

NATIONAL POLYMER INDUSTRIES LIMITED

**CERTIFICATE ON
STATUS REPORT ON UTILIZATION
OF RIGHT ISSUE PROCEEDS
AS ON 28 FEBRUARY 2022**

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Certificate on Status Report on Utilization of Right Issue Proceeds of National Polymer Industries Limited

We have been engaged by **National Polymer Industries Limited** to certify whether the Company has complied with the conditions of Rights Shares Issue in relation to the utilization of proceeds from Rights Issue, as required by Bangladesh Securities and Exchange Commission (BSEC) under Section 2CC of the Securities and Exchange Ordinance 1969 (XVII).

The Management's Responsibilities

Those charged with governance and management of the company are responsible for utilizing the Rights Issue proceeds, preparation, fair presentation and furnishing of the status report on utilization of Rights Issue proceeds from Rights Issue in accordance with the Bangladesh Securities and Exchange Commission (BSEC) Rules 1987, Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 regarding Corporate Governance Guidelines and other applicable rules and regulations.

Our Responsibilities

Our responsibility is to audit all the relevant documents in connection with the utilization of proceeds from Rights Issue with reference to the TOR formulated by BSEC and certify whether the proceeds have been utilized and status report prepared in accordance with the conditions of Rights Issue Approval Reference No. BSEC/CI/RI-122/2019/163 against with the following criterions:

- a) Whether Rights Issue proceeds have been utilized for the purpose/ heads as specified in the Rights Share Offer Document (ROD);
- b) Whether Rights Issue proceeds have been utilized in line with the conditions of the Commission's consent/ approval letter for the Rights Issue;
- c) Whether utilization of Rights Issue proceeds have been completed within the time schedule/ implementation schedule as specified in the Rights Share Offer Document (ROD);
- d) Whether utilization of Rights Issue proceeds is accurate and is for the purpose of the Company as mentioned/ specified in the Rights Share Offer Document (ROD);
- e) Whether assets have been procured/ imported/ constructed maintaining proper/ required procedure as well as at a reasonable price as applicable; and whether Auditors' Report has been made on verification of all necessary documents/papers/vouchers in support of utilization of Rights Issue proceeds making reconciliation with Bank Statement.

We report that:

- i) With respect to item (a) Right Issue proceeds have been utilized in the following manner:
 1. Amounted Tk. 176,160,958 of Tk. 255,000,000 have been utilized to "Land Purchase and Land Development" as per the purposes/heads specified in the Right Share Offer Document, which is only 30.92% unutilized of total specified amount, although the management have 06 months remaining to utilize the residual amount as per ROD;



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2. Right Issue proceeds amounted Tk. 109,400,000 have been fully utilized by “Bank Loan Re-payment” as per the purpose/heads specified in the Right Share Offer Document;
 3. Right Issue proceeds amounted Tk. 110,000,000 is specified for “Import of Capital Machineries” as per ROD. The management have started the procedure to import the machineries at 1st quarter by opening LC and invested the amount as FDR. In second quarter management have received two lot of ordered machineries. In fourth quarter one full lot and one partial lot of ordered machineries has been received. The utilized amount and percentages in this regard is Tk. 101,985,773 and 92.71% respectively. The payment has been made by encashing the FDR and the remaining 8,014.227 are still invested in FDR. In this case the management have 06 months to utilize the remaining amount as per ROD.
 4. Right Issue proceeds amounted Tk. 72,977,510 have been fully utilized to “Working Capital” as per the purpose/heads specified in the Right Share Offer Document;
 5. The company utilized had 84.13% as on 28 February 2022, however the company had invested in FDR of Tk. 8,014,227 for importing capital machineries and Tk. 32,603,633 for advance against land and land development Total utilization including the advance is 91.55%.
- ii) With respect to item (b), Rights Issue proceeds have been utilized in line with the conditions of the Bangladesh Securities and Exchange Commission approval letter for the Rights Issue;
 - iii) With respect to item (c), we found that National Polymer Industries Limited has unutilized proceeds of 30.92% of Land Purchase and Land Development and 7.29% of Import Capital Machineries, though the management have 06 months remaining to utilize the residual amount as specified in the right share offer document;
 - iv) With respect to item (d), nothing has come to our attention that causes us to believe that utilization of Rights Issue Proceeds is not accurate and not for the purposes of the company as mentioned in the Right Share Offer Document;
 - v) With respect to item (e), the company has utilized 91.55% of its total amount of Rights Issue fund by purchasing and developing fixed assets, current assets and repayment of bank loan with maintaining required procedure which we have verified through sufficient appropriate documents including advance against land and land development and importing capital machineries.

Conclusion

We have examined relevant documents and obtained information and explanations which to the best of our knowledge and belief were necessary for the purpose of verification and certification of the annexed status report on utilization of Rights Issue proceeds.

Md. Abdus Satter Sarkar, FCA
ICAB enrollment no. : 1522
Mahfel Huq & Co. Chartered Accountants
Firm Registration no. P-46323

Dhaka, 14 March 2022

REPORT ON UTILIZATION OF RIGHTS SHARES ISSUE PROCEEDS
Fourth Quarter Right Issue Fund Utilization as on 28 February 2022

Schedule - A

Name of the Company : National Polymer Industries Limited
 Amount (BDT) of Capital raised through Right Issue : Tk. 547,377,510
 Start of Subscription Receiving Date : January 24, 2021
 Date of Close of Subscription : February 08, 2021
 Date Receiving the Right Issue Proceed : February 28, 2021
 Last Date of Full Utilization of Fund as per Rights Share Offer Document (ROD) : Within 18 Months of receiving the Rights Shares Proceed

Sl. No.	Purpose Mentioned in the Prospectus	Time Line as per Prospectus	Amount as per Prospectus	Total Utilized Amount	Utilized (%)	Total Un-utilized Amount	Un-utilized (%)	Remarks
1	Land Purchase and Land Development	Within 18 (Eighteen) months of after receiving total fund of rights offer	255,000,000	176,160,958	69.08%	78,839,042	30.92%	
2	Bank Loan Re-payment	Within 01 (One) months of after receiving total fund of rights offer	109,400,000	109,400,000	100.00%	-	0.00%	
3	Import of Capital Machineries	Within 18 (Eighteen) months of after receiving total fund of rights offer	110,000,000	101,985,773	92.71%	8,014,227	7.29%	
4	Working Capital	Within 04 (Four) months of after receiving total fund of rights offer	72,977,510	72,977,510	100.00%	-	0.00%	
	Total		547,377,510	460,524,241		86,853,269		

Notes:

- A) At the point of our audit, the unutilized amount was Tk. 86,853,269
- B) The company has 36,491,834 numbers of ordinary shares as per the Audited Financial Statements of 30 June 2020 which face value is Tk. 10 each. And the Rights Issue was for 1:1 with a premium of Tk.5 per share, which approval reference No. BSEC/CI/RI-123/2019/293 Dated: 15 December 2020 from Bangladesh Securities and Exchange Commission. By this authorization power the company issued 36,491,834 number ordinary share @ Tk. 15 included Tk. 5 as a premium and raised Tk.364,918,340 as Share capital and Tk.182,459,170 as Share premium, totaling amount Tk.547,377,510.
- C) Out of 1043 decimal land, during the period the company purchased 83 decimals same as other land price amounting to BDT. 99,60,000.00 from Shoeinverse footwear ltd. which is a related party having common managing director.
- D) Investment in Fixed Deposit with Bank Tk. 8,014,227 against Capital Machinery LC.
- E) The company utilised had 84.13% as on 28 February 2022, however the company had invested in FDR of Tk. 8,014,227 for importing capital machineries and Tk. 32,603,633 for advance against land and land development Total utilization including the advance is 91.55%.

Mohamud
 Company Secretary

[Signature]
 Chief Financial Officer

[Signature]
 Managing Director

[Signature]
 Chairman

Md. Abdus Satter Sarkar, FCA
 ICAB enrollment no. : 1522
 Mahfel Huq & Co. Chartered Accountants
 Firm Registration no. P-46323



Dhaka, 14 March 2022

Reconciliation of Bank Balance
As on 28 February 2022

Name of Bank : BRAC BANK LTD.
Branch : Gulshan Branch
Account No. : 1501201161151001
Account Type : Current Account

Particulars	BDT	Particulars	BDT
Valid Subscription Received	547,377,510.00	Bank Charge/Clearing including VAT	41,432.50
Excess Subscription	427,550.00	Accounts Maintenance Fee including VAT	2,530.00
Not Entitled for Right Shares	51,615.00	TDS on Interest	422,083.98
Partially Allotted	10,520.00	Transfer for Investment in FDR against Capital Machinery L.C.	8,014,227.00
Duplicate Application	114,240.00	Land and Land development	176,160,958.00
Excess Subscription Underwriters	251,175.00	Advance for Land and Land development	32,603,633.00
Collection Commission	(370,962.52)	Payable for Land and Land development	(1,105.00)
Excess Deposit	725.00	Bank Loan Re-payment	109,400,000.00
Interest Received	4,220,844.55	Import of Capital Machineries	101,985,773.00
Reversal entry for different reasons	290,037,512.97	Working Capital	72,977,510.00
		Refund of Excess Subscription to Not Entitled for Right Shares cleared by bank	51,285.00
		Refund of Excess Subscription to Partially Allotted cleared by bank	10,250.00
		Refund of Excess Subscription to Duplicate Application cleared by bank	75,990.00
		Refund of Excess Subscription to Underwriters cleared by bank	251,175.00
		Reversal entry for different reasons	290,037,513.45
		Debit sum of Bank Statement (A)	792,033,255.93
		Closing balance as per Bank Statement	49,659,924.07
		Refund of excess subscription cheques still to be cleared by bank	-
		Closing balance as per Ledger (B)	49,659,924.07
		Credit Sum of Bank Statement	841,693,180.00
		Debit Sum (A+B)	841,693,180.00

On behalf of Board of Directors:


Company Secretary



Chief Financial Officer


Managing Director


Chairman

