



NATIONAL POLYMER INDUSTRIES LTD.
UDAY TOWER: Plot No.- 57 & 57/A (2nd Floor)
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DIRECTORS' REPORT

For the year ended 30 June, 2017

The Board of Directors of National Polymer Industries Limited have the pleasure in presenting to the members its Report together with the audited financial statements of the company for the year ended 30 June, 2017 that have been prepared in compliance with section 184 of the Companies Act 1994, Bangladesh Accounting Standards and Bangladesh Securities and Exchange Commission Notification No: SEC/CMRRCD/2006/158/134/Admin/44, dated August 07, 2012.

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. As per audited financial statements for the FY 2016-2017, the key financial information is given below for better understanding on the overall performance of the Company:

Particulars	2016-2017 (Tk.)	2015-2016 (Tk.)	Growth
Revenue	1,866,687,057	1,759,312,097	6.10%
Gross Profit	307,293,861	291,563,613	5.40%
Profit before Tax	93,503,107	68,524,201	36.45%
Net Profit	66,741,634	48,945,858	36.36%
Production Capacity Utilization (M. Ton)	22,478	19,708	14.06%

Export Revenue

The contribution of PVC products in our economy is vividly visible due to its use has been increasing rapidly in line with the economic growth of the country. During the last few years the local production has been increased by manifolds both for our local use and export market. In spite of many challenges, we are striving to increase our export sales. You will be glad to know that, this year your company has achieved 58.16% growth in export sales.

Directors' Responsibilities for Financial Statements

The Directors of the Company have the responsibility for preparing the annual report and financial statements in accordance with the Companies Act 1994, Securities and Exchange Commission Rules 1987, Securities and Exchange Commission Ordinance 1969, Bangladesh Accounting Standards, Bangladesh Financial Reporting Standards (BFRS), the Listing Regulations of Dhaka & Chittagong Stock Exchanges and other applicable laws and regulations. They are also responsible for taking reasonable measures to safeguard the assets of the Company and to establish appropriate system of internal controls with a view to preventing and detecting fraudulent activities and other irregularities.

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Corporate and Financial Reporting Framework

In compliance with Bangladesh Securities and Exchange Commission Notification No: SEC/CMRRCD/2006/158/134/Admin/44, dated August 07, 2012, the Directors are pleased to confirm the followings:

Industry Outlook and possible future development

National Polymer has been in operation for over two decades and has established itself as a prominent brand name in the country producing and offering a wide range of innovative and qualitative products and services to its valued customers. The demand of PVC products is increasing day by day both in local and global markets. Forecasting a good demand for our products, we are now on the expansion mood to increase our production capacity to meet the growing demand of the existing and potential customers. To be the market leader, National Polymer is focusing on producing and supplying the innovative products and solutions to its customers to meet tomorrow's challenges. Detail about the industry outlook is stated in the Chairman's speech.

Segment information

The Company's operations are carried out and managed as a single operating segment. Accordingly the Company operates in one segment for manufacturing and marketing of PVC pipes, sheets and doors for water supply, sanitation and building material solution. So, no segment reporting is felt necessary.

Risks and Concerns

Risks and Concerns is the integral part of business. Like others, our business may also be affected by risk and uncertainties. Details of risk factors and determining how to handle such events are stated in the report of Risk Management.

Margin Analysis

Company's Cost of Goods Sold for the year ended 30 June, 2017 is Tk. 155.93 crore which was Tk. 146.77 crore during the previous year, Gross Profit Margin is Tk. 30.73 crore against Tk. 29.16 crore of the previous year and Net Profit for this year stands at Tk. 6.67 crore that is 36.36% higher over the previous year.

Extra-ordinary Events

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

Related party transaction

Related party transactions are disclosed in the note 34 of the financial statements.

Utilization of proceeds from public issues, right issues and/or any others

No IPO issues, Right issues and/or any other issues was incurred during the year.

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

There was no event of IPO, RPO, Rights Offer, Direct Listing etc. of the Company during the financial year.

Variance between financial statements

There was no event of significant variance between quarterly financial performance and annual financial statements of the company during this financial year.

Remuneration of Directors

Remuneration of Directors is incorporated in note 30 of the financial statements.

Fairness of Financial Statements

The financial statements of the Company together with the notes thereon have been drawn up in conformity with applicable laws and regulations. These statements present fairly the Company's state of affairs, the results of its operations, cash flows and changes in equity.

Books of Accounts

Proper books of accounts of the company were maintained.

Accounting Policies

Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.

Application of IAS/BAS/IFRS/BFRS

IAS/BAS/IFRS/BFRS, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.

Internal Control

Company's internal control system is sound in design and has been effectively implemented and monitored.

Going Concern

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

Significant Variance over the last year's Operating Result

There is no significant variance from the last year's operating results of the Company.

Five year's Financial Highlights

Company's key operating and financial data of at least preceding 5 (five) years is incorporated in the report.

Board Meeting

The number of Board meetings held during the year and attendance is stated in the report.

