

2019 ANNUAL REPORT 2020



NATIONAL POLYMER INDUSTRIES LTD.



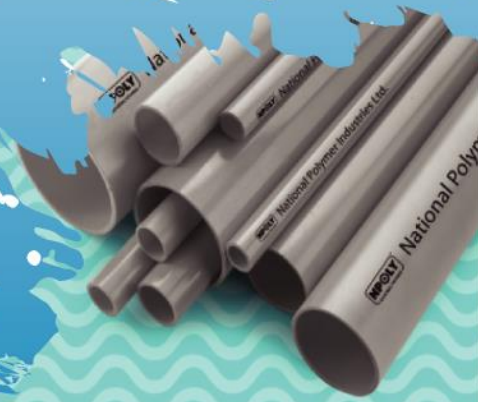
www.facebook.com/npolymer



www.nationalpolymer.net



আজীবন আমেলা ঘুঙ থাকুত
এতপলি পত্য ব্যবহার করুত।



uPVC Pipe & Fittings



uPVC Door



PP-R Pipe



CPVC Pipe

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

BOARD OF DIRECTORS



MR. GOLAM MURSHED
CHAIRPERSON



MR. RIAD MAHMUD
MANAGING DIRECTOR



MR. NURUZZAMAN KHAN
NOMINATED DIRECTOR



MR. RAQUIBUL ALAM
INDEPENDENT DIRECTOR



MR. MOHAMMED ARIFUL ISLAM
INDEPENDENT DIRECTOR

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. Nuruzzaman Khan	Member
Mr. Golam Murshed	Member

COMPANY SECRETARY

Mr. Md. Abdul Maleque

CHIEF FINANCIAL OFFICER

Mr. Md. Shawkat Ali Miah, FCA

HEAD OF INTERNAL AUDIT AND COMPLIANCE

Mr. Mithun Kanti Das

MANAGEMENT COMMITTEE

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

AUDITOR

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

COMPLIANCE AUDITOR

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

PRINCIPAL BANKS

Standard Chartered Bank
Jamuna Bank Limited
Prime 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 FACTROY

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

CORPORATE HEAD OFFICE

Uday Tower (2nd Floor): Plot No. 57-57/A Gulshan Avenue, Gulshan-1, Dhaka-1212
Phone: (8802) 58812926, (8802) 588143039, Fax: (8802) 58814967
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TRANSMITTAL LETTER

Date: December 05, 2020

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)

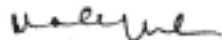
Subject: Annual Report for the Financial Year 2019-2020

Dear Sir(s),

We are pleased to enclose herewith the Annual Report of National Polymer Industries Limited for the Financial Year 2019-2020 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

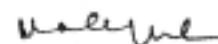
NOTICE OF THE 33RD ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting (AGM) of the Shareholders of National Polymer Industries Limited will be held on **Monday, 21 December 2020 at 11:00 AM virtually by using Digital Platform** to transact the following businesses:

AGENDA

1. To receive and adopt the Audited Financial Statements for the year ended on 30 June 2020 together with the Reports of the Directors and the Auditors thereon;
2. To approve dividend for the year ended on 30 June 2020, as recommended by the Board of Directors;
3. To elect Director(s) in accordance with the provisions of the Articles of Association of the Company;
4. To appoint the Statutory Auditors for the financial year 2020-2021 and fix their remuneration;
5. To appoint the Compliance Auditors for the financial year 2020-2021 and fix their remuneration.

By order of the Board



Dated, Dhaka
December 03, 2020

Md. Abdul Maleque
Company Secretary

NOTES:

1. **"Record Date" for the AGM: November 19, 2020.**
2. The Shareholders' name appearing in the Members' Register/Depository Register on the Record Date will be eligible to attend and vote in the AGM through Digital Platform and to receive dividend.
3. A member entitled to attend and vote at the AGM can appoint a Proxy on his/her behalf. The scanned copy of the Proxy Form, duly stamped shall be mailed to the email at **maleque@nationalpolymer.net** at least 48 hours before the meeting.
4. As per BSEC Notification No. BSEC/CMRRCD/2006 158/208/Admin/81 dated 20 June, 2018, soft copy of the Annual Report 2019-2020 along with Proxy Form will be sent to the Members' respective e-mail address available with us through CDBL record. The Annual Report will also be available in the Company's website at **www.nationalpolymer.net**
5. The Link for joining the Virtual AGM: **<https://nationalpolymer.bdvirtualagm.com>**

COMPANY PROFILE

OUTLOOK

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 innovative and superior quality products and services to its valued customers.

LEGAL FORM

National Polymer Industries Limited 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. 364.92 million against an authorized capital of Tk. 3000.00 million.

MISION

- 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.

CORE VALUE

- **Customers:** Satisfy Customers with the highest quality products, services & supports.
- **Excellence:** Achieve excellence in people, creativity and imagination.
- **Integrity:** Be honest, upholding values and standards.

QUALITY POLICY

- Our endeavor is to produce superior quality products with the aim to have satisfied customers.
- To achieve this, we work hard and are committed to provide quality products with a view to satisfying our valued customers, shareholders and workforces.
- We recognize the importance of our workforce and are committed to provide them with environment, which includes better training and orientation for their development, recognition and long-term relation.
- Procedures through the adherence to ISO 9001:2015 & 14001:2015 and BSTI standards.

PRODUCT LINES

National Polymer Industries Limited has the following products in its product line:

- 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
- PPR & CPVC Pipes & Fittings for installation of hot and cold water supply lines
- uPVC Conduct pipe for electric wiring with solvent joint
- uPVC Well casing pipe
- uPVC Robo-screen filter
- uPVC Ribbed Filter
- Bottle grade PVC Compound
- Hand Pump for Drinking Water and irrigation
- PVC Doors, Sheets & Fall Ceiling
- Water Tank & Tap etc.

MAJOR CLIENTS

- Department of Public Health Engineering (DPHE)
- Barind Multi-Purpose Development Authority (BMDA)
- Bangladesh Agricultural Development Corporation (BADC)
- Local Government and Engineering Department (LGED)
- World Bank Funded Project
- Asian Development Bank (ADB) Funded Project
- Islamic Development Bank (IDB) Funded Project
- UNICEF
- JICA
- HYSAWA
- Developers and Real Estate Companies in the country and
- Other Water Supply & sanitation projects in Bangladesh.

OPERATIONS

The Company is actively engaged in manufacturing its products mentioned above for building, construction, irrigation, sanitation and household usages & solutions. The Company distributes its manufactured products through the expanded distribution channel to every nook and corner of the country and also abroad competing with other local manufacturers. The production system of the company is equipped with skilled manpower, latest technology and most advanced machineries from Asia and Europe and raw materials from Japan, Malaysia, Singapore, Thailand, Taiwan and China. The factory has increased its utilized production capacity to 38,922 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. Despite different challenges and strong competition in the market, the Company has maintained its profitable status in terms of business.

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 his academic career, Mr. Murshed joined in his family business. He is a dynamic businessman and has a 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 Chairman of the Company. Apart from National Polymer Industries Ltd., Mr. Murshed is the owner of "GM Trading", a renowned trading business of plastics 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 of 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 efficiently and 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 entities in other sectors, including the First Leed Gold Certified 100% export oriented footwear factory in Bangladesh named Shoeniverse Footwear Ltd. Mr. Mahmud is also the Managing Director of National Fittings and Accessories (Pvt) Ltd. and NPOLYMER Construction (Pvt.) Ltd. He is the Vice Chairman of Diamond Life Insurance Company Ltd.

He is the Honorary Consul of the Republic of Georgia in Bangladesh, appointed by the respective Foreign Ministries of both Georgia and Bangladesh.

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

He has also been elected as the Vice President of Bangladesh Association of Publicly Listed Companies (BAPLC), Member of the Executive Committee of Bangladesh Plastics Goods Manufacturers and Exporters (BPGMEA) 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 the 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. Nuruzzaman Khan **Director, Nominated by ICB**

Mr. Nuruzzaman Khan, son of late Nurun Nabi Khan and Mrs. Jahanara Begum was born in 1962 in Satkhira. 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. In his ongoing 30 years' experience in ICB, he worked on administration and merchant banking activities. He also obtained Diploma in banking

from the Institution of Bankers, Bangladesh. He enriched his career through joining 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 and 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 has obtained MBA major in Finance from the University of Vanderbilt, USA in 2000. After accomplishing his academic career, Mr. Alam has 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);

In his long career, Mr. Alam is currently performing his duties and responsibilities very efficiently as the Head of Supply Chain in Berger Paints Bangladesh Ltd. Based on his sound educational background and vast experience in the corporate sector, the Board of Directors has appointed Mr. Alam as the Independent Director of the Company on October 27, 2018 for the tenure of 03 (three) years (FY 2018-2019, 2019-2020 and 2020-2021), as approved by the Shareholders in the 31st Annual General Meeting.

Mr. Mohammed Ariful Islam
Independent Director

Mr. Mohammed Ariful Islam, son of Mr. Aminul Islam and Mrs. Nasim Akhter was born in 1979. He obtained his BBA & MBA degrees in Marketing and International Business from the North South University, the most prestigious and No. 1 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 Services Officer, HSBC, Bangladesh (May 2003 – Dec 2005);
- Chief Operating Officer, Danish 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 a 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 a member of Gulshan Society, Chittagong Samity, Army Golf Club and Elite Club Ltd, Dhaka. He is a Trustee Member of Sunshine Charities, a 100% not-for-profit organization, providing free medical treatment to the poor, needy and deprived population of our society in Dhaka and Chittagong. Based on his academic and professional background, the Board of Directors has appointed him as the Independent Director of the Company on August 06, 2019 for the tenure of 03 (three) years (FY 2019-2020, 2020-2021 & 2021-2022), as approved by the Shareholders in the 32nd Annual General Meeting.

MESSAGE FROM THE CHAIRMAN

Dear Shareholders and well-wishers of
National Polymer Industries Ltd.
Assalamualikum!

I, on behalf of the Members of the Board, have the pleasure to welcome you on the occasion of the 33rd Annual General Meeting (AGM) of National Polymer Industries Ltd.

Meanwhile, the Annual Report-2019-2020 of our Company has 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, despite massive impact of COVID-19 pandemic, not only on the national but also the global economy.

Though COVID-19 primarily surfaced as a public health concern, it has rapidly transformed into the socio-economic and humanitarian catastrophe, the world never faced such problem before. On all levels- individual, collective, national, regional and international- the people around the world have been immensely affected by this pandemic. From small businesses to the big corporate houses- nobody has been spared of the hardships brought about by the COVID-19 pandemic.

It is my pleasure to share you that despite the critical situation we are passing, the Company has maintained its profitable results by struggling against the catastrophe. During the year under review, the Company has achieved 14.43% revenue growth over the previous year.

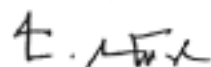
To stay on the top of the competition, we always work hard to maintain the sustainable development of our company and uphold the value of our esteemed shareholders, customers and other stakeholders providing them with the quality products, services and solutions.

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

I would like to conclude by expressing my appreciation and thanks to the Govt. & Non-Govt. organizations, Banks, NBFIs, valued Shareholders and Customers for their trust, support and guidance in running our business properly. I also like to thank my fellow Board Members and all the employees of the company for their sincerely support and hard work without which it would not be possible to achieve our objectives.

Finally, I pray to the Almighty to protect not only our nation but also the people all over the world from any more hardships from the COVID-19 pandemic soon.

Thanking you all,



(Golam Murshed)
Chairman

MESSAGE FROM THE MANAGING DIRECTOR

Dear Shareholders,
Assalamualikum!

It is my honor and privilege to welcome you to the 33rd 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.

The main object of our company is to maximize shareholders' wealth by making profit. From the very beginning, our Management Team has been committed to maintaining the sustaining growth and steady profit of the company and also committed to provide a sustainable return to the shareholders. Unfortunately, every year we are facing one after another unprecedented difficulties, which hinder our objective. This year, we are facing such a serious problem - COVID-19 pandemic, which wreaked havoc on both the national and global economy. It has led to a situation that will take the world years to fully recover from. While the Bangladesh's economy still shows growth status, the pandemic has slowed down the rate significantly.

Many businesses entities will not be able to survive ultimately due to the pandemic occurred around the world, but National Polymer will not be one of them Inshallah! Our commitment to good governance, high quality standards and socially responsible business practices will never waiver to fight for our survival. We are striving together for the sustainable growth of business and committed to deliver a long term value with integrity to the shareholders and other stakeholders.

Due to the pandemic, many major companies have failed to pay their employees and many of the employees have been released from their jobs. It is a great tribute not only to the operational efficiency of the company but also to the integrity and loyalty of the management that National Polymer Industries Ltd. has not laid off a single employee due to the pandemic. In fact, we are striving to create several job opportunities, when possible. Furthermore, every single employee of our company from top to bottom has been paid their wages in a timely fashion.

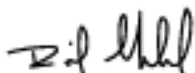
It is my pleasure to report you that despite various challenges specially COVID-19 pandemic, during the year under review, the Company has maintained its profitable status by achieving the revenue from sales Tk. 343.29 crore and net profit Tk. 15.03 crore with 14.43% and 18.12% growth respectively against the previous year.

Considering the overall business situation, the Board of Directors has recommended 15% Cash dividend for the year ended 30 June 2020, which will be disbursed to your bank account through BEFTN within the stipulated time after having necessary approval in the AGM.

I would like to conclude by expressing my gratitude and appreciation to the Board of Directors, the Management Team and all employees of the company for their earnest support and cooperation. Special thanks must go to our factory staffs and sales team for their dedication and hard work to achieve our objectives. Very special thanks to our valued shareholders and customers for their continued support and cooperation in running our business successfully.

Finally, I pray to the Almighty and expect that the difficult times we are passing will end very soon.

Thanking you all



Riad Mahmud
Managing Director

DIRECTORS' REPORT

For the year ended on June 30, 2020

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I have the pleasure to welcome you all to the 33rd Annual General Meeting (AGM) of National Polymer Industries Limited and present before you the Annual Report 2019-2020 along with the Directors' Report, Auditor's Report and the Audited Financial Statements of the Company.

BUSINESS OVERVIEW

The year under review is very much eventful especially for COVID-19 pandemic, still we are passing through it, we never faced such problems before. The people around the world have been seriously affected by this pandemic. From small businesses to the big corporate houses- nobody has been spared of the hardships brought about by the COVID-19 pandemic. Taking into accounts of this crisis and other challenges, we are striving relentlessly to go ahead for the sustainable growth of our company. As a result, we were able to complete the year successfully by achieving a positive revenue growth of the Company. As per the Audited Financial Statements of the Company for the year ended on June 30, 2020, the comparative key financial information is given below for your better understanding on the overall performance of the Company:

Particulars	2019-2020 (Taka)	2018-2019 (Taka)	Growth (%)
Revenue	3,432,956,238	3,000,007,744	14.43%
Gross Profit	602,184,320	557,787,699	7.96%
Operating expenses	(201,998,634)	(206,269,808)	(2.07%)
Profit before WPPF & Tax	210,358,293	178,536,519	17.82%
Net Profit	150,255,924	127,207,270	18.12%
EPS	4.12	3.49	18.05%

DECLARATION OF DIVIDEND

Considering the overall business situation of the Company, the Board of Directors has recommended 15% Cash Dividend for the year ended on 30 June, 2020. The recommended Cash Dividend will be disbursed to the Shareholders through their bank accounts, whose names have been recorded in the Register of Members/Depository Register on the Record Date i.e. November 19, 2020 within the stipulated time after having approval of the shareholders in the Annual General Meeting (AGM).

INDUSTRY OUTLOOK & POSSIBLE FUTURE DEVELOPMENT

Year of establishment	: 1987
Legal form	: Public Company Limited by shares
Listing with Stock Exchange	: 1991
Authorized capital	: Tk. 3000 Million
Paid-up capital	: Tk. 364.92 Million
No. of shares issued	: 36,491,834
Nature of business	: Manufacturer & Supplier of uPVC, CPVC & PP-R Pipes, Fittings, Doors, Sheets, Fall Ceiling, Water Tanks, Water Taps etc.
Certification	: ISO 9001:2015 & 14001:2015, OHSAS 18001:2007 and BSTI
Credit Rating	: Long Term: A+ & Short Term: ST-2 and Outlook- Stable.

The Management of the company continues their efforts to diversify and expand the business. As per commitment, the Company has already introduced some new products in its product lines, like PVC sheet, door, falls ceiling, water tank, water tap etc., which have gained wide acceptance in the market.

Our PVC doors has occupied the 2nd position in market share. In addition to local market, our products are also being exported to India, Nepal, Bhutan and Saudi Arabia. Anticipating a good demand for our products at home and abroad, we are focusing on enhancing the production capacity of our plant with a view to producing more innovative products and solutions to meet tomorrow's challenges.

SEGMENT-WISE PERFORMANCE

The Company's operation is carried out and managed as a single operating segment for manufacturing and marketing of PVC pipes, CPVC pipes, PPR pipes, PVC sheets, doors, water tanks, water taps etc. for water supply, sanitation and building material solution. So, no segment reporting is felt necessary.

RISKS AND CONCERNS

Risk and Concern 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.

COST OF GOODS SOLD, GROSS PROFIT MARGIN AND NET PROFIT MARGIN

It can be seen from the financial statements of the year ended 30 June 2020 that the Gross Profit Margin and the Net Profit Margin of the company increased compared to the previous year, which is highlighted below:

Particulars	2019-2020 (Taka)	2018-2019 (Taka)
Cost of Goods sold	2,830,771,919	2,442,220,045
Gross Profit Margin	602,184,320	557,787,699
Net Profit Margin	150,255,924	127,207,270

EXTRA-ORDINARY ACTIVITIES AND THEIR IMPLICATION (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. **40.00** of the financial statements.

THE BOARD OF DIRECTORS ALSO REPORT THAT:

- No fund raised through public issues, rights issues and/or any other instruments during the year.
- The Company did not give any offer for IPO, RPO, Rights Share Offer, Direct Listing etc. during the year.
- Significant variance between Quarterly Financial performances and Annual Financial Statements: During the reporting year the Net Operating Cash Flow Per Share (NOCFPS) is increased compared to the previous year. The main reason for significant variance in NOCFPS between the Annual Financial Statements is the cash inflow of Tk. 19.51 crore AIT refund, which was nil during the precocious 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. Honorarium (board meeting fees) paid to the Directors including the Independent Directors is disclosed in note No. **40.00** of the financial statements.

- 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;
- 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;
- Financial Statements have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh.
- **Internal Control system:** The Company has implemented sound internal control system, which is very much effective to detect fraud, error and mistreatment thereof. The Company gives strong emphasis on Internal Control Systems to ensure good corporate governance and accountability. The Board of Directors has formed the Audit Committee headed by an Independent Director as per BSEC requirements. The Audit Committee monitors the effectiveness of the internal control functions on regular basis. The Committee then makes recommendations based on the policies and procedures adopted by the Board of Directors for proper implementation.
- **Protection of Minority Shareholders' Interest:** National Polymer believes that good Corporate Governance involves in building 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.
- There is no significant doubt upon the Company's ability to continue as a going concern.
- **Significant deviations from the last year's operating results:** During the year the Company has achieved 14.43% sales growth against the previous year. At the same time Company has managed to control its operating expenses, which has been reduced significantly against the previous year.
- The Company's key operating and financial data of at least preceding 5 (five) years have been disclosed in page No. 31 of the Annual Report.
- The Company has declared 15% Cash Dividend for the year ended on June 30, 2020.
- The Board of Directors has not declared and shall not declare bonus share or stock dividend as interim dividend.
- The total number of Board Meetings held during the year and attendance by each Director has been stated in page No. 33 of the Annual Report.
- The pattern of shareholding has been disclosed page No. 32 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 No. 8 of the Annual Report.
- Management's discussion and analysis is disclosed in page No. 17 of the Annual Report.
- Declaration or certification by the CEO and the CFO to the Board is disclosed in page No. 34 of the Annual Report.
- 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 is attached in page No. 36 of the Annual Report.

QUALITY POLICY

The Company strictly maintains the quality procedures to manufacture and market its products with the aim to maximize the customers' satisfaction by adopting high quality standards, using modern machineries & technology and hiring competent & qualified personnel. To achieve this, National Polymer has adopted **ISO 9001:2015 - Quality Management Systems**. Enhancement of knowledge and skill of the employees through regular training programs is one of our top most priorities.

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 RESPONSIBILITIES (CSR)

As a corporate citizen, National Polymer endeavors to discharge its responsibilities towards the society and the environment. Our social responsibilities includes our valued customers, employees, shareholders, business associates and other stakeholders. The Board of Directors is aware of the social 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. We believe that our business objectives are not only to maximize the profitability but also to address the needs of the society.

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. National Polymer is committed to ensure a good governance in the organization by complying with all of the regulatory requirements. Our goal is to enhance our corporate value, maintain sustainable development and generate greater returns for our shareholders. In order to achieve these, the Board of Directors is committed to implement the good governance system in the Company through a culture of accountability, transparency and well-understood policies and procedures.

ELECTION/RE-ELECTION OF DIRECTOR(S)

As per relevant clause of the Articles of Association of the Company, Mr. Nuruzzaman Khan, Director has retired from the Board this year. Being eligible, Mr. Khan 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. Nuruzzaman Khan has been stated in page No. 8 of the annual report.

APPOINTMENT OF EXTERNAL AUDITOR

Company's present Auditor M/s Mahfel Huq & Co., Chartered Accountants audited the financial statements of the Company for the year ended on 30 June 2020 and retired this year. It is mentioned that Mahfel Huq & Co., Chartered Accountants conducted the audit for the preceding 03 (three) years. As per the DSE listing regulations, 2015, Mahfel Huq & Co., Chartered Accountants is not eligible for re-appointment. Considering the BSEC enlistment, previous decent professional records and competitive professional fee, **M/s. Shiraz Khan Basak & Co., Chartered Accountants** has been appointed as the Statutory Auditor of the Company for the next financial year 2020-2021, subject to the approval of the Shareholder in the AGM.

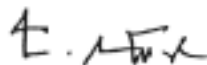
APPOINTMENT OF COMPLIANCE AUDITOR

M/s Shafiq Mizan Rahman & Augustine, Chartered Accountants acted as the Corporate Governance Compliance Auditor of the Company for the FY 2019-2020 and retired this year. The Board of Directors has appointed **M/s Mahfel Huq & Co., Chartered Accountants** as the Corporate Governance Compliance Auditor of the Company for the next FY 2020-2021, subject to the approval of 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 the 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. started its journey in 1987 with the vision of becoming the market leader with its premium quality products, excellent value and superior services & solutions. Taking into account of these, the Management Team 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 tanks, water taps etc. for building, construction, irrigation, sanitation and household usages and solutions. The Company supplies its manufactured products to every nook and corner in the country and also exports to India, Nepal, Bhutan and Saudi-Arabia and other countries competing with other local manufacturers. The production system of the company is equipped with competent manpower, latest technology, most advanced machineries from Asia and Europe, raw materials from Japan, Malaysia, Singapore, Thailand, Taiwan and China. The Company has increased its utilized production capacity to 38,922 MT from its initial 500 MT.

FINANCIAL ANALYSIS

Revenue Generation

National Polymer Industries Ltd. has been experiencing the increasing revenue trend over the years. During the FY 2019-2020, the Company has reported its revenue BDT 3,432.96 million with the growth of 14.43% over the previous year. Year-wise revenue generation of preceding five years is as follows:

Financial Year	Revenue (in Taka)
2019-2020	3,432,956,238
2018-2019	3,000,007,744
2017-2018	2,366,380,577
2016-2017	1,866,687,057
2015-2016	1,759,312,097

Cost and Profitability

During the reporting year, the net profit margin of the company increased by 18.12% compared to the previous year. This is because, the Company has managed to control its operating expenses significantly compared to the previous year. As per Audited Financial Statements for the year ended on June 30, 2020, the comparative key financial information is given below:

Particulars	2019-2020 (Taka)	2018-2019 (Taka)
Cost of Goods Sold	2,830,771,919	2,442,220,045
Operating Expenses	201,998,634	206,269,808
Gross Profit Margin	602,184,320	557,787,699
Profit before WPPF & Tax	210,358,293	178,536,519
Net Profit Margin	150,255,924	127,207,270

Financial Position

Assets base of the Company is growing steadily and total assets of the company stood at Tk. 4,504,502,778.00 in the Financial Year 2019-2020, as against Tk. 4,180,780,745.00 in 2018-2019. On the other hand, total liabilities (Excepting Deferred Tax Liability) of the Company is Tk. 3,115,934,058.00 for the reporting year against Tk. 2,935,387,740.00 in the previous year (Excluding Deferred Tax Liability).

OTHER STATEMENTS AS PER THE BSEC'S CORPORATE GOVERNANCE CODE

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 other applicable laws in Bangladesh.

CHANGES IN ACCOUNTING POLICIES AND ESTIMATION

There is no 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 AS WELL AS CASH FLOWS OF PRECEEDING FIVE YEARS

Figures in Taka

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Revenue	3,432,956,238	3,000,007,744	2,366,380,577	1,866,687,057	1,759,312,097	1,707,971,741
Gross Profit	602,184,320	557,787,699	387,459,951	307,293,861	291,563,613	287,342,185
Profit Before WPPF & Taxation	210,358,293	178,536,519	111,369,664	93,503,107	68,524,201	64,285,001
Net Profit	150,255,924	127,207,270	79,350,886	66,741,633	48,945,858	45,917,858
Earnings Per Share	4.12	4.25	3.24	3.27	2.87	3.18
*Earnings Per Share (Restated)	-	3.49	2.65	2.72	2.40	2.70
Non-Current Assets	1,873,723,605	1,826,858,228	1,629,743,594	1,246,727,606	1,074,148,779	1,091,229,261
Current Assets	2,630,779,173	2,353,922,517	1,832,529,413	1,597,946,088	1,245,871,358	1,388,071,317
Total Assets	4,504,502,778	4,180,780,745	3,462,273,008	2,844,673,693	2,320,020,137	2,479,300,578
Authorized Capital	3,000,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Paid up Capital	364,918,340	299,113,400	245,174,920	204,312,440	170,260,370	144,288,450
Shareholders' Equity	1,309,083,706	1,165,907,991	1,062,094,915	1,030,197,514	985,204,015	936,258,157
Current Liabilities	2,567,038,848	2,252,938,054	1,919,205,568	1,611,959,788	1,049,908,321	1,327,756,735
**Non-Current Liabilities	548,895,210	682,449,686	401,487,510	123,031,377	205,422,787	135,800,672
Total Liabilities & Shareholders' Equity	4,504,502,778	4,180,780,745	3,462,273,008	2,844,673,693	2,320,020,137	2,479,300,578
NAV Per Share	35.87	38.98	43.32	50.42	57.86	64.89
*NAV Per Share (Restated)	-	31.95	35.51	42.02	48.22	54.99
NOCFPS	6.66	0.22	9.51	24.58	11.72	25.36
*NOCFPS (Restated)	-	(2.69)	7.79	20.48	9.77	21.49
Market Price Per Share (On 30 June)	56.60	111.15	89.40	107.00	83.30	82.50
Dividend	15%	22%	22%	20%	20%	18%
	Cash Dividend (Recommended)	Stock Dividend	Stock Dividend	Stock Dividend	Stock Dividend	Stock Dividend
Price Earnings Ratio	13.74	26.14	27.62	32.76	28.98	25.92
Current Ratio	1.02	1.04	0.95	0.99	1.19	1.05
Return on Equity (ROE) Ratio-%	11.48	10.91	7.47	6.48	4.97	4.90
Profit Margin Ratio-%	4.38	4.24	3.35	3.58	2.78	2.69
**Total Debt - Equity Ratio	2.38	2.52	2.19	1.68	1.27	1.56

* With Effect of Bonus Shares

* Deferred Tax Liability not considered

COMPARISON OF FINANCIAL PERFORMANCE OR RESULTS AND FINANCIAL POSITION AS WELL AS CASH FLOWS WITH THE PEER INDUSTRY SCENARIO

National Polymer Industries Ltd. (NPIL) listed with the Stock Exchange is the manufacturing company that manufactures and markets a wide range of products such as: PVC, CPVC & PPR Pipes, Fittings, Doors, Sheets, Water Tanks, Water Taps etc. in a large scale. There is simply another company listed with the Stock Exchange named Aziz Pipes Ltd. that manufactures only PVC pipes. The volume of operational, financial and business activities and performance of Aziz Pipes Ltd. is ten times lower than NPIL. So, actual comparison of financial performance and financial position as well as cash flows with the peer industry (Aziz Pipes Ltd.) is not possible.

FINANCIAL AND ECONOMIC SCENARIO OF THE COUNTRY AND THE GLOBE BANGLADESH SCENARIO

Currently, COVID-19 pandemic is one of the top-most spoken matters in the world started in Wuhan, China in December 2019, then spread to other countries in the world. Bangladesh has been facing the crisis from March 2020. Like other countries, Bangladesh's economy has also been seriously affected by this pandemic. From small businesses to the big corporate houses- nobody has been spared of the hardships brought about by the COVID-19 pandemic. Though the Bangladesh's economy shows growth status, the pandemic has slowed down the rate significantly. Bangladesh's GDP growth rate is recorded at 5.20% in the fiscal year/FY 2019-2020, which was 8.13% in the last fiscal year/FY 2018-2019. Per capita income of the country is recorded \$ 1,887.97 in this year, against \$1,906 in the previous year.

GLOBAL SCENARIO

The global economy is now at a devastating stage due to the COVID-19 pandemic. On all levels- individual, collective- the people all over the world have been massively affected by this pandemic. According to the IMF, most of the countries' GDP growth rate slowed down negatively (except 22 countries). The world's average GDP growth rate is recorded **MINUS FIGURE (4.4%)** in 2020, which was **PLUS 3.5%** in 2019. It shows that COVID-19 pandemic has led the world to a situation that will take years to fully recover from.

RISK AND CONCERN ISSUES AND MITIGATION PLAN

Risk and concerns are the integral parts of business. The Management of the Company regularly monitors, assesses 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 number 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 working to manage 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 the 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. It also maintains proper securities like "Bank Guarantee" against maximum receivables. Therefore, credit risk of the Company is minimal and well managed.

LIQUIDITY RISK

Liquidity risk refers to a firm's possible inability to meet its short-term debt obligations, thereby incurring exceptionally huge 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. Being an excellent borrower to its bank, NPIL 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: National Polymer enjoys the access to the advanced technologies in its production lines. It has adopted the most advanced technologies for its production and is considered as the pioneer to introduce the most efficient production technologies as and when it is available in the world markets. Moreover, its highly experienced engineering team is always ready to keep the machineries proper 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.

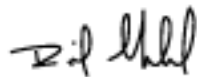
Mitigation: The Company places the priority on developing human resources. Importance is given to on-the-job, in-house and external training programs for employees to enhance their knowledge curve. The Company arranges training program for its core personnel on continuous basis to cope with the growing challenges with the changing working environment. It also offers competitive emoluments to the employees to encourage the 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 Industries Ltd. runs the business with the aim of making it as a sustainable growing business entity. Considering this, the Management of the Company focuses, among others, on the followings:

- **To implement the Co-generation Scheme of CPP:** As per the requirements of Bangladesh Energy Regulatory Commission (BERC), we have projected to implement the Co-generation Scheme of Captive Power Plant (CPP) in our factory, which was supposed to implement last year (2019-2020). But unfortunately we couldn't implement the same due to COVID-19 pandemic and other constraints, as it is a highly expensive project.
- **To introduce new products:** To meet up the growing and changing demand of customers, we will introduce new innovative products in our product lines.
- **To introduce self-packaging system:** We will introduce the packaging system in our plant to reduce the dependency on the suppliers.
- **To increase the production and storage capacity:** To cope with the increasing demand, we are to enhance the production and storage capacity of the plant.

For and on behalf of the Management



(Riad Mahmud)
Managing Director

AUDIT COMMITTEE REPORT

For the year ended 30 June 2020

In line with the best practices of Corporate Governance, the Board of Directors of National Polymer Industries Ltd. has re-constituted the Audit Committee as per the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 adopted by Bangladesh Securities and Exchange Commission (BSEC).

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee of National Polymer Industries Ltd. is comprised of the following members:

Name of Members	Position
Mr. Mohammed Ariful Islam, Independent Director	Chairman
Mr. Nuruzzaman Khan, ICB Nominated Director	Member
Mr. Raquibul Alam, Independent Director	Member

The Chief Financial Officer and the Head of Internal Audit and Compliance attend the meeting by invitation. The Company Secretary acts as the Secretary of the Audit Committee.

MEETING OF THE AUDIT COMMITTEE

During the year ended on June 30, 2020 the Committee met four times. The proceedings of the Audit Committee Meetings were reported regularly to the Board of Directors. The details of attendance of the Audit Committee Members have been shown below:

Name of Members	No. of Meetings Held	No. of Meetings Attended
Mr. Mohammed Ariful Islam Independent Director	4	4
Mr. Nuruzzaman Khan ICB Nominated Director	4	4
Mr. Raquibul Alam Independent Director	4	2

The Member who could not attend the meetings was granted leave of absence.

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 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 auditors for reviewing the annual financial statements before submission to the Board for approval;
- Review along with the Management, the annual and the quarterly 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 the statement of all related party transactions submitted by the Management;
- Review the 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 Offering (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.

SUMMARY OF ACTIVITIES

The Audit Committee carried out the following activities during the year ended on June 30, 2020:

Regulatory Compliance:

The Committee reviewed whether the Company's procedures, rules and regulations are in place to ensure compliance with –

- The laws and regulations framed by the Regulatory Authorities.
- Internal rules and regulations approved by the Board of Directors.

Financial Reporting:

The Committee assisted the Board of Directors and the Management in carrying out their responsibilities in preparing true and fair financial statements in accordance with the books of accounts and Bangladesh Accounting Standards by:

- reviewing the adequacy and effectiveness of the internal control system and procedures in order to provide reasonable assurance that all transactions are recorded accurately and completely in the books of accounts.
- reviewing the integrity of the process by which financial statements are prepared from the books of accounts.
- reviewing the process by which provisions of Bangladesh Accounting Standards are complied.

The Committee also reviewed the quarterly, half-yearly and annual financial statements of the Company before submission to the Board for approval.

INTERNAL CONTROL

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.

INTERNAL AUDIT

The Committee reviewed:

- the internal audit plans and programs, along with the resources requirements for the year.
- the performance of the internal audit functions.
- the internal audit system of the Company focusing on its effectiveness in influencing the performance and compliance with professional standards.

EXTERNAL AUDIT

The Audit Committee met with the External Auditors to exchange their views on the Audited Financial Statements for the year ended on June 30, 2020. The Committee reviewed the findings and recommendations made by the External Auditors.

The Committee reviewed the annual financial statements of the company for the year ended on June 30, 2020 audited by Mahfel Haque and Co., Chartered Accountants and recommended to place the same before the Board for consideration and adoption.

The Committee also reviewed the professionalism, past records and professional fees of the new External Auditors M/s. Shiraz Khan Basak & Co., Chartered Accountants and recommended to place before the Board for their appointment.

REVIEW MANAGEMENT'S DISCUSSION AND ANALYSIS

The Audit Committee reviewed the Management's Discussion and Analysis prepared in line with the BSEC'S guidelines and recommended to disclose the same in the Annual Report.

ACKNOWLEDGEMENT

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

For and on behalf of the Audit Committee



(Mohammed Ariful Islam)
Chairman

NOMINATION AND REMUNERATION COMMITTEE (NRC) REPORT

For the year ended 30 June 2020

In compliance with the BSEC's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018, the Board of Directors of National Polymer Industries Ltd. has constituted the Nomination and Remuneration Committee.

COMPOSITION OF THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of National Polymer Industries Ltd. is comprised of the following members:

Name of Members	Position
Mr. Raquibul Alam, Independent Director	Chairman
Mr. Nuruzzaman Khan, ICB Nominated Director	Member
Mr. Golam Murshed, Chairman of the Company	Member

Senior member(s) of the company may also attend the meeting by invitation only as and when necessary. The Company Secretary functions as the Secretary of the Nomination and Remuneration Committee.

MEETING OF THE NOMINATION AND REMUNERATION COMMITTEE

During the year ended 30 June 2020 the Nomination and Remuneration Committee held two meetings. Proceedings of the Nomination and Remuneration Committee meetings were reported to the Board of Directors. The details of attendance of the Nomination and Remuneration Committee Members have been shown below:

Name of Members	No. of Meetings Held	No. of Meetings Attended
Mr. Raquibul Alam, Independent Director	2	2
Mr. Nuruzzaman Khan, ICB Nominated Director	2	2
Mr. Golam Murshed, Chairman of the Company	2	2

ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE

Major responsibilities of the Nomination and Remuneration Committee are as follows:

- Recommend a policy on Board's diversity taking into consideration of age, gender, experience, ethnicity, educational background and nationality;
- Formulate 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 and the Top Level Executives;
- Identify persons who are qualified to become Directors and Top Level Executives in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
- Formulate the criteria for evaluation of performance of the Independent Directors and the Board;
- Assess that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to run the company successfully;
- Evaluate that the remuneration to directors, top level executives 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;
- Identify the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;

- Review annually the company's human resources and training policies; and
- Recommend the Code of Conduct for the Chairman of the Board, other Board Members and the Chief Executive Officer of the Company.

APPOINTMENT CRITERIA AND QUALIFICATION

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Top Level Executive and recommend to the Board for appointment.

The Committee is responsible to ensure that the procedures for appointing new directors are transparent. A combination of age, gender, experience, ethnicity, educational background, nationality and other relevant personal attributes in the Board is important in providing a range of perspectives, insights and challenges needed to support right decision making. Recruitment and selection processes for Board Members identify candidates with the most suitable skills, knowledge, experience and personal values.

EVALUATION

The Committee shall carry out evaluation of performance of Independent Directors and the Board. The NRC is responsible for ensuring the effectiveness of the Board. The evaluation includes a review of the administration of the Board and its Committees covering their operations, agenda, reports and information formed for consideration and relationship with the Management.

TOP LEVEL EXECUTIVES SELECTION AND REMUNERATION POLICY

The performance of the Company depends upon the quality of its Directors and Top Level Executives. For sustainable development, the Company must attract, motivate and retain highly skilled executives. The recruitment process for the top level executives shall be transparent.

The objective of remuneration policy is to secure that reward for Top Level Executives shall contribute to attracting, engaging and retaining the right employees to deliver sustainable value for the Shareholders.

ACKNOWLEDGEMENT

The Nomination and Remuneration Committee expressed sincere thanks to the Chairman and the Members of the Board and the Management for their support in carrying out its duties and responsibilities

On behalf of the Nomination and Remuneration Committee



(Raquibul Alam)
Chairman of Nomination and Remuneration Committee

CORPORATE GOVERNANCE STATEMENT

Corporate Governance is the system of rules, practices, and processes by which a company is governed. Corporate governance clearly defines the rights and responsibilities of the Board of Directors, Management, shareholders and other stakeholders. As good corporate governance is the most valuable asset of a company, National Polymer Industries Ltd. believes in the continuous improvement of corporate governance. The Board of Directors and the Management Team of the company is committed to maintaining the effective corporate governance through a culture of accountability and transparency.

BOARD OF DIRECTORS

The Board of Directors of National Polymer Industries Ltd., appointed by the Shareholders in the Annual General Meeting (AGM), comprises of five members including two Independent Directors. All Directors have sound academic and professional knowledge. They are well conversant with corporate governance.

APPOINTMENT OF INDEPENDENT DIRECTOR

National Polymer Industries Ltd. has appointed two Independent Directors, who are approved by the Shareholder in the Annual General Meeting. In selecting the Independent Directors, the Company always looks for individuals who possess experience, strong inter-personal skill and independence, as specified in the BSEC's corporate governance code. Independent Directors are considered to be independent and free from any business or other relationship with the company that could affect the exercise of their independent judgment. The Board believes that their experience and knowledge assist in providing both effective and constructive contribution to the Board.

KEY FEATURES OF THE BOARD

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

ROLE OF THE BOARD

The Board of Directors, accountable to the Shareholders, is responsible for ensuring that the business activities of the company 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 the codes 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 its activities.

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. The Chairperson leads the Board and is responsible for ensuring the effectiveness of the Board and its governance processes, while the Managing Director serves as the Chief Executive Officer of the company.

COMPANY SECRETARY, CHIEF FINANCIAL OFFICER AND HEAD OF INTERNAL AUDIT & COMPLIANCE

As per the Corporate Governance Code issued by the BSEC, the Company has appointed the Company Secretary, the Chief Financial Officer and the Head of Internal Audit & Compliance, who perform their respective roles and responsibilities as follows:

ROLE OF THE COMPANY SECRETARY

The Company has appointed a Company Secretary, who has a vast experience in the field of corporate and compliance issues. Among other functions, the Company Secretary:

- bridges between the Board of Directors and the Shareholders on strategic and statutory decision.
- is responsible for ensuring that appropriate Board procedures are followed.
- is responsible to provide all permissible information to the Shareholders.
- ensures the compliance of the Acts, rules, regulations, notifications, guidelines, orders/directives etc. issued by the Regulatory Authorities.

ROLE OF THE CHIEF FINANCIAL OFFICER

The Company has appointed a Chief Financial Officer, who looks after the overall financial affairs of the Company. Among other functions, the Chief Financial Officer:

- prepares quarterly and annual financial statements in line with the requirements of Accounting Standards and Financial Reporting Standards
- reports financial position of the Company to the Board.
- makes sure that the financial records of the company are in order.
- makes sure that Management has critical decision-making data.
- helps the Management to make strategic decisions by playing an active role in financial analysis and management.
- oversees the compliance issues of the company.

ROLE OF THE HEAD OF INTERNAL AUDIT AND COMPLIANCE

The Company has appointed the Head of Internal Audit & Compliance, who has a vast experience in the field of internal audit and compliance. Among other functions, the Head of Internal Audit & Compliance:

- prepares annual internal audit plan and gets approval from the Audit Committee.
- performs audit and reviews the Internal Audit Plan.
- monitors the adequacy and effectiveness of the system of internal control in the Company.
- makes recommendations to the Management and the Audit Committee about the improvement of operational, financial and governance control systems in the Company.
- assists the Management in identifying the risks associated with the company.
- provides analysis, advice and information to the Management.
- advises the Management on the implementation of controls for new systems/project.

BOARD COMMITTEES:

AUDIT COMMITTEE

National Polymer Industries Ltd. has constituted the Audit Committee as a sub-committee of the Board. The Audit Committee of the Company is comprised of three members of the Board, including two Independent Directors and one of them is the Chairman of the Committee. The 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 responsibilities with respect to financial reporting, internal control, risk management, auditing matters and processes of monitoring compliance with applicable legal and regulatory requirements.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

National Polymer has constituted the Nomination and Remuneration Committee (NRC) as a sub-committee of the Board. The Committee is comprised of three members of the Board, including one Independent Director, who is the Chairman of the Committee. The Committee assists the Board in

formulating the policy with regard to determining qualifications, positive attributes, experiences, remuneration, mainly for the Directors and the top level executives.

MANAGEMENT COMMITTEE

The Management Committee of National Polymer Industries Ltd. headed by the Managing Director, is a Team comprised of the highly qualified professionals of the Company. The Management Committee is responsible for managing and running the day-to-day management of the Company. The Management Committee serves for the interest of the Company with a view to achieving the sustainable growth of the company. The members of the Management Committee are jointly accountable for the entire management of the company and decide on the basic issues of business policy and corporate strategies.

PURCHASE COMMITTEE

The Purchase Committee of the Company is comprised of the experienced executives headed by a senior most executive. Among others, the followings are the main responsibilities of the Purchase Committee:

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

HEALTH, SAFETY, SECURITY AND ENVIRONMENT COMMITTEE

National Polymer Industries Ltd., as a manufacturing company, always gives priority on health, safety, security and environmental issues of the company. The Company has constituted the Safety Committee headed by the Head of Human Resources Department. The Committee meets regularly to identify, monitor and implement the matters relating to the health, safety, security and environmental issues of the company.

INTERNAL AUDIT AND CONTROL

National Polymer Industries Ltd. has established the Internal Audit Department comprising of the experienced and knowledgeable personnel headed by a qualified person. Internal Audit department regularly conducts audit based on the yearly audit plan. The Internal Audit Team checks, verifies and reviews the compliance of internal control procedures and other regulatory requirements on regular basis.

Internal control mechanism is built by the Company's systems and procedures to reduce the risks of error and fraud. The internal control system is maintained and reviewed by the internal audit functions and reported to the Management and the Audit Committee. The Board of Directors ensures sound internal control system to provide reasonable assurance regarding the achievement of the Company's objectives in the areas of:

- Effectiveness and efficiency of operations.
- Reliability of financial reporting.
- Compliance with laws and regulations.

ACCOUNTING AND EXTERNAL AUDIT

The Company prepares its financial statements in accordance with the International Accounting Standards and 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 Audit Committee reviewed the financial statements (quarterly & annual) and updates, with recommendations, to the Board before approval and publication of the same.

FINANCIAL REPORTING AND TRANSPARENCY

Financial statements prepared by of the Management of the Company in line with the appropriate Accounting Standards and Financial Reporting Standards and other legislations, present fairly its state of affairs, the result of its operations, cash flows and changes in equity. The financial statements with comprehensive details are published timely as per the statutory requirements.

RISK MANAGEMENT

Risk and concern is closely associated to the business. National Polymer Industries Ltd. follows the 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 properly.

INSIDERS' TRADING

As per securities laws, National Polymer has imposed restrictions on trading of its shares by its directors, employees and other insiders.

CODE OF CUNDUCT

National Polymer has adopted a Code of Conduct for securing good business ethics in all aspects of its activities. The Code of Conduct is properly communicated to and with all employees and is strictly required to abide by it. The Code of Conduct is available in the website of the Company.

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. Admissible information is communicated to the Shareholders regularly through a number of publications through the year. In accordance with disclosure requirements, the Shareholders of the Company are 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 Exchange, detailed disclosures are available in the website of the Company at www.nationalpolymer.net.

Comparative analysis of Key Financial Performance/Information of preceding five years

Figures in Taka

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Revenue	3,432,956,238	3,000,007,744	2,366,380,577	1,866,687,057	1,759,312,097	1,707,971,741
Gross Profit	602,184,320	557,787,699	387,459,951	307,293,861	291,563,613	287,342,185
Profit Before WPPF & Taxation	210,358,293	178,536,519	111,369,664	93,503,107	68,524,201	64,285,001
Net Profit	150,255,924	127,207,270	79,350,886	66,741,633	48,945,858	45,917,858
Earnings Per Share	4.12	4.25	3.24	3.27	2.87	3.18
* Earnings Per Share (Restated)	-	3.49	2.65	2.72	2.40	2.70
Non-Current Assets	1,873,723,605	1,826,858,228	1,629,743,594	1,246,727,606	1,074,148,779	1,091,229,261
Current Assets	2,630,779,173	2,353,922,517	1,832,529,413	1,597,946,088	1,245,871,358	1,388,071,317
Total Assets	4,504,502,778	4,180,780,745	3,462,273,008	2,844,673,693	2,320,020,137	2,479,300,578
Authorized Capital	3,000,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Paid up Capital	364,918,340	299,113,400	245,174,920	204,312,440	170,260,370	144,288,450
Shareholders' Equity	1,309,083,706	1,165,907,991	1,062,094,915	1,030,197,514	985,204,015	936,258,157
Current Liabilities	2,567,038,848	2,252,938,054	1,919,205,568	1,611,959,788	1,049,908,321	1,327,756,735
** Non-Current Liabilities	548,895,210	682,449,686	401,487,510	123,031,377	205,422,787	135,800,672
Total Liabilities & Shareholders' Equity	4,504,502,778	4,180,780,745	3,462,273,008	2,844,673,693	2,320,020,137	2,479,300,578
NAV Per Share	35.87	38.98	43.32	50.42	57.86	64.89
* NAV Per Share (Restated)	-	31.95	35.51	42.02	48.22	54.99
NOCFPS	6.66	0.22	9.51	24.58	11.72	25.36
* NOCFPS	-	(2.69)	7.79	20.48	9.77	21.49
Market Price Per Share (On 30 June)	56.60	111.15	89.40	107.00	83.30	82.50
Dividend	15%	22%	22%	20%	20%	18%
	Cash Dividend (Recommended)	Stock Dividend	Stock Dividend	Stock Dividend	Stock Dividend	Stock Dividend
Price Earnings Ratio	13.74	26.14	27.62	32.76	28.98	25.92
Current Ratio	1.02	1.04	0.95	0.99	1.19	1.05
Return on Equity (ROE) Ratio-%	11.48	10.91	7.47	6.48	4.97	4.90
Profit Margin Ratio-%	4.38	4.24	3.35	3.58	2.78	2.69
** Total Debt - Equity Ratio	2.38	2.52	2.19	1.68	1.27	1.56

* With Effect of Bonus Shares

*Deferred Tax Liability not considered

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2020

- 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):

Sl No.	Name	Position	Shareholding	Percentage (%)
1	Mr. Golam Murshed	Sponsor Director (Chairperson of the Board)	18,91,420	5.18%
2	Mr. Riad Mahmud	Sponsor Director (Managing Director & CEO)	14,34,251	3.93%
3	Mr. Nuruzzaman Khan	Director (Nominated by ICB)	82,85,283	22.70%
4	Late Shamsul Abedin Akhand & Mrs. Khaleda Akhand (Joint Account)	Sponsor	32,31,611	8.86%
5	Mr. Rohel Mahmud	Sponsor	7,26,202	1.99%
6	Mrs. Razia Sultana	Sponsor	1,52,041	0.42%
7	Mrs. Khaleda Akhand	Sponsor	9,069	0.02%
8	Mr. Raquibul Alam	Independent Director	Nil	-
9	Mr. Mohammed Ariful Islam	Independent Director	Nil	-
12	Mr. Md. Abdul Maleque	Company Secretary	Nil	-
13	Mr. Md. Shawkat Ali Miah FCA	Chief Financial Officer	Nil	-
14	Mr. Mithun Kanti Das	Head of Internal Audit and Compliance	Nil	-
15	Their spouse and minor children	-	Nil	-
Total			1,57,29,877	43.11%

- 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):

Sl No.	Name	Shareholding	Percentage (%)
1	Mr. Nuruzzaman Khan Director, Nominated by ICB	82,85,283	22.70%

BOARD MEETING AND ATTENDANCE

The number of Board Meetings and attendance by each Director during the financial year 2019-2020 is as follows:

SI No.	Name of Directors	Position	No. of Meetings Held	No. of Meetings Attended
1	Mr. Golam Murshed	Chairman	6	6
2	Mr. Riad Mahmud	Managing Director	6	6
3	Mr. Nuruzzaman Khan	Director (Nominated by ICB)	6	6
4	Mr. Raquibul Alam	Independent Director	6	3
5	Mr. Mohammed Ariful Islam (Joined the Board on 06/08/2019))	Independent Director	6	5
6	Mr. Mustafizur Rahman Shazid (Retired from the Board on 06/08/2019)	Independent Director	6	1
7	Mr. Jamal Uddin Ahmed Chowdhury (Retired from the Board on 06/08/2019)	Independent Director	6	1

DECLARATION BY CEO AND CFO

Date: 21 November 2020

The Board of Directors

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

Subject: Declaration on Financial Statements for the year ended on June 30, 2020.

Dear Sirs,

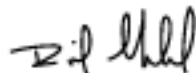
Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of National Polymer Industries Limited for the year ended on 30 June 2020 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 2020 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



(Md. Shawkat Ali Miah, FCA)
Chief Financial Officer

CERTIFICATE OF BAPLC

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2020/173

Date of issue : June 16, 2020

BAPLC

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 31st December 2020.




Secretary-General

CERTIFICATE ON CORPORATE GOVERNANCE CODE



শফিফ মিজান রহমান এন্ড আগুস্টিন
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

137GH, JAHANNARA GARDEN, FLAT NO. 3/A (2ND FLOOR)
GREEN ROAD, DHAKA-1025, BANGLADESH
TEL : 9134831, 9134634
CELL : 01711 521279, 01552 315610, 01726 064618
01795 799775, 01717 034157
FAX : 880-2-9354341, 880-02-9896006
E-MAIL : smro.ca1950@gmail.com, augdip@yahoo.com
a.rahman220@gmail.com, ahmed.hussain76661@gmail.com

Ref :

Date : 27 OCT 2020

CERTIFICATE ON CORPORATE GOVERNANCE CODE

Report to the Shareholders of National Polymer Industries Limited on compliance on the Corporate Governance Code.

We have examined the compliances status to the Corporate Governance Code by **National Polymer Industries Limited** for the year ended on 30 June 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/ADMIN/80 dated 03 June 2018 of the Bangladesh Securities & 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

Branch Office : Eastern Commercial Complex, Suite # 1205 (12th Floor) 73 Kakrail, Dhaka-1000.
Tel : 9354649, Fax : 880-2-9354341, E-mail : mizan6005@gmail.com

STATUS OF CORPORATE GOVERNANCE COMPLIANCE

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 (Report under Condition No. 9.00):

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1	Board of Directors:			
1(1)	Size of the Board of Directors [Number of Board members - minimum 5 and maximum 20]	✓		
1.2	Independent Directors:			
1(2) (a)	At least 1/5 of the total number of Directors shall be Independent Directors	✓		
1(2)(b)	Independent Director means a Director:			
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 (NBFII); and	✓		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
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 in the reporting year
1(2)(e)	The tenure of office of an Independent Director shall be for a period of 03 years, which may be extended for 1 (one) 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 in the reporting year
1.3	Qualification of Independent Director:			
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)	Independent Director shall have following qualifications:			
1(3)(b)(i)	Business leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million 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 Tk. 100.00 million 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 5 th Grade 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 least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1(3)(d)	In special cases, the above qualification or experiences may be relaxed subject to prior approval of the Commission;			No such event in the reporting year
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive officer:			
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 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 event occurred in the reporting year
1(5)	The Directors' report shall include the following additional statements:			
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;	✓		

Condition No.	Title	Compliance Status (Put v in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	v		
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;	v		
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;	v		
1(5) (xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	v		
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;	v		
1(5) (xvii)	A statement that there is no significant doubt upon the 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;	v		
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;	v		
1(5) (xix)	As statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	v		
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;	v		
1(5) (xxii)	The total number of Board Meetings held during the year and attendance by each director;	v		
1(5) (xxiii)	Pattern of shareholding disclosing the aggregate number of shares held by:			
	(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);	v		
	(c) Executives; and			N/A
	(d) Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	v		
1(5) (xxiv)	In case of the appointment or r-appointment of a Director, a disclosure on the following information:			
	(a) a brief resume of the Director;	v		
	(b) Nature of his/her expertise in specific functional areas; and	v		
	(c) names of companies in which the person also holds the directorship and the membership of committees of the Board;	v		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1(5) (xxv)	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:			
	(a) accounting policies and estimation for preparation of financial statements;	✓		
	(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;	✓		
	(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;	✓		
	(f) risk and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	✓		
	(g) future plan or projection or forecast for 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 Annexure-A	✓		
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 Annexure-B and Annexure-C.	✓		
1(6)	Meeting of the Board of Directors:			
	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)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer:			
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.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
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	Governance of the Board of Directors of Subsidiary Company:			
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 (One) 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	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit & Compliance (HIAC) and Company Secretary (CS):			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (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).	✓		
3(2)	Requirement to attend Board of Directors' Meeting:-			
	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.	✓		
3(3)	Duties of the Managing Director or Chief Executive Officer and the Chief Financial Officer:			
3(3)(a)	The MD or CEO and the CFO shall certify to the Board that they have reviewed financial statements for the	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
	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.	✓		
4	Board of Directors' Committee:			
	For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee; and	✓		
4(ii)	Nomination and Remuneration Committee.	✓		
5	Audit Committee			
5(i)	Responsibility to the Board of Directors			
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.	✓		
5(2)	Constitution of the Audit Committee:			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
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 at least 1 (one) independent director;	✓		
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 10 (ten) years of such experience;	✓		
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 3 (three) persons, the Board shall appoint the new committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the committee to ensure continuity of the performance of work of the Audit Committee;			No such event occurred during the reporting year
5(2)(e)	The Company Secretary shall act as the Secretary of the Committee;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5(3)	Chairperson of the Audit Committee:			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		
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 event occurred 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.			No such event occurred during the reporting year
5(4)	Meeting of the Audit Committee:			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year;	✓		
	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 event occurred during the reporting year
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must	✓		
5(5)	Role of the Audit Committee:			
5(5)(a)	Observe the financial reporting process;	✓		
5(5)(b)	Monitor choice of accounting policies and principles ;	✓		
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;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
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;			N/A
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 event occurred during the reporting year
5(6)	Reporting of the Audit Committee:			
5(6)(a)	Reporting to the Board of Directors:			
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)	Reporting to the Authorities: 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 6 (six) months from the date of first reporting to the Board, whichever is earlier.			N/A
5(7)	Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit 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.	✓		
6	Nomination and Remuneration Committee (NRC):			
6(1)	Responsibility to the Board of Directors:			
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	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
	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)	✓		
6(2)	Constitution of the NRC:			
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 event occurred 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 event occurred 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.	✓		
6(3)	Chairperson of the NRC:			
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 event occurred during the reporting year
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	✓		
	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 event occurred during the reporting year
6(4)	Meeting of the NRC:			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	✓		
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);	✓		
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.	✓		
6(5)	Role of the NRC:			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders.	✓		
6(5)(b)	NRC shall observe, among others, the following matters and make report with recommendation to the Board:			
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:	✓		
	(a) the level and composition of remuneration is responsible 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;	✓		
6(5)(b) (ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		
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;	✓		
6(5)(b) (iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
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	✓		
6(5)(b) (vi)	Developing, recommending and reviewing annually the company's human resources and training policies.	✓		
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.	✓		
7	External or Statutory Auditors:			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:			
7(1)(i)	Appraisal or valuation services or fairness opinions;	✓		

Condition No.	Title	Compliance Status (Put V in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
7(1)(ii)	Financial information systems design and implementation;	v		
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	v		
7(1)(iv)	Broker-dealer services;	v		
7(1)(v)	Actuarial services;	v		
7(1)(vi)	Internal audit services or special audit services;	v		
7(1)(vii)	Any service that the Audit Committee determines;	v		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	v		
7(1)(ix)	Any other service that creates conflict of interest;	v		
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;	v		
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.	v		
8	Maintaining a website by the Company:			
8(1)	The company shall have an official website linked with the website of the stock exchange.	v		
8(2)	The company shall keep the website functional from the date of listing.	v		
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).	v		
9	Reporting and Compliance of Corporate Governance:			
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.	v		
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.	v		
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.	v		

**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 2020, and along with the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements is present fairly, in all material respects, the financial position of the Company as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 *Auditors' 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 the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue Recognition	
Risks	Our Response to the Risks
<p>At year end the company reported total revenue of BDT 3,43,29,56,238.</p> <p>Revenue is generated from both Local and export sales. In which, VAT is applicable only on local sales. Therefore, calculation of VAT return is required for identifying local sales.</p> <p>Sales recognized based on export 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"> • Calculation of discounts, incentives and rebates; • Segregation of duties in invoice creation and modification; and • Timing of revenue recognition. <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> • 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; • 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.

<p><i>[See note 26.00 to the financial statements]</i></p>	<ul style="list-style-type: none"> • Agreeing a sample of claims and rebate accruals to supporting documentation; • Critically assessing manual journals posted to revenue to identify unusual or irregular items; and • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.
<p>2. Existence and Valuation of Inventories</p>	
<p style="text-align: center;">Risks</p>	<p style="text-align: center;">Our Response to the Risks</p>
<p>The company had inventories of BDT 1,23,41,67,895 at 30 June 2020, held in warehouses.</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>The provision of Work in Progress 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><i>[See note 7.00 to the financial statements]</i></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"> • evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of distribution centers, warehouses and branches; • 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 • 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.
<p>3. Management's consideration of the potential impact of COVID-19</p>	
<p style="text-align: center;">Risks</p>	<p style="text-align: center;">Our Response to the Risks</p>
<p>Management has made estimates and judgments that there was basically no adverse impact of COVID-19 on the company.</p> <p>In doing so, management have made estimates and judgments that are critical to the outcomes of these considerations with particular focus on the group's ability to continue as a going concern for a period of at least 12 months from the date of the signing of the financial statements.</p> <p>As a result of the impact of COVID-19 on the wider financial markets we have determined management's consideration of the potential impact of COVID-19 (including their associated estimates and judgments) to be a key audit matter.</p>	<ul style="list-style-type: none"> • We obtained management's most recent financial results forecasts and liquidity analysis underlying their going concern assessment and tested the integrity of the forecasts, including mathematical accuracy. • We challenged management on the key assumptions included in the scenarios and we subjected management's most recent forecasts to additional stress testing to confirm that both management and the Board have considered a balanced range of outcomes in their assessment of the potential impact of COVID-19. <p>Based on our procedures, we have not identified any matters to report with respect to both management's and the Board's considerations of the potential impact of COVID-19 on the current and future operations of the company.</p>

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:

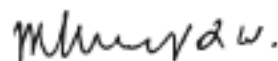
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 and other applicable laws and regulations, 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 Company's 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; and
- (iv) The expenditure incurred, except as noted above, were to the purpose of company business.



Md. Abdus Satter Sarkar, *FCA*
For and on behalf of,
Mahfel Huq & Co.
Chartered Accountants

Dhaka, 29 October 2020

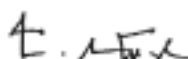
National Polymer Industries Limited

Statement of Financial Position

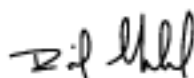
As at 30 June 2020

Particulars	Notes	Amount in Taka	
		30 June 2020	30 June 2019
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	4	1,569,552,476	1,629,394,214
Investment	5	250,913,536	117,577,625
Capital Work in Progress (CWIP)	6	53,257,593	79,886,389
Total Non-Current Assets		1,873,723,605	1,826,858,228
Current Assets			
Inventories	7	1,234,167,895	1,081,447,816
Accounts Receivables	8	731,489,986	510,673,198
Accrued Interest Receivable on FDR	9	3,127,865	936,612
Advance, Deposit & Pre-payments	10	131,080,152	191,552,211
Advance Income Tax	11	269,275,136	368,995,204
Cash & Cash Equivalents	12	261,638,140	200,317,476
Total Current Assets		2,630,779,173	2,353,922,517
TOTAL ASSETS		4,504,502,778	4,180,780,745
EQUITY & LIABILITIES			
Shareholders Equity & Reserves			
Share Capital	13	364,918,340	299,113,400
Share Premium	14	134,000,000	134,000,000
Revaluation Reserve	15	496,260,922	496,260,922
Retained Earnings	16	313,904,444	236,533,669
Total Shareholders Equity & Reserves		1,309,083,706	1,165,907,991
Non-Current Liabilities			
Long Term Loan - (Non-Current Maturity)	17	548,895,210	682,449,686
Deferred Tax Liability	18	79,485,014	79,485,014
Total Non-Current Liabilities		628,380,224	761,934,700
Current Liabilities			
Short Term Loan	19	1,735,882,726	1,572,712,365
Long Term Loan- (Current Maturity)	17	302,996,089	261,370,924
Bank Overdraft	20	311,260,225	215,199,482
Accounts Payable	21	34,532,631	9,656,741
Inter-Company Loan	22	51,900,313	80,019,004
Provision for Expenses	23	27,962,071	36,199,993
WPPF & Welfare Fund	24	10,017,062	8,926,826
Provision for Taxation	25	92,487,731	68,852,719
Total Current Liabilities		2,567,038,848	2,252,938,054
TOTAL EQUITY & LIABILITIES		4,504,502,778	4,180,780,745
Net Asset Value (NAV) Per Share	34	35.87	31.95

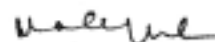
The annexed notes form an integral part of these Financial Statements



Chairman

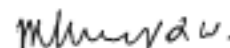


Managing Director



Company Secretary

Signed in terms of our separate report of even date annexed



Mahfel Huq & Co.
Chartered Accountants

Dhaka, 29 October 2020

National Polymer Industries Limited
Statement of Profit or Loss and Others Comprehensive Income
For the year ended 30 June 2020

Particulars	Notes	Amount in Taka	
		30 June 2020	30 June 2019
Revenue	26	3,432,956,238	3,000,007,744
Cost of Goods Sold	27	(2,830,771,919)	(2,442,220,045)
Gross Profit		602,184,320	557,787,699
Administrative, Selling and Distribution Expenses:	28		
Administrative Expenses		142,046,676	133,008,798
Selling and Distribution Expenses		59,951,958	73,261,010
		(201,998,634)	(206,269,808)
Profit from Operations		400,185,686	351,517,891
Other Income	29	20,726,731	11,970,133
Foreign Exchange Gain/(Loss)	30	(2,053,928)	(1,681,397)
Financial Expenses	31	(208,500,195)	(183,270,108)
Profit before WPPF & Taxation		210,358,293	178,536,519
WPPF and Welfare Fund	32	(10,017,062)	(8,926,826)
Provision for Taxation	33	(50,085,308)	(42,402,423)
Net Profit for the year		150,255,924	127,207,270
Other Comprehensive Income/ (Loss):		-	-
Total Comprehensive Income for the year		150,255,924	127,207,270
Basic Earnings Per Share (EPS)	34	4.12	3.49

The annexed notes form an integral part of these Financial Statements


Chairman


Managing Director


Company Secretary

Signed in terms of our separate report of even date annexed

Dhaka, 29 October 2020


Mahfel Huq & Co.
Chartered Accountants


National Polymer Industries Limited

Statement of Changes in Equity
For the year ended 30 June 2020

Particulars	Amount in Taka				
	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total
Balance as at 1 July 2019	299,113,400	134,000,000	496,260,922	236,533,669	1,165,907,991
Payment of Stock Dividend (2018-2019 FY, Note -13)	65,804,940	-	-	(65,804,940)	-
Tax Adjustment against assessment (2017-2018 FY, Note -16)	-	-	-	(7,080,209)	(7,080,209)
Profit Earned during the year	-	-	-	150,255,924	150,255,924
Total	364,918,340	134,000,000	496,260,922	313,904,444	1,309,083,706

For the year ended 30 June 2019	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
Total	299,113,400	134,000,000	496,260,922	236,533,669	1,165,907,991

The annexed notes form an integral part of these Financial Statements


Chairman


Managing Director


Company Secretary

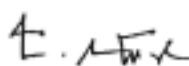
Dhaka, 29 October 2020

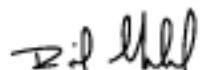
National Polymer Industries Limited

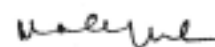
Statement of Cash Flows
For the year ended 30 June 2020

Particulars	Notes	Amount in Taka	
		30 June 2020	30 June 2019
Cash Flows from Operating Activities			
Collection from Sales and Others		3,229,696,135	2,821,671,195
Payment to Suppliers, Employees and Others		(2,703,677,856)	(2,683,065,427)
		526,018,279	138,605,768
Income Tax Paid		(127,253,950)	(133,840,577)
Foreign Exchange Gain/(Loss)		(2,053,928)	(1,681,397)
Financial Expenses		(153,685,130)	(101,223,311)
Net Cash Flows from Operating Activities	35	243,025,271	(98,139,516)
Cash Flows from Investing Activities			
Payment for acquisition of Property, Plant & Equipment	4, 6	(133,206,734)	(337,594,906)
Sale of Fixed Assets		470,000	-
Investment in FDR		(133,335,911)	(10,877,625)
Capital Work in Progress (CWIP)	6	-	(47,210,000)
Net Cash used in Investing Activities		(266,072,645)	(395,682,531)
Cash Flows from Financing Activities			
Proceeds from Long Term Loan		376,592,777	591,211,813
Payment of Long Term Loan		(468,522,088)	(209,208,371)
Short Term Loan- Increase/(Decrease)		259,231,104	104,621,668
Intercompany Loan		(28,118,691)	80,019,004
Interest Paid on Long Term Loan		(54,815,065)	(82,046,797)
Net Cash Flows/ (used) from Financing Activities		84,368,037	484,597,316
Net Increase/(Decrease) in Cash during the year		61,320,663	(9,224,731)
Opening Cash & Cash Equivalents	12	200,317,476	209,542,207
Closing Cash & Cash Equivalents	12	261,638,140	200,317,476
Net Operating Cash Flow per Share	34	6.66	(2.69)

The annexed notes form an integral part of these Financial Statements


Chairman


Managing Director


Company Secretary

Dhaka, 29 October 2020

National Polymer Industries Limited

Notes to the Financial Statements

As at and for the year ended 30 June 2020

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, Nishatmagar, 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 833 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;
- (ii) Statement of Profit or Loss and Others Comprehensive Income;
- (iii) Statement of Changes in Equity;
- (iv) Statement of Cash Flows; and
- (v) Notes to the Financial Statements.

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 2019 to 30 June 2020.

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	10%
Vehicles	20%
Titus 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
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.

L(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.

L(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 Taxes.

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 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.

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 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.

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
Revaluation Reserve	496,260,922

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 2020 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 15% Cash 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 15% Cash dividend per share. The proposed dividend is subject to shareholders' approval in the forthcoming Annual General Meeting.

3.28 Human Resources

Particulars	2019-20	2018-19
Officers	338	340
Staff	183	172
Skilled and unskilled workers	312	300
Total	833	812

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 entitled 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 October, 2020.

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 2018-2019 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
As at end for the year ended 30 June 2020

Note 4: Property, Plant and Equipment

Assets Category	COST (Taka)		As on 30.06.20	Dep. Rate	DEPRECIATION (Taka)				Written Down Value as on 30.06.2020	Written Down Value as on 30.06.2019
	As on 01.07.2019	Additions during the Year			Adjustment/ Sales during the Year	Charged during the Year	Adjustment/ Sales during the Year	Cumulative as on 30.06.20		
Land & Land Dev.	28,751,064	-	28,751,064	-	-	-	-	-	28,751,064	28,751,064
Cost	575,745,936	-	575,745,936	-	-	-	-	-	575,745,936	575,745,936
Revaluation	190,066,346	-	216,695,142	20.0%	-	-	-	-	115,040,066	110,514,013
Factory Buildings	30,524,820	26,628,796	30,524,820	10.0%	22,102,803	-	786,118	-	23,449,760	7,861,178
Godown Sheds	1,606,917,741	131,952,907	1,738,870,648	20.0%	181,808,643	-	1,059,803	-	988,821,028	819,905,337
Plant & Machinery	32,135,174	-	32,135,174	20.0%	26,840,161	-	1,059,803	-	27,899,164	5,295,013
Local Machinery	1,637,807	-	1,637,007	10.0%	1,202,273	-	43,473	-	1,245,746	434,734
Office Sheds	194,754	-	194,754	10.0%	141,660	-	5,309	-	146,970	391,261
Machins Shed	459,095	-	459,095	10.0%	320,773	-	13,832	-	334,605	47,784
Steel Rack	179,420	-	179,420	20.0%	171,411	-	1,602	-	173,013	138,322
Factory Laboratory	2,359,169	-	2,359,169	10.0%	1,888,485	-	47,068	-	1,935,553	6,407
Administrative Shed	4,045,053	-	4,045,053	10.0%	3,038,130	-	100,692	-	3,138,822	470,684
Factory Boundary Wall	55,544,726	-	55,544,726	20.0%	46,862,900	-	1,736,365	-	48,599,265	1,006,923
Gas Generator	26,974,764	-	26,974,764	20.0%	21,885,659	-	1,017,821	-	22,903,480	8,681,826
Diesel Generator	2,288,132	-	2,288,132	10.0%	1,663,799	-	68,433	-	1,672,232	5,089,105
Titan Gas Installation	7,130,973	19,100	7,150,073	10.0%	3,697,871	-	344,234	-	4,042,105	684,333
Furniture & Fixtures	108,954,613	-	108,914,613	20.0%	66,359,375	-	8,111,048	-	72,858,241	3,107,948
Vehicles	43,104,072	1,234,727	44,338,799	10.0%	24,377,789	-	2,003,003	-	26,380,792	42,595,238
Office Equipment	2,717,012,859	159,835,530	2,876,808,389		1,087,618,645	2,040,000	219,249,449	1,612,181	1,305,255,912	1,629,394,214
As at 30 June 2020	2,717,012,859	159,835,530	2,876,808,389		1,087,618,645	2,040,000	219,249,449	1,612,181	1,305,255,912	1,629,394,214
As at 30 June 2019	2,324,397,953	392,614,906	2,717,012,859		889,050,748	-	198,567,897	-	1,087,618,645	1,629,394,214

Depreciation allocated to :

Cost of Goods Sold	208,791,163
Administrative Expenses	10,458,285
	219,249,449

Addition in Factory Buildings includes amount Tk. 26,628,796 transferred from CWIP (Note-06).

4.01 Property, Plant & Equipment

	Amount in Taka	
	30 June 2020	30 June 2019
Opening Balance	2,717,012,859	2,324,397,953
Addition during the year including transferred from CWIP	159,835,530	392,614,906
	(2,040,000)	-
Cost as at 30 June 2019	2,874,808,389	2,717,012,859
Accumulated Depreciation	(1,305,255,912)	(1,087,618,645)
Closing Balance	1,569,552,476	1,629,394,214

(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.	115,077,625	106,700,000
Add: Addition During the year	10,590,911	8,377,625
FDR in IPDC	2,500,000	2,500,000
Add: Addition During the year	72,745,000	-
FDR in SCB	50,000,000	-
	250,913,536	117,577,625

Name of Institute	FDR No.	Interest Rate	Branch	Maturity Date
Uttara Finance & Investment Ltd.	10224/17	10.25%	Gulshan	31 May 2021
IPDC Finance Limited	06748	6.50%	Gulshan	28 May 2021
IPDC Finance Limited	06748	6.50%	Gulshan	08 July 2021
IPDC Finance Limited	06748	11.00%	Gulshan	01 Aug 2020
IPDC Finance Limited	06748	10.50%	Gulshan	26 Nov 2020
IPDC Finance Limited	06748	10.50%	Gulshan	13 Jan 2021

6.00 Capital Work In Progress (CWIP)

Opening Civil Construction	79,886,389	87,696,389
Add: Civil Construction in progress during the year	-	47,210,000
Less: Transferred to Factory Buildings during the year	(26,628,796)	(55,020,000)
	53,257,593	79,886,389
	53,257,593	79,886,389

7.00 Inventories

	30 June 2020		30 June 2019	
	Quantity	Taka	Quantity	Taka
Raw Materials	9,980	567,342,309	8,930	483,070,824
Work in Process		41,518,125		35,501,254
Finished Goods	5,725	420,293,876	5,425	392,510,625
Stores and Spares		11,885,220		9,904,350
Stock in Transit		189,535,326		158,142,673
Packing Materials		3,593,040		2,318,090
		1,234,167,895		1,081,447,816

8.00 Accounts Receivables

Receivables Against Sales	731,489,986	510,673,198
	731,489,986	510,673,198

Day Range	Amount in Taka	Amount in Taka
Below 30 days	359,107,328	209,376,011
Below 90 days	284,763,209	211,929,377
Below 180 days	65,714,587	66,387,516
Above 180 Below 1 Year	21,904,862	22,980,294
Total	731,489,986	510,673,198

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.

12.00 Cash & Cash Equivalents

Cash in Hand

Cash at Bank

Note- 12.01

Amount in Taka	
30 June 2020	30 June 2019

2,761,344

2,787,261

258,876,796

197,530,215

261,638,140**200,317,476****12.01 Cash at Bank**

AB Bank Limited

Agrani Bank Limited

Agrani Bank Limited

Bank Asia Limited

BRAC Bank Limited

City Bank Limited

Dhaka Bank Limited

Dutch Bangla Bank Limited

Eastern Bank Ltd.

IFIC Bank Limited

Islami Bank Bangladesh Limited

Jamuna Bank Limited

Janata Bank Limited

Janata Bank Limited

Modhumati Bank Limited

Mutual Trust Bank Limited

Mutual Trust Bank Limited

National Bank Limited

NCC Bank Ltd.

One Bank Limited

Premier Bank Limited

Prime Bank Limited

Prime Bank Limited

Pubali Bank Limited

Shahjalal Islami Bank Limited

Sonal Bank Limited

Standard Bank Limited

Trust Bank Ltd.

United Commercial Bank Limited

Utara Bank Limited

Utara Bank Limited

Branch

A/C No.

Gulshan Circle-2

Amin Court Corp. Br.

Nawabpur Corp. Br.

Gulshan

Satmosjeed Road

Dhanmondi

Gulshan Circle-2

Bashundhara

Gulshan Circle-2

Moulevi Bazar

Kawran Bazar

Gulshan

Alu Bazar

Gulshan-1

Gulshan

MTB Center Corp. Br.

Banani

Gulshan

Dhanmondi

Dhanmondi

Gulshan Circle-2

Motijheel

Gulshan Circle-2

Gulshan M.T Corp. Br.

Satmosjeed Road

Lalmatia

Gulshan-1

Gulshan Corp. Br.

Tongi

Kalabagan

Tongi

903,624

2,802,911

45,468

1,530

919,220

8,826,057

2,910,566

3,086,493

58,205,581

33,326,314

285,800

813,543

1,921,102

4,433,884

4,028,617

6,517,827

597,522

-

715,197

1,185,646

5,301,822

18,638,475

64,527,959

36,917,494

157,770

312,390

569,551

1,248,558

6,189,396

204,132

369,590

478,715

157,015

170,556

59,351,502

30,226,183

189,713

(43,141)

297,932

(33,344)

196,377

1,974,797

154,706

2,339,176

6,322,663

-

1,780,465

9,437,395

252,984

5,830,566

244,543

3,581,494

366,031

5,268,280

450,762

321,484

40,268,203

14,268,355

840,598

5,384,326

354,517

10,121

258,876,796**197,530,215****13.00 Share Capital**

Authorized:

300,000,000 Ordinary Shares of Taka 10 each

3,000,000,000**500,000,000**

Issued, Subscribed and Paid-up:

I) 134,000 Ordinary Shares of Taka 10 each

13,400,000

13,400,000

II) 134,000 Rights Shares of Taka 10 each (1:1)

13,400,000

13,400,000

III) 536,000 Rights Shares of Taka 10 each (1:2)

53,600,000

53,600,000

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

63,888,450

63,888,450

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

25,971,920

25,971,920

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

34,052,070

34,052,070

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

40,862,480

40,862,480

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

53,938,480

53,938,480

IX) 6,580,494 Bonus Shares of Taka 10 each

65,804,940

-

364,918,340**299,113,400**

Composition of Shareholding:

	30 June 2020		30 June 2019	
	Number	%	Number	%
Sponsors/Directors	15,729,877	43.11	13,590,066	45.43
Financial Institutions	4,631,601	12.69	2,368,424	7.92
General	16,130,356	44.20	13,952,850	46.65
	36,491,834	100	29,911,340	100

Name wise shreholding position of Sponpors/ Directors:

Name	Position	Shareholding Qty.	%
Mr. Golam Murshed	Chairman	1,891,420	5.18%
Mr. Riad Mahmud	Managing Director	1,434,251	3.93%
Mr. Robel Mahmud	Sponsor	726,202	1.99%
Mrs. Razia Sultana	Sponsor	152,041	0.42%
Mrs. Khaleda Akhand	Sponsor	9,069	0.02%
Late Shamsul Abedin Akhand and Mrs. Khaleda Akhand (Joint Account)	Sponsor	3,231,611	8.86%
Mr. Nuruzzaman Khan	Nominated Director	8,285,283	22.70%
Total		15,729,877	43.11%

Classification of Shareholders by holding:

Holdings	Number of Holders		Total Holding (%)	
	30-06-2020	30-06-2019	30-06-2020	30-06-2019
1 to 500	2,210	1,427	47.12	51.13
501 to 1,000	664	339	14.16	12.15
1,001 to 5,000	1,280	665	27.29	23.83
5,001 to 50,000	466	299	9.94	10.71
50,001 to above	70	61	1.49	2.19
	4,690	2,791	100.00	100.00

	Amount in Taka	
	30 June 2020	30 June 2019
14.00 Share Premium		
Total 536,000 Shares of Taka 250 each	134,000,000	134,000,000
	134,000,000	134,000,000

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
Land Revalued during this year	-	-
	496,260,922	496,260,922
Deferred Tax on Land Revaluation	-	-
	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	236,533,669	186,659,074
Payment of Stock Dividend	(65,804,940)	(53,938,480)
	170,728,729	132,720,594
Tax Adjustment against assessment (2014-2015 and 2015-2016 FY)	-	-
Tax Adjustment against assessment (2016-2017 FY)	-	(23,394,195)
Tax Adjustment against assessment (2017-2018 FY)	(7,080,209)	-
Profit during the year end	150,255,924	127,207,270
	313,904,444	236,533,669

17.00 Long Term Loan		
Standard Chartered Bank		
Opening Balance	293,452,041	420,195,181
Add : Received during the year	-	-
Paid during the year	(128,789,566)	(126,743,140)
	164,662,475	293,452,041
Current Maturity within one year	(97,583,547)	(128,789,533)
	67,078,928	164,662,508
Eastern Bank Ltd		
Opening Balance	247,241,345	97,944,233
Add : Received during the year	-	181,296,811
Paid during the year	(247,241,345)	(31,999,699)
	-	247,241,345
Current Maturity within one year	-	(55,126,359)
	-	192,114,986

	Amount in Taka	
	30 June 2020	30 June 2019
Jamuna Bank Ltd.		
Opening balance	114,849,088	15,097,186
Received during the year	79,669,900	109,915,002
Paid during the year	(22,566,210)	(10,163,100)
	171,952,778	114,849,088
Current Maturity within one year	(45,264,217)	(20,736,854)
	126,688,561	94,112,234
Mutual Trust Bank Ltd.		
Opening balance	-	28,580,568
Received during the year	23,771,617	-
Paid during this year	(2,616,830)	(28,580,568)
	21,154,787	-
Current Maturity within one year	(8,802,402)	-
	12,352,385	-
Prime Bank Ltd.		
Opening balance	-	-
Received during the year	273,151,260	-
Paid during this year	(30,977,327)	-
	242,173,933	-
Current Maturity within one year	(70,307,434)	-
	171,866,499	-
Uttara Finance & Investment Limited		
Opening balance	288,278,136	-
Received during the year	-	300,000,000
Paid during this year	(36,330,810)	(11,721,864)
	251,947,326	288,278,136
Current Maturity within one year	(81,038,489)	(56,718,178)
	170,908,837	231,559,958
Long Term Loan - (Current Maturity)		
Standard Chartered Bank	97,583,547	128,789,533
Eastern Bank Ltd	-	55,126,359
Jamuna Bank Ltd.	45,264,217	20,736,854
Mutual Trust Bank Ltd.	8,802,402	-
Prime Bank Ltd.	70,307,434	-
Uttara Finance & Investment Limited	81,038,489	56,718,178
	302,996,089	261,370,924
Long Term Loan - (Non-current Maturity)		
Standard Chartered Bank	67,078,928	164,662,508
Eastern Bank Ltd	-	192,114,986
Jamuna Bank Ltd.	126,688,561	94,112,234
Mutual Trust Bank Ltd.	12,352,385	-
Prime Bank Ltd.	171,866,499	-
Uttara Finance & Investment Limited	170,908,837	231,559,958
	548,895,210	682,449,686

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 Kathaldin, 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 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.

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.

	Amount in Taka	
	30 June 2020	30 June 2019
Revaluation Surplus on Land & Land Development	529,900,095	529,900,095
Deferred Tax Liability @ 15%	<u>79,485,014</u>	<u>79,485,014</u>

19.00 Short Term Loan

LTR

Standard Chartered Bank	85,477,822	233,780,846
Eastern Bank Limited	-	223,172,865
Jamuna Bank Limited	34,965,090	346,451,642
BRAC Bank Limited	13,033,777	62,534,910
One Bank Limited	<u>25,977,650</u>	-
	159,454,339	865,940,263

STF

Standard Chartered Bank Limited	70,345,879	45,577,701
Eastern Bank Limited	-	134,097,908
IPDC Finance Limited	100,000,000	151,310,019
IDLC Finance Limited	92,231,967	50,854,390
Jamuna Bank Limited	288,725,663	253,991,826
BRAC Bank Limited	27,497,347	70,940,258
Mutual Trust Bank Limited	413,603,193	-
Uttara Finance & Investment Limited	564,234,266	-
United Finance Limited	<u>19,790,073</u>	-
	1,576,428,388	706,772,102
	<u>1,735,882,726</u>	<u>1,572,712,365</u>

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	Shatrosjeed 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 Kathalia, 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

	Amount in Taka	
	30 June 2020	30 June 2019
Standard Chartered Bank	6,056,002	13,028,114
Eastern Bank Limited	-	18,951,664
Jamuna Bank Limited	302,136,016	183,219,704
BRAC Bank Limited	3,068,207	-
	311,260,225	215,199,482

Name of Institute	Branch	Account No.	Sanction No.	Expiry Date
Standard Chartered Bank	Motijheel	1124925801	A14/10593993/BD3K U9Q5	26.11.2020
Eastern Bank Limited	Principal	1012040000477	Cr. Admn. (Dhaka 0100628) -RAJ/0280/2019	31.01.2021
Jamuna Bank Limited	Gulshan	00100133005600	JBL/HO/CRMD/2018/ 2384	30.09.2020

21.00 Accounts Payable

Payable against Carriage Outwards	1,123,101	1,564,063
Gratuity Payable	2,096,680	1,823,200
Gas Bill Payable	8,851,346	4,513,304
Employees Provident Fund	923,899	957,936
Mobile Bill Payable	495,163	397,492
Directors Remuneration Payable	120,000	120,000
Godown Rent	42,000	42,000
AGM Venue Charge	30,000	30,000
Electricity Bill	2,349,270	48,592
House Rent (Engineers & Officers)	80,000	-
Employer's Contribution Provident Fund	18,261,018	-
Unclaimed Dividend	160,154	160,154
	34,532,631	9,656,741

22.00 Inter-Company Loan

Npolymer Construction Limited (Note-40)		
Opening Balance	80,019,004	-
Received during the year	-	100,241,004
Paid during the year	(28,118,691)	(20,222,000)
	51,900,313	80,019,004

23.00 Provision for Expenses

Accrued Interest on STL & LTL	4,048,489	14,782,860
Staff Salary Payable	14,240,431	13,882,592
Audit Fees	125,000	118,750
Interest payable on Inter-Company Loan	7,344,421	3,584,550
VDS payable	1,386,340	2,895,314
TDS Payable	817,390	935,927
	27,962,071	36,199,993

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	8,926,826	5,568,483
WPPF Disbursed to Beneficiary	(8,926,826)	(5,568,483)
Allocation for the year (Note-32)	10,017,062	8,926,826
	10,017,062	8,926,826

Govt. portion has been paid through Pay Order No. 4283855 Dated: 16.02.2020

	Amount in Taka	
	30 June 2020	30 June 2019
25.00 Provision for Taxation		
Opening Balance	68,852,719	48,536,613
Provision for the year @ 25% (Note- 33)	50,085,308	42,402,423
Tax Adjustment against assessment (2016-2017 FY)	-	(22,086,318)
Tax Adjustment against assessment (2017-2018 FY)	(26,450,295)	-
	92,487,731	68,852,719

Prior Year Adjustment on Income Tax Assessment has been made for the Income Year 2017-2018 total Tk. 33,530,504 (against Retained Earnings Tk. 7,080,209 and Provision for tax Tk. 26,450,295 under Note - 11 & 16).

26.00 Revenue		
Net Local Sales, Net off VAT	3,372,572,379	2,938,447,957
Export Sales	60,383,860	61,559,787
	3,432,956,238	3,000,007,744

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	5,425	4,922
Production during the year	38,922	34,362
Goods available for Sale	44,347	39,284
Closing Stock of Finished Goods	(5,725)	(5,425)
Sale during the year	38,622	33,859

27.00 Cost of Goods Sold	Note		
Opening Stock of Raw Materials		483,070,824	422,936,250
Purchase during the year		2,481,876,064	2,093,835,597
Closing Stock of Raw Materials		(567,342,309)	(483,070,824)
Raw Materials Used in Production	27.01	2,397,604,579	2,033,701,023
Manufacturing Overhead	27.03	447,441,874	414,657,490
Consumption of Packing Materials		19,525,588	34,283,344
Total Production Costs		2,864,572,040	2,482,641,856
Opening Work in Process		35,501,254	34,863,520
Closing Work in Process		(41,518,125)	(35,501,254)
Costs of Goods Manufactured		2,858,555,169	2,482,004,122
Opening Stock of Finished Goods		392,510,625	352,726,548
Goods Available for Sales		3,251,065,794	2,834,730,670
Closing Stock of Finished Goods	27.02	(420,293,876)	(392,510,625)
Cost of Goods Sold		2,830,771,919	2,442,220,045

27.01 Raw Material Used in Production

	2019-2020		2018-2019	
	Quantity (MT)	Taka	Quantity (MT)	Taka
Opening Stock	8,930	483,070,824	7,860	422,936,250
Purchase during the year	43,210	2,481,876,064	37,950	2,093,835,597
	52,140	2,964,946,888	45,810	2,516,771,847
Closing Stock	(9,980)	(567,342,309)	(8,930)	(483,070,824)
	42,160	2,397,604,579	36,880	2,033,701,023

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

Category	30 June 2020		30 June 2019	
	Quantity	Value (TK)	Quantity	Value (TK)
PVC Pipe	-	-	2,340	179,665,200
PVC Fittings	-	-	1,968	98,914,525
PVC Door	-	-	785	77,228,300
Water Tank & Tap	-	-	332	36,702,600
Total	5,725	420,293,876	5,425	392,510,625

		Amount in Taka	
		30 June 2020	30 June 2019
27.03 Manufacturing Overhead			
Salary & Wages		57,608,426	46,086,741
C & F Commission Expenses		4,426,080	5,101,919
Conveyance		93,477	253,181
Entertainment & Staff Food		5,210,807	2,218,272
House Rent (Engineers & Officers)		1,638,175	1,170,453
Insurance Premium (Fire)		7,790,022	4,030,176
Labour Charges (Loading & Unload)		16,273,599	5,195,802
Land Rent		9,657,402	5,062,000
Medical Expenses		254,240	787,542
Papers & Periodicals		18,650	28,120
Postage & Stamps		22,976	14,436
Power & Fuel		133,489,922	150,570,704
Printing Expenses		223,676	279,307
Repair and Maintenance		813,796	1,316,132
Stationery		3,570	16,895
Stores and Spares		136,178	376,220
Telephone & Mobile Bill		632,714	679,548
Warehouse Rent		345,000	260,000
Uniform Expenses		12,000	232,024
Depreciation	Notes - 4	208,791,163	188,019,926
TDS Expenses		-	1,011,975
VDS Expenses		-	1,946,117
		447,441,874	414,657,490
28.00 Administrative, Selling and Distribution Expenses			
Administrative Expenses:			
Salary & Allowances		78,388,092	73,563,729
Managing Directors' Remuneration & Perquisites	Notes- 36	1,440,000	1,440,000
AGM Venue Charge		34,500	25,000
Annual Listing Fees of DSE & CSE		813,168	567,620
Audit Fees		125,000	95,000
CDBL Service Fee		79,569	-
Conveyance		249,397	289,730
Credit Rating Service		103,500	90,000
Directors' Board Meeting Fees		158,700	218,000
Donation & Subscription		1,340,000	-
Depreciation	Notes- 4	10,458,285	10,547,971
Electric, WASA Bills, GAS Bills		1,240,870	1,241,991
Employer's Contribution Recognized Provident Fund		21,944,398	10,255,122
Entertainment		605,467	212,093
Fees & Professional Charges		546,250	688,000
Fuel bills for Vehicle		2,585,423	1,173,263
Group Insurance		799,500	794,594
License Renewal Fee, Rates & Taxes		2,430,678	1,593,453
Medical Expenses		11,450	689,691
Office Equipment Maintenance		72,565	46,800
Office Maintenance		1,066,771	1,666,827
Office Rent		14,229,180	13,727,880
Papers & Periodicals		7,351	13,125
Postage, Stamp & Courier		198,259	168,662
Printing Expenses		655,532	540,602
Stationery Expenses		19,806	264,823
Telephone & Mobile Bill		998,131	1,434,582
Training & Development		96,175	90,814
Vehicle Maintenance		1,348,659	1,075,284
TDS Expenses		-	2,854,849
VDS Expenses		-	7,639,292
		142,046,676	133,008,798

	Amount in Taka	
	30 June 2020	30 June 2019
Selling and Distribution Expenses:		
Advertisement & Publicity	1,884,943	1,484,939
Conveyance	68,060	434,594
Entertainment	199,446	318,139
Fuel bills for Vehicle	679,849	1,759,895
Godown Rent	462,000	420,000
Incentive	2,719,993	2,085,659
Labour Charges (Unload)	-	5,802,121
Postage, Stamp & Courier	450,240	252,994
Printing Expenses	703,808	810,903
Promotional Expenses	1,640,457	-
Sales Conference/ Meeting	1,316,767	5,775,937
Stationery Expenses	683,228	397,235
Telephone & Mobile Bill	3,373,310	2,151,872
Tender & Testing Expenses	1,061,163	520,956
Transport / Carriage Outwards	27,606,096	32,745,899
Traveling Expenses	15,291,547	16,686,941
Vehicle Maintenance	1,811,051	1,612,926
	59,951,958	73,261,010
	201,998,634	206,269,808
Director's Remuneration and Perquisites		
Mr. Riad Mahmud	1,440,000	1,440,000
Mr. Golam Murshed	-	-
	1,440,000	1,440,000
29.00 Other Income		
Bangladesh Bank Cash Assistance on Export	6,422,840	1,697,271
Interest on Investment	11,133,845	9,336,250
Accrued Interest Receivable on FDR	3,127,865	936,612
Gain on Sale of Fixed Assets	42,181	-
	20,726,731	11,970,133
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".		
30.00 Foreign Exchange Gain/(Loss)		
Foreign Exchange Gain/(Loss)	(2,053,928)	(1,681,397)
	(2,053,928)	(1,681,397)
31.00 Financial Expenses :		
Bank Charges	3,280,662	2,291,240
Accrued Interest on Inter-Company Loan	7,344,421	3,584,550
Interest on Short Term Loan :		
Interest on OD	39,797,156	23,660,493
Interest on LTR & STF Loan	99,214,403	56,904,168
	149,636,641	86,440,451
Interest on Long term Loan :		
Interest on Long Term Loan	54,815,065	82,046,797
	54,815,065	82,046,797
Accrued Interest on STL & LTL	4,048,489	14,782,860
	208,500,195	183,270,108
32.00 WPPF and Welfare Fund		
Profit before WPPF and Tax	210,358,293	178,536,519
Allocation for WPPF and WF @ 5%	10,017,062	8,926,826
33.00 Provision for Taxation		
Net Profit Before Tax	200,341,232	169,609,693
Provision for Taxation @ 25%	50,085,308	42,402,423

		Amount in Taka	
		30 June 2020	30 June 2019
34.00	EPS, NAV and NOCFPS		
	Earnings Per Share (EPS)		
	Net Profit After Tax	150,255,924	127,207,270
	Number of Ordinary Shares Outstanding	36,491,834	36,491,834
		<u>4.12</u>	<u>3.49</u>
	Diluted Earnings Per Share (DEPS)		
	No DEPS is required to be calculated since there was no scope for dilution of share during the period under review.		
	Net Asset Value Per Share (NAV)		
	Net Asset Value	1,309,083,706	1,165,907,991
	Number of Ordinary Shares Outstanding	36,491,834	36,491,834
		<u>35.87</u>	<u>31.95</u>
	Net Operating Cash Flow Per Share (NOCFPS)		
	Net Operating Cash Flow	243,025,271	(98,139,516)
	Number of Ordinary Shares Outstanding	36,491,834	36,491,834
		<u>6.66</u>	<u>(2.69)</u>
35.00	Net Operating Cash Flow		
	Under Direct method:		
	Revenue	3,432,956,238	3,000,007,744
	Add: Opening Trade Debtors	510,673,198	321,303,128
		3,943,629,436	3,321,310,872
	Less: Closing Trade Debtors	(731,489,986)	(510,673,198)
		3,212,139,450	2,810,637,674
	Interest on FDR	11,133,845	9,336,250
	Bangladesh Bank Cash Assistance on Export	6,422,840	1,697,271
	Collection from Sales and Others	3,229,696,135	2,821,671,195
	Cost of Goods Sold	(2,830,771,919)	(2,442,220,045)
	Administrative & Selling Expenses	(201,998,634)	(206,269,808)
	Depreciation	219,249,449	198,567,897
	Interest on LTR & STF Loan	(153,685,130)	(101,223,311)
	AIT Paid at Port (Import / export Stage & Vehicles)	(127,253,950)	(133,840,577)
	Tax Deduction at Source (TDS)	(1,679,140)	(984,543)
	AIT Refund	195,122,655	-
	WPPF Disbursed to Beneficiary	(8,926,826)	(5,568,483)
	Foreign Exchange Gain/(Loss)	(2,053,928)	(1,681,397)
	Provision for Expenses	(8,237,922)	22,356,201
	(Increase)/Decrease in Inventories	(152,720,079)	(244,086,412)
	Increase/(Decrease) in Other Current Liabilities	25,812,502	2,019,900
	(Increase)/Decrease in Other Current Assets	60,472,058	(6,880,133)
	Payment to Suppliers, Employees and Others	(2,986,670,865)	(2,919,810,711)
	Net Cash Flows from Operating Activities	243,025,271	(98,139,516)

Net Operating Cash Flows is just the resultant figure of Cash Inflows and Outflows from Operating Activities. Therefore, the main reason for significant deviation in NOCFPS is rearrangement of presentation in the Statement of Cash Flows in terms of previous year's Short Term Loan and also the cash inflow of Tk. 19.51 crore AIT refund which was nil during the previous year.

36.00 Director's Remuneration and Perquisites

Mr. Rind Mahmud	1,440,000	1,440,000
	<u>1,440,000</u>	<u>1,440,000</u>

37.00 Capacity Utilization

Capacity of Production in M. Ton per year	Utilization (MT)		Rate	
	30 June 2020	30 June 2019	30 June 2019	30 June 2019
(Installed Capacity 45,000 Current year, Last year 38,000 M.Ton)	38,922	34,362	86.49%	90.43%

38.00 Capital Expenditure Commitment:

There was no Capital Expenditure commitment as on 30 June, 2020.

39.00 Contingent Liability:

(I) There was no contingent liability as on 30 June, 2020.

(II) There was no claim against the company, not acknowledged as debt as on 30 June, 2020.

(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.

40.00 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	Total Transaction 2019-2020	Outstanding Balance	
			2019-2020	2018-2019
Mr. Riad Mahmud, Managing Director (Note- 36)	Remuneration	1,440,000	120,000	120,000
Directors Board Meeting Fees		158,700	-	-
Npolymer Construction Limited, Common Management (Note- 22)	Inter-Company Loan Payable	Movement	-	-
	Opening Balance	80,139,004	-	-
	Received during the year	-	-	-
	Paid during the year	(28,238,691)	51,900,313	80,019,004
			52,020,313	80,139,004

41.00 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 2020 as against Nil in 2019

The number of Employees Engaged for the whole year

833 Person

The number of Board of Directors

5 Person

838 Person



*Thank
you!*



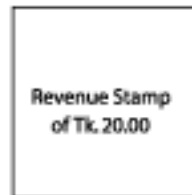
NATIONAL POLYMER INDUSTRIES LTD.

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 33rd Annual General Meeting (AGM) of the Company to be held on
December 21, 2020 (Monday) at 11:00 AM in the Digital Platform and/or at any adjournment thereof.

As witness my hand thisday of2020



Signature of Proxy

Signature of Shareholder(s)

No. of shares held

Registered Folio/BO ID No.:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Note: The Proxy Form, duly stamped, must be submitted through email at maleque@nationalpolymer.net or hard copy to the Corporate Head Office of the Company at least 48 hours before the meeting.



NATIONAL POLYMER INDUSTRIES LTD.

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

ATTENDANCE SLIP

I/We record my/our attendance at the 33rd Annual General Meeting (AGM) of National Polymer Industries Ltd. being held on December 21, 2020 (Monday) at 11:00 AM in the Digital Platform.

Name of Member/Proxy

Registered Folio/BO ID No.:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Signature of Member/Proxy

Note: Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and deposit the same to the entrance of the AGM.



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এতপলি পত্য ব্যবহার করুন।



NATIONAL POLYMER GROUP

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Sales Inquiry: +88 01971644758, 01970068906, 01971822283.



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