



# Mahfel Huq & Co. Chartered Accountants

The first registered accounting firm in independent Bangladesh

**PRIVATE & CONFIDENTIAL**

**NATIONAL POLYMER INDUSTRIES LIMITED**  
**CERTIFICATE ON**  
**STATUS REPORT ON UTILIZATION OF RIGHT ISSUE PROC**  
**AS ON 31 AUGUST 2021**



# Mahfel Huq & Co.

Chartered Accountants

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An independent member firm of AGN International

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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/CMRRC/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. 39,844,711 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 15.63% of total specified amount, although the management have 12 months remaining to utilize the residual amount as per ROD;
  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;



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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 1<sup>st</sup> quarter by opening LC and invested the amount as FDR. In second quarter management have received two lot of ordered machineries. The utilized amount and percentages in this regard is Tk. 88,485,000 and 80.44% respectively. The payment has been made by encashing the FDR and the remaining Tk. 21,515,000 are still invested in FDR. In this case the management have 12 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;
  - 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 84.37% of Land Purchase and Land Development and 19.56% of Import Capital Machineries, though the management have 12 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 56.76% 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.

### 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, 13 September 2021

**REPORT ON UTILIZATION OF RIGHTS SHARES ISSUE PROCEEDS**  
Second Quarter Right Issue Fund Utilization as on 31 August 2021

Name of the Company  
Amount (BDT) of Capital raised through Right Issue  
Start of Subscription Receiving Date  
Date of Close of Subscription  
Date Receiving the Right Issue Proceed  
Last Date of Full Utilization of Fund as per Rights Share Offer Document (ROD)

: National Polymer Industries Limited  
: Tk. 547,377,510  
: January 24, 2021  
: February 08, 2021  
: February 28, 2021  
: 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	39,844,711	15.63%	215,155,289	84.37%	
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	88,485,000	80.44%	21,515,000	19.56%	
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%	
	<b>Total</b>		<b>547,377,510</b>	<b>310,707,221</b>		<b>236,670,289</b>		

## Notes:

- A) At the point of our audit, the unutilized amount was Tk.236,670,289.
- 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/C/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 222 decimal land, during the period the company purchased 83 decimals same as other land price amounting to BDT. 9,960,000 from Shoeinverse footwear ltd. which is a related party having common managing director.
- D) Investment in Fixed Deposit with Bank Tk. 21,515,000 against Capital Machinery LC.

*Mahfuzul Karim*  
Company Secretary

*[Signature]*  
Chief Financial Officer

*[Signature]*  
Managing Director

*[Signature]*  
Chairman

*[Signature]*

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



Dhaka, 13 September 2021

## Reconciliation of Bank Balance

As on 31 August 2021

Name of Bank  
Branch  
Account No.  
Account Type

: BRAC BANK LTD.  
: Gulshan Branch  
: 1501201161151001  
: Current Account

Particulars	BDT	Particulars	BDT
Valid Subscription Received	547,377,510.00	Bank Charge/Clearing including VAT	915.00
Excess Subscription	427,550.00	Accounts Maintenance Fee including VAT	2,530.00
Not Entitled for Right Shares		TDS on Interest	265,764.67
Partially Allotted	51,615.00	Transfer for Investment in FDR against Capital Machinery LC.	21,515,000.00
Duplicate Application	10,520.00	Land and Land development	39,844,711.00
Excess Subscription Underwriters	114,240.00	Bank Loan Re-payment	109,400,000.00
Collection Commission	251,175.00	Import of Capital Machineries	88,485,000.00
Excess Deposit	(370,962.52)	Working Capital	72,977,510.00
Interest Received	725.00	Refund of Excess Subscription to Not Entitled for Right Shares cleared by bank	51,285.00
Reversal entry for different reasons	2,657,651.48	Refund of Excess Subscription to Partially Allotted cleared by bank	10,250.00
	268,435,022.49	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	268,435,022.97
		<b>Debit sum of Bank Statement (A)</b>	<b>601,315,153.64</b>
		Closing balance as per Bank Statement	217,212,342.81
		Refund of excess subscription cheques still to be cleared by bank	-
		<b>Closing balance as per Ledger (B)</b>	<b>217,212,342.81</b>
<b>Credit Sum of Bank Statement</b>	<b>818,527,496.45</b>	<b>Debit Sum (A+B)</b>	<b>818,527,496.45</b>

On behalf of Board of Directors:

*Mahesh Huq*  
Company Secretary

*MD*  
Chief Financial Officer

*Dipul*  
Managing Director

*T. 150*  
Chairman

