



ANNUAL REPORT

2020
2021



NATIONAL POLYMER INDUSTRIES LTD.



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এক পাইপে জীবন
পার



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BOARD OF DIRECTORS

Mr. Golam Murshed
 Mr. Riad Mahmud
 Mr. Nuruzzaman Khan
 Mr. Mohammed Ariful Islam
 Dr. Mohammad Mahboob Rahman

Chairperson of the Board
 Managing Director
 Director, Nominated by ICB
 Independent Director
 Independent Director

AUDIT COMMITTEE

Mr. Mohammed Ariful Islam
 Mr. Nuruzzaman Khan
 Dr. Mohammad Mahboob Rahman

Chairperson
 Member
 Member

NOMINATION AND REMUNERATION COMMITTEE (NRC)

Dr. Mohammad Mahboob Rahman
 Mr. Golam Murshed
 Mr. Nuruzzaman Khan
 Mr. Mohammed Ariful Islam

Chairperson
 Member
 Member
 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
 Mr. K. M. Arshed Alam
 Mr. Md. Mahmudul Islam Shamim
 Mr. Md. Shawkat Ali Miah, FCA
 Mr. S. M. Menhaj Uddin
 Mr. Bishnu Kumar Roy, FCMA
 Mr. Mohammad Manzur Hossain
 Mr. Mithun Kanti Das
 Mr. Md. Mizan Chowdhury
 Mr. Syed Mazedul Haque
 Mr. Md. Abdul Maleque

Managing Director & Chief Executive Officer
 Executive Director, Plant Operations
 Executive Director, Sales & Marketing
 Chief Financial Officer and Head of Accounts & Finance
 General Manager, Commercial
 Consultant, Efficiency Management & Costing
 DGM and Head of HR & Admin
 Head of Internal Audit and Compliance
 Head of IT & MIS
 Head of Distribution
 Secretary

STATUTORY AUDITORS

Shiraz Khan Basak & Co.
 Chartered Accountants
 R K Tower (Level-10)
 86, Bir Uttam C. R. Datta Road
 Dhaka-1205



COMPLIANCE AUDITOR

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

INDEPENDENT SCRUTINIZER

Jasmin & Associates
Chartered Secretaries
55/B Noakhali Tower (10th Floor)
Suite No. 11-F Purana Paltan
Dhaka-1000

PRINCIPAL BANKS

Standard Chartered Bank
Prime Bank Limited
One Bank Limited
Mutual Trust Bank Limited
City Bank Limited
BRAC Bank Limited

INSURANCE

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

LEGAL ADVISER

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

REGISTERED OFFICE AND FACTORY

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

CORPORATE HEAD OFFICE:

NPOLY HOUSE, GA-99/3 Pragati Shoroni, Middle Badda, Dhaka-1212
Phone: (8802) 58812926, (8802) 58813039, Fax: (8802) 58814967
E-mail: info@nationalpolymer.net, Website: www.nationalpolymer.net

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December 06, 2021

To

All 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)
Chittagong Stock Exchange Limited (CSE)

Subject: Annual Report for the Financial Year 2020-2021

Dear Sir(s),

We are pleased to enclose herewith the Annual Report of National Polymer Industries Limited for the Financial Year 2020-2021 comprising the AGM Notice, Directors' Report, Auditor's Report, Audited Financial Statements, certificate on compliance with the Corporate Governance Code and all other related reports & statements for your kind information and necessary records.

Sincerely yours,
For National Polymer Industries Ltd.

Md. Abdul Maleque
Company Secretary



Notice is hereby given that the 34th Annual General Meeting (AGM) of Polymer Industries Limited will be held on **Wednesday, 22 December 2021 at 11:00 AM virtually by using Digital Platform** in compliance with the BSEC's Order No. SEC/SRMIC/94-231/91; dated 31 March 2021 to transact the following businesses:

AGENDA

1. To receive, consider and approve the Audited Financial Statements of the company for the year ended on 30 June 2021 together with the reports of the Directors and the Auditors thereon;
2. To approve dividend for the year ended on 30 June 2021 recommended by the Board of Directors;
3. To elect/re-elect Director(s) of the Company;
4. To approve the appointment of Independent Director;
5. To appoint Statutory Auditors for the year 2021-2022 and fix their remuneration;
6. To appoint Corporate Governance Compliance Auditors for the year 2021-2022 and fix their remuneration;
7. Any other business with the permission of the Chair.

By order of the Board of Directors

Md. Abdul Maleque
Company Secretary

Dated, Dhaka
November 30, 2021

NOTES:

1. **November 14, 2021 is the "Record Date"**. Shareholders' names appearing in the Members' Register/Depository Register on the Record Date will be eligible to join the AGM through Digital Platform and to receive dividend;
2. A member entitled to attend and vote at the AGM can appoint a Proxy on his/her behalf. The Proxy Form, duly stamped must be deposited at the Corporate Office or mailed through the E-mail ID: **maleque@nationalpolymer.net** at least 48 hours before the time fixed for the meeting;
3. As per the BSEC's Notification No. BSEC/CMRRCD/2006-158/208/Admin/81; dated 20 June, 2018, soft copy of the Annual Report 2020-2021 along with Proxy Form will be sent to the Members'/Shareholders' E-mail addresses available in their BO accounts maintained with the depository system. Annual Report and Proxy Form can be available in the Company's website at **www.nationalpolymer.net**. The Shareholders can also collect the printed copy of the same from the Corporate Office;
4. The Members/Shareholders will be able to submit their questions/comments and vote electronically before 24 hours of commencement of the AGM and during the AGM;
5. Link for joining the Digital AGM: **<https://nationalpolymer.bdvirtualagm.com>**.



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 manufacturing and marketing 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 the paid-up capital of Tk. 729.84 million against the 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 Satisfaction:** Satisfy Customers with the highest quality products, services & solutions.
- **Excellence:** Achieve excellence in people through creativity.
- **Integrity:** Be honest, upholding values and 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
- CPVC Pipes for installation of hot and cold water supply lines
- HDPE Pipe and Fittings, Collar & Floater
- PP-R for installation of hot and cold water supply lines

- uPVC Conduit pipe for electric wiring with solvent joint
- uPVC Well casing pipe
- uPVC Robo-Screen
- uPVC Ribbed Filter
- Bottle grade PVC Compound
- 6 No. Hand Pump for Drinking Water
- PVC Doors, Sheets & Fall Ceiling
- PVC Water Tank
- Water Tap
- Suction Hose, Corrugated Hose, Garden Hose and Lay Flat Hose Pipe for Irrigation.

MAJOR CLIENTS (Local & international)

- Department of Public Health Engineering (DPHE)
- Barind Multi-Purpose Development Authority (BMDA)
- Bangladesh Agricultural Development Corporation (BADC)
- Local Government and Engineering Department (LGED)
- DWASA, KWASA, CWASA, RWASA
- ZET Corporation
- World Bank Funded Project
- Asian Development Bank (ADB) Funded Project
- Islamic Development Bank (IDB) Funded Project
- UNICEF
- JICA Funded Project
- HYSAWA Fund
- MES (Military Engineering Services)
- Matarbari Coal Power Generation Company Bangladesh Limited
- Rampal Thermal Power Project
- Developers and Real Estate Companies 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 to its valued customers through the expanded distribution channel. The production system of the company is equipped with skilled manpower, latest technology, most advanced machineries from Asia and Europe and raw materials from Japan, Malaysia, Singapore, Thailand, Taiwan and China. The production capacity of the company has been increased to 58,000 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 providing with the diversified quality products and efficient services to its valued customers. Crossing the national border, the Company has entered into the global markets-India and Middle East with its premium quality products. Despite different challenges and strong competition in the market, the Company has maintained its profitable status in terms of business. It is mentioned that, during the year the Company achieved its revenue growth by 30.71% compared to the previous year.



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 sector. He is one of the founders of National Polymer Industries Ltd. He has been with National Polymer Industries Ltd. as the Sponsor Director since its inception and contributing a lot for the development of the Company. Currently, he is performing his duties and responsibilities as the Chairperson of the Board. Apart from National Polymer Industries Limited, Mr. Murshed is the proprietor of “GM Trading”, the 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 worked in senior positions, including as a CEO, in different organizations in Sydney, London and New York. Returning from abroad, Mr. Mahmud, who is also a 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 successfully. At present, the Company is on a solid growth stage under his leadership. Apart from National Polymer Industries Ltd., Mr. Mahmud is the founder of several businesses in other sectors, including the First Leed Gold certified 100% export oriented footwear factory in Bangladesh, Shoeniverse Footwear Ltd. He is also the founder of Gasko Industrial Services Company, the largest Gas Extraction Contractor for some of the Gas Blocks in Bangladesh. Mr. Mahmud is also the Managing Director of National Fittings and Accessories Ltd. and NPOLYMER Construction Ltd. He is the Vice-Chairman of Diamond Life Insurance Company Ltd.

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

He is currently the Vice President of Bangladesh Association of Publicly Listed Companies (BAPLC). He is also the Member of the Executive Committee of Bangladesh Plastics Goods Manufacturers and Exporters (BPGMEA), 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.

He is a Member of the Governing Body of Capital Market Stabilization Fund (CMSF), and Member, Board of Trustees of Bangladesh Academy for Securities Markets, which is the Academic Wing of Bangladesh Securities and Exchange Commission (BSEC).

His is also a Member of DTC Establishment Committee, established by the Ministry of Commerce of the People’s Republic of Bangladesh with support from The World Bank, which is tasked with implementing Export Competitiveness for Jobs (EC4J) Project. The EC4J is designed to enhance growth and

competitiveness of priority sectors, and to create more and better job opportunities. As part of this initiative a specialized state-of-the-art Design and Technology Center (DTC) is going to be established in/around Dhaka for leather goods and footwear industry. The DTC is an important step towards a systemic solution for a sustainable leather goods and footwear industry within a more diversified economy.

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

Mr. Nuruzzaman Khan
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 the Investment Corporation of Bangladesh (ICB), the state-owned renowned financial institution in Bangladesh, in the same year. He also obtained a Diploma in banking from the Institution of Bankers Bangladesh. He enriched his career by obtaining various training programs offered by different organizations at home and abroad. Currently, Mr. Khan is holding the position of 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. Mohammed Ariful Islam
Independent Director



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

Customer Service Officer, HSBC, Bangladesh (May 2003 – Dec 2005);
Chief Operating Officer, 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 the **Member of Bangladesh Reconditioned Vehicles Importers & Dealers Association (BARVIDA)**, the renowned business association for import, sales and distribution of reconditioned vehicles in Bangladesh.



Mr. Islam is also a member of Gulshan Society, Chittagong Samity, Army Golf Club and Elite Club Ltd, Dhaka. He is also the Trustee Member of Sunshine Charities, a 100% not-for-profit origination, providing free medical treatment to the poor, needy and deprived population of our society in Dhaka and Chittagong.

Based on his academic and business professional background, which complies with Condition No. 1(3)(b)(i) & 1 (3)(c) of the BSEC's Corporate Governance Code dated June 03, 2018, the Board of Directors of National Polymer Industries Ltd. appointed Mr. Mohammed Ariful Islam as the Independent Director of the Company for the period of 03 (three) years, which was subsequently approved by the shareholders in the 32nd Annual General Meeting (AGM).

Dr. Mohammad Mahboob Rahman
Independent Director



Dr. Mohammad Mahboob Rahman, Professor of Management of the BRAC University, was born in 1980. He holds BS degree in Business Administration from the University of Central Missouri and Ph.D. from the University of Kansas, USA. Dr. Rahman has long 20 years of experience in academia in different renowned universities at home and abroad. His educational and professional background is as follows:

Educational Records:

| Name of the Highest Degree | Subject | Name of Institution | Duration |
|----------------------------|--|-------------------------------------|-----------|
| BS | Business Administration | University of Central Missouri, USA | 1998-2000 |
| Ph.D | Major Area: Decision Sciences Minor Areas: Mathematics, Information Systems | University of Kansas, USA | 2003-2006 |

Professional Records:

| Position | Name of Universities | Department | Period |
|---------------------|-------------------------------|--|---|
| Senior Lecturer | East West University, Dhaka | School of Business | April 2001 – May 2002 |
| Senior Lecturer | BRAC University, Dhaka | Management and Business | Dec 2002 – Aug |
| Instructor (GTA) | University of Kansas, USA | School of Business | Aug 2004 – May 2005 |
| Assistant Professor | University of Redlands, USA | School of Business | July 2006 – Dec 2007 |
| Assistant Professor | North South University, Dhaka | School of Business and Economics | Dec 2007 – May 2010 and Sep 2011 – Nov 2014 |
| Director | North South University, Dhaka | MBA Programs, School of Business and Economics | Jan 2014 – Dec 2014 |



| | | | |
|---|-------------------------------|--|---------------------------|
| Professor | North South University, Dhaka | Management, School of Business and Economics | Dec 2014 – Dec 2018 |
| Director | North South University, Dhaka | EHS Centre | June 2014 – Dec 2018 |
| Dean | North South University, Dhaka | School of Business and Economics | May 2014 – Dec 2018 |
| Dean | BRAC University, Dhaka | School of Business | Jan 2019 –Dec 2019 |
| Associate Vice President & Chief of Staff | BRAC University, Dhaka | | June 2019 – April 2020 |
| Professor | BRAC University, Dhaka | Management | Jan 2019 – Present |
| Advisor | BRAC University, Dhaka | Business and Executive Education Program | Jan 2020 – Present |
| Vice President | BRAC University, Dhaka | Administration | April 2020 – present |

Based on his brilliant educational background and professional experience, which complies with Condition No. 1(3)(b)(iv) & 1 (3)(c) of the BSEC's Corporate Governance Code dated June 03, 2018, the Board of Directors of National Polymer Industries Ltd. in its meeting held on April 04, 2021, has appointed Dr. Mohammad Mahboob Rahman as the Independent Director of the Company for the period of 03 (three) years, subject to the approval of the shareholder in the AGM.



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

I have the pleasure to welcome you to the 34th Annual General Meeting of National Polymer Industries Limited. In view of the present COVID-19 Pandemic all over the world, we had nothing but to arrange the meeting through the Virtual Platform in accordance with the guidelines of the Bangladesh Securities and Exchange Commission to maintain social distance and avoid health hazards to all of us.

On this auspicious occasion, I would like to furnish before you the Annual Report-2020-2021 of our Company showing the financial position, achievements and notable performance of the company for your cognizance. I also express my heartfelt thanks and gratitude to all the investors who showed their continuous confidence on National Polymer Industries Limited accompanying its journey towards its progress and prosperity.

Valued shareholders, we have been passing unprecedented and uncertain times since the beginning of the year 2020. Globally the Covid-19 pandemic has caused massive disruption across every sphere of human life and business activity. There has been an adverse impact on the national and global economy. In an effort to combat the pandemic, we have seen the government, public institutions, healthcare professionals and organizations and citizens have been rallying together to fight this threat. As part of Corporate Social Responsibilities (CSR), our company has also extended its helping hand in serving our local communities aligned with the government of Bangladesh during this pandemic. Equally, we put importance to serve our customers during the different phases of lockdown as per our commitment.

The year 2020-2021 was very much challenging not only for us but also for all sectors due to the 2nd wave of the Covid-19 pandemic, which caused a huge loss of human life and property. We all have been struggling to resume normal life again fighting with this pandemic. The Government has taken various steps, especially, administration of vaccines and bringing massive people under vaccinations on a priority basis. In the meantime, Bangladesh Government could manage about 87 million doses of vaccines from various sources as on November 20, 2021. About 20.6% of people have been fully vaccinated and it is targeted to vaccinate 80% of people by 2022.

It is my pleasure to share with you that despite the critical situation due to the Covid-19 pandemic and other challenges, our company has completed the year successfully by achieving very positive revenue growth. During the year under review, the Company has earned revenue from sales Tk. 448.72 crore and net profit Tk. 18.24 crore with 30.71% and 21.37% growth respectively against the previous year.

We are looking forward for the upcoming days with all our endeavors to maximize the value of shareholders through the satisfaction of our valued customers providing them with quality products, services and solutions.

Finally, I would like to express my sincere thanks to the honorable shareholders, valued customers, regulators, bankers and financial institutions for their utmost support, co-operation and guidance towards our business endeavors. I also like to express my heartfelt thanks to my fellow Board Members and all the employees of the company for their sincere support and hard work without which it would not be possible to achieve our objectives.

Thanking you all,

(Golam Murshed)
Chairman
National Polymer Industries Ltd.



Dear Shareholders,
Assalamualikum!

It is my pleasure to welcome you to the 34th 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 overall performance of the Company.

All of us are aware that the COVID-19 pandemic for about last two years has changed our lives and has forced us to quickly adapt to challenging circumstances. This pandemic taught us to be resilient, adaptive, innovative and positive in the face of adversity and we are confident to deliver our performance in the coming days to find ways to get back, though the road to recovery is undoubtedly paved with challenges. We have been striving together through the pandemic to put in place a clear and well-defined strategy for bringing the business operations back on track.

The year under review saw several critical issues, especially the general holidays for several weeks and mandatory shut-down of factories due to the 2nd wave of Covid-19. Compounded by the fact that the shutdown also coincided with Eid holidays, our distribution channels as well as production facilities could not work efficiently for about 4 weeks. Besides, the post Covid price hike of raw materials, including the cost of PVC RESIN, which is our primary raw material, reached an all-time high in its history.

It is my pleasure to report you that despite severe crises like Covid-19 pandemic and other challenges, we have completed the year successfully by achieving a positive revenue growth of our company. During the year 2020-2021, the Company's revenue stood at Tk. 448.72 crore and net profit at Tk. 18.24 crore respectively, which was Tk. 343.29 crore and Tk. 15.03 crore during the previous year.

As per our commitment to serve the customers efficiently and reward the shareholders, we have been continuing with our efforts for further development of our business. As a result, our manufactured quality products have gained a wide acceptance in both local and export markets. It can be noted that our PVC doors have occupied the 2nd position in market share in Bangladesh within a short span of only 4 years after its introduction, and our sales volume continues to grow in every segment. In addition to local market, our products have entered into the global markets- India and Middle East. Anticipating the growing demands for our products at home and abroad, we are focusing on enhancing the production capacity and have taken necessary initiatives, as stated in the Directors' report.

I would like to conclude by expressing my gratitude and appreciation to the honorable shareholders, valued customers, regulators and other stakeholders for their continuous support and cooperation to our business endeavors. Also like to express my heartfelt thanks to the Board members, management team and all the employees of our company for their guidance, utmost support and hard work in achieving our business objectives.

Thanking you all

Riad Mahmud
Managing Director

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I have the pleasure to welcome you all to the 34th Annual General Meeting (AGM) of National Polymer Industries Limited and present you the Annual Report 2020-2021 comprising the Directors' Report, Auditor's Report, Audited Financial Statements and other relevant reports prepared in compliance with the regulatory requirements. The Board of Directors is pleased to report you on the overall performance of the Company for the year ended on June 30, 2021 as follows:

BUSINESS OVERVIEW

The year under review saw several critical issues, especially the general holidays for several weeks and mandatory shut-down of factories due to the 2nd wave of Covid-19. Compounded by the fact that the shutdown also coincided with Eid holidays, our distribution channels as well as production facilities could not work efficiently for about 4 weeks. Besides, the post Covid price hike of raw materials, including the cost of **PVC RESIN**, which is our primary raw material, reached an all-time high in its history. Despite serious crises like Covid-19 pandemic and other challenges, we have completed the year successfully by achieving a positive revenue growth of our company. As per the audited financial statements of the Company for the year ended on June 30, 2021, the comparative key financial information is given below for your better understanding on the overall performance of the Company:

Figures in Taka

| Particulars | 2020-2021 | 2019-2020 | Growth (%) |
|--------------------------|---------------|---------------|------------|
| Revenue | 4,487,233,362 | 3,432,956,238 | 30.71% |
| Gross Profit | 722,746,812 | 602,184,319 | 20.02% |
| Operating expenses | (235,245,683) | (201,998,634) | 16.46% |
| Profit before WPPF & Tax | 247,067,957 | 210,358,293 | 17.45% |
| Net Profit | 182,359,683 | 150,255,924 | 21.37% |
| EPS | 2.82 | 2.50 | 12.80% |

DECLARATION OF DIVIDEND

Considering the overall business situation of the Company, the Board of Directors has recommended 10% Cash Dividend for the year ended on 30 June, 2021. 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 14, 2021, within the stipulated time after having approval of the shareholders in the Annual General Meeting (AGM).

INDUSTRY OUTLOOK & POSSIBLE FUTURE DEVELOPMENT

| | |
|----------------------------------|--|
| Date of incorporation | : 26 June 1987 |
| Date commencement of business | : 26 June 1987 |
| Legal form | : Public Company Limited by shares |
| Listing with the Stock Exchanges | : DSE in 1991 & CSE in 1995 |
| Authorized capital | : 3,000 Million |
| Paid-up capital | : 729.84 Million |
| No. of shares issued | : 72,983,668 |
| Nature of business | : Manufacturer & Supplier of uPVC, cPVC & PPR Pipes, Fittings, Doors, Sheets, Fall Ceiling, Water Tanks, Water Taps etc. |
| Certification | : ISO 9001:2015 & 14001:2015 |
| Credit Rating | : Long Term: A+ , Short Term: ST-2 and Outlook- Stable. |

The Company has been continuing with its efforts to diversify and expand its business for the satisfaction of its existing and potential customers. Its manufactured quality products have gained a wide acceptance in both local and export markets. Our PVC doors have occupied the 2nd position in market share in Bangladesh within a short span of only 4 years after its introduction, and our sales volume continues to grow in every segment. In addition to local market, our products are being exported to India and Middle East. Anticipating the growing demands for our products at home and abroad, we are focusing on enhancing the production capacity and have taken necessary initiatives in this regard. Accordingly, the Company has raised funds through issuance of rights shares and the utilization procedures of said fund are ongoing as per projections, of which a portion is being used for purchasing land and capital machineries to expand the business. Now, the Company requires additional funds for infrastructure development and operational activities of the proposed expansion. So taking into account of the fact, the Board of Directors has decided to raise Tk. 300.00 crore through issuance of Zero Coupon Bonds, subject to approval of the Regulatory Authorities. If the upcoming overall situation favors us by the grace of Almighty, we will be able to accomplish our projected actions and reach to our goal.

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 for the year ended 30 June 2021 that the Gross Profit Margin and the Net Profit Margin of the company increased compared to the previous year, which is highlighted below:

| Particulars | 2020-2021 (Taka) | 2019-2020 (Taka) |
|---------------------|------------------|------------------|
| Cost of Goods sold | 3,764,486,550 | 2,830,771,919 |
| Gross Profit Margin | 722,746,812 | 602,184,319 |
| Net Profit Margin | 182,359,683 | 150,255,924 |

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. **44.00** of the financial statements.

THE BOARD OF DIRECTORS ALSO REPORT THE FOLLOWINGS:

- **Statement of utilization of proceeds raised through public issue/rights Issue:**
During the reporting year, the Company has raised Tk. 547,377,510.00 through issuance of rights share on the basis of one rights share against one existing share held on the record date (36,491,834 ordinary shares of Tk. 10.00 each at an issue price of Tk. 15.00 each including a premium of Tk. 5.00 per share). The said rights shares have been successfully subscribed by the

shareholders and the fund collected from the rights issue is being utilized as per the implementation schedule mentioned in the Rights Share Offer Document and as per Condition No. 19 of the BSEC's Rights Issue approval letter dated December 15, 2020 the status of such utilization is being reported to the Regulators as well as published the same in the website of the Company. The status of Rights Issue Utilization as on August 31, 2021:

| Particulars | Amount as per prospectus (Taka in Million) | Total utilized amount (Taka in Million) | Utilized (%) | Total Un-utilized amount (Taka in Million) | Un-utilized (%) | Remarks |
|----------------------------------|--|---|---------------|--|-----------------|----------------|
| Land Purchase & Land Development | 255.00 | 39.84 | 15.63% | 215.16 | 84.37% | - |
| Bank Loan Re-payment | 109.40 | 109.40 | 100% | - | 0.00% | Fully Utilized |
| Import of Capital Machineries | 110.00 | 88.48 | 80.44% | 21.52 | 19.56% | - |
| Working Capital | 72.98 | 72.98 | 100% | - | 0.00% | Fully Utilized |
| Total | 547.38 | 310.71 | 56.76% | 236.67 | 43.24% | |

- There was no such event that caused the deterioration of the financial results after the Company goes for the rights share offer during the reporting year.
- Significant variance between Quarterly Financial performances and Annual Financial Statements: Due to COVID-19 Pandemic, payment to suppliers and others has been increased significantly this year. So, the Net Operating Cash Flow Per Share (NOCFPS) has been decreased significantly this year compared to the previous year.
- Remuneration paid to the Directors including the 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 (meeting fees) paid to the Directors including the Independent Directors is disclosed in note No. **44.00** 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 of the company and that the accounting estimates are based on reasonable and prudent judgments;
- Financial Statements of the Company 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 the sound internal control system, which is very much effective to detect fraud, error and mistreatment thereof. The Board of Directors gives strong emphasis on the Internal Control Systems to ensure good corporate governance and accountability.
- Protection of Minority Shareholders' Interests: National Polymer believes that good Corporate Governance involves in building cooperation between all stakeholders involved in the Company, including the owners (shareholders) of the Company. 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.
- There is no significant deviations from the last year's operating results.
- The Company's key operating and financial data of at least preceding 5 (five) years have been disclosed in page No. 38 of the Annual Report.
- The Board of Directors of the company has declared **10% Cash Dividend** for the year ended on June 30, 2021. The said dividend will be distributed to the shareholders, whose names have been recorded in the depository/share register on the record date, after having necessary approval of the shareholders in the AGM.
- 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. 40 of the Annual Report.
- The pattern of shareholding has been disclosed page No. 39 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 & 10 of the Annual Report.
- Management's discussion and analysis is disclosed in page No. 19 of the Annual Report.
- Declaration or certification by the CEO and the CFO to the Board, as per Annexure-A is disclosed in page No. 41 of the Annual Report.
- The certificate regarding the compliance of Conditions of Corporate Governance Code provided by the Company's compliance auditors as required under condition No. 9 (1) as per Annexure-B is disclosed in page No. 43 and the status of compliance under condition no. 9 (3) as per Annexure-C is disclosed in page No. 44 of the Annual Report.

QUALITY POLICY

The Company strictly maintains the quality procedures in all sectors of its manufacturing and marketing procedures with the aim of maximizing 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 and BSTI standards.**

HUMAN RESOURCES

In real sense, National Polymer believes that 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 their active participation to the productivity. National Polymer focuses on the employees to optimize their creativity, performance and sustainable improvement by ensuring a safe & 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, donation to the educational and charitable institutions, prevention of environmental pollution etc. We believe that our business objectives are not only to maximize the profitability but also to contribute to the society.

CORPORATE GOVERNANCE

Corporate Governance is the system of rules, practices and processes by which an organization is governed, keeping in view of its accountability to the shareholders and other stakeholders. As good corporate governance is one of the valuable assets of an organization, National Polymer is committed to ensure the good governance system through the culture of compliance with the regulatory rules & regulations, accountability, transparency, well-understood policies & procedures.

ELECTION/RE-ELECTION OF DIRECTOR(S)

As per relevant clause of the Articles of Association of the Company, Mr. Golam Murshed, Director of the Company has retired from the Board this year. Being eligible, Mr. Golam Murshed 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's Notification dated 03 June, 2018, the qualification and expertise of Mr. Murshed has been stated in page No. 8 of the annual report.

APPOINTMENT OF INDEPENDENT DIRECTOR

As per Condition No. 1(3)(b)(iv) of the BSEC's Corporate Governance Code dated June 03, 2018, the Board of Director of the company in its meeting held on April 04, 2021 has appointed Dr. Mohammad Mahboob Rahman, Professor of BRAC University as the Independent Director for a period of 03 (three) years effected from the date (04/04/2021) of appointment by the Board of Directors, subject to the approval of the Shareholders in the AGM. It is mentioned that Bangladesh Securities and Exchange Commission (BSEC) through its letter dated September 30, 2021 has accorded its kind consent for the said appointment. In terms of condition number 1 (5) (xxiv) of the BSEC's Notification dated 03 June, 2018, the qualification and expertise of Dr. Mahboob has been disclosed in page No. 10 of the annual report.

APPOINTMENT OF EXTERNAL AUDITOR

Company's present auditor **Shiraz Khan Basak & Co., Chartered Accountants** has audited the financial statements of the Company for the FY 2020-2021 and retired this year. Being eligible, they have expressed their willingness to be re-appointed for the next FY 2021-2022. The Board of Directors has re-appointed Shiraz Khan Basak & Co., Chartered Accountants as the Statutory Auditor of the company for the next FY 2021-2022 with the enhancement of their remuneration from Tk. 1,00,000/- (Taka one lac) to Tk. 1,10,000/- (Taka one lac ten thousand) only, subject to the approval of the Shareholder in the AGM.

APPOINTMENT OF COMPLIANCE AUDITOR

Mahfel Huq & Co., Chartered Accountants has acted as the Corporate Governance Compliance Auditor of the Company for the FY 2020-2021 and retired this year. Being eligible they have expressed their willingness re-appointment as the Compliance Auditor of the company for the next FY 2021-2022. The Board of Directors has re-appointed Mahfel Huq & Co., Chartered Accountants as the Compliance Auditor of the company for the next FY 2021-2022 with the enhancement of their remuneration from Tk. 20,000/- (Taka twenty thousand) to Tk. 22,000/- (Taka twenty two thousand) only, subject to the approval of the Shareholders in the AGM.

APPRECIATION

The Board of Directors would like to express sincere thanks and appreciation to the Honorable Shareholders, valued Customers, Regulators, Bankers and financial institutions for their utmost 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 of Directors



(Golam Murshed)
Chairperson of the Board



The Management Team headed by the Managing Director & Chief Executive Officer of National Polymer Industries Ltd. is responsible for the day-to-day operational activities of the Company under the supervision of the Board of Directors. The Management is pleased to present you a short review on the overall 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 has a well-managed distribution network all over Bangladesh. Crossing the Bangladesh border, the company exports to India and the Middle East as well. The production system of the company is equipped with competent manpower, the latest technology, the most advanced machineries from Asia and Europe, raw materials from Japan, Malaysia, Singapore, Thailand, Taiwan and China. The Company has increased its production capacity to 58,000 MT from its initial 500 MT.

FINANCIAL ANALYSIS

REVENUE GENERATION

National Polymer Industries Ltd. has had a positive growth trend in revenue continuously over the last decade. During the FY 2020-2021, the Company has reported its revenue of **BDT 4,487.23** million with a growth of **30.71%** over the previous year. Year-wise revenue generation of preceding five years is as follows:

| Financial Year | Revenue (in Taka) |
|----------------|-------------------|
| 2020-2021 | 4,487,233,362 |
| 2019-2020 | 3,432,956,238 |
| 2018-2019 | 3,000,007,744 |
| 2017-2018 | 2,366,380,577 |
| 2016-2017 | 1,866,687,057 |

COST AND PROFITABILITY

During the reporting year, the net profit margin of the company increased by **21.37%** compared to the previous year. As per Audited Financial Statements for the year ended on June 30, 2021, the comparative key financial information is given below:

| Particulars | 2020-2021 (Taka) | 2019-2020 (Taka) |
|--------------------------|------------------|------------------|
| Cost of Goods Sold | 3,764,486,550 | 2,830,771,919 |
| Operating Expenses | 235,245,683 | 201,998,634 |
| Gross Profit Margin | 722,746,812 | 602,184,319 |
| Profit before WPPF & Tax | 247,067,957 | 210,358,293 |
| Net Profit Margin | 182,359,683 | 150,255,924 |

FINANCIAL POSITION

Assets of the Company has also grown, and total assets of the company stood at Tk. 6,039,806,394.00 during the Financial Year 2020-2021, as against Tk. 4,504,502,778.00 in 2019-2020. On the other hand, total liabilities (Excepting Deferred Tax Liability) of the Company is Tk. 3,991,928,908.00 for the reporting year as against Tk. 3,115,934,058.00 in the previous year (Excluding Deferred Tax Liability).

**OTHER STATEMENTS AS PER THE BSEC'S NOTIFICATION****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.

CHANGES IN ACCOUNTING POLICIES AND ESTIMATIONS

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

COMPARATIVE ANALYSIS OF FINANCIAL PERFORMANCE OR RESULTS AND FINANCIAL POSITION AS WELL AS CASH FLOWS OF FOR CURRENT FINANCIAL YEAR WITH IMMEDIATE PRECEDING FIVE YEARS

Stated in page no. 38 of the Annual Report.

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 Exchanges 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, an 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**

Like other countries, Bangladesh has also experienced the massive loss of human life and property caused by the COVID-19 pandemic. The people of our country are struggling to resume their normal life after such a huge loss of life and property. The Government has taken various measures, especial the arrangement of vaccines, and could manage to administrate this considerably by arranging vaccines from different sources. In the meantime, about 20% of people of our country have been fully vaccinated and targeted to vaccine 80% of people by 2022. Despite this catastrophe, Bangladesh's economy shows growth status. The country's GDP growth rate is recorded at 6.2% in the fiscal year/FY 2020-2021, which was 5.20% in the last fiscal year/FY 2019-2020. Per capita income of the country is recorded \$2,227 in this year as against \$1,887 in the previous year. Bangladesh is now the 41st largest economy in the world. According to the Center for Economic and Business Research (CEBR), a British economic research organization, Bangladesh will become the 25th largest economy in the world by 2035, if the current trend in economic growth continues.

GLOBAL SCENARIO

The world economy is passing through the most unprecedented slow down due to the COVID-19 pandemic since the beginning of 2020. Many countries have experienced economic contraction. According to the World Bank, the global economy is set to expand 5.6 percent in 2021—its strongest post-recession pace in 80 years. This recovery is uneven and largely reflects sharp rebounds in some major economies. In many emerging markets and developing economies (EMDEs), obstacles to vaccination continue to weigh on activity. A number of vaccines for COVID-19 are available and a significant portion of the population has been vaccinated in developed countries. Life is gradually coming to normal in those countries. With the expansion of vaccination in developing countries, COVID is likely to subdue in near future.



RISK AND CONCERN ISSUES AND MITIGATION PLAN

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

INDUSTRY RISK

National Polymer Industries Ltd. (NPIL) operates in the plastic industry with the most advanced technologies and machineries since its inception, which deals with Plastic products. There are quite a few companies in the market with similar products. There is also the risk of new entrants.

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 a specific set of policies to cope with new entrants and manage competition 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 a few years' time. Its brand name, NPOLY, is solidly established in the market as a high-quality producer of plastic products.

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 the preparation of the cash flow forecast based on the 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: NPIL 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 Industries Ltd. 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, National Polymer Industries Ltd. (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. It can also pass on the rise of raw materials on to the customers due to this risk, as all players in the market are exposed to the same 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 Industries Ltd. 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 Industries Ltd. enjoys 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 well maintained to achieve the most efficient production output.

EMPLOYEE TURNOVER RISK

The turnover of key managerial personnel, executives, and officers may have an 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 programs for its core personnel on a continuous basis to cope with the growing challenges of the changing working environment. It also offers competitive emoluments to the employees to encourage professionalism. Historically, employee turnover at NPIL has been very negligible.

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

The Management of National Polymer Industries Ltd. runs the business with the aim of making it as a sustainable growing business entity. As the demand for our products is increasing day by day at home and abroad, we are focusing on enhancing the production capacity and have already taken necessary measures in this regard. Accordingly, the Company has purchased additional lands in other location at Valuka, Mymensingh for expansion of its project with its rights issue fund collected recently and the project development works are ongoing. Very recently, the Company has decided to raise Tk. 300.00 crore through issuance of Zero Coupon Bonds, subject to the approval of the Regulatory Authorities, to support the infrastructure development and operational activities of the said project expansion. If it is completed according to our plans and projections, the production capacity of our company will reach to the expected level.

For and on behalf of the Management

(Riad Mahmud)
Managing Director



In accordance with the Notification on Corporate Governance Code No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 imposed by the Bangladesh Securities and Exchange Commission (BSEC), the Board of Directors of National Polymer Industries Ltd. has constituted the Audit Committee. The Audit Committee acts as the sub-committee of the Board.

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 | Chairperson |
| Mr. Nuruzzaman Khan, ICB Nominated Director | Member |
| Dr. Mohammad Mahboob Rahman, 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.

ROLES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Committee assists 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) of Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission.

MEETING OF THE AUDIT COMMITTEE

During the year 2020-2021 the Committee held four times. The proceedings of the Audit Committee Meetings were maintained and reported regularly to the Board of Directors.



The details of attendance of the Audit Committee Members have been shown below:

| Name of Members | Meetings Attended |
|---|-------------------|
| Mr. Mohammed Ariful Islam Independent Director | 4/4 |
| Mr. Nuruzzaman Khan ICB Nominated Director | 4/4 |
| Dr. Mohammad Mahboob Rahman Independent Director | 1/4 |
| Mr. Raquibul Alam Independent Director | 1/4 |

SUMMARY OF ACTIVITIES

The Audit Committee carried out the following activities during the year ended on June 30, 2021:

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.

The Committee is satisfied that the company dully follows the rules and regulations issued by the Regulatory Authorities and diligently complied with those regulatory requirements.

Financial Reporting:

The Committee assisted the Board of Directors and the Management to carry out their responsibilities of preparing true and fair financial statements in accordance with the books of accounts and appropriate 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 Accounting Standards are complied.

The Committee also reviewed:

- the quarterly and annual financial statements of the company with the Management before submission to the Board for approval.
- the audited financial statements of the company with the external auditors prior submission to the Board for approval.
- the utilization of rights share issue proceeds of the company and the Committee found that the company has been utilizing the rights share issue proceeds as per the implementation schedule mentioned in the rights share offer document.

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 reviewed the arrangements made by the management for building up a suitable Management Information System (MIS) and its application thereof.

INTERNAL AUDIT

The Committee reviewed:

- the internal audit plans and programs, along with the resources requirements for the year.
- the internal audit reports, audit recommendations and management response linked to these recommendations and actions taken to improve the system of internal control and procedures.
- the internal audit system of the Company focusing on its effectiveness in influencing the performance and compliance with professional standards.

The Audit Committee advised the management to take effective steps for rectification of the lapses identified by the internal audit and to take utmost care so that such lapses shall not be repeated in future.

EXTERNAL AUDIT

The Committee reviewed the annual audited financial statements of the company for the year ended on June 30, 2021 audited by Shiraz Khan Basak and Co., Chartered Accountants and recommended to place the same before the Board for consideration and adoption. The Board approved the same in its 171st meeting held on 21 October 2021.

The Committee also reviewed the performance of the External Auditors and recommended the Board for their appointment and payment of remuneration.

REVIEW MANAGEMENT'S DISCUSSION AND ANALYSIS

The Audit Committee reviewed the Management's Discussion and Analysis for the year 2020-2021 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 of the Audit Committee



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 (NRC) as a sub-committee of the Board.

COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE (NRC)

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

| Name of Members | Position |
|---|-----------------|
| Dr. Mohammad Mahboob Rahman, Independent Director | Chairperson |
| Mr. Mohammed Ariful Islam, Independent Director | Member |
| Mr. Nuruzzaman Khan, ICB Nominated Director | Member |
| Mr. Golam Murshed, Chairperson of the Board | Member |

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

PURPOSE OF THE COMMITTEE

The purpose of the Nomination and Remuneration Committee (NRC) is to oversee the Company's nomination process including succession planning for the senior management and the Board. NRC assists the Board to identify, screen and review individuals qualified to serve as Executive Directors, Non-Executive Directors and Independent Directors, who meet up the criteria adopted by the Board on appointment and removal of Directors.

ROLES AND RESPONSIBILITIES OF THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) is governed by the charter as prescribed by the Board. It has a separate policy as guidance for performing committee activities. NRC shall be independent and responsible or accountable to the Board and to the shareholders. The roles and responsibilities of the Nomination and Remuneration Committee have been summarized below:

- (i) 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, considering the followings:
 - The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to run the company successfully;
 - The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - 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;
- (ii) Devising a policy on Board's diversity taking into consideration of age, gender, experience, ethnicity, educational background and nationality;
- (iii) Identifying persons who are qualified to become Directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their



- appointment and removal to the Board;
- (iv) Formulating the criteria for evaluation of performance of Independent Directors and the Board;
- (v) Identifying the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;
- (vi) Developing, recommending and reviewing annually the company's human resources and training policies;
- (vii) Report to the Board on matters discussed at each NRC meeting; and
- (viii) Examine any matter brought to its attention within the scope of its duties, etc.

MEETING OF THE NOMINATION AND REMUNERATION COMMITTEE

During the year ended 30 June 2021 the Nomination and Remuneration Committee held one meeting. Proceedings of the Nomination and Remuneration Committee (NRC) meeting were recorded and reported to the Board of Directors. The details of attendance of the Nomination and Remuneration Committee members are as follows:

| Name of Members | No. of Meetings Attended |
|---|---------------------------------|
| Mr. Mohammed Ariful Islam, Independent Director | 1/1 |
| Mr. Nuruzzaman Khan, ICB Nominated Director | 1/1 |
| Mr. Golam Murshed, Chairperson of the Board | 1/1 |

NRC ACTIVITY SUMMARY DURING 2020-2021

- Conducted NRC meeting, perform assigned activities and reported the findings to the Board;
- Reviewed of policy relating to the remuneration of Directors, top level executives and all employees of the Company;
- Reviewed the criteria for determining qualifications, positive attributes and independence of directors;
- Reviewed the performance of Independent Directors and other Board Members;
- Reviewed the compliance of the code of conduct for the Chairman, Directors and Top Level executives of the company;
- Reviewed the vacancy positions or new positions, if any, and reported and/or recommended about it to the Board for ultimate appraisal; and
- Reviewed and examined the proposal for appointment of Independent Director Dr. Mohammad Mahboob Rahman and then recommended the Board for the said appointment. The Board finally appointed the same in its meeting held on 04/04/2021, subject to the approval of shareholders in the AGM.

ACKNOWLEDGEMENT

The Nomination and Remuneration Committee expressed its sincere thanks to the Board, the management and other stakeholders for their continuous support and assistance in discharging its duties and responsibilities effectively.

On behalf of the Nomination and Remuneration Committee

(Dr. Mohammad Mahboob Rahman)
Chairperson of Nomination and Remuneration Committee

INTRODUCTION

Dividend Distribution Policy is a set of principles/guidelines in relation to declaration and distribution of dividend and matters incidental thereto or connected therewith. National Polymer Industries Limited (NPIL) has formulated a policy known as “NPIL Dividend Distribution Policy” in compliance with the BSEC’s Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021, which was approved by the Board of Directors in its 171st meeting held on 21 October 2021. The highlights of the said policy are as follows:

OBJECTIVE

The objective of this policy is to lay down the criteria to be considered by the Board of Directors of the Company before declaring dividend and ensuring proper distribution of the declared dividend to the shareholders of the company.

DEFINITION OF DIVIDEND

Dividend means distribution of profits by the Company to its shareholders in proportion to the amount paid-up on shares held by them. Dividend can be cash or stock in types and can also be final or interim. Dividend to be declared on the basis of audited financial statements regardless of interim or final. The Company can declare dividend after the end of financial year, which is called final dividend. Final dividend is declared on the basis of recommendations of the Board of Directors and the shareholders approve the same at the Annual General Meeting (AGM) of the Company.

The Company can also declare dividend from the current year’s profits on either quarterly or semi-annual basis, which is called interim dividend and the Board may, at its discretion, declare an interim dividend out of current profit. No stock dividend shall be declared as interim dividend. The decision about recommending interim dividend and entitlement for such dividend cannot be changed

PARAMETERS FOR DECLARATION OF DIVIDEND

The Board of Directors shall consider the following factors affecting the dividend proposal:

FINANCIAL PARAMETERS:

- Profits earned during the financial year;
- Profit growth of the company;
- Financial feasibility of the Company;
- Favorable debt-equity ratio;
- Company’s liquidity position and future cash flow requirements for operations;
- Such other factors and/or material events, which the Board may considers.

INTERNAL FACTORS:

- Growth rate of past earnings;
- Growth rate of predicted earnings;
- Earnings stability;
- Accumulated reserves;
- History of dividends declared by the Company;
- Working capital requirements;
- Mergers and acquisitions.

EXTERNAL FACTORS:

- Shareholders’ expectations;
- Macroeconomic and business environment;
- Sectorial performance;
- Cost and availability of alternative sources of financing;
- Industry outlook for the future years;
- Government policies or regulatory provisions.

**UTILIZATION OF RETAINED EARNINGS**

The Company may utilize the retained earnings of the Company in a manner which is beneficial to the interest of the Company and its stakeholders, including, but not limited to ensuring maintenance of a healthy level of minimum capital adequacy ratios, meeting the Company's future business growth/expansion and strategic plans or such other purposes the Board may deem fit from time to time for the interest of the Company and its stakeholders.

PROCEDURES FOR PAYMENT OF DIVIDEND

All requisite approvals and clearances, where necessary, shall be obtained before payment of dividend. Dividend shall be paid after having approval from the Shareholders at an Annual General Meeting (AGM) on the basis of recommendation of the Board of Directors, but no dividend shall exceed the amount recommended by the Board of Directors.

No dividend shall be paid other than out of profits of the year or any other undistributed profits of the Company. No dividend shall be declared out of the capital reserve account or the revaluation reserve account or any unrealized gain or out of profit earned prior to the incorporation of the company, if any, or through reducing paid-up capital or through doing anything so that the post-dividend retained earnings become negative or a debit balance.

In case of declaration of stock dividend, the company shall explain the reason for declaring stock dividend and utilization of such retained amount as capital (stock dividend) shall be disclosed in the annual report.

ENTITLEMENT OF DIVIDEND

The Company shall determine the record date or date of closure of the register of members. The Company shall give notice in advance of at least 14 (fourteen) working days, but not exceeding 30 (thirty) working days to the stock exchange(s) specifying the purpose of the record date. Members, whose names shall appear in the Members'/Depository Register on the Record Date will be eligible to receive dividend.

DISTRIBUTION OF DIVIDEND

The Company shall pay off the cash or stock dividend (final or interim) to the shareholders within 30 days of declaration or approval or record date, as the case may be. The details of dividend distribution procedures are as follows:

DISTRIBUTION OF CASH DIVIDEND

Cash dividend shall be distributed in the following manner and procedures:

- The Company shall pay off cash dividend directly to the bank account of the entitled shareholder as available in the BO account maintained with the Depository Participant (DP), or the bank account as provided by the shareholder in paper form through BEFTN or through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible to pay off through BEFTN.
- Upon receiving the claim on cash dividend from a stock broker or a merchant banker or a portfolio manager for the margin client or customer who has debit balance or margin loan, or as per intention of the client of stock broker or merchant banker or a portfolio manager, the Company shall pay off such cash dividend to the Consolidated Customer's Bank Account (CCBA) of the stock broker or to the separate bank account of the merchant banker or portfolio manager through BEFTN.
- In case of non-availability of bank account information or not possible to distribute the cash dividend through BEFTN or any electronic payment system, the Company shall issue cash dividend warrant and shall send it by post to the shareholder.

- The company shall pay off cash dividend to non-resident sponsor, director, shareholder or foreign portfolio investor (FPI), if any, through the security custodian in compliance with the rules and regulations in this regard.
- The Company, immediately after disbursement of cash dividend and issuance a certificate of tax deducted at source, if applicable, shall intimate to the shareholder through a short message service (SMS) to the mobile number or email address as provided in the BO account or as provided by the shareholder.
- The Company shall maintain detailed information of unpaid or unclaimed dividend and rationale thereof, as per BO account member-wise or name-wise or folio number-wise of the shareholder, and shall also disclose the summary of aforesaid information in the annual report and shall also report in the statements of financial position (Quarterly/annually) as a separate line item "Unclaimed Dividend Account." The Company shall publish the year-wise summary of its unpaid or unclaimed dividend in the website.

DISTRIBUTION OF STOCK DIVIDEND

Stock dividend shall be distributed in the following manner and procedures:

The Company shall credit stock dividend or bonus shares directly to the BO account or issue the bonus share certificate of the entitled shareholder, as applicable, within 30 (thirty) days of declaration or approval or record date, as the case may be, subject to the clearance of the exchange(s) and the Central Depository Bangladesh System (CDBL). The Company shall follow the provisions of প্রবিধান ৪৬ of the ডিপজিটরি (ব্যবহারিক) প্রবিধানমালা, ২০০৩ for issuance of bonus shares.

The sale proceeds of fractional bonus share shall be paid off as per rules and regulations of the regulators issued from time to time.

The Company shall maintain a Suspense BO account for undistributed or unclaimed stock dividend or bonus shares and shall also follow the under mentioned procedures for ensuring the rightful ownership:

- The Company shall send at least 3 (three) reminders to the entitled shareholder;
- The suspense BO account shall be held under Block Module and such undistributed or unclaimed stock dividend or bonus shares shall not be transferred in any manner except for the purpose of allotting the bonus share as and when the allottee approaches to the Company.
- Any corporate benefit in terms of shares accrued on such undistributed or unclaimed stock dividend or bonus shares shall be credited to the Suspense BO account.
- The Company shall, upon receiving application from the allottee and after proper verification of identity and his entitlement, credit the bonus shares lying with the Suspense BO account to the BO account of the allottee, or issue bonus shares to the allottee, as applicable, within 15 (fifteen) days of receiving application with an intimation to the Commission and the Exchange(s).
- Any voting rights on such undistributed or unclaimed stock dividend or bonus shares shall remain suspended till the rightful ownership claim of the shareholder is established.



CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances. The portion of profits not distributed among the shareholders as dividend will be used for the business activities of the Company.

SUBMISSION OF DIVIDEND COMPLIANCE REPORT

The Company shall submit a compliance report to the Commission and the Exchange(s) in a specified format issued by the regulator within stipulated time of completion of dividend distribution to the entitled shareholders and also publish the said report in the website of the company.

UNPAID OR UNCLAIMED OR UNSETTLED CASH AND STOCK DIVIDEND

The Company shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the laws of land in force. The Company shall follow the rules and regulations of the regulators issued from time to time regarding payment or settlement of unpaid or unclaimed cash dividend and stock dividend.

CONFLICT IN POLICY

In the event of conflict between this policy and the existing regulations of Govt. of Bangladesh, BSEC in force, the regulations shall prevail.

AMENDMENTS/MODIFICATIONS

The Board is authorized to change or modify this Policy from time to time at its sole discretion and/or in pursuance of any amendments made by any relevant law for the time being in force.

DISCLOSURE

This Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company.

As per Condition No, 3 (vii) of the BSEC's Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021 and the Commission's subsequent order No. BSEC/SRMIC/2021-198/254 dated 19 October 2021, the Company maintains detailed information of unpaid or unclaimed dividend and rationale thereof, as per BO account number-wise and folio number-wise of the shareholders.

The company maintains separate bank account(s) and Suspense BO account (blocked under block module) for distribution of dividend (Cash & Stock) and also for settlement of unpaid or unclaimed dividend (Cash & Stock) as per the BSEC'S Directive.

The status of unpaid or unclaimed Cash and Stock Dividend is as follows:

- As per the BSEC's Directive No. SEC/SRMIC/165-2020/part-1/182 dated 19 July 2021, the company has transferred unclaimed or undistributed Cash Dividend up to FY 2016-2017 to the Capital Marker Stabilization Fund (CMSF): **Tk. 764,327.00.**
- Unpaid or unclaimed Cash Dividend remaining up to FY 2019-2020: **Tk. 5,287,959.00** (A on 30 June 2021).
- Unpaid or unclaimed Stock Dividend (Bonus shares) remaining in the Suspense BO account as on the Record Date (14/11/2021): **191,601 nos.**
- The Company has published the year-wise summary of unpaid or unclaimed dividend on the website at www.nationalpolymer.net.

The Company follows and shall follow the rules and regulations issued by the Regulator (BSEC) from time to time regarding the payment of dividend (cash and Stock) and also settlement of unpaid or unclaimed dividend (cash and Stock).



Corporate Governance is the procedures 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 are committed to maintaining effective corporate governance through a culture of accountability and transparency.

BOARD OF DIRECTORS

The Board of Directors of National Polymer Industries Ltd. comprises of five members including two Independent Directors. All Directors have sound academic and professional knowledge. They are also well conversant with corporate governance.

APPOINTMENT OF INDEPENDENT DIRECTOR

There are 2 (two) independent Directors in the Board of National Polymer Industries Ltd. One of them was appointed on August 06 2019 and approved by the shareholders in the 32nd AGM. Another Independent Director has been appointed on April 04, 2021, subject to the approval of shareholders in the next AGM. In selecting the Independent Directors, the Board always looks for individuals who possess experience, strong interpersonal skills, and independence, as specified in the BSEC's corporate governance guidelines. 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 are very much important in taking its decision very effectively.

KEY FEATURES OF THE BOARD

- All Board Members are non-executive Directors, excepting the Managing Director;
- Separation of roles of the Chairperson of the Board and the Managing Director/CEO;
- No Independent Director serves 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 of the Board is responsible for leading the Board and its effectiveness, while the Managing Director serves as the Chief Executive Officer of the company.

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. The Chairman of the Audit Committee is Independent Director. The Audit Committee is responsible to the Board and its duties and responsibilities are clearly set forth in writing.

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 04 (four) members of the Board, including two Independent Directors. The Chairman of the Nomination and Remuneration Committee (NRC) is the Independent Director. Nomination and Remuneration Committee (NRC) assists the Board and its duties and responsibilities are clearly set forth in writing.

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

As per the BSEC's Corporate Governance Code, 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 Secretary is a well-experienced person in relation to corporate and compliance issues. Among other functions, the Company Secretary:

- bridges between the Board of Directors and the Shareholders on the strategic and statutory decision.
- is responsible for ensuring that appropriate Board procedures are followed.
- ensures the compliance of the Company Acts, rules, regulations, notifications, guidelines, orders/directives, etc. issued by the Regulatory Authorities.
- Keeps all records regarding the compliance/noncompliance status in relation to the regulatory issues.

ROLE OF THE CHIEF FINANCIAL OFFICER

The Company's Chief Financial Officer (CFO), who is a qualified Chartered Accountant has a vast experience in the field of accounts and finance. He 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 the 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 and helps the Management in making a strategic decision.

ROLE OF THE HEAD OF INTERNAL AUDIT AND COMPLIANCE

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

- prepares quarterly and annual internal audit plans.
- monitors the adequacy and effectiveness of the internal control system of 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.



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 operational activities of the company. The Management Committee serves for the interest of the Company with a view to achieving the sustainable growth of the company.

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 the evaluation of the purchase proposal with the recommendation and send it 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 to the 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.

STATUTORY AUDIT

The statutory audit of the Company is governed by the Companies Act 1994, securities laws and other relevant laws and the appointment, retirement of the Statutory Auditors and their scope of works etc. are set forth clearly. Shareholders appoint the Statutory Auditors and fix their remuneration in the Annual General Meeting.

INTERNAL AUDIT AND CONTROL

Internal Audit supports the Company in achieving its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of its risk management and control. National Polymer Industries Ltd. has established the Internal Audit Department comprising of experienced and knowledgeable personnel headed by a qualified person. The internal Audit department regularly conducts audits based on the quarterly and yearly audit plan.

The 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 a 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.

FINANCIAL REPORTING AND TRANSPARENCY

Financial statements are prepared by of the Management of the Company in compliance with the appropriate Accounting Standards and Financial Reporting Standards and other legislations. The financial statements with comprehensive details are published timely as per the statutory requirements.

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 at www.nationalpolymer.net.

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 throughout 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 Exchanges, detailed disclosures are available in the website of the company at www.nationalpolymer.net.



Comparative Analysis of Key Financial Performance/Information of Preceding 05 years

Figures in Taka

| Particulars | 2020-2021 | 2019-2020 | 2018-2019 | 2017-2018 | 2016-2017 | 2015-2016 |
|--|-----------------------------|---------------|----------------|----------------|----------------|----------------|
| Revenue | 4,487,233,362 | 3,432,956,238 | 3,000,007,744 | 2,366,380,577 | 1,866,687,057 | 1,759,312,097 |
| Gross Profit | 722,746,812 | 602,184,319 | 557,787,699 | 387,459,951 | 307,293,861 | 291,563,613 |
| Profit Before WPPF & Taxation | 247,067,957 | 210,358,293 | 178,536,519 | 111,369,664 | 93,503,107 | 68,524,201 |
| Net Profit | 182,359,683 | 150,255,924 | 127,207,270 | 79,350,886 | 66,741,633 | 48,945,858 |
| Earnings Per Share | 2.82 | 4.12 | 4.25 | 3.24 | 3.27 | 2.87 |
| * Earnings Per Share (Restated) | - | 2.50 | 3.49 | 2.65 | 2.72 | 2.40 |
| Non-Current Assets | 2,239,341,353 | 1,873,723,605 | 1,826,858,228 | 1,629,743,594 | 1,246,727,606 | 1,074,148,779 |
| Current Assets | 3,800,465,040 | 2,630,779,173 | 2,353,922,517 | 1,832,529,413 | 1,597,946,088 | 1,245,871,358 |
| Total Assets | 6,039,806,394 | 4,504,502,778 | 4,180,780,745 | 3,462,273,008 | 2,844,673,693 | 2,320,020,137 |
| Authorized Capital | 3,000,000,000 | 3,000,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 |
| Paid up Capital | 729,836,680 | 364,918,340 | 299,113,400 | 245,174,920 | 204,312,440 | 170,260,370 |
| Shareholders' Equity | 1,968,392,471 | 1,309,083,706 | 1,165,907,991 | 1,062,094,915 | 1,030,197,514 | 985,204,015 |
| Current Liabilities | 2,537,027,922 | 2,567,038,848 | 2,252,938,054 | 1,919,205,568 | 1,611,959,788 | 1,049,908,321 |
| ** Non-Current Liabilities | 1,454,900,986 | 548,895,210 | 682,449,686 | 401,487,510 | 123,031,377 | 205,422,787 |
| Total Liabilities & Shareholders' Equity | 6,039,806,394 | 4,504,502,778 | 4,180,780,745 | 3,462,273,008 | 2,844,673,693 | 2,320,020,137 |
| NAV Per Share | 30.49 | 35.87 | 38.98 | 43.32 | 50.42 | 57.86 |
| NAV Per Share (Restated) | - | - | 31.95 | 35.51 | 42.02 | 48.22 |
| NOCFPS | (4.33) | 6.66 | 0.22 | 9.51 | 24.58 | 11.72 |
| NOCFPS (Restated) | - | - | (2.69) | 7.79 | 20.48 | 9.77 |
| Market Price Per Share (On 30 June) | 57.40 | 56.60 | 111.15 | 89.40 | 107.00 | 83.30 |
| Dividend | 10% | 15% | 22% | 22% | 20% | 20% |
| | Cash Dividend (Recommended) | Cash Dividend | Stock Dividend | Stock Dividend | Stock Dividend | Stock Dividend |
| Price Earnings Ratio | 20.35 | 13.74 | 26.14 | 27.62 | 32.76 | 28.98 |
| Current Ratio | 1.49 | 1.02 | 1.04 | 0.95 | 0.99 | 1.19 |
| Return on Equity (ROE) Ratio-% | 9.26 | 11.48 | 10.91 | 7.47 | 6.48 | 4.97 |
| Profit Margin Ratio-% | 4.06 | 4.38 | 4.24 | 3.35 | 3.58 | 2.78 |
| ** Total Debt - Equity Ratio | 2.03 | 2.38 | 2.52 | 2.19 | 1.68 | 1.27 |

* Previous year's EPS restated with Effect of rights/bonus shares

** Deferred Tax Liability not considered

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

| SI No. | Name | Position | No. of shares held | Percentage (%) |
|--|--|--|--------------------|----------------|
| 1 | Mr. Golam Murshed | Non-executive Sponsor Director (Chairperson of the Board) | 3,782,840 | 5.18% |
| 2 | Mr. Riad Mahmud | Sponsor Director (Managing Director & Chief Executive Officer) | 3,603,773 | 4.94% |
| 3 | Mr. Nuruzzaman Khan | Director (Nominated by ICB) | 16,083,320 | 22.04% |
| 4 | Late Shamsul Abedin Akhand & Mrs. Khaleda Akhand (Joint Account) | Sponsor | 32,31,611 | 4.43% |
| 5 | Mr. Rohel Mahmud | Sponsor | 7,26,202 | 0.99% |
| 6 | Mrs. Razia Morshed | Sponsor | 304,082 | 0.42% |
| 7 | Mrs. Khaleda Akhand | Sponsor | 9,069 | 0.01% |
| 8 | Mr. Mohammed Ariful Islam | Independent Director | Nil | - |
| 9 | Dr. Mohammad Mahboob Rahman | Independent Director | Nil | - |
| 10 | Mr. Md. Shawkat Ali Miah, FCA | Chief Financial Officer | Nil | - |
| 11 | Mr. Md. Abdul Maleque | Company Secretary | Nil | - |
| 12 | Mr. Mithun Kanti Das | Head of Internal Audit and Compliance | Nil | - |
| Shares held by the spouses and minor children of the above persons: | | | | |
| 1 | Mrs. Razia Morshed | Wife of Mr. Golam Murshed | 304,082 | 0.42% |
| 2 | Mr. Ehsanul Karim | Son of Mr. Golam Murshed & Mrs. Razia Morshed | 250,000 | 0.34% |
| 3 | Spouses and minor children of other Directors, MD/CEO, CFO, CS and Head of Internal Audit & Compliance | - | Nil | - |

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

| SI No. | Name | No. of shares held | Percentage (%) |
|--------|---|--------------------|----------------|
| 1 | Mr. Nuruzzaman Khan Director, Nominated by ICB | 16,083,320 | 22.04% |



During the year 2020-2021 the Board of Directors met eight times. The details of the Board Meetings as follows:

| Sl No. | Name | Position | Meetings Attended |
|---------------|---|---|--------------------------|
| 1 | Mr. Golam Murshed | Non-executive Sponsor Director & Chairperson of the Board | 8/8 |
| 2 | Mr. Riad Mahmud | Sponsor Director & Managing Director | 8/8 |
| 3 | Mr. Nuruzzaman Khan | Director, Nominated by Investment Corporation of Bangladesh (ICB) | 8/8 |
| 4 | Mr. Mohammed Ariful Islam | Independent Director | 8/8 |
| 5 | Dr. Mohammad Mahboob Rahman (Joined the Board on 04/04/2021) | Independent Director | 3/8 |
| 6 | Mr. Raquibul Alam (Resigned from the Board on 27/01/2021) | Independent Director | 1/8 |



Date: November 30, 2021

The Board of Directors

National Polymer Industries Limited
NPOLY HOUSE, GA-99/3 Pragati Shoroni
Middle Badda, Dhaka-1212

Subject: Declaration on Financial Statements for the year ended on June 30, 2021.

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 2021** 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 2021** 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



BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2021/226

BAPLC

Date of issue : June 8, 2021

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 2021.




Secretary-General



Mahfel Huq & Co.

Chartered Accountants

The first registered accounting firm in independent Bangladesh



An independent member firm of AGN International

BGIC Tower (4th Floor)
34, Topkhana Road
Dhaka-1000, Bangladesh
Tel: +88-02-9553143, 9581786
Fax: +88-02-9571005
E-mail : info@mahfelhuq.com
Web: www.mahfelhuq.com

REPORT TO THE SHAREHOLDERS OF NATIONAL POLYMER INDUSTRIES LTD. ON COMPLIANCE ON THE CORPORATE GOVERNANCE CODE

We have examined the compliance status to The Corporate Governance Code by NATIONAL POLYMER INDUSTRIES LTD. (the company) for the year ended on 30 June 2021. This Code relates to the Notification No-BSEC/CMRRCD/2006-158/207/admin/80 and Dated June 03, 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

- (a) 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;
- (b) 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;
- (c) Proper books and records have been kept by NATIONAL POLYMER INDUSTRIES LTD. as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is satisfactory.

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

Place: Dhaka
Dated: November 25, 2021



CORPORATE GOVERNANCE COMPLIANCE STATUS

[As per Condition No. 1(5) (xxvii)]

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)

| 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; | ✓ | | Independent Directors hold no share |
| 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; | ✓ | | |



| Condition No. | Title | Compliance Status (Put ✓ in the appropriate Column) | | Remarks (if any) |
|---------------|--|---|--------------|------------------------|
| | | Complied | Not Complied | |
| 1(2)(b)(viii) | Who is not independent director in more than 5 (five) listed companies; | ✓ | | |
| 1(2)(b)(ix) | Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and | ✓ | | |
| 1(2)(b)(x) | Who has not been convicted for a criminal offence involving moral turpitude. | ✓ | | |
| 1(2)(c) | The Independent Director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM); | ✓ | | |
| 1(2)(d) | The post of Independent Director(s) cannot remain vacant for more than 90 (ninety) days; | ✓ | | |
| 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 |
| 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 | | | N/A |
| 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 | ✓ | | |



| Condition No. | Title | Compliance Status (Put ✓ in the appropriate Column) | | Remarks (if any) |
|---------------|--|---|--------------|--|
| | | Complied | Not Complied | |
| 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); | ✓ | | |
| 1(3)(d) | In special cases, the above qualification or experiences may be relaxed subject to prior approval of the Commission; | | | No such event occurred |
| 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 during 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 | ✓ | | |
| 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. | ✓ | | |



| Condition No. | Title | Compliance Status (Put ✓ in the appropriate Column) | | Remarks (if any) |
|---------------------|---|---|--------------|--|
| | | Complied | Not Complied | |
| 1(5)(x) | A statement of remuneration paid to the Directors including Independent Director; | ✓ | | |
| 1(5)(xi) | A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity; | ✓ | | |
| 1(5)(xii) | A statement that proper books of account of the issuer company have been maintained; | ✓ | | |
| 1(5)(xiii) | A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting elements are based on reasonable and prudent judgment; | ✓ | | |
| 1(5) (xiv) | A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed; | ✓ | | |
| 1(5) (xv) | A statement that the system of internal control is sound in design and has been effectively implemented and monitored; | ✓ | | |
| 1(5) (xvi) | A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress; | ✓ | | |
| 1(5) (xvii) | A statement that there is no significant doubt upon the issuer company's ability to continue as an going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed; | ✓ | | |
| 1(5) (xviii) | An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reason thereof shall be explained; | | | No such event occurred during the reporting year |
| 1(5) (xix) | As statement where key operating and financial data of at least preceding 5 (five) years shall be summarized; | ✓ | | |
| 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; | ✓ | | |
| 1(5) (xxii) | The total number of Board Meetings held during the year and attendance by each director; | ✓ | | |
| 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); | ✓ | | |



| Condition No. | Title | Compliance Status (Put ✓ in the appropriate Column) | | Remarks (if any) |
|--------------------|--|---|--------------|------------------|
| | | Complied | Not Complied | |
| | (c) Executives; and | | | N/A |
| | (d) Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details); | ✓ | | |
| 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; | ✓ | | |
| | (b) Nature of his/her expertise in specific functional areas; and | ✓ | | |
| | (c) names of companies in which the person also holds the directorship and the membership of committees of the Board; | ✓ | | |
| 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 . | ✓ | | |



| Condition No. | Title | Compliance Status (Put ✓ in the appropriate Column) | | Remarks (if any) |
|---------------|--|---|--------------|--------------------------------------|
| | | Complied | Not Complied | |
| 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. | ✓ | | |
| 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; | ✓ | | |



| Condition No. | Title | Compliance Status (Put ✓ in the appropriate Column) | | Remarks (if any) |
|---------------|---|---|--------------|------------------|
| | | Complied | Not Complied | |
| 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 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; | ✓ | | |



| Condition No. | Title | Compliance Status (Put ✓ in the appropriate Column) | | Remarks (if any) |
|---------------|--|---|--------------|--|
| | | Complied | Not Complied | |
| 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; | ✓ | | |
| 5(2)(e) | The Company Secretary shall act as the Secretary of the Committee; | ✓ | | |
| 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 |



| Condition No. | Title | Compliance Status (Put ✓ in the appropriate Column) | | Remarks (if any) |
|----------------|---|---|--------------|--|
| | | Complied | Not Complied | |
| 5(4) | Meeting of the Audit Committee: | | | |
| 5(4)(a) | The Audit Committee shall conduct at least its four meetings in a financial year; | ✓ | | No such event occurred during the reporting 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; | | | |
| 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; | ✓ | | |
| 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; | ✓ | | |
| 5(6) | Reporting of the Audit Committee: | | | |
| 5(6)(a) | Reporting to the Board of Directors: | | | |



| Condition No. | Title | Compliance Status (Put ✓ in the appropriate Column) | | Remarks (if any) |
|---------------|--|---|--------------|--|
| | | Complied | Not Complied | |
| 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. | | | No such event occurred during the reporting year |
| 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 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; | ✓ | | |



| Condition No. | Title | Compliance Status (Put ✓ in the appropriate Column) | | Remarks (if any) |
|---------------|--|---|--------------|--|
| | | Complied | Not Complied | |
| 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; | ✓ | | |
| 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; | ✓ | | |
| 6(3)(c) | The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders; | | | Was absent and the reason is recorded in the AGM minutes |
| | 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. | ✓ | | |
| 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; | | | No such event occurred during the reporting year |
| 6(4)(c) | The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h); | ✓ | | |
| 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. | ✓ | | |



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



**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 2021, 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 2021, 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.

| Revenue Recognition | |
|---|--|
| Risks | Our Response to the Risks |
| <p>At year end the company reported total revenue of BDT 4,487,233,362.</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. |



| | |
|--|---|
| <i>[See note 28.00 to the financial statements]</i> | <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. |
| Existence and Valuation of Inventories | |
| Risks | Our Response to the Risks |
| <p>The company had inventories of BDT 1,300,832,835 at 30 June 2021, 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. |
| Recognition of and Measurement of Property, Plant and Equipment | |
| Risks | Our Response to the Risks |
| <p>The carrying value of the PPE is Tk. 1,623,629,173 as at 30 June, 2021. The valuation of PPE excluding land and land development are measured at cost less accumulated depreciation. Land and Land Development are revalued on 4th May 2015 amounting to Tk. 597,312,000.</p> <p>The useful lives of PPE items are based on management's estimates regarding the period over which an asset is expected to be available for use. The estimates of useful life of the assets is a matter of judgment based on the experience of the entity with similar assets and also take into consideration the physical condition of the assets.</p> | <p>In order to obtain the completeness and accuracy of the measurement of Property, plant & equipment, we have tested the following key control activities:</p> <ul style="list-style-type: none"> • Attends the physical verification of fixed assets. • Checking the fixed assets register for property, plant and equipment. • Assessed the legal right and obligations of property, plant and equipment. • Assessed the control activities of Property, Plant and Equipment. • Assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRSs and found them to be consistent. |
| <i>[See note 4.00 to the financial statements]</i> | <p>Our substantive procedure in relating to the property, plant and equipment recognition and measurements are following:</p> <ul style="list-style-type: none"> • Checked the purchase and adjustments with the relevant bills and vouchers. • Verified the hard copy of fixed assets register. |



| | |
|---|---|
| | <ul style="list-style-type: none"> • Verified the calculation process of depreciation. • Checked the appropriateness of presentation and disclosure. |
| Employees Salary and Wages | |
| Risks | Our Response to the Risks |
| <p>Salary and Wages are measured on accrual basis and its allocation in accordance with cost center. Salary and wages are measured when it is paid and payable.</p> <p><i>[See note 3.29, 29.00 & 30.00 to the financial statements]</i></p> | <p>In order to obtain the accuracy, completeness and correctness of recording of employee's salary and wages, we have followed the following key and control activities:</p> <ul style="list-style-type: none"> • Assessed the provision of salary and wages. • Checking the approval by authorized person. • Assessed properly transfer with bank or cash compare to salary statement. • Assessed the allocation of salary and wages to the cost center appropriately or not. <p>Our substantive procedure in relating to the Salary and wages are following:</p> <ul style="list-style-type: none"> • Verified the provision and payment of total salary and wages. • Checked the salary and wages calculation with appropriate scale. • Tested the salary and wages statement and vouchers properly or advance payment of salary, if any. • Verified the deduction against salary, like tax etc. |
| Long Term Loan | |
| Risks | Our Response to the Risks |
| <p>As at June 30, 2021, the reported amount of total Long Term loan is Tk. 411,498,928 (Current and Non-current portion). The company borrowed fund from various banks for the purpose of acquisition of non-current assets and working capital as well.</p> <p><i>[See note 17.00 to the financial statements]</i></p> | <p>In order to obtain the accuracy, completeness and correctness of measurement of Long Term Loan, we have followed the following key and control activities:</p> <ul style="list-style-type: none"> • Attend the actual position of loan. • Checking the bank statements. • Checking the loan agreement. <p>Our substantive procedure in relating to the Loan Term Loan recognition and measurement are following:</p> <ul style="list-style-type: none"> • Checked the bank statement also with the opening balance. • Checked the recoding of the transaction. • Verified the sanction letter, loan schedule bank statements to confirm the loan outstanding and found the balance shown in the financial statements accurately. • Checked the financial expenses and classification of loan and repayments schedule as well. |



| Accounts Receivable | |
|--|--|
| Risks | Our Response to the Risks |
| <p>The total amounts of accounts receivable is Tk. 1,168,475,262 from local customers in different business segments and jurisdiction are subject to their independent business risk.</p> <p><i>[See note 3.11i(a) and 8.00 to the financial statements]</i></p> | <p>In order to obtain the accuracy, completeness and correctness of accounts receivable, we have followed the following key and control activities:</p> <ul style="list-style-type: none"> • Attend the actual position of accounts receivable. • Checking the ledger with schedule. <p>Our substantive procedure in relating to the accounts receivable recognition and measurement are following:</p> <ul style="list-style-type: none"> • Checked the opening balance with the ledger. • Confirmation letters issued to a few numbers customers for confirming the balance. Confirmation letter have been received from some of that customer. |
| Management's consideration of the potential impact of COVID-19 | |
| Risks | Our Response to the Risks |
| <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.

Dhaka: 21, October 2021

Md. Shirazul Islam Khan, FCA

Managing Partner

Shiraz Khan Basak & Co.

Chartered Accountants

ICAB Enrolment No. 461

DVC: 2110260461AS287864



National Polymer Industries Limited
Statement of Financial Position
As at 30 June 2021

| Particulars | Notes | Amount in Taka | |
|---|-------|----------------------|----------------------|
| | | 30 June 2021 | 30 June 2020 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant & Equipment | 4 | 1,623,629,173 | 1,569,552,476 |
| Investment | 5 | 376,514,587 | 250,913,536 |
| Capital Work in Progress (CWIP) | 6 | 239,197,593 | 53,257,593 |
| Total Non-Current Assets | | 2,239,341,353 | 1,873,723,605 |
| Current Assets | | | |
| Inventories | 7 | 1,300,832,835 | 1,234,167,895 |
| Accounts Receivables | 8 | 1,168,475,262 | 731,489,986 |
| Accrued Interest Receivable on FDR | 9 | 2,408,179 | 3,127,865 |
| Advance, Deposits & Pre-payments | 10 | 226,186,180 | 131,080,152 |
| Advance Income Tax | 11 | 409,102,775 | 269,275,136 |
| Cash & Cash Equivalents | 12 | 693,459,809 | 261,638,140 |
| Total Current Assets | | 3,800,465,040 | 2,630,779,173 |
| TOTAL ASSETS | | 6,039,806,394 | 4,504,502,778 |
| EQUITY & LIABILITIES | | | |
| Shareholders Equity & Reserves | | | |
| Share Capital | 13 | 729,836,680 | 364,918,340 |
| Share Premium | 14 | 316,459,170 | 134,000,000 |
| Revaluation Reserve | 15 | 496,260,922 | 496,260,922 |
| Retained Earnings | 16 | 425,835,699 | 313,904,444 |
| Total Shareholders Equity & Reserves | | 1,968,392,471 | 1,309,083,706 |
| Non-Current Liabilities | | | |
| Long Term Loan - (Non-Current Maturity) | 17 | 219,900,986 | 548,895,210 |
| Deferred Tax Liability | 18 | 79,485,014 | 79,485,014 |
| Inter-Company Loan (Non-Current Maturity) | 19 | 1,235,000,000 | - |
| Total Non-Current Liabilities | | 1,534,386,000 | 628,380,224 |
| Current Liabilities | | | |
| Short Term Loan | 20 | 1,512,960,991 | 1,735,882,726 |
| Long Term Loan (Current Maturity) | 17 | 191,597,942 | 302,996,089 |
| Bank Overdraft | 21 | 276,651,509 | 311,260,225 |
| Accounts Payable | 22 | 34,726,580 | 34,372,477 |
| Unclaimed Dividend Account | 23 | 5,287,959 | 160,154 |
| Inter-Company Loan (Current Maturity) | 24 | 380,000,000 | 51,900,313 |
| Provision for Expenses | 25 | 21,009,359 | 27,962,071 |
| WPPF & Welfare Fund | 26 | 11,765,140 | 10,017,062 |
| Provision for Taxation | 27 | 103,028,442 | 92,487,731 |
| Total Current Liabilities | | 2,537,027,922 | 2,567,038,848 |
| TOTAL EQUITY & LIABILITIES | | 6,039,806,394 | 4,504,502,778 |
| Net Asset Value (NAV) Per Share | 38 | 30.49 | 35.87 |

The annexed notes form an integral part of these Financial Statements


Chairman


Managing Director


Company Secretary


Md. Shirazul Islam Khan, FCA
Shiraz Khan Basak & Co.
Chartered Accountants
DVC: 2110260461AS287864

Dhaka: 21 October 2021



National Polymer Industries Limited
Statement of Profit or Loss and Others Comprehensive Income
For the year ended 30 June 2021

| Particulars | Note | Amount in Taka | |
|---|------|--------------------|--------------------|
| | | 30 June 2021 | 30 June 2020 |
| Revenue | 28 | 4,487,233,362 | 3,432,956,238 |
| Cost of Goods Sold | 29 | (3,764,486,550) | (2,830,771,919) |
| Gross Profit | | 722,746,812 | 602,184,319 |
| Administrative, Selling and Distribution Expenses: | | | |
| Administrative Expenses | 30 | (156,028,946) | (142,046,676) |
| Selling and Distribution Expenses | 31 | (79,216,737) | (59,951,958) |
| Profit from Operations | | 487,501,129 | 400,185,685 |
| Other Income | 32 | 25,733,128 | 20,726,731 |
| Foreign Exchange Gain/(Loss) | 33 | (3,518,595) | (2,053,928) |
| Finance Expense | 34 | (262,647,705) | (208,500,195) |
| Profit before WPPF and Taxation | | 247,067,957 | 210,358,293 |
| WPPF and Welfare Fund | 35 | (11,765,141) | (10,017,062) |
| Provision for Tax | 36 | (52,943,134) | (50,085,308) |
| Net Profit for the Period | | 182,359,683 | 150,255,924 |
| Other Comprehensive Income/(Loss) for the Period | | | |
| Actuarial Loss on Defined Benefit Plan | | - | - |
| Total Comprehensive Income for the Period | | 182,359,683 | 150,255,924 |
| Basic Earnings Per Share (EPS) | 37 | 2.82 | 4.12 |
| Re-stated Earnings Per Share (EPS) for Right Issue | 37 | 2.82 | 2.50 |

The annexed notes form an integral part of these Financial Statements

Chairman

Managing Director

Company Secretary

Dhaka: 21 October 2021

Md. Shirazul Islam Khan, FCA
 Shiraz Khan Basak & Co.
 Chartered Accountants
 DVC: 2110260461AS287864

National Polymer Industries Limited
Statement of Changes in Equity
For the year ended 30 June 2021

| Particulars | Amount in Taka | | | | |
|--|--------------------|--------------------|---------------------|--------------------|----------------------|
| | Share Capital | Share Premium | Revaluation Reserve | Retained Earnings | Total |
| Balance as at 01 July 2020 | 364,918,340 | 134,000,000 | 496,260,922 | 313,904,444 | 1,309,083,706 |
| Tax Adjustment against assessment (2018-2019 FY) | - | - | - | (15,690,676) | (15,690,676) |
| Cash Dividend Paid (2019-2020 FY) | - | - | - | (54,737,751) | (54,737,751) |
| Issue of Share Capital | 364,918,340 | 182,459,170 | - | - | 547,377,510 |
| Profit Earned during the year | - | - | - | 182,359,683 | 182,359,683 |
| Balance as at 30 June 2021 | 729,836,680 | 316,459,170 | 496,260,922 | 425,835,699 | 1,968,392,471 |

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 01 July 2019 | 299,113,400 | 134,000,000 | 496,260,922 | 236,533,669 | 1,165,907,991 |
| Profit earned during the period | - | - | - | 150,255,924 | 150,255,924 |
| Payment of Stock Dividend (2018-2019 FY) | 65,804,940 | - | - | (65,804,940) | - |
| Tax Adjustment against assessment (2017-2018 FY) | - | - | - | (7,080,209) | (7,080,209) |
| Balance as at 30 June 2020 | 364,918,340 | 134,000,000 | 496,260,922 | 313,904,444 | 1,309,083,706 |


 Chairman


 Managing Director


 Company Secretary

Dhaka: 21 October 2021



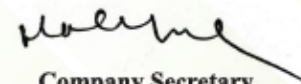
National Polymer Industries Limited
Statement of Cash Flows
For the year ended 30 June 2021

| Particulars | Notes | Amount in Taka | |
|---|-------|----------------------|----------------------|
| | | 30 June 2021 | 30 June 2020 |
| Cash Flows from Operating Activities | | | |
| Collection from Sales and Others | | 4,073,573,035 | 3,229,696,135 |
| Payment to Suppliers, Employees and Others | | (3,979,917,138) | (2,703,677,856) |
| | | 93,655,896 | 526,018,279 |
| Income Tax Paid | 11 | (197,920,739) | (127,253,950) |
| Foreign Exchange Gain/(Loss) | | (3,518,595) | (2,053,928) |
| Financial Expenses | | (171,780,000) | (153,685,130) |
| Net Cash Flows from Operating Activities | | (279,563,437) | 243,025,271 |
| Cash Flows from Investing Activities | | | |
| Payment for acquisition of Property, Plant & Equipment | 4.01 | (244,022,761) | (133,206,734) |
| Sale of Fixed Assets | | - | 470,000 |
| Investment in FDR | | (125,601,051) | (133,335,911) |
| Capital Work in Progress (CWIP) | 6 | (185,940,000) | - |
| Net Cash used in Investing Activities | | (555,563,812) | (266,072,645) |
| Cash Flows from Financing Activities | | | |
| Proceeds from Long Term Loan | | 1,091,806,206 | 376,592,777 |
| Payment of Long Term Loan | | (1,532,198,577) | (468,522,088) |
| Proceeds from Right Issue | | 547,377,510 | - |
| Short Term Loan- Increase/(Decrease) | | (257,530,451) | 259,231,104 |
| Cash Dividend Paid (2019-2020 FY) | | (54,737,751) | - |
| Inter Company loan | | 1,563,099,687 | (28,118,691) |
| Interest Paid on Long Term Loan | | (90,867,705) | (54,815,065) |
| Net Cash Flows/ (used) from Financing Activities | | 1,266,948,919 | 84,368,037 |
| Net Increase/(Decrease) in Cash during the year | | 431,821,669 | 61,320,663 |
| Opening Cash & Cash Equivalents | | 261,638,140 | 200,317,476 |
| Closing Cash & Cash Equivalents | 12 | 693,459,809 | 261,638,140 |
| Net Operating Cash Flow per Share | 39 | (4.33) | 6.66 |

The annexed notes form an integral part of these Financial Statements


Chairman


Managing Director


Company Secretary

Dhaka: 21 October 2021



National Polymer Industries Limited
Notes to the Financial Statements
As at and for the year ended 30 June 2021

1.00 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 Limited Company by shares on June 26, 1987 and its shares are listed in the Stock Exchange (both in Dhaka and Chittagong Stock Exchange Ltd.) in Bangladesh during the year 1991 and 1995 respectively.

1.1.2 Address of Registered Office and Principal Place of Business

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

1.1.3 Nature of Business

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

1.1.4 Number of Employees:

The number of employees at year-end were 1007 and Board of Directors 06.

2.00 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 IASs 1: “Presentation of Financial Statements”. A complete set of Financial Statements comprise:

- (i) Statement of Financial Position as at June 30, 2021;
- (ii) Statement of Profit or Loss and Others Comprehensive Income for the year ended June 30, 2021;
- (iii) Statement of Changes in Equity for the year ended June 30, 2021;
- (iv) Statement of Cash Flows for the year ended June 30, 2021; and
- (v) Notes to the Financial Statements for the year ended June 30, 2021.

3.00 Significant Accounting Policies

3.01 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.

3.02 Reporting Period

The Financial Statements covers the period from 1 July 2020 to 30 June 2021.

3.03 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 (IASs) or International Financial Reporting Standards (IFRSs) 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 2012;
- VAT Rules 2012;
- Other relevant local laws and rules.

3.04 Going Concern

As per IASs-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.

3.05 Accrual Basis

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

3.06 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.

**3.07 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 IASs 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% |
| Titas Gas Installation | 10% |
| Gas Generator & Diesel Generator | 20% |
| Machine Shed & Steel Rack | 10% |

Retirements and Disposals

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

3.08 Accrual basis of 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.

3.09 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 | IFRSs-1 | Not applicable |
| Share Based Payment | IFRSs-2 | Not applicable |
| Business Combinations | IFRSs-3 | Not applicable |
| Non-current Assets Held for Sale and Discontinued Operations | IFRSs-5 | Not applicable |
| Exploration for and Evaluation of Mineral Resources | IFRSs-6 | Not applicable |
| Financial Instruments: Disclosures | IFRSs-7 | Applied |
| Operating Segments | IFRSs-8 | Not applicable |
| Financial Instruments | IFRSs-9 | Applied |
| Consolidated Financial Statements | IFRSs-10 | Not applicable |
| Joint Arrangements | IFRSs-11 | Not applicable |
| Disclosure of Interest in other Entities | IFRSs-12 | Not applicable |
| Fair Value Measurement | IFRSs-13 | Not applicable |
| Regulatory Deferral Accounts | IFRSs-14 | Not applicable |
| Revenue from Contracts with Customers | IFRSs-15 | Applied |
| Leases | IFRSs-16 | Not applicable |
| Insurance Contracts | IFRSs-17 | Not applicable |
| Presentation of Financial Statements | IASs-1 | Applied |
| Inventories | IASs-2 | Applied |
| Statement of Cash Flows | IASs-7 | Applied |
| Accounting Policies, Changes in Accounting Estimates and Errors | IASs-8 | Applied |



| | | |
|--|---------|----------------|
| Events after the Reporting Period | IASs-10 | Applied |
| Income Taxes | IASs-12 | Applied |
| Property, Plant and Equipment | IASs-16 | Applied |
| Employee Benefits | IASs-19 | Applied |
| Accounting for Government Grants and Disclosure of Government Assistance | IASs-20 | Applied |
| The Effects of Changes in Foreign Exchange Rates | IASs-21 | Applied |
| Borrowing Costs | IASs-23 | Applied |
| Related Party Disclosures | IASs-24 | Applied |
| Investments in Associates | IASs-28 | Not applicable |
| Earnings per Share | IASs-33 | Applied |
| Interim Financial Reporting | IASs-34 | Applied |
| Intangible Assets | IASs-38 | Not Applicable |
| Financial instruments: Recognition and Measurement | IASs-39 | Applied |
| Investment Property | IASs-40 | Not applicable |
| Agriculture | IASs-41 | Not applicable |

3.10 Inventory

Inventories are measured at lower of cost and net realizable value in accordance with IASs-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 IASs 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. IASs 1 “Presentation of Financial Statements” provides that Cash and Cash Equivalents are not restricted in use. Considering the provisions of IASs 7 and IASs 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 IASs 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 22.50%.

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 revalued (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.

| Particulars | 2020-21 | 2019-20 |
|---|--------------------|--------------------|
| Revalued Amount as on 4 May 2015 | 597,312,000 | 597,312,000 |
| Book Value as on Revaluation date | (67,411,905) | (67,411,905) |
| Revaluation Reserve without Charging Capital Gain | 529,900,095 | 529,900,095 |
| Deferred Tax Liability @15% on Tk. 529,900,095 | (79,485,014) | (79,485,014) |
| | 450,415,081 | 450,415,081 |
| Add: Opening Balance of Revaluation Reserve | 45,845,841 | 45,845,841 |
| Revaluation Reserve | 496,260,922 | 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 Holiday 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 IASs 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 (IASs) 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 IFRSs 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 IASs-23 Borrowing cost.

3.21 Earnings Per Share:

The Company calculates Earnings Per Shares (EPS) in accordance with IASs 32 & 33 "Diluted Earnings Per Share" & "Earnings per Shares" which has been shown on the face of Statement of Comprehensive Income and, the computation of EPS is stated in Note 37. 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 2021 as per IASs-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:

The Company issued 1:1 right share to the share holder as per approval of Bangladesh Security Exchange Commission (BSEC). Approval Consent Ref. No. BSEC/CI/RI-123/2019/293 Dated: 15 December 2020. As per IASs 32 the Company calculated Diluted Earning Per Share based on subscription dated 28.02.2021 and theoretical ex-rights fair value method.

3.24 Statement of Cash Flows:

Statement of Cash Flows is prepared principally in accordance with IASs 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 IASs 7 which provides that "Enterprise are Encouraged to Report Cash Flow From Operating Activities Using the Direct Method".

3.25 Dividend for the 2020-2021

After the reporting period, the Board of Directors recommended 10% 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 10% Cash dividend per share. The proposed dividend is subject to shareholders' approval in the forthcoming Annual General Meeting.

**3.28 Human Resources**

| Particulars | 2020-21 | 2019-20 |
|-------------------------------|-------------|------------|
| Officers | 379 | 338 |
| Staff | 186 | 183 |
| Skilled and unskilled workers | 442 | 312 |
| Total | 1007 | 833 |

3.29 Employee Benefit**i. Defined Contribution Plan**

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

ii. Defined Benefit Plan

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

iii. Employee's Group Insurance

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

3.30 Advertisement, Publicity & Promotional Expenses:

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

3.31 Additional Information on Financial Statements:**i. Responsibilities for Preparation and Presentation of Financial Statements:**

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

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

The preparation of financial statements is in conformity with the International Accounting Standards (IASs) 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 IASs and IFRSs as applicable in Bangladesh. The title and format of these Financial Statements follow the requirements of IFRSs / IASs 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 IFRSs / IASs 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 21 October, 2021.

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 2019-2020 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 (IASs).

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 Regarding tax depreciation and accounts depreciation:

The Company doesn't require computing deferred tax because the company charges depreciation as per depreciation rate/s mentioned in the third schedule of the ITO 1984. So, there is no temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements. Both Depreciation Rate given below:

| Particular of Assets | Depreciation Rate as per book of Accounts | Depreciation Rate as per Third Schedule |
|---------------------------------------|--|--|
| Factory Building, Factory Laboratory | 20% | 20% |
| Office, Administrative & Godown Shed | 10% | 10% |
| Factory Boundary Wall | 10% | 10% |
| Plant and Machinery & Local Machinery | 20% | 20% |
| Furniture and Fixtures | 10% | 10% |
| Office Equipment | 20% | 20% |
| Vehicles | 20% | 20% |
| Titas Gas Installation | 10% | 10% |
| Gas Generator & Diesel Generator | 20% | 20% |
| Machine Shed & Steel Rack | 10% | 10% |

3.40 Deviation of Revenue & EPS:

Due to COVID-19 Pandemic high price of Raw materials COGS increased from 82.46% to 83.89% and increase number of outstanding shares for right issue EPS is affected/deviated negatively than comparative year.

3.41 Deviation of NOCF:

Net Operating Cash Flows is just the resultant figure of Cash Inflows and Outflows from Operating Activities. Therefore, Net Operating Cash Flows increases, if only Cash Inflows is higher than Cash Outflows in a particular period and vice versa. Net Operating Cash Flows has been decreased because of Cash Outflows for the reported period was higher than Cash Inflows and the main reasons are –

Due to COVID-19 Pandemic Payment to Suppliers and Others has been increased significantly than Comparative period.

3.42 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 IASs 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 and for the year ended 30 June 2021

Note 4.00 : Property, Plant and Equipment

| Assets Category | COST (Taka) | | | DEPRECIATION (Taka) | | | | | Written Down Value as on 30.06.2021 | |
|---------------------------|----------------------|---------------------------|-----------------------------------|------------------------|-----------|-----------------------------|-------------------------|-----------------------------------|-------------------------------------|-----------------------------|
| | As on 01.07.2020 | Additions during the Year | Adjustment/ Sales during the Year | Total as on 30.06.2021 | Dep. Rate | Cumulative as on 01.07.2020 | Charged during the Year | Adjustment/ Sales during the Year | | Cumulative as on 30.06.2021 |
| Land & Land Dev. Cost | 28,751,064 | 20,967,511 | - | 49,718,575 | - | - | - | - | - | 49,718,575 |
| Revaluation | 575,745,936 | - | - | 575,745,936 | - | - | - | - | - | 575,745,936 |
| Factory Buildings | 216,695,142 | - | - | 216,695,142 | 20.0% | 101,655,136 | 23,008,001 | - | 124,663,137 | 92,032,005 |
| Plant & Machinery | 1,771,005,822 | 212,241,080 | - | 1,983,246,901 | 20.0% | 996,720,191 | 154,857,126 | - | 1,151,577,317 | 831,669,584 |
| Godown Shed & Steel Rack | 35,174,845 | - | - | 35,174,845 | 10.0% | 27,112,634 | 806,221 | - | 27,918,855 | 7,255,990 |
| Factory Laboratory | 179,420 | - | - | 179,420 | 20.0% | 173,013 | 1,281 | - | 174,294 | 5,126 |
| Factory Boundary Wall | 4,045,053 | - | - | 4,045,053 | 10.0% | 3,138,822 | 90,623 | - | 3,229,445 | 815,608 |
| Generator | 82,519,490 | - | - | 82,519,490 | 20.0% | 71,502,745 | 2,203,349 | - | 73,706,094 | 8,813,396 |
| Titas Gas Installation | 2,288,132 | - | - | 2,288,132 | 10.0% | 1,672,232 | 61,590 | - | 1,733,822 | 554,310 |
| Furniture & Fixtures | 7,150,073 | 417,200 | - | 7,567,273 | 10.0% | 4,042,105 | 310,797 | - | 4,352,902 | 3,214,371 |
| Vehicles | 106,914,613 | 7,462,800 | - | 114,377,413 | 20.0% | 72,858,241 | 6,811,274 | - | 79,669,516 | 34,707,897 |
| Office Equipment | 44,338,799 | 2,934,170 | - | 47,272,969 | 10.0% | 26,380,792 | 1,795,801 | - | 28,176,593 | 19,096,376 |
| As at 30 June 2021 | 2,874,808,389 | 244,022,761 | - | 3,118,831,149 | | 1,305,255,912 | 189,946,064 | - | 1,495,201,976 | 1,623,629,173 |
| As at 30 June 2020 | 2,717,012,859 | 159,835,530 | 2,040,000 | 2,874,808,389 | - | 1,087,618,645 | 219,249,449 | 1,612,181 | 1,305,255,912 | 1,569,552,476 |

Depreciation allocated to :

Cost of Goods Sold (Note- 29.03)
Administrative Expenses (Note- 30.00)

181,028,192
8,917,872
189,946,064



4.01 Property, Plant & Equipment

| | Amount in Taka | |
|---|----------------------|----------------------|
| | 30 June 2021 | 30 June 2020 |
| Opening Balance | 2,874,808,389 | 2,717,012,859 |
| Addition during the year | 244,022,761 | 159,835,530 |
| | - | (2,040,000) |
| Cost as at 30 June 2021 | 3,118,831,149 | 2,874,808,389 |
| Accumulated Depreciation | (1,495,201,976) | (1,305,255,912) |
| Closing Balance (Details in Note- 3.07 & 4.00) | 1,623,629,173 | 1,569,552,476 |

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. | 125,668,536 | 115,077,625 |
| Addition During the year | 10,139,151 | 10,590,911 |
| | 135,807,687 | 125,668,536 |
| FDR in IPDC | 75,245,000 | 2,500,000 |
| Addition During the year | 2,205,833 | 72,745,000 |
| | 77,450,833 | 75,245,000 |
| FDR in SCB | 50,000,000 | 50,000,000 |
| FDR in One Bank | 113,256,067 | - |
| | 376,514,587 | 250,913,536 |

| Name of Institute | FDR No. | Principal | Interest Rate | Branch | Maturity Date |
|----------------------------------|----------|-------------|---------------|---------|---------------|
| Uttara Finance & Investment Ltd. | 10224/17 | 135,807,687 | 9.00% | Gulshan | 31 May 2022 |
| IPDC Finance Limited | 2592 | 2,745,000 | 5.25% | Gulshan | 08 July 2022 |
| IPDC Finance Limited | 8901 | 8,104,500 | 5.75% | Gulshan | 13 Jan 2022 |
| IPDC Finance Limited | 7574 | 8,206,250 | 6.50% | Gulshan | 26 Nov 2021 |
| IPDC Finance Limited | 2590 | 5,492,500 | 5.75% | Gulshan | 01 Aug 2021 |
| IPDC Finance Limited | 1625 | 2,902,583 | 5.75% | Gulshan | 28 May 2022 |
| IPDC Finance Limited | 8684 | 50,000,000 | 5.25% | Gulshan | 11 May 2022 |
| Standard Chartered Bank Ltd. | 8138 | 50,000,000 | 5.25% | Gulshan | 23 June 2022 |
| One Bank Limited | 2198 | 9,359,605 | 4.60% | Bananai | 15 Sep 2021 |
| One Bank Limited | 2187 | 89,400,820 | 4.60% | Bananai | 15 Sep 2021 |
| One Bank Limited | 2201 | 14,495,643 | 4.60% | Bananai | 15 Sep 2021 |

6.00 Capital Work in Progress (CWIP)

| | | |
|---|--------------------|-------------------|
| Capital Machinery in Transit | 112,100,000 | - |
| Transferred to Plant and Machinery during the year | - | - |
| | 112,100,000 | - |
| Opening Civil Construction | 53,257,593 | 79,886,389 |
| Civil Construction in Progress during the year | 2,556,000 | - |
| Transferred to Factory Buildings & Land during the year | - | (26,628,796) |
| | 55,813,593 | 53,257,593 |
| Advance for Land & Land Development | 71,284,000 | - |
| | 71,284,000 | - |
| | 239,197,593 | 53,257,593 |

7.00 Inventories

| | | |
|-------------------|----------------------|----------------------|
| Raw Materials | 593,315,462 | 567,342,309 |
| Work in Process | 40,812,317 | 41,518,125 |
| Finished Goods | 453,560,136 | 420,293,876 |
| Stores and Spares | 12,479,481 | 11,885,220 |
| Stock in Transit | 196,892,748 | 189,535,326 |
| Packing Materials | 3,772,691 | 3,593,040 |
| | 1,300,832,835 | 1,234,167,895 |

8.00 Accounts Receivables

| | | |
|---------------------------|----------------------|--------------------|
| Receivables against Sales | 1,168,475,262 | 731,489,986 |
| | 1,168,475,262 | 731,489,986 |

| Day Range | Amount in Taka | Amount in Taka |
|------------------------|----------------------|--------------------|
| Below 30 days | 655,631,470 | 359,107,328 |
| Below 90 days | 411,186,445 | 284,763,209 |
| Below 180 days | 95,814,971 | 65,714,587 |
| Above 180 Below 1 Year | 5,842,376 | 21,904,862 |
| Total | 1,168,475,262 | 731,489,986 |

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

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

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

**9.00 Accrued Interest Receivable on FDR**

Uttara Finance & Investment Ltd.
 IPDC Finance Limited
 IPDC Finance Limited
 IPDC Finance Limited
 IPDC Finance Limited
 IPDC Finance Limited
 IPDC Finance Limited
 Standard Chartered Bank Ltd.
 One Bank Limited (Six Months)
 One Bank Limited (Six Months)
 One Bank Limited (Six Months)

| Interest Rate | FDR No. | Maturity Date | Amount in Taka | |
|---------------|----------|---------------|------------------|------------------|
| | | | 30 June 2021 | 30 June 2020 |
| | | | 30 June 2021 | 30 June 2020 |
| 9.00% | 10224/17 | 31 May 2022 | 1,018,558 | 1,073,419 |
| 5.25% | 2592 | 08 July 2022 | 140,910 | - |
| 5.75% | 1625 | 28 May 2022 | 41,423 | 16,356 |
| 5.75% | 8901 | 13 Jan 2022 | 218,890 | 315,000 |
| 6.50% | 7574 | 26 Nov 2021 | 212,224 | 470,313 |
| 5.75% | 2590 | 01 Aug 2021 | 152,990 | 504,167 |
| 5.25% | 8684 | 11 May 2022 | 357,292 | 697,569 |
| 5.25% | 8138 | 23 June 2022 | 51,042 | 51,042 |
| 4.60% | 2198 | 15 Sep 2021 | 17,755 | - |
| 4.60% | 2187 | 15 Sep 2021 | 169,596 | - |
| 4.60% | 2201 | 15 Sep 2021 | 27,499 | - |
| | | | 2,408,179 | 3,127,865 |

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

Opening Balance
 Add: During the Year
 Bill Adjustment

Advance to Employee
 Advance against Brand Development
 Other Advances

Deposits:

Security Deposit
 Margin, Tender Earnest Money & other Deposits
 Deposit for Utilities

Prepayments:

Prepaid Rent
 Value Added Tax (VAT)

| | |
|--------------------|--------------------|
| 15,636,539 | 58,047,195 |
| 2,254,200 | 27,528,304 |
| (11,190,234) | (69,938,960) |
| 6,700,505 | 15,636,539 |
| 7,564,452 | 7,408,866 |
| 5,796,361 | 4,954,155 |
| 1,410,245 | 1,396,282 |
| 21,471,563 | 29,395,842 |
| 3,859,800 | 3,859,800 |
| 52,508,564 | 15,786,386 |
| 3,976,619 | 11,800,241 |
| 60,344,983 | 31,446,427 |
| 27,681,007 | 29,137,902 |
| 116,688,627 | 41,099,982 |
| 144,369,634 | 70,237,884 |
| 226,186,180 | 131,080,152 |

a) Employees advance of Tk. 7,564,452 includes advance to officers mostly for official purpose.

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

11.00 Advance Income Tax

Opening balance
 AIT Paid at Port (Import Stage)
 AIT Paid at Port (Export, Local & Others)
 AIT on Vehicles
 AIT on Bangladesh Bank Cash Assistance
 AIT on FDR interest
 AIT Refund up to 2018 FY
 Prior Year Adjustment on Income Tax Assessment
 (Income Year 2018-2019)
 Prior Year Adjustment on Income Tax Assessment
 (Income Year 2017-2018)

| | |
|--------------------|--------------------|
| 269,275,136 | 368,995,204 |
| 170,110,167 | 110,248,869 |
| 25,015,187 | 16,668,081 |
| 504,000 | 337,000 |
| 784,765 | 472,094 |
| 1,506,620 | 1,207,046 |
| - | (195,122,655) |
| (58,093,099) | - |
| - | (33,530,504) |
| 409,102,775 | 269,275,136 |

12.00 Cash & Cash Equivalents

Cash in Hand
 Cash at Bank

| | |
|--------------------|--------------------|
| 3,530,600 | 2,761,344 |
| 689,929,209 | 258,876,796 |
| 693,459,809 | 261,638,140 |

12.01 Cash at Bank

AB Bank Limited
 Agrani Bank Limited
 Agrani Bank Limited
 Bank Asia Limited
 BRAC Bank Limited
 BRAC Bank Limited

Branch
 Gulshan Circle-2
 Amin Court Corp. Br.
 Nawabpur Corp. Br.
 Gulshan -1
 Satmosjeed Road
 Gulshan Br.

A/C No.

CD-88500
 COR-03583
 COR-06621
 CD-10829
 CD-51001
 CD-51002

| | |
|-------------|------------|
| 710,382 | 903,624 |
| 44,778 | 45,468 |
| 479,679 | 919,220 |
| 1,958,326 | 2,910,566 |
| 67,765,620 | 58,205,581 |
| 235,686,193 | - |



| | | | Amount in Taka | |
|--------------------------------|---------------------------------|-----------|--------------------|--------------------|
| | | | 30 June 2021 | 30 June 2020 |
| City Bank Limited | Dhanmondi | CD-28001 | 14,700,975 | 285,800 |
| Dhaka Bank Limited | Gulshan Circle-2 | OD-17574 | - | 1,921,102 |
| Dhaka Bank Limited | Gulshan Circle-2 | CD-1253 | 494,742 | - |
| Dutch Bangla Bank Limited | Bashundhara | CD-10144 | 62,010,146 | 4,028,617 |
| Eastern Bank Ltd. | Gulshan Circle-2 | CD-22731 | 771,534 | 597,522 |
| IFIC Bank Limited | Moulavi Bazar | CD-21001 | - | 715,197 |
| IFIC Bank Limited | Moulavi Bazar | CD-143821 | 680,701 | - |
| Islami Bank Bangladesh Limited | Kawran Bazar | CD-12804 | 2,731,900 | 5,301,822 |
| Jamuna Bank Limited | Gulshan | CD-13615 | 69,476,281 | 64,527,959 |
| Janata Bank Limited | Alu Bazar | CD-16125 | 598,760 | 157,770 |
| Janata Bank Limited | Gulshan-1 | CD-71210 | 399,390 | 569,551 |
| Modhumati Bank Limited | Gulshan | CD-00070 | 539,617 | 6,189,396 |
| Mutual Trust Bank Limited | MTB Center Corp. Br. | CD-05604 | 356,340 | 369,590 |
| Mutual Trust Bank Limited | Banani | CD-07295 | 11,810,476 | 157,015 |
| National Bank Limited | Gulshan | CD-69629 | 54,804,779 | 59,351,502 |
| NCC Bank Ltd. | Dhanmondi | CD-00320 | 52,632 | 189,713 |
| One Bank Limited | Dhanmondi | CD-87001 | 2,603,119 | 297,932 |
| Premier Bank Limited | Gulshan Circle-2 | CD-00033 | 328,480 | 196,377 |
| Prime Bank Limited | Motijheel | CD-80705 | 35,510,548 | 154,706 |
| Prime Bank Limited | Gulshan Circle-2 | CD-22889 | 55,053,194 | 6,322,663 |
| Prime Bank Limited | Gulshan Circle-2 (Dividend Acc) | SND-26085 | 5,127,805 | - |
| Pubali Bank Limited | Gulshan M.T Corp. Br. | CD-28344 | 1,432,808 | 1,780,465 |
| Shahajalal Islami Bank Limited | Satmosjeed Road | CD-01639 | 1,048,437 | 252,984 |
| Shahajalal Islami Bank Limited | Gulshan-1 | CD-0595 | 8,368 | - |
| Sonali Bank Limited | Lalmatia | CD-08067 | 752,087 | 244,543 |
| Sonali Bank Limited | Gulshan-1 | CD-0735 | 4,773,068 | - |
| Standard Bank Limited | Gulshan-1 | CD-03814 | 254,838 | 366,031 |
| Trust Bank Ltd. | Gulshan Corp. Br. | CD-16474 | 1,489,885 | 450,762 |
| United Commercial Bank Limited | Tongi | CD-03100 | 54,927,745 | 40,268,203 |
| Uttara Bank Limited | Kalabagan | CD-11673 | 410,451 | 840,598 |
| Uttara Bank Limited | Tongi | CD-13797 | 135,124 | 354,517 |
| | | | 689,929,209 | 258,876,796 |

13.00 Share Capital

Authorized:

300,000,000 Ordinary Shares of Taka 10 each

3,000,000,000

3,000,000,000

Issued, Subscribed and Paid-up:

- I) 134,000 Ordinary Shares of Taka 10 each
- II) 134,000 Rights Shares of Taka 10 each (1:1)
- III) 536,000 Rights Shares of Taka 10 each (1:2)
- IV) 6,388,845 Bonus Shares of Taka 10 each
- V) 2,597,192 Bonus Shares of Taka 10 each
- VI) 3,405,207 Bonus Shares of Taka 10 each
- VII) 4,086,248 Bonus Shares of Taka 10 each
- VIII) 5,393,848 Bonus Shares of Taka 10 each
- IX) 6,580,494 Bonus Shares of Taka 10 each
- X) 1:1 Right Shares of Taka 10 each

| | |
|--------------------|--------------------|
| 13,400,000 | 13,400,000 |
| 13,400,000 | 13,400,000 |
| 53,600,000 | 53,600,000 |
| 63,888,450 | 63,888,450 |
| 25,971,920 | 25,971,920 |
| 34,052,070 | 34,052,070 |
| 40,862,480 | 40,862,480 |
| 53,938,480 | 53,938,480 |
| 65,804,940 | 65,804,940 |
| 364,918,340 | - |
| 729,836,680 | 364,918,340 |

Composition of Shareholding:

| | 30 June 2021 | | 30 June 2020 | |
|------------------------|-------------------|------------|-------------------|------------|
| | Number | % | Number | % |
| Sponsors/Directors | 27,740,987 | 38.01 | 15,729,877 | 43.11 |
| Financial Institutions | 7,951,893 | 10.90 | 4,631,601 | 12.69 |
| General | 37,290,878 | 51.09 | 16,130,356 | 44.20 |
| | 72,983,758 | 100 | 36,491,834 | 100 |

Name wise shreholding position of Sponsors/ Directors:

| Name | Position | Shareholding Qty. | % |
|---|--------------------|-------------------|---------------|
| Mr. Golam Murshed | Chairman | 3,782,840 | 5.18% |
| Mr. Riad Mahmud | Managing Director | 3,603,773 | 4.94% |
| Mr. Rohel Mahmud | Sponsor | 726,202 | 1.00% |
| Mrs. Razia Morshed | Sponsor | 304,082 | 0.42% |
| Mrs. Khaleida Akhand | Sponsor | 9,069 | 0.01% |
| Late Shamsul Abedin Akhand and Mrs. Khaleida Akhand (Joint Account) | Sponsor | 3,231,611 | 4.43% |
| Mr. Nuruzzaman Khan | Nominated Director | 16,083,320 | 22.04% |
| Total | | 27,740,897 | 38.01% |

**Classification of Shareholders by holding:**

| Holdings | Number of Holders | | Total Holding (%) | |
|-----------------|--------------------------|-------------------|--------------------------|-------------------|
| | 30-06-2021 | 30-06-2020 | 30-06-2021 | 30-06-2020 |
| 1 to 500 | 3,848 | 2,210 | 40.00 | 47.12 |
| 501 to 1,000 | 1,571 | 664 | 16.33 | 14.16 |
| 1,001 to 5,000 | 2,807 | 1,280 | 29.18 | 27.29 |
| 5,001 to 50,000 | 1,269 | 466 | 13.19 | 9.94 |
| 50,001 to above | 125 | 70 | 1.30 | 1.49 |
| | 9,620 | 4,690 | 100.00 | 100.00 |

14.00 Share Premium

| | Amount in Taka | |
|---|-----------------------|---------------------|
| | 30 June 2021 | 30 June 2020 |
| Total 536,000 Shares of Taka 250 each (January 2009) | 134,000,000 | 134,000,000 |
| Total 36,491,834 Shares of Taka 05 each (February 2021) | 182,459,170 | - |
| | 316,459,170 | 134,000,000 |

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 | 313,904,444 | 236,533,669 |
| Payment of Stock Dividend | - | (65,804,940) |
| | 313,904,444 | 170,728,729 |
| Cash Dividend Paid (2019-2020 FY) | (54,737,751) | - |
| Tax Adjustment against assessment (2018-2019 FY) | (15,690,676) | - |
| Tax Adjustment against assessment (2017-2018 FY) | - | (7,080,209) |
| Profit during the year end | 182,359,683 | 150,255,924 |
| | 425,835,699 | 313,904,444 |

17.00 Long Term Loan

| | | |
|--|--------------------|--------------------|
| Standard Chartered Bank | 67,078,928 | 97,583,547 |
| Jamuna Bank Ltd. | - | 45,264,217 |
| Mutual Trust Bank Ltd. | - | 8,802,402 |
| Prime Bank Ltd. | 124,519,014 | 70,307,434 |
| Uttara Finance & Investment Limited | - | 81,038,489 |
| Long Term Loan - (Current Maturity) | 191,597,942 | 302,996,089 |
| Standard Chartered Bank | - | 67,078,928 |
| Jamuna Bank Ltd. | - | 126,688,561 |
| Mutual Trust Bank Ltd. | - | 12,352,385 |
| Prime Bank Ltd. | 219,900,986 | 171,866,499 |
| Uttara Finance & Investment Limited | - | 170,908,837 |
| Long Term Loan - (Non-current Maturity) | 219,900,986 | 548,895,210 |
| | 411,498,928 | 851,891,299 |

Most of the Term Loan was re-paid through Inter-company loan.

| Name of Institute | Branch | Sanction No. | Issue Date |
|--------------------------|---------------|-------------------------|-------------------|
| Standard Chartered Bank | Motijheel | CDU/AM/10386879/SAADIQ | 23-Aug-2017 |
| Prime Bank Ltd. | Gulshan-1 | Prime/CAD/CNIB/2020/747 | 01-Nov-2020 |

Security against Facilities

- Registered Mortgage over Factory Land and Building on pari-passu basis between Standard Chartered Bank, Prim Bank Limited of which area of Land is 147.70 decimals located at Kathaldia, Tongi, Gazipur.
- Demand Promissory Note & Letter of Continuation.
- 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 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. 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 2021 | 30 June 2020 |
| 529,900,095 | 529,900,095 |
| 79,485,014 | 79,485,014 |

Revaluation Surplus on Land & Land Development
Deferred Tax Liability @ 15%.

19.00 Inter-Company Loan (Non-Current Maturity)

National Fittings & Accessories Limited

Opening Balance

Received during the year

Paid during the year

Current Maturity within one year

| | |
|----------------------|----------|
| - | - |
| 1,900,000,000 | - |
| (285,000,000) | - |
| 1,615,000,000 | - |
| (380,000,000) | - |
| 1,235,000,000 | - |

Company take Intercompany Loan from National Fittings & Accessories Ltd. for settle down higher rate Bank loan and NBFIL loan as per approval a syndicate loan from Standard chartered Bank Ltd.

20.00 Short Term Loan

Loan against Trust Receipt (LTR)

Short Term Finance (STF)

| | |
|----------------------|----------------------|
| 758,690,332 | 159,454,339 |
| 754,270,659 | 1,576,428,388 |
| 1,512,960,991 | 1,735,882,726 |

| Name of Institute | Branch | Sanction No. | Issue Date |
|---------------------------------|------------------|---------------------------------|---------------|
| Standard Chartered Bank Limited | Motijheel | BA8/10783075/SCB/UC | 30 March 2021 |
| Prime Bank Limited | Gulshan-1 | Prime/CAD/CNIB/2020/747 | 01-Nov-2020 |
| Mutual Trust Bank Limited | Banani | MTB/CAD/NPIL/2020/4124 | 25-Nov-2020 |
| City Bank Limited | New Market | CBL/HO/CAD/2021/429 | 23-Feb-2021 |
| IDLC Finance Limited | Gulshan | IDLC/CAD/LRCORP/GLN/2020/1612 | 01-Dec-2020 |
| One Bank Limited | Banani | OBL/BB/CR/SA/152/2021 | 19-May-2021 |
| BRAC Bank Limited | Shatmosjeed Road | CAD-Dhaka/SH/01161151/2020/0324 | 15-Sep-2020 |

Security against Facilities

a) Registered Mortgage over Factory Land and Building on pari-passu basis between Standard Chartered Bank, Prim Bank Limited of which area of Land is 147.70 decimals located at Kathaldia, Tongi, Gazipur.

b) Demand Promissory Note & Letter of Continuation.

c) Un-dated Cheque(s) supported by Irrevocable Letter of Authority & Memorandum of Deposit.

d) Personal Guarantee of the Sponsor Directors.

21.00 Bank Overdraft

Standard Chartered Bank

Jamuna Bank Limited

BRAC Bank Limited

Prime Bank Limited

One Bank Limited

Branch

A/C No.

Motizheel

Gulshan-1

Satmosjeed Road

Gulshan-1

Banani

25801

5600

51001

3032

3524

| | |
|--------------------|--------------------|
| 4,669,372 | 6,056,002 |
| - | 302,136,016 |
| - | 3,068,207 |
| 7,675,536 | - |
| 264,306,601 | - |
| 276,651,509 | 311,260,225 |

22.00 Accounts Payable

Payable against Carriage Outwards

Gratuity Payable

Gas Bill Payable

Mobile Bill Payable

Directors Remuneration Payable

Godown Rent

AGM Venue Charge

Electricity Bill

House Rent (Engineers & Officers)

Employer's Contribution to Provident Fund

| | |
|-------------------|-------------------|
| 1,765,212 | 1,123,101 |
| 2,536,983 | 2,096,680 |
| 6,384,068 | 8,851,346 |
| 495,400 | 495,163 |
| 120,000 | 120,000 |
| 45,000 | 42,000 |
| - | 30,000 |
| 4,033,449 | 2,349,270 |
| 80,000 | 80,000 |
| 19,266,468 | 19,184,917 |
| 34,726,580 | 34,372,477 |

23.00 Unclaimed Dividend Account

Opening Balance

Unclaimed Cash dividend for the FY-2019-2020

*Including interest and other deduction.

| | |
|------------------|----------------|
| 160,154 | 160,154 |
| 5,127,805 | - |
| 5,287,959 | 160,154 |

24.00 Inter-Company Loan (Current Maturity)

Npolymer Construction Limited

Opening Balance

Received during the year

Paid during the year

National Fittings & Accessories Limited

Current Maturity within one year

| | |
|--------------------|-------------------|
| 51,900,313 | 80,019,004 |
| - | - |
| (51,900,313) | (28,118,691) |
| - | 51,900,313 |
| 380,000,000 | - |
| 380,000,000 | 51,900,313 |

**25.00 Provision for Expenses**

| |
|--|
| Accrued Interest on STL & LTL |
| Staff Salary Payable |
| Audit Fees |
| Interest payable on Inter-Company Loan |
| VDS payable |
| TDS Payable |

| Amount in Taka | |
|-------------------|-------------------|
| 30 June 2021 | 30 June 2020 |
| 2,594,942 | 4,048,489 |
| 16,237,917 | 14,240,431 |
| 125,000 | 125,000 |
| - | 7,344,421 |
| 1,292,300 | 1,386,340 |
| 759,200 | 817,390 |
| 21,009,359 | 27,962,071 |

Interest on Inter-Company Loan to be paid at prevailing market rate in according with deed of agreement. In this year there was no due on Interest of Inter-Company Loan.

26.00 WPPF & Welfare Fund

| |
|-----------------------------------|
| Opening Balance |
| WPPF Disbursed to Beneficiary |
| Allocation for the year (Note-35) |

| | |
|-------------------|-------------------|
| 10,017,062 | 8,926,826 |
| (10,017,062) | (8,926,826) |
| 11,765,141 | 10,017,062 |
| 11,765,140 | 10,017,062 |

Govt. portion has been paid through Pay Order No. 4808657 Dated: 18.11.2020

27.00 Provision for Taxation

| |
|--|
| Opening Balance |
| Provision for the year (Note- 36) |
| Tax Adjustment against assessment (2018-2019 FY) |
| Tax Adjustment against assessment (2017-2018 FY) |

| | |
|--------------------|-------------------|
| 92,487,731 | 68,852,719 |
| 52,943,134 | 50,085,308 |
| (42,402,423) | - |
| - | (26,450,295) |
| 103,028,442 | 92,487,731 |

28.00 Revenue

| |
|------------------------------|
| Net Local Sales, Net off VAT |
| Export Sales |

| | |
|----------------------|----------------------|
| 4,396,583,094 | 3,372,572,379 |
| 90,650,268 | 60,383,860 |
| 4,487,233,362 | 3,432,956,238 |

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, 2012)

Quantity (MT)- Sales

| |
|---------------------------------|
| Opening Stock |
| Production during the year |
| Goods available for Sale |
| Closing Stock of Finished Goods |
| Sale during the year |

| Quantity (MT) | Quantity (MT) |
|---------------|---------------|
| 5,725 | 5,425 |
| 51,120 | 38,922 |
| 56,845 | 44,347 |
| (6,065) | (5,725) |
| 50,780 | 38,622 |

29.00 Cost of Goods Sold

| |
|---|
| Opening Stock of Raw Materials |
| Purchase during the year |
| Closing Stock of Raw Materials |
| Raw Materials used in Production |
| Manufacturing Overhead |
| Consumption of Packing Materials |
| Total Production Costs |
| Opening Work in Process |
| Closing Work in Process |
| Costs of Goods Manufactured |
| Opening Stock of Finished Goods |
| Goods available for Sales |
| Closing Stock of Finished Goods |
| Cost of Goods Sold |

Note-29.03

| | |
|----------------------|----------------------|
| 567,342,309 | 483,070,824 |
| 3,404,064,835 | 2,481,876,064 |
| (593,315,462) | (567,342,309) |
| 3,378,091,682 | 2,397,604,579 |
| 398,843,964 | 447,441,874 |
| 20,111,356 | 19,525,588 |
| 3,797,047,002 | 2,864,572,041 |
| 41,518,125 | 35,501,254 |
| (40,812,317) | (41,518,125) |
| 3,797,752,810 | 2,858,555,170 |
| 420,293,876 | 392,510,625 |
| 4,218,046,686 | 3,251,065,795 |
| (453,560,136) | (420,293,876) |
| 3,764,486,550 | 2,830,771,919 |



29.01 Raw Material used in Production

| | 2020-2021 | | 2019-2020 | |
|--------------------------|---------------|----------------------|---------------|----------------------|
| | Quantity (MT) | Taka | Quantity (MT) | Taka |
| Opening Stock | 9,980 | 567,342,309 | 8,930 | 483,070,824 |
| Purchase during the year | 56,460 | 3,404,064,835 | 43,210 | 2,481,876,064 |
| | 66,440 | 3,971,407,144 | 52,140 | 2,964,946,888 |
| Closing Stock | (9,955) | (593,315,462) | (9,980) | (567,342,309) |
| | 56,485 | 3,378,091,682 | 42,160 | 2,397,604,579 |

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

| Particulars | 30 June 2021 | | 30 June 2020 | |
|----------------|--------------|-------------|--------------|-------------|
| | Quantity MT | Value (TK) | Quantity MT | Value (TK) |
| Finished Goods | 6,065 | 453,560,136 | 5,725 | 420,293,876 |

| Amount in Taka | |
|----------------|--------------|
| 30 June 2021 | 30 June 2020 |

29.03 Manufacturing Overhead

| | | |
|-----------------------------------|--------------------|--------------------|
| Salary & Wages | 66,249,690 | 57,608,426 |
| C & F Commission Expenses | 5,543,338 | 4,426,080 |
| Conveyance | 172,640 | 93,477 |
| Entertainment & Staff Food | 4,812,660 | 5,210,807 |
| Carriage Inward | 551,464 | - |
| House Rent (Engineers & Officers) | 1,368,017 | 1,638,175 |
| Insurance Premium (Fire) | 10,894,380 | 7,790,022 |
| Internet Bill | 115,800 | - |
| Labour Charges (Unload) | 11,490,768 | 16,273,599 |
| Land Rent | 12,305,558 | 9,657,402 |
| License and Renewal Fee | 741,815 | - |
| Medical Expenses | 292,370 | 254,240 |
| Municipal and Land Tax | 1,990,454 | - |
| Office Maintenance Exp. | 934,877 | - |
| Papers & Periodicals | 94,790 | 18,650 |
| Postage & Stamps | 19,830 | 22,976 |
| Power & Fuel | 96,430,652 | 133,489,922 |
| Printing Expenses | 1,015,735 | 223,676 |
| Registration and Renewal Fees | 33,000 | - |
| Repair and Maintenance | 748,978 | 813,796 |
| Stationery | 45,376 | 3,570 |
| Stores and Spares | 126,605 | 136,178 |
| TA/DA Expenses | 39,763 | - |
| Telephone & Mobile Bill | 686,357 | 632,714 |
| Travelling Expenses | 161,851 | - |
| Uniform Expenses | 13,800 | 12,000 |
| Vehicle Maintenance | 590,204 | - |
| Warehouse Rent | 345,000 | 345,000 |
| Depreciation | 181,028,192 | 208,791,163 |
| | 398,843,964 | 447,441,874 |

Notes- 4.00



| | | Amount in Taka | |
|---|--------------|--------------------|--------------------|
| | | 30 June 2021 | 30 June 2020 |
| 30.00 Administrative Expenses | | | |
| Salary & Allowances | | 82,307,497 | 78,388,092 |
| Managing Directors' Remuneration & Perquisites | Notes- 41.00 | 1,440,000 | 1,440,000 |
| EGM & AGM Exp. | | 189,840 | 34,500 |
| Annual Listing Fees | | 2,787,673 | 813,168 |
| Audit Fees | | 125,000 | 125,000 |
| CDBL Bill & Service Charge | | 369,815 | 79,569 |
| Conveyance | | 314,278 | 249,397 |
| Credit Rating Service | | 96,750 | 103,500 |
| Directors' Board Meeting Fees | | 373,570 | 158,700 |
| Donation & Subscription | | 623,000 | 1,340,000 |
| Depreciation | Notes- 4 .00 | 8,917,872 | 10,458,285 |
| Electric,WASA Bills, GAS Bills | | 1,445,660 | 1,240,870 |
| Employer's Contribution Recognized Provident Fund | | 13,829,475 | 21,944,398 |
| Entertainment | | 806,208 | 605,467 |
| Fire Fighting Expenses | | 113,295 | - |
| Fees & Professional Charges | | 1,844,245 | 546,250 |
| Gratuity | | 3,073,038 | - |
| Expenses for Right Issue and others | | 7,325,719 | - |
| Fuel Bills for Vehicle | | 2,484,231 | 2,585,423 |
| Group Insurance | | 807,188 | 799,500 |
| Internet Bill | | 648,759 | - |
| License Renewal Fee, Rates & Taxes | | 1,217,760 | 2,430,678 |
| Medical Expenses | | 1,200 | 11,450 |
| Office Maintenance | | 1,563,068 | 1,139,336 |
| Office Rent | | 14,251,260 | 14,229,180 |
| Papers & Periodicals | | 11,790 | 7,351 |
| Courier Expenses | | 180,856 | 198,259 |
| Printing Expenses | | 680,901 | 655,532 |
| Registration and Renewal Fees | | 358,315 | - |
| Renovation & Decoration | | 5,841,214 | - |
| Stationery Expenses | | 9,290 | 19,806 |
| Telephone & Mobile Bill | | 1,021,470 | 998,131 |
| Training & Development | | - | 96,175 |
| Vehicle Maintenance | | 968,710 | 1,348,659 |
| | | 156,028,946 | 142,046,676 |
| 31.00 Selling and Distribution Expenses | | | |
| Advertisement & Publicity | | 1,817,495 | 1,884,943 |
| Conveyance | | 81,542 | 68,060 |
| Entertainment | | 376,529 | 199,446 |
| Fuel Bills for Vehicle | | 475,279 | 679,849 |
| Godown Rent | | 242,400 | 462,000 |
| Incentive | | 2,933,024 | 2,719,993 |
| Courier Expenses | | 830,956 | 450,240 |
| Printing Expenses | | 928,686 | 703,808 |
| Promotional Expenses | | 972,860 | 1,640,457 |
| Sales Conference/ Meeting | | 737,162 | 1,316,767 |
| Stationery Expenses | | 7,543 | 683,228 |
| Internet Bill | | 95,816 | - |
| Telephone & Mobile Bill | | 3,626,815 | 3,373,310 |
| Tender & Testing Expenses | | 563,025 | 1,061,163 |
| Transport / Carriage Outwards | | 35,938,655 | 27,606,096 |
| Traveling Expenses | | 27,075,585 | 15,291,547 |
| Vehicle Maintenance | | 2,513,365 | 1,811,051 |
| | | 79,216,737 | 59,951,958 |
| 32.00 Other Income | | | |
| Bangladesh Bank Cash Assistance on Export | | 8,259,753 | 6,422,840 |
| Interest on Investment | | 15,065,196 | 11,133,845 |
| Accrued Interest Receivable on FDR | | 2,408,179 | 3,127,865 |
| Gain on Sale of Fixed Assets | | - | 42,181 |
| | | 25,733,128 | 20,726,731 |

**40.00 Net Operating Cash Flow****Under Direct method:****Revenue**

Opening Trade Debtors

Closing Trade Debtors

Interest on FDR

Bangladesh Bank Cash Assistance on Export

Collection from Sales and Others

Cost of Goods Sold

Administrative & Selling Expenses

Depreciation

Interest on LTR & STF Loan

AIT Paid at Port (Import / export Stage & Vehicles)

AIT Refund

WPPF Disbursed to Beneficiary

Foreign Exchange Gain/(Loss)

Provision for Expenses

(Increase)/Decrease in Inventories

Increase/(Decrease) in Other Current Liabilities

(Increase)/Decrease in Other Current Assets

Payment to Suppliers, Employees and Others**Net Cash Flows from Operating Activities**

| Amount in Taka | |
|------------------------|------------------------|
| 30 June 2021 | 30 June 2020 |
| 4,487,233,362 | 3,432,956,238 |
| 731,489,986 | 510,673,198 |
| 5,218,723,348 | 3,943,629,436 |
| (1,168,475,262) | (731,489,986) |
| 4,050,248,086 | 3,212,139,450 |
| 15,065,196 | 11,133,845 |
| 8,259,753 | 6,422,840 |
| 4,073,573,035 | 3,229,696,135 |
| (3,764,486,550) | (2,830,771,919) |
| (235,245,683) | (201,998,634) |
| 189,946,064 | 219,249,449 |
| (171,780,000) | (153,685,130) |
| (197,920,739) | (128,933,090) |
| - | 195,122,655 |
| (10,017,062) | (8,926,826) |
| (3,518,595) | (2,053,928) |
| (6,952,712) | (8,237,922) |
| (66,664,939) | (152,720,079) |
| 8,609,772 | 25,812,502 |
| (95,106,028) | 60,472,058 |
| (4,353,136,472) | (2,986,670,865) |
| (279,563,437) | 243,025,271 |

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 increase of Accounts Receivable, Short Term Loan interest, AIT paid during the year and also the AIT Refund is Nil which was Tk.19.51 crore during the previous year.

41.00 Director's Remuneration and Perquisites

Mr. Riad Mahmud

| | |
|------------------|------------------|
| 1,440,000 | 1,440,000 |
| 1,440,000 | 1,440,000 |

42.00 Capacity Utilization

| Capacity of Production in M. Ton per year | Utilization (MT) | | Rate | |
|---|------------------|--------------|--------------|--------------|
| | 30 June 2021 | 30 June 2020 | 30 June 2021 | 30 June 2020 |
| (Installed Capacity 58,000 M. Ton Current year, Last year 45,000 M.Ton) | 51,120 | 38,922 | 88.14% | 86.49% |

43.00 Contingent Liability:

(I) There was no contingent liability as on 30 June, 2021.

(II) There was no claim against the company, not acknowledged as debt as on 30 June, 2021.

(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.

44.00 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.

| Related Party & Relationship | Nature of Transactions | Total Transaction 2020-2021 | Outstanding Balance | |
|--|-------------------------------------|-----------------------------|----------------------|-------------------|
| | | | 2020-2021 | 2019-2020 |
| Mr. Riad Mahmud, Managing Director (Note- 30.00) | Remuneration | 1,440,000 | 120,000 | 120,000 |
| Directors Board Meeting Fees | | 373,570 | - | - |
| National Fittings & Accessories Limited, Npolymer Construction Limited Common Management (Note- 19.00 & 24.00) | Inter-Company Loan Payable Movement | | - | - |
| | Opening Balance | 51,900,313 | - | - |
| | Received during the year | 1,900,000,000 | - | - |
| | Paid during the year | (336,900,313) | 1,615,000,000 | 51,900,313 |
| | | | 1,615,120,000 | 52,020,313 |

45.00 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 2021 as against Nil in 2020

The number of employees engaged for the whole year
The number of Board of Directors

| | |
|---------------------|-------------------|
| 1,007 Person | 833 Person |
| 6 Person | 6 Person |
| 1,013 Person | 839 Person |



Thank
you



NATIONAL POLYMER INDUSTRIES LTD.

NPOLY HOUSE: GA-99/3, Pragati Shoroni, Middle Badda, 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 34th Annual General Meeting (AGM) of the Company to be held on Wednesday, December 22, 2021 at 11:00 AM in the Digital Platform and/or at any adjournment thereof.

As witness my hand thisday of2021



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.



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www.nationalpolymer.net



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