report on Accounts/Notes and resolutions are passed with consensus and unanimity. Shareholders are welcome to attend the Company's interactive and informative Annual General Meetings at which they have the opportunity to ask questions. The Chairman and other members of the Board answer the questions of the shareholders and note the views and suggestions of them offered at the AGM with utmost seriousness.

## **Company Website**

All shareholders have access to the annual report and accounts and other Price Sensitive Information about the Company, through the website at [www.kohinoor-bd.com](http://www.kohinoor-bd.com). Quarterly, Half-yearly and the Annual Financial Statements are posted at Company's website to keep all the stakeholders informed about the financial performance and position of the Company.

## **Point of Contact**

For other queries, shareholders of Kohinoor Chemical Company (Bangladesh) Limited can also communicate with the point of contact for the shareholders – share department of the organization, and address their queries.

Poor communication with shareholders can lead to losing their trust and confidence from the business. Hence, Kohinoor Chemical Company (Bangladesh) Limited leaves no stones unturned in order to establish a strong and regular flow of information and communicate the results that create value for the shareholders.



# Business Ethics & Code of Conduct

Business ethics are moral principles that guide the way a business behaves and a code of ethics specifies the ethical rules of operation. It is applicable from members of the Board of Directors to all employees of Kohinoor Chemical Company (Bangladesh) Limited. Ethics in the workplace sensitizes employees to how they should act and helps ensure that when leaders and managers are struggling in times of crises and confusion, they retain a strong moral compass.

In Compliance with the new Corporate Governance Code imposed by BSEC, the existing code of conduct for the Board members including the Chairman and the Managing Director/Chief Executive Officer of the Company is under review of the newly formed Nomination & Remuneration Committee to conform to the above mentioned Corporate Governance Code. After finalizing of the said code of conduct, the same shall be posted as on the website of the Company.



## **Compliance with laws, rules & regulations**

Complying with the prevailing laws, rules and regulations and being in conformity with social norms are the basics of our business. Nationally and internationally where ever we do business we obey the relevant laws and regulations and avoid any action that can discredit the company.

## **Accountable & responsible**

We take full responsibility for all our business decisions, actions and conduct and we are accountable to the stakeholders. Our accountability and responsibility show the most effective way to achieve high standards.

## **Keeping and showing accurate data**

The business information that we work with is vital to our success. We keep the data in a well-organized and easily accessible manner so that it can give us important knowledge for prudent business decisions, playing a crucial role in business growth strategies and financial reporting. We must use all of this information wisely and carefully to get the best value from it.

## **Protection of data and assets**

Information is vital asset of a company. Information and data which is not in the public domain is considered confidential and proprietary information. Again our customers, suppliers and others also may share their confidential and proprietary information with

us. We have the duty to properly use and safeguard business information belonging to and shared with the company. Again we are conscious and committed about other assets of our company to protect these from misappropriation, loss and destruction.

## **Business integrity and honesty**

Integrity and honesty are playing key roles to building a strong, solid and successful business. We act in truthful manner both in our communication and conduct. We demonstrate these in our every step and avoid taking any action that may be questionable.

## **Respect people and uphold their interest**

People are the greatest asset if can be utilized properly. They provide new ideas and concept that can be given practical form. So we maintain our workplace a comfort zone where employees feel valued and respected. We do not engage in any conduct that could be considered as disrespectful, harassing, intimidating and aggressive.

## **Best sales and marketing practices**

We believe in fair competition and avoid unhealthy rivalry with competitors which might lead to any unethical conduct. We disclose accurate and true information of our products. Marketing and promotion are carried out for the well-being of the society.

# Quality, Hygiene and Environment



Kohinoor Chemical Company (Bangladesh) Limited (KCCL) has not only emerged as a potent industrial entity, but also represents the brand of the mass people. For maintaining the standard quality of our Cosmetics and Toiletries products, we follow BSTI (Bangladesh Standard Testing Institute) rules and regulations. Side by side, we take care of incoming raw materials and check whether they are manufactured in internationally recognized and standard organizations who follow ISO, FDA, and HACCP etc.

Besides, for maintaining good quality products, we keep contact with various internationally reputed organizations and take necessary supports if required. Furthermore, Quality control Dept. inspects the standard operating procedures (SOP) by regular floor monitoring during Cosmetics & Toiletries items production in different sections. At the same time, the management has revamped the Research & Development and the Quality Control departments to attain greater degrees of excellence for all the products, batch by batch ... piece by piece.

Quality Control Department carries on Research & Development (R&D) works where various experiments and trial batches are carried out to develop existing products and new products. The Quality Control and R&D units have a highly equipped sophisticated laboratory to perform all sorts of parameter testing for the raw materials consumed and finished goods produced in this facility. It performs tasks such as Pre-Production Testing, Production Monitoring and Development of new products.

Large numbers of cleaners are working for cleaning the office and factory premises. Officers and workers always use factory shoes, aprons, caps, masks, hand gloves, goggles on manufacturing floors. All our machineries are eco-friendly. We do not use any hazardous chemicals. Natural gas is used as fuel in generator and boiler. We recycle water in production purpose. Steam is used in production instead of open fire for heat generation. Rooftops of factory and office buildings are used for gardening.



# Nurturing our Human Resources

Kohinoor Chemical Company (Bangladesh) Limited (KCCL) was acquired by the present management on August 03, 1993 as part of the government's privatization policy. Since then the Company has been very cognizant regarding abiding by the Statutory Rules & Regulations when formulating the Company as well as the Human Resource Policy, also taking into consideration the macroeconomic factors such as inflation, standard of living and national economic policies. This can be reflected in the Company's policy and other courses of action when the present management welcomed the employees recruited by BCIC to continue work at their previously set wages and benefits, which were better in comparison to the wages and benefits that were set by the company after the privatization took place.

As the number of employees recruited by BCIC have reduced significantly due to retirement and the remaining are about to follow them, at present the management has decided to establish a single set of rules and regulation for all the employees with a few exceptions. The company decided to treat all employees equally and bring them all on the same platform, which has proved to be a significant gain for all.

Human Resource policies help implement a consistent approach to management. KCCL has a fair and unbiased HR Policy. The Company is committed for establishing equal employee opportunity for its valued employees. We strictly maintain an equal and diverse work place free from gender, age or race discrimination, hostility, and any kind of harassment with respect to religion, ethnicity, sexual orientation, or minority. There is a proper balance of discipline and flexibility. The employees are encouraged to concentrate on the norms, values and customs of KCCL and they are always motivated due to the interesting and friendly working environment.

Our human resource management always works with the responsibility of adding value to our success and without ethical HR practice the success is not achievable in true sense. KCCL is always committed to provide a workplace where employees remain motivated and engaged because only engaged and motivated employees are capable of giving their full capability. Every year 5/6 workers are sponsored by the Company to perform Hazz at Saudi Arabia and iftar in the month of Ramadan is provided for free for all workers, staffs and officers of




# Nurturing our Human Resources

the Company. KCCL also provides donation for medical treatment, marriage ceremony and education of dependents of the employees. Other than these benefits, everyday a subsidized cafeteria is run for both breakfast and lunch round the year to facilitate approximately 1500 workers and staffs. The company's recruitment process is a standard way to find out the right person for the right post. We usually receive CVs from time to time and we store them carefully in data box. Networking and referencing is another approach that we follow to get trustworthy people. After getting job applications or CVs, we screen and conduct interviews and finally select the candidate who best fits the job profile. KCCL has a comprehensive compensation policy that consists of guaranteed pay, variable pay and benefits. Festival bonuses are provided to all temporary and casual workers who are otherwise not eligible as they are under the labor contractors. Overall KCCL has a structured and profession HR Policy which helps the Company to attain its objectives and goals.

# FINANCIALS & Reports



# Financial Facts & Figures

<b>Net Sales Revenue</b>	BDT <b>3,995.80</b> million 2018-19	 <b>9.14%</b> 2018-19
<b>Net Profit</b>	BDT <b>174.35</b> million 2018-19	 <b>12.85%</b> 2018-19
<b>NAV per Share</b>	BDT <b>52.42</b> 2018-19	 <b>21.13%</b> 2018-19
<b>Earnings per Share</b>	BDT <b>10.37</b> 2018-19	 <b>12.84%</b> 2018-19
<b>Dividend Declared</b>	20% Stock & 20% cash 2018-19	
<b>Operating Cash Flows per share</b>	BDT <b>9.37</b> 2018-19	 <b>234.82%</b> 2018-19

# Five Year's Performance

(BDT in Thousand)

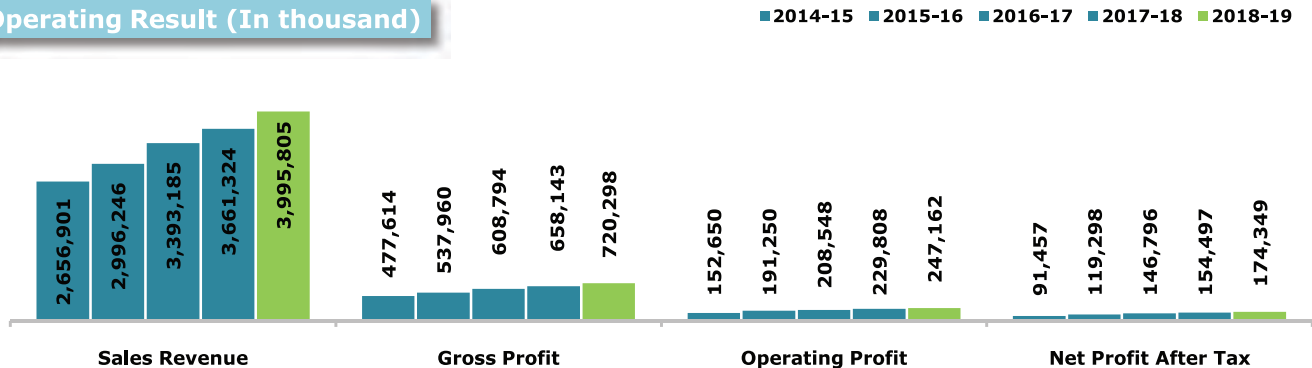
	2018-19	2017-18	2016-17	2015-16	2014-15
<b>OPERATIONAL RESULT</b>					
Net Sales Revenue	3,995,804	3,661,324	3,393,185	2,996,246	2,656,901
Gross Profit	720,298	658,143	608,794	537,960	477,614
Operating Profit	247,162	229,808	208,548	191,250	152,650
Net Profit before Tax	232,305	211,402	196,436	160,767	118,195
Net Profit after Tax	174,349	154,497	146,796	119,298	91,457
<b>FINANCIAL POSITION</b>					
Shareholders' equity	881,644	727,878	554,074	417,434	328,605
Total Assets	1,899,457	1,934,130	1,530,810	1,708,212	1,656,468
Total Current Assets	1,585,603	1,626,305	1,210,816	1,375,727	1,346,238
Total Current Liabilities	646,246	833,769	650,646	964,688	1,001,774
<b>FINANCIAL RATIOS</b>					
Current Ratio (times)	2.45	1.95	1.86	1.43	1.34
Debt Equity Ratio (times)	1.15	1.66	1.76	3.09	4.04
Return on Total Assets (%)	9.18	7.99	9.59	6.98	5.52
Inventory Turnover (times)	4.47	4.89	4.47	3.28	2.57
Price Earning Ratio –DSE (times)	37.09	40.11	34.68	30.31	39.28
<b>ORDINARY SHARES INFORMATION</b>					
Number of Shares Outstanding	16,818,750	14,015,625	12,187,500	10,156,250	10,156,250
Dividend (Cash) (%)	20.00*	10.00	15.00	10.00	30.00
Dividend (Stock) (%)	20.00*	20.00	15.00	20.00	-
Net Asset Value per Share (BDT)	52.42	43.28	39.53	34.25	32.35
Net Operating Cash Flow per Share (BDT)	9.37	(6.95)	30.07	10.21	20.69
Earnings per Share (BDT)	10.37	9.19	10.47	9.79	9.01
Number of Shareholders	6,212	6,256	6,441	6,474	6,571
<b>OTHER DATA</b>					
Number of Employees	2,296	2,146	2,088	1,974	1,980

\*Proposed

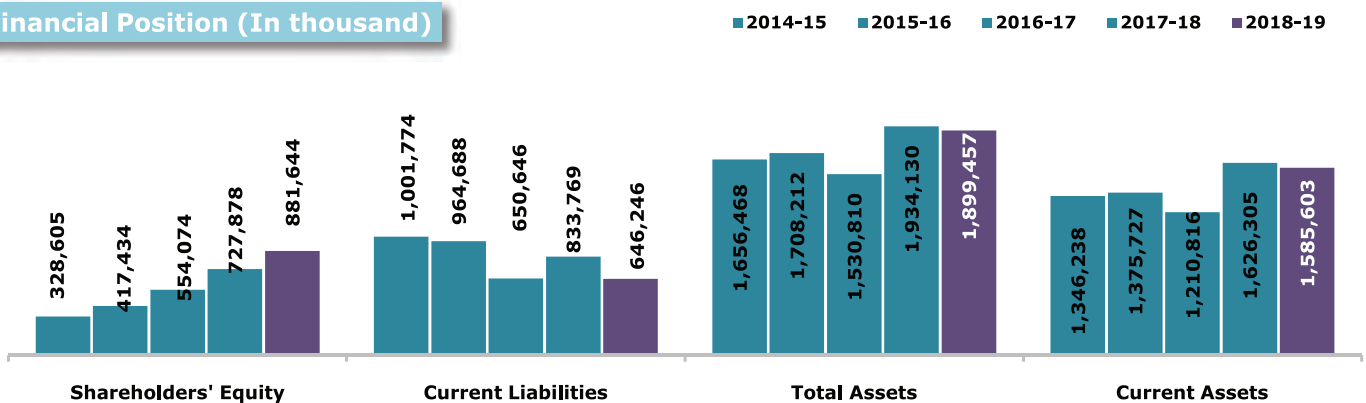


# Graphical Presentation

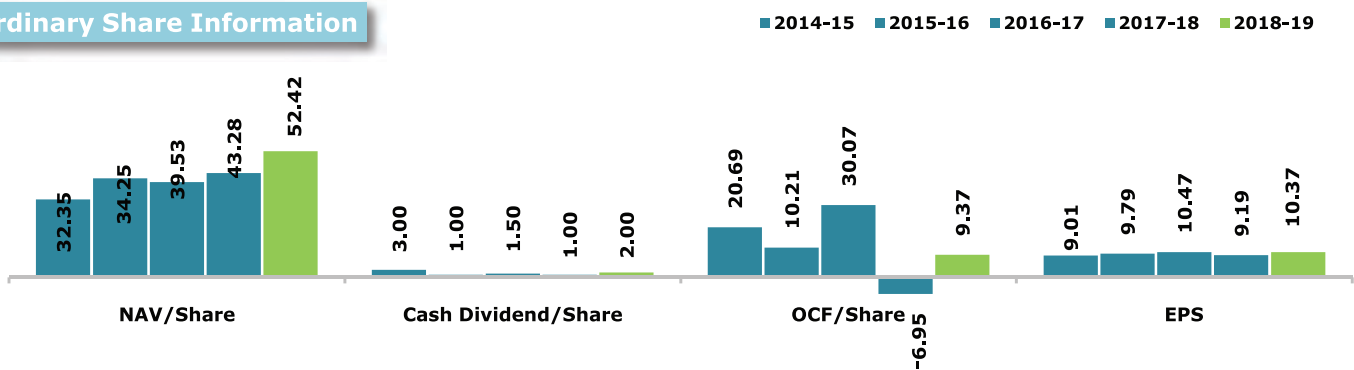
## Operating Result (In thousand)



## Financial Position (In thousand)



## Ordinary Share Information

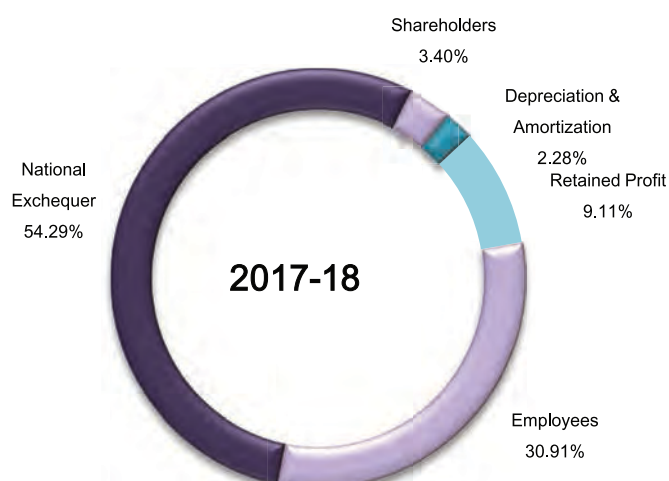
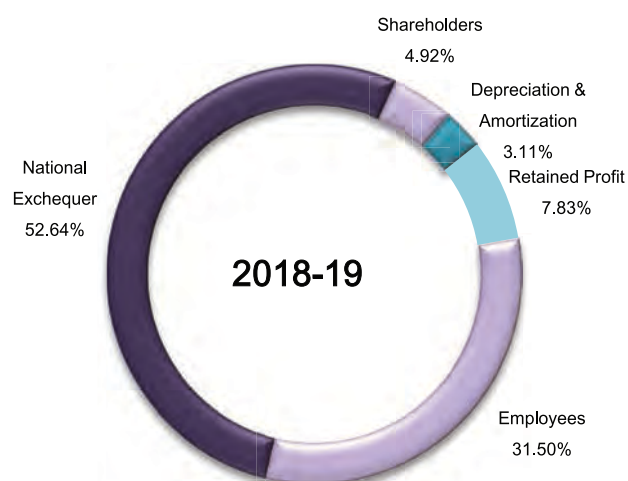


# Value Added Statement

for the year ended June 30, 2019

BDT in thousand

Particulars	2018-19		2017-18	
	Amount	%	Amount	%
<b>Value Added:</b>				
Gross Revenue	4,629,878		4,233,170	
Less: Bought in Materials and Services	(3,291,012)		(3,005,149)	
Add: Other income	8,010		6,946	
<b>Total value added</b>	<b><u>1,346,876</u></b>	<b><u>100.00</u></b>	<b><u>1,234,967</u></b>	<b><u>100.00</u></b>
<b>Distribution of added value:</b>				
To employees as salaries, wages and allowances	430,888	31.50	381,752	30.91
To National Exchequer	720,125	52.64	670,519	54.29
To shareholders as dividend	67,275	4.92	42,047	3.40
	<b>1,218,288</b>	<b>89.06</b>	<b>1,094,318</b>	<b>88.60</b>
<b>Retained for reinvestment and future growth:</b>				
Depreciation and amortization	21,513	3.11	28,199	2.28
Retained profit	107,074	7.83	112,450	9.12
	<b>128,587</b>	<b>10.94</b>	<b>140,649</b>	<b>11.40</b>
<b>Total value distributed</b>	<b><u>1,346,876</u></b>	<b><u>100.00</u></b>	<b><u>1,234,967</u></b>	<b><u>100.00</u></b>



# Message from the Chairman

*Dear Fellow Shareholders,*

AssalamualaikumWaRahmatullah

On this 32<sup>nd</sup> Annual General Meeting, I am pleased to present the Annual Report of Kohinoor Chemical Company (Bangladesh) Limited for the year ended June 30, 2019 on behalf of the Board of Directors. With great pleasure I take this opportunity to inform you all that your Company has done well this financial year compared to the last one. The financial performance of your Company during the first six months of the reporting year was highly impressive and this trend also followed during the last six months.

My fellow Shareowners, let me take you all over the financial particulars now. It has been the strategy of KOCL to always consider the needs of the mass people of the country and accordingly provide them with products. I am pleased to inform that your Company attained a Net Revenue of BDT 3,995.80 million as against BDT 3,661.32 million of the previous year, registering a praiseworthy positive growth of 9.14% over the previous year.

During the reporting financial year, Gross Profit stood at BDT 720.30 million reflecting a positive growth of 9.44% and the Net Profit reached to BDT 174.35 million which is also higher than the previous year's Net Profit by 12.85%. This increase in Net Profit was a result of increased sales and appropriate cost management. Overall increased demand for consumer goods in the country as more people are paying attention to appearance and grooming was favorable for our sale gradually bringing a positive impact on this year's Net Profit.

The Earnings per Share (EPS) for this year is BDT 10.37 compared to previous year's EPS of BDT 9.19 (restated). Taking into account the financial performance of the Company this year, your Board has recommended 20% Cash and 20% Stock Dividend. I ensure you that we will continue this performance and deliver even better products and services to our customers in the future. All our employees work hard so that the value of the Company rises increasing the wealth of our shareholders.

Your Company makes a significant contribution to the National Exchequer in the form of Corporate Tax, Value Added Tax (VAT) and different other duties every year. This year your Company has contributed an amount of BDT 720.12 million compared to BDT 773.91 million in the last year. This contribution is equivalent to 18.02% of the Company's Net Revenue.

My dear Shareholders, I would now like to take the opportunity over here to thank you for your never ending support and faith. Your valued suggestions, advices and continuous supports are the driving forces behind the growth and development of this business. I would also like to sincerely appreciate all our valued stakeholders including business partners, customers, bankers, suppliers, government agencies, regulatory authorities and everyone with whom the Company interacted with in conducting its business. I am grateful to the Management as they have been very determined and focused towards their goals. All our employees have done an admirable job in contributing to our success, and on behalf of all the shareholders, I would like to applaud all our employees for doing such a commendable job.

I wish and pray for the continued success of the Company in the future.

Thank you,

Sd/-

Mohammad Obaidul Karim  
Chairman

# চেয়ারম্যান - এর বাণী

বিস্মিল্লাহির রহমানির রাহিম

প্রিয় শেয়ারহোল্ডার ও সহকর্মীবৃন্দ

আসসালামু আলাইকুম,

আমি অত্যন্ত আনন্দের সাথে কোহিনূর কেমিক্যাল কোম্পানী (বাংলাদেশ) লিমিটেড এর পরিচালক মন্ডলীর পক্ষ থেকে ৩০শে জুন ২০১৯ সালের সমাপ্ত বছরের বার্ষিক প্রতিবেদন উপস্থাপন করছি। আমি আরো আনন্দিত যে, আপনাদের কোম্পানী গত আর্থিক বছরের তুলনায় এ বছর অনেক ভাল করেছে। প্রথম ছয় মাসে কোম্পানীর আর্থিক অগ্রগতি ছিল ব্যাপক যা ধারাবাহিক ভাবে শেষের ছয় মাসে অব্যাহত ছিল।

প্রিয় শেয়ারহোল্ডারবৃন্দ, আমি এখন আপনাদের সামনে কোম্পানীর আর্থিক দিকগুলি আলোকপাত করব। কোম্পানীর আর্থিক উন্নয়নের অংশ হিসাবে কোহিনূর কেমিক্যাল সর্বদায় দেশের আপামর জনসাধারণের প্রয়োজনীয়তা উপলব্ধি করে এবং সে অনুযায়ী পন্য সরবরাহ করে থাকে। আমি আনন্দের সাথে জানাচ্ছি যে, আলোচ্য বছরে কোম্পানীর নীট রাজস্বের পরিমাণ ৩৯৯.৫৮ কোটি টাকা যা গত বছরে ছিল ৩৬৬.১৩ কোটি টাকা। গত বছরের তুলনায় প্রবৃদ্ধি অর্জিত হয়েছে ৯.১৪%।

আলোচ্য আর্থিক বছরে দেখা যায় কোম্পানীর মোট মুনাফা অর্জিত হয়েছে ৭২.০৩ কোটি টাকা, প্রবৃদ্ধি প্রতিফলিত হয়েছে ৯.৪৪% এবং নীট মুনাফা হয়েছে ১৭.৪৪ কোটি টাকা যা গত বছরের তুলনায় ১২.৮৫% বেশী। নীট মুনাফার এ উল্লেখযোগ্য প্রবৃদ্ধির মূলে রয়েছে গত বছরের তুলনায় এ বছরের বিক্রয়ের পরিমাণ বৃদ্ধি ও খরচ সমূহের নিয়ন্ত্রণ। আপনাদের কোম্পানীর গুণগত সঠিক মান বজায় থাকার কারণে এ পন্যের প্রতি দেশের মানুষের সার্বিক ভোক্তা চাহিদা বৃদ্ধির ফলে বিক্রয় বৃদ্ধি পেয়েছে ফলশ্রুতিতে নীট মুনাফার প্রবৃদ্ধি ঘটেছে।

২০১৮-২০১৯ অর্থ বছরে কোম্পানীর শেয়ার প্রতি আয় দাঁড়ায় ১০.৩৭ টাকা যা গত বছরে ছিল ৯.১৯ টাকা (রিস্টেটেড)। আলোচ্য বছরে কোম্পানীর অসাধারণ সাফল্যের কথা বিবেচনা করে পরিচালনা পরিষদ কোম্পানীর মুনাফা থেকে শেয়ারহোল্ডারদের মাঝে ২০% নগদ ও ২০% বোনাস শেয়ার বিতরণের সুপারিশ করেছে। আমি আপনাদের নিশ্চয়তা দিচ্ছি যে, আমরা ধারাবাহিকভাবে এ সাফল্য ধরে রাখব এবং ভবিষ্যতে ভোক্তাদের মানসম্পন্ন পন্য ও সেবা সরবরাহ করতে সক্ষম হব। কোম্পানীর সমস্ত কর্মকর্তা ও কর্মচারীদের কঠোর পরিশ্রমের ফলে শেয়ারহোল্ডারদের সম্পদ বৃদ্ধির সঙ্গে সঙ্গে কোম্পানীর সুনামও বৃদ্ধি পেয়েছে।

প্রতি বছরের ন্যায় এ বছরেও আপনারদের কোম্পানী কর, মূসক ও বিভিন্ন ধরণের শুল্ক প্রদানের মাধ্যমে সরকারী কোষাগারে জমা বৃদ্ধি করে আসছে। ২০১৮-২০১৯ অর্থ বছরে আপনাদের কোম্পানীর সরকারী কোষাগারে জমার পরিমাণ দাঁড়ায় ৭২.০১ কোটি টাকা যা গত বছর ছিল ৭৭.৩৯ কোটি টাকা। ফলে এখাতে কোম্পানীর আবদান হল নীট বিক্রয়ের ১৮.০২%।

প্রিয় শেয়ারহোল্ডারবৃন্দ, আমাদের উপর আপনাদের বিশ্বাস ও সহযোগীতার জন্য আমি আপনাদের ধন্যবাদ জানাই। আপনাদের মূল্যবান প্রস্তাবনা, উপদেশ ও সর্বাত্মক সহযোগীতা কোম্পানীর উন্নয়নে সহায়ক ভূমিকা পালন করে। সেই সঙ্গে আমি ধন্যবাদ জানাতে চাই আমাদের সকল গ্রাহক, সরবরাহকারী, ব্যাংক, আর্থিক প্রতিষ্ঠান, সরকারী বিভাগ ও নিয়ন্ত্রনকারী সংস্থাসহ আমাদের কর্মকর্তাদের সাথে প্রত্যক্ষ ও পরোক্ষভাবে জড়িত সকলকে। আমি কোম্পানীর ব্যবস্থাপনার প্রতি কৃতজ্ঞতা প্রকাশ করছি, কারণ ব্যবস্থাপনার সঠিক লক্ষ্য নির্ধারণ ও যথাযথ পদক্ষেপের ফলে কোম্পানীর উন্নতি সম্ভব হয়েছে। আমি কোম্পানীর সকল কর্মকর্তা ও কর্মচারীদের তারিফ করতে চাই যাদের প্রশংসীয় কাজের ফলে কোম্পানীর এরূপ উন্নতি সম্ভব হয়েছে। পরিশেষে আমি কোম্পানীর ভবিষ্যত উত্তরোত্তর উন্নতি কামনা করছি।

অসীম করুণাময় আল্লাহ্ আমাদের সকলকে পরম সুখ ও শান্তি দান করুন! আল্লাহ্ হাফেজ।

স্বা/-

মোহাম্মদ ওবায়দুল করিম

চেয়ারম্যান

# Statement from **the CEO**

*Dear Fellow Shareholders,*

Assalamualaikum

On behalf of the management of the Company, I would like to welcome you all to our 32<sup>nd</sup> Annual General Meeting. It is an honor for me to present to all of you about the performance of our Company during the financial year 2018-19 and will request to consider the Company's prospects and future plans.

## **Economic scenario of the world and the country**

Let us start with a few words regarding the economic conditions in which our business is operating. According to the Department of Economic and Social Affairs of United Nations, global growth is expected to remain at 3.0 per cent in 2019 and 2020. However, the steady pace of expansion in the global economy covers an increase in downside risks that could potentially exacerbate development challenges in many parts of the world, according to the World Economic Situation and Prospects 2019. The global economy is facing a confluence of risks, which could severely disrupt economic activity and inflict significant damage on longer-term development prospects. These risks include an escalation of trade disputes, an abrupt tightening of global financial conditions and intensifying climate risks. Subdued investment in emerging market and developing economies (EMDEs) is dampening potential growth prospects. Reforms to boost private investment and productivity growth are needed, particularly in low-income countries, which face more significant challenges today than they did in the early 2000's.

After the world scenario, we may take a look at the condition of our country. According to the World Economic Situation and Prospects published by United Nations in 2019, Bangladesh will be the third fastest growing economy in the world in terms of achieving high Gross Domestic Product (GDP) in 2019. The economy is also set to continue expanding at a fast pace in the near term, above 7% per year, amid strong fixed investment, vigorous private consumption and accommodative monetary policy. The arrival of Rohingya refugees will test the resilience of the country's economy and its ability to maintain the social development momentum while providing humanitarian support. The country needs to form a stable macro-economic framework by addressing the problematic areas of exchange-rate volatility, poor banking and fiscal management.

Cosmetics & Toiletries industry is one of the most important sectors which plays major role in the development in the national economy of Bangladesh. Consisting of a whole range of cosmetics and toiletries, Bangladesh now has everything from beauty and laundry soaps, shampoo, conditioners, talcum powder, shaving creams, hair oil, sanitary napkins. Top industry players include both local manufacturers as well as multinational companies, with local companies dominating the market. As far as beauty products are concerned, according to the Bangladesh Bureau of Statistics, eight majors dominate the local market. Locally produced toiletries now play a significant role in a sector that has been dominated by imports in the past. Despite being a lower-middle income country, the rising purchasing power of middle income groups coupled with intense consumerization has allowed this market to foster and grow.

## **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 Dhaka Stock Exchange as applicable and relevant International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

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 Dhaka Stock Exchange as applicable and relevant International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

During the financial year under review, IFRS 15 - Revenue from Contracts with Customers replaced IAS 18 Revenue & IAS 11 Construction contracts. IFRS 15 is conceptually similar to IAS 18, but includes in depth guidance on how to recognise and measure revenue.

Furthermore we are working towards complying with the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 issued by Bangladesh Securities and Exchange Commission under section 20C of the Securities and Exchange Ordinance, 1969 (XVII of 1969).

## Company Performance

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

	2018-19	2017-18	2016-17	2015-16	2014-15
<b>OPERATIONAL RESULT</b>					
Net Sales Revenue	3,995,804	3,661,324	3,393,185	2,996,246	2,656,901
Gross Profit	720,298	658,143	608,794	537,960	477,614
Operating Profit	247,162	229,808	208,548	191,250	152,650
Net Profit before Tax	232,305	211,402	196,436	160,767	118,195
Net Profit after Tax	174,349	154,497	146,796	119,298	91,457
<b>FINANCIAL POSITION</b>					
Shareholders' equity	881,644	727,878	554,074	417,434	328,605
Total Assets	1,899,457	1,934,130	1,530,810	1,708,212	1,656,468
Total Current Assets	1,585,603	1,626,305	1,210,816	1,375,727	1,346,238
Total Current Liabilities	646,246	833,769	650,646	964,688	1,001,774
<b>FINANCIAL RATIOS</b>					
Current Ratio (times)	2.45	1.95	1.86	1.43	1.34
Debt Equity Ratio (times)	1.15	1.66	1.76	3.09	4.04
Return on Total Assets (%)	9.18	7.99	9.59	6.98	5.52
Inventory Turnover (times)	4.47	4.89	4.47	3.28	2.57

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 product lines of many of the listed companies do not match with those of ours. Only two of the listed Company's product lines match with us and so we can go for comparisons with those two companies; namely Marico Limited and Keya Cosmetics Limited. Now, if we look at the four year's trend of ratios with our peer companies, we can get a clear picture about our position:

Year	2017-18			2016-17			2015-16			2014-15		
	KCCL	Marico	Keya	KCCL	Marico	Keya	KCCL	Marico	Keya	KCCL	Marico	Keya
Current Ratio (times)	1.95	1.32	2.92	1.86	1.60	3.53	1.43	1.56	4.24	1.34	1.42	3.49
Return on Total Assets (%)	7.99	36.90	3.79	9.59	38.26	6.30	6.98	40.32	5.60	5.52	38.38	1.24
Net Asset Value per share	43.28	47.38	14.02	45.46	54.4	15.37	34.25	54.3	13.59	32.35	50.20	13.10
Earnings per Share (BDT)	9.19	52.15	1.21	12.04	45.72	2.01	9.79	44.89	1.87	9.01	42.69	0.24

The management of has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to Credit risk, Liquidity risk, Market risk, Currency risk and Interest-rate risk. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

### 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. Now we are working towards competing with the MNCs and also surpass them.

Dear Shareholders, I hope that I have been able to explain the overall performance of the Company and ensure that our Company is on the right track. I would therefore like to end my speech by expressing sincere thanks to the management team and all employees for their efforts and performance to improve our Company and make it more competitive. And I should 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,

Sd/-  
 Rezaul Karim  
 Chief Executive Officer

# Director's Report

for the year ended June 30, 2019

## Dear Shareholders,

The Directors have pleasure in submitting hereunder their report, prepared under section 184 of the Companies Act, 1994, together with the Audited Accounts of the company for the year ended on June 30, 2019 and Auditors' Report thereon:

## INDUSTRY OUTLOOK

Locally produced cosmetics and toiletries products are now playing a significant role that was previously dominated by imports. Most of the products in this sector are common consumer goods which have a large demand in the domestic market. Local manufacturer is able to satisfy most of the local customers by offering quality products with reasonable price. While most of the manufacturers focus primarily on meeting the demands of the local market, some firms have started exporting cosmetics.

The production and sales scenario of major manufacturers over recent periods suggest that all the major firms including KOCL have experienced steady growth. The demand for cosmetic and personal care products is now huge and these types of products are increasingly becoming essentials for people belonging to all classes in society.

KOCL is working really hard to build consumer trust through producing good quality products and competes with two leading brands Unilever Bangladesh Ltd and Square Toiletries Limited. KOCL is the market leader among all the local companies and has been successfully competing with one multinational brand, Unilever Bangladesh Ltd. Since most of the people of Bangladesh live in rural area and the majority of them belong to lower income class, KOCL aims at serving these lower income customers relentlessly keeping the nation's economic condition in mind through door to door marketing network.

## HIGHLIGHTS ON FINANCIAL RESULTS

The Board of Directors takes pleasure in reporting the summary of the Financial Results of the Company for the year ended June 30, 2019:

Particulars	2018-19	2017-18	% increase
Net Sales Revenue (BDT)	3,995,804,807	3,661,324,088	9.14%
Cost of Goods Sold (BDT)	3,275,506,984	3,003,180,758	9.07%
Gross Profit (BDT)	720,297,823	658,143,330	9.44%
Operating Profit (BDT)	247,161,878	229,808,479	7.55%
Net Profit (BT) (BDT)	232,305,010	211,402,321	9.89%
Net Profit (AT) (BDT)	174,349,009	154,496,808	12.85%
Earnings per Share	10.37	9.19*	12.84%

\*Restated

The Company recorded 9.14% growth in net sales revenue during the financial year 2018-19 over previous year. Such significant revenue growth has derived mainly from the sale of toilet soap (44%), detergent powder (43%) and washing soap (17%) products. The operating profit amounted to BDT 247.16 million, showing an increase (7.55%) with respect to June 30, 2018. In addition to that net profit after tax shows a growth of 12.85% compared to previous year.



## SEGMENT WISE OR PRODUCT WISE PERFORMANCE

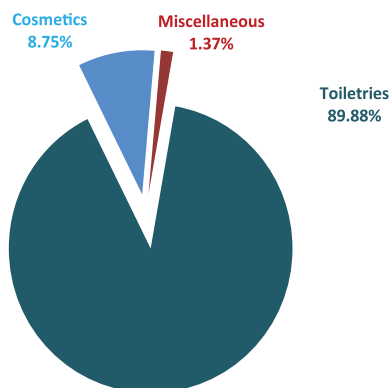
Kohinoor Chemical Company (Bangladesh) Limited, a member of the Cosmetics and toiletries industry of Bangladesh, is operating its business in a single market segment i.e consumer goods market within and outside the territory of Bangladesh. All products of KOCL are categorized under three product lines-

- Washing soap, toilet soap, tooth paste, shaving cream, detergent powder are classified as toiletries products
- Snow & Cream, Powder, Hair oil and Coconut oil are considered as cosmetics products
- All other products are included under miscellaneous products

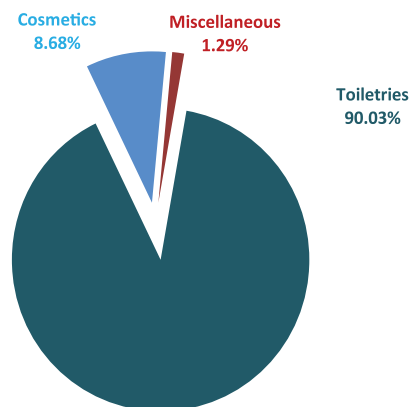
### Product Line wise Gross Sales:

Year	Toiletries Products	Cosmetics Products	Miscellaneous Products	Total Revenue
2018-19	4,161,542,407	404,913,943	63,422,109	4,629,878,459
2017-18	3,811,141,350	367,465,188	54,563,583	4,233,170,121

### Sales Portfolio in 2018-19



### Sales Portfolio in 2017-18



## RISKS AND CONCERNS

The Company's management is well aware of the fact that business is subject to variety of risks and uncertainties. The management is responsible to identify, communicate, and mitigate risks in order to minimize their potential impact on the business for which a special risk management framework has been established, where policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Industry Risks, Regulatory Risks, Market Risk, Operational Risk, Legal Risk, Interest Rate Risk,

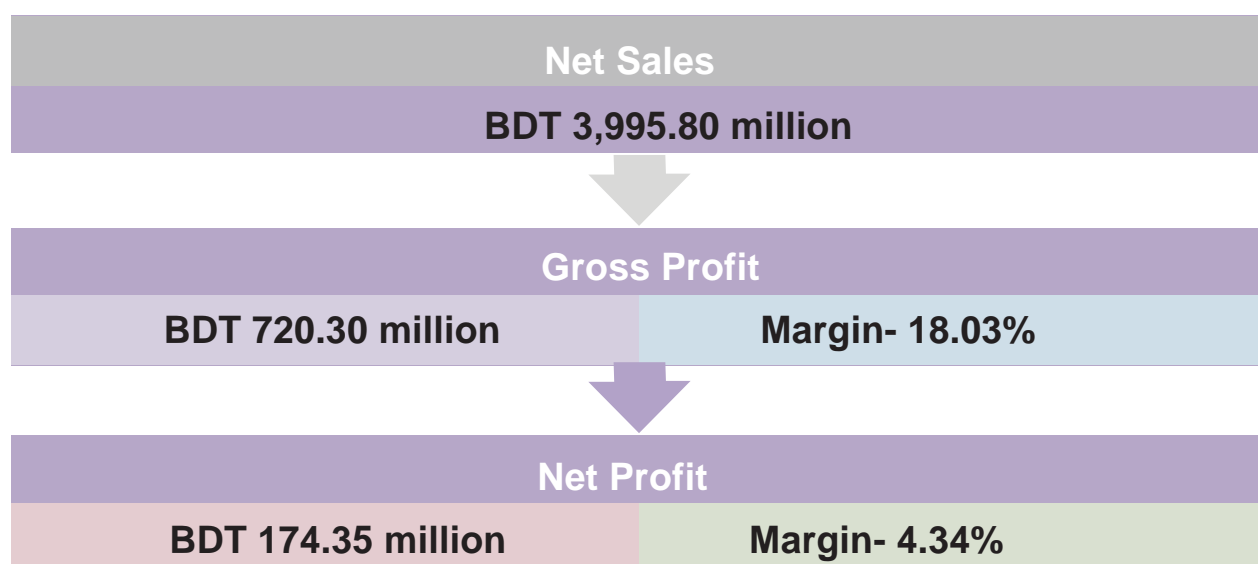
Exchange Rate Risk, potential changes in Global or National policies, threats arising from the negative impacts on environment are some of the risks that KOCL takes into consideration.

KOCL has well defined its risk management policies and introduced periodic monitoring system that act as an effective tool in mitigating various risks to which our businesses are exposed to in the course of its day-to-day operations as well as in its strategic actions. These policies are reviewed regularly to take into consideration changes in market conditions and the company's activities.

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

The overall costs of direct materials as well as the cost of goods sold relative to net sales remained almost stable during the reporting year and the previous year (Direct material cost is 75% of net sales in reporting year and 75% in previous year and cost of goods sold is 82% of net sales during both years).

COGS	Value in BDT		% of Total COGS	
	2018-19	2017-18	2018-19	2017-18
Direct Materials	2,994,937,763	2,735,919,762	91.43	91.10
Factory Overhead	300,137,598	276,126,653	9.16	9.20
<b>Manufacturing Cost</b>	<b>3,295,075,361</b>	<b>3,012,046,415</b>	100.60	100.30
WIP (Opening-Closing)	(10,274,934)	(14,892,315)	(0.31)	(0.50)
FG (Opening-Closing)	(9,293,443)	6,026,658	(0.28)	0.20
<b>Cost of Goods Sold</b>	<b>3,275,506,984</b>	<b>3,003,180,758</b>	100.00	100.00



## CAPITAL EXPENDITURES

Keeping in mind the importance to acquire or upgrade the physical assets to maintain or increase the scope of their operations, Kohinoor Chemical Company (Bangladesh) Limited made the following acquisitions during the year:

Additional Investment	2018-19	2017-18
Land & Land Development	-	-
Building	-	-
Plant and Machinery	21,745,521	22,366,099
Vehicles	6,161,186	-
Furniture & Fittings	-	-
Office Equipment	743,200	99,400
Other Assets	-	245,300
<b>Total</b>	<b>28,649,907</b>	<b>22,710,799</b>

## **EXTRA-ORDINARY GAIN OR LOSS**

There is no extra-ordinary gain or loss in the financial statements prepared for the financial year 2018-19 under report.

## **RELATED PARTY TRANSACTION**

The Directors and other key management personnel are very cautious to avoid any conflicts of interest inconformity with the prevailing rules and regulations. Related party transactions, when undertaken, are carried out on the basis of Arm's Length Transaction without any special benefit to the related party. All such transactions have been approved unanimously by the Board of Directors of the Company. As per IAS/ IFRS, the related party transactions carried out by the Company during the year have been disclosed in the Note-11 and Note-34.2 of the audited financial statements.

## **UTILIZATION OF PROCEEDS FROM PUBLIC ISSUES, RIGHT SHARES AND/OR THROUGH ANY OTHER INSTRUMENT**

Initial Public Offering (IPO) of Kohinoor Chemical Company (Bangladesh) Limited was made in 1988 and the fund raised thereby has already been utilized and reported accordingly to the respective regulators. No further issue of any instrument was made during the year.

## **EXPLANATION IF FINANCIAL RESULTS DETERIORATE AFTER THE COMPANY GOES FOR IPO, RPO, RIGHT OFFER, DIRECT LISTING**

As stated above, KOCL went for IPO in 1988 and after that the company did not raise any fund by any sort of offerings like Repeated Public Offering, Right Issue, and Direct Listing during the financial year 2018-19. Therefore, no explanation is necessary in regards to this.

## **EXPLANATION ABOUT SIGNIFICANT VARIANCE BETWEEN QUARTERLY AND ANNUAL FINANCIAL STATEMENTS**

Significant variation has occurred between the quarterly and annual financial statements of the company during the year mainly due to receipt of refundable AIT from NBR and better cash management of the company which has increased Net Cash provided by Operating activities.

## **REMUNERATION TO DIRECTORS INCLUDING INDEPENDENT DIRECTORS**

The Directors including the Independent Directors of KOCL did not receive any remuneration or other facilities or perquisites during the reporting financial year.

## **CORPORATE AND FINANCIAL REPORTING**

The Directors are pleased to conform to the following:

- The Financial Statements of the Company present true and fair view of its state of affairs, the result of its operation, cash flows and changes of equity.
- Books of Accounts have been maintained properly as required by the law.
- Appropriate accounting policies have been consistently applied in formulating the financial statements and accounting estimates were reasonable and prudent.
- The financial statements were prepared in accordance with International Accounting Standards (IAS) / International Financial Reporting Standards (IFRS), as applicable in Bangladesh.
- Internal Control System is sound in design and implemented and monitored effectively.
- 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.
- Key operating and financial data of preceding five years have been included in the report.
- No Bonus share or stock dividend has been or shall be declared as interim dividend.

## **SIGNIFICANT DEVIATION FROM THE OPERATING RESULTS OF LAST YEAR**

During the year, significant deviation has occurred from the operating results of last year of the company mainly due to receipt of refundable AIT from NBR and better cash management of the company which has increased Net Cash provided by Operating activities.

## APPROPRIATIONS OF PROFIT

Considering the annual accounts of Kohinoor Chemical Company (Bangladesh) Limited and also the interest of the Shareholders, the Board of Directors has proposed and recommended following appropriation of profit:

Net profit for the Year (2018-19)	174,349,009	
Add: Profit brought forward from previous year	<u>500,942,431</u>	
		Profit available for distribution 675,291,440
Less: Appropriation proposed:		
Cash Dividend @ 20%	(33,637,500)	
Stock Dividend @ 20%	<u>(33,637,500)</u>	
		<u>(67,275,000)</u>
		<b>Transfer to retained earnings 608,016,440</b>

## SHAREHOLDING STRUCTURE OF THE COMPANY

The present shareholding structure of the Company is shown in the next chapter 'Annexure to the Directors' Report'.

## GOING CONCERN

Subsequent to the conduction of appropriate enquiries and analysis of the significant operating and financials, the Board ensures that the Company has the ability to continue its operation for a foreseeable future. The Directors have a reasonable anticipation that the resources are adequate to continue its operation without any major interruptions. Therefore, all these analysis qualify the Company as a going concern and consequently the financial statements are also prepared on the basis of going concern assumption.

## CONTRIBUTION TO NATIONAL ECONOMY

During the financial year 2018-19, your company has contributed an amount of BDT 720.12 million Corporate Tax, Value Added Tax (VAT) and different other duties; compared to BDT 773.91 million in the last year. This contribution is equivalent to 18.02% of the company's Net Revenue.

## BOARD MEETINGS HELD

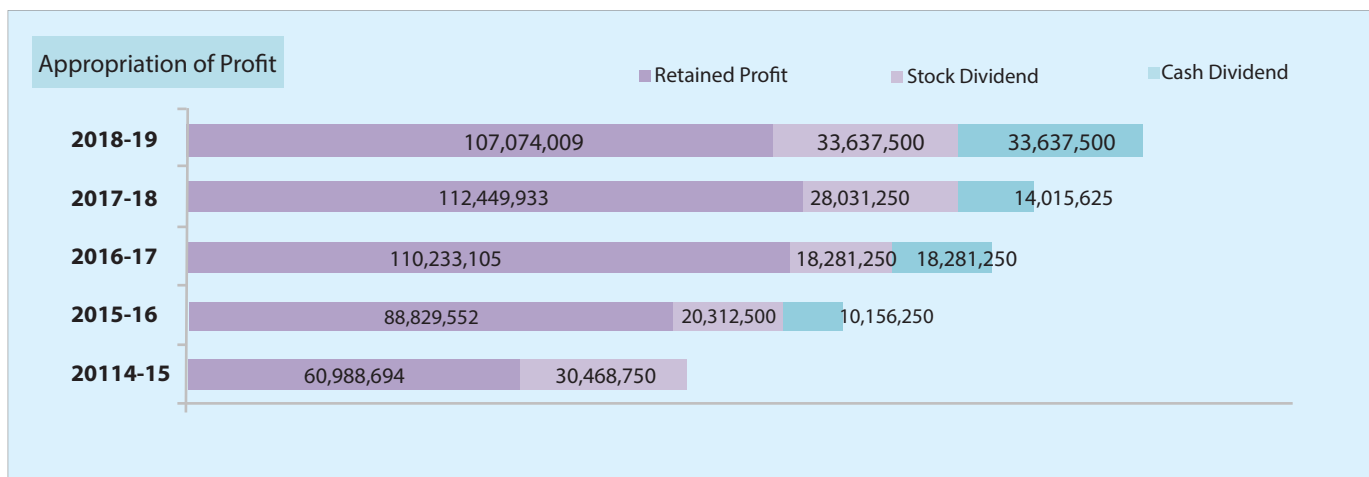
The number of Board Meetings and attendance of the Directors, CFO, CS and HIAC during the financial year 2018-19 were as follows:

Name	Status	Meeting held	Meeting Attended
Mr. Mohammad Obaidul Karim	Chairman	8	7
Mr. Md. Rezaul Karim	Managing Director	8	8
Mr. Md. Ebadul Karim	Director	8	8
Mrs. Arzuda Karim	Director	8	7
Mrs. Nurun Nahar	Director	8	6
Mrs. Shirin Akhter	Director	8	6
Mr. Quazi Mamun-Ul-Ashraf	Independent Director	8	8
Dr. M. Shamsheer Ali	Independent Director	8	8
Mr. Md. Ferdous Jaman	Company Secretary	8	8
Mr. Abu Bakar Siddique	Chief Financial Officer	8	8
Mr. Mohd. Shamim Kabir	Head of Internal Audit & Compliance	8	8

## DECLARATION OF DIVIDEND

With the Directors' recommendation for a cash dividend of BDT 2.00 (20%) per share and stock dividend of 20% per share for the year under review, the Company will have a payout of BDT 67,275,000 subject to approval at the Annual General Meeting.

The dividend will be applicable for the shareholders whose names will appear in the share register of the Company and/or Depository Register of CDBL as on Record Date i.e. November 17, 2019.



## ENVIRONMENTAL CONSIDERATION

Kohinoor Chemical Company (Bangladesh) Limited is highly committed to providing a healthy and pollution free environment for its employees, customers, suppliers, and all other parties with whom it interacted to conduct its business. They are continuously striving to minimize operational excellence. The Company follows different Rules, Regulations and standards applicable for the Company in order to maintain a pollution free environment and its facilities are carefully designed and operated to prevent all forms of pollution.

## ELECTION OF DIRECTORS

With regard to the appointment, retirement and re-appointment of Directors, the Company is governed by its Articles of Association, the Companies Act 1994 and other related legislations. In order to comply with the provision mentioned under Section 91(2) of the Companies Act-1994, at least one third of the Directors shall retire from the office in each Annual General Meeting.

Pursuant to the above, Mrs. Arzuda Karim and Mr. Ebadul Karim, will retire by rotation and as being eligible, the Board has recommended to re-elect and re-appoint them as the Directors of the Company, subject to approval of the shareholders in the upcoming AGM.

## APPOINTMENT OF AUDITORS

The Directors hereby report that as per the Companies Act 1994 and the Articles of Association of the Company, S. F. Ahmed & Co., Chartered Accountants, who were appointed as auditors of the company in the last Annual General Meeting of the Company has carried out the audit for the year ended June 30, 2019.

Considering the necessary expertise, the Board has recommended S. F. Ahmed & Co., Chartered Accountants, to be appointed as statutory auditors of KOCL for the year 2019-2020 and to continue till the next AGM, subject to the approval of the shareholders in the upcoming AGM.

## APPOINTMENT OF COMPLIANCE AUDITORS

In compliance with the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRC/2006-158/207/Admin/80 dated June 03, 2018, a listed Company requires to appoint Compliance Auditors on the newly published Corporate Governance Code and collect the Compliance report thereon, who shall be appointed by the shareholders in the AGM. Poddar & Associates, has been appointed as the Compliance Auditors for the financial year under report and their report has been published in 'Annexure to the Directors' Report' in details.

## **STATUS OF COMPLIANCE**

In accordance with the requirements stipulated in the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006- 158/207/ Admin/80 dated June 03, 2018 and Notification No. issued under section 20C of the Securities and Exchange Ordinance 1969, the detailed required disclosures are shown in the next chapter 'Annexure to the Directors' Report'. Along with this, we have appointed Poddar & Associates, for issuance of Certificate on compliance of Corporate Governance Guidelines for Kohinoor Chemical Company (Bangladesh) Limited for the financial year under report.

## **ACKNOWLEDGEMENT**

The Board of Directors record with deep appreciation the efforts made by the Employees, Workers, Customers, Creditors, Suppliers, Banks, Insurance Companies, Utilities Providers, Government Agencies, BSEC, RJSC, DSE, CSE and the Government in particular.

The Directors would also like to express profound gratitude to all other stakeholders including the Shareholders and Business Partners for their trust and confidence on the Company by supporting the activities of the Company and look forward to their continued support and cooperation in future.

On behalf of the Board

Sd/-

Mohammad Obaidul Karim  
Chairman

## Report on the Activities of Audit Committee to the Shareholders

**Dear Shareholders,**

It is a pleasure on the part of the Audit Committee to introduce this report, which the Committee hopes to be a useful insight into the work of the Audit Committee and the issues it considered during the year. The report takes into account of the Guidance on Audit Committees by the Bangladesh Securities & Exchange Commission's (BSEC) Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 issued under section 20C of the Securities and Exchange Ordinance, 1969 (XVII of 1969) under Condition No 5.

### Constitution and Assistance of the Audit Committee to the Board

The Audit Committee of KCCL was formed as a sub-committee of Board as per the terms of reference approved by the Board in accordance with the notification of BSEC. The Audit Committee is delegated with the authority from the Board of Directors of the company to provide independent oversight on the company's financial reporting, effectiveness of the risk management and internal control system, related governance and compliance matters and the adequacy of the external and internal audits.

The composition of the Audit Committee as on June 30, 2019, is set out below:

Sl.	Members	Status with the Committee	Status with the Board
1	Mr. Quazi Mamun-UI Ashraf	Chairman	Independent Director
2	Mrs. Arzuda Karim	Member	Non-Executive Director
3	Mr. Md. Ebadul Karim	Member	Non-Executive Director

Secretary to the Committee: Mr. Md. Ferdous Jaman, Company Secretary

Members of the Audit Committee are independent and appointed by the Board of Directors of the company. All the members satisfied the requirements to serve as members of the Audit Committee as provided in the Corporate Governance Code imposed by BSEC and have adequate knowledge and experience.

The committee is chaired by Mr. Quazi Mamun-UI Ashraf (an Independent, Non-executive Director). The Board is confident that the leadership of Mr. Quazi Mamun-UI Ashraf as Chairman of the Audit Committee is in the best interests of the company, based on his extensive knowledge of the specific areas of responsibilities of that committee. Mr. Quazi Mamun-UI Ashraf will attend the ensuing AGM to answer shareholder's questions on the Committee's activities.

The Company Secretary, Mr. Md. Ferdous Jaman, supports the Committee as its Secretary as well which ensures compliance with the Corporate Governance Guidelines issued by the BSEC. The requirements regarding the Quorum of the Committee have also been fulfilled.

Regarding the expiration of terms of service or inability to hold the office till expiration period by any Committee members, there was no such situation arose during the year under review making the number of Committee members lower than 3 (three) persons.

## Meetings of the Audit Committee

The committee met seven (7) times during the financial year ended 30th June, 2019 and attendance of the members at the meetings is noted below:

Members	Status	Meeting Details	
		Held	Attended
Mr. Quazi Mamun-UI Ashraf	Chairman	7	7
Mrs. Arzuda Karim	Member	7	7
Mr. Md. Ebadul Karim	Member	7	7

## Scope of Work of Audit Committee

The authorities, duties and responsibilities of Audit Committee, among others, include:

1. Reviewing the quarterly, half yearly and annual financial statements of the Company and upon satisfaction of the review, recommend them to the Board for approval.
2. Monitoring and reviewing the integrity of the financial reporting process ensuring compliance to the accounting policies and principles, internal control risk management process.
3. Ensuring the adequacy of internal audit and compliance function and considering the major findings of the internal audit and compliance report.
4. Reviewing Management Letter and Letter of Internal Control weakness issued by the statutory auditors on the effectiveness of the systems for internal financial control, financial reporting and risk management.
5. Reviewing statement of significant related party transactions submitted by management.
6. Recommending to the Board the appointment, re-appointment or removal of external auditors and overseeing their performance as well.
7. Holding meeting with external auditors for review of the annual financial statements before submission to the Board for approval.
8. Reviewing the management's discussion and analysis before disclosing in the annual report.
9. Monitoring and overseeing the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit.

## Reporting of the Audit Committee

The Audit Committee reports to the Board of Directors from time to time and is responsible to inform Board of Directors about its regular activities and about any material defects in internal control, conflict of interest and any other matters necessary to ensure the true and fair view of the financial statements. Apart from reporting to the Board, it also has the authority to report the Regulatory Authorities regarding any issue having material financial impact if the Board and the management have unreasonably ignored such issues without making any rectification. It reports to Shareholders and other interested parties on annual basis by means of presenting a summary of its activities in the Audit Committee Report.

During the financial year ended on June 30, 2019, the Audit Committee met to discharge its duties and responsibilities accordingly and forwarded its report to the Board of Directors. Besides, there was no other issue arose in the financial year ended June 30, 2019, having significant material impact on Company's financial statements which needed to be disclosed to the Board or the Regulatory Authorities. This report is prepared based on the Financial Statements as on June 30, 2019 for the shareholders and other interested parties of the company.



# Report from the Audit Committee

Date: October 22, 2019

The Board of Directors  
Kohinoor Chemical Co. (BD) Limited  
36, ShahidTajuddin Ahmed Sarani, Tejgaon  
Dhaka-1208

**Subject: Audit Committee Report for the financial year ended June 30, 2019.**

Dear Members of the Board:

In terms of the condition No.5.7 conferred by the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 issued by Bangladesh Securities and Exchange Commission under section 20C of the Securities and Exchange Ordinance, 1969 (XVII of 1969), I, the undersigned Independent Director and Chairman of Audit Committee on behalf of the members of Audit Committee, do hereby declare that the committee, on a quarterly basis, reviewed the financial statements of the Company.

The committee reviewed the financial reporting process and the application of accounting policies and principles, effectiveness of both the external audit process and the internal audit function as a part of continuous improvement of financial reporting and risk management across the company.

Moreover, the committee did not find any material deviation, discrepancies or any adverse findings in the areas of reporting and disclosures and did not receive any findings of management through management letter or any weakness in internal control through letter issued by statutory auditors.

The committee also monitored the hiring, determination of audit fees and performance of the external auditors as well as met with external auditors for reviewing the Quarterly and Annual Financial Statements before submitting to the Board.

S. F. Ahmed & Co., Chartered Accountants, were appointed as the Statutory Auditors of the Company in the last Annual General Meeting. The Auditors will retire in the forthcoming Annual General Meeting. Meanwhile, the existing Auditors expressed their interest to carry on their office as the Statutory Auditors of the Company for the next financial year to be ended on 30<sup>th</sup> June, 2020. Being eligible and experienced the Audit Committee has recommended S. F. Ahmed & Co., Chartered Accountants, to be appointed as the Statutory Auditors of the Company for the financial year to be ended on 30<sup>th</sup> June, 2020.

On behalf of the Committee

Sd/-

Quazi Mamun-UI Ashraf  
Chairman

# Report on the Activities of Nomination and Remuneration Committee to the Shareholders

Dear Shareholders,

It is a pleasure on the part of the Nomination and Remuneration Committee to introduce this report, which the Committee hopes to be a useful insight into the work of the Nomination and Remuneration Committee and the issues it considered during the year. The report takes into account, the Guidance on Nomination and Remuneration Committees by the Bangladesh Securities & Exchange Commission's (BSEC) Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 issued under section 20C of the Securities and Exchange Ordinance, 1969 (XVII of 1969) under Condition No 6.

## Constitution and Assistance of the Nomination and Remuneration Committee to the Board

The Nomination and Remuneration Committee of KCCL was formed as a sub-committee of Board as per the terms of reference approved by the Board in accordance with the notification of BSEC. The task of the Committee is to assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of Directors and top level executives. The Committee also support and assist the Board to formulate policy with regard to determining the remuneration criteria mainly for the Directors and top level executives.

The composition of the Nomination and Remuneration Committee as on June 30, 2019, is set out below:

S.	Members	Status with the Committee	Status with the Board
1	Mr. Quazi Mamun-UI Ashraf	Chairman	Independent Director
2	Mrs. Arzuda Karim	Member	Non-Executive Director
3	Mr. Md. Ebadul Karim	Member	Non-Executive Director

Mr. Quazi Mamun-UI Ashraf, the Independent Director of the company acts as Chair of the Committee. The Board is confident enough that the leadership of Mr. Quazi Mamun-UI Ashraf as chairman of the NRC is in the best interests of the company, based on his extensive knowledge of the specific areas of responsibilities of the NRC. Mr. Quazi Mamun-UI Ashraf will attend the ensuing AGM to answer shareholder's questions on the Committee's activities.

As per regulatory guidelines, the Company Secretary, Mr. Md. Ferdous Jaman acts as Secretary to the Committee.

Members of the Nomination and Remuneration committee are appointed by the Board of Directors with approval of the Shareholders of the company. Regarding the death, resignation, disqualification or removal of any members or any other reasons by any Committee members, there was no such situation arose during the year under review occurring vacancy in the committee.

The Nomination and Remuneration Committee, accordingly, performs in coherence and ensures compliance with the Corporate Governance Code imposed by BSEC.

## Meetings of the Nomination and Remuneration Committee

The committee met two (2) times during the financial year ended 30<sup>th</sup> June, 2019 and attendance of the members at the meetings is noted below:

Members	Status	Meeting Details	
		Held	Attended
Mr. Quazi Mamun-Ul Ashraf	Chairman	2	2
Mrs. Arzuda Karim	Member	2	2
Mr. Md. Ebadul Karim	Member	2	2

### Scope of Work of Nomination and Remuneration Committee

The committee is entrusted with the responsibility to 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;
- 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.

### Nomination and remuneration policy

The committee formulated and recommended, to the Board for its approval, a nomination and remuneration policy as the guidelines to determine attributes and qualifications for appointment as well as appropriate pay package for the Board Members and top executives including the Key Managerial Personnel (KMP) and other senior executives of the company. Accordingly, the Board at its meeting held on April 9, 2019 has approved the same.

The remuneration and nomination policy consists of 3 (three) sections.

- The first section describes the matters to be dealt with, pursued and recommended to the Board by the committee;
- The second section is related to the determination of the criteria of nomination, appointment, performance evaluation and removal of Directors, KMP and Other Senior Executives; and
- The third section deals with the remuneration structure for Directors, KMP and Other Senior Executives.

The details of the Nomination and Remuneration Policy is also posted in our company's website: [www.kohinoor-bd.com](http://www.kohinoor-bd.com)

### **Activities of NRC during the reporting period**

1. Considered the Terms and Reference (ToR) of the Nomination and Remuneration Committee covering the areas stated at the condition no: 6(5)(b) of the Corporate Governance Code imposed by BSEC.
2. Formulated Nomination and Remuneration policy for the nomination and remuneration of Directors and the top level executives.
3. Proposed the name of the Board members for retirement by rotation and re-election (being eligible) with regard to the appointment, retirement and re-appointment of Directors governed by the Articles of Association, the Companies Act 1994 and other related rules and regulations.
4. Evaluated the performance of the Board, its committees, individual members of the Board and the top level executives of the company.
5. Prepared a Nomination and Remuneration Committee report for publishing in the Annual Report 2018-19 of the company.
6. Formulated the code of conduct for the Chairman of the Board, other Board Members and the Chief Executive Officer & posted in our company's web site.

In conclusion, the Nomination and Remuneration Committee has fulfilled their duties as specified in the Corporate Governance Code imposed by BSEC, by employing their knowledge, ability with due care and independence as sufficient to provide the opinions and suggestions for the overall benefits of the Company.

On behalf of the Committee

Sd/-

Quazi Mamun-UI Ashraf  
Chairman

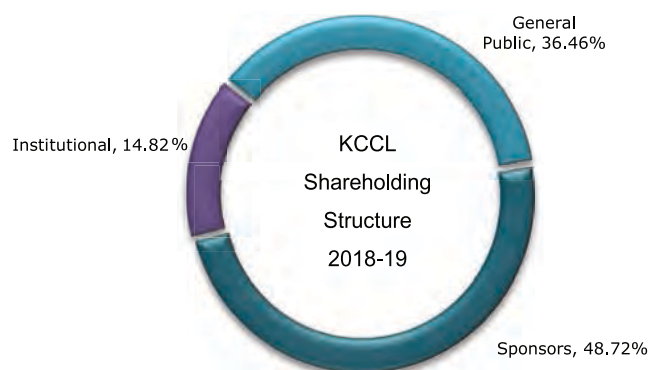
## Category wise Ownership of Company

As on June 30, 2019

ANNEXURE –I

Name of Shareholders	Status	No. of Shares	Shareholding %
<b>i. Parent/ Subsidiary/Associates and Other Related Parties:</b>		-	-
<b>ii. Directors:</b>			
Mr. Mohammad Obaidul Karim	Chairman	3,207,620	19.07
Mr. Md. Rezaul Karim	Managing Director	607,413	3.61
Mr. Md. Ebadul Karim	Director	1,316,389	7.83
Mrs. Arzuda Karim	Director	1,380,530	8.21
Mrs. Nurun Nahar	Director	841,621	5.00
Mrs. Shirin Akhter	Director	841,350	5.00
Mr. Quazi Mamunul Ashraf	Independent Director	-	-
Professor Dr. M. Shamsher Ali	Independent Director	-	-
<b>iii. Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and Compliance and their Spouses and Minor Children:</b>			
Mr. Md. Rezaul Karim	Chief Executive Officer	607,413	3.61
Mr. Abu Bakar Siddique	Chief Financial Officer	-	-
Mr. Md. Ferdous Jaman	Company Secretary	-	-
Mr. Mohd. Shamim Kabir	Head of Internal Audit & Compliance	-	-
<b>iv. Executives:</b>			
Mr. Md. Abul Khair	Director (Company Affairs)	-	-
Mr. Ziaul Hafiz	Head of Sales & Marketing	-	-
Mr. Shah Md. Abdul Wadood	Head of Production	-	-
Mr. A.S.M. Zaman	Head of Distribution	-	-
Mr. Md. Aslam Hossain Baig	Head of HR & Admin	-	-
<b>v. Shareholders Holding 10% or More Voting Interest in the Company:</b>			
Mohammad Obaidul Karim	Chairman	3,207,620	19.07

Type of Shareholders	No. of Shares	Shareholding %
Sponsors /Directors	8,194,923	48.72%
Institutional	2,492,121	14.82%
General Public	6,131,706	36.46%
<b>Total</b>	<b>16,818,750</b>	<b>100.00%</b>



# Report of the CEO and CFO to the Board

## Kohinoor Chemical Company (BD) Limited Declaration by CEO and CFO

Date: November 04, 2019

The Board of Directors  
Kohinoor Chemical Company (BD) Limited  
36, Shahid Tajuddin Ahmed Sarani, Tejgaon  
Dhaka-1208

**Subject: Declaration on Financial Statements for the year ended June 30, 2019**

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No.BSEC/CMR-RCD/2006-158/207/Admin/80 dated June 03, 2018 under section 20C of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

01. The Financial Statements of Kohinoor Chemical Company (BD) Limited for the year ended June 30, 2019 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;  
The estimates and judgments related to the financial statements were made on a prudent and reasonable basis,
02. in order for the financial statements to reveal a true and fair view;  
The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
03. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
04. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
05. 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.
- 06.

In this regard, we also certify that: -

- (i) We have reviewed the financial statements for the year ended June 30, 2019 and that to the best of our knowledge and belief:
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

Sd/-  
Md. Rezaul Karim  
Chief Executive Officer (CEO)

Sd/-  
Abu Bakar Siddique  
Chief Financial Officer (CFO)

## Compliance Report on IAS and IFRS

## ANNEXURE – III

IAS No.	IAS Title	Remarks
01	Presentation of Financial Statements	Applied
02	Inventories	Applied
07	Statement of Cash Flows	Applied
08	Accounting Policies, Changes in Accounting Estimates and Errors	Applied
10	Events after the reporting period	Applied
12	Income Taxes	Applied
16	Property, Plant and Equipment	Applied
17	Leases	Applied
19	Employee Benefits	Applied
20	Accounting of Government Grants and Disclosure of Government Assistance	N/A
21	The Effects of Changes in Foreign Exchange Rates	Applied
23	Borrowing Costs	Applied
24	Related Party Disclosures	Applied
26	Accounting and Reporting by Retirement Benefit Plans	N/A
27	Consolidated and Separate Financial Statements	N/A
28	Investment in Associates	N/A
29	Financial Reporting in Hyperinflationary Economics	N/A
32	Financial Instruments: Presentation	Applied
33	Earnings per share	Applied
34	Interim Financial Reporting	Applied
36	Impairment of Assets	Applied
37	Provisions, Contingent Liabilities and Contingent Assets	Applied
38	Intangible Assets	Applied
39	Financial Instruments: Recognition and Measurement	N/A
40	Investment Property	N/A
41	Agriculture	N/A

IFRS No.	IFRS Title	Remarks
01	First-time Adoption of International Financial Reporting Standards	N/A
02	Share-based Payment	N/A
03	Business Combinations	N/A
04	Insurance Contracts	N/A
05	Non-current Assets Held for Sale and Discontinues Operations	N/A
06	Exploration for and Evaluation of Mineral Resources	N/A
07	Financial Instruments: Disclosures	Applied
08	Operating Segments	Applied
09	Financial Instruments	Applied
10	Consolidated Financial Statements	N/A
11	Joint arrangements	N/A
12	Disclosure of Interests in Other Entities	N/A
13	Fair Value Measurement	N/A
15	Revenue from Contracts with Customers	Applied



# CERTIFICATION ON COMPLIANCE OF

Corporate Governance



**PODDER & ASSOCIATES**

Cost and Management Accountants

**Report to the Shareholders of Kohinoor Chemical Co. (Bangladesh) Ltd. on compliance on the Corporate Governance Code.**

We have examined the compliance status to the Corporate Governance Code by Kohinoor Chemical Co. (Bangladesh) Ltd. for the year ended on June 30, 2019. This Code relates to the Notification No. BSEC/CMRRC/2006-158/207/Admin/80, Dated: 3 June 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 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 Except under conditions number 3(1)(c);
- (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.

Place: Dhaka  
Dated: 09<sup>th</sup> November 2019

**For Podder & Associates**

Jayanta Kumer Podder  
Cost & Management Accountants

**Kohinoor Chemical Co.(Bangladesh) Ltd.**  
**Status of Compliance with the Corporate Governance Guideline (CGC)**  
**For the year ended 30th June 2019**

Status of compliance with the conditions imposed by the Commission's Notification No.BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June, 2018 issued under section 200C of the Securities and Exchange Ordinance, 1969:

**(Report under Condition No. 9.00)**

Condition No.	Title	Compliance Status (Put <input type="checkbox"/> in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>1</b>	<b>Board of Directors. -</b>			
1(1)	Size of the Board of Directors			
	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (•ve) and more than 20 (twenty).	√	-	The KCCL's Board is comprised of 8 Directors including the Managing Director.
1(2)	Independent Directors			
1(2)(a)	At least one •fth (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);	√		02 out of 8 directors are appointed as Independent Director
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√	-	The Independent Directors have declared their compliances.
1(2)(b)(ii)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or nominated 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 shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√	-	
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2( two ) • nancial years;	√	-	-
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√	-	-
1(2)(b)(v)	Who is not a member or TREC ( Trading Right Entitlement Certi• cate) holder,director, or o• cer of any stock exchange;	√	-	-
1(2)(b)(vi)	Who is not a shareholder, director excepting independent direct or o• cer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√	-	-
1(2)(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 •rm or audit •rm engaged in internal audit services or audit •rm conducting special audit or professional certifying compliance of this Code;	√	-	-
1(2)(b)(viii)	Who is not an independent director in more than 5 (•ve) listed companies;	√	-	-
1(2)(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 (NBF);	√	-	-
1(2)(b)(x)	Who has not been convicted for a criminal o• ence involving moral turpitude.	√	-	-
1(2)(c)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting	√	-	The appointments were duly approved at AGM
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90(ninety) days.	√		No vacancy occurred during the reporting period
1(2)(e)	The tenure of o• ce of an independent director shall be for a period of 3(three) years, which may be extended for 1(one) term only.	√	-	-
1(3)	Quali• cation of Independent Director (ID)			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with • nancial, regulatory and corporate laws and can make meaningful contribution to business.	√	-	-
1(3)(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 bussiness association;	√	-	-
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive o• cer or Managing Director or Deputy Managing Director or Chief Financial O• cer 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;	√	-	-

1(3)(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;	✓	-	-
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	✓	-	-
1(3)(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;	✓	-	-
1(3)(c)	The independent director(s) shall have at least 10( ten) years of experiences in any field mentioned in clause (b);	✓	-	-
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	✓	-	-
1(4)	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.-</b>			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and /or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓	-	-
1(4)(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;	✓	-	-
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓	-	-
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/ or Chief Executive officer;	✓	-	-
1(4)(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.	✓	-	No such incident arose yet
1(5)	<b>The Directors' Report to the Shareholders</b>	<b>The Director's report complies with the guideline</b>		
1(5)(i)	An industry outlook and possible future developments in the industry;	✓	-	-
1(5)(ii)	The Segment-wise or product-wise performance;	✓	-	-
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓	-	-
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓	-	-
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications(gain or loss);	✓	-	-
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party,nature of transactions and basis of transactions of all related party transactions;	✓	-	-
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or through any others instruments;	-	-	N/A
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO). Rights Share Offer, Direct Listing, etc;	-	-	N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial Performance and Annual Financial Statements;	✓	-	-
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓	-	-
1(5)(xi)	A statement that 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;	✓	-	-
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓	-	-
1(5)(xiii)	A statement that 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;	✓	-	-
1(5)(xiv)	A statement that 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;	✓	-	-
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓	-	-
1(5)(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;	✓	-	-

1(5)(xvii)	A statement that there is no Significant doubt upon the issuer company's ability to continue as going concern, if the issuer company is not considered to be a going concern, the fact along with reasons thereof shall be disclosed;	✓	-	-
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓	-	-
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (•ve) years shall be summarized;	✓	-	-
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend(cash or stock) for the year;	-	-	The Company has declared 20% Stock & 20% cash dividend for the year 2018-2019.
1(5)(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
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓	-	-
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares(along with name-wise details where stated below) held by:-			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓	-	-
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance their spouses and minor children (name-wise details);	✓	-	-
1(5)(xxiii)(c)	Executives;	✓	-	-
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details).	✓	-	-
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-	✓	-	-
1(5)(xxiv)(a)	a brief resume of the director	✓	-	-
1(5)(xxiv)(b)	nature of his/her expertise in specific functional areas;	✓	-	-
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓	-	-
1(5)(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 financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓	-	-
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;	-	-	N/A
1(5)(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 •ve years explaining reasons thereof;	✓	-	-
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓	-	-
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	✓	-	-
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓	-	-
1(5)(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;	✓	-	-
1(5)(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 <b>Annexure-A</b> ; and	✓	-	-
1(5)(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 <b>Annexure-B</b> and <b>Annexure-C</b> .	✓	-	-
1(6)	<b>Meetings of the Board of Directors</b>			
	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			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC), for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	✓		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company	✓		

2	Governance of Board of Directors of Subsidiary Company:-	KCCL does not have any Subsidiary Company		
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;		-	N/A
2(b)	At least 1 (one) independent director of the Board of the holding company shall be a director on the Board of the subsidiary company;		-	N/A
2(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
2(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
2(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.	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO) Head of Internal Audit and Compliance (HIAC) and Company Secretary(CS):-</b>			
3(1)(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);	✓	-	-
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓	-	-
3(1)(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;		✓	-
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓	-	-
3(1)(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).	✓	-	-
3(2)	<b>Requirement to attend Board of Director's Meetings</b>			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	✓	-	-
3(3)	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer(CFO)</b>			
3(3)(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:			
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓	-	In Practice
3(3)(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;	✓	-	In Practice
3(3)(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 violation of the code of conduct for the company's Board or its member;	✓	-	In Practice
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓	-	Disclosed in the Annual Report
4.	<b>Board of Director's Committee.- For ensuring good governance in the company, the Board shall have at least following sub-committees:</b>			
4(i)	Audit Committee;	✓	-	-
4(ii)	Nomination and Remuneration Committee	✓	-	-
5.	<b>Audit Committee.-</b>			
5(1)	<b>Responsibility to the Board of Directors</b>			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓	-	-
5(1)(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;	✓	-	-
5(1)(c)	The Audit Committee shall be responsible to the Board;the duties of the Audit Committee shall be clearly set forth in writing.	✓	-	-
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓	-	Audit Committee (AC) is comprised of Three members including an Independent Director
5(2)(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;	✓	-	All the AC members are non-executive Directors including an Independent Director
5(2)(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;	✓	-	-

5(2)(d)	When the term of service of any Committee members 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;	✓	-	-
5(2)(e)	The company secretary shall act as the secretary of the Committee.	✓	-	-
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓	-	-
5(3)(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent director;	✓	-	-
5(3)(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.	✓	-	-
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting(AGM);	✓		
5(4)(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;	✓		
5(4)(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(5)	The Audit Committee shall:-			
5(5)(a)	Oversee the financial reporting process;	✓	-	-
5(5)(b)	Monitor choice of accounting policies and principles;	✓	-	-
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance plan and review of the Internal Audit and Compliance Report;	✓	-	-
5(5)(d)	Oversee hiring and performance of external auditors.	✓	-	-
5(5)(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;	✓	-	-
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval;	✓	-	-
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	✓	-	-
5(5)(h)	Review the adequacy of internal audit function;	✓	-	-
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓	-	-
5(5)(j)	Review statement of all related party transactions submitted by the management;	✓	-	-
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.	✓	-	-
5(5)(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;	✓	-	-
5(5)(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 purpose stated in relevant offer document or prospectus approved by the Commission:	-	-	N/A
5(6)(a)	<b>Reporting of the Audit Committee</b>			
5(6)	<b>Reporting to the Board of Directors</b>			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓	-	-
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
5(6)(a)(ii)(a)	report on conflicts of interests;	-	-	No such Incidence arose
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; control system;		-	No such Incidence arose
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;		-	No such Incidence arose
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;		-	No such Incidence arose
5(6)(b)	Reporting to the Authorities:-			

	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board 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 for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	-	-	No such reportable incidence arose
5(7)	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√	-	-
<b>6.</b>	<b>Nomination and remuneration Committee(NRC)-</b>			
<b>6(1)</b>	<b>Responsibility to the Board of Directors</b>			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	√		-
6(1)(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;	√		
6(1)(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).	√		The TOR is duly approved by the Board
<b>6(2)</b>	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	√		NRC is comprised of Three members including an Independent Director
6(2)(b)	All member of the Committee shall be non-executive directors;	√		All the NRC members are non-executive Directors including an Independent Director
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	√		The NRC members are duly appointed by the Board.
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
6(2)(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;	√		No such case in arose
6(2)(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;	√		No such occurrence during the year
6(2)(g)	The company secretary shall act as the secretary of the Committee;	√		In Practice
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6(2)(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>6(3)</b>	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board shall select 1(one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√		
6(3)(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;	√		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	√		
<b>6(4)</b>	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	√		
6(4)(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);	√		
6(4)(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>6(5)</b>	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	✓		
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	✓		
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	✓		
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	✓		
6(5)(b)(i)(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;	✓		
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	✓		
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	✓		
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	✓		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓		-
<b>7.</b>	<b>External or Statutory Auditors</b>			
7(1)	The issuer shall not engage its external or statutory auditors to perform the following services of the company, namely :-			
7(1)(i)	Appraisal or valuation services or fairness opinions;	✓	-	-
7(1)(ii)	Financial information system design and implementation;	✓	-	-
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statement;	✓	-	-
7(1)(iv)	Broker-dealer services;	✓	-	-
7(1)(v)	Actuarial services;	✓	-	-
7(1)(vi)	Internal audit services or special audit services;	✓	-	-
7(1)(vii)	Any services that the Audit Committee determines.	✓	-	-
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No.9(1);	✓	-	-
7(1)(ix)	Any other service that creates conflict of interest	✓	-	-
7(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; his or her family members also shall not hold any shares in the said company.	✓	-	-
7(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.	✓	-	-
<b>8.</b>	<b>Maintaining a website by the Company.-</b>			
8(1)	The Company shall have an official website linked with the website of the stock exchange.	✓	-	-
8(2)	The company shall keep the website functional from the date of listing.	✓	-	-
8(3)	The company shall make available the detailed disclosures on its website as required under the regulations of the concerned stock exchange(s)	✓	-	-
<b>9.</b>	<b>Reporting and Compliance of Corporate Governance.-</b>			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of Corporate Governance Code of the Commission and such certificate shall be disclosed in the Annual Report.	✓	-	Required certification has been obtained from "PODDER & ASSOCIATES" Cost & Management Accountants for the year ended 30th June 2019.
9(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.	✓		
9(3)	The directors of the company shall state, in accordance with the Annexure- I attached, in the directors' report whether the company has complied with these conditions or not.	✓	-	-



# Kohinoor Chemical Company (Bangladesh) Limited

Auditors' Report and Financial Statements  
As at and for the year ended 30 June 2019



## S. F. AHMED & CO.

Chartered Accountants since 1958  
Member Firm of HLB International

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# AUDITORS' REPORT TO THE SHAREHOLDERS

of  
Kohinoor Chemical Company (Bangladesh) Limited

## Opinion

We have audited the financial statements of Kohinoor Chemical Company (Bangladesh) Limited (the "Company"), which comprise the Statement of Financial Position as at 30 June 2019, 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 and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at 30 June 2019, and of its performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.4.

## 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 Auditors' 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), and we have fulfilled our other ethical responsibilities in accordance with 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 judgment, 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.

Risk	Our response to the risk
<b>Revenue recognition</b>	
At year end the company reported total revenue of BDT 3,995,804,807. Revenue is measured net of discounts by customers on the company's sales. Estimation of discounts and rebates recognized based on sales made during the year is material and considered to be complex and judgmental. Therefore, there is a risk of revenue being misstated as a result of faulty estimations over discounts and rebates.	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Calculation of discounts, incentives and rebates;</li> <li>• Segregation of duties in invoice creation and modification; and</li> <li>• Timing of revenue recognition.</li> </ul> <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> <li>• Obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognized in the correct period;</li> </ul>
There is also a risk that revenue may be overstated due to fraud through manipulation of the discounts, incentives and rebates recognized resulting from the pressure local management may feel to achieve performance targets.	<ul style="list-style-type: none"> <li>• Within a number of the company markets, comparing current year rebate accruals to the prior year and, where relevant, completing further inquiries and testing.</li> <li>• Agreeing a sample of claims and rebate accruals to supporting documentation;</li> <li>• Critically assessing manual journals posted to revenue to identify unusual or irregular items; and</li> <li>• Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul>

<b>Valuation of Inventory</b>	
<p>The company had inventory of BDT 714,584,492 at reporting date, held in distribution centers, warehouses and numerous branches, and across multiple product lines.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the management apply judgment in determining the appropriate values for slow-moving or obsolete items.</p>	<p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> <li>• evaluating the design and implementation of key inventory controls operating across the group, including those at a sample of distribution centers and warehouses.</li> <li>• attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data;</li> <li>• comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete;</li> <li>• reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year; and</li> <li>• challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow-moving/obsolete stock are valid and complete.</li> </ul>
<b>Legal and regulatory matters</b>	
<p>The company has pending legal proceedings against BCIC/Government debenture that expose it to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the company's best estimate for existing legal matter that has a probable and estimable impact on the company's financial position.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the company's key controls over the legal provision and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the company's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the company's provisions and contingent liabilities disclosure.</p>

### **Other Information**

Management and Those Charged with Governance are responsible for the other information. The other information comprises the information included in the Annual Report, but not included in the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the information is materially inconsistent with financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report the fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as explained in note 2, 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. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 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 auditors' 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 :

- a) 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;
- b) 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;
- c) the statements of financial position and the statement of profit or loss and comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

Dated, Dhaka  
24 October 2019

Sd/-  
Md. Enamul H. Choudhury  
Partner  
S. F. Ahmed & Co.  
Chartered Accountants

## Kohinoor Chemical Company (Bangladesh) Limited

### Statement of Financial Position

As at 30 June 2019

Particulars	Note	Amount in BDT	
		30 June 2019	30 June 2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>313,854,039</b>	<b>307,824,838</b>
Property, plant and equipment	5.00	313,854,039	307,824,838
<b>Current assets</b>		<b>1,585,603,425</b>	<b>1,626,305,043</b>
Inventories	6.00	714,584,492	750,731,088
Trade and other receivables	7.00	4,544,635	2,327,760
Advance, deposits & prepayments	8.00	416,805,294	471,032,537
Fixed Deposit with Banks	9.00	31,882,247	30,086,724
Investment in marketable securities	10.00	178,563,503	185,134,228
Inter company current account	11.00	3,689,602	3,793,304
Cash and cash equivalents	12.00	235,533,652	183,199,401
<b>TOTAL ASSETS</b>		<b>1,899,457,464</b>	<b>1,934,129,881</b>
<b>Equity and Liabilities</b>			
<b>Shareholders' Equity</b>		<b>881,643,776</b>	<b>727,877,526</b>
Share capital	13.00	168,187,500	140,156,250
Revaluation reserve	14.00	7,143,605	7,143,605
Revaluation reserve of marketable securities		31,021,231	37,588,366
Retained Earnings	15.00	675,291,440	542,989,305
<b>Non-Current Liabilities</b>		<b>371,567,612</b>	<b>372,483,531</b>
Provision for gratuity	16.00	15,317,003	15,963,367
Loan fund	17.00	326,089,784	326,089,784
Deferred tax liability	18.00	30,160,825	30,430,380
<b>Current Liabilities</b>		<b>646,246,076</b>	<b>833,768,824</b>
Short term loan	19.00	87,366,613	142,909,410
Trade and other payable	20.00	325,255,738	313,551,201
Accrued liabilities	21.00	216,616,760	362,284,032
Dividend payable	22.00	17,006,965	15,024,180
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,899,457,464</b>	<b>1,934,129,881</b>
<b>Contingent liabilities</b>	23.00	<b>268,101,570</b>	<b>268,101,570</b>
<b>Net Asset Value (NAV) Per Share</b>	32.00	<b>52.42</b>	<b>43.28</b>

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

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Company Secretary

*Signed in terms of our separate report of even date annexed.*

Dated, Dhaka;  
24 October 2019

Sd/-  
**S. F. Ahmed & Co.**  
Chartered Accountants

**Kohinoor Chemical Company (Bangladesh) Limited**  
Statement of Profit or Loss and Other Comprehensive Income  
For year ended 30 June 2019

Particulars	Note	Amount in BDT	
		01 July 2018 to 30 June 2019	01 July 2017 to 30 June 2018
<b>Revenue from net sales</b>	24.00	3,995,804,807	3,661,324,088
Cost of goods sold	25.00	(3,275,506,984)	(3,003,180,758)
<b>Gross Profit</b>		<b>720,297,823</b>	<b>658,143,330</b>
<b>Operating Expenses</b>		<b>473,135,945</b>	<b>428,334,851</b>
General & administrative expenses	26.00	68,105,914	59,044,957
Selling & distribution expense	27.00	405,030,031	369,289,894
<b>Profit from Operation</b>		<b>247,161,878</b>	<b>229,808,479</b>
Finance cost	28.00	(11,251,427)	(7,637,229)
Amortization of Goodwill		-	(7,144,400)
Other income	29.00	8,009,809	6,945,587
<b>Net Profit before W.P.P.F. &amp; Income Tax</b>		<b>243,920,261</b>	<b>221,972,437</b>
Workers' Profit Participation Fund		(11,615,251)	(10,570,116)
<b>Net Profit before Income Tax</b>		<b>232,305,010</b>	<b>211,402,321</b>
<b>Income Tax Expense</b>	30.00	<b>(57,956,002)</b>	<b>(56,905,513)</b>
Current Tax Expense		(58,225,557)	(55,493,109)
Deferred Tax Income/(Expenses)		269,555	(1,412,404)
<b>Net Profit after Income Tax</b>		<b>174,349,009</b>	<b>154,496,808</b>
<b>Other Comprehensive Income</b>			
Unrealized Loss on quoted shares		(6,567,135)	37,588,366
<b>Total Comprehensive Income for the year</b>		<b>167,781,874</b>	<b>192,085,174</b>
<b>Earning Per Share (EPS)</b>	31.00	<b>10.37</b>	<b>9.19</b>

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

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Company Secretary

*Signed in terms of our separate report of even date annexed.*

Dated, Dhaka;  
24 October 2019

Sd/-  
S. F. Ahmed & Co.  
Chartered Accountants

**Kohinoor Chemical Company (Bangladesh) Limited**

Statement of Changes in Equity

For year ended 30 June 2019

Particulars	Amount in BDT					
	Ordinary Share Capital	Share Premium	Revaluation Reserve of marketable securities	Retained Earnings	Reserves	Total
<b>Balance at 01 July 2017</b>	<b>121,875,000</b>	-	-	<b>425,054,997</b>	<b>7,143,605</b>	<b>554,073,602</b>
Net Profit after Tax	-	-	-	154,496,808	-	154,496,808
Unrealized Gain on quoted shares	-	-	37,588,366	-	-	37,588,366
15% Cash Dividend for the year 2016-2017	-	-	-	(18,281,250)	-	(18,281,250)
15% Stock Dividend for the year 2016-2017	18,281,250	-	-	(18,281,250)	-	-
<b>Balance at 30 June 2018</b>	<b>140,156,250</b>	-	<b>37,588,366</b>	<b>542,989,305</b>	<b>7,143,605</b>	<b>727,877,527</b>
<b>Balance at 01 July 2018</b>	<b>140,156,250</b>	-	<b>37,588,366</b>	<b>542,989,305</b>	<b>7,143,605</b>	<b>727,877,526</b>
Net Profit after Tax during the year	-	-	-	174,349,009	-	174,349,009
10% Cash Dividend for the year 2017-2018	-	-	-	(14,015,625)	-	(14,015,625)
20% Stock Dividend for the year 2017-2018	28,031,250	-	-	(28,031,250)	-	-
Unrealized Loss on quoted shares	-	-	(6,567,135)	-	-	(6,567,135)
<b>Balance at 30 June 2019</b>	<b>168,187,500</b>	-	<b>31,021,231</b>	<b>675,291,440</b>	<b>7,143,605</b>	<b>881,643,775</b>

Sd/-

Managing Director

Sd/-

Director

Sd/-

Company Secretary

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;

24 October 2019

Sd/-

S. F. Ahmed & Co.

Chartered Accountants



## Kohinoor Chemical Company (Bangladesh) Limited

### Statement of Cash Flows

For year ended 30 June 2019

Particulars	Note	Amount in BDT	
		01 July 2018 to 30 June 2019	01 July 2017 to 30 June 2018
<b>A. Cash Flow from Operating Activities :</b>			
Cash Received from Customers and others		4,632,906,500	4,233,170,120
Cash paid to Suppliers		(3,834,615,225)	(3,576,180,049)
<b>Cash Generated from Operation</b>		<b>798,291,275</b>	<b>656,990,071</b>
Payment for AIT, VAT & SD		(720,124,828)	(773,908,100)
Refundable AIT Received from NBR		79,461,032	-
<b>Net Cash Provided by Operating Activities</b>	33.00	<b>157,627,479</b>	<b>(116,918,029)</b>
<b>B. Cash Flow from Investing Activities :</b>			
Acquisition of Property, Plant & Equipment		(28,649,907)	(22,710,799)
Investment in Fixed deposit		(1,795,523)	(1,406,574)
Investment in Marketable Security		3,590	(1,360)
Dividend		2,658,492	3,443,802
Intercompany current account		103,702	
Proceeds from sale of Fixed Assets		1,213,480	247,000
<b>Net Cash Used in Investing Activities</b>		<b>(26,466,166)</b>	<b>(20,427,931)</b>
<b>C. Cash Flow from Financing Activities :</b>			
Proceeds from Short Term loan		-	112,020,870
Payment of Loan		(55,542,797)	-
Bank Interest & Others Paid		(11,251,427)	(7,637,229)
Dividend Paid		(12,032,840)	(17,495,112)
Gratuity Payment		-	(816,868)
<b>Net Cash Used in Financing Activities</b>		<b>(78,827,064)</b>	<b>86,071,661</b>
Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)		52,334,250	(51,274,299)
Cash & Cash Equivalents at the beginning of the year		183,199,401	234,473,700
<b>Cash &amp; Cash Equivalent at the end of the year</b>		<b>235,533,652</b>	<b>183,199,401</b>
<b>Operating Cash Flow per Share</b>		<b>9.37</b>	<b>(6.95)</b>

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

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Company Secretary

*Signed in terms of our separate report of even date annexed.*

Dated, Dhaka;  
24 October 2019

Sd/-  
**S. F. Ahmed & Co.**  
Chartered Accountants

## Kohinoor Chemical Company (Bangladesh) Limited

Notes to the Financial Statements

For the year ended 30 June 2019

### 1. Legal form of the enterprise

Kohinoor Chemical Company Limited (KOCL) was a fully government owned industry under the direct control of Bangladesh Chemical Industries Corporation (BCIC) up to May 05 1988. It was transformed into a Public Limited Company under Companies Act, 1913 and was named as Kohinoor Chemical Company (Bangladesh) Limited from May 05, 1988. During transformation, its Paid-Up-Capital was determined at Tk. 50,000,000. The Government of the Peoples' Republic of Bangladesh has vested 51% of the share of the company to Bangladesh Chemical Industries Corporation. Out of the remaining 49% shares, 34% of the shares were sold to the public and the balance 15% shares was reserved for sale among the officers, staff and workers. Since these shares remained unsold, those were held in the account of the Government. Later, those 15% shares were handed over to the officers, staff and workers of KOCL on July 20, 1991. Subsequently, the ownership of the said 51% of the shares was transferred from BCIC to the Sponsor Director on 03 August, 1993. The shares of the Company are publicly traded in Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

### Address of registered office of the company and factory of the company

The registered office and factory of the company is located at 36, Shahid Tajuddin Ahmed Sarani, Tejgaon I/A, Dhaka -1208.

### Nature of business

The company is engaged in manufacturing and marketing of cosmetic and toiletries, i.e. soap, toothpaste, powders, shaving cream, hair oil etc.

### 2 Basis of preparation

#### 2.1 Corporate financial statements and reporting

This comprises Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, notes and explanatory materials covering accounting policies.

This is prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1994, the Securities and Exchange Rules, 1987, International Financial Reporting Standards (IFRS).

The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approved and authorized for issue of this financial statements.

The preparation of the financial statements in conformity with the International Financial Reporting Standards (IFRS) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities at date of the reporting year. Due to the inherent uncertainty involved in making estimates, actual result reported could differ from those estimates.

#### 2.2 Fundamental accounting concepts/ assumptions

The financial statements have been prepared based on Going concern, Consistency concept, Accrual concept and such other convention as required by IAS-1 for fair presentation of financial statements.

#### 2.3 Going concern

The company has adequate resources to continue its operation for the foreseeable future. For this reasons, the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

## 2.4 Corporate accounting standards practiced

The following IASs are applicable to the financial statements for the year under review:

IAS1	Presentation of Financial Statements
IAS2	Inventories
IAS7	Statement of Cash Flows
IAS8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS10	Events After the Reporting Period
IAS12	Income Taxes
IAS16	Property, Plant And Equipment
IAS17	Leases
IAS19	Employee Benefits
IAS21	The Effects of Changes in Foreign Exchange Rates
IAS23	Borrowing Costs
IAS24	Related Party Disclosures
IAS32	Financial Instruments: Presentation
IAS33	Earnings Per Share
IAS34	Interim Financial Reporting
IAS36	Impairment of Assets
IAS37	Provisions, Contingent Liabilities and Contingent Assets
IAS38	Intangible Assets

The following IFRSs are applicable to the financial statements for the year under review:

IFRS7	Financial Instruments: Disclosures
IFRS8	Operating Segments
IFRS9	Financial Instruments
IFRS15	Revenue from Contracts with Customers

## 2.5 Reporting year

The financial statements covers the period from 1<sup>st</sup> July 2018 to 30<sup>th</sup> June 2019 and comparative information 1<sup>st</sup> July 2017 to 30<sup>th</sup> June 2018 respectively.

## 2.6 Use of estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and for contingent assets and liabilities that require disclosure, during and at the date of the financial statements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the year in which the estimate is revised and in any future years affected as required by IAS8: "Accounting Policies, Changes in Accounting Estimates and Errors".

## 2.7 Provisions, contingent liabilities and contingent assets

In accordance with the guidelines as prescribed by IAS-37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations:

- a. when the company has an obligation ( legal or constructive) as a result of past events;
- b. when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. reliable estimates can be made of the amount of the obligation.

If these conditions are not met, no provision shall be recognized

Contingent liabilities and contingents assets are present or possible obligations or on liabilities or assets, arising from past events and existence of which depends upon the occurrence or non occurrence of one or more uncertain future events which are not within the control of the company or which amount of the obligations cannot be measured with sufficient reliability in accordance with IAS-37.

There is no case filed against the company which is not disclosed which would have been material impact on the financial position of the company. There is no other Contingent Liabilities as on 30 June 2019 except as mentioned in the note 23.

## 2.8 Segmental reporting

No segmental reporting is applicable for the company as required by IFRS 08: Segment Reporting as the company operates in a single industry segment and within a single geographical segment.

## 2.9 Events after the reporting year.

Events after the reporting year are those events, favorable and unfavorable, that occur between the end of the reporting year and the date when the financial statements are authorized for issue. Two types of events can be identified (a) those that provide evidence of conditions that existed at the end of the reporting year (adjusting events after the reporting year); and (b) those that are indicative of conditions that arose after the reporting year (non-adjusting events after the reporting year) are disclosed in the notes 34.6.

## 2.10 Net profit before tax

**Net profit before tax for the year were not materially affected by:**

- (a) Transactions of a nature not usually undertaken by the company;
- (b) Circumstances of an exceptional or non-recurring nature;
- (c) Changes of credits relating to prior years; and
- (d) Changes in accounting policies.

## 2.11 Functional and presentational (Reporting) currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency. All financial information presented have been rounded off to the nearest Taka except where indicated otherwise.

### Foreign currency translation

Foreign currency transactions are booked in the functional currency of the company at the exchange rate ruling on the date of transaction. Foreign currency monetary assets and liabilities are retranslated into the functional currency at rates of exchange BDT. 84.50 at the balance sheet date. Exchange differences are included in the income statement.

## 2.12 Comparative information and rearrangement thereof

Comparative information has been disclosed in respect of the previous year for all numerical information in the financial Statements and also the narrative and descriptive information when it is relevant for understanding of the current year financial statements. Previous year figures have been re-arranged whenever considered necessary to ensure comparability with the current years presentation as per IAS-8 "Accounting Policies, Changes in Accounting Estimates and Errors"

## 3 Summary of significant accounting policies

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect within the framework of IAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in prior years.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the IAS-1 "Presentation of Financial Statements". The recommendations of IAS-1 relating the format of financial statements were also taken into full consideration for fair presentation.

### 3.1 Recognition of tangible fixed assets

These are capitalized at cost of acquisition or valuation and subsequently stated at cost less accumulated depreciation. The cost of acquisition comprises of purchase price, including import duties and non-refundable Taxes and any directly attributable cost of bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged to revenue expenditure in the year in which it is incurred. In situation where it can be clearly demonstrated that expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the income statement which is determined with reference to the net book value of assets and the net sales proceeds.

### 3.2 Depreciation of tangible fixed assets

Depreciation on all fixed assets except land and land development is computed using the reducing balance method so as to write off the assets over their expected useful life when the related assets are available for use as per management's intention. No depreciation is charged after the date of de-recognition/ disposal of an asset.

After considering the useful life of assets as per IAS-16, the annual depreciation rates have been applied as under which is considered reasonable by the management.

<u>Category of fixed assets</u>	<u>Rate of depreciation (%)</u>
Land and land development	0%
Building	2.5%-10%
Plant and machinery	10%
Vehicles	20%-25%
Furniture and fixture	10%
Office equipment	10%-25%
Other assets	20%

### 3.3 Impairment of fixed assets

All fixed assets have been reviewed and it was confirmed that no such fixed assets have been impaired during the year and for this reason, no provision has been made for impairment of assets.

### 3.4 Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and amortised cost.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

#### (i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### (ii) Non-derivative financial assets – measurement

##### Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

##### Financial assets at fair value through other comprehensive income

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognised in other comprehensive income (OCI) and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

##### Amortised cost

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

### **(iii) Non-derivative financial liabilities – measurement**

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

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

### **Impairment of financial instruments**

#### **Financial assets**

The company considers evidence of impairment for financial assets at both a specific asset and collective asset level at each reporting date. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor will enter bankruptcy, etc. accordingly, 100% provision is made over the amount outstanding.

#### **Non-financial assets**

The carrying amounts of the company's non-financial assets (tangible and intangible) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of impairment loss (if any).

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **3.5 Leases**

In compliance with IAS 17- 'Lease' in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases and all other leases are classified as operating lease. Upon initial recognition, the lease assets is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payment. Subsequent to initial recognition, the asset accounted for in accordance with accounting policy applicable to the assets.

## **3.6 Revenue recognition**

Revenue arising from the sale of goods should be recognised when all of the following criteria have been satisfied:

- a) the significant risks and rewards of ownership transferred to the buyer.
- b) KOCL retains no control and managerial involvement over the goods sold.
- c) the amount of revenue can be measured reliably.
- d) it is probable that the economic benefits associated with the transaction will flow to the seller, and
- e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter year, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss.

### 3.7 Accrued expenses and other payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.

### 3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 3.9 Cash and cash equivalents

Cash in hand and cash at banks have been considered as Cash and Cash Equivalents for the preparation of these financial statements, which were held and available for use by company without any restriction and there was insignificant risk of changes in value of the same.

### 3.10 Cash flow statement

Statement of Cash Flows is prepared principally in accordance with IAS-7 "Statement of Cash Flows" and the cash flows from the operating activities have been presented under direct method.

### 3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial year of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. During the year ended 30 June 2019, no borrowing costs have been capitalised.

### 3.12 Related parties disclosures

The company in normal course of business carried out a number of transactions with directors/ entities that fall within the definition of related party contained in International Accounting Standard 24: 'Related party disclosures'. The disclosure relating parties have been shown in note -34.2.

### 3.13 Income-tax expense

Income tax expense recognised at the applicable rate for the company in accordance with IAS 12: Income Taxes, it comprises current and deferred tax. Current tax expense for a year is based on the taxable and deductible amounts that will be shown on the tax return for the current year.

In calculating deferred tax, the amount of the asset or liability is determined on a net basis, using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).



### **3.14 Earnings per share**

This has been calculated in compliance with the requirements of IAS 33: Earnings Per Share by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

#### **3.14.1 Basic earnings**

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

#### **3.14.2 Diluted earnings per share**

For the purpose of calculating diluted earnings per shares, the company adjust profit or loss attributable to each ordinary equity holders, and weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares. As the company has no dilutive potential ordinary shares during the reporting year, diluted earnings per share has not been calculated.

#### **3.14.3 Weighted average number of ordinary shares outstanding during the year.**

The basis of computation of number of shares is in line with the provisions of IAS-33 : Earnings Per Share. Therefore, the total number of shares outstanding at the end of the year multiplied by a time weighting factor which is the number of days the specific shares were outstanding as a proportion of total number of days in the year.

## **4 Risk exposure**

### **4.1 Interest rate risk**

Interest rate risk is the risk that Company faces due to unfavorable movements in the interest rates. Changes in the government's monetary policy, along with increased demand for loans/ investments tend to increase the interest rates. Such rises in interest rates mostly affect companies having floating rate loans or companies investing in debt securities.

#### **Management perception**

The Company maintains low debt/ equity ratio; and accordingly, adverse impact of interest rate fluctuation is insignificant.

### **4.2 Exchange rate risk**

Exchange rate risk occurs due to changes in exchange rates. As the Company imports materials and equipment from abroad unfavorable volatility or currency fluctuation may affect the profitability of the Company.

#### **Management perception**

The products of the company are sold in BDT and import payment are made within short period. Therefore, volatility of exchange rate will have no impact on profitability of the Company.

### **4.3 Industry risks**

Industry risk refers to the risk of increased competition from foreign and domestic sources leading to lower prices, revenues, profit margin, and market share which could have an adverse impact on the business, financial condition and results of operation.

#### **Management perception**

Management is optimistic about growth opportunity in manufacturing and marketing of cosmetic and toiletries sector in Bangladesh. Furthermore there is untapped international market.

#### 4.4 Market risks

Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the company. Mostly, the risk arises from falling demand for the product or service which would harm the performance of the company. On the other hand, strong marketing and brand management would help the company increase their customer base.

##### **Management perception**

Management is fully aware of the market risk, and act accordingly. Market for products in Bangladesh is growing at an exponential rate. Moreover the company has a strong marketing and brand management to increase the customer base and customer loyalty.

#### 4.5 Operational risks

Non-availabilities of materials/ equipment/ services may affect the smooth operational activities of The Company. On the other hand, the equipment may face operational and mechanical failures due to natural disasters, terrorist attacks, unforeseen events, lack of supervision and negligence, leading to severe accidents and losses.

##### **Management perception**

The company perceives that allocation of its resources properly can reduce this risk factor to greater extent.

#### 4.6 Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price.

##### **Management perception**

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

5.00 Property, plant and equipment

Sl. No.	TANGIBLE ASSETS	COST				DEPRECIATION				Written Down Value 30.06.2019	
		Opening Balance 01.07.2018	Addition During the year	Adjustment During the Year	Total Asset on 30.06.2019	Depreciation Rate	Opening Balance 01.07.2018	Charged During the year	Adjustment During the Year		Accumulated Depreciation 30.06.2019
1	Land and land development	112,649,713			112,649,713	-	-	-	-	-	112,649,713
2	Building	83,456,870			83,456,870	2.5%-10%	58,430,312	1,383,394	-	59,813,706	23,643,164
3	Plant and machinery	495,635,080	21,745,521	77,522	517,303,080	10%	347,018,484	15,331,730	77,522	362,272,692	155,030,388
4	Vehicles	62,729,622	6,161,186	1,858,588	67,032,220	20%-25%	46,380,792	4,076,873	751,509	49,706,157	17,326,063
5	Furniture and fixture	6,061,428	-	61,573	5,999,855	10%	5,644,635	41,679	61,573	5,624,742	375,114
6	Office equipment	10,532,911	743,200	77,315	11,198,796	10%-25%	9,604,028	296,203	77,315	9,822,916	1,375,880
7	Other assets	12,383,436	-	32,356	12,351,080	20%	8,545,973	383,746	32,356	8,897,363	3,453,717
	<b>Total as on 30 June 2019</b>	<b>783,449,060</b>	<b>28,649,907</b>	<b>2,107,354</b>	<b>809,991,614</b>		<b>475,624,223</b>	<b>21,513,626</b>	<b>1,000,275</b>	<b>496,137,575</b>	<b>313,854,039</b>
	<b>Total as on 30 June 2018</b>	<b>774,877,478</b>	<b>22,710,799</b>	<b>14,139,217</b>	<b>783,449,060</b>		<b>462,027,986</b>	<b>21,055,157</b>	<b>7,458,920</b>	<b>475,624,223</b>	<b>307,824,838</b>

DISTRIBUTION OF DEPRECIATION:

Factory overhead	17,426,037	81%
General and admin. Expense	2,366,499	11%
Selling and distribution expense	1,721,090	8%
<b>TOTAL</b>	<b>21,513,626</b>	<b>100%</b>

<b>Amount in Taka</b>	
<b>30 June 2019</b>	<b>30 June 2018</b>

**6.00 Inventories**

Raw Materials, Chemicals & Packing Materials	6.01	473,267,899	507,937,163
Spares, Accessories & Stores	6.02	68,099,342	84,166,987
Stores in Transit	6.03	29,821,640	34,799,705
Work in Process	6.04	61,463,187	51,188,253
Finished Goods	6.05	81,932,424	72,638,980
<b>Total</b>		<b>714,584,492</b>	<b>750,731,088</b>

Physical inventory of all the stock & stores were conducted by the management of KCCL at the end of month. KCCL management has provided us all the store ledger and the management has valued and certified the inventory items.

**6.01 Raw Materials, Chemicals and Packing Materials :**

Raw Materials, Chemicals and Packing Materials	a)	461,884,590	496,450,701
Plant Stock	b)	11,383,309	11,486,462
		<b>473,267,899</b>	<b>507,937,163</b>

**a) Raw Materials, Chemicals and Packing Materials:**

Raw Materials:

Soap	310,179,751	313,373,750
Cosmetic	29,155,245	41,077,438
<u>Chemicals (Aromatic):</u>		
Aromatic Chemical	81,131,595	92,828,546
<u>Packing Materials:</u>		
Soap	19,495,283	26,968,854
Cosmetic	21,922,717	22,202,114
	<b>461,884,590</b>	<b>496,450,701</b>

**b) Plant Stock :**

Aromatic Chemicals	11,383,309	11,486,462
	<b>11,383,309</b>	<b>11,486,462</b>

Plant stock are the balance of uninvited materials to process, which are issued from stock & store to work-in-process. Plant stocks are valued at average cost of material.

**6.02 Spare, accessories & stores :**

Spare & Accessories	59,006,964	74,734,532
Consumable Stores	9,092,378	9,432,455
	<b>68,099,342</b>	<b>84,166,987</b>

**6.03 Store-in-Transit :**

	<b>29,821,640</b>	<b>34,799,705</b>
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Store-in-Transit represents raw material purchased from abroad but not received till June 30, 2019. Store-in-Transit has been valued at actual cost incurred on the date of closure of the books of accounts.

**6.04 Closing Work-in-Process :**

Soap	54,308,457	43,341,319
Detergent Powder	3,832,157	2,964,208
Cosmetic	3,322,573	4,882,726
	<b>61,463,187</b>	<b>51,188,253</b>

		Amount in Taka	
		30 June 2019	30 June 2018
<b>6.05</b>	<b>Finished goods:</b>		
	Washing Soap	8,273,919	15,202,933
	Toilet Soap	42,189,083	36,519,756
	Tooth Paste	749,264	1,182,808
	Powder	2,160,352	5,059,901
	Shaving Cream	887,830	1,434,889
	Snow/Cream	2,657,780	4,013,935
	Hair Oil	2,050,262	1,089,796
	Miscellaneous Cosmetics	1,634,057	2,152,921
	Detergent Powder	21,026,201	5,622,698
	Glycerin C.P.	48,025	103,692
	Coconut Oil	255,651	255,651
		<b>81,932,424</b>	<b>72,638,980</b>
<b>7.00</b>	<b>Trade and other receivables</b>		
	Trade Receivable	1,240,105	696,310
	Other Receivable	3,304,529	1,631,450
	<b>Total</b>	<b>4,544,635</b>	<b>2,327,760</b>
<b>7.01</b>	<b>Trade receivable :</b>		
	Ahmedia Enterprise	10,312	10,312
	Mostafa Traders	13,217	13,752
	Biplab Store, Nokhali	155,525	-
	Shawapno	1,004,715	606,986
	Others	56,337	65,260
		<b>1,240,105</b>	<b>696,310</b>

**Aging Schedule of Trade Receivable**

Upto 180 days	1,216,577	696,310
Over 180 days	23,529	-

This is unsecured, considered good except for the portion of doubtful debtors and is falling due within one year. Classification schedule as required by schedule XI of Companies Act 1994 are as follows:

SL	Particulars	Amount in Taka 2019	Amount in Taka 2018
I	Accounts receivable considered good in respect of which the company is fully secured	-	-
II	Accounts receivable considered good in respect of which the company holds no security other than the debtor personal security	1,240,105	696,310
III	Accounts receivable considered doubtful or bad	-	-
IV	Accounts receivable due by any director or other officer of the company	-	-
V	Accounts receivable due by Common management	-	-
VI	The maximum amount of receivable due by any director or other officer of the company	-	-
	<b>TOTAL</b>	<b>1,240,105</b>	<b>696,310</b>

		<b>Amount in Taka</b>	
		<b>30 June 2019</b>	<b>30 June 2018</b>
<b>7.02</b>	<b>Other receivable</b>		
	Accrued Dividend on Al- Arafah Islami Bank Ltd.	1,516,080	-
	Accrued Interest on Fixed deposit	1,777,420	1,631,450
	Others	11,029	-
		<b>3,304,529</b>	<b>1,631,450</b>
<b>8.00</b>	<b>Advance, deposits &amp; prepayments</b>		
	Advance to employees and others	18,342,661	20,412,624
	Advance against Tax	291,190,952	340,093,916
	Advance against VAT	107,271,682	110,525,997
	<b>Total</b>	<b>416,805,294</b>	<b>471,032,537</b>
<b>8.01</b>	<b>Advance to employees and others</b>		
	<b>Advance</b>	<b>7,580,856</b>	<b>8,269,379</b>
	Advance against salaries (Officer)	518,099	383,267
	Advance against salaries (Staff)	195,000	172,000
	Advance against wages (Workers)	384,662	453,541
	Advance against expenses	2,713,227	1,239,034
	Advance against supplies/ Purchase	3,594,869	5,821,538
	Advance against advertisement	175,000	200,000
	<b>Deposit</b>	<b>10,761,804</b>	<b>12,143,244</b>
	Security against telephone	26,500	26,500
	Security against electricity	5,450	5,450
	Security against gas	1,326,792	1,326,792
	Other deposits	4,376,237	4,376,237
	Security against bank guarantee	937,364	937,364
	Advance against Motorcycle	3,912,461	5,293,901
	Shipping guarantee margin	177,001	177,001
		<b>18,342,661</b>	<b>20,412,625</b>
<b>8.02</b>	<b>Advance income tax</b>		
	Opening Balance	340,093,916	291,993,020
	Add: During the year	86,051,177	98,673,448
		426,145,093	390,666,469
	Less: AIT Adjustment during the year	(134,954,141)	(50,572,553)
		<b>291,190,952</b>	<b>340,093,916</b>
<b>8.03</b>	<b>Advance VAT</b>		
	VAT on Import	29,342,075	107,031,029
	Deposit against VAT	77,000,000	-
	VAT on Local Purchase	929,607	3,494,968
		<b>107,271,682</b>	<b>110,525,997</b>
<b>9.00</b>	<b>Fixed Deposit with Banks</b>	<b>31,882,247</b>	<b>30,086,724</b>
	Details are shown on Annexure A		

Amount in Taka	
30 June 2019	30 June 2018

#### 10.00 Investment in marketable securities

B/O A/C at SJBL	a)	4,007	7,598
Investment in Marketable Securities :	b)	178,559,496	185,126,630
		<b>178,563,503</b>	<b>185,134,228</b>

#### a) BO A/C at SJBL

4,007

7,598

Above amount is the balance in Security House.

#### b) Investment in Marketable Securities :

Particulars	Number of Shares	Market Value	Cost Value	
			30.06.2019	30.06.2018
Beacon Pharma (Placement Share)	650,000	13,065,000	6,190,476	6,190,476
National Bank Limited	1,357,747	11,948,174	24,137,280	24,137,280
Alarafah Bank Limited	1,288,668	23,969,225	26,424,663	26,424,663
Eastern Bank Limited	179,313	6,778,031	6,720,000	6,720,000
Square Pharma	464,620	122,799,066	84,065,846	84,065,846
		<b>178,559,496</b>	<b>147,538,265</b>	<b>147,538,265</b>

#### 11.00 Inter company current account

Orion Infusion Ltd	464,639	1,235,592
Orion pharma Ltd.	3,224,963	2,557,712
	<b>3,689,602</b>	<b>3,793,304</b>

#### 12.00 Cash and cash equivalents

Cash in Hand		7,985,332	11,805,792
Cash at Bank	12.01	111,811,182	63,456,193
Cash in Transit		115,737,138	107,937,416
<b>Total</b>		<b>235,533,652</b>	<b>183,199,401</b>

#### 12.01 Cash at bank

Agrani Bank, Tejgaon Branch	STD	1,905,500	306,023
Agrani Bank, Ramna Branch	CD	19,620,782	37,823
National Bank Ltd. Karwan Bazar Branch	SND	1,039,483	1,000,375
Shahjalal Islami Bank, Dhaka Main Branch	MSND	23,218,691	24,961,584
Shahjalal Islami Bank	MSND	110,092	158,026
Shahjalal Islamai Bank	MSND	10,425,684	8,411,598
BRAC Bank, Gulshan Branch	SAVING	6,549,151	5,106,465
Islami Bank Bangladesh Ltd. Kawran bazar Branch	MSND	2,336,729	1,237,590
Shahjalal Islami Bank	SND	1,111,770	1,082,322
United Commercial Bank, Tejgaon Branch	SND	39,498,789	17,387,766
Shahjalal Islami Bank	SND	5,888,470	3,661,140
State Bank of India, Gulshan Branch		106,041	105,480
		<b>111,811,182</b>	<b>63,456,193</b>

Amount in Taka	
30 June 2019	30 June 2018

### 13.00 Share capital

#### Authorized Capital :

50,000,000 Ordinary shares of Tk.10 each

**500,000,000**

**500,000,000**

#### Issued, Subscribed and Paid-up Capital :

1,68,18,750 Ordinary shares of Tk.10 each

**16,81,87,500**

**14,01,56,250**

The break-down of the shareholders' fund is as follows:

Issued, Subscribed & Paid-up  
Stock dividend

140,156,250

121,875,000

28,031,250

18,281,250

#### **Total**

**168,187,500**

**140,156,250**

The above balance has been received from the following :

Name of directors	% of Shares		No. of Shares	
	30-06-2019	30-06-2018	30-06-2019	30-06-2018
Mr. Mohammad Obaidul Karim	19.07%	21.45%	3,207,620	3,006,351
Mr. Rezaul Karim	3.61%	3.61%	607,413	506,178
Mr. Md. Ebadul Karim	7.83%	7.83%	1,316,389	1,096,991
Mrs. Arzuda Karim	8.21%	5.83%	1,380,530	817,109
Mrs. Nurun Nahar	5.00%	5.00%	841,621	701,352
Mrs. Shirin Akhter	5.00%	5.00%	841,350	701,125
	<b>48.72%</b>	<b>48.72%</b>	<b>8,194,923</b>	<b>6,829,106</b>

#### **Others**

Foreign investors	-	-	-	-
Institutions	14.82%	14.39%	2,492,121	2,016,656
General shareholders	36.46%	36.89%	6,131,706	5,169,863
	<b>51.28%</b>	<b>51.28%</b>	<b>8,623,827</b>	<b>7,186,519</b>
	<b>100%</b>	<b>100%</b>	<b>16,818,750</b>	<b>14,015,625</b>

#### **Range with shareholding position:**

Range of holdings In number of shares	No. of shareholders		Number of share	
	2019	2018	2019	2018
1 to 499	5,585	5,687	917,750	821,260
500 to 5,000	559	512	766,520	649,576
5,001 to 10,000	30	23	221,080	147,445
10,001 to 20,000	10	8	154,700	109,306
20,001 to Above	28	26	14,758,700	12,288,038
<b>Total</b>	<b>6,212</b>	<b>6,256</b>	<b>16,818,750</b>	<b>14,015,625</b>
			<b>7,143,605</b>	<b>7,143,605</b>

### 14.00 Revaluation reserve

The company was revalued during the period of BCIC management and the above balance is being carried forward in the balance sheet from that period.



		<b>Amount in Taka</b>	
		<b>30 June 2019</b>	<b>30 June 2018</b>
<b>15.00</b>	<b>Retained earning</b>		
	Opening balance	542,989,306	425,054,997
	Net profit during the year	174,349,009	154,496,808
	dividend declare during the year	(42,046,875)	(36,562,500)
		<b>675,291,440</b>	<b>542,989,306</b>
<b>16.00</b>	<b>Provision for gratuity</b>		
	Opening balance	15,963,367	16,780,235
	Add: Provision made during the year	-	-
		15,963,367	16,780,235
	Less: Paid during the year	646,364	816,868
	<b>Closing balance</b>	<b>15,317,003</b>	<b>15,963,367</b>
<b>17.00</b>	<b>Loan fund</b>		
	Debenture	287,500,000	287,500,000
	Payable to Govt. (interest)	38,589,784	38,589,784
	<b>Total</b>	<b>326,089,784</b>	<b>326,089,784</b>
<b>17.01</b>	<b>Debenture:</b>		
		Interest rate	
	Govt. of Bangladesh	13.50%	103,500,000
	BCIC	13.50%	184,000,000
			<b>287,500,000</b>
<b>17.02</b>	<b>Interest payable to Govt.</b>		<b>38,589,784</b>
<p>The above amount represents interest payable to the Government (for the period prior up to 30.06.1983) on the price of 3,396 metric tons of fat given to the company out of US Relief &amp; Rehabilitation Grant. This balance has been carried forward as long term and deferred liability since 1991-92.</p>			
<b>18.00</b>	<b>Deferred tax liability</b>		
	Carrying value of Fixed Assets as Accounting base	201,204,326	195,175,125
	As Tax base	80,561,026	73,453,604
	Temporary Difference	120,643,300	121,721,521
	<b>Deferred Tax Liability @ 25.00%</b>	<b>30,160,825</b>	<b>30,430,380</b>
<b>19.00</b>	<b>Short term loan</b>		
	Agrani Bank, Ramna Branch	79,469,426	120,877,245
	Standard Bank Ltd. Gulshan Branch	(780)	(780)
	UCBL	(93,538)	9,953,691
	National Bank, Karwan Bazar Br.	7,991,506	12,079,254
	<b>Total</b>	<b>87,366,613</b>	<b>142,909,410</b>

Amount in Taka			
		30 June 2019	30 June 2018
Particulars	Rate of Interest	Tenor	Repayment Term
Agrani Bank limited	9.00%	1 Year	a. Hypothecation of the capital machineries and stock in trade, b. Personal guarantee of all the directors c. Post dated cheques d. Registered mortgage supported by registered IGPA favouring the bank against all bank facilities on 7.98 acre land with factory building
United Commercial Bank	10.00%	1 year	a. Hypothecation of the capital machineries and stock in trade, b. Personal guarantee of all the directors c. Post dated cheques d. Registered mortgage supported by registered IGPA favouring the bank against all bank facilities on 7.98 acre land with factory building
National Bank Limited, Karwan Bazar Branch	11.00%	9 months	1. Personal Security of directors, 2. Lien of FDR

#### 20.00 Trade and other payable

Creditors for Goods Supply	20.01	197,175,260	190,562,250
Creditors for Other Finance	20.02	22,121,080	21,256,261
Creditors for Expenses	20.03	65,858,413	62,181,222
Advance against Sales	20.04	668,127	709,795
BCIC Current Account	20.05	15,990,426	15,990,426
Creditors for Security Deposits		23,442,434	22,851,247
<b>Total</b>		<b>325,255,738</b>	<b>313,551,201</b>

#### 20.01 Creditors for goods supply

JM S Glass Industries	4,619,208	4,638,107
Polycon Ltd.	5,891,645	5,934,144
Plasticon	6,201,289	4,853,322
The Merchants Ltd.	7,197,036	5,654,161
Hi-Tec Printing & Packaging Ltd.	7,441,913	7,919,794
Dana Engineering Int.	222,198	238,829
Golden Trading Co.	10,029,678	10,770,678
Unicorn Ind. Ltd	4,586,487	8,140,386
Elite Printing & Packaging Ltd.	6,612,792	4,788,322
Padma Lamitube Ltd.	6,081,137	4,491,212
Sunimex Corporation	3,134,500	2,965,000
Union Chemicals	676,896	1,184,111
Kalyar Replica Ltd	16,172,600	8,518,616
Karim Salt Crushing & R Ind.	163,400	163,400
NRG Printing & Packaging	9,152,914	8,618,664
Others	108,754,484	111,412,096
Creditors for Goods Supply (Spot Purchase)	237,082	271,408
	<b>197,175,260</b>	<b>190,562,250</b>

		Amount in Taka	
		30 June 2019	30 June 2018
<b>20.02 Creditors for other finance</b>			
	Factory Union Fee	12,384	18,494
	Salary Tax Deduction from Employees	116,312	119,890
	Workers' Profit Participation Fund	12,108,608	11,373,384
	20% Reserve Fund for WPPF	5,686,059	3,572,035
	Deduction of Tax at Source	25,949	2,245,615
	Provision for Revenue Stamp	97,370	113,150
	Employees Contribution to P.F.	-	367,206
	VAT deduction at Source	3,998,596	3,320,239
	Others	75,801	126,248
		<b>22,121,080</b>	<b>21,256,261</b>
<b>20.03 Accrued expenses</b>			
	Provision for Gas	3,780,266	4,011,984
	Provision for Electric Bill	1,041,252	925,646
	Provision for Employers Contribution to P.F.	-	367,206
	Provision for C&F bill	2,811,338	1,333,277
	Provision for Legal & Professional fees	-	50,000
	Provision for Income Tax	58,225,557	55,493,109
		<b>65,858,413</b>	<b>62,181,222</b>
<b>20.04 Advance against sales</b>			
	Rokeya Enterprise	100,433	101,285
	Narayan Store	50,723	50,645
	P.P. Enterprise	50,931	51,693
	Howlader Store	100,193	101,324
	Others	365,845	404,848
		<b>668,127</b>	<b>709,795</b>
<b>20.05 BCIC current account</b>		<b>15,990,426</b>	<b>15,990,426</b>
	The above amount represents accumulated balance of BCIC current account as on June' 30, 2019 and the amount is subject to confirmation.		
<b>21.00 Accrued liabilities</b>			
	Liabilities for payment against Import	216,616,760	362,284,032
		<b>216,616,760</b>	<b>362,284,032</b>
<b>22.00 Dividend payable</b>			
	Opening Balance	15,024,181	13,733,281
	Add: Cash dividend & Fraction dividend for the year	14,015,625	18,786,012
	Fraction Dividend	1,635,938	-
		30,675,744	32,519,293
	Less: Paid in the financial year	13,668,780	17,495,112
	<b>Total</b>	<b>17,006,965</b>	<b>15,024,181</b>
<b>23.00 Contingent liabilities</b>		<b>268,101,570</b>	<b>268,101,570</b>

Contingent Liability Tk. 268,101,570 represents interest claimed on BCIC/Government Debentures issued to Kohinoor Chemical Company (BD) Ltd. The above balance has been carried forward since long and remain pending with the honorable Judge Court for hearing and settlement. The Government of the Peoples Republic of Bangladesh represented by the Secretary, Ministry of Industries and Bangladesh Chemical Industries Corporation (BCIC) represented by the Chairman has filed Money Suit No. 31/2009 in the 4th Joint Dist Court, Dhaka for recovery of money against Debentures issued by it to Kohinoor Chemical Co. (BD) Ltd. Kohinoor Chemical Co. (BD) Ltd. has also filed Title Suit No. 194/2013 in the 6th Joint Dist Court, Dhaka against wrong claim of Bangladesh Chemical Industries Corporation (BCIC). Both the cases are pending in the above courts for hearing and settlement.

		<b>Amount in Taka</b>	
		<b>01 July 2018 to 30 June 2019</b>	<b>01 July 2017 to 30 June 2018</b>
<b>24.00</b>	<b>Revenue from net sales</b>		
	<b>Local Sales :</b>	<b>4,629,878,459</b>	<b>4,233,170,120</b>
	Washing Soap	683,264,181	660,921,567
	Toilet Soap	1,738,810,927	1,759,543,258
	Snow & Cream	168,609,924	157,347,277
	Tooth Paste	8,333,941	11,362,855
	Powder	159,266,842	139,569,759
	Hair Oil	77,037,176	70,548,152
	Shaving Cream	12,863,130	14,557,646
	Detergent Powder	1,718,270,228	1,364,756,024
	Misc.	63,422,109	54,563,583
	<b>Export Sales :</b>	-	-
	<b>Gross Sales</b>	<b>4,629,878,459</b>	<b>4,233,170,120</b>
	Less: VAT & SD	634,073,652	571,846,032
	<b>Net Sales</b>	<b>3,995,804,807</b>	<b>3,661,324,088</b>
<b>25.00</b>	<b>Cost of goods sold</b>		
	Raw Materials consumed	2,593,583,598	2,369,567,844
	Packing Materials consumed	401,354,165	366,351,918
	Factory overhead	300,137,598	276,126,653
	<b>Total Manufacturing Cost</b>	<b>3,295,075,361</b>	<b>3,012,046,415</b>
	Add: Opening work in process	51,188,253	36,295,938
	<b>Total Cost of Goods in Process</b>	<b>3,346,263,614</b>	<b>3,048,342,353</b>
	Less: Closing Work in Process	61,463,187	51,188,253
	<b>Cost of Goods Manufactured</b>	<b>3,284,800,427</b>	<b>2,997,154,100</b>
	Add : Opening Finished Goods	72,638,981	78,665,638
	Goods available for sale	3,357,439,408	3,075,819,738
	Less: Closing Finished Goods	81,932,424	72,638,980
	<b>Cost of Goods Sold</b>	<b>3,275,506,984</b>	<b>3,003,180,758</b>
<b>25.01</b>	<b>Raw materials consumed</b>		
	Opening raw materials	447,279,732	203,184,041
	Add: Purchase during the year	2,566,770,456	2,613,663,535
	raw materials available for consumption	<b>3,014,050,188</b>	<b>2,816,847,576</b>
	Less: Closing raw materials	420,466,590	447,279,732
		<b>2,593,583,598</b>	<b>2,369,567,844</b>
<b>25.02</b>	<b>Packing materials consumed</b>		
	Opening Packing materials	49,170,966	44,293,072
	Add: Purchase during the year	393,601,199	371,229,811
	Packing materials available for consumption	<b>442,772,165</b>	<b>415,522,883</b>
	Less: Closing packing materials	41,418,000	49,170,966
		<b>401,354,165</b>	<b>366,351,918</b>

		<b>Amount in Taka</b>	
		<b>01 July 2018 to 30 June 2019</b>	<b>01 July 2017 to 30 June 2018</b>
<b>25.03</b>	<b>Factory overhead</b>		
	Factory Salaries & Allowances	137,380,751	119,599,729
	Electricity, Gas & WASA	6,218,909	5,769,960
	Repair & Maintenance	180,566	165,090
	Depreciation	17,426,037	17,054,677
	Gas & Fuel for Generator	42,198,545	44,035,056
	Electricity	11,768,597	12,274,654
	Oil & Lubricants	3,530,571	3,242,156
	Spares & Accessories	47,432,635	42,513,930
	Store Consumed	27,313,117	25,301,437
	Repair & Maintenance	973,000	913,900
	Other Overhead	730,077	669,985
	Repair & Maintenance (Factory Building)	3,068,183	2,844,860
	Conveyance	896,584	829,838
	Printing	152,250	139,938
	Office Stationery	412,693	379,921
	Medical Expenses	455,082	391,522
	<b>Total</b>	<b>300,137,598</b>	<b>276,126,653</b>
<b>26.00</b>	<b>General &amp; administrative expenses</b>		
	Salaries & Allowances	48,172,741	43,015,154
	Entertainment	340,780	299,800
	Insurance Premium	1,325,717	1,244,187
	Legal & Professional Fees	181,448	151,150
	Printing	326,775	300,746
	Office Stationery	377,836	346,420
	Newspaper & Magazine	120,145	110,225
	Postage, Telegram, Telephone, Telex	305,121	278,831
	Renewals, Rates & Taxes	5,718,504	1,222,030
	Conveyance	1,393,441	1,282,439
	Vehicle Running Expenses (Fuel)	2,959,324	2,714,342
	Repair & Maintenance (Vehicles)	1,850,804	1,700,083
	Audit fee	230,000	230,000
	A.G.M Expenses	450,000	450,000
	Depreciation	2,366,499	2,316,067
	Drinking Water	120,470	109,520
	IT & Software Maintenance	1,370,198	1,929,560
	Repair & Maintenance -Gen	496,112	450,103
	Land Revenue	-	894,300
	<b>Total</b>	<b>68,105,914</b>	<b>59,044,957</b>

		Amount in Taka	
		01 July 2018 to 30 June 2019	01 July 2017 to 30 June 2018
<b>27.00</b>	<b>Selling &amp; distribution expense</b>		
	Salaries & Allowances	233,720,110	208,568,462
	Entertainment	890,279	807,709
	Carriage Outward	23,015,215	20,704,960
	Publicity & Advertisement	128,451,742	122,293,850
	Printing	324,986	299,429
	Office Stationery	306,879	282,313
	Conveyance	1,060,237	972,015
	Electricity	111,702	97,961
	Telephone	64,588	74,902
	Postage & Telegram	182,000	169,756
	Rates & Taxes	449,608	412,398
	Rent	3,182,000	2,190,000
	Insurance Premium	488,743	441,876
	DD Commission	1,453,376	1,408,997
	Newspaper & Magazine	17,880	17,980
	Repair & Maintenance (Vehicles)	2,705,082	2,487,660
	Vehicle Running Expenses (Fuel)	6,260,408	5,798,678
	Loading & Unloading	505,700	467,985
	Depreciation	1,721,090	1,684,413
	Drinking water	118,405	108,550
	<b>Total</b>	<b>405,030,031</b>	<b>369,289,894</b>
<b>28.00</b>	<b>Finance cost</b>		
	Interest on Bank Loan	10,591,705	6,894,849
	Bank Charges & Commission	659,722	742,380
	<b>Total</b>	<b>11,251,427</b>	<b>7,637,229</b>
<b>29.00</b>	<b>Other income</b>		
	Interest	3,728,836	3,302,223
	Gain/(Loss) on Sale of Fixed Assets	106,401	199,460
	Gain/(Loss) on Sale of Marketable Securities	-	103
	Dividend Income	4,174,572	3,443,802
	<b>Total</b>	<b>8,009,809</b>	<b>6,945,587</b>
<b>30.00</b>	<b>Income tax expense</b>		
	Current tax expense	30.01 58,225,557	55,493,110
	Deferred tax income/(expense)	18.00 269,555	1,412,403
		<b>58,495,112</b>	<b>56,905,513</b>

	Amount in Taka	
	01 July 2018 to 30 June 2019	01 July 2017 to 30 June 2018
<b>30.01 Current tax expense</b>		
Profit before tax	232,305,010	221,972,437
Add: accounting depreciation	21,513,626	21,055,157
Less: Tax depreciation	19,435,131	19,549,526
Less: Grativity paid	646,364	816,868
<b>Taxable income</b>	<b>233,737,141</b>	<b>222,661,200</b>
Taxable income excluding dividend income BDT. (232,941,984-4,174,572) @25%	57,390,642	54,804,350
Dividend income BDT. 4,174,572 @20%	834,914	688,760
<b>Income tax payable</b>	<b>58,225,557</b>	<b>55,493,110</b>
<b>31.00 Earning per share</b>		
Net profit after tax	174,349,009	154,496,808
No of shares outstanding	16,818,750	16,818,750
<b>EPS for the period</b>	<b>10.37</b>	<b>9.19</b>
<b>32.00 Net asset value per share</b>		
Total asset	1,899,457,464	1,934,129,881
Total liabilities	1,017,813,688	1,206,252,355
<b>Net assets</b>	<b>881,643,776</b>	<b>727,877,526</b>
No of shares outstanding	16,818,750	16,818,750
<b>Net asset value per share</b>	<b>52.42</b>	<b>43.28</b>
<b>33.00 Reconciliation of operating cash flows with profit before tax</b>		
Profit before tax	232,305,010	211,402,321
<b>Adjustment of non cash items</b>		
Depreciation	21,513,626	21,055,157
Amortization	-	7,144,400
VAT and SD receipt from customers	634,073,652	571,846,032
(Increase)/Decrease in accounts and other receivables	(700,795)	(160,742)
(Increase)/Decrease in inventories	36,146,596	(264,594,739)
(Increase)/Decrease in advance deposit and prepayment	5,324,279	(3,567,812)
Increase/(Decrease) in trade and other payable	8,972,089	(96,110,293)
Increase/(Decrease) in accrual liabilities	(145,667,272)	206,798,648
Increase/(Decrease) in provision for Grativity	(646,364)	(816,868)
<b>Items for separate consideration</b>		
Gain from disposal of PPE	(106,401)	(199,460)
Dividend income	(4,174,572)	(3,443,802)
Finance cost	11,251,427	7,637,229
Refundable AIT Received from NBR	79,461,032	-
Tax paid	(720,124,828)	(773,908,100)
	<b>157,627,479</b>	<b>(116,918,029)</b>

### 34.00 Other information

#### 34.1 Contingent liabilities and commitments

##### Contingent liabilities

The company confirms that there are no cases filed against the company which is not disclosed which would have been a material impact on the financial position of the company except BDT 268,101,570 Contingent Liabilities as on 30 June 2019.

##### Capital expenditure commitment

There is no Capital expenditure commitment for machineries and raw material at 30 June 2019.

#### 34.2 Contingent liabilities and commitments

The company has entered into transactions with other entities that fall within the definition of related party as contained in IAS-24 "Related Party Disclosures". Total transactions of the significant related party as of 30 June 2019 are as follows:

Name of Company	Relationship	Nature of Transaction	Opening Balance	Addition	Adjustment	Closing Balance
Orion Pharma Ltd.	Common Director	Current account with sister concern	2,557,712	1,317,251	650,000	3,224,963
Orion Infusion Ltd.	Common Director	Current account with sister concern	1,235,592	128,758	899,711	464,639
<b>Total</b>			<b>3,793,304</b>	<b>1,446,009</b>	<b>1,549,711</b>	<b>3,689,602</b>

##### Transaction with key management personals

No.	Particulars	30 June 2019	30 June 2018
(a)	Managerial remuneration paid or payable during the year to the directors, including managing directors.	-	-
(b)	Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.	-	-
(c)	Other allowances and commission including guarantee commission	-	-
(d)	Pensions etc.	-	-
	(i) Pensions	-	-
	(ii) Gratuities	-	-
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	-	-
(e)	Share Based payments	-	-

#### 34.3 Capacity utilization

Year	Capacity in KG Per Year	Utilization in KG Average Per year	%
2017-2018	50,000,000	31,692,363	63.38%
2018-2019	50,000,000	32,511,236	65.02%

#### 34.4 Employee details:

At the end of the year, there were 2,296 employees in the company at a remuneration of BDT 3,000 per month and above.

#### 34.5 Rounding off

Amounts appearing in these financial statements have been rounded off to the nearest BDT and, wherever considered necessary.

#### 34.6 Event after reporting period

The Board of Director of the Company in their .....the board meeting held on ..... proposed dividend @..... for the year ended 30 June 2019 for approval by the shareholders in the upcoming ..... AGM of the company.

Except the fact stated above, there is no material events after the reporting date that are not adjusting events came to management attention which may be useful for the stakeholders.

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Company Secretary



**Kohinoor Chemical Company (Bangladesh) Limited  
Fixed Deposits Schedule**

Annexure A

Sl. No.	FDR Number	Name of the Bank	Branch	Date of Issue	Date of Maturity	Opening Balance	Interest Rate			FDR 2018-19
								Addition during the year	Accrued for the year	
01	0103341/22132	The National Bank Ltd.	Kawran Bazar	14-Aug-05	14-Aug-19	21,718,436	6.75%	1,307,638	1,359,977	23,026,074
02	0103209/20846	The National Bank Ltd.	Kawran Bazar	11-Dec-05	11-Dec-19	2,885,413	7.30%	187,073	121,491	3,072,486
03	0103244/21191	The National Bank Ltd.	Kawran Bazar	04-Feb-06	04-Feb-20	2,050,256	7.50%	135,873	68,317	2,186,129
04	1038/53300001650	Shahjalal Islami Bank Ltd.	Main Branch	05-Aug-03	05-Aug-19	3,382,619	7.00%	164,940	227,635	3,547,558
05	0249744/24103	Agrani Bank Ltd.	Tejgaon	11-Sep-05	11-Sep-19	50,000	-			50,000
<b>Total</b>						<b>30,086,724</b>		<b>1,795,523</b>	<b>1,777,420</b>	<b>31,882,247</b>

# KOHINOOR CHEMICAL COMPANY (BANGLADESH) LTD.

36, Shahid Tajuddin Ahmed Sarani, Tejgaon I/A Dhaka- 1208

## PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member of Kohinoor Chemical Company ( BD.) Ltd. hereby appoint Mr./Mrs. \_\_\_\_\_ of \_\_\_\_\_ as my proxy to attend and vote for me/us on my/our behalf at the 32<sup>nd</sup> Annual General Meeting of the company to be held on Sunday, the 15<sup>th</sup> December, 2019 at 09:30 am at Officers' Club, 26, Baily Road, Ramna, Dhaka at any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2019 signed by the said in presence of \_\_\_\_\_

Revenue  
Stamp  
Tk. 20.00

\_\_\_\_\_  
(Signature of the Proxy)

\_\_\_\_\_  
Signature of the Shareholder(s)  
Register Folio No. \_\_\_\_\_  
B/O No. \_\_\_\_\_  
Dated \_\_\_\_\_

Signature of Witness

### Note :

A member entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in his/her stead. The proxy form, duly stamped, must be deposited at the Registered Office of the Company not later than 48 hours before the time appointed for the meeting.

Signature Verified

\_\_\_\_\_  
Authorised Signatory

# KOHINOOR CHEMICAL COMPANY (BANGLADESH) LTD.

## Shareholders Attendance Slip

I/We hereby record my attendance at the 32<sup>nd</sup> Annual General Meeting of the Company to be held on Sunday, the 15<sup>th</sup> December, 2019 at 09:30 a.m at Officers' Club, 26, Baily Road, Ramna, Dhaka.

Name of Member(s) \_\_\_\_\_ Register Folio/BO  
No. \_\_\_\_\_ holding of \_\_\_\_\_ ordinary Shares of Kohinoor Chemical  
Company (BANGLADESH) Ltd.

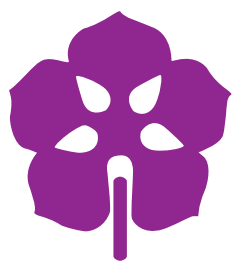
\_\_\_\_\_  
Signature of the Proxy

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

### N.B.

1. Please note that AGM can only be attended by the honourable shareholders or properly constituted proxy. Therefore, any friend or children accompanying with honourable shareholder or proxy cannot be allowed into the meeting.

2. Please present this slip at the reception Desk.



**KOHINOOR**  
**CHEMICAL**