

Report of the Board of Directors For the year ended 30 June, 2016

Dear Shareholders

Assalamualikum,

On behalf of the Board of Directors, I welcome you all to the 29th Annual General Meeting (AGM) of National polymer Industries Limited. We have the pleasure to place the Directors' Report and the Auditors' Report together with the Audited Financial Statements of the Company for the year ended 30 June, 2016 for your consideration, approval and adoption. We have prepared this report in compliance with the Companies Act 1994 and Bangladesh Securities and Exchange Commission Notification No: SEC/CMRRCD/2006/158/143/Admin/44, dated August 07, 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July, 2013.

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.

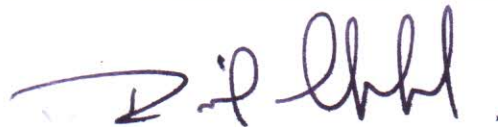
In the long run the PVC industrial sectors have immense prospects. Companies which invest in the latest plant and technologies and bring out more innovative products will be the market leaders.

To be the market leader, National Polymer is focusing on the expansion of its business with innovative and customized products and solutions for its customers to meet tomorrow's challenges.

Business Overview

Despite different challenges and strong competition in the market, the Company has maintained its sustainable growth in terms of business. Some financial information is given below for better understanding of the overall performance of the Company:

Particulars	2015-2016	2014-2015
Turnover	1,759,312,097	1,707,971,741
Gross Profit	291,563,613	287,342,185
Profit before Taxation	68,524,201	64,285,001
Net Profit	48,945,858	45,917,858





NATIONAL POLYMER INDUSTRIES LTD.

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Export Revenue

The contribution of PVC products in our economy is vividly visible due to its use has been increasing rapidly in line with our economic growth of the country. In the last several 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 we have achieved about 10% growth in export sales. We are working relentlessly and hope that we will be able to do much better in this sector in the days to come.

Corporate and Financial Reporting Framework:

- Segment-wise or product-wise performance: The Company's operations are carried out and managed as a single operating segment. Accordingly the company operates in one segment of manufacturing and marketing of PVC pipes, sheets and doors for water supply, sanitation and building material solution. So no segment reporting is felt necessary.
- Extra-ordinary gain or loss: There is no Extra-Ordinary gain or loss during the year.
- Related party transaction: Disclosed in the notes of the financial statements.
- Utilization of proceeds from public issues, right issues etc: No IPO or Right issue was made during the year.
- Explanation, if financial results deteriorate after the Company goes to IPO, RPO, Rights Offer, Direct Listing etc.: Not applicable.
- Significant variance occurs between Quarterly and Annual Financial Statements: There is no significant variance between quarterly and annual financial statements of the company during the year.
- Remuneration of Directors: Disclosed in the notes of the financial statements.
- The financial statements prepared by the Management of National Polymer Industries Ltd. present fairly its state of affairs, result of its operations, cash flows and changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgement.



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- IAS/BAS/IFRS/BFRS, as applicable in Bangladesh, have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There are no significant deviations from the last year's operating results of the Company.
- The summarized key operating and financial data of preceding five years is disclosed in the annual report.
- The number of Board meetings held during the year and attendance is stated in the annual report.
- The pattern of shareholding is disclosed in the annual report.

Risks and Concerns:

Risk assessment and mitigation is the integral part of any business. The Board of Directors of the Company is regularly monitoring, assessing and identifying potential risk and threats to the profitability and the sustainable growth of business. Our risk management capabilities are supported by a strong management structure, information system, regular analysis of market, economic scenario and robust policies to cope with the challenges.

A summary of the significant risks and the way of managing risks adopted by our Company is annexed in the annual report.

Internal Control

The Company maintains a sound internal control system which gives reasonable assurance that the Company's resources are safeguarded and the financial position of the Company is well managed. The internal control framework is regularly reviewed by the Audit Committee in each meeting and reported to the Board of Directors. Company's Internal Audit team, headed by a qualified Chartered Accountant, conducts audit to evaluate appropriateness of internal control. The findings and subsequent follow up with remedial status are reported to the Audit Committee.

Going Concern

The Directors are in the opinion that there are no significant doubts upon the Company's ability to continue as a going concern. Accordingly, financial statements are prepared on a going concern basis.

