

## DIRECTORS' REPORT TO THE SHAREHOLDERS

### Dear Shareholders,

On behalf of the Board of Directors of Khulna Printing & Packaging Limited, I have the pleasure to welcome you all to the 14th Annual General Meeting of the company. The Board of Directors is pleased to take the opportunity to present you the Audited Financial Statements of the Company for the year FY 2013-2014, Auditors' report and the Directors' Report thereon along with company's performance and other matters in terms of Companies ACT -1994, the guideline issued by Bangladesh Securities Exchanges Commission Bangladesh Accounting standard (BAS), etc.

### BACKGROUND:

By sensing the huge requirement of world class food grade packaging materials in 1999 we established Khulna printing & packaging Limited. We are well equipped with modern packaging materials producing machineries and automation system which make us one of the best printing & packaging company in the southern region of Bangladesh.

### Additional statement by the Board of Directors as per notification dated 7 August 2012 of Bangladesh Securities and Exchange Commission:

#### Industry outlook and possible future Development in the industry:

The company is operating Printing & packaging items and which is 100% export oriented. The outlook for the packaging sector is bright and the export area of this sector is being enhanced day by day.

### Segment wise/product wise performance:

Segment wise/product wise performance is below :

Sl. No.	Product	Production (in Pieces)	% Capacity
01	Master Carton	13,140,750	75.09%
02	Inner Carton	86,500,000	86.5%
03	Master Sticker	122,588,000	64.52%
04	Inner Sticker/Rider	98,290,000	49.15%
05	Poly Sheet/Bag	187,198,000	85.09%

### Risk and concern:

Risk and concern of the company solely depends on the upcoming government policy as well as increasing in interest rate, exchange rate & shortage of utility supply. The management of the company is aware enough to face any changes in this industry.

### Discussion on Cost of goods sold, gross profit & Net Profit.

Particulars	As on June 30, 2014.	As on June 30, 2013.
Sale	2,078,737,860	1,910,212,690
Cost of Goods Sold	(1,797,372,271)	(1,665,378,384)
Gross Profit	281,365,589	244,834,306
Net Profit	98,910,710	74,432,262

### Discussion on Continuity of any extra ordinary gain and loss:

There is no extra ordinary gain and loss in the financial statement. It is expected that the Company will run as a going concern.

**Related party transaction:**

Related parties transactions are depicted in note no .43 in the notes to the accounts for the year 2013-2014

**Utilization of proceeds:**

The company has raised Tk. 40 Crore by issuing 4,00,00,000 ordinary shares of Tk. 10.00 each at par to pay off the Bank loan of Tk. 30.00 Crore, Tk. 8.72 Crore for Working Capital and IPO expenses Tk.1.28 Crore. The Company utilized the entire IPO fund in time for above purposes.

**Expiation if the financial result deterioration after the company goes for IPO**

No deterioration of financial results during the year.

**Explanation of significant variances occurs between Quarterly Financial performance and annual financial statements:**

No significant variances have occurred between Quarterly Financial performance and annual financial statements.

**Remuneration to Directors:**

Remuneration to Directors is depicted in note no.17.14 in the notes to the accounts for the year 2013-2014.

**DIRECTORS RESPONSIBILITIES FOR FINANCIAL STATEMENTS:**

The financial Statement together with notes thereon has been drawn up in conformity with the companies Act-1994 and Securities and Exchange Rules 1987. These statements present fairly the company's state of affairs, the result of its operation, Cash flow and change in equity.

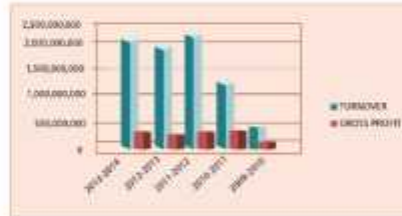
- i) Proper books of accounts of the company have been maintained.
- ii) Appropriate accounting policies have been applied consistently in preparation of the financial Statement and the accounting estimates are based on reasonable and prudent judgment.
- iii) The international Financial Reporting Standard, as applicable in Bangladesh, has been followed in the preparation of the financial statements.
- iv) The systems of internal control are sound and have been implemented and monitored effectively.
- v) There are no significant doubts upon the company's ability to continue as a going concern.
- vi) The key operation data and financial data for the last 5 (Five) years are as follows:

Operation Result	30-June-14	30-June-13	30-June-12	30-June-11	30-June-10
Turnover	2,078,737,860	1,910,212,690	2,077,665,763	1,186,261,728	341,375,693
Gross Profit	281,365,589	244,834,306	261,696,043	249,072,351	54,530,271
Net profit before Tax	124,732,233	117,471,471	147,845,632	158,418,647	34,096,725
Net profit after Tax	98,910,710	74,432,262	108,462,832	132,746,647	34,096,725

Financial Position	30-June-14	30-June-13	30-June-12	30-June-11	30-June-10
Fixed Assets	381,283,571	368,515,485	379,530,593	420,309,443	143,798,295
Current Assets	1,275,623,587	694,333,686	564,832,554	405,436,757	154,374,841
Shareholder's Equity	1,139,355,809	640,445,099	566,012,837	534,621,928	143,903,759
Long Term Liability	-	27,888,814	42,911,290	43,728,045	46,279,256

Key Financial Ratio	30-June-14	30-June-13	30-June-12	30-June-11	30-June-10
Current Ratio	2.46	1.76:1	1.68:1	1.64:1	1.43:1
Debt to equity Ratio	.45	0.46:1	0.52:1	0.39:1	0.95:1
Net Income Ratio (%)	4.75%	3.90%	5%	11%	10%
Return on equity (%)	8.68%	11.62%	19%	25%	23%
Earnings Per Share	3.75	2.82	4.11	12.07	2.99

**KHULNA PRINTING & PACKAGING LTD.**



**DIVIDEND:**

The Board of Directors has recommended 5% cash and 10% stock Dividend for the shareholders of the year 2013-14 (subject to the approval in the forthcoming AGM).

**Number of board meeting held during the year and attendance.**

The Board of Directors held 12 Board Meetings during the year ended June 30, 2014.

Name	Number of the meeting attendance
SM Amzad Hossain	12
Sufia Khatun	04
Mrinal Kanti Debnath	12
Md.Amzad Hossain	12
Sujit Kumar Saha	10
S.M. Abul Hossain	11
Khan Habibur Rahman	09

Whenever Directors could not attend in the meetings, they were granted leave of absence.

Pattern of Shareholding as on 30<sup>th</sup> June, 2014.

Name of the Shareholders	Status	Shares held	%
a) Parent /Subsidiary/Associated Companies and other related parties	Nil	Nil	Nil
b) Directors:			
01 SM Amzad Hossain	Chairman	13,200,000	50.00%
02 Sufia Khatun	MD	6,560,000	24.85%
03 Mrinal Kanti Debnath	Director	1,328,000	5.03%
04 Md.Amzad Hossain	Director	1,328,000	5.03%
05 Sujit Kumar Saha	Director	1,328,000	5.03%
06 S.M. Abul Hossain	Director	1,328,000	5.03%
07 Khan Habibur Rahman	Director	1,328,000	5.03%
<b>Total</b>		<b>26,400,000</b>	<b>100%</b>
c) CEO,CFO, Company Secretary, Head of Internal Audit and their Spouses and Minor Children's & Executives:	N/A		
d) Shareholders Holding 10% or more voting interest in the Company:			
SM Amzad Hossain	Chairman	13,200,000	50.00%
Sufia Khatun	MD	6,560,000	24.85%

**Directors Election and Re – appointment:**

The following directors of the Board will retire at the annual general meeting they are however eligible for re – appointment.

**Brief Resume and expertise:**

1. Sujit Kumar Saha - Nominated Director from Bagerhat Sea Foods Ltd.

Age :53 years

Religion : Hindu

Education :BA

He has long around 16 year's business experience in the field of Business development.

2. S.M. Abul Hossain - Nominated Director from Southern Foods Ltd.

Age : 50 years

Religion : Islam

He has long around 14 year's business experience in the field of Business development.

3. Khan Habibur Rahman - Nominated Director from Metro Bricks Ltd.

Age : 52 years

Religion : Islam

Education : BA

He has long around 13 year's business experience in the field of Business development.

The Board recommended their reappointment and nomination from their respective companies. The Board also appointed 2 Independent Directors in the Board. The Matters will be placed in the AGM for Approval.

**CHIEF FINANCIAL OFFICER, HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY:**

As per corporate governance of BSEC, The Company has allocated the responsibilities as follows:

Chief financial officer	: Sk.Firojur Rahman M. Com, He has long around 16 years experience in the related field
Company Secretary	: Md.Mizanur Rahman M. Com, CA ( Partly Qualified), He has long around 04 years experience in the related field
Head of Internal Audit	: SM Manzur Hasan Master, He has long around 07 years experience in the related field

**AUDIT COMMITTEE**

The Audit Committee, as a sub-committee of the Board, has been constituted with three Directors, one of whom is an Independent Director, and chairs the Committee. The Committee assists the Board in ensuring that the financial statement reflects a true and fair view of the state of affairs of the Company and other matters as per requirement of regulators. Audit Committee is responsible to the Board of Directors and its roles and responsibilities are clearly defined.

**EXTERNAL STATUTORU AUDITORS**

The BSEC guidelines are being strictly followed in statutory auditors.

**SUBSIDIARY COMPANY**

No Subsidiary/holding company.

**DUTIES OF CEO & CFO:**

The provision of BSEC regulation has been complied.

## **KHULNA PRINTING & PACKAGING LTD.**

### **Corporate Social Responsibilities**

Corporate Social Responsibilities(CSR) is at the core of Lockpur Group of Companies operation. The CSR is driven by the company values and ensures good governance is business practice, linking the members, business associates and the entire relevant stakeholder body.

**Lockpur Group of Companies** has been involved in few corporate philanthropic activities as following:

- Lockpur Group has donated to Management of Shishu Foundation (Children Hospital), Khulna, Bangladesh.
- Lockpur Group giving away prizes & donation among the poor & brilliant students .
- Donation to SIDR affected people.
- Donation to cataract (QVWB) operated persons.
- Donation to School, Madrasah and Masjid.

### **AUDITORS:**

Aziz Halm Khair Choudhury, Chartered Accountants retires in the 14<sup>th</sup> AGM and is eligible for reappointment in the same AGM. The Board has recommend reappointment at fees of Tk. 1.50 lacs.

### **Acknowledgment**

I take this opportunity, on behalf of the Board of Directors, to express my heartfelt gratitude to all of our valued clients, shareholders and well wishers home and aboard for their wholehearted co-operation and active support in discharging the responsibilities reposed on me and the Board during the year under review.

I also thank Registrar of joint Stock Companies (RJSC), Bangladesh Securities and exchange Commission (BSEC) Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Government and private sector Organization and many others for their sincere support and whole hearted co-operation to our company.

I, on behalf of the Board, also put on record my deep my appreciation for the services and loyalty of the executives, officers and employees of the company at all levels without which we could not have achieved this result.

Thanks are also due to all directors, all executives, officers, staff and workers of the company for their excellent, sincere, dedicated efforts in achieving company's target during the year under review.

I now appeal to the valued shareholders to kindly accept and approve the Auditor's Report, Annual Audited Accounts 2013-2014 and Directors' Report placed before you.

Thanking you,

For and on behalf of the board of directors

Sd/-  
Chairman  
Khulna Printing & Packaging Limited.