

DIRECTORS' REPORT

For the year ended 30 June, 2018

Dear Shareholders,

On behalf of the Board of Directors, I have the pleasure to welcome you all to the 31st Annual General Meeting (AGM) of National Polymer Industries Limited and present you the report of the Board of Directors and the Audited Financial Statements of the Company for the year ended on June 30, 2018.

Business Overview

Despite different challenges and strong competition in the market, during the year under review the Company has maintained its profitable status in terms of business. The turnover and net profit of the Company increased by **26.77 % and 18.89 %** as compared to previous year. As per Audited Financial Statements of the Company for the year ended on June 30, 2018, the comparative key financial information is given below for better understanding on the overall performance of the Company:

Particulars	2017-2018 (Tk.)	2016-2017 (Tk.)	Growth
Revenue	2,366,380,577	1,866,687,057	26.77 %
Gross Profit	387,459,951	307,293,861	26.09 %
Profit before Tax	111,369,664	93,503,107	19.11 %
Net Profit	79,350,886	66,741,633	18.89 %
Earnings Per Share	3.24	2.72	19.12 %

Dividend

Considering the overall business situation of the Company, the Board of Directors has recommended 22 % Stock Dividend (22 Bonus shares for every 100 shares) for the year ended on 30 June, 2018. The recommended Stock Dividend will be credited to the Shareholders' BO Accounts whose names have been recorded in the CDBL/share register on the Record Date i.e. on 15th November, 2018 within the stipulated time after having approval by the Shareholders in the Annual General Meeting.

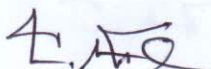
Reason for Declaration of Stock Dividend

The demand for PVC products is growing day by day. Taking into account of this, the Company is on the way to increase its production capacity to fulfill the growing demand of market. Therefore, sufficient cash is required to enhance the production capacity of the plant. The retained earnings/free reserve/accumulated profit shall be used as capital expenditure for infrastructure development as well as to set up new machineries in the plant. This is why, the Company has declared stock divided during the year.

Additional Statements by the Board of Directors as per BSEC Notification

Industry outlook and possible future developments in the industry

National Polymer has a long history of 31 years in PVC and plastics technology in Bangladesh markets. Its inception was through making PVC compound for manufacturing of pipes, from which it has expanded its scope and has been the pioneer of introducing high quality uPVC pipes in the market. From time to time, it has kept its pace with new technology and has been the pioneer of introducing PPR, CPVC pipes etc. in the market. Its doors, sheets and fall ceiling have already gained wide acceptance in the market, whereas its doors now occupy 2nd position in market share in Bangladesh Market. The Company has introduced plastic water tanks recently, and we



have such a tremendous response for our water tanks that we will need to go for an expansion in capacity for water tanks. Our water taps, which is also a new product, is just being introduced in the market and we expect that we shall receive a similar response for the water taps from the market as well. In addition to local market, our products are also being exported now to India and its Seven Sisters States, and this year export growth has increased by around 6%. The Company has also shipped two consignments to Saudi Arabia, and our products have been accepted extremely well there, and we hope that in the coming years this export volume will increase significantly. Forecasting good demand for its products at home and abroad, we are focusing on introducing much more diversified innovative products through improved new technologies and solutions for the valued customers to meet tomorrow's challenges.

Segment Performance

The Company's operation is carried out and managed as a single operating segment for manufacturing and marketing of PVC pipes, sheets, doors, water tank, tap etc. for water supply, sanitation and building material solution. So, no segment reporting is felt necessary.

Risks and Concerns

Risks and Concern is the integral part of business. Like others, our business may also be affected by risk and uncertainties. Details of risk factors and the ways to handle such events are stated in the Statement of Management's Discussion and Analysis.

Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin

Particulars	2017-18 (Taka)	2016-17 (Taka)
Cost of Goods sold	1,978,920,627	1,559,393,196
Gross Profit Margin	387,459,951	307,293,861
Profit before Tax	111,369,664	93,503,107
Net Profit Margin	79,350,886	66,741,633

Discussion on continuity of any extra-ordinary activities (gain or loss)

No such events of any extra ordinary gain or loss occurred during the reporting year which would require to disclose in the financial statements.

Related party transactions

Related party transactions is stated in Note No. 34.00 of the financial statements.

Utilization of proceeds raised through public issues, right issues and/or any other instruments

No public issues, right issues and/or any other instruments were occurred during the financial year.

Deterioration of financial results, if any after IPO, RPO, Rights Share Offer, Direct Listing etc.

There were no such events of IPO, RPO, Rights Share Offer, Direct Listing etc. of the Company occurred during the financial year.

Significant variance between Quarterly Financial performance and Annual Financial Statements

There was no event of significant variance that occurred between Quarterly Financial performance and Annual Financial Statements of the Company during the financial year.

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Remuneration paid to the Directors including Independent Director(s)

Directors of National Polymer Industries Ltd. don't get any facilities/remuneration, bonus or any other form, except the Managing Director for his direct participation in the Company's day to day operations. Directors including Independent Directors get only honorarium for attending the Board Meeting. Director's remuneration for the year 2017-2018 is disclosed in Note No. 30.00 of the financial statements. In line with the previous policy, remuneration has been paid to the Chairman of the Board for the FY 2017-2018, which is now stopped to ensure compliance with the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018.

Presentation of financial statements

The financial statements prepared by the Management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

Maintenance of proper books of accounts

Proper books of accounts have been maintained by the Company.

Adoption and application of appropriate accounting policies and estimations

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.

Compliance with Accounting and Financial Reporting Standards

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.

Internal Control System

Company's internal control system is sound in design and effectively monitored which gives reasonable assurance that the Company's resources are safeguarded and the financial position of the Company is well managed. Company's Internal Audit team conducts audit to evaluate the appropriateness of internal control. The findings and subsequent follow up with remedial status are reported to the Audit Committee. The Audit Committee reviews the internal control framework in each meeting and reports to the Board of Directors accordingly.

Protection of Minority Shareholders' Interest

The Board is always committed to protect the interest of the Minority Shareholders as well as Investors. The Shareholders as the owners are provided with the material information of the Company on its operation quarterly, half-yearly and annually. They are also provided with the routine services by the Compliance Officer on any matters which is permissible. The Company has a website to provide permissible information such as notices, price sensitive information, financial statements/disclosures etc. for the shareholders and interested investors.

Going Concern

There is no significant doubt upon the Company's ability to continue as a going concern.

Explanation on significant deviations from the last year's Operating Results

There is no significant deviation in operating results compared to the last year.

