

# Management Discussion & Analysis

*Dear Fellow Shareholders,*

Assalamualaikum

On behalf of the management of the company, I would like to welcome you all to the 36th Annual General Meeting of Kohinoor Chemical Company (Bangladesh) Limited. It is an honor for me to present to all of you about the performance of our Company during the financial year 2022-2023.

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

The world economy is in the doldrums, with weak economic growth, stubborn inflation and rising interest rates in the major developed economies clouding the near-term economic outlook. Legacy effects of the COVID-19 pandemic, the protracted war in Ukraine, exacerbating effects of climate change are impeding a rebound of global growth. According to the OECD's latest Economic Outlook, the Economic Outlook projects a moderation of global GDP growth in 2023 is 2.7%, followed by a pick-up to 2.9% in 2024.

As per the World Economic Situation and Prospects (WESP) report of United Nations, the world economy is now projected to grow by 2.3 per cent in 2023 (+0.4 percentage points from the January forecast) and 2.5 per cent in 2024 (-0.2 percentage points), a slight uptick in the global growth forecast for 2023. In the United States, resilient household spending has prompted upward revision of growth forecast to 1.1 per cent in 2023. The European Union's economy—driven by lower gas prices and robust consumer spending—is now projected to grow by 0.9 per cent. China's growth this year is now forecast at 5.3 per cent as a result of COVID-19 related restrictions being lifted.

Bangladesh is emerging as a dynamic, fast-growing market. This growth is driven by a large domestic consumer market, a rapidly expanding middle and affluent class, and an impressive digital adoption rate. The country is now home to more than 2,500 startups, with about 200 more being added each year, focusing on a wide range of industries, including financial technology, logistics and mobility, and e-commerce. And there remains a thriving group of traditional companies and conglomerates that have for well over a decade played an important role in domestic and global supply chains for textile, apparel, light manufacturing, and aquaculture.

Buttressing Bangladesh's prospects is its extremely active domestic consumer market, which accounts for nearly 70 percent of GDP and is rapidly expanding due to a growing middle and affluent class. By 2030, this group of well-to-do consumers could encompass more than 34 million Bangladeshis, or about 15% of the population.

## **Guiding Principles**

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

## Company Performance

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

	2022-23	2021-22	2020-21	2019-20	2018-19
BDT in thousand' 000					
<b>OPERATIONAL RESULT</b>					
Net Sales Revenue	5,357,546	4,705,165	4,167,165	3,899,550	3,995,804
Gross Profit	1,188,262	912,019	802,974	727,626	720,298
Operating Profit	523,072	348,312	301,769	228,137	247,162
Net Profit before Tax	525,497	400,620	297,639	223,641	232,305
Net Profit after Tax	377,264	317,226	234,004	167,963	174,349
<b>FINANCIAL POSITION</b>					
Shareholders' equity	1,821,687	1,493,647	1,233,938	995,805	881,644
Total Assets	3,418,869	2,907,417	2,542,959	2,021,996	1,899,457
Total Current Assets	3,120,755	2,601,156	2,235,994	1,716,922	1,585,603
Total Current Liabilities	1,019,619	1,031,915	932,812	653,951	646,246
<b>FINANCIAL RATIOS</b>					
Current Ratio (times)	3.06	2.52	2.39	2.63	2.45
Debt Equity Ratio (times)	0.88	0.95	1.06	1.03	1.15
Return on Total Assets (%)	11.03	11.62	10.23	8.31	9.18
Inventory Turnover (times)	2.97	3.38	3.46	3.89	4.47

Now let us take a look at the peer industry scenario and have a comparison with them in regards to our performance. If we look at the industry, we will find that there are many competitors but also see that the productlines of many of the listed companies do not match with those of ours. Only two of the listed Company's productlines match with us and so we can go for comparisons with those two companies; namely Marico Limited and Keya Cosmetics Limited. However, Keya Cosmetics did not publish its financial statements in 2018-19, 2020-21 & 2021-22 so we made comparison with Marico only. Below is the five year's trend of ratios with our peer companies:

Year	2021-2022		2020-21		2019-20			2018-19		2017-18		
	KCCL	Marico	KCCL	Marico	KCCL	Marico	Keya	KCCL	Marico	KCCL	Marico	Keya
Current Ratio (times)	2.52	1.34	2.39	1.03	2.63	1.21	1.46	2.45	1.25	1.95	1.32	2.92
Return on Total Assets (%)	11.62	50.43	10.23	53.65	8.31	52.84	5.71	9.18	44.21	7.99	36.77	3.79
Net Assets Value per Share	58.49	85.37	55.58	51.95	49.34	44.05	0.25	43.68	41.34	43.28	47.38	14.02
Earnings per Share (BDT)	12.41	112.82	10.84	98.69	8.32	84.01	0.24	8.64	64.23	9.19	52.15	1.21

### Future Plan

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

Thank you,



**Rezaul Karim**  
Managing Director