

ANNUAL  
REPORT | 2018  
2019



**NATIONAL POLYMER INDUSTRIES LTD.**



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আজীবন বাহেলা মুক্ত থাকুন  
এতপলি পত্য ব্যবহার করুন।



## NATIONAL POLYMER GROUP

### UDAY TOWER:

Plot No. - 57 & 57/A (2nd Floor), Gulshan Avenue, Gulshan-1, Dhaka - 1212.

Fax : (+8802) 58814967, E-Mail: info@nationalpolymer.net

### CONTACT NUMBER:

General Inquiry: +88 02 58812926, 58813039,

Sales Inquiry: +88 01971644758, 01970068906, 01971822283.



Scan QR for more details

## CORPORATE DIRECTORY

### BOARD OF DIRECTORS

Mr. Golam Murshed	Chairperson of the Board
Mr. Riad Mahmud	Managing Director
Mr. Nuruzzaman Khan	Director, Nominated by ICB
Mr. Raquibul Alam	Independent Director
Mr. Mohammed Ariful Islam	Independent Director

### AUDIT COMMITTEE

Mr. Mohammed Ariful Islam	Chairperson
Mr. Nuruzzaman Khan	Member
Mr. Raquibul Alam	Member

### NOMINATION AND REMUNERATION COMMITTEE (NRC)

Mr. Raquibul Alam	Chairperson
Mr. Golam Murshed	Member
Mr. Nuruzzaman Khan	Member

### COMPANY SECRETARY CHIEF FINANCIAL OFFICER HEAD OF INTERNAL AUDIT AND COMPLIANCE

Mr. Md. Abdul Maleque  
Mr. Md. Omar Faruk Ripon, FCA  
Mr. Mithun Kanti Das

### MANAGEMENT COMMITTEE

Mr. Riad Mahmud	Managing Director/Chief Executive Officer
Mr. Sk. Morshedul Islam	Executive Director, Sales & Marketing
Mr. K. M. Arshed Alam	Executive Director, Plant Operations
Mr. Md. Omar Faruk Ripon, FCA	Chief Financial Officer & Head of Accounts and Finance
Mr. Mahmudul Islam Shamim	General Manager, Sales & Marketing
Mr. S. M. Menhaj Uddin	DGM & Head of Commercial
Mr. Mohammad Manzur Hossain	DGM & Head of HR & Admin
Mr. Mithun Kanti Das	Head of Internal Audit and Compliance
Mr. Md. Shah Jalal	Head of VAT & Tax
Mr. Syed Mazedul Haque	Head of Distribution
Mr. Md. Mizan Chowdhury	Head of IT & MIS

### AUDITOR

Mahfel Huq & Co.  
Chartered Accountants  
BGIC Tower (4<sup>th</sup> Floor)  
34 Topkhana Road  
Dhaka-1000

### CORPORATE GOVERNANCE AUDITOR

Shafiq Mizan Rahman & Augustine  
Chartered Accountants  
137/D/1, Jahanara Garden  
Plat No. 3/A (2<sup>nd</sup> Floor), Green Road  
Dhaka-1205

## PRINCIPAL BANKERS

Standard Chartered Bank  
Jamuna Bank Limited  
BRAC Bank Limited  
Mutual Trust Bank Limited  
ONE Bank Limited

## INSURANCE

Mercantile Insurance Company Ltd.  
Red Crescent Bhaban  
61, Motijheel C/A, Dhaka-1000

## LEGAL ADVISER

Mr. Reazul Karim, Barrister  
Advocate, Supreme Court of Bangladesh  
Apt. # 2, House # 88, Road # 17/A  
Block # E, Banani, Dhaka-1213

## REGISTERED OFFICE AND FACTORY

Squibb Road, Nishat Nagar, Tongi I/A, Tongi, Gagipur

## CORPORATE HEAD OFFICE

Uday Tower (2<sup>nd</sup> Floor): Plot No. 57-57/A Gulshan Avenue, Gulshan-1, Dhaka-1212  
Phone: (8802) 58812926, 9893623, Fax: 58812837, 58814967  
Website: [www.nationalpolymer.net](http://www.nationalpolymer.net), e-mail: [info@nationalpolymer.net](mailto:info@nationalpolymer.net)

## OTHER BASIC INFORMATION

Date of Incorporation	: June 26, 1987
Date of Commercial Operation	: June 26, 1987
Registration No.	: C-16602 (588)/87
Nature of Business	: Manufacturer & Supplier of uPVC, cPVC & PPR Pipes, Fittings, Doors, Sheets, Fall Ceiling, Water Tank, Water Tap etc.
Legal Form	: Public Limited Company Listed with DSE & CSE
Authorized Capital	: Tk. 50,00,00,000.00
Paid-up Capital	: Tk. 29,91,13,400.00
No. of Shares	: 2,99,11,340
Face Value of Share	: Tk.10/-
Certification	: ISO 9001:2015 & 14001:2015, OHSAS 18001:2007 and BSTI
Credit Rating	: Long Term: A+ & Short Term: ST-2 and Outlook- Stable Rated by Emerging Credit Rating Ltd.

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## TRANSMITTAL LETTER

To

The Valued Shareholders of National Polymer Industries Ltd.  
Bangladesh Securities and Exchange Commission (BSEC)  
The Registrar of Joint Stock Companies & Firms (RJSC)  
Dhaka Stock Exchange Limited (DSE) and  
Chittagong Stock Exchange Limited (CSE)

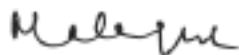
**Subject: Annual Report for the Financial Year 2018-2019**

Dear Sir(s),

We are pleased to enclose herewith the **Annual Report** of National Polymer Industries Ltd. for the Financial Year 2018-2019 comprising, among others, the Annual Audited Financial Statements, Reports of the Directors and the Auditors, the Certificate on compliance of the Corporate Governance Code for your kind information and necessary record.

Thanking you

Sincerely yours,  
For National Polymer Industries Ltd.



Md. Abdul Maleque  
Company Secretary

Dated: September 30, 2019

## NOTICE OF THE 32ND ANNUAL GENERAL MEETING

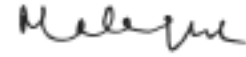
Notice is hereby given to all Shareholders of National Polymer Industries Ltd. that the 32<sup>nd</sup> Annual General Meeting (AGM) of the Company will be held on **October 15, 2019 at 10:00 AM (Tuesday)** at Fakruddin & Sons Community Center, Board Bazar, Gazipur to transact the following business:

### AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended on June 30, 2019 together with the Reports of the Directors and the Auditors thereon;
2. To approve the proposed dividend for the year ended on June 30, 2019;
3. To elect/re-elect Director(s) of the Company;
4. To approve the appointment of Independent Director;
5. To appoint/re-appoint the Statutory Auditor for the year 2019-2020 and fix their remuneration;
6. To appoint/re-appoint the Corporate Governance Compliance Auditor for the year 2019-2020 and fix their remuneration.

By order of the Board

Dated: September 23, 2019



**Md. Abdul Maleque**  
Company Secretary

### Notes:

1. **“Record Date” for the AGM is on September 22, 2019 (Sunday).** The Shareholders, whose names appeared in the Register of Members/CDBL Register at the close of business on the Record Date will be entitled to attend the AGM and to receive the dividend;
2. A member entitled to attend and vote at the AGM can appoint a Proxy on his/her behalf. The Form of Proxy, duly stamped, must be deposited at the Corporate Head Office of the Company at least 48 hours before the time fixed for the AGM;
3. Admission into the AGM venue will be allowed on production of the Attendance Slip sent with the Annual Report as well as verification of signature of Member(s) and/or Proxy holder(s);
4. The Annual Report and the Attendance Slip are available in the Website of the Company at [www.nationalpolymer.net](http://www.nationalpolymer.net).

বিঃ দ্রঃ - বিএসইপি'র নির্দেশ অনুযায়ী আসন্ন বার্ষিক সাধারণ সভার কোন প্রকার আপ্যায়ন, উপহার সামগ্রী ও যাতায়াত ভাতা প্রদানের ব্যবস্থা থাকবে না।

## COMPANY PROFILE

### OUTLINE

National Polymer Industries Limited has been in operation for over three decades and has established itself as a prominent brand name in the country producing and offering a wide range of quality products and services to its valued customers.

### LEGAL FORM

National Polymer Industries Ltd. was incorporated as a Public Limited Company in 1987 and started its commercial operation during the same year. The Company has been listed with DSE in 1991 and CSE in 1995 respectively. Being a listed company with the Stock Exchanges, it has a good track record and maintains its status as "A" category Company in the capital market. At present the Company is being operated with a paid-up capital of Tk. 299.11 million against the authorized capital of Tk. 500.00 million.

### MISION

The corporate mission of the Company is to be the pre-eminent producer and supplier of premium quality products to its existing and potential customers through product leadership, excellent value and best services & solutions.

### OBJECTIVES

- ❖ To promote quality products with the objective of setting a benchmark for industry practice.
- ❖ To promote and development of standards, specifications and practices that help to ensure the proper use of plastic products.
- ❖ To enhance knowledge and awareness of contemporary plastic pipeline technologies amongst specifiers and installers.
- ❖ To satisfy customers with the highest quality products, services and solutions.
- ❖ To achieve excellence in creativity and imagination.
- ❖ To be honest, upholding values and standards

### PRODUCTS LINES

**National Polymer Industries Ltd.** has the following products in its product lines:

- ❖ uPVC Pressure pipe with rubber ring joint;
- ❖ uPVC Pressure Pipe with solvent joint;
- ❖ uPVC plumbing Pipe for water supply with threaded joint;
- ❖ uPVC Sewer-Waste-Rain water disposal pipe with solvent joint;
- ❖ uPVC Conduit pipe for electric wiring with solvent joint;
- ❖ uPVC Well casing pipe;
- ❖ uPVC Robo-screen filter;
- ❖ uPVC Ribbed Filter;
- ❖ PPR & CPVC Pipes & Fittings for installation of hot and cold water supply lines;
- ❖ Bottle grade PVC Compound;
- ❖ Hand Pump for Drinking Water and Irrigation;
- ❖ PVC Cable Casing;
- ❖ PVC Doors, Sheets & Fall Ceiling;
- ❖ Water Tank & Water Tap etc.

### OPERATIONS

The Company is actively engaged in manufacturing the products mentioned above for building, construction, irrigation, sanitation and household usages & solutions. The Company distributes its manufactured products to every nock and corners in Bangladesh and also abroad competing with other local manufacturers. The production system of the company is equipped with the latest technology and the most advanced machineries from Asia and Europe and the raw materials from Japan, Malaysia, Singapore, Thailand, Taiwan and China. The factory has increased its utilized production capacity to 34,362 MT from its initial 500 MT.

### BUSINESS

National Polymer has established itself as a prominent brand name in the market. The Company is on a well-defined growth stage with its diversified quality products and efficient services to the valued customers through the expanding distribution channel. Despite different challenges and strong competition in the market, the National Polymer maintains its profitable status in terms of business. Crossing the national border, the Company has entered into the global markets with its superior quality products. Forecasting a good demand for its products in future, National Polymer is focusing on introducing much more diversified innovative products and solutions for the valued customers to meet tomorrow's challenges.



## MESSAGE FROM THE CHAIRMAN

**Dear Shareholders and Well-wishers of  
National Polymer Industries Ltd.**

I, on behalf of the Members of the Board have the pleasure to welcome you on the occasion of the 32<sup>nd</sup> Annual General Meeting (AGM) of National Polymer Industries Ltd. Your spontaneous support and cooperation inspire us to go ahead confidently.

Meanwhile, Annual Reports for the FY 2018-2019 of our Company have been dispatched to you for your kind perusal. I believe that you have got a comprehensive view from the Directors' Report and the Audited Financial Statements of the Company. I presume that the performance of the Company during the year under review is satisfactory. I assure you that we are always with you and your investment will always be safeguarded by the grace of the Almighty.

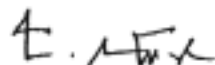
Dear Shareholders, the demand for PVC products is increasing day by day both in local and global markets. Forecasting a good demand for our products, we are strengthening the production capacity of our plant to meet the growing demand of the existing and potential customers.

Dear Shareowners, we always try to uphold the value of our valued shareholders, esteemed customers and other stakeholders providing them with our quality products, services and solutions. As quality customer service is the top priority, the skilled, experienced and dedicated teams are always ready to provide with the best services and solutions to our valued customers.

National Polymer has established procedures to ensure the compliance with all applicable statutory and regulatory requirements. The Company is committed to maintain adequate transparency, quality procedures and good corporate governance. We believe that our business objectives are not only to maximize our profitability but also to address the needs of the society.

Finally, I would like to express my appreciation and thanks to BSEC, Stock Exchanges, RJSC, CDBL, NBR, Bankers, NBFIs, Insurance Company, different Govt. & Non-Govt. Institutions and specially our valued Shareholders and Customers for their trust, support, suggestion and guidance in running our business successfully. I am also thankful to my fellow Board Members and all the employees of the company for their guidance and support.

**ALLAH HAFEZ!**



**(Golam Murshed)**

Chairperson of the Board of Directors

## MESSAGE FROM THE MANAGING DIRECTOR

**Dear Shareholders,  
Assa-lamu-alikum!**

It is my pleasure to welcome you to the 32<sup>nd</sup> Annual General Meeting (AGM) of National Polymer Industries Ltd. I would like to thank you for providing me the opportunity to share and exchange my thoughts and views on the performance of the Company.

It is my pleasure to report you that in spite of various challenges, during the year under review, your Company has achieved revenue from sales Tk. 300.00 crore with 26.78% revenue growth against the previous year. Considering the overall business situation of the Company, the Board of Directors has recommended 22% Stock dividend for the year ended on 30 June, 2019 which will be credited to your BO accounts within the stipulated time after having necessary approval in the AGM.

National Polymer has a long history in PVC and plastics technology in Bangladeshi markets. Its inception was through making PVC compound for manufacturing of pipes, from which it has expanded its scope and has been the pioneer for introducing the high quality uPVC pipes in our market. From time to time, it has kept its pace with new technologies and has been the pioneer for introducing PPR, CPVC pipes and fittings etc. in the market. Its doors, sheets and falls ceiling has gained a wide acceptance in the market, whereas its' doors now occupy the 2<sup>nd</sup> position in Bangladesh market. Recently the Company has introduced Water Tanks and Water Taps of different sizes and qualities which have got a very good response in the market.

In addition to local market, our products are also being exported to India, Nepal, Bhutan and Saudi Arabia. You will be glad to know that this year our export growth has increased by 188.72%. We are working very sincerely with our export sales and expect to inter into the markets of Thailand, Srilanka, Myanmar and other countries in the coming days. Hope, our export volume will be increased significantly in future.

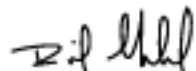
The contribution of PVC products in our economy is vividly visible due to its use is increasing rapidly in line with our economic growth. The plastic sector contributes significantly in the Country's GDP growth and provides direct and indirect employment generation of over 1.2 million people. This sector is contributing significantly to industrialization, revenue generation, environment protection, poverty alleviation, employment generation and value addition to the country.

Our endeavor is to manufacture premium quality products with the aim to have satisfied customers. As quality is the top priority, we never compromise with quality. The aim of our quality policy is to improve continuously the quality standards and procedures to reinforce the integrity of our operational procedures through the adherence to **ISO 9001:2015 & 14001:2015, OHSAS 18001:2007 and BSTI standards.**

We forecast a good demand for PVC products for construction, housing, sanitation and irrigation sectors in coming days. Taking into account of these, we are focusing on increasing our production capacity to provide our valued customers with much more diversified innovative products.

Finally, I would like to express my gratitude to the valued shareholders for rendering their constant support in achieving Company's objectives. I would also like to express my sincere thanks to the valued customers, lenders, suppliers and regulators for their continuous support. I also convey my appreciation to all the employees of the Company for their dedicated services towards the Company without which we couldn't achieve our objectives.

**Allah Hafez!**



**(Riad Mahmud)**  
Managing Director

## BRIEF PROFILE OF DIRECTORS

### MR. GOLAM MURSHED

#### Chairperson of the Board

Mr. Golam Murshed son of Late Golam Azam and late Amina Khatun was born in 1953. He Completed his Graduation from the University of Dhaka in 1974. After completing academic career, Mr. Murshed joined his family business. He is a dynamic businessman and has vast experience in Plastic and PVC sectors. He has been with National Polymer Industries as the Sponsor Director since its inception and contributing a lot for the development of the Company. Currently he is performing his duties and responsibilities as the Chairperson of the Board. Apart from National Polymer Industries Ltd., Mr. Murshed is the owner of "GM Trading", a renowned trading business of PVC raw materials.

### MR. RIAD MAHMUD

#### Managing Director

Mr. Riad Mahmud obtained his academic qualification on B. Sc in Chemical Engineering from the University of Texas at Austin in 1994 and MBA (Finance) from the University of Melbourne, Australia in 1999. After completing his academic career, Mr. Mahmud enriched himself working in the senior positions in different organizations in Sydney, London and New York. Returning from abroad, Mr. Mahmud who is the Sponsor Shareholder of National Polymer Industries Ltd., joined the Board of the Company in 2007 as a Director and has subsequently been elected as the Managing Director of the company in 2009. Since then he has been leading the company very successfully and at present the Company is on a solid growth stage under his dynamic leadership. Apart from National Polymer Industries Ltd., Mr. Mahmud is the founder of several businesses in other sector, including the First Leed Gold certified 100% export oriented footwear factory in Bangladesh named Shoenviverse Footwear Ltd. Mr. Mahmud is also the Director of National Fittings and Accessories (Pvt) Ltd. and NPOLYMER Construction (Pvt.) Ltd. He is the Vice Chairman of Diamond Life Insurance Company Ltd.

Besides, Mr. Mahmud has been teaching the Masters level business courses at the School of Business and Economics at North South University, the most prestigious private University in Bangladesh.

He is also the Member of the Executive Committee of Bangladesh Plastics Goods Manufacturers and Exporters (BPGMEA), Bangladesh Association of Publicly Listed Companies (BAPLC) and Korea-Bangladesh Chamber of Commerce and Industry (KBCCI) and General Body Member of FBCCI. He is also a member of American Society of Chemical Engineers.

His is also the Member of DTC Establishment Committee, established by the Ministry of Commerce of the People's Republic of Bangladesh with support from The World Bank, which is tasked with implementing Export Competitiveness for Jobs (EC4J) Project. The EC4J is designed to enhance growth and competitiveness of priority sectors, and to create more and better job opportunities. As part of this initiative a specialized state-of-the-art Design and Technology Center (DTC) is going to be established in/around Dhaka for leather goods and footwear industry. The DTC is an important step towards a systemic solution for a sustainable leather goods and footwear industry within a more diversified economy.

Mr. Mahmud is the Honorary Consul of **The Republic of Georgia**, appointed by the People's Republic of Bangladesh and the Government of the Republic of Georgia.

### MR. NURUZZAMAN KHAN

#### Nominated Director, Nominated by ICB

Mr. Nuruzzaman Khan, son of late Nurun Nabi Khan and Mrs. Jahanara Begum was born in 1962 in Sakhira. He has completed his Post Graduation in Economics from the University of Rajshahi in 1989 and started his career with Investment Corporation of Bangladesh (ICB) in the same year. He also obtained Diploma in banking from the Institution of Bankers Bangladesh. He enriched his career through obtaining various training programs offered by

different organizations at home and abroad. Currently, Mr. Khan is holding the position of Deputy General Manager in the Investment Corporation of Bangladesh (ICB). He joined the Board of National Polymer Industries Ltd. on May 28, 2018 as the Nominated Director, nominated by Investment Corporation of Bangladesh (ICB) and is discharging his duties and responsibilities to the Board as an active participant.

#### **MR. RAQUIBUL ALAM**

##### **Independent Director**

Mr. Raquibul Alam, son of Mr. Nazmul Alam and Ms. Anjumanara Alam, was born in 1973. He obtained MBA major in Finance from the University of Vanderbilt, USA in 2000. After accomplishing his academic career, Mr. Alam enriched his career working in different renowned organizations at home and abroad. Among others, the followings are mentionable:

Senior Management Consultant, PricewaterhouseCoopers (2000-2002);  
Manager, Planning and Logistics, British American Tobacco (2003 - 2006);  
Director, Absolute Solutions Ltd. (2007 - 2010);  
Vice President, Robi Axiata (Mar 2010 - Dec 2011);  
Head of Supply Chain Department, Coasts Bangladesh Ltd. (Jan 2012 - Sep 2016);  
Head of Supply Chain Department, Berger Paints Bangladesh Ltd. (Oct 2016 - till date);

Currently, Mr. Alam is performing his duties and responsibilities as the Head of Supply Chain, **Berger Paints Bangladesh Ltd.**, a renowned multinational company in Bangladesh. Based on his vast experience in the corporate sector and complying with BSEC Notification dated June 03, 2018, the Board of Directors of National Polymer Industries Ltd. has appointed Mr. Raquibul Alam on October 27, 2018 as the Independent Director for a tenure of 03 (three) years (FY 2018-19, 2019-20 and 2020-21) which has been approved by the shareholders in the 31<sup>st</sup> Annual General Meeting (AGM).

#### **MR. MOHAMMED ARIFUL ISLAM**

##### **Independent Director**

Mr. Mohammed Ariful Islam, son of Mr. Aminul Islam and Mrs. Nargis Akhter was born in 1979. He obtained BBA in Marketing and International Business in 2002 from the North South University, the most prestigious Private University in Bangladesh. After completing academic career, Mr. Islam entered into the business world and enriched his career working in different business organizations as follows:

Customer Service Officer, HSBC, Bangladesh (May 2003 – Dec 2005);  
Chief Operating Officer, Denish Design House Ltd. (March 2006-Jan 2008);  
Chief Operating Officer, Sonia Limited (Feb 2008-July 2009);  
Proprietor, Versatile Trading International (Aug 2008 - Till date);  
Managing Partner, K. P. Petroleum Refineries (Feb 2011 – June 2018);  
Managing Director & CEO, Versatile Automobiles Ltd. (June 2009 – Till date);  
Managing Director, Dhaka Republic (Feb 2014 – Till date);  
Managing Director, Brews & Bites (June 2014 – Till date);  
Managing Director, Chittagong Bull (Jan 2016 –Till date);  
Proprietor, Versatile Property Management Services (April 2018 – Till date).

Mr. Mohammed Ariful Islam is the Member of **Bangladesh Reconditioned Vehicles Importers & Dealers Association (BARVIDA)**, the renowned business association for import, sales and distribution of reconditioned vehicles in Bangladesh. He is also the member of Gulshan Society, Chittagong Samity, Army Golf Club and Elite Club Ltd, Dhaka. He is also the Trustee Member of Sunshine Charities, a 100% not-for-profit origination, providing free medical treatment to the poor, needy and deprived population of our society in Dhaka and Chittagong.

Based on his vast experience in corporate sector and complying with the BSEC Notification dated 03 June, 2018, the Board of Directors of National Polymer Industries Ltd. in its meeting held on August 06, 2019 has appointed Mr. Mohammed Ariful Islam as the Independent Director of the Company for the period of 03 (three) years (FY 2019-20, 2020-21 & 2021-22) subject to the approval of the Shareholders in the ensuing Annual General Meeting (AGM).

## DIRECTORS' REPORT

For the year ended on June 30, 2019

### DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I have the pleasure to welcome you all to the 32<sup>nd</sup> Annual General Meeting (AGM) of National Polymer Industries Limited and present before you the Annual Report along with the Directors' Report, Auditor's Report and the Audited Financial Statements of the Company for the year ended on June 30, 2019.

### BUSINESS OVERVIEW

Despite different challenges and strong competition in the market, during the reporting year the Company has maintained its profitable status in terms of business. National Polymer closed the year (2018-2019) with **26.78%** revenue growth over the previous year (2017-2018). As per Audited Financial Statements of the Company for the year ended on June 30, 2019, the comparative key financial information is given below for better understanding on the overall performance of the Company:

Particulars	2018-2019 (Tk.)	2017-2018 (Tk.)	Growth (%)
Revenue	3,000,007,744	2,366,380,577	26.78%
Gross Profit	557,787,699	387,459,951	43.96%
Profit before Tax & WPPF	178,536,519	111,369,664	60.31%
Net Profit	127,207,270	79,350,886	60.31%
Earnings Per Share	4.25	2.65	60.38%

### DIVIDEND

Considering the overall business situation of the Company, the Board of Directors has recommended 22 % Stock Dividend i.e. 22 Bonus shares for every 100 shares for the year ended on 30 June, 2019. The recommended Stock Dividend will be credited to the Shareholders' BO accounts whose names have been recorded in the Register of Members/CDBL Register on the Record Date i.e. September 22, 2019 within the stipulated time after having approval of the shareholders in the ensuing Annual General Meeting (AGM).

### JUSTIFICATION FOR DECLARATION OF STOCK DIVIDEND

The demand for our diversified polymer products is increasing in nature day by day. To fulfill the growing demand of the market for our products, we are in need of increasing the production capacity of our plant. Taking into account of this scenario, the Management decided to construct a three (03) storied Steel Structured Building at the factory premises and estimated cost for the same is Tk. 18.00 (Eighteen) crore only against total 79,366 sqft. Steel Structured Building. The Board of Directors in its meeting held on 29 August 2019 has decided to utilize the fund of Tk. 65,804,940/- (Six crore fifty eight lac four thousand nine hundred forty) only from retained earnings through issuance of bonus shares/stock dividend @22%, subject to the approval of the shareholders in the AGM. Such BMRE will assure positive impact on production, storage capacity, sales and hence benefit of the shareholders.

### STATEMENTS OF DIRECTORS AS PER BSEC NOTIFICATION

#### Industry Outlook

National Polymer has a long history 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 in the market. Then it introduced PVC doors, sheets and falls ceiling that have gained wide acceptance in the market. Its doors has occupied the 2<sup>nd</sup> position in market share in Bangladesh Market. As per commitment, the Company has also introduced water tanks and water taps in the market recently and have got a very positive response from the market. In addition to our local market, our products are also being exported to India, Nepal, Bhutan and Saudi Arabia. You will be glad to know that this year we have made 188.72% growth in export revenue over the last year. We are working very sincerely to expand our export market in Thailand, Sri Lanka, Myanmar and other countries in the coming days. Anticipating a good demand for our products at home and abroad, we are focusing on introducing more diversified innovative products through strong production capacity, improved technologies and solutions 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 tanks, taps etc. 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 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	2018-19 (Taka)	2017-18 (Taka)
Cost of Goods sold	2,442,220,045	1,978,920,627
Gross Profit Margin	557,787,699	387,459,951
Profit before Tax & WPPF	178,536,519	111,369,664
Net Profit Margin	127,207,270	79,350,886

## Continuity of any extra-ordinary activities (gain or loss)

No such event 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 are stated in Note No. 39.00 of the financial statements.

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

No public issues, rights issues and/or any other instruments were floated during the financial year 2018-2019.

## 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 reporting year.

## Significant variance between Quarterly Financial performances and Annual Financial Statements

During the reporting year Net Operating Cash Flow Per Share (NOCFPS) is decreased compared to the previous year. Net Operating Cash Flows is just the resultant figure of Cash Inflows and Outflows from Operating Activities. Therefore, Net Operating Cash Flows decrease, if only Cash Outflows is higher than Cash Inflows in a particular period and vice versa. During the reporting year, Company's collection from sales has been increased 23.22% but payment to suppliers and others increased 37.88%. That's why Net Operating Cash Flow Per Share (NOCFPS) is decreased during the reporting year.

## 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 Meetings. Director's remuneration for the year 2018-2019 is disclosed in Note No. 39.00 of the financial statements.

## Directors' Responsibilities for Financial Statements

The Board is responsible to present a true and fair view of the Company's financial performance and position as a part of good governance; and to that end, the Directors confirm to the best of their knowledge that:

- The Financial Statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;

- c. Appropriate accounting policies have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgments;
- d. International Accounting Standards (IASs) or International Financial Reporting Standards (IFRSs), as applicable in Bangladesh have been followed in preparation of the Financial Statements and any departure there from has been adequately disclosed;
- e. The system of internal control is sound in design and has been effectively implemented and monitored; and
- f. There is no significant doubt upon the Company's ability to continue as a going concern.

#### **Protection of Minority Shareholders' Interest**

National Polymer believes that good Corporate Governance involves trusting cooperation between all stakeholders involved in the Company, including the owners of the Company – the Shareholders. The Board of Directors is committed to ensuring the highest standards of governance designed to protect the interests of all stakeholders, including the rights of its minority shareholders while promoting integrity, transparency and accountability. The Board of Directors shall at all times acts in a manner that will be in the best interest of the Company.

#### **Significant deviations from the last year's Opiating Results**

During the reporting year, Company's collection from sales has been increased 23.22% but payment to suppliers and others increased 37.88%. That is why Net Operating Cash Flows Per Share (NOCFPS) is decreased during the reporting year compared to the previous year.

#### **Key operating and financial data of at least preceding 5 (five) years**

The Company's key operating and financial data of at least preceding 5 (five) years is disclosed in page number 32 of the Annual Report.

#### **Reason for not declaring dividend**

The Company has declared 22% Stock Dividend for the year ended on June 30, 2019.

#### **Declaration of Interim dividend (Bonus share or stock dividend)**

The Board of Directors has not declared and shall not declare bonus share or stock dividend as interim dividend.

#### **Board Meeting and Attendance**

Number of Board Meetings and attendance during the financial year 2018-2019 has been disclosed in page number 30 of the Annual Report.

#### **Pattern of Shareholding**

The pattern of shareholding as on June 30, 2019 has been disclosed page number 31 of the Annual Report.

#### **Information relating to the appointment or re-appointment of Directors**

Relating to the appointment or re-appointment of Directors, brief resume of Director(s), nature of his or her expertise and name of companies in which he/she holds the directorship and the membership of committees of the Board have been disclosed in page number 9 & 10 of the Annual Report.

#### **Management's Discussion and Analysis**

Management's discussion and analysis is disclosed in page number 16 of the Annual Report.

#### **Declaration or certification by the CEO and the CFO**

Declaration or certification by the CEO and the CFO to the Board is disclosed in page number 33 of the Annual Report.

## The report as well as Certificate on Compliance of Corporate Governance Code

The report as well as certificate regarding the compliance of Conditions of Corporate Governance Code as required under condition No. 9 are disclosed as per Annexure-B and Annexure-C are attached in page number 35 & 36 of the Annual Report.

## QUALITY POLICY

Our endeavor is to manufacture premium quality products with the aim to satisfy customers. As quality is the top priority, we never compromise with it. The aim of our quality policy is to continuously improve the quality standards and procedures to reinforce the integrity of our operational procedures through the adherence to **ISO 9001:2015 & 14001:2015, OHSAS 18001:2007 and BSTI standards.**

## CREDIT RATING

National Credit Rating Ltd. has rated the Company as follows:

Short Term	Long Term	Outlook
ST-2	A+ (Single A Plus)	Stable

“A+” indicates that the Company has experienced management, good equity base, high quality products, strong production facilities, sound market reputation, diversified ownership pattern and wide distribution channel.

“ST-2” means good certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are small.

In the evaluation of credit rating, the Company was also placed with “**Stable Outlook**”

## INFORMATION TECHNOLOGY

As National Polymer is the quality oriented company, it has taken a set of IT initiatives to support its sales team considering the clients’ needs and satisfaction. To respond promptly and respectfully to our customers’ need, it has automated IT support system. The Company is endeavoring to upgrade and adopt the latest technologies in all sectors of its operations.

## HUMAN RESOURCES

In real sense, National Polymer believes that the employees are the best resources for the organization and their motivation is a vital factor for the growth and development of the organization, because of its direct impact on productivity. National Polymer focuses on the employees to optimize their creativity, performance and sustainable improvement by ensuring a safe and healthy working environment, cohesive corporate culture, proper training, reward & recognition and various employee benefit schemes.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a corporate citizen, National Polymer endeavors to discharge its responsibility towards the society and the environment. Our social responsibility includes to our customers, employees, shareholders, business associates and the society as a whole. The Board of Directors is also aware of the community development as part of the corporate social responsibility (CSR) especially in the areas of race-religion-regional equality, non-employment of child labor, prevention of environmental pollution etc. As part of social responsibility, we extend our help to different educational institutions, local mosques and hospitals. Among others, the Company did the following activities during the year as part of social responsibilities:

- ❖ Donation to Begum Shamsunnahar Hall, Dhaka University;
- ❖ Donation to the Department of Narcotics Control, Home Ministry, participation of the awareness campaign against drugs.
- ❖ Donation to Begum Shamsunnahar Uccho Balika Biddalaya in Porshuram Upazila, Feni. This ensures quality education to the female students in the interior parts of Bangladesh.



## CORPORATE GOVERNANCE

Corporate Governance is the practice of good citizenship, through which a Company is governed by the Board of Directors, keeping in view its accountability to the Shareholders and other Stakeholders. Our goal has always been to enhance our corporate value, maintain our sustainable development and generate greater returns for our shareholders. In order to achieve the stated objectives, the Board of Directors and Management of National Polymer Industries Ltd. are pledge bound to continue implementation of the highest standards of Corporate Governance in the Company through a culture of accountability, transparency and well-understood policies and procedures. The Board of Directors of National Polymer has always played an active role in meeting all stakeholders' interests and is committed to upholding the same in future as well.

National Polymer has established the procedures to ensure compliance with all applicable statutory and regulatory requirements. Respective officers are responsible for ensuring proper compliance with all applicable laws and regulations. The details regarding corporate governance is disclosed in the corporate governance statements, page no. 24.

### ELECTION/RE-ELECTION OF DIRECTOR(S)

**Mr. Riad Mahmud**, Director has retired from the Board this year. As per relevant clause of the Articles of Association of the Company, Mr. Mahmud, being eligible, has been re-elected for the next term subject to the approval of the Shareholders in the AGM. In terms of condition number 1 (5) (xxiv) of the BSEC Notification dated 03 June, 2018, the qualification and expertise of Mr. Riad Mahmud has been disclosed in page number 9.

### APPOINTMENT OF INDEPENDENT DIRECTOR

In line with the BSEC notification, the Board of Director has appointed **Mr. Mohammed Ariful Islam** as the Independent Director for a tenure of 03 (Three) years (2019-20, 2020-21 & 2021-22) subject to the approval of the Shareholders in the AGM. In terms of condition number 1 (5) (xxiv) of the BSEC Notification, dated - 03 June, 2018, the qualification and expertise of Mr. Ariful Islam has been disclosed in page number 10.

### APPOINTMENT OF EXTERNAL AUDITOR

Company's External Auditor **M/S Mahfel Huq & Co., Chartered Accountants** has carried out the audit of the financial statements of the Company for the financial year 2018-2019 and retired this year. Being eligible, M/S Mahfel Huq & Co. expressed their willingness for re-appointment for the next financial year 2019-2020 and requested to revise their remuneration. After discussion, the Board has decided to re-appoint M/S Mahfel Huq & Co., Chartered Accountants as the Statutory Auditor of the Company for the next financial year 2019-2020 and their remuneration has been revised to Tk. **1,00,000.00** (Taka One Lac) only from Tk. **95,000.00** (Taka Ninety Five Thousand) subject to the approval of the Shareholders in the AGM.

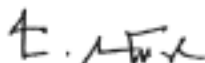
### APPOINTMENT OF CORPORATE GOVERNANCE COMPLIANCE AUDITOR

The Board of Directors has re-appointed **M/S Shafiq Mizan Rahman & Augustine, Chartered Accountants** as the Corporate Governance Compliance Auditor for the financial year 2019-2020 and their remuneration has been fixed at Tk. **20,000.00** (Taka Twenty Thousand) only subject to the approval by the Shareholders in the AGM.

### APPRECIATION

The Board would like to express sincere thanks and appreciation to the Honorable Shareholders, valued Customers, BSEC, DSE, CSE, RJSC, NBR, Bankers, NBFIs and Insurance Companies for their support, co-operation and guidance towards our business endeavors. The Board also expresses the heartiest thanks to the management team as well as all the employees of the Company whose perseverance, professionalism and hard works contribute a lot in achieving Company's objectives.

**For and on behalf of the Board**



**(Golam Murshed)**  
Chairperson of the Board

## MANAGEMENT'S DISCUSSION AND ANALYSIS

National Polymer Industries Ltd. was established with the vision of becoming the market leader with its products leadership, excellent value, superior quality and services & solutions. Taking into account of these, the Management Team of the Company headed by the Managing Director undertakes the strategic decision on regular basis. The Management is pleased to present you a short review on the overall operational and financial performance of the Company.

### INDUSTRY ANALYSIS :

The Company is actively engaged in manufacturing different sizes of uPVC, cPVC, PPR pipes & Fittings, PVC sheets, doors, water tank, water tap etc. for building, construction, irrigation, sanitation and household usages. The Company supplies its manufactured products to every nook and corner in the country and also exports its' products competing with other local manufacturers. The production system of the company is equipped with the latest technology and the most advanced machineries from Asia and Europe and the raw materials from Japan, Malaysia, Singapore, Thailand, Taiwan and China. The Company has increased its utilized production capacity to 34,362 MT from its initial 500 MT.

There are about 350+ small, medium and large size companies in this sector. However, NPIL falls within the large company category and has economies of scale advantage due to its large production capacity. Therefore it has cost advantage over other producers. Moreover, NPIL enjoys a strong brand name advantage, and most of its customers ask for the Company's product by name.

Today National Polymer is on the way of consistent growth stage with its diversified superior quality products and services, efficiency in processes and profitability of business, anticipating and responding to the changing business and environmental needs, sharing knowledge and experience within and outside the organization. National Polymer also believes that it is clearly a step ahead among the competitors for its reliability to be the preferred business partner of its customers and also the suppliers for its quality products, best and timely service before, during and after the business transactions and honoring all the commitments sincerely despite different challenges. We deserve trusts of all our stakeholders, customers, shareholders, suppliers, employees, regulatory bodies and society by adopting ethical and transparent business practices, being fair and honest in all dealings and building robust governance and risk management processes. We are committed to be a role model, setting benchmarks through our quality products, skilled manpower, constant moving ahead with the competition by differentiating our products, innovating our processes, increasing our market share and nurturing talent to develop leaders within the organization.

### FINANCIAL ANALYSIS :

#### Revenue Generation

During the FY 2018-2019, the Company has reported its revenue **BDT 3,000.00 million with the growth of 26.78 %** over the last year. Statement of year-wise revenue of five financial years is as follows:

Financial Year	Revenue (in Taka)
2018-2019	3,000,007,744
2017-2018	2,366,380,577
2016-2017	1,866,687,057
2015-2016	1,759,312,097
2014-2015	1,707,971,741

#### Cost and Profitability

During the reporting year, total cost base (not considered WPPF and Tax Provision) of National Polymer decreases in terms of revenue slightly about 1.30% compared to the previous year. It was possible mainly due to control of administrative and selling expenses of the Company. Therefore, profit margin of the company increases significantly during the reporting year. As per Audited Financial Statements of the Company for the year ended on June 30, 2019, the comparative key financial information is given below:

Particulars	2018-2019 (Taka)	2017-2018 (Taka)
Cost of Goods Sold	2,442,220,045	1,978,920,627
Gross Profit Margin	557,787,699	387,459,951
Administrative and Selling Expenses	206,269,808	166,895,524
Profit before Tax & WPPF	178,536,519	111,369,664
Net Profit Margin	127,207,270	79,350,886

## Financial Position

Assets base of the Company is growing steadily and total assets of the company stood at Tk. 4,180,780,745/- in the Financial Year 2018-2019, as against Tk. 3,462,273,008/- in 2017-2018. On the other hand, Total Liabilities (excepting Deferred Tax Liability) of the Company is Tk. 2,935,387,739/- for the reporting year against Tk. 2,320,693,078/- in the comparative year.

## OTHER STATEMENTS PURSUANT TO THE PROVISIONS OF THE BSEC'S CORPORATE GOVERNANCE CODE-2018:

### ACCOUNTING POLICIES AND ESTIMATION FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements of National Polymer Industries Ltd. have been prepared in accordance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) as applicable in Bangladesh, the Companies Act 1994, Bangladesh Securities and Exchange Commission's Rules and Regulations and other applicable laws in Bangladesh.

### CHANGES IN ACCOUNTING POLICIES AND ESTIMATION

There is no event resulting the changes in accounting policies and estimation, occurred during the year that might have effect on the financial performance or results and the financial position as well as cash flows.

### COMPARATIVE ANALYSIS OF FINANCIAL PERFORMANCE AND FINANCIAL POSITION

National Polymer Industries Ltd. has been experiencing the increasing revenue trend over the years. The comparative key financial information regarding financial performance and financial position of current financial year with immediate preceding five (05) years is stated below:

Figures in Taka

Particulars	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Revenue	3,000,007,744	2,366,380,577	1,866,687,057	1,759,312,097	1,707,971,741	1,488,285,009
Gross Profit	557,787,699	387,459,951	307,293,861	291,563,613	287,342,185	265,658,874
Profit Before WPPF & Taxation	178,536,519	111,369,664	93,503,107	68,524,201	64,285,001	54,927,421
Net Profit	127,207,270	79,350,886	66,741,633	48,945,858	45,917,858	37,831,261
Earnings Per Share	4.25	3.24	3.27	2.87	3.18	3.09
* Earnings Per Share	-	2.65	2.72	2.40	2.70	2.62
Non-Current Assets	1,826,858,228	1,629,743,594	1,246,727,606	1,074,148,779	1,091,229,261	439,923,411
Current Assets	2,353,922,517	1,832,529,413	1,597,946,088	1,245,871,358	1,388,071,317	1,281,902,293
Total Assets	4,180,780,745	3,462,273,008	2,844,673,693	2,320,020,137	2,479,300,578	1,721,825,704
Authorized Capital	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Paid up Capital	299,113,400	245,174,920	204,312,440	170,260,370	144,288,450	122,278,350
Shareholders' Equity	1,165,907,991	1,062,094,915	1,030,197,514	985,204,015	936,258,157	439,925,218
Current Liabilities	2,252,938,054	1,919,205,568	1,611,959,788	1,049,908,321	1,327,756,735	1,159,046,636
** Non-Current Liabilities	682,449,686	401,487,510	123,031,377	205,422,787	135,800,672	122,853,850
Total Liabilities & Shareholders' Equity	4,180,780,745	3,462,273,008	2,844,673,693	2,320,020,137	2,479,300,578	1,721,825,704
NAV Per Share	38.98	43.32	50.42	57.86	64.89	35.98
* NAV Per Share	-	35.51	42.02	48.22	54.99	30.49
NOCFPS	0.22	9.51	24.58	11.72	25.36	12.84
* NOCFPS	-	7.79	20.48	9.77	21.49	10.88
Market Price Per Share (On 30 June)	111.15	89.40	107.00	83.30	82.50	59.00
Dividend	22%	22%	20%	20%	18%	18%
	Stock Dividend	Stock Dividend	Stock Dividend	Stock Dividend	Stock Dividend	Stock Dividend
	(Recommended)	-	-	-	-	-
Price Earnings Ratio	26.14	27.62	32.76	28.98	25.92	19.09
Current Ratio	1.04	0.95	0.99	1.19	1.05	1.11
Return on Equity (ROE) Ratio-%	10.91	7.47	6.48	4.97	4.90	8.60
Profit Margin Ratio-%	4.24	3.35	3.58	2.78	2.69	2.54
** Total Debt - Equity Ratio	2.52	2.19	1.68	1.27	1.56	2.91

\* With Effect of Bonus Shares

\*\* Deferred Tax Liability not considered

Note: Information presented in the Table based on rearranged figure/s, where applied

## **COMPARISON OF FINANCIAL PERFORMANCE OR RESULTS AND FINANCIAL POSITION AND CASH FLOWS WITH THE PEER INDUSTRY SCENARIO:**

National Polymer is the only listed company in PVC sector that manufactures PVC pipes, Fittings, Doors, Tanks, Taps etc. and hence direct comparison of financial performance or results and financial position as well as cash flows with the peer industry is not possible.

## **FINANCIAL AND ECONOMIC SCENARIO OF THE COUNTRY AND THE GLOBE:**

### **BANGLADESH SCENARIO**

Today the economy of our country is in a good shape and its growth momentum continues at a consistent rate of over 8.0%. Bangladesh's GDP growth rate reached at 8.13% in the fiscal year/FY 2018-2019, against 7.86% recorded in the last fiscal year (2017-2018). The per capita income of the country is recorded \$1,909 in the fiscal year 2018-2019, up from \$1,751 in the previous fiscal year (FY2017-2018). Agriculture, industry and service sector's growth rates are considered to compute country's GDP growth. Among these sectors, industry sector plays the leading role in country's GDP growth.

The country will continue its journey on the path to middle-income economy status along with implementation of the sustainable development goals (SDGs). At present, the country has undertaken some major infrastructural development initiatives, such as: the Padma Bridge Project, Elevated Express Way Project, Metro Rail Project, Ruppur Nuclear Electricity Generation Project, Payra Deep Sea Port Project etc. which are the recent milestones of the country's infrastructural development. However, the overall infrastructure development of the country and good governance system are still major challenges to country's overall economic development. High bank interest rate remains the major concern on the way of industrialization. Infrastructure development, reform of business policy, accelerated resource mobilization, stabilized banking sector, expanded tax base would help Bangladesh to continue on the path of economic growth and sustainable development.

### **GLOBAL SCENARIO**

The global economy is facing a confluence of risks, which could severely disrupt economic activity and inflict significant damage on long-term development prospects. These risks include an increase of trade disputes, an abrupt tightening of global financial conditions, and intensifying climate risks. Investors have had to contend with rising US central bank interest rates, a sharp slowdown in euro zone business, rising geopolitical concerns including Brexit and ongoing trade conflict between the US and China.

## **RISK AND CONCERN ISSUES AND MITIGATION PLAN:**

Risk and concerns is the integral parts of business. The Management of the Company regularly monitors, asses and identifies the probable risks and threats to the profitability and sustainable growth of business. The risks and concerns related to the Company and mitigation plans are stated as follows:

### **INDUSTRY RISK**

National Polymer operates in plastic industry with the most advanced technologies and machineries since its inception which deals PVC products. There are numbers of companies exist in the market with similar products. There lies risk of entrance of new entry and competition among existing companies.

**Mitigation:** Professionals with decades of experience are managing the above risk successfully. National Polymer is always the introducer and market leader in experiencing new machineries and technologies in the industry. The Company has specific set of policies to cope with new entrance and managing competitions among existing players in the market. Moreover, NPIL has economies of scale advantage due to its large production capacity and it will be difficult for any new entrant to build up such a large capacity within few years time.

### **CREDIT RISK**

Credit risk is the risk of potential financial loss due to the non-performance of a financial contract or financial aspects or non-performance in any contract arising from the Company's accounts receivables from customers and other receivables.

**Mitigation:** Company's credit policy is in place and the exposure to credit risk is monitored by taking into consideration of all aspects of such risk. NPIL has credit evaluation policy and standard business cycle processes, and a large portion of its goods are delivered on COD basis. Therefore, credit risk is minimal and well managed.

## LIQUIDITY RISK

Liquidity risk is a firm's possible inability to meet its short-term debt obligations, thereby incurring exceptionally large losses.

**Mitigation:** The Management of the company ensures that it has sufficient cash and cash equivalents to meet the expected operational expenses, including financial obligations through preparation of the cash flow forecast based on timeline of payment of the financial obligation and accordingly arrange for sufficient liquidity to make the expected payment within due date. Moreover, the Company seeks to maintain short term credit lines with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment.

## MARKET RISK

Market risk refers to the adverse market conditions affecting the sales and profitability of the Company. Mostly, the risk arises from falling demand for the products or services which would harm the performance of the Company.

**Mitigation:** National Polymer has strong brand equity in the market. Moreover, for a growing economy like Bangladesh, there would always be demand for PVC products. Our R&D team always works to introduce new products in the product lines. As proof, the Company has been posting healthy revenue growth for the past few years consistently.

## EXCHANGE RATE RISK

National Polymer is involved in importing different raw materials from the abroad against payment of international currencies (USD & Euro). Fluctuations in foreign exchange rates may affect the cost of purchase and inventories of the business, affecting the company's profitability. This may happen when Taka devalues against foreign currencies.

**Mitigation:** As the standard practice, while submitting its financial offers to the customers, NPIL makes its own judicious projection of exchange rates, depending on the timing of procurement. From the experience, NPIL has been generally accurate in such projections, and it usually not suffers any exchange loss. To mitigate Forex risk for the import of its raw materials, the Company enters in Forward Contracts with its LC opening banks to mitigate Forex risk.

## INTEREST RATE RISK

**Interest rate risk** is the chance that an unexpected change in interest rates will negatively affect the Company. If the rate of interest on the outstanding borrowings increases, the finance cost of the company may increase, affecting its future liability.

**Mitigation:** National Polymer has legal contracts with its banks for fixing up the rate of interest on both near and mid-term borrowings. These contracts are renewed periodically after negotiation with the banks. NPIL being an excellent borrower to its bank, it also negotiates interest rates downwards if market rate falls below its contract rates. We always keep our keen eyes on interest rate trends in the market with a view to negotiating with the lenders and taking competitive advantage in time.

## TECHNOLOGY RELATED RISK

Technology always plays a vital role for the existence of any industry concern, ensuring minimizes of production cost in various aspects and better services to the customers. The production facilities of a company are based on currently available technologies.

**Mitigation:** The Company enjoys the access to the advanced technologies in its production lines. It has adopted the most advanced technologies for its production and is considered the pioneer to introduce most efficient production technologies as and when it is available in world markets. Moreover, its' highly experienced engineering team custom-orders the machines to achieve the most efficient production output.

## EMPLOYEE TURNOVER RISK

The turnover of key managerial personnel, executives and officers may have adverse impact on business, operating results and future growth.

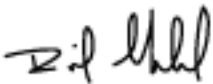
**Mitigation:** The Company places the priority on developing human resources. Importance is given to on-the-job, in-house and external training programs for employees to enhance their knowledge curve. The Company arranges training program for its core personnel on continuous basis to cope with the growing challenges with the changing working environment. It also offers competitive emoluments to the employees to encourage professionalism. Historically, employee turnover at NPIL has been very negligible.

**FUTURE PLAN OR PROJECTION OR FORECAST FOR COMPANY'S OPERATIONS:**

The Management of National Polymer is running the business with the aim of making it as a sustainable growing business entity. Considering this, the Management focuses, among others, on the followings:

- Implement of dust collection system for further enhancement a dust free environment in the factory.
- Implement of co-generation scheme for our Captive Power Plant (CPP) for optimum power generation and proper utilization, as per mandatory requirements of Bangladesh Energy Regulatory Commission (BERC).
- Set up new machineries to enhance product lines and replacement of old machineries to reinforce the production capacity.
- Infrastructure development: Due to increase of demand for Company's products, storages for raw materials and finish products need to be enhanced. Considering the fact, the Management of the company aims to purchase required land adjacent to the plant to increase its storage space for raw materials and finished products.

For and on behalf of the Management -



**(Riad Mahmud)**  
Managing Director

## REPORT OF THE AUDIT COMMITTEE

For the year ended on 30 June, 2019

In line with the best practices of Corporate Governance, the Board of Directors of National Polymer Industries Ltd. constituted the Audit Committee in accordance with the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated-June 03, 2018 adopted by Bangladesh Securities and Exchange Commission (BSEC). A brief of the Audit Committee and its' roles, responsibilities and functions are as under:

### COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee of National Polymer Industries Ltd. comprise of 02 (Two) Independent Directors and 01 (One) Non-executive Director. The Audit Committee includes the following members:

SL. No.	Name	Position
1	Mr. Mohammed Ariful Islam Independent Director (Anointed as committee member on 06/08/2019)	Chairperson
2	Mr. Nuruzzaman Khan ICB Nominated Director	Member
3	Mr. Raquibul Alam Independent Director (Anointed as committee member on 06/08/2019)	Member

### MEETING AND ATTENDANCE OF THE AUDIT COMMITTEE

The Audit Committee meets every quarter. During the reporting year 2018-2019, the Committee met four times. The proceedings of the Audit Committee Meetings were recorded in the minutes of the Audit Committee meetings. The meetings and attendance of the Audit Committee during the reporting year are as follows:

SL. No.	Name of Members	No. of Meetings Held	No. of Meetings Attended
1	Mr. Jamal Uddin Ahmed Chowdhury Independent Director and Chairperson of the Audit Committee (Retired from the Board and Committee on 06.08.2019, completed his tenure)	4	4
2	Mr. Nuruzzaman Khan ICB Nominated Director and Member of the Audit Committee	4	4
3	Mr. Mustafizur Rahman Shazid Independent Director and Member of the Audit Committee (Retired from the Board and Committee on 06.08.2019, completed his tenure)	4	3

The Chief Financial Officer (CFO), the Head of Internal Audit & Compliance and the Company Secretary also attended the Audit Committee meetings.

## **ROLE OF THE AUDIT COMMITTEE**

The Audit Committee acts as the sub-committee of the Board. The Committee supports the Board in fulfilling its responsibilities more efficiently. The major roles and responsibilities of the Audit Committee are as follows:

- ❖ oversee the financial reporting process;
- ❖ monitor choice of accounting policies and principles;
- ❖ monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;
- ❖ oversee hiring and performance of external auditors;
- ❖ hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;
- ❖ review along with the management, the annual financial statements before submission to the Board for approval;
- ❖ review along with the management, quarterly and half-yearly financial statements before submission to the Board for approval;
- ❖ review the adequacy of internal audit function;
- ❖ review the Management's Discussion and Analysis before disclosing in the Annual Report;
- ❖ review statement of all related party transactions submitted by the management;
- ❖ review Management Letters or Letter of Internal Control weakness issued by statutory auditors;
- ❖ oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and
- ❖ oversee whether the proceeds raised through Initial Public Offerings (IPO) or Repeat Public Offering (RPO) of Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission.

## **ACTIVITIES CARRIED OUT BY THE AUDIT COMMITTEE DURING THE REPORTING YEAR**

The Audit Committee carried out the following activities during the financial year ended on June 30, 2019:

### **REVIEW THE QUARTERLY AND HALF-YEARLY FINANCIAL STATEMENTS**

The Audit Committee reviewed the Quarterly and Half-yearly Financial Statements of the Company and recommended the Board for approval.

### **REVIEW THE ANNUAL FINANCIAL STATEMENTS**

The Audit Committee reviewed the Annual Audited Financial Statements of the Company for the year ended on June 30, 2019 Audited by M/s. Mahfel Haque and Co., Chartered Accountants and recommended the Board for consideration and adoption.

### **REVIEW INTERNAL AUDIT PROCESSES**

The Audit Committee reviewed the internal audit functions and compliance processes. The Committee reviewed the Internal Audit plan and its subsequent revision and monitored the progress.

### **REVIEW EXTERNAL AUDITORS FUNCTIONS**

The Audit Committee met with the External Auditors to exchange their views on the Audited Financial Statements for the year ended on June 30, 2019. The Committee reviewed the findings and recommendations made by the External Auditors. The Committee also reviewed the performance of the External Auditors, M/S. Mahfel Huq & Co., Chartered Accountants and recommended the Board on their appointment/re-appointment and their remuneration.



## **REVIEW INTERNAL CONTROL SYSTEM**

The Committee reviewed that the Company's internal control system is sound in design which gives reasonable assurance that the Company's resources are safeguarded and the financial position of the Company is well managed. The Committee is of the view that the internal control procedures are adequate to present a true and fair view of the activities and financial status of the Company.

## **APPRAISAL OF FINANCIAL REPORTING PROCESS**

The Audit Committee reviewed the integrity of the processes by which the financial statements are prepared and the accounting policies and standards as applicable in Bangladesh are duly complied.

## **REGULATORY COMPLIANCE**

The Audit Committee reviewed the compliances of all applicable legal and regulatory rules and regulations.

## **REVIEW THE MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Audit Committee reviewed the Management's Discussion and Analysis prepared in line with the BSEC Notification, dated-03 June, 2018 and recommended to disclose the same in the Annual Report.

## **ACKNOWLEDGEMENT**

The Audit Committee expressed its heartiest thanks to the Board of Directors, Management Team and External and Internal Auditors for their support and cooperation in carrying out its duties and responsibilities effectively.

For and on behalf of the Audit Committee



**(Jamal Uddin Ahmed Chowdhury)**  
Chairperson

## CORPORATE GOVERNANCE STATEMENTS

Corporate Governance is the system of rules, practices, and processes by which a firm or company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's stakeholders, such as shareholders, senior management executives, customers, suppliers, financiers, the government, and the community. The Board of Directors of National Polymer Industries Ltd. recognizes the importance of good corporate governance and is committed ensure to the sustainability of business and operations of the Company by integrating good governance ethics and business integrity into the strategies and operations of the Company. The Board believes that the good governance practice is the key to uphold the stakeholders' value, safeguard their interests and maintain investors' trust and confidence.

### CORPORATE GOVERNANCE PRACTICE

As part of its governance pursuits, National Polymer Industries Ltd. is committed to ensure the highest standards of governance designed to protect the interests of all stakeholders, promoting integrity, transparency and accountability. The Board and the Management Team also put their best efforts to comply with all the laws of country and all internal regulations, policies and procedures to make National Polymer a thoroughly transparent company.

The Board is of the view that throughout the year ended on June 30, 2019, the Company has complied with the applicable conditions set out in the Corporate Governance Code 2018 issued by Bangladesh Securities and Exchange Commission (BSEC). The Board continues to monitor and review the Company's Corporate Governance Practices and make necessary changes at an appropriate time. At National Polymer, our actions are always governed by our values and principals, which are reinforced at all levels within the company to ensure sustainable success.

### BOARD MATTERS

#### a) Composition of the Board

As at the date of this Annual Report, the Board of Directors of National Polymer Industries Ltd. is comprised of the following members:

Sl No.	Name of Directors	Position
1	Mr. Golam Murshed	Non-Executive Director & Chairperson of the Board
2	Mr. Riad Mahmud	Managing Director/CEO
3	Mr. Nuruzzaman Khan	Director, Nominated by ICB
4	Mr. Raquibul Alam (Joined the Board on 27 October 2018)	Independent Director
5	Mr. Mohammed Ariful Islam (Joined the Board on 06 August 2019)	Independent Director
6	Mr. Mustafizur Rahman Shazid (Retired from the Board on 06 August 2019)	Independent Director
7	Mr. Jamal Uddin Ahmed Chowdhury (Retired from the Board on 06 August 2019)	Independent Director

#### b) Role of the Board

The Directors of the Board are appointed by the Shareholders at the Annual General Meeting (AGM) and are accountable to the Shareholders. The Board is responsible for ensuring that the business activities are soundly administrated and effectively controlled. The Directors keep themselves informed about the Company's financial position. The Board ensures that Company's policies & procedures and code of conduct are well understood, implemented and maintained at all levels and the Company adheres to the generally accepted principals for good governance and effective control of Company's activities.

#### c) Rules of Procedures for the Board

In addition to other regulatory guidelines, the Board has also adopted the rules of procedures for the Board of Directors for ensuring better governance in the works and administration of the Board. The Board is also guided by the delegation of authority that spells out the practices and processes in discharging its responsibilities.

**d) Key Features of the Board**

- All Board Members are Non-executive Directors, excepting the Managing Director.
- Separation of the role of Chairperson of the Board and the Managing Director/CEO.
- No Independent Director have served more than six years.
- Chairperson of the Audit Committee and NRC are Independent Directors.

**e) Board Meeting**

The Board of Directors of National Polymer Industries Limited met **05 times** during the year 2018-2019. The notice of the Board Meeting were circulated to the Directors before the date of the Meeting duly. The notice contains the agenda along with the notes to the agenda to be transacted at each Meeting. The minutes of the meetings are recorded in the Minutes Book duly signed by the Chairperson of the Board. The Chief Financial Officer (CFO), the Head of Internal Audit & Compliance and the Company Secretary are the permanent invitees to the Board Meeting. The number of Board Meetings and attendance of the Directors is stated in the annual report.

**f) Diversity of the Board**

The Board recognizes the importance of diversity in deliberations and decision-making. The Board of National Polymer has optimum knowledge, exposure and technical understanding about the Company's business. Its actions and decisions are made in the best interests of the Company, which includes the interests of shareholders, employees, customers and other stakeholders.

**g) The Chairperson of the Board and Managing Director**

The position of the Chairperson of the Board and the Managing Director are held by two different persons. The roles and responsibilities of the Chairperson and the Managing Director are defined clearly and agreed by the Board to ensure transparency and better governance. The Chairperson leads the Board and is responsible for ensuring the effectiveness of the Board and its governance processes, while the Managing Director is the authoritative head for day-to-day management of the Company.

**h) Delegation of Authority**

Delegation of authority is assigned through the delegation of authority framework. The Board approves the Company's delegation of authorities which ensures that the delegated authority levels flow through the proper governance channels. The delegation of authority framework for the Company is continuously reviewed and updated as circumstances change.

**i) Code of Conduct**

The Board adopted the code of conduct for the Chairperson, Managing Director and other members of the Board to support Company's objectives, vision and values. This code of conduct is in compliance with the requirement of the Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission (BSEC). The code is available in the Company's website at [www.nationalpolymer.net](http://www.nationalpolymer.net).

**j) Access to Information**

The Board recognizes that the decision-making process is highly dependent on the quality of information furnished. Every Director has the access to all information within the Company. Throughout their tenure of office, the Directors are continually updated on the Company's business and the regulatory and industry specific environment in which it operates. These are transmitted to them by way of meetings.

## **BOARD COMMITTEES**

**a) Audit Committee**

In line of the BSEC notification, National Polymer has constituted the Audit Committee as a sub-committee of the Board of Directors. This Audit Committee is responsible to the Board and its duties and responsibilities are clearly set forth in writing. This committee assists the Board in discharging its supervisory responsibilities with respect to financial reporting, internal control, risk management, auditing matters and processes of monitoring compliance with applicable legal and regulatory requirements. The detailed activities of the Audit Committee are stated in the Audit Committee Report.

The Audit Committee of National Polymer Industries Ltd. is comprised of 2 (Two) Independent Directors and 1 (One) Non-executive Director. The Chief Financial Officer (CFO), the Head of Internal Audit & Compliance and the Company Secretary are the permanent invitees to the Audit Committee.

During the reporting period, the Audit Committee met 04 (four) times. The attendance of the Committee members in the meetings during the year 2018-2019 is stated in the Audit Committee Report. The Audit Committee of National Polymer is as follows:

SI No.	Name of Members	Position
1	Mr. Mohammed Ariful Islam, Independent Director	Chairperson
2	Mr. Raquibul Alam, Independent Director	Member
3	Mr. Nuruzzaman Khan, Director, Nominated by ICB	Member

**b) Nomination and Remuneration Committee (NRC)**

In compliance with the BSEC notification, dated - June 03, 2018, the Board of Directors of National Polymer has constituted the Nomination and Remuneration Committee (NRC) as a sub-committee of the Board. The NRC is comprised of 2 (Two) Non-executive Directors and 1 (One) Independent Director. The Chairperson of the NRC is an Independent Director as required under the BSEC Corporate Governance Code. The Committee assists the Board in formulation of policy with regard to determining qualifications, positive attributes, experiences, remuneration mainly for Directors and top level executives.

During the reporting period the NRC met 1 (one) time. The details activities of the NRC are given in the NRC Report. The composition of NRC of National Polymer Industries Limited is as follows:

SI No.	Name of Members	Position
1	Mr. Raquibul Alam, Independent Director	Chairperson
2	Mr. Golam Murshed, Non-Executive Director	Member
3	Mr. Nuruzzaman Khan, Non-Executive Director	Member

**c) Management Committee**

The Management Committee of National Polymer Industries Ltd. headed by the Managing Director, is a Team comprised of the highly qualified professionals. The Management Team is responsible for managing and running the day-to-day affairs of the Company. The Management Team serves for the interest of the Company to achieve the strategic goals and mission of the Company set by the Board of Directors. In discharging its assigned responsibilities, the Management Team meets regularly to monitor the business performance of the Company.

**d) Purchase Committee**

The purchase committee of the Company is comprised of the experienced senior executives. Among others, the followings are the main responsibilities of the Purchase Committee:

- To evaluate the purchase proposal and find out the effectiveness of each proposal.
- To prepare a report on the basis of evaluation on the purchase proposal with recommendation and send to concerned department for obtaining approval from the competent authority.
- To supervise the entire procurement activities.

**e) Health, Safety, Security and Environment Committee**

National Polymer Industries Ltd. always gives priority on, as a manufacturing company, health, safety, security and environmental issues. The Committee is consists of 3 (Three) members appointed by the Board. The Committee meets whenever necessary and supports the Board in fulfilling its legal and other obligations with respect to health, safety, security and environment issues.

**MANAGING DIRECTOR OR CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, HEAD OF INTERNAL AUDIT & COMPLIANCE AND COMPANY SECRETARY**

As per Corporate Governance Code issued by the BSEC, the Company has appointed the Managing Director or Chief Executive Officer, the Chief Financial Officer, the Head of Internal Audit & Compliance and the Company Secretary who performs their respective roles and responsibilities.

**Internal Audit and Control**

National Polymer Industries Limited establishes the Internal Audit Department consisting of experienced and knowledgeable personnel. Internal Audit department regularly conducts audit based on the yearly audit plan and checks, verifies and reviews the compliance of internal control procedures and other regulatory requirements. In order to ensure the organizational independence of internal audit and the compliance issues are in place, the Head of Internal Audit reports to the Board and Audit Committee and administratively to the Chief Executive Officer.

### **Accounting and External Audit**

The Company prepares its annual and interim financial statements in accordance with the appropriate International Accounting Standards or International Financial Reporting Standards as applicable in Bangladesh. The annual financial statements are audited by the Company's Statutory Auditor in accordance with Bangladesh Audit Standards as adopted by the ICAB. The annual and periodical financial statements prepared by the Management are reviewed by the Audit Committee in its meetings. Then the Audit Committee updates to the Board on the annual and periodical financial statements prior to the approval and publication of the same.

### **Financial Reporting and Transparency**

Financial reports of the Company prepared in line with the appropriate International Accounting Standards or International Financial Reporting Standards and other legislations as applicable in Bangladesh present fairly its state of affairs, the result of its operations, cash flows and changes in equity. Proper books of account have been maintained. Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.

### **Risk Management**

Risk and concerns are closely associated with business. The Company follows well defined risk management processes to mitigate its risk levels. The Board is supported by its Committees in monitoring and managing the risk issues. The Company develops a culture, practice and structure that systematically recognizes and addresses future opportunities whilst managing the adverse effects by recognizing risks and responding to them appropriately. The details of risk management issues are discussed in the Management's Discussion and Analysis.

### **Business Continuity and Crisis Management**

National Polymer strives to improve its business continuity management capability by identifying potential threats, its impact on business operations and takes necessary measures both in terms of processes and infrastructure.

### **Communication with Shareholders/Investors**

National Polymer believes that good governance involves in truthful relation and cooperation among all stakeholders involved in the Company, including the owners of the Company-the Shareholders. The Company values the importance of effective communication with its Shareholders and investors. Admissible information is communicated to the Shareholders regularly through a number of publications. In accordance with continuous disclosure requirements, the Shareholders of the Company is informed on regular basis of all major developments that might impact the business of the Company. The Company has an official website linked with the website of the Stock Exchanges. As per listing regulations of the Stock Exchanges detailed disclosures are available in the website of the Company.

### **Compliance with Rules and Regulation of the Country**

In National Polymer, we believes that compliance is the key towards a sustainable business. Therefore, respectfulness to the laws of the land is a priority for us in National Polymer. The Management of the Company has adopted required policies to assure the compliance with all legal and regulatory requirements. In this context, National Polymer Industries Limited regularly provides its financial statements and relevant documents to Bangladesh Securities and Exchange Commission, Stock Exchanges, Registrar of Joint Stock Companies and Firms, National Board of Revenue and other relevant authorities. Furthermore, in order to conduct day-to-day business in a compliant way, National Polymer renders its best efforts to comply with the laws of the land.

National Polymer believes in transparency and accountability to the society as a whole through the establishment of an efficient and effective Corporate Governance regime. The Company also believes that Corporate Governance is a journey and not a destination and it needs to be continuously developed, nurtured and adopted to meet the varying needs of a modern business house as well as the justified aspirations of our valued investors, other stakeholders and the society at large.

# NOMINATION AND REMUNERATION COMMITTEE (NRC) POLICY

## 1. OVERVIEW

### Preface

This Nomination and Remuneration Policy is being formulated in compliance with Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated - June 03, 2018 on Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC). This policy on nomination and remuneration of Directors and top level executives of the company formulated by the Nomination and Remuneration Committee (NRC) and has been approved by the Board of Directors.

### Applicability

This Policy shall be applicable on the Directors and top level executives of the Company.

## 2. TERMS OF REFERENCE (TOR):

The Terms of Reference (TOR) of the Nomination and Remuneration Committee (NRC) have been determined by the Board as per the BSEC Notification. The NRC assists the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of Directors and top level executives as well as a policy for formal processes of considering remuneration of Directors and top level executives.

## 3. CONSTITUTION OF NRC:

As per BSEC's Corporate Governance Code, the NRC shall comprise of at least three members including an Independent Director. All members of the Committee shall be non-executive directors. The members of the Committee shall be nominated and appointed by the Board of Directors is the sub-committee of the Board.

## 4. CHAIRPERSON OF THE NRC:

The Board shall select one member of the NRC to be the Chairperson of the Committee. In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting.

## 5. MEETING AND QUORUM OF THE NRC:

The NRC shall conduct at least one meeting in a financial year. The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must.

## 6. ROLE OF THE NRC:

- NRC is independent and responsible or accountable to the Board of Directors and to the Shareholders;
- To oversee, among others, the following matters and make report with recommendation to the Board:
  - (i) formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommend a policy to the Board, relating to the remuneration of the Directors, top level executives, considering the following:
    - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to run the company successfully;
    - (b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    - (c) remuneration to Directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
  - (ii) devising a policy on Board's diversity taking into consideration of age, gender, experience, ethnicity, educational background and nationality.
  - (iii) identifying persons who are qualified to become Directors and who may be appointed in top level executive position in accordance with the criteria laid down and recommend their appointment and removal to the Board;
  - (iv) formulating the criteria for evaluation of performance of Independent Director(s) and the Board;
  - (v) identifying the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
  - (vi) developing, recommending and reviewing annually the Company's human resources and training policies;

## 7. APPOINTMENT, EVALUATION AND REMOVAL/ RETIREMENT OF DIRECTOR, TOP LEVEL EXECUTIVES AND SENIOR MANAGEMENT:

### (i) Appointment Criteria

- (a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, top level executive or at Senior Management level and recommend his / her appointment, as per Company's Policy.
- (b) A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.

### (ii) Evaluation

The Committee shall carry out the evaluation of performance of Directors and top level executives yearly or at such intervals as may be considered necessary.

### (iii) Removal

The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and Stock Exchanges.

### (iv) Retirement

The Director or top level executives shall retire as per policy of the Company. The Board will have the discretion to retain the Director or any top level executive even after attaining the retirement age, considering the benefit of the Company.

## 8. REMUNERATION TO DIRECTORS AND TOP LEVEL EXECUTIVES:

- a) The remuneration to be paid to Managing Director / other Directors as recommended by the NRC and approved by the Board.
- b) The Nomination and Remuneration Committee (NRC) shall make such recommendations to the Board, as it may consider appropriate with regard to remuneration to Managing Director and other Directors.
- c) The Non-Executive / Independent Director(s) shall receive meeting fees as recommended by the Nomination and Remuneration Committee (NRC) shall be approved by the Board of Directors.
- d) The remuneration to top level executives shall be fixed considering their performances and in accordance with the Company's Policy.

## 9. IMPLEMENTATION:

The Committee may issue guidelines, procedures, formats, reporting mechanisms and manuals in supplement and for better implementation of this policy as considered appropriate.

## 10. COMPOSITION OF NRC OF NATIONAL POLYMER AND ITS ACTIVITIES DURING THE YEAR:

The Nomination and Remuneration Committee (NRC) of National Polymer Industries Limited comprises of the following members:

1. Mr. Raquibul Alam, Chairperson
2. Mr. Golam Murshed, Member
3. Mr. Nuruzzaman Khan, Member

Mr. Md. Abdul Maleque, the Company Secretary acts as the Secretary of the NRC.

The NRC of National Polymer met one time during the reporting year. The NRC of National Polymer Industries Limited reviewed the followings:

- (i) Organization structure where reporting line is clearly defined for the Directors and top management team along with standard manpower planning exercise for each and every position for identifying the total requirements.
- (ii) Standard pay structure for each job level based on education, experience, and competency.
- (iii) Target based performance management system to evaluate performance of employees. This leads to yearly increment, promotion of individual.
- (iv) Employee benefits policy to attract the job seekers and retain internal talents.
- (v) Succession planning of the Company to have future leaders ready according to the requirements.
- (vi) Extensive training and development plan for the individual or group of people.
- (vii) Transparent recruitment and selection policy where competent candidates get hired.
- (viii) Practicing a clear career path system for employees which reflect in Organization Structure.



**(Raquibul Alam)**

Independent Director and

Chairperson of Nomination and Remuneration Committee (NRC)

## BOARD MEETING AND AUDIT COMMITTEE MEETING

### BOARD MEETING AND ATTENDANCE

The number of Board Meetings and the attendance by the Directors during the financial year 2018-2019 is as follows:

Sl No.	Name of Directors	Position	No. of Meetings Held	No. of Meetings Attended
1	Mr. Golam Murshed	Chairperson of the Board	5	5
2	Mr. Riad Mahmud	Managing Director	5	5
3	Mr. Nuruzzaman Khan	Nominated Director (Nominated by ICB)	5	5
4	Mr. Raquibul Alam (Joined the Board on 27/10/2018)	Independent Director	5	3
5	Mr. Mustafizur Rahman Shazid (Retired on 6/8/2019 as his tenure has been completed)	Independent Director	5	4
6	Mr. Jamal Uddin Ahmed Chowdhury (Retired on 6/8/2019 as his tenure has been completed)	Independent Director	5	5

### AUDIT COMMITTEE MEETING AND ATTENDANCE

The number of Audit Committee Meetings and the attendance by the Members during the financial year 2018-2019 is as follows:

Sl No.	Name of Members	No. of Meetings Held	No. of Meetings Attended
1	Mr. Jamal Uddin Ahmed Chowdhury Independent Director and Chairperson of the Audit Committee	4	4
2	Mr. Nuruzzaman Khan Nominated Director and Member of the Audit Committee	4	4
3	Mr. Mustafizur Rahman Shazid Independent Director and Member of the Audit Committee	4	3



## PATTERN OF SHAREHOLDING AS ON JUNE 30, 2019

- a) Parent or Subsidiary or Associated Companies and other related parties: N/A
- b) Directors & Sponsors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit & Compliance and their spouses and minor children (name-wise details):

SI No.	Name	Position	Shareholding	Percentage (%)
1	Mr. Golam Murshed	Sponsor Director (Chairperson of the Board)	22,47,066	7.51%
2	Mr. Riad Mahmud	Sponsor Director (Managing Director/Chief Executive Officer)	11,75,616	3.93%
3	Mr. Nuruzzaman Khan	Nominated Director (Nominated by ICB)	67,91,216	22.70%
4	Late Shamsul Abedin Akhand & Mrs. Khaleda Akhand (Joint Account)	Sponsor	26,48,862	8.86%
5	Mr. Rohel Mahmud	Sponsor	5,95,248	1.99%
6	Mrs. Razia Sultana	Sponsor	1,24,624	0.42%
7	Mrs. Khaleda Akhand	Sponsor	7,434	0.025%
8	Mr. Raquibul Alam (Appointed on 27/10/2018)	Independent Director	Nil	-
9	Mr. Mohammed Ariful Islam (Appointed on 6/8/2019)	Independent Director	Nil	-
10	Mr. Mustafizur Rahman Shazid (Retired on 6/8/2019)	Independent Director	Nil	-
11	Mr. Jamal Uddin Ahmed Chowdhury (Retired on 6/8/2019)	Independent Director	Nil	-
12	Mr. Md. Abdul Maleque	Company Secretary	Nil	-
13	Mr. Md. Omar Faruk Ripon FCA	Chief Financial Officer	Nil	-
14	Mr. Mithun Kanti Das	Head of Internal Audit and Compliance	Nil	-
15	Their spouse and minor children	-	Nil	-
<b>Total</b>			<b>1,35,90,066</b>	<b>45.43%</b>

- c) Executives (Top five salaried employees of the company, other than the Directors, CEO, CS, CFO and HIAC): Nil
- d) Shareholders holding ten percent (10%) or more voting interest in the Company (name-wise details):

SI No.	Name	Shareholding	Percentage (%)
1	Mr. Nuruzzaman Khan Nominated Director, Nominated by ICB	67,91,216	22.70%

**STATEMENT OF KEY OPERATING AND FINANCIAL  
DATA OF PRECEDING 5 (FIVE) YEARS**

Figures in Taka

Particulars	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Revenue	3,000,007,744	2,366,380,577	1,866,687,057	1,759,312,097	1,707,971,741	1,488,285,009
Gross Profit	557,787,699	387,459,951	307,293,861	291,563,613	287,342,185	265,658,874
Profit Before WPPF & Taxation	178,536,519	111,369,664	93,503,107	68,524,201	64,285,001	54,927,421
Net Profit	127,207,270	79,350,886	66,741,633	48,945,858	45,917,858	37,831,261
Earnings Per Share	4.25	3.24	3.27	2.87	3.18	3.09
* Earnings Per Share	-	2.65	2.72	2.40	2.70	2.62
Non-Current Assets	1,826,858,228	1,629,743,594	1,246,727,606	1,074,148,779	1,091,229,261	439,923,411
Current Assets	2,353,922,517	1,832,529,413	1,597,946,088	1,245,871,358	1,388,071,317	1,281,902,293
Total Assets	4,180,780,745	3,462,273,008	2,844,673,693	2,320,020,137	2,479,300,578	1,721,825,704
Authorized Capital	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Paid up Capital	299,113,400	245,174,920	204,312,440	170,260,370	144,288,450	122,278,350
Shareholders' Equity	1,165,907,991	1,062,094,915	1,030,197,514	985,204,015	936,258,157	439,925,218
Current Liabilities	2,252,938,054	1,919,205,568	1,611,959,788	1,049,908,321	1,327,756,735	1,159,046,636
** Non-Current Liabilities	682,449,686	401,487,510	123,031,377	205,422,787	135,800,672	122,853,850
Total Liabilities & Shareholders' Equity	4,180,780,745	3,462,273,008	2,844,673,693	2,320,020,137	2,479,300,578	1,721,825,704
NAV Per Share	38.98	43.32	50.42	57.86	64.89	35.98
* NAV Per Share	-	35.51	42.02	48.22	54.99	30.49
NOCFPS	0.22	9.51	24.58	11.72	25.36	12.84
* NOCFPS	-	7.79	20.48	9.77	21.49	10.88
Market Price Per Share (On 30 June)	111.15	89.40	107.00	83.30	82.50	59.00
Dividend	22%	22%	20%	20%	18%	18%
	Stock Dividend	Stock Dividend	Stock Dividend	Stock Dividend	Stock Dividend	Stock Dividend
	(Recommended)	-	-	-	-	-
Price Earnings Ratio	26.14	27.62	32.76	28.98	25.92	19.09
Current Ratio	1.04	0.95	0.99	1.19	1.05	1.11
Return on Equity (ROE) Ratio-%	10.91	7.47	6.48	4.97	4.90	8.60
Profit Margin Ratio-%	4.24	3.35	3.58	2.78	2.69	2.54
** Total Debt - Equity Ratio	2.52	2.19	1.68	1.27	1.56	2.91

\* With Effect of Bonus Shares

\*\* Deferred Tax Liability not considered

**Note: Information presented in the Table based on rearranged figure/s, where applied**

**NATIONAL POLYMER INDUSTRIES LTD.  
DECLARATION BY CEO AND CFO**

**Date: 24 September 2019**

**The Board of Directors**

National Polymer Industries Ltd.  
Uday Tower (2<sup>nd</sup> Floor)  
Plot No. 57-57/A, Gulshan Avenue, Gulshan-1  
Dhaka-1212

**Subject: Declaration on Financial Statements for the year ended on June 30, 2019**

**Dear Sirs,**

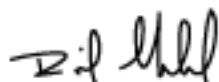
Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of National Polymer Industries Limited for the year ended on 30 June 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its Financial Statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

**In this regard, we also certify that: -**

- (i) We have reviewed the financial statements for the year ended on 30 June 2019 and that to the best of our knowledge and belief:
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

**Sincerely Yours,**



**[Riad Mahmud]**  
Managing Director/Chief Executive officer (CEO)



**[Md. Omar Faruk Ripon, FCA]**  
Chief Financial Officer (CFO)

CERTIFICATE OF BAPLC

**BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES**

Ref. No: CM-2019/204



Date of issue : May-07, 2019

**Renewed Certificate**

*This is to certify that*

**NATIONAL POLYMER INDUSTRIES LIMITED**

*is an Ordinary Member of Bangladesh Association of Publicly Listed Companies and is entitled to all the rights and privileges appertaining thereto.*

*This certificate remains current until 31<sup>st</sup> December 2019.*



  
Secretary-General

## CERTIFICATE ON CORPORATE GOVERNANCE CODE



### শফিক মিজান রহমান এন্ড আগস্টিন SHAFIQ MIZAN RAHMAN & AUGUSTINE CHARTERED ACCOUNTANTS

PARTNERS :

MD. ABDUR RAHMAN, FCA  
ABM HUSSAIN AHMED, FCA  
A.K.M. MIZANUR RAHMAN, FCA  
AUGUSTINE DIPAK KARMAKAR, FCA

137/D/1, LAHANARA GARDEN, FLAT NO. 3/A (2<sup>ND</sup> FLOOR)  
GREEN ROAD, DHAKA-1206  
TEL : 9134831, 9134834  
CELL : 01711 521279, 01552 379018, 01726 09478  
01755 796775, 01717 034157  
FAX : 880-2-9254311, 880-02-9859906  
E-MAIL : mamin66@yahoo.com, augdip@yahoo.com  
a.nahman22@gmail.com, ahmed.hussain7861@gmail.com

Ref :

Date : 22 SEP 2019

### CERTIFICATE ON CORPORATE GOVERNANCE CODE

Report to the Shareholders of NATIONAL POLYMER INDUSTRIES LTD.  
on compliance on the Corporate Governance Code.

We have examined the compliance status to the Corporate Governance Code by National Polymer Industries Limited for the year ended on 30 June 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The Governance of the company is satisfactory.

  
A. K. M. Mizanur Rahman, FCA  
Managing Partner  
SHAFIQ MIZAN RAHMAN & AUGUSTINE  
CHARTERED ACCOUNTANTS



## CORPORATE GOVERNANCE COMPLIANCE STATUS

Status of compliance with the conditions imposed by the Commission's Notification No.: BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
<b>1</b>	<b>Board of Directors:</b>			
1(1)	Size of the Board of Directors [Number of Board members - minimum 5 and maximum 20]	✓		
1.2	<b>Independent Directors:</b>			
1(2) (a)	At least 1/5 of the total number of Directors shall be Independent Directors	✓		
1(2)(b)	<b>Independent Director means a Director:</b>			
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
1(2)(b)(ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company; Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	✓		
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		
1(2)(b)(v)	Who is not a member or TREC (Trading, Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		
1(2)(b)(viii)	Who is not independent director in more than 5 (five) listed companies;	✓		
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	✓		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude.	✓		
1(2)(c)	The Independent Director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	✓		
1(2)(d)	The post of Independent Director(s) cannot remain vacant for more than 90 (ninety) days;			No such event occurred

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (If any)
		Complied	Not Complied	
1(2)(e)	The tenure of office of an Independent Director shall be for a period of <b>03 years</b> , which may be extended for <b>1 (one)</b> tenure only;	✓		
	Provided that a former independent director may be considered for re-appointment for another tenure after a time gap of one tenure, i.e. three years from his or her completion of consecutive two tenures [i.e. six years]			No such event occurred
<b>1.3</b>	<b>Qualification of Independent Director:</b>			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business.	✓		
1(3)(b)	<b>Independent Director shall have following qualifications:</b>			
1(3)(b)(i)	Business leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of <b>Tk. 100.00 million</b> or any listed company or a member of any national or international chamber of commerce or business association; or	✓		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of <b>Tk. 100.00 million</b> or of a listed company; or	✓		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below <b>5<sup>th</sup> Grade</b> of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or			N/A
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			N/A
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			N/A
1(3)(c)	The Independent Director shall have at <b>least 10 (ten) years</b> of experiences in any field mentioned in clause (b);	✓		
1(3)(d)	In special cases, the above qualification or experiences may be relaxed subject to prior approval of the Commission;			No such case in the reporting year
<b>1(4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive officer:</b>			
1(4)(a)	The position of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
	same position in another listed company;			
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company.	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			No such case in the reporting year
<b>1(5)</b>	<b>The Directors' report shall include the following additional statements:</b>			
1(5)(i)	An Industry outlook and possible future development in the industry;	✓		
1(5)(ii)	The segment-wise or product-wise performance			N/A
1(5)(iii)	Risk and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any	✓		
1(5)(iv)	A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin, where applicable	✓		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss)			N/A
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions.	✓		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments			N/A
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Share Offer, Direct Listing, etc.			N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performance and Annual Financial Statements.	✓		
1(5)(x)	A statement of remuneration paid to the Directors including Independent Director;	✓		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting elements are based on reasonable and prudent judgment;	✓		
1(5)(xiv)	A statement that 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;	✓		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1(5)(xvii)	A statement that there is no significant doubt upon the	✓		



Condition No.	Title	Compliance Status (Put $\checkmark$ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
	issuer company's ability to continue as an going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;			
1(5) (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reason thereof shall be explained;	$\checkmark$		
1(5) (xix)	As statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	$\checkmark$		
1(5) (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			N/A
1(5) (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	$\checkmark$		
1(5) (xxii)	The total number of Board Meetings held during the year and attendance by each director;	$\checkmark$		
<b>1(5) (xxiii)</b>	<b>Pattern of shareholding disclosing the aggregate number of shares held by:</b>			
	(a) Parent or Subsidiary or Associated companies and other related parties (name-wise details);			N/A
	(b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	$\checkmark$		
	(c) Executives; and			N/A
	(d) Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	$\checkmark$		
<b>1(5) (xxiv)</b>	<b>In case of the appointment or r-appointment of a Director, a disclosure on the following information:</b>			
	(a) a brief resume of the Director;	$\checkmark$		
	(b) Nature of his/her expertise in specific functional areas; and	$\checkmark$		
	(c) names of companies in which the person also holds the directorship and the membership of committees of the Board;	$\checkmark$		
<b>1(5) (xxv)</b>	<b>A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:</b>			
	(a) accounting policies and estimation for preparation of financial statements;	$\checkmark$		
	(b) changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;			N/A
	(c) comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	$\checkmark$		
	(d) compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;			N/A
	(e) briefly explain the financial and economic scenario of the country and the globe;	$\checkmark$		
	(f) risk and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	$\checkmark$		
	(g) future plan or projection or forecast for	$\checkmark$		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
	company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM.			
1(5) (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per <b>Annexure-A</b>	✓		
1(5) (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per <b>Annexure-B</b> and <b>Annexure-C</b> .	✓		
1(6)	<b>Meeting of the Board of Directors:</b>			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
1(7)	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer:</b>			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6 for the Chairperson of the Board, other Board members and Chief Executive Officer of the Company.	✓		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	✓		Posted on the website of the company
2	<b>Governance of the Board of Directors of Subsidiary Company:</b>			
2(a)	Provision relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			N/A
2(b)	At least 1 ( <b>One</b> ) independent director on the Board of the holding company shall be a director on the board of the subsidiary company;			N/A
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;			N/A
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			N/A
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company			N/A
3	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit &amp; Compliance (HIAC) and Company Secretary (CS):</b>			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
	(CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);			
3(1)(b)	The position of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS.	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).			No such case during the reporting year
<b>3(2)</b>	<b>Requirement to attend Board of Directors' Meeting:-</b>			
	The MD or CEO, CS, CFO and HIAC of the Company shall attend the meetings of the Board; Provided that the CS, CFO and/or the HIAC the company shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		
<b>3(3)</b>	<b>Duties of the Managing Director or Chief Executive Officer and the Chief Financial Officer:</b>			
3(3)(a)	The MD or CEO and the CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
	(i) these statements do not contain any materiality untrue statement or omit any material fact or contain statements that might be misleading; and	✓		
	(ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3(3)(b)	The MD or CEO and the CFO shall certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members.	✓		
3(3)(c)	The certification of the MD or CEO and the CFO shall be disclosed in the Annual Report.	✓		
<b>4</b>	<b>Board of Directors' Committee:</b>			
	<b>For ensuring good governance in the company, the Board shall have at least following sub-committees:</b>			
4(i)	Audit Committee; and	✓		
4(ii)	Nomination and Remuneration Committee.	✓		
<b>5</b>	<b>Audit Committee</b>			
<b>5(i)</b>	<b>Responsibility to the Board of Directors</b>			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
<b>5(2)</b>	<b>Constitution of the Audit Committee:</b>			

Condition No.	Title	Compliance Status (Put $\checkmark$ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
5(2)(a)	The Audit Committee shall be composed of <b>at least 3 (three) members</b> ;	$\checkmark$		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be not-executive directors of the company excepting Chairperson of the Board and shall include <b>at least 1 (one) independent director</b> ;	$\checkmark$		
5(2)(c)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and <b>10 (ten) years</b> of such experience;	$\checkmark$		
5(2)(d)	When the term of service of any committee member expires or there is any circumstance causing any committee member to be unable to hold office before expiration of the term of service, thus making the number of the committee members to be lower than the prescribed number of <b>3 (three) persons</b> , the Board shall appoint the new committee member to fill up the vacancy immediately or <b>not later than 1 (one) month</b> from the date of vacancy in the committee to ensure continuity of the performance of work of the Audit Committee;			No such case during the reporting year
5(2)(e)	The Company Secretary shall act as the Secretary of the Committee;	$\checkmark$		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without <b>at least 1 (one) independent director</b> .	$\checkmark$		
<b>5(3)</b>	<b>Chairperson of the Audit Committee:</b>			
5(3)(a)	The Board shall select <b>1 (one) member</b> of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	$\checkmark$		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of continuing a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			No such case during the reporting year
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM); Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	$\checkmark$		
<b>5(4)</b>	<b>Meeting of the Audit Committee:</b>			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year;	$\checkmark$		
	Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;			No such case during the reporting year
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either <b>two members or two third</b> of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must	$\checkmark$		
<b>5(5)</b>	<b>Role of the Audit Committee:</b>			
5(5)(a)	Observe the financial reporting process;	$\checkmark$		
5(5)(b)	Monitor choice of accounting policies and principles ;	$\checkmark$		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
5(5)(c)	Monitor internal audit and compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	Oversee hiring and performance of external auditors;	✓		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5(5)(h)	Review the adequacy of internal audit function;	✓		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5(5)(j)	Review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offer (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission;			No such events during the reporting year
<b>5(6)</b>	<b>Reporting of the Audit Committee:</b>			
<b>5(6)(a)</b>	<b>Reporting to the Board of Directors:</b>			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board	✓		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:-			
	(a) report on conflict of interests;			N/A
	(b) suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			N/A
	(c) suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			N/A
	(d) Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately.			N/A
5(6)(b)	<b>Reporting to the Authorities:</b> If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of <b>6 (six) months</b> from the date of first reporting to the Board, <b>whichever is earlier.</b>			N/A
5(7)	<b>Reporting to the Shareholders and General Investors:</b> Report on activities carried out by the Audit	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
	Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.			
<b>6</b>	<b>Nomination and Remuneration Committee (NRC):</b>			
<b>6(1)</b>	<b>Responsibility to the Board of Directors:</b>			
6(1) (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	✓		
6(1) (b)	The NRC shall assist the Board in formulation the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executives;	✓		
6(1) (c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b)	✓		
<b>6(2)</b>	<b>Constitution of the NRC:</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	✓		
6(2)(b)	All members of the committee shall be non-executive directors;	✓		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		
6(2)(e)	In case of death, resignation, disqualification or removal of any member of the Committee or any other cases of vacancies, the Board shall fill the vacancy within 180 days of occurring such vacancy in the Committee;			No such events during the reporting year
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			No such events during the reporting year
6(2)(g)	The Company Secretary shall act as the Secretary of the Committee;	✓		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	✓		
<b>6(3)</b>	<b>Chairperson of the NRC:</b>			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be the Chairperson of the Committee, who shall be an independent director;	✓		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			No such events during the reporting year

Condition No.	Title	Compliance Status (Put $\checkmark$ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	$\checkmark$		
	Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.			No such case during the reporting year
<b>6(4)</b>	<b>Meeting of the NRC:</b>			
6(4)(a)	The NRC shall conduct <b>at least one meeting</b> in a financial year;	$\checkmark$		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			No such case during the reporting year
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	$\checkmark$		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	$\checkmark$		
<b>6(5)</b>	<b>Role of the NRC:</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders.	$\checkmark$		
6(5)(b)	<b>NRC shall observe, among others, the following matters and make report with recommendation to the Board:</b>			
6(5)(b) (i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	$\checkmark$		
	(a) the level and composition of remuneration is responsible and sufficient to attract, retain and motivate suitable directors to run the company successfully;	$\checkmark$		
	(b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	$\checkmark$		
	(c) remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	$\checkmark$		
6(5)(b) (ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	$\checkmark$		
6(5)(b) (iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	$\checkmark$		
6(5)(b) (iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	$\checkmark$		
6(5)(b) (v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	$\checkmark$		

Condition No.	Title	Compliance Status (Put $\checkmark$ in the appropriate Column)		Remarks (If any)
		Complied	Not Complied	
6(5)(b) (vi)	Developing, recommending and reviewing annually the company's human resources and training policies.	$\checkmark$		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	$\checkmark$		
<b>7</b>	<b>External or Statutory Auditors:</b>			
7(1)	<b>The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:</b>			
7(1)(i)	Appraisal or valuation services or fairness opinions;	$\checkmark$		
7(1)(ii)	Financial information systems design and implementation;	$\checkmark$		
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	$\checkmark$		
7(1)(iv)	Broker-dealer services;	$\checkmark$		
7(1)(v)	Actuarial services;	$\checkmark$		
7(1)(vi)	Internal audit services or special audit services;	$\checkmark$		
7(1)(vii)	Any service that the Audit Committee determines;	$\checkmark$		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	$\checkmark$		
7(1)(ix)	Any other service that creates conflict of interest;	$\checkmark$		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company;	$\checkmark$		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	$\checkmark$		
<b>8</b>	<b>Maintaining a website by the Company:</b>			
8(1)	The company shall have an official website linked with the website of the stock exchange.	$\checkmark$		
8(2)	The company shall keep the website functional from the date of listing.	$\checkmark$		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	$\checkmark$		
<b>9</b>	<b>Reporting and Compliance of Corporate Governance:</b>			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	$\checkmark$		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	$\checkmark$		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	$\checkmark$		



**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF  
NATIONAL POLYMER INDUSTRIES LIMITED**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**OPINION**

We have audited the financial statements of National Polymer Industries Limited (the "Company"), which comprise the Statement of Financial Position as at 30 June 2019 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended 30 June 2019, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the year then ended 30 June 2019 in accordance with International Accounting Standards (IAS), International Financial Reporting Standards (IFRSs) as explained in note no 1 to 3.

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of financial statements of the current period. These matters were addressed in the context of our audit of financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
<b>Legal and regulatory matters</b>	
<p>We focused on this area because the company operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the company's best estimate for existing legal matters that have a probable and estimable impact on the company's financial position.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the company's key controls over the legal provision and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters. We enquired of the company's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the company's provisions and contingent liabilities disclosure.</p>

<b>Revenue recognition</b>	
<p>At year end, the company reported total revenue of BDT [3,000,007,744].</p> <p>Revenue is measured net of discounts, incentives and rebates earned by customers on the company's sales. Within a number of the company's markets, the estimation of discounts, incentives and rebates recognized based on sales made during the year is material and considered to be complex and judgmental. Therefore, there is a risk of revenue being misstated as a result of faulty estimations over discounts, incentives and rebates.</p> <p>There is also a risk that revenue may be overstated due to fraud through manipulation of the discounts, incentives and rebates recognized resulting from the pressure, local management may feel to achieve performance targets.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Segregation of duties in invoice creation and modification; and</li> <li>• Timing of revenue recognition.</li> </ul> <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> <li>• Obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognized in the correct period;</li> <li>• Within a number of the company's markets, comparing current year rebate accruals to the prior year and, where relevant, completing further inquiries and testing.</li> <li>• Agreeing a sample of claims and rebate accruals to supporting documentation;</li> <li>• Critically assessing manual journals posted to revenue to identify unusual or irregular items; and</li> <li>• Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul>
<b>Valuation of Inventory</b>	
<p>The company had inventory of BDT [837,361,404] at [1<sup>st</sup> July 2018], held in distribution centers, warehouses and numerous branches, and across multiple product lines.</p> <p>Inventory value is measured at the lower of cost and net realizable value. As a result, the Directors apply judgment in determining the appropriate values for value in use and working progress.</p> <p>Closing Inventory is net of a provision of BDT [1,081,447,816] which is primarily driven by comparing the level of inventory held to future projected sales.</p> <p>The provision is calculated within the company's accounting systems using an automated process. Where local systems require manual interfaces and inputs, there is a risk that inappropriate management override and/or error may occur.</p>	<p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> <li>• evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of distribution centers, warehouses and branches, if any</li> <li>• comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete; and</li> <li>• challenging +the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow-moving/obsolete stock are valid and complete, if any</li> </ul>

## **REPORTING ON OTHER INFORMATION**

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

## **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS AND INTERNAL CONTROLS**

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 1 to 3 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the statement of financial position and statement of profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred were for the purpose of the Company's business for the year;
- (v) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.



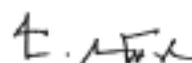
**Place: Dhaka**  
**Dated: August 29, 2019**

**Mahfel Huq & Co.**  
**Chartered Accountants**

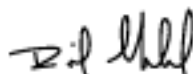
**National Polymer Industries Limited**  
**Statement of Financial Position**  
As at 30 June, 2019

Particulars	Notes	30-06-2019	30-06-2018
		Taka	Taka
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment - Carrying Value	4	1,629,394,214	1,435,347,205
Investment	5	117,577,625	106,700,000
Capital Work in Progress (CWIP)	6	79,886,389	87,696,389
<b>Total Non-Current Assets</b>		<b>1,826,858,228</b>	<b>1,629,743,594</b>
<b>Current Assets</b>			
Inventories	7	1,081,447,816	837,361,404
Accounts Receivables	8	510,673,198	321,303,128
Accrued Interest Receivable on FDR	9	936,612	-
Advance, Deposit & Pre-payments	10	191,552,211	184,672,078
Advance Income Tax	11	368,995,204	279,650,597
Cash & Cash Equivalents	12	200,317,476	209,542,207
<b>Total Current Assets</b>		<b>2,353,922,517</b>	<b>1,832,529,414</b>
<b>TOTAL ASSETS</b>		<b>4,180,780,745</b>	<b>3,462,273,008</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders Equity &amp; Reserves</b>			
Share Capital	13	299,113,400	245,174,920
Share Premium	14	134,000,000	134,000,000
Revaluation Reserve	15	496,260,922	496,260,922
Retained Earnings	16	236,533,669	186,659,074
<b>Total Shareholders Equity &amp; Reserves</b>		<b>1,165,907,991</b>	<b>1,062,094,916</b>
<b>Non-Current Liabilities</b>			
Long Term Loan - (Non-Current Maturity)	17	682,449,686	401,487,510
Deferred Tax Liability	18	79,485,014	79,485,014
<b>Total Non-Current Liabilities</b>		<b>761,934,700</b>	<b>480,972,524</b>
<b>Current Liabilities</b>			
Short Term Loan	19	1,572,712,365	1,446,935,448
Long Term Loan- (Current Maturity)	17	261,370,924	160,329,658
Bank Overdraft	20	215,199,482	236,354,732
Accounts Payable	21	9,656,741	7,636,841
Inter-Company Loan	22	80,019,004	-
Provision for Expenses	23	36,199,993	13,843,792
WPPF & Welfare Fund	24	8,926,826	5,568,483
Provision for Taxation	25	68,852,719	48,536,613
<b>Total Current Liabilities</b>		<b>2,252,938,054</b>	<b>1,919,205,568</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>4,180,780,745</b>	<b>3,462,273,008</b>
<b>Net Asset Value (NAV) Per Share</b>	33	<b>38.98</b>	<b>35.51</b>

The annexed notes from 1 to 41 are integral part of these Financial Statements

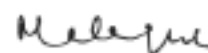


Chairman



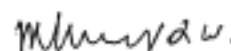
Managing Director

Signed as per our report of same date



Company Secretary

Dhaka,  
Dated: August 29, 2019

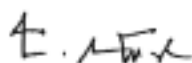


**Mahfel Huq & Co.**  
Chartered Accountants

**National Polymer Industries Limited**  
**Statement of Profit or Loss and Others Comprehensive Income**  
For the year ended 30 June 2019

Particulars	Notes	2018-2019	2017-2018
		Taka	Taka
<b>Revenue</b>	26	3,000,007,744	2,366,380,577
Cost of Goods Sold	27	(2,442,220,045)	(1,978,920,627)
<b>Gross Profit</b>		557,787,699	387,459,951
<b>Administrative, Selling and Distribution Expenses:</b>	28		
Administrative Expenses		(133,008,798)	(103,388,467)
Selling and Distribution Expenses		(73,261,010)	(63,507,057)
		<u>(206,269,808)</u>	<u>(166,895,524)</u>
<b>Profit from Operations</b>		351,517,891	220,564,427
Other Income	29	10,288,736	8,139,272
Financial Expenses	30	(183,270,108)	(117,334,035)
<b>Profit before WPPF &amp; Taxation</b>		178,536,519	111,369,664
WPPF and Welfare Fund	31	(8,926,826)	(5,568,483)
Provision for Taxation	32	(42,402,423)	(26,450,295)
<b>Net Profit for the year</b>		<u>127,207,270</u>	<u>79,350,886</u>
<b>Other Comprehensive Income/ (Loss):</b>		-	-
<b>Total Comprehensive Income for the year</b>		<u>127,207,270</u>	<u>79,350,886</u>
<b>Basic Earnings Per Share (EPS)</b>	33	<u>4.25</u>	<u>2.65</u>

The annexed notes from 1 to 41 are integral part of these Financial Statements

  
Chairman

  
Managing Director

  
Company Secretary

Signed as per our report of same date

Dhaka,  
Dated: August 29, 2019

  
**Mahfel Huq & Co.**  
Chartered Accountants

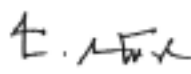
**National Polymer Industries Limited**  
**Statement of Changes in Equity**  
For the year ended 30 June 2019

Particulars	Amount in Taka				
	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total
Balance as at 1 July 2018	245,174,920	134,000,000	496,260,922	186,659,074	1,062,094,916
Payment of Stock Dividend (2017-2018 FY, Note -13)	53,938,480	-	-	(53,938,480)	-
Tax Adjustment against assessment (2016-2017 FY, Note -16)	-	-	-	(23,394,195)	(23,394,195)
Profit Earned during the year	-	-	-	127,207,270	127,207,270
<b>Total</b>	<b>299,113,400</b>	<b>134,000,000</b>	<b>496,260,922</b>	<b>236,533,669</b>	<b>1,165,907,991</b>

**National Polymer Industries Limited**  
**Statement of Changes in Equity**  
For the year ended 30 June 2018

Particulars	Amount in Taka				
	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total
Balance as at 1 July 2017	204,312,440	134,000,000	496,260,922	195,624,151	1,030,197,513
Payment of Stock Dividend (2016-2017 FY, Note -13)	40,862,480	-	-	(40,862,480)	-
Tax Adjustment against assessment (2014-2015 FY and 2015-2016 FY, Note -16)	-	-	-	(47,453,484)	(47,453,484)
Profit Earned during the year	-	-	-	79,350,886	79,350,886
<b>Total</b>	<b>245,174,920</b>	<b>134,000,000</b>	<b>496,260,922</b>	<b>186,659,074</b>	<b>1,062,094,916</b>

The annexed notes from 1 to 41 are integral part of these Financial Statements

  
Chairman

  
Managing Director

  
Company Secretary

Signed as per our report of same date


Dhaka,  
Dated: August 29, 2019

  
**Mahfel Huq & Co.**  
Chartered Accountants

**National Polymer Industries Limited**  
**Statement of Cash Flows**  
For the year ended 30 June 2019

Particulars	Notes	2018-2019	2017-2018
		Taka	Taka
<b>Cash Flows from Operating Activities</b>			
Collection from Sales and Others		2,821,671,195	2,289,884,086
Payment to Suppliers, Employees and Others		(2,594,345,011)	(1,881,556,814)
		227,326,184	408,327,272
Income Tax Paid		(117,939,325)	(96,329,049)
Foreign Exchange Gain/(Loss)		(1,681,397)	-
Financial Expenses		(101,223,311)	(78,907,543)
<b>Net Cash Flows from Operating Activities</b>	34	<b>6,482,151</b>	<b>233,090,681</b>
<b>Cash Flows from Investing Activities</b>			
Payment for acquisition of Property, Plant & Equipment	4, 6	(337,594,906)	(415,857,288)
Investment in FDR		(10,877,625)	(6,700,000)
Capital Work in Progress (CWIP)	6	(47,210,000)	(92,089,962)
<b>Net Cash used in Investing Activities</b>		<b>(395,682,531)</b>	<b>(514,647,249)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from Long Term Loan		591,211,813	440,693,670
Payment of Term Loan		(209,208,371)	(82,474,505)
Intercompany Loan		80,019,004	-
Interest Paid on Long Term Loan		(82,046,797)	(38,426,492)
<b>Net Cash Flows/ (used) from Financing Activities</b>		<b>379,975,649</b>	<b>319,792,673</b>
<b>Net Increase/(Decrease) in Cash during the year</b>		<b>(9,224,731)</b>	<b>38,236,105</b>
Opening Cash & Cash Equivalents	12	209,542,207	171,306,103
Closing Cash & Cash Equivalents	12	<b>200,317,476</b>	<b>209,542,207</b>
<b>Net Operating Cash Flow per Share</b>	33	<b>0.22</b>	<b>7.79</b>

The annexed notes from 1 to 41 are integral part of these Financial Statements

  
Chairman

  
Managing Director

  
Company Secretary

Signed as per our report of same date

Dhaka,  
Dated: August 29, 2019

  
**Mahfel Huq & Co.**  
Chartered Accountants



**National Polymer Industries Limited**  
**Notes to the Financial Statements**  
For the year ended 30 June, 2019

**1. Reporting Entity**

**1.1 Profile of the Company**

**1.1.1 Legal Status of the Company**

National Polymer Industries Limited (the "Company") was incorporated under the Companies Act 1994 as a Public Company Limited by shares on June 26, 1987 and its shares are listed in the Stock Exchange (both in Dhaka and Chittagong Stock Exchange Ltd.) in Bangladesh during the year 1991 and 1995 respectively.

**1.1.2 Address of Registered Office and Principal Place of Business**

The Company's registered office is located at Squib Road, Nishatnagar, Tongi, Gazipur.

**1.1.3 Nature of Business**

The company owns and operates PVC Pipes, PVC Doors and Bottle grade PVC Compound Manufacturing Plant, produces and markets the same in the local and foreign markets.

**1.1.4 Number of Employees:**

The number of employees at year-end were 812 and Board of Directors 06.

**2. Structure, Content and Presentation of Financial Statements**

Being the general purpose Financial Statements, the presentation of these Financial Statements is in accordance with the guidelines provided by IAS 1: "Presentation of Financial Statements". A complete set of Financial Statements comprise:

- (i) Statement of Financial Position as at 30 June 2019;
- (ii) Statement of Profit or Loss and Others Comprehensive Income for the year ended 30 June 2019;
- (iii) Statement of Changes in Equity for the year ended 30 June 2019;
- (iv) Statement of Cash Flows for the year ended 30 June 2019; and
- (v) Notes comprising a summary of significant accounting policies and other explanatory information to the accounts for the year ended 30 June 2019.

**3. Significant Accounting Policies**

**3.1 Basis of Measurement of Elements of Financial Statements**

The Financial Statements have been prepared in the historical cost basis, and therefore, do not taken into consideration the effect of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of previous years.

**3.2 Reporting Period**

The Financial Statements covers the year from 1 July 2018 to 30 June, 2019.

**3.3 Statement on Compliance With Local Laws**

The Financial Statements have been prepared in compliance with disclosure and presentational requirements:

- The Securities & Exchange Rules, 1987;
- International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) as applicable in Bangladesh;
- Financial Reporting Act, 2015;
- The Listing Rules of Dhaka Stock Exchanges Ltd.;
- The Listing Rules of Chittagong Stock Exchanges Ltd.;
- The Companies Act 1994;
- Income Tax Ordinance 1984 and Rules;
- VAT Act 1991;
- Other relevant local laws and rules.

**3.4 Going Concern**

As per IAS-1, a company is required to assess at the end of each year to make assessment of its capability to continue as going concern. Management of the Company makes such assessment each year. The company has adequate resources to continue its' operation for the foreseeable future and has wide coverage of its liabilities. For this reason, the directors continue to adopt going concern assumption while preparing the Financial Statements.

**3.5 Accrual Basis**

The Financial Statements have been prepared, except for Cash Flow Statements, using the accrual basis of accounting.

### 3.6 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with International Accounting Standards (IASs) or International Financial Reporting Standards (IFRSs) requires the management to make estimates and assumptions that affect the amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income/(loss) that are reported in the Financial Statements and accompanying disclosures.

These estimates are based on management's best knowledge of current events, historical experience, actions that the company may undertake in future and on various other assumptions that are believed to be reasonable under circumstances.

### 3.7 Property, Plant & Equipment (PPE)

Property, Plant & Equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the company and the cost of the assets can be reliably measured. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties, non-refundable taxes and un-allocated expenditures etc.

#### Subsequent Costs

The cost of replacing part of an item of Property, Plant and Equipment's is recognized in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of Property, Plant and Equipment are recognized in the Statement of Comprehensive Income as incurred.

### Depreciation

Depreciation is provided on the cost of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of IAS 16: Property, Plant and Equipment. Depreciation is charged on addition during the period when it is available for use. **Depreciation is charged on all fixed assets except land and land development on reducing balance method at the following rates:**

#### Particular of Assets

	Rate of Depreciation
Factory Building, Factory Laboratory	20%
Office, Administrative & Godown Shed	10%
Factory Boundary Wall	10%
Plant and Machinery & Local Machinery	20%
Furniture and Fixtures	10%
Office Equipment	20%
Vehicles	20%
Titas Gas Installation	10%
Gas Generator & Diesel Generator	20%
Machine Shed & Steel Rack	10%

#### Retirements and Disposals

When fixed assets are sold, the cost and accumulated depreciation are eliminated and revenue gain or loss (if any) is reflected in the Statement of Comprehensive Income that is determined on the basis of net book value of the assets and net sales proceeds or realized amount.

### 3.8 Accrual basis Capital work in progress:

Capital work in progress consists of acquisition costs of plant and machinery, capital components and related installation cost until the date placed in service. In case of import of components, capital work in progress is recognized when risks and rewards associated with such assets are transferred to the company, that is, at the time of shipment is confirmed by the supplier.

### 3.9 Application of Standards

Status of application of IASs and IFRSs is presented below of the company for the period under audit:

Name of the Accounting Standards	Ref.	Status
First-time adoption of International Financial Reporting Standards	IFRS-1	Not applicable
Share Based Payment	IFRS-2	Not applicable
Business Combinations	IFRS-3	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not applicable
Financial Instruments: Disclosures	IFRS-7	Applied
Operating Segments	IFRS-8	Not applicable
Financial Instruments	IFRS-9	Applied
Consolidated Financial Statements	IFRS-10	Not applicable
Joint Arrangements	IFRS-11	Not applicable
Disclosure of Interest in other Entities	IFRS-12	Not applicable
Fair Value Measurement	IFRS-13	Not applicable

Regulatory Deferral Accounts	IFRS-14	Not applicable
Revenue from Contracts with Customers	IFRS-15	Applied
Leases	IFRS-16	Not applicable
Insurance Contracts	IFRS-17	Not applicable
Presentation of Financial Statements	IAS-1	Applied
Inventories	IAS-2	Applied
Statement of Cash Flows	IAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	IAS-20	Applied
The Effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Applied
Related Party Disclosures	IAS-24	Applied
Investments in Associates	IAS-28	Not applicable
Financial instruments: Presentation	IAS-32	Applied
Earnings per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Applied
Intangible Assets	IAS-38	Not Applicable
Financial instruments: Recognition and Measurement	IAS-39	Applied
Investment Property	IAS-40	Not applicable
Agriculture	IAS-41	Not applicable

### 3.10 Inventory

Inventories are measured at lower of cost and net realizable value in accordance with IAS-2 (Inventories). The cost of inventories includes expenditure incurred for acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Raw materials in transit are valued at cost. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. The weighted average cost method has been used to determine the value of inventory.

### 3.11 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset to one party and a financial liability or equity instrument to another party.

#### I) Financial Assets::

Financial assets of the company include cash and cash equivalent, trade and other receivables, other long term receivables and deposits. The company initially recognizes the financial assets when and only when the company becomes a party to the contractual provisions of the transaction. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the transactions. The company derecognizes the financial asset when and only when the contractual rights or probabilities of receiving the flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

#### I.(a) Accounts Receivables:

These are carried at original invoice amount. This considered good and collectable, and therefore, no amount was written off as bad debt and no debt was considered doubtful to provide for.

#### I.(b) Cash and Cash Equivalents:

According to IAS 7 "Statement of Cash Flows", cash comprises cash in hand and demand deposit and, cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. IAS 1 "Presentation of Financial Statements" provides that Cash and Cash Equivalents are not restricted in use. Considering the provisions of IAS 7 and IAS 1 cash in hand and bank balances have been considered as cash and cash equivalents.

#### Other Current Assets:

Other current assets have a value on realization in the ordinary course of business that is at least equal to the amount at which they are stated in the Statement of Financial Position.

## ii) Financial Liabilities:

The company initially recognizes the financial liabilities when and only when the company becomes a party to the contractual provisions of the transaction. The company derecognizes the financial liabilities when its contractual obligations are discharged or cancelled or expired. Financial liabilities include payable for expenses, liability for capital expenditures, Finance lease obligation, loans and borrowings and other current liabilities.

### ii.(a) Finance Lease Obligation:

Leases in terms of which the entity assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

### ii.(b) Loans and Borrowings:

Principal amounts of the loans and borrowings are stated at their amortized amount. Borrowings repayable after twelve months from the date of Statement of Financial Position are classified as non-current liabilities whereas the portion of borrowings repayable within twelve months from the date of statement of financial position, unpaid interest and other charges are classified as current liabilities.

### ii.(c) Accounts Payables:

The company recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying benefits.

## 3.12 Impairment:

### i. Financial Assets

Trade receivable is assessed at each reporting date to determine whether there is objective evidence that it is impaired. Trade receivable is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the assets and that the loss had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

### ii. Non-Financial Assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impairment loss if the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognized immediately in profit or loss unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

## 3.13 Taxation

Income tax expense comprises of current and deferred taxes. It is recognized in the Statement of Comprehensive Income and accounted for in accordance with the requirements of IAS 12: Income Tax.

### i. Current Taxation

The tax currently payable is based on the Taxable profit for the year and any adjustment to tax payable in respect of previous year. The company is a Publicly Traded Company. As per the Income Tax Ordinance, 1984 the rate of taxation applied at the rate of 25.00%.

### ii. Deferred Taxation

The company does not require to compute deferred tax on PPE, because it charges depreciation as per method, conditions and rate/s as specified in the 3<sup>rd</sup> Schedule of the Income Tax Ordinance, 1984. Depreciation has been charged on all items of Fixed Assets except for Land and Land Development on **Reducing Balance Method**. During the period, there were no temporary difference/s between Tax Base and Carrying Amount of an Asset or Liability.

## 3.14 Revaluation Reserve

Revaluation reserve arose from the revaluation of land and land development which were revalued on 25th June 2006 by M/S. GEOTECH Survey company (pvt) Ltd, a firm of professional valuers on the basis of market price prevailing in the country. The difference between revaluation and actual book value has been reported in accounts under the head Revaluation Reserve.

The company has revaluated (under 'Fair Value' method) its own land in the year of 2015 located at Squib Road, Tongi Industrial Area, Gazipur by independent valuer Mahfel Haq & Co. The area of the land is 311.10 Decimals. Book value of the land was Taka 67,411,905. After valuation, this is increased to 597,312,000. Revalued amount is Taka 529,900,095.

Revalued Amount as on 4 May 2015	597,312,000
Less: Book Value as on Revaluation date	(67,411,905)
Revaluation Reserve without Charging Capital Gain	529,900,095
Less: Deferred Tax Liability @15% on Tk. 529,900,095	(79,485,014)
	450,415,081
Add: Opening Balance of Revaluation reserve	45,845,841
<b>Revaluation Reserve</b>	<b>496,260,922</b>

### **3.15 Tax Holiday Reserve:**

The company enjoyed five years Tax Holiday for unit-I up to February 28, 1995 while for unit -II for a period of five years ended on April 30, 2000, Unit III for a period of five years ended on June 30, 2003 and Unit IV for a period of five years ended on December 31, 2005. Currently not enjoying Tax Holyday Benefit.

### **3.16 Foreign Currency Translation:**

Transactions denominated in foreign currencies are translated into Bangladeshi Taka and recorded at rates of exchange ruling on the date of transaction in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates".

### **3.17 Provisions, Accrued Expenses and Other Payables**

Provisions and accrued expenses are recognized in the Financial Statements in line with the International Accounting Standard (IAS) 37 "Provisions, Contingent Liabilities and Contingent Assets" when

- the company has a legal or constructive obligation as a result of past event.
- it is probable that an outflow of economic benefit will be required to settle the obligation.
- a reliable estimate can be made of the amount of the obligation.

### **3.18 Contingent Liabilities**

The Company does not have any contingent liabilities as on the reporting date.

### **3.19 Revenue (Turnover) From Sales**

Net sale comprises the invoiced value of goods supplied by the company and consists of Sales of manufactured goods excluding Value Added Tax (VAT).

#### **Revenue Recognition**

The revenue is recognized after satisfying all the following conditions for revenue recognition as provided in IFRS 15 "Revenue Recognition";

- a. The company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b. The Company retains neither continuing managerial involvement to the degree usually associated ownership nor effective control over the goods sold;
- c. The amount of revenue can be measured reliably;
- d. It is probable that the economic benefits associated with the transaction will flow to the company;
- e. The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Other non-operating income has been recognized on accrual basis.

### **3.20 Borrowing Cost:**

Borrowing cost is recognized as expense in the period in which they are incurred unless capitalization of such is allowed under IAS 23- Borrowing cost.

### **3.21 Earnings Per Share:**

The Company calculates Earnings Per Shares (EPS) in accordance with IAS 33 "Earnings per Shares" which has been shown on the face of Statement of Comprehensive Income and, the computation of EPS is stated in Note 33. Earning per share (EPS) has been computed by dividing the profit after tax (PAT) by the number of ordinary shares outstanding as on 30 June 2019 as per IAS-33 "Earnings per Shares".

### **3.22 Basic Earnings / Loss:**

This represents earnings / loss for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit / loss after tax for the year has been considered as fully attributable to the ordinary shareholders.

### **3.23 Diluted Earnings Per Share:**

No diluted EPS is required to be calculated for the year as there was no scope for dilution during the year under review.

### **3.24 Statement of Cash Flows:**

Statement of Cash Flows is prepared principally in accordance with IAS 7 "Statement of Cash Flows" and the cash flow from the operating activities have been presented under direct method as prescribed by the Securities and Exchange Rules 1987 and considering the provision of Paragraph 19 of IAS 7 which provides that "Enterprise are Encouraged to Report Cash Flow From Operating Activities Using the Direct Method".

### **3.25 Dividend for the Year:**

After the reporting period, the Board of Directors recommended 22% stock dividend per share which will be recognized in the accounts as and when approved by the shareholders in the Annual General Meeting.

### **3.26 Events After the Reporting Period:**

Events after the reporting period that provide additional information about the company's position at the date of statement of Financial Position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after reporting that are not adjusting events are disclosed in the notes when material.

### 3.27 Post Closing Events

After the reporting period, the Board of Directors recommended 22% stock dividend per share. The proposed dividend is subject to shareholders' approval in the forthcoming Annual General Meeting.

The Board of Directors recommended to raise the paid-up capital through issuance of rights share at a ratio of 01(One)[R] : 01(One), i.e. 01(One) rights share for every 01(One) existing share held on the record date for entitlement of rights share at Tk. 20.00 (Twenty) each including premium of Tk.10.00 (Ten) per share after considering 22% Stock Dividend for the year ended on June 30, 2019, subject to approval of Shareholders in the Extraordinary General Meeting (EGM), Bangladesh Securities and Exchange Commission (BSEC) and complying with the requirements embodied in relevant laws and Regulatory Authorities concerned.

### 3.28 Human Resources

Particulars	2018-19	2017-18
Officers	340	362
Staff	172	178
Skilled and unskilled workers	300	310
<b>Total</b>	<b>812</b>	<b>850</b>

### 3.29 Employee Benefit

#### i. Defined Contribution Plan

The Company maintains a recognized provident fund @ 10% of basic pay (equally contributed by employee and employer) for all eligible permanent employees. The said fund is managed by a board of trustees.

#### ii. Defined Benefit Plan

The Company maintains an unfunded gratuity scheme and deduct when retirement benefits are paid by the company. The employees are entitle to gratuity benefit after completion of minimum 5 years service in the company.

#### iii. Employee's Group Insurance

The company has also a group insurance scheme for its permanent employees, premium for which is being charged to Statement of Comprehensive Income annually as per the insurance policy.

### 3.30 Advertisement, Publicity & Promotional Expenses:

All costs associated with advertising and promoting products are expensed in the year it incurred.

### 3.31 Additional Information on Financial Statements:

#### i. Responsibilities for Preparation and Presentation of Financial Statements:

The Board of Directors is responsible for the preparation and presentation of Financial Statements under section 183 of the Companies Act 1994 and as per the provision of "The Framework for the Preparation and Presentation of Financial Statements" issued by the International Accounting Standards Committee (IASC).

#### ii. Risk and Uncertainties for use of Estimates in Preparation of Financial Statements:

The preparation of financial statements in conformity with the International Accounting Standards (IAS) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. Actual result could differ from those estimates. Estimates are used for accounting of certain items such as long term contract, depreciation and amortization, taxes, reserves, employee benefits and contingencies.

#### iii. Compliance with the International Accounting Standards (IASs):

The Financial Statements have been prepared in compliance with the requirements of the IAS and IFRS as applicable in Bangladesh. The title and format of these Financial Statements follow the requirements of IFRS / IAS which are to some extent different from the requirements of the Companies Act 1994. However, such differences are not material and in the view of Management IFRS / IAS titles and format give better presentation to the shareholders.

### 3.32 Authorization for Issue:

These Financial Statements have been authorized for issue by the Board of Directors of the Company on 29 August, 2019.

### 3.33 Segment Reporting:

As there is a single business within which the company operates as such no segment reporting is felt necessary.

### 3.34 Comparative Information:

Figures of the year 2017-2018 have been rearranged and regrouped whenever considered necessary to ensure comparability with the current period. The disclosures in the Financial Statements, in all materials respects, are in accordance with International Accounting Standards (IAS).

### 3.35 Offsetting:

Financial assets and liabilities are offset and the net amount is reported in the Financial Statements only when there is legally enforceable right to set off the recognized amounts and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

### **3.36 Materiality and Aggregation:**

Each material item has been presented separately in company's Financial Statements. Immaterial amounts have been aggregated with the amounts of similar nature or function.

### **3.37 Reporting Currency**

The Financial Statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency.

### **3.38 Directors' Responsibility Statement**

The Board of Directors is responsible for the preparation and presentation of the Financial Statements under section 183 of the Companies Act, 1994 and as per the provision of 'The Framework for the Preparation and Presentation of Financial Statements' issued by the International Accounting Standards Committee (IASC).

### **3.39 Risk Management**

The issue is discussed in details under "Management Discussion and Analysis"

### **3.40 General**

- i. Figures have been rounded off to the nearest taka.
- ii. Previous period's/year's figures have been rearranged wherever considered necessary to ensure comparability with the current year.
- iii. The Company publishes its quarterly accounts as per IAS 34 "Interim Financial Reporting" and the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018.

# National Polymer Industries Limited

For the year ended 30 June 2019

Note 4: Property, Plant and Equipment

Assets Category	COST (Taka)			DEPRECIATION (Taka)				Written Down Value as on 30.06.2019	Written Down Value as on 30.06.2018
	As on 01.07.2018	Additions during the period	Adjustment/ Sales during the period	As on 30.06.19	Dep. Rate	Cumulative as on 01.07.18	Charged during the Period		
Land & Land Dev.									
Cost	26,901,064	1,850,000	-	28,751,064	-	-	-	-	-
Revaluation	575,745,936	-	-	575,745,936	-	-	-	-	-
Factory Buildings	116,915,738	73,150,608	-	190,066,346	20.0%	63,245,122	16,307,211	-	79,552,333
Godown Sheds	30,524,820	-	-	30,524,820	10.0%	21,790,178	873,464	-	22,663,642
Plant & Machinery	1,314,725,549	292,192,192	-	1,606,917,741	20.0%	621,251,409	165,760,975	-	787,012,384
Local Machinery	32,135,174	-	-	32,135,174	20.0%	25,516,408	1,323,753	-	26,840,161
Office Sheds	1,637,007	-	-	1,637,007	10.0%	1,153,969	48,304	-	1,202,273
Machine Shed	194,754	-	-	194,754	10.0%	135,761	5,899	-	141,660
Steel Rack	459,095	-	-	459,095	10.0%	305,403	15,369	-	320,773
Factory Laboratory	179,420	-	-	179,420	20.0%	169,409	2,002	-	171,411
Administrative Shed	2,359,169	-	-	2,359,169	10.0%	1,836,187	52,298	-	1,888,485
Factory Boundary Wall	4,045,053	-	-	4,045,053	10.0%	2,926,250	111,880	-	3,038,130
Gas Generator	55,544,726	-	-	55,544,726	20.0%	44,692,444	2,170,456	-	46,862,980
Diesel Generator	26,974,764	-	-	26,974,764	20.0%	20,613,383	1,272,276	-	21,885,659
Titas Gas Installation	2,288,132	-	-	2,288,132	10.0%	1,527,762	76,037	-	1,603,799
Furniture & Fixtures	7,030,368	100,605	-	7,130,973	10.0%	3,322,013	375,858	-	3,697,871
Vehicles	90,392,123	18,562,490	-	108,954,613	20.0%	59,958,858	6,400,517	-	66,359,375
Office Equipment	36,345,061	6,759,011	-	43,104,072	20.0%	20,606,192	3,771,497	-	24,377,789
<b>Total</b>	<b>2,324,397,953</b>	<b>392,614,906</b>	<b>-</b>	<b>2,717,012,859</b>		<b>889,050,748</b>	<b>198,567,897</b>	<b>-</b>	<b>1,087,618,645</b>
<b>As at 30 June 2018</b>	<b>1,798,984,160</b>	<b>533,413,793</b>	<b>-</b>	<b>2,324,397,953</b>	<b>-</b>	<b>757,419,487</b>	<b>131,631,261</b>	<b>-</b>	<b>889,050,748</b>

Depreciation allocated to :

Cost of Goods Sold  
Administrative Expenses

188,019,926  
10,547,971  
**198,567,897**

Addition in Factory Buildings includes amount Tk. 55,020,000 transferred from CWIP (Note-06).



**4.01 Property, Plant & Equipment**

	30 June 2019 Amount (TK)	30 June 2018 Amount (TK)
Opening Balance	2,324,397,953	1,790,984,160
Addition during the year including transferred from CWIP	392,614,906	533,413,793
Cost as at 30 June 2019	2,717,012,859	2,324,397,953
Accumulated Depreciation	(1,087,618,645)	(889,050,748)
<b>Closing Balance</b>	<b>1,629,394,214</b>	<b>1,435,347,205</b>

(Details in Note - 3.7, 4)

Depreciation is charged on all Fixed Assets except for Land and Land Development on reducing balance method.

**5.00 Investment**

FDR in Uttara Finance & Investment Ltd.	106,700,000	100,000,000
Add: Addition During the year	8,377,625	6,700,000
FDR in IPDC	2,500,000	-
	<b>117,577,625</b>	<b>106,700,000</b>

Name of Institute	FDR No.	Interest Rate	Branch	Maturity Date
Uttara Finance & Investment Ltd.	10224/17	10.25%	Gulshan	31 May 2020
IPDC Finance Limited	06748	11.00%	Gulshan	28 May 2020

**6.00 Capital Work In Progress (CWIP)**

Opening Capital Machinery in Transit	-	90,479,747
Less: Addition to Plant and Machinery during the year	-	(90,479,747)
	-	-
Opening Civil Construction	87,696,389	22,683,186
Add: Civil Construction in progress during the year	47,210,000	92,089,962
Less: Transferred to Factory Buildings during the year	(55,020,000)	(27,076,758)
	79,886,389	87,696,389
	<b>79,886,389</b>	<b>87,696,389</b>

**7.00 Inventories**

	30 June 2019		30 June 2018	
	Quantity	Taka	Quantity	Taka
Raw Materials	8,930	483,070,824	7,860	422,936,250
Work in Process		35,501,254		34,863,520
Finished Goods	5,425	392,510,625	4,922	352,726,548
Stores and Spares		9,904,350		8,253,625
Stock in Transit		158,142,673		14,662,510
Packing Materials		2,318,090		3,918,951
		<b>1,081,447,816</b>		<b>837,361,404</b>

**8.00 Accounts Receivables**

Receivables Against Sales	510,673,198	321,303,128
	<b>510,673,198</b>	<b>321,303,128</b>

Day Range	Amount in Taka	Amount in Taka
Below 30 days	209,376,011	136,553,829
Below 90 days	211,929,377	125,308,220
Below 180 days	66,387,516	48,195,469
Above 180 Below 1 Year	22,980,294	11,245,609
Total	<b>510,673,198</b>	<b>321,303,128</b>

a) This is unsecured, considered good and is falling due within one year.

b) No amount is considered doubtful or bad and therefore no provision is made in the Financial Statements.

c) No amount is due by any Director or other Officer of the company and any of them severally or jointly with any other person.

**9.00 Accrued Interest Receivable on FDR**

	Interest Rate	Maturity Date		
Uttara Finance & Investment Ltd.	10.25%	31 May 2020	911,400	-
IPDC Finance Limited	11.00%	28 May 2020	25,212	-
			<b>936,612</b>	<b>-</b>

**10.00 Advance, Deposit & Pre-payments**

<b>Advances:</b>		
<b>Advance to Suppliers</b>		
Opening Balance	58,748,999	65,047,195
Add: During the Year	17,760,196	1,226,540
Less: Bill Adjustment (Vehicle)	(18,462,000)	(7,524,736)
	58,047,195	58,748,999
Advance to Employee	10,626,804	9,925,000
Advance against Brand Development	5,214,900	5,240,000
Other Advances	3,396,282	3,251,182
	<b>77,285,181</b>	<b>77,165,181</b>

	30 June 2019	30 June 2018
	Amount (TK)	Amount (TK)
<b>Deposits:</b>		
Security Deposit	3,216,500	3,296,500
Margin, Tender Earnest Money & other Deposits	31,576,818	31,496,818
Deposit for Utilities	22,947,622	23,067,622
	<u>57,740,940</u>	<u>57,860,940</u>
<b>Prepayments:</b>		
Prepaid Rent	24,373,374	22,278,958
Value Added Tax (VAT)	32,152,716	27,366,999
	<u>56,526,090</u>	<u>49,645,957</u>
	<u><b>191,552,211</b></u>	<u><b>184,672,078</b></u>

a) Employees advance of Tk. 10,626,804 includes advance to officers mostly for official purpose.

b) No amount is due by the Directors, including Managing Director or officer of the company and any of them severally or jointly with any other person except as stated in (a) above.

#### 11.00 Advance Income Tax

Opening balance	279,650,597	246,626,020
AIT Paid at Port (Import Stage)	117,382,090	96,135,604
AIT Paid at Port (Export Stage)	247,735	193,445
AIT on Vehicles	309,500	234,000
TDS Against Sales	15,901,252	14,767,073
TDS on Bangladesh Bank Cash Assistance	50,918	19,178
TDS on FDR interest	933,625	750,000
Prior Year Adjustment on Income Tax Assessment (Income Year 2014-2015 and 2015-2016)	-	(79,074,723)
Prior Year Adjustment on Income Tax Assessment (Income Year 2016-2017)	(45,480,513)	-
	<u><b>368,995,204</b></u>	<u><b>279,650,597</b></u>

Prior Year Adjustment on Income Tax Assessment has been made for the Income Year 2016-2017 total Tk. 45,480,513 (against Retained Earnings Tk. 23,394,195 and Provision for tax Tk. 22,086,318 under Note - 16 & 25).

#### 12.00 Cash & Cash Equivalents

Cash in Hand		2,787,261	3,748,398
Cash at Bank	Note- 12.01	197,530,215	205,793,809
		<u><b>200,317,476</b></u>	<u><b>209,542,207</b></u>

#### 12.01 Cash at Bank

	Branch	A/C No.		
AB Bank Limited	Gulshan Circle-2	CD-88500	2,802,911	8,535,131
Agrani Bank Limited	Amin Court Corp. Br.	COR-03583	1,530	4,425
Agrani Bank Limited	Nawabpur Corp. Br.	COR-06621	8,826,057	3,641
Bank Asia Limited	Gulshan	CD-10829	3,086,493	4,767,680
BRAC Bank Limited	Satmosjeed Road	CD-51001	33,326,314	32,712,544
City Bank Limited	Dhanmondi	CD-28001	813,543	1,070,378
Dhaka Bank Limited	Gulshan Circle-2	OD-17574	4,433,884	9,919,918
Dutch Bangla Bank Limited	Bashundhara	CD-10144	6,517,827	12,455,149
IFIC Bank Limited	Moulavi Bazar	CD-21001	1,185,646	3,102,193
Islami Bank Bangladesh Limited	Kawran Bazar	CD-12804	18,638,475	19,720,200
Jamuna Bank Limited	Gulshan	CD-13615	36,917,494	2,773,096
Janata Bank Limited	Alu Bazar	CD-16125	312,390	3,596,503
Janata Bank Limited	Gulshan-1	CD-71210	1,248,558	-
Modhumati Bank Limited	Gulshan	CD-00070	204,132	753,501
Mutual Trust Bank Limited	MTB Center Corp. Br.	CD-05604	478,715	797,777
Mutual Trust Bank Limited	Banani	CD-07295	170,556	1,171,942
National Bank Limited	Gulshan	CD-69629	30,226,183	14,738,886
NCC Bank Ltd.	Dhanmondi	CD-00320	(43,141)	-
One Bank Limited	Dhanmondi	CD-87001	(33,344)	6,627,519
Premier Bank Limited	Gulshan Circle-2	CD-00033	1,974,797	2,575,017
Prime Bank Limited	Motijheel	CD-80705	2,339,176	1,723,095
Pubali Bank Limited	Gulshan M.T Corp. Br.	CD-28344	9,437,395	14,476,171
Shahajalal Islami Bank Limited	Satmosjeed Road	CD-01639	5,830,566	5,712,566
Sonali Bank Limited	Lalmatia	CD-08067	3,581,494	4,392,130
Standard Bank Limited	Gulshan-1	CD-03814	5,268,280	3,747,876
Standard Chartered Bank Limited	Motijheel	OD-25801	-	27,894,282
Trust Bank Ltd.	Gulshan Corp. Br.	CD-16474	321,484	-
United Commercial Bank Limited	Tongi	CD-03100	14,268,355	13,310,242
Uttara Bank Limited	Kalsagan	CD-11673	5,384,326	8,611,830
Uttara Bank Limited	Tongi	CD-13797	10,121	600,117
			<u><b>197,530,215</b></u>	<u><b>205,793,809</b></u>

**13.00 Share Capital****Authorized:**

50,000,000 Ordinary Shares of Taka 10 each

**Issued, Subscribed and Paid-up:**

I) 134,0000 Ordinary Shares of Taka 10 each

II) 134,0000 Rights Shares of Taka 10 each (1:1)

III) 536,0000 Rights Shares of Taka 10 each (1:2)

IV) 6,388,845 Bonus Shares of Taka 10 each

V) 2,597,192 Bonus Shares of Taka 10 each

VI) 3,405,207 Bonus Shares of Taka 10 each

VII) 4,086,248 Bonus Shares of Taka 10 each

VIII) 5,393,848 Bonus Shares of Taka 10 each

30 June 2019	30 June 2018
Amount (TK)	Amount (TK)

500,000,000	500,000,000
-------------	-------------

13,400,000	13,400,000
------------	------------

13,400,000	13,400,000
------------	------------

53,600,000	53,600,000
------------	------------

63,888,450	63,888,450
------------	------------

25,971,920	25,971,920
------------	------------

34,052,070	34,052,070
------------	------------

40,862,480	40,862,480
------------	------------

53,938,480	-
------------	---

299,113,490	245,174,920
-------------	-------------

**Composition of Shareholding:**

	30 June 2019		30 June 2018	
	Number	%	Number	%
Sponsors/Directors	13,590,066	45.43	14,107,509	57.54
Financial Institutions	2,368,424	7.92	2,476,072	10.10
General	13,952,850	46.65	7,933,911	32.36
	<b>29,911,340</b>	<b>100</b>	<b>24,517,492</b>	<b>100</b>

**Name wise shareholding position of Sponsors/ Directors:**

Name	Position	Shareholding Qty.	%
Mr. Golam Murshed	Chairman	2,247,066	7.51%
Mr. Riad Mahmud	Managing Director	1,175,616	3.93%
Mr. Rohel Mahmud	Sponsor	595,248	1.99%
Mrs. Razia Sultana	Sponsor	124,624	0.42%
Mrs. Khaleda Akhand	Sponsor	7,434	0.03%
Late Shamsul Abedin Akhand and Mrs. Khaleda Akhand (Joint Account)	Sponsor	2,648,862	8.86%
Mr. Nuruzzaman Khan	Nominated Director (Nominated by ICB)	6,791,216	22.70%
<b>Total</b>			<b>45.43%</b>

**Classification of Shareholders by holding:**

Holdings	Number of Holders		Total Holding (%)	
	30-06-2019	30-06-2018	30-06-2019	30-06-2018
1 to 500	1,427	1,711	51.13	49.94
501 to 1,000	339	582	12.15	16.99
1,001 to 5,000	665	832	23.83	24.28
5,001 to 50,000	299	259	10.71	7.56
50,001 to above	61	42	2.19	1.23
	<b>2,791</b>	<b>3,426</b>	<b>100.00</b>	<b>100.00</b>

30 June 2019	30 June 2018
Amount (TK)	Amount (TK)

134,000,000	134,000,000
-------------	-------------

134,000,000	134,000,000
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Taka 134,000,000 represents issue of 5,36,000 Ordinary Shares in January 2009 for Tk. 250 each.

**15.00 Revaluation Reserve**

Opening Balance

496,260,922	496,260,922
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Land Revalued during this year

-	-
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496,260,922	496,260,922
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Deferred Tax on Land Revaluation

-	-
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496,260,922	496,260,922
-------------	-------------

On 4th May 2015, the company has revaluated its own land located at Squib Road, Tongi Industrial Area, Gazipur by independent valuer Mahfel Huq & Co. The area of the land is 311.10 Decimals. (Details in Note- 3.14)

**16.00 Retained Earnings**

Opening Balance	186,659,074	195,624,152
Payment of Stock Dividend	(53,938,480)	(40,862,480)
	132,720,594	154,761,672
Tax Adjustment against assessment (2014-2015 and 2015-2016 FY)	-	(47,453,484)
Tax Adjustment against assessment (2016-2017 FY)	(23,394,195)	-
Profit during the year end	127,207,270	79,350,886
	<b>236,533,669</b>	<b>186,659,074</b>

30 June 2019	30 June 2018
Amount (TK)	Amount (TK)

**17.00 Long Term Loan****Standard Chartered Bank**

Opening Balance	420,195,181	166,824,391
Add : Received during the year	-	313,035,000
Paid during the year	(126,743,140)	(59,664,210)
	293,452,041	420,195,181
Current Maturity within one year	(128,789,533)	(126,743,138)
	<b>164,662,508</b>	<b>293,452,043</b>

**Eastern Bank Ltd**

Opening Balance	97,944,233	36,773,612
Add : Received during the year	181,296,811	82,025,670
Paid during the year	(31,999,699)	(20,855,049)
	247,241,345	97,944,233
Current Maturity within one year	(55,126,359)	(26,151,397)
	<b>192,114,986</b>	<b>71,792,836</b>

**Jamuna Bank Ltd.**

Opening balance	15,097,186	-
Received during the year	109,915,002	15,933,000
Paid during the year	(10,163,100)	(835,814)
	114,849,088	15,097,186
Current Maturity within one year	(20,736,854)	(2,626,172)
	<b>94,112,234</b>	<b>12,471,014</b>

**Mutual Trust Bank Ltd.**

Opening balance	28,580,568	-
Received during the year	-	29,700,000
Paid during this year	(28,580,568)	(1,119,432)
	-	28,580,568
Current Maturity within one year	-	(4,808,951)
	-	<b>23,771,617</b>

**Uttara Finance & Investment Limited**

Opening balance	-	-
Received during the year	300,000,000	-
Paid during this year	(11,721,864)	-
	288,278,136	-
Current Maturity within one year	(56,718,178)	-
	<b>231,559,958</b>	-

**Long Term Loan - (Current Maturity)**

Standard Chartered Bank	128,789,533	126,743,138
Eastern Bank Ltd	55,126,359	26,151,397
Jamuna Bank Ltd.	20,736,854	2,626,172
Mutual Trust Bank Ltd.	-	4,808,951
Uttara Finance & Investment Limited	56,718,178	-
	<b>261,370,924</b>	<b>160,329,658</b>

**Long Term Loan - (Non-current Maturity)**

Standard Chartered Bank	164,662,508	293,452,043
Eastern Bank Ltd	192,114,986	71,792,836
Jamuna Bank Ltd.	94,112,234	12,471,014
Mutual Trust Bank Ltd.	-	23,771,617
Uttara Finance & Investment Limited	231,559,958	-
	<b>682,449,686</b>	<b>401,487,510</b>

Name of Institute	Branch	Sanction No.	Maturity Date
Standard Chartered Bank	Motijheel	A14/10593993/BD3KU9Q5, etc.	07.10.2019
Eastern Bank Ltd	Principal	Cr.Admn.(Dhaka 0100628) -RAJ/0280/2019	31.01.2020
Jamuna Bank Ltd.	Gulshan	JBL/HO/CRMD/2018/2384, etc.	30.09.2019
Uttara Finance & Investment Limited	Gulshan	UFIL/N-35/2018/G-366	15.11.2023

#### Security against Facilities

- Registered Mortgage over Factory Land and Building on pari-passu basis between Standard Chartered Bank, Eastern Bank Limited and Jamuna Bank Limited of which area of Land is 147.70 decimals located at Kathaldia, Tongi, Gazipur where Standard Chartered Bank's share will not less than BDT 163,320,000.
- Demand Promissory Note & Letter of Continuation.
- Registered Hypothecation over Stocks and Books Debtors on Pari-Passu basis between Standard Chartered Bank, Eastern Bank Ltd and Jamuna Bank Limited.
- Registered Hypothecation over Plant & Machinery on Pari-Passu basis between Standard Chartered Bank, Eastern Bank Limited and Jamuna Bank Limited.
- Un-dated Cheque(s) supported by Irrevocable Letter of Authority & Memorandum of Deposit.
- Personal Guarantee of the Sponsor Directors.

#### 18.00 Deferred Tax Liability

Deferred tax liability has been calculated on the revaluation surplus of land. On 4th May 2015, the company has revalued its own land located at Squib Road, Tongi Industrial Area, Gazipur by independent valuer Mahfel Huq & Co. The area of the land is 311.10 Decimals. Book value of the land was Taka 67,411,905. After valuation, this is increased to 597,312,000. Revalued amount is Taka 529,900,095.

The company does not require to compute deferred tax on PPE, because it charges depreciation as per method, conditions and rate/s as specified in the 3rd Schedule of the Income Tax Ordinance, 1984. Depreciation has been charged on all items of Fixed Assets except for Land and Land Development on Reducing Balance Method. During the period, there were no temporary difference/s between Tax Base and Carrying Amount of an Asset or Liability.

	30 June 2019 Amount (TK)	30 June 2018 Amount (TK)
Revaluation Surplus on Land & Land Development	529,900,095	529,900,095
Deferred Tax Liability @ 15%	<b>79,485,014</b>	<b>79,485,014</b>

#### 19.00 Short Term Loan

##### LTR

Standard Chartered Bank	233,780,846	82,369,170
Eastern Bank Limited	223,172,865	164,351,478
Jamuna Bank Limited	346,451,642	190,086,065
BRAC Bank Limited	62,534,910	38,170,548
Mutual Trust Bank Limited	-	202,136,200
One Bank Limited	-	42,563,961
	<b>865,940,263</b>	<b>719,677,422</b>

##### STF

Standard Chartered Bank Limited	45,577,701	11,277,176
Eastern Bank Limited	134,097,908	126,547,528
IPDC Finance Limited	151,310,019	50,000,000
IDLC Finance Limited	50,854,390	-
Jamuna Bank Limited	253,991,826	162,604,015
BRAC Bank Limited	70,940,258	71,324,588
Mutual Trust Bank Limited	-	54,593,859
One Bank Limited	-	250,910,860
	<b>706,772,102</b>	<b>727,258,026</b>
	<b>1,572,712,365</b>	<b>1,446,935,448</b>

Name of Institute	Branch	Sanction No.	Maturity Date
Standard Chartered Bank Limited	Motijheel	A14/10593993/BD3KU9Q5, etc.	07.10.2019
Eastern Bank Limited	Principal	Cr.Admn.(Dhaka 0100628)-RAJ/0280/2019	31.01.2020
IPDC Finance Limited	Gulshan	IPDC/NPIL/2018/10835,10899	06.06.2019
IDLC Finance Limited	Gulshan	IDLC/CAD/CORP/GUL/2018/1727	12.09.2019
Jamuna Bank Limited	Gulshan	JBL/HO/CRMD/2018/2384, etc.	30.09.2019
BRAC Bank Limited	Shatmosjeed Road	CAD/Dhaka/SH/01161151/2019/0245	29.04.2020

#### Security against Facilities

- Registered Mortgage over Factory Land and Building on pari-passu basis between Standard Chartered Bank, Eastern Bank Limited and Jamuna Bank Limited of which area of Land is 147.70 decimals located at Kathaldia, Tongi, Gazipur where Standard Chartered Bank's share will not less than BDT 163,320,000.
- Demand Promissory Note & Letter of Continuation.
- Registered Hypothecation over Stocks and Books Debtors on Pari-Passu basis between Standard Chartered Bank, Eastern Bank Ltd and Jamuna Bank Limited.
- Registered Hypothecation over Plant & Machinery on Pari-Passu basis between Standard Chartered Bank, Eastern Bank Limited and Jamuna Bank Limited.
- Un-dated Cheque(s) supported by Irrevocable Letter of Authority & Memorandum of Deposit.
- Personal Guarantee of the Sponsor Directors.

#### 20.00 Bank Overdraft

	30 June 2019 Amount (TK)	30 June 2018 Amount (TK)
Standard Chartered Bank	13,028,114	-
Eastern Bank Limited	18,951,664	13,477,522
Jamuna Bank Limited	183,219,704	93,281,385
Mutual Trust Bank Limited	-	37,097,543
One Bank Limited	-	92,498,282
	<b>215,199,482</b>	<b>236,354,732</b>

Name of Institute	Branch	Account No.	Sanction No.	Expiry Date
Standard Chartered Bank	Motijheel	1124925801	A14/10593993/BD3KU9Q5	26.11.2019
Eastern Bank Limited	Principal	1012040000477	Cr.Admn.(Dhaka 0100628)-RAJ/0280/2019	31.01.2020
Jamuna Bank Limited	Gulshan	00100133005600	JBL/HO/CRMD/2018/2384	30.09.2019

#### 21.00 Accounts Payable

	30 June 2019 Amount (TK)	30 June 2018 Amount (TK)
Payable against Carriage Outwards	1,564,063	1,251,250
Gratuity Payable	1,823,200	2,485,690
Gas Bill Payable	4,513,304	2,376,148
Employees Provident Fund	957,936	788,590
Mobile Bill Payable	397,492	356,009
Directors Remuneration Payable	120,000	195,000
Godown Rent	42,000	24,000
AGM Venue Charge	30,000	-
Electricity Bill	48,592	-
Unclaimed Dividend	160,154	160,154
	<b>9,656,741</b>	<b>7,636,841</b>

**22.00 Inter-Company Loan****Npolymer Construction Limited (Note-39)**

Opening Balance	-	-
Received during the year	100,241,004	-
Paid during the year	(20,222,000)	-
	<b>80,019,004</b>	<b>-</b>

**23.00 Provision for Expenses**

Accrued Interest on STL & LTL	14,782,860	-
Staff Salary Payable	13,882,592	12,693,672
Audit Fees	118,750	112,500
Interest payable on Inter-Company Loan	3,584,550	-
VDS payable	2,895,314	832,433
TDS Payable	935,927	205,187
	<b>36,199,993</b>	<b>13,843,792</b>

Interest on Inter-Company Loan to be paid at prevailing market rate in according with deed of agreement.

**24.00 WPPF & Welfare Fund**

Opening Balance	5,568,483	4,675,155
WPPF Disbursed to Beneficiary	(5,568,483)	(4,675,155)
Allocation for the year (Note-31)	8,926,826	5,568,483
	<b>8,926,826</b>	<b>5,568,483</b>

Govt. portion has been paid through Pay Order No. 3900904 Dated: 27.08.19

**25.00 Provision for Taxation**

Opening Balance	48,536,613	53,707,557
Provision for the year @ 25% (Note- 32)	42,402,423	26,450,295
Tax Adjustment against assessment (2016-2017 FY)	(22,086,318)	(31,621,239)
	<b>68,852,719</b>	<b>48,536,613</b>

Prior Year Adjustment on Income Tax Assessment has been made for the Income Year 2016-2017 total Tk. 45,480,513 (against Retained Earnings Tk. 23,394,195 and Provision for tax Tk. 22,086,318, Note - 11).

Income Tax Return for the Income Year (F/Y) 2017-18 has been filed on 13.01.2019 with the concern Deputy Commissioner of Taxes (DCT), subsequently after assessment by the DCT, appeal has been filed on 21.07.2019, as per provisions of the Income Tax Ordinance (ITO), 1984.

We have received Tk. 11,74,84,971/- as Income Tax Refund on 30.07.2019, credited in Jamuna Bank, Gulshan Branch against the Assessment Years (A/Y) of 2015-16 to 2017-18, through Refund Voucher No. 11254 dated: 23.07.2019

**26.00 Revenue**

	2018-2019 Amount (TK)	2017-2018 Amount (TK)
Net Local Sales, Net off VAT	2,938,447,957	2,345,058,901
Export Sales	61,559,787	21,321,676
	<b>3,000,007,744</b>	<b>2,366,380,577</b>

Supplementary duty is not applicable, VAT on export are zero rated, VAT on local sales are 15% for manufacturer (Section 3 & 7 of VAT Act, 1991)

**Quantity (MT)- Finished Goods**

Opening Stock	4,922	4,438
Production during the year	34,362	28,162
Goods available for Sale	39,284	32,600
Closing Stock of Finished Goods	(5,425)	(4,922)
Sale during the year	<b>33,859</b>	<b>27,678</b>

27.00 Cost of Goods Sold	Note		
Opening Stock of Raw Materials		422,936,250	392,437,175
Purchase during the year		2,093,835,597	1,697,016,323
Closing Stock of Raw Materials		(483,070,824)	(422,936,250)
<b>Raw Materials Used in Production</b>	<b>27.01</b>	<b>2,033,701,023</b>	<b>1,666,517,248</b>
Manufacturing Overhead	<b>27.03</b>	414,657,490	304,320,825
Consumption of Packing Materials		34,283,344	21,075,665
<b>Total Production Costs</b>		<b>2,482,641,856</b>	<b>1,991,913,738</b>
Opening Work in Process		34,863,520	35,877,540
Closing Work in Process		(35,501,254)	(34,863,520)
<b>Costs of Goods Manufactured</b>		<b>2,482,004,122</b>	<b>1,992,927,758</b>
Opening Stock of Finished Goods		352,726,548	338,719,417
<b>Goods Available for Sales</b>		<b>2,834,730,670</b>	<b>2,331,647,175</b>
Closing Stock of Finished Goods	<b>27.02</b>	(392,510,625)	(352,726,548)
<b>Cost of Goods Sold</b>		<b>2,442,220,045</b>	<b>1,978,920,627</b>

#### 27.01 Raw Material Used in Production

	2018-2019		2017-2018	
	Quantity (MT)	Taka	Quantity (MT)	Taka
Opening Stock	7,860	422,936,250	6,776	392,437,175
Purchase during the year	37,950	2,093,835,597	31,950	1,697,016,323
	45,810	2,516,771,847	38,726	2,089,453,498
Closing Stock	(8,930)	(483,070,824)	(7,860)	(422,936,250)
	<b>36,880</b>	<b>2,033,701,023</b>	<b>30,866</b>	<b>1,666,517,248</b>

#### 27.02 Closing Stock of Finished Goods (Quantity and Value of each Category) are as follows:

Category	30 June 2019		30 June 2018	
	Quantity	Value (TK)	Quantity	Value (TK)
PVC Pipe	2,340	179,665,200	3,450	263,300,184
PVC Fittings	1,968	98,914,525	1,094	52,636,946
PVC Door	785	77,228,300	378	36,789,418
Water Tank & Tap	332	36,702,600	-	-
<b>Total</b>	<b>5,425</b>	<b>392,510,625</b>	<b>4,922</b>	<b>352,726,548</b>

#### 27.03 Manufacturing Overhead

Salary & Wages	46,086,741	38,405,618
Power & Fuel	150,570,704	120,155,061
Conveyance	253,181	230,132
Entertainment & Staff Food	2,218,272	1,848,560
C & F Commission Expenses	5,101,919	4,940,823
House Rent (Engineers & Officers)	1,170,453	783,897
Insurance Premium (Fire)	4,030,176	3,358,480
Labour Charges	5,195,802	4,329,835
Land Rent	5,062,000	6,849,900
Warehouse Rent	260,000	-
Medical Expenses	787,542	656,285
Papers & Periodicals	28,120	22,920
Postage & Stamps	14,436	12,030

	2018-2019	2017-2018
	Amount (TK)	Amount (TK)
Printing Expenses	279,307	299,328
Repair and Maintenance	1,316,132	1,096,766
Stationery	16,895	203,490
Stores and Spares	376,220	48,793
Telephone & Mobile Bill	679,548	595,644
Uniform Expenses	232,024	235,614
Depreciation	188,019,926	120,247,649
TDS Expenses	1,011,975	-
VDS Expenses	1,946,117	-
	<b>414,657,490</b>	<b>304,320,825</b>

Notes- 4



**28.00 Administrative, Selling and Distribution Expenses****Administrative Expenses:**

## Salary &amp; Allowances

Managing Directors' Remuneration &amp; Perquisites

Notes- 35

Directors' Board Meeting Fees

AGM Venue Charge

Audit Fees

Annual Listing Fees of DSE &amp; CSE

Conveyance

Credit Rating Service

Depreciation

Notes- 4

Electric, WASA Bills, GAS Bills &amp; Maintenance

Employer's Contribution Recognized Provident Fund

Entertainment

Fees &amp; Professional Charges

Fuel bills for Vehicle

Group Insurance

License Renewal Fee, Rates &amp; Taxes

Medical Expenses

Office Equipment Maintenance

Office Maintenance

Office Renovation

Office Rent

Papers &amp; Periodicals

Postage, Stamp &amp; Courier

Printing Expenses

Stationery Expenses

Telephone &amp; Mobile Bill

Training &amp; Development

Vehicle Maintenance

TDS Expenses

VDS Expenses

73,563,729

56,625,496

1,440,000

2,120,000

218,000

256,875

25,000

130,000

95,000

112,500

567,620

-

289,730

157,035

90,000

-

10,547,971

11,383,612

1,241,991

993,593

10,255,122

8,398,388

212,093

161,811

688,000

106,250

1,173,263

1,047,458

794,594

787,044

1,593,453

984,356

689,691

1,111,753

46,800

52,000

1,666,827

1,483,416

-

435,778

13,727,880

14,717,700

13,125

9,893

168,662

249,071

540,602

485,954

264,823

336,096

1,434,582

1,000,536

90,814

72,651

1,075,284

169,201

2,854,849

-

7,639,292

-

**133,008,798****103,388,467****Selling and Distribution Expenses:**

Advertisement &amp; Publicity

Conveyance

Entertainment

Fuel bills for Vehicle

Godown Rent

Incentive

Labour Charges (Unload)

Postage, Stamp &amp; Courier

Printing Expenses

Sales Conference/ Meeting

Stationery Expenses

Telephone &amp; Mobile Bill

Tender &amp; Testing Expenses

Transport / Carriage Outwards

Traveling Expenses

Vehicle Maintenance

1,484,939

7,719,457

434,594

235,553

318,139

242,717

1,759,895

1,571,188

420,000

288,000

2,085,659

-

5,802,121

3,680,212

252,994

373,607

810,903

728,931

5,775,937

5,406,277

397,235

504,143

2,151,872

1,500,803

520,956

496,765

32,745,899

24,800,365

16,686,941

15,705,238

1,612,926

253,801

**73,261,010****63,507,057****206,269,808****166,895,524****2018-2019****2017-2018****Amount (TK)****Amount (TK)****Director's Remuneration and Perquisites**

Mr. Riad Mahmud

1,440,000

1,320,000

Mr. Golam Murshed

-

800,000

**1,440,000****2,120,000**

<b>29.00 Other Income</b>		
Bangladesh Bank Cash Assistance on Export	1,697,271	639,272
Interest on Investment	9,336,250	7,500,000
Accrued Interest Receivable on FDR	936,612	-
Foreign Exchange Gain/(Loss)	(1,681,397)	-
	<u>10,288,736</u>	<u>8,139,272</u>
Transactions denominated in foreign currencies are translated into Bangladeshi Taka and recorded at rates of exchange ruling on the date of transaction in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates".		
<b>30.00 Financial Expenses :</b>		
Bank Charges	2,291,240	2,899,381
Accrued Interest on Inter-Company Loan	3,584,550	-
<b>Interest on Short Term Loan :</b>		
Interest on OD	23,660,493	24,223,400
Interest on LTR & STF Loan	56,904,168	51,784,762
	<u>86,440,451</u>	<u>78,907,543</u>
<b>Interest on Long term Loan :</b>		
Interest on Long Term Loan	82,046,797	38,426,492
	<u>82,046,797</u>	<u>38,426,492</u>
Accrued Interest on STL & LTL	14,782,860	-
	<u>183,270,108</u>	<u>117,334,035</u>
<b>31.00 WPPF and Welfare Fund</b>		
Profit before WPPF and Tax	178,536,519	111,369,664
Allocation for WPPF and WF @ 5%	<u>8,926,826</u>	<u>5,568,483</u>
<b>32.00 Provision for Taxation</b>		
Net Profit Before Tax	169,609,693	105,801,181
Provision for Taxation @ 25%	<u>42,402,423</u>	<u>26,450,295</u>
<b>33.00 EPS, NAV and NOCFPS</b>		
<b>Earnings Per Share (EPS)</b>		
Net Profit After Tax	127,207,270	79,350,886
Number of Ordinary Shares Outstanding	29,911,340	29,911,340
	<u>4.25</u>	<u>2.65</u>
<b>Diluted Earnings Per Share (DEPS)</b>		
No DEPS is required to be calculated since there was no scope for dilution of share during the period under review.		
<b>Net Asset Value Per Share (NAV)</b>		
Net Asset Value	1,165,907,991	1,062,094,916
Number of Ordinary Shares Outstanding	29,911,340	29,911,340
	<u>38.98</u>	<u>35.51</u>
<b>Net Operating Cash Flow Per Share (NOCFPS)</b>		
Net Operating Cash Flow	6,482,151	233,090,681
Number of Ordinary Shares Outstanding	29,911,340	29,911,340
	<u>0.22</u>	<u>7.79</u>
<b>34.00 Net Operating Cash Flow</b>		
<b>Under Direct method:</b>		
Revenue	3,000,007,744	2,366,380,577
Add: Opening Trade Debtors	321,303,128	236,667,364
	<u>3,321,310,872</u>	<u>2,603,047,941</u>
Less: Closing Trade Debtors	(510,673,198)	(321,303,127)
	<u>2,810,637,674</u>	<u>2,281,744,814</u>
Interest on FDR	9,336,250	7,500,000
Other Income excluding investment	1,697,271	639,272
Collection from Sales and Others	<u>2,821,671,195</u>	<u>2,289,884,086</u>

	2018-2019	2017-2018
	Amount (TK)	Amount (TK)
Cost of Goods Sold	(2,442,220,045)	(1,978,920,627)
Administrative & Selling Expenses	(206,269,808)	(166,895,524)
Depreciation	198,567,897	131,631,261
Short Term Loan Increased	104,621,668	235,599,586
Interest on LTR & STF Loan	(101,223,311)	(78,907,543)
AIT Paid at Port (Import / export Stage & Vehicles)	(117,939,325)	(96,329,049)
Tax Deduction at Source (TDS)	(16,885,795)	(15,770,251)
WPPF Disbursed to Beneficiary	(5,568,483)	(4,675,155)
Foreign Exchange Gain/(Loss)	(1,681,397)	-
Provision for Expenses	22,356,201	-
(Increase)/Decrease in Inventories	(244,086,412)	(43,492,186)
Increase/(Decrease) in Other Current Liabilities	2,019,900	(3,839,223)
(Increase)/Decrease in Other Current Assets	(6,880,133)	(35,194,695)
<b>Payment to Suppliers, Employees and Others</b>	<b>(2,815,189,043)</b>	<b>(2,056,793,405)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>6,482,151</b>	<b>233,090,681</b>

Net Operating Cash Flows is just the resultant figure of Cash Inflows and Outflows from Operating Activities. Therefore, Net Operating Cash Flows decrease, if only Cash Outflows is higher than Cash Inflows in a particular period and vice versa. Collection from sales has increased 23.22% but Payment to suppliers and others increased 37.88%.

#### 35.00 Director's Remuneration and Perquisites

Mr. Riad Mahmud	1,440,000	1,320,000
Mr. Golam Murshed	-	800,000
	<u>1,440,000</u>	<u>2,120,000</u>

#### 36.00 Capacity Utilization

Capacity of Production in M. Ton per year	Utilization (MT)		Rate	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
(Installed Capacity 38,000 Current year, Last year 32,500 M.Ton)	34,362	28,162	90.43%	86.65%

#### 37.00 Capital Expenditure Commitment:

There was no Capital Expenditure commitment as on 30 June, 2019.

#### 38.00 Contingent Liability:

(I) There was no contingent liability as on 30 June, 2019.

(II) There was no claim against the company, not acknowledged as debt as on 30 June, 2019.

(III) There was no credit facility available to the company under any contract.

(IV) There was no bank guarantee issued by the company on behalf of their directors or the company itself except bank loan.

The following amounts has been demanded by VAT Authority as per their departmental audit objection against which cases have been filed in Tribunal and Court. It is probable that the judgment will be in favour of the company.

Period	Amount	Status
July 1998 to April 2000	5,148,712	Writ petition no. 7442 of 2003 in the Honorable Supreme Court of Bangladesh, High Court Division
January 2006 to June 2008	11,646,222	Writ petition no. 1755 of 2009 in the Honorable Supreme Court of Bangladesh, High Court Division
January 2006 to June 2008	4,545,225	Filed a case with Honorable Appellate Tribunal for proper judgment which is under jurisdiction. Writ petition no. 3217 of 2010 in the Honorable Supreme Court of Bangladesh, High Court Division
July 2008 to December 2008	7,534,439	Writ petition no. 3288 of 2009 in the Honorable Supreme Court of Bangladesh, High Court division

All of these caeses are stayed till disposal of Rule.

### 39.00 Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decision and include associated companies with or without common directors and key management personnel. The Company has entered into transactions with other entities in normal course of business that fall within the definition of related party as per IAS 24: Related Party Disclosures.

During the year, the company has the following related party transactions.

Related Party	Relationship	Nature of Transactions	Outstanding Balance		
			2018-2019	2017-2018	
Mr. Riad Mahmud	Managing Director	Remuneration	120,000	110,000	
Mr. Golam Murshed	Chairman	Board Meeting Fees	14,000	256,875	
Mr. Riad Mahmud	Managing Director	Board Meeting Fees	14,000		
Mr. Nuruzzaman Khan	Nominated Director	Board Meeting Fees	80,000		
Mr. Rafiqul Islam	Nominated Director	Board Meeting Fees	20,000		
Mr. Mustafizur Rahman Shazid	Independent Director	Board Meeting Fees	30,000		
Mr. Jamal Uddin Ahmed	Independent Director	Board Meeting Fees	36,000		
Mr. Raquibul Alam	Independent Director	Board Meeting Fees	24,000		
Board Meeting Fees	Director's	Board Meeting Fees	-		
Npolymer Construction Limited	Common Management	Inter-Company Loan	80,019,004		-
			<b>80,357,004</b>		<b>366,875</b>

### 40.00 Number of Employees Engaged

As per the Schedule XI of the Companies Act, 1994, the number of employees (including contractual employees) engaged for the whole year or part thereof who received a total remuneration of Taka 36,000/- per annum or Taka 3,000/-per month were Nil at the end of June 2019 as against Nil in 2018

The number of Employees Engaged for the whole year  
The number of Board of Directors

812 Person

850 Person

6 Person

5 Person

**818 Person**

**855 Person**

### 41.00 Events after the Balance Sheet Date:

The Board of Directors of the Company in its' 158th meeting held on 29 August 2019 recommended 22% Stock dividend.

#### Reason/ Clarification for declaration of Bonus shares:

Retained amount of bonus shares to be used as a) capital for further investment, b) Bonus share is declared out of accumulated profit and c) Bonus share is not declared from capital reserve or revaluation reserve or any unrealized gain or out of profit earned prior to incorporation of the Company or through reducing paid up capital or through doing anything so that the post-dividend retained earnings become negative or a debit balance. Details are disclosed in Director's Report.

The Board of Directors recommended to raise the paid-up capital through issuance of rights share at a ratio of 01(One)[R] : 01(One), i.e. 01(One) rights share for every 01(One) existing share held on the record date for entitlement of rights share at Tk. 20.00 (Twenty) each including premium of Tk.10.00 (Ten) per share after considering 22% Stock Dividend for the year ended on June 30, 2019, subject to approval of Shareholders in the Extraordinary General Meeting (EGM), Bangladesh Securities and Exchange Commission (BSEC) and complying with the requirements embodied in relevant laws and Regulatory Authorities concerned.

Income Tax Return for the Income Year (F/Y) 2017-18 has been filed on 13.01.2019 with the concern Deputy Commissioner of Taxes (DCT), subsequently after assessment by the DCT, appeal has been filed on 21.07.2019, as per provisions of the Income Tax Ordinance (ITO), 1984.

We have received Tk. 11,74,84,971/- as Income Tax Refund on 30.07.2019, credited in Jamuna Bank, Gulshan Branch against the Assessment Years (A/Y) of 2015-16 to 2017-18, through Refund Voucher No. 11254 dated: 23.07.2019



## NATIONAL POLYMER INDUSTRIES LTD.

UDAY TOWER: 57-57/A Gulshan Avenue (2nd Floor), Gulshan-1, Dhaka-1212.

### FORM OF PROXY

I/We ..... of ..... being a member of **National Polymer Industries Ltd.** hereby appoint Mr./Mrs. .... of ..... as my/our proxy to attend and vote on my/our behalf at the 32<sup>nd</sup> Annual General Meeting (AGM) of the Company to be held on the October 15, 2019 (Tuesday) at 10:00 AM at Fakruddin & Sons Community Center, Board Bazar, Gazipur, and any adjournment thereof.

Signed this.....day of .....2019

Signature of Shareholder(s)

Folio/BO ID: .....

Number of Shares held: .....

Dated: .....

Signature of Proxy

Dated: .....

Revenue Stamp  
of Tk. 20.00

**NOTE:** This Proxy Form, duly stamped, must be deposited at the Corporate Head Office of the Company at least 48 hours before the meeting. Proxy will be invalid if not signed and stamped as explained above.



## NATIONAL POLYMER INDUSTRIES LTD.

UDAY TOWER: 57-57/A Gulshan Avenue (2nd Floor), Gulshan-1, Dhaka-1212.

### ATTENDANCE SLIP

I/We hereby record my/our attendance at the 32<sup>nd</sup> Annual General Meeting (AGM) of National Polymer Industries Ltd. being held on October 15, 2019 (Tuesday) at 10:00 AM at Fakruddin & Sons Community Center, Board Bazar, Gazipur.

Name of Shareholder(s).....

Folio/BO ID: .....

Number of Shares held: .....

Name of Proxy .....

Signature of Shareholder(s)

Signature verified by

Signature of Proxy

Authorized Signatory of the Company

**NOTES:** Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and deposit the same at the registration counter of the meeting. The respected shareholders are requested to note that entry of non-member is restricted.

বিএসইসি'র নির্দেশ অনুযায়ী আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার আপ্যায়ন, উপহার সামগ্রী ও যাতায়াত ভাতা প্রদানের ব্যবস্থা থাকিবে না।



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এতপলি পত্য ব্যবহার করুন।



## NATIONAL POLYMER GROUP

### UDAY TOWER:

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Fax : (+8802) 58814967, E-Mail: info@nationalpolymer.net

### CONTACT NUMBER:

General Inquiry: +88 02 58812926, 58813039,

Sales Inquiry: +88 01971644758, 01970068906, 01971822283.



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 [info@nationalpolymer.net](mailto:info@nationalpolymer.net)

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