

RIGHTS SHARE OFFER DOCUMENT

Date:

Rights Offer of **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, totaling Tk. **547,377,510.00** offered on the basis of **01(One)[R]:01(One)** i.e. One Rights Share against 01 (One) existing share held on the record date after considering 22% stock dividend for the year 2019.

SUBSCRIPTION
Opens on:
Closes on:
(Within Banking hours)

Credit Rating Status		
	Long Term	Short Term
Entity Rating	A+ (Single A Plus)	ST-2
Outlook	Stable	
Date of Rating	February 10, 2020	
Validity of Rating	February 09, 2021	
Rating assigned by: National Credit Ratings Limited		

Record Date:

MANAGER TO THE ISSUE



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(Previous 62-63, Motijheel C/A), Dhaka-1000
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Web-site: www.aaafinancebd.com, E-mail: info@aaafinancebd.com

FULLY UNDERWRITTEN BY	
AAA Finance & Investment Ltd. Amin Court (4th Floor), Suite 403-405, 62-63, Motijheel C/A, Dhaka 1000	Swadesh Investment Management Limited UTC Building, 11th Floor 8, Panthapath, Kawran Bazar, Dhaka-1215
Banco Finance and Investment Limited Shefali Complex (4th Floor), 218/3/A, West Kafur, Sher-e-Bangla Nagar Dhaka-1207	Prime Bank Investment Ltd. Tajwar Center (5th Floor), House: 34, Road No: 19/A Banani, Dhaka-1213
Uttara Finance Capital Management Limited JBC Tower (6th Floor), 10 Dilkusha C/A Dhaka-1000, Bangladesh	



National Polymer Industries Limited

UDAY TOWER

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

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E-mail: info@nationalpolymer.net, Website: www.nationalpolymer.net

As per provision of the Depository Act, 1999 and regulation made there under, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account number in the application form.

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DEFINITION AND ELABORATION OF THE ABBREVIATED WORDS AND TECHNICAL TERMS USED IN THE RIGHTS SHARE OFFER DOCUMENT

AAA	:	AAA Finance & Investment Limited
Allotment	:	Allotment of Share
BB	:	Bangladesh Bank
BSEC	:	Bangladesh Securities and Exchange Commission
CAGR	:	Cumulative Average Growth Rate
CDBL	:	Central Depository Bangladesh Ltd.
Commission	:	Bangladesh Securities and Exchange Commission
Companies Act	:	Companies Act, 1994 (Act. No. XVIII of 1994)
CSE	:	Chittagong Stock Exchange Limited
DSE	:	Dhaka Stock Exchange Limited
EPS	:	Earnings Per Share
GoB	:	Government of Bangladesh
ICB	:	Investment Corporation of Bangladesh
Issue	:	Rights Issue
Issue Manager	:	AAA Finance & Investment Ltd.
Issuer Company	:	National Polymer Industries Ltd.
NAV	:	Net Assets Value
NPOLY	:	National Polymer Industries Limited
Offering Price	:	Price of the Securities of National Polymer Industries Ltd.
Registered Office	:	Head Office of the Company
RI	:	Rights Issue
Rights Issue Rule	:	Securities and Exchange Commission (Rights Issue) Rules, 2006
ROD	:	Rights Offer Document
RJSC	:	Registrar of Joint Stock Companies & Firms
Securities	:	Shares of National Polymer Industries Ltd.
Securities Market	:	The Share Market of Bangladesh
Sponsor	:	The Sponsor Shareholder of National Polymer Industries Ltd.
Stockholder	:	Shareholder
Subscription	:	Application Money

National Polymer Industries Limited

UDAY TOWER

Plot#57 & 57/A (2nd Floor), Gulshan Avenue, Gulshan
Dhaka-1212, Bangladesh

RIGHTS ISSUE OF SHARES

Date:

Dear Shareholder(s)

We are happy to offer you an opportunity to participate in Rights Issue of Shares of National Polymer Industries Limited. The honorable shareholders of NATIONAL POLYMER INDUSTRIES LIMITED in the 7th Extra Ordinary General Meeting held on 15 October 2019 approved as issuance of One Rights Share against One existing shares held on the record date (1R:1) at an issue price of Tk.15.00 each including a premium of Tk.5.00 per share.

The demand for products of National Polymer Industries Ltd. is increasing day by day and it needs to further increase and strengthen the production capacity of its plant. The purpose of issuance of Rights Shares is to support the proposed expansion of the company (land purchase, land development and capital machinery import), finance the increased working capital need and make loan repayment. It is hereby stated that after the completion of the proposed rights issue, the paid-up capital of the company will stand at BDT 729,836,690.

With the passage of time, NATIONAL POLYMER has completed another accounting year 2018-2019, and today the company is one of the leading polymer companies in the private sector of Bangladesh, contributing significantly to the national economy. The Board of Directors recommended 22.0% stock dividend for the year 2018-2019. Due to satisfactory growth of business activities, the Company has earned an Operating Income of BDT 351.52 million for the year ended on 30 June 2019. This extraordinary success has been achieved through efficient conduct of investible funds by the management, under the direction of the Board of Directors as well as patronization and active participation of all our valued shareholders and customers.

To maintain further growth and increase the capital base of your NATIONAL POLYMER, we hope, you would come forward with your full support and assistance to make the offer a success.

A self-explanatory Rights Share Offer Document prepared in the light of the Securities and Exchange Commission (Rights Issue) Rules, 2006 of the Bangladesh Securities and Exchange Commission is enclosed for your kind information and evaluation.

On behalf of the Board of Directors,

Sd/-

Riad Mahmud

Managing Director & CEO

Corporate Directory & Background

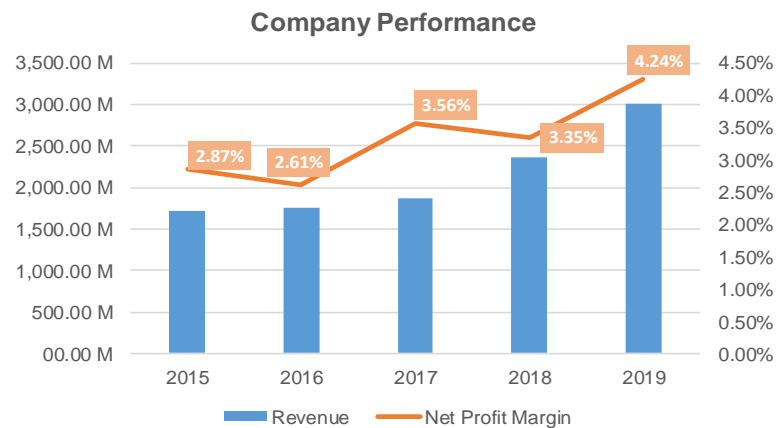
Registered Name	National Polymer Industries Limited
Date of Incorporation	June 26, 1987
Legal Status	National Polymer Industries Limited (the “Company”) was incorporated under the Companies Act 1994 as a Public Company Limited by shares.
Date of Listing	Shares are listed in the Stock Exchange (both in Dhaka and Chittagong Stock Exchange Ltd.) in Bangladesh during the year 1991 and 1995 respectively.
Authorized Capital	BDT 3,000,000,000
Paid up Capital	BDT 364,918,350 (after accounting for 22% stock dividend)
Statutory Auditor	Mahfel Huq & Co, Chartered Accountants 4th Floor, BGIC Tower, 34 Topkhana Road, Dhaka 1000
Tax Consultants	Amin Uddin and Associates Home Tech Tower (1 st Floor) 100, Azimpur Road, Dhaka-1205, Bangladesh
Legal Advisor	Mr. Reazul Karim, Barrister Advocate, Supreme Court of Bangladesh Apt. # 2, House # 88, Road # 17/A Block # E, Banani, Dhaka-1213
Rating Agency	National Credit Ratings Ltd Pitom-Zaman-Amit Tower (8th Floor) 37/2, Puran Paltan (Box Calvert Road), Dhaka 1000
Corporate Governance Auditors	Shafiq Mizan Rahman & Augustine Chartered Accountants Jahanara Gardens Rd, Dhaka 1215
Manager to the Rights Issue	AAA Finance & Investment Ltd Amin Court, 4th Floor (Suite # 403-405) 31, Bir Uttam Shahid Ashfaqueus Samad Road Dhaka-1000, Bangladesh
Bankers to the Proposed Rights Issue	Investment Corporation of Bangladesh 8, Rajuk Avenue, BDBL Bhaban, (Level 14 -17), Dhaka-1000 BRAC Bank Limited 1, Gulshan Avenue, Dhaka 1212, Bangladesh

THE RIGHTS OFFER

The Company

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

National Polymer Industries Ltd. was incorporated as a Public Limited Company in 1987 and started its commercial operation during the same year. The Company has been listed with DSE in 1991 and CSE in 1995 respectively. Being a listed company with the Stock Exchanges, it has a good track record and maintains its status as “A” category Company in the capital market. At present the Company is being operated with a paid-up capital of Tk. 364.92 million against the authorized capital of Tk. 3,000.00 million.



Mission

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

Objective

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

Corporate Philosophy and Business Model

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

introducing much more diversified innovative products and solutions for the valued customers to meet tomorrow's challenges.

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

Quality Policy

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

Information Technology

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

Human Resources

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

Subsidiaries of NPOLY

NPOLY does not have any subsidiary/associate/sister concern.

HIGHLIGHT OF THE RIGHTS OFFER, RISK FACTORS, AND MANAGEMENT PLANS FOR REDUCTION OF SUCH RISK [Rule-8(c)]

The Rights Issue

The Board of Directors of National Polymer Industries Limited in its 158th meeting held on August 29, 2019 recommended Rights Offer of 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, totaling Tk.**547, 377,510.00** offered on the basis of 01(One)[R]:01(One) i.e. One Rights Share against 01 (one) existing share held on the record date. The recommendation of the Board was approved in the 7th Extra Ordinary General Meeting (EGM) held on October 15, 2019. The purpose of issuance of Rights Shares is to support the proposed expansion of the project (land purchase, land development and capital machinery import), finance the increased working capital need and make loan repayment. It is hereby stated that after the completion of the proposed rights issue, the paid-up capital of the company will stand at BDT **729,836,690**.

Issue Price

The Issue Price per share has been fixed in the 7th Extra Ordinary General Meeting of the Company held on October 15, 2019 at Tk.15.00 each including a premium of Tk.5.00 per share, totaling Taka **547,377,510.00** offered on the basis of 01(One) [R]:01(One) i.e., one Rights Share against 01 (One) existing shares held on the record date subject to approval of the Bangladesh Securities and Exchange Commission.

RISK FACTORS AND MANAGEMENT'S PLAN FOR REDUCTION OF SUCH RISKS

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

Industry Risk

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

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

Credit Risk

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

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

Liquidity Risk

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

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

Market Risk

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

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

Exchange Rate Risk

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

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

Interest Rate Risk

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

Mitigation: National Polymer has legal contracts with its banks for fixing up the rate of interest on both near and mid-term borrowings. These contracts are renewed periodically after negotiation with the banks.

NPIL being an excellent borrower to its bank, it also negotiates interest rates downwards if market rate falls below its contract rates. We always keep our keen eyes on interest rate trends in the market with a view to negotiating with the lenders and taking competitive advantage in time.

Technology Related Risk

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

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

Employee Turnover Risk

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

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

DATE OF OPENING AND CLOSING OF SUBSCRIPTION LISTS [Rule-8(d)]

Subscription opens for the rights shares offer on and subscription closes for the rights shares offer on

PURPOSE OF RAISING FUND THROUGH RIGHTS ISSUE [Rule-8(e)]

PURPOSE OF THE RIGHTS ISSUE

The demand for products of National Polymer Industries Ltd. is increasing day by day and it needs to further increase and strengthen the production capacity of its plant. For expanding the business (land purchase, land development and capital machinery import), financing the increased working capital need and making loan repayment, the Company has decided to issue 1:1 Rights Share i.e. 36,491,834 number of ordinary shares of Tk. 15.00 each including a premium of Tk. 5.00 per share totaling Tk. **547.38** Million.

The estimated utilization plan of the fund to be raised through the said Rights Issue is stated below:

Particulars	Amount in Taka
Land Purchase & Land Development	255.00 Million
Bank Loan Re-Payment	109.40 Million
Import of Capital Machineries	110.00 Million
Working Capital	72.98 Million
Total	547.38 Million

Sd/-
Md. Shawkat Ali Miah, FCA
General Manager, Accounts &
Finance and Chief Financial Officer

Sd/-
Md. Abdul Maleque
Company Secretary

Sd/-
Riad Mahmud
Managing Director & CEO

STATEMENT REGARDING DATE OF AGM HELD AND DIVIDEND DECLARED IN THE LAST 5(FIVE) YEARS BY THE COMPANY

Financial Year	Date of Dividend Declaration	Rate (%)		Declared Dividend	
		Cash	Stock	Total Amount (TK.)	Total Paid (Tk.)
2018-2019	15 th Oct 2019	Nil	22%	Nil	65,804,940
2017-2018	20 th Dec 2018	Nil	22%	Nil	53,938,480
2016-2017	21 st Dec 2017	Nil	20%	Nil	40,862,480
2015-2016	15 th Dec 2016	Nil	20%	Nil	34,052,070
2014-2015	15 th Dec 2015	Nil	18%	Nil	25,971,920

NAMES OF SERVICES RENDERED BY THE COMPANY [RULE-8(f)]

Major Product Lines – Pipes, Doors, Fittings, Water Tank, Water Tap and Falls Ceiling

uPVC Pipes and fittings:

National Polymer is a renowned manufacturer of uPVC (Unplasticized Polyvinyl Chloride) Piping Systems in Bangladesh, it has continued to progress successfully in developing many export markets. Our comprehensive range of quality uPVC Pipes and Fittings are manufactured in accordance to requirements of British Standard BS3505, ISO 4422 & 4065 and Singapore Standard SS213. Constant care is taken to maintain these high standards of quality for all our products.

It is now accepted that there are many economic advantages when uPVC pipes and fittings are used. They are lightweight, resistant to a wide variety of chemicals, do not support combustion, they are impervious to bacteria and fungi attack and are not subject to all acrolithic corrosion. The fittings have a high impact strength which helps to prevent damage during handling or assembly. All parts assembling is done easily and using the simple technique of cold solvent comment welding bends pipes jointing with the use of seal ring joints to accommodate thermal movement there will be considerable economy in labor and materials.

uPVC pipes are the most important part for Tube-well, Sallow & Deep boarding, irrigation, City water supply connection, Sewer, waste & rain water (SWR) applications, Plumbing and electric conduit applications. National Polymer has variety uPVC pipes in different uses categories to meet demand of consumer. At present uPVC pipes are used worldwide for Tube well, Shallow pump, Tara pump & deep tube well, irrigation, City water supply connection. GI, SS pipes are used in several years back, after introducing uPVC Pipe uses of GI and SS pipe has been stopped. uPVC Pipe durability is high. Price is affordable.

Classification of uPVC pipes

Substantially uPVC pipes and fittings are two classes depending on application:

A. Pressure class pipe

B. Non-pressure class pipe

A. Pressure class pipe

- ½” to 24.0” BS Standard uPVC Pipes for safe drinking water and general purpose
- 20mm to 630mm ISO Standard pipe
- ½” to 2.0” uPVC Plumbing Pipes
- Ribbed & Roboscreen Filter
- Plain Slotted Filter

B. Non-pressure class pipe:

- 20mm to 630mm ISO Standard uPVC SWR Pipes
- ½” to 1.25” uPVC Electric Conduit Pipes

uPVC pipes Jointing System:

Below mentioned three jointing systems are popular for uPVC pipes:

- Solvent cement joint
- Rubber ring joint
- Threaded joint

Features:

- | | |
|---|--------------------------------------|
| • Virgin material | • Light weight |
| • Accurate thickness and length | • Cheaper Price |
| • Made in accordance BS-3505& ISO 4422-2 standard | • Easy to install |
| • Low cost and long service life | • Chemical resistance |
| • Online auto bellling machine | • High tensile & impact Strength |
| • Online auto slotting machine | • Corrosion free & Low friction Loss |
| • High pressure resistance | • High Longevity |
| • Corrosion resistance | |

Applications

These uPVC pressure pipes are widely used in:

- | | |
|--|----------------------------|
| • Sewer, waste & rain water systems | • Industrial process lines |
| • Water supply system & buried pipelines | • Plumbing |
| • Tube wells installation & Irrigation purpose | • Firefighting mains etc. |
| • Conduit & Cable ducting purpose | • PVC Filter pipes |
| • Industrial sewerage line installation | |
| • Agriculture | |

uPVC Filters

Filter is the most important part for extracting undergrounding water and irrigation activities. Rural people are heavily using different types of Tube wells & water extracting activities. NPOLY has variety of quality uPVC Filters in different categories to meet consumer demand. Nowadays PVC Filter are worldwide used for Tube well, Shallow pump, Tara pump & deep tube well.

Features:

- Accurate slot
- Slot cuttings by automatic machine
- Largest diameter of uPVC filter (Up to 18")

JUSTIFICATION FOR THE ISSUE PRICE OF RIGHTS SHARES [Rule-8(g)]

The issue price at BDT 15.00 each including a premium of BDT 5.00 each is justified as per guidelines set by the BSEC. Details are as below:

Net Assets Value per Share

The Rights Offer of the ordinary shares of BDT 15.00 has been determined by assessing the Net Assets Value. The Net Assets Value (NAV) per share based on audited accounts as on June 30, 2019 stands at BDT 38.98. The detailed calculations are as follows:

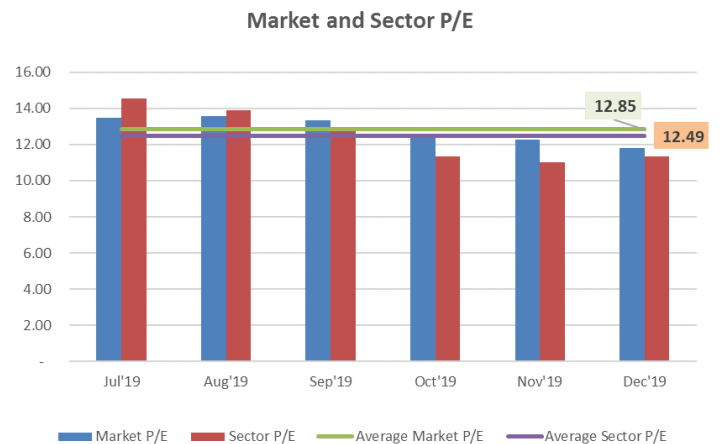
Particulars	As of June 30, 2019 (Figures in BDT)
Paid up capital	299,113,400
Share premium	134,000,000
Assets revaluation reserve	496,260,922
Retained earnings	236,533,669
Total shareholders' equity	1,165,907,991
Outstanding no. of ordinary shares (After considering 22% stock dividend for the year 2018-19)	36,491,835
Net Asset Value per share considering asset revaluation reserve	31.95
Net Asset Value per share without considering asset revaluation reserve	18.35

Earning Based Value per Share

Earnings per share of National Polymer Industries Ltd. stands at BDT 4.25 and net profit after tax is BDT 127.21 million as per audited accounts for the year ended June 30, 2019. In calculating the historical earnings-based value, previous five years' net profit after tax, no. of shares outstanding and EPS as per audited accounts of respective years are as follows:

Financial year	No. of outstanding shares	Weight (%)	Net Profit After Tax	Weighted Net Profit After Tax
2015	14,428,845	12.78%	45,917,858	5,868,630.12
2016	17,026,037	15.08%	48,945,858	7,381,643.52
2017	20,431,244	18.10%	66,741,633	12,078,560.76
2018	24,517,492	21.72%	79,350,886	17,232,622.40
2019	36,491,835	32.32%	127,207,270	41,117,924.45
Total	112,895,453	100.00%	368,163,505	
a. Weighted Net Profit After Tax from 2015 to 2019				83,679,381.26
b. Number of shares After considering 22% stock dividend for the year 2018-19				36,491,835
c. Weighted average earnings per share (a/b)				2.29
d. Average sector PE for the last 6 months (Jul'19- Dec'19)				12.49
e. Average market PE for the last 6 months (Jul'19- Dec'19)				12.85
f. Earnings based value per share (Tk.) (c*d) [Lower of sector PE and Market PE considered]				28.64

Average P/E of Market and Engineering Sector		
Month	Market	Engineering
Jul'19	13.46	14.56
Aug'19	13.59	13.90
Sep'19	13.36	12.78
Oct'19	12.61	11.35
Nov'19	12.26	11.01
Dec'19	11.80	11.34
Average	12.85	12.49

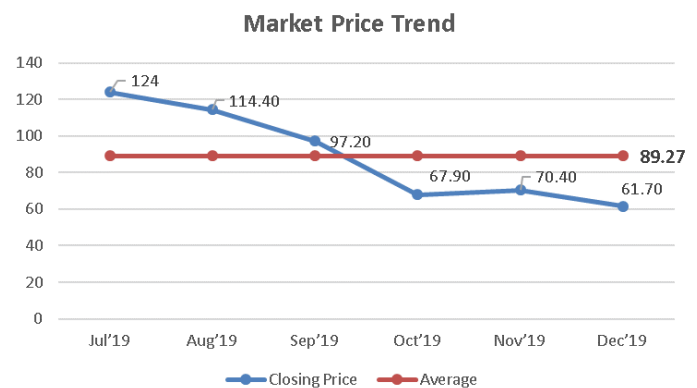


*Calculation of relevant P/E multiple: (Source: DSE M

Average Market Price

Market price of the share of National Polymer Industries Ltd. at the last trading day of preceding six months (Jul'19- Dec'19) has been presented in the following table. The price of the shares remained much higher during the period under review than the issue price of BDT 15.00 per share (including premium of BDT 5.00 per share). The average price of preceding six months (Jul'19- Dec'19) stands at **BDT 89.27**

Month	Market price in BDT
Jul'19	124.00
Aug'19	114.40
Sep'19	97.20
Oct'19	67.90
Nov'19	70.40
Dec'19	61.70
Average	89.27



(Source: DSE Data Archive, Closing price)

Justification of offering price under different Methods

Name of Method	Amount in BDT
Net Assets Value per Share with Assets Revaluation Reserve	31.95
Net Assets Value per Share without Assets Revaluation Reserve	18.35
Earning Based Value per Share	28.64
Average Market Price	89.27

**CASH FLOWS STATEMENT, PROFIT AND LOSS ACCOUNT, BALANCE SHEET,
CHANGES IN EQUITY AND NOTES TO THE ACCOUNTS OF THE ISSUER, TOGETHER
WITH CERTIFICATE FROM THE AUDITORS AS IN FORM-C [RULE-8(h)]**

**Auditor's Report to the Shareholders of
National Polymer Industries Limited**

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 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.

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

<p>Overall, the legal provision represents the company's best estimate for existing legal matters that have a probable and estimable impact on the company's financial position.</p>	<p>amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the company's provisions and contingent liabilities disclosure</p>
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<p>Revenue recognition</p>	
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<p>At year end the company reported total revenue of BDT [3,000,007,744].</p> <p>Revenue is measured net of discounts, incentives and rebates earned by customers on the company's sales. Within a number of the company's markets, the estimation of discounts, incentives and rebates recognized based on sales made during the year is material and considered to be complex and judgmental. Therefore, there is a risk of revenue being misstated as a result of faulty estimations over discounts, incentives and rebates.</p> <p>There is also a risk that revenue may be overstated due to fraud through manipulation of the discounts, incentives and rebates recognized resulting from the pressure local management may feel to achieve performance targets.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • 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. • 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.
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<p>Valuation of Inventory</p>	
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<p>The company had inventory of BDT [837,361,404] at [1st July 2018], held in distribution centers, warehouses and numerous branches, and across multiple product lines.</p> <p>Inventory value is measured at the lower of cost and net realizable value. As a result, the Directors apply judgment in determining the appropriate values for value in use and working progress.</p> <p>Closing Inventory is net of a provision of BDT</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
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<p>[1,081,447,816] which is primarily driven by comparing the level of inventory held to future projected sales.</p> <p>The provision is calculated within the company's accounting systems using an automated process. Where local systems require manual interfaces and inputs, there is a risk that inappropriate management override and/or error may occur.</p>	<p>the associated provision to assess whether inventory provisions are complete; and</p> <ul style="list-style-type: none"> • 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.
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Reporting on other information

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Report on other Legal and Regulatory Requirements

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

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

Place: Dhaka
Dated: August 29, 2019

Sd/-
Mahfel Huq & Co.
Chartered Accountants

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

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

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

Sd/-
Chairman

Sd/-
Managing Director
Signed as per our report of same date

Sd/-
Company Secretary

Dhaka,
Dated: August 29, 2019

Sd/-
Mahfel Huq & Co.
Chartered Accountants

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

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

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

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Company Secretary

Signed as per our report of same date

Dhaka,
Dated: August 29, 2019

Sd/-
Mahfel Huq & Co.
Chartered Accountants

National Polymer Industries Limited

Statement of Changes in Equity

For the year ended 30 June 2019

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

National Polymer Industries Limited

Statement of Changes in Equity

For the year ended 30 June 2018

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

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

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Company Secretary

Signed as per our report of same date

Dhaka,
Dated: August 29, 2019

Sd/-
Mahfel Huq & Co.
Chartered Accountants

National Polymer Industries Limited

Statement of Cash Flows

For the year ended 30 June 2019

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

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

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Company Secretary

Signed as per our report of same date

Dhaka,
Dated: August 29, 2019

Sd/-
Mahfel Huq & Co.
Chartered Accountants

National Polymer Industries Limited

Notes to the Financial Statements

For the year ended 30 June, 2019

1. Reporting Entity

1.1 Profile of the Company

1.1.1 Legal Status of the Company

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

1.1.2 Address of Registered Office and Principal Place of Business

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

1.1.3 Nature of Business

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

1.1.4 Number of Employees:

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

2. Structure, Content and Presentation of Financial Statements

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

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

3. Significant Accounting Policies

3.1 Basis of Measurement of Elements of Financial Statements

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

3.2 Reporting Period

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

3.3 Statement on Compliance With Local Laws

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

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

3.4 Going Concern

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

3.5 Accrual Basis

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

3.6 Use of Estimates and Judgments

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

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

3.7 Property, Plant & Equipment (PPE)

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

Subsequent Costs

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

Depreciation

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

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

Retirements and Disposals

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

3.8 Accrual basis Capital work in progress:

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

3.9 Application of Standards

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

Name of the Accounting Standards	Ref.	Status
First-time adoption of International Financial Reporting Standards	IFRS-1	Not applicable
Share Based Payment	IFRS-2	Not applicable
Business Combinations	IFRS-3	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not applicable
Financial Instruments: Disclosures	IFRS-7	Applied
Operating Segments	IFRS-8	Not applicable
Financial Instruments	IFRS-9	Applied

Consolidated Financial Statements	IFRS-10	Not applicable
Joint Arrangements	IFRS-11	Not applicable
Disclosure of Interest in other Entities	IFRS-12	Not applicable
Fair Value Measurement	IFRS-13	Not applicable
Regulatory Deferral Accounts	IFRS-14	Not applicable
Revenue from Contracts with Customers	IFRS-15	Applied
Leases	IFRS-16	Not applicable
Insurance Contracts	IFRS-17	Not applicable
Presentation of Financial Statements	IAS-1	Applied
Inventories	IAS-2	Applied
Statement of Cash Flows	IAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	IAS-20	Applied
The Effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Applied
Related Party Disclosures	IAS-24	Applied
Investments in Associates	IAS-28	Not applicable
Financial instruments: Presentation	IAS-32	Applied
Earnings per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Applied
Intangible Assets	IAS-38	Not Applicable
Financial instruments: Recognition and Measurement	IAS-39	Applied
Investment Property	IAS-40	Not applicable
Agriculture	IAS-41	Not applicable

3.10 Inventory

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

3.11 Financial Instruments:

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

i) Financial Assets::

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

i.(a) Accounts Receivables:

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

i.(b) Cash and Cash Equivalents:

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

Other Current Assets:

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

ii) Financial Liabilities:

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

ii.(a) Finance Lease Obligation:

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

ii.(b) Loans and Borrowings:

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

ii.(c) Accounts Payables:

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

3.12 Impairment:**i. Financial Assets**

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

ii. Non-Financial Assets

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

3.13 Taxation

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

i. Current Taxation

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

ii. Deferred Taxation

The company does not require to compute deferred tax on PPE, because it charges depreciation as per method, conditions and rate/s as specified in the 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.

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

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 IAS 21 "The Effects of Changes in Foreign Exchange Rates".

3.17 Provisions, Accrued Expenses and Other Payables

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

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

3.18 Contingent Liabilities

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

3.19 Revenue (Turnover) From Sales

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

Revenue Recognition

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

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

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

3.20 Borrowing Cost:

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

3.21 Earnings Per Share:

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

3.22 Basic Earnings / Loss:

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

3.23 Diluted Earnings Per Share:

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

3.24 Statement of Cash Flows:

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

3.25 Dividend for the Year:

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

3.26 Events After the Reporting Period:

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

3.27 Post Closing Events

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

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

3.28 Human Resources

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

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

iii. Compliance with the International Accounting Standards (IAS):

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

3.32 Authorization for Issue:

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

3.33 Segment Reporting:

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

3.34 Comparative Information:

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

3.35 Offsetting:

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

3.36 Materiality and Aggregation:

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

3.37 Reporting Currency

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

3.38 Directors' Responsibility Statement

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

3.39 Risk Management

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

3.40 General

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

National Polymer Industries Limited
For the year ended 30 June 2019

Note 4: Property, Plant and Equipment

Assets Category	COST (Taka)				DEPRECIATION (Taka)					Written Down	Written Down
	As on 01.07.2018	Additions during the period	Adjustment/ Sales during	As on 30.06.19	Dep. Rate	Cumulative as on 01.07.18	Charged during the Period	Adjustment/ Sales during the period	Cumulative as on 30.06.19	30.06.2019	30.06.2018
Land & Land Dev.											
Cost	26,901,064	1,850,000	-	28,751,064	-	-	-	-	-	28,751,064	26,901,064
Revaluation	575,745,936	-	-	575,745,936	-	-	-	-	-	575,745,936	575,745,936
Factory Buildings	116,915,738	73,150,608	-	190,066,346	20.0%	63,245,122	16,307,211	-	79,552,333	110,514,013	53,670,616
Godown Sheds	30,524,820	-	-	30,524,820	10.0%	21,790,178	873,464	-	22,663,642	7,861,178	8,734,642
Plant & Machinery	1,314,725,549	292,192,192	-	1,606,917,741	20.0%	621,251,409	165,760,975	-	787,012,384	819,905,357	693,474,140
Local Machinery	32,135,174	-	-	32,135,174	20.0%	25,516,408	1,323,753	-	26,840,161	5,295,013	6,618,766
Office Sheds	1,637,007	-	-	1,637,007	10.0%	1,153,969	48,304	-	1,202,273	434,734	483,038
Machine Shed	194,754	-	-	194,754	10.0%	135,761	5,899	-	141,660	53,094	58,993
Steel Rack	459,095	-	-	459,095	10.0%	305,403	15,369	-	320,773	138,322	153,692
Factory Laboratory	179,420	-	-	179,420	20.0%	169,409	2,002	-	171,411	8,009	10,011
Administrative Shed	2,359,169	-	-	2,359,169	10.0%	1,836,187	52,298	-	1,888,485	470,684	522,982
Factory Boundary Wall	4,045,053	-	-	4,045,053	10.0%	2,926,250	111,880	-	3,038,130	1,006,923	1,118,803
Gas Generator	55,544,726	-	-	55,544,726	20.0%	44,692,444	2,170,456	-	46,862,900	8,681,826	10,852,282
Diesel Generator	26,974,764	-	-	26,974,764	20.0%	20,613,383	1,272,276	-	21,885,659	5,089,105	6,361,381
Titas Gas Installation	2,288,132	-	-	2,288,132	10.0%	1,527,762	76,037	-	1,603,799	684,333	760,370
Furniture & Fixtures	7,030,368	100,605	-	7,130,973	10.0%	3,322,013	375,858	-	3,697,871	3,433,102	3,708,355
Vehicles	90,392,123	18,562,490	-	108,954,613	20.0%	59,958,858	6,400,517	-	66,359,375	42,595,238	30,433,265
Office Equipment	36,345,061	6,759,011	-	43,104,072	20.0%	20,606,192	3,771,597	-	24,377,789	18,726,283	15,738,869
Total	2,324,397,953	392,614,906	-	2,717,012,859		889,050,748	198,567,897	-	1,087,618,645	1,629,394,214	1,435,347,205

As at 30 June 2018	1,790,984,160	533,413,793	-	2,324,397,953	-	757,419,487	131,631,261	-	889,050,748	1,435,347,205	1,033,564,673
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Depreciation allocated to :

Cost of Goods Sold	188,019,926
Administrative Expenses	10,547,971
	198,567,897

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

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

(Details in Note - 3.7, 4)

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

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

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

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

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

8.00 Accounts Receivables		
Receivables Against Sales	510,673,198	321,303,128
	510,673,198	321,303,128

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

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

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

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

9.00 Accrued Interest Receivable on FDR	Interest Rate	Maturity Date		
Uttara Finance & Investment Ltd.	10.25%	31 May 2020	911,400	-
IPDC Finance Limited	11.00%	28 May 2020	25,212	-
			936,612	-

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

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

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

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

11.00 Advance Income Tax

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

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

12.00 Cash & Cash Equivalents

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

12.01 Cash at Bank

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

	30 June 2019	30 June 2018
	Amount (TK)	Amount (TK)
13.00 Share Capital		
Authorized:		
50,000,000 Ordinary Shares of Taka 10 each	500,000,000	500,000,000
Issued, Subscribed and Paid-up:		
I) 134,0000 Ordinary Shares of Taka 10 each	13,400,000	13,400,000
II) 134,0000 Rights Shares of Taka 10 each (1:1)	13,400,000	13,400,000
III) 536,0000 Rights Shares of Taka 10 each (1:2)	53,600,000	53,600,000
IV) 6,388,845 Bonus Shares of Taka 10 each	63,888,450	63,888,450
V) 2,597,192 Bonus Shares of Taka 10 each	25,971,920	25,971,920
VI) 3,405,207 Bonus Shares of Taka 10 each	34,052,070	34,052,070
VII) 4,086,248 Bonus Shares of Taka 10 each	40,862,480	40,862,480
VIII) 5,393,848 Bonus Shares of Taka 10 each	53,938,480	-
	299,113,400	245,174,920

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

Name wise shreholding position of Sponors/ Directors:

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

Classification of Shareholders by holding:

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

	30 June 2019	30 June 2018
	Amount (TK)	Amount (TK)
14.00 Share Premium		
Total 536,000 Shares of Taka 250 each	134,000,000	134,000,000
	134,000,000	134,000,000

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

15.00 Revaluation Reserve		
Opening Balance	496,260,922	496,260,922
Land Revalued during this year	-	-
	496,260,922	496,260,922
Deferred Tax on Land Revaluation	-	-
	496,260,922	496,260,922

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

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

	30 June 2019	30 June 2018
	Amount (TK)	Amount (TK)
17.00 Long Term Loan		
Standard Chartered Bank		
Opening Balance	420,195,181	166,824,391
Add : Received during the year	-	313,035,000
Paid during the year	(126,743,140)	(59,664,210)
	293,452,041	420,195,181
Current Maturity within one year	(128,789,533)	(126,743,138)
	164,662,508	293,452,043
Eastern Bank Ltd		
Opening Balance	97,944,233	36,773,612
Add : Received during the year	181,296,811	82,025,670
Paid during the year	(31,999,699)	(20,855,049)
	247,241,345	97,944,233
Current Maturity within one year	(55,126,359)	(26,151,397)
	192,114,986	71,792,836
Jamuna Bank Ltd.		
Opening balance	15,097,186	-
Received during the year	109,915,002	15,933,000
Paid during the year	(10,163,100)	(835,814)
	114,849,088	15,097,186
Current Maturity within one year	(20,736,854)	(2,626,172)
	94,112,234	12,471,014
Mutual Trust Bank Ltd.		
Opening balance	28,580,568	-
Received during the year	-	29,700,000
Paid during this year	(28,580,568)	(1,119,432)
	-	28,580,568
Current Maturity within one year	-	(4,808,951)
	-	23,771,617
Uttara Finance & Investment Limited		
Opening balance	-	-
Received during the year	300,000,000	-
Paid during this year	(11,721,864)	-
	288,278,136	-
Current Maturity within one year	(56,718,178)	-
	231,559,958	-
Long Term Loan - (Current Maturity)		
Standard Chartered Bank	128,789,533	126,743,138
Eastern Bank Ltd	55,126,359	26,151,397
Jamuna Bank Ltd.	20,736,854	2,626,172
Mutual Trust Bank Ltd.	-	4,808,951
Uttara Finance & Investment Limited	56,718,178	-
	261,370,924	160,329,658
Long Term Loan - (Non-current Maturity)		
Standard Chartered Bank	164,662,508	293,452,043
Eastern Bank Ltd	192,114,986	71,792,836
Jamuna Bank Ltd.	94,112,234	12,471,014
Mutual Trust Bank Ltd.	-	23,771,617
Uttara Finance & Investment Limited	231,559,958	-
	682,449,686	401,487,510

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

Security against Facilities

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

18.00 Deferred Tax Liability

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

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

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

30 June 2019	30 June 2018
Amount (TK)	Amount (TK)
529,900,095	529,900,095
79,485,014	79,485,014

19.00 Short Term Loan**LTR**

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

STF

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

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

Security against Facilities

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

20.00 Bank Overdraft

Standard Chartered Bank	13,028,114	-
Eastern Bank Limited	18,951,664	13,477,522
Jamuna Bank Limited	183,219,704	93,281,385
Mutual Trust Bank Limited	-	37,097,543
One Bank Limited	-	92,498,282
	215,199,482	236,354,732

Name of Institute	Branch	Account No.	Sanction No.	Expiry Date
Standard Chartered Bank	Motijheel	1124925801	A14/10593993/BD3 KU9Q5	26.11.2019
Eastern Bank Limited	Principal	1012040000477	Cr.Admn.(Dhaka 0100628)-RAJ/0280/2019	31.01.2020
Jamuna Bank Limited	Gulshan	00100133005600	JBL/HO/CRMD/2018/2384	30.09.2019

21.00 Accounts Payable

Payable against Carriage Outwards	1,564,063	1,251,250
Gratuity Payable	1,823,200	2,485,690
Gas Bill Payable	4,513,304	2,376,148
Employees Provident Fund	957,936	788,590

Mobile Bill Payable	397,492	356,009
Directors Remuneration Payable	120,000	195,000
Godown Rent	42,000	24,000
AGM Venue Charge	30,000	-
Electricity Bill	48,592	-
Unclaimed Dividend	160,154	160,154
	9,656,741	7,636,841

22.00 Inter-Company Loan

Npolymer Construction Limited (Note-39)

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

23.00 Provision for Expenses

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

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

24.00 WPPF & Welfare Fund

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

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

25.00 Provision for Taxation

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

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

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

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

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

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

Quantity (MT)- Finished Goods

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

27.00 Cost of Goods Sold

Note

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

27.01 Raw Material Used in Production

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

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

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

27.03 Manufacturing Overhead

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

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

28.00 Administrative, Selling and Distribution Expenses

Administrative Expenses:

Salary & Allowances	73,563,729	56,625,496
Managing Directors' Remuneration & Perquisites	1,440,000	2,120,000
Directors' Board Meeting Fees	218,000	256,875
AGM Venue Charge	25,000	130,000
Audit Fees	95,000	112,500
Annual Listing Fees of DSE & CSE	567,620	-
Conveyance	289,730	157,035
Credit Rating Service	90,000	-
Depreciation	10,547,971	11,383,612
Electric, WASA Bills, GAS Bills & Maintenance	1,241,991	993,593
Employer's Contribution Recognized Provident Fund	10,255,122	8,398,388
Entertainment	212,093	161,811
Fees & Professional Charges	688,000	106,250
Fuel bills for Vehicle	1,173,263	1,047,458
Group Insurance	794,594	787,044
License Renewal Fee, Rates & Taxes	1,593,453	984,356
Medical Expenses	689,691	1,111,753
Office Equipment Maintenance	46,800	52,000
Office Maintenance	1,666,827	1,483,416
Office Renovation	-	435,778
Office Rent	13,727,880	14,717,700
Papers & Periodicals	13,125	9,893
Postage, Stamp & Courier	168,662	249,071
Printing Expenses	540,602	485,954
Stationery Expenses	264,823	336,096
Telephone & Mobile Bill	1,434,582	1,000,536
Training & Development	90,814	72,651
Vehicle Maintenance	1,075,284	169,201
TDS Expenses	2,854,849	-
VDS Expenses	7,639,292	-
	133,008,798	103,388,467

Selling and Distribution Expenses:

Advertisement & Publicity	1,484,939	7,719,457
Conveyance	434,594	235,553
Entertainment	318,139	242,717
Fuel bills for Vehicle	1,759,895	1,571,188
Godown Rent	420,000	288,000
Incentive	2,085,659	-
Labour Charges (Unload)	5,802,121	3,680,212
Postage, Stamp & Courier	252,994	373,607
Printing Expenses	810,903	728,931
Sales Conference/ Meeting	5,775,937	5,406,277
Stationery Expenses	397,235	504,143
Telephone & Mobile Bill	2,151,872	1,500,803
Tender & Testing Expenses	520,956	496,765
Transport / Carriage Outwards	32,745,899	24,800,365
Traveling Expenses	16,686,941	15,705,238
Vehicle Maintenance	1,612,926	253,801
	73,261,010	63,507,057
	206,269,808	166,895,524

	2018-2019	2017-2018
	Amount (TK)	Amount (TK)
Director's Remuneration and Perquisites		
Mr. Riad Mahmud	1,440,000	1,320,000
Mr. Golam Murshed	-	800,000
	1,440,000	2,120,000
29.00 Other Income		
Bangladesh Bank Cash Assistance on Export	1,697,271	639,272
Interest on Investment	9,336,250	7,500,000
Accrued Interest Receivable on FDR	936,612	-
Foreign Exchange Gain/(Loss)	(1,681,397)	-
	10,288,736	8,139,272
Transactions denominated in foreign currencies are translated into Bangladeshi Taka and recorded at rates of exchange ruling on the date of transaction in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates".		
30.00 Financial Expenses :		
Bank Charges	2,291,240	2,899,381
Accrued Interest on Inter-Company Loan	3,584,550	-
Interest on Short Term Loan :		
Interest on OD	23,660,493	24,223,400
Interest on LTR & STF Loan	56,904,168	51,784,762
	86,440,451	78,907,543
Interest on Long term Loan :		
Interest on Long Term Loan	82,046,797	38,426,492
	82,046,797	38,426,492
Accrued Interest on STL & LTL	14,782,860	-
	183,270,108	117,334,035
31.00 WPPF and Welfare Fund		
Profit before WPPF and Tax	178,536,519	111,369,664
Allocation for WPPF and WF @ 5%	8,926,826	5,568,483
32.00 Provision for Taxation		
Net Profit Before Tax	169,609,693	105,801,181
Provision for Taxation @ 25%	42,402,423	26,450,295
33.00 EPS, NAV and NOCFPS		
Earnings Per Share (EPS)		
Net Profit After Tax	127,207,270	79,350,886
Number of Ordinary Shares Outstanding	29,911,340	29,911,340
	4.25	2.65
Diluted Earnings Per Share (DEPS)		
No DEPS is required to be calculated since there was no scope for dilution of share during the period under review.		
Net Asset Value Per Share (NAV)		
Net Asset Value	1,165,907,991	1,062,094,916
Number of Ordinary Shares Outstanding	29,911,340	29,911,340
	38.98	35.51
Net Operating Cash Flow Per Share (NOCFPS)		
Net Operating Cash Flow	6,482,151	233,090,681
Number of Ordinary Shares Outstanding	29,911,340	29,911,340
	0.22	7.79
34.00 Net Operating Cash Flow		
Under Direct method:		
Revenue	3,000,007,744	2,366,380,577
Add: Opening Trade Debtors	321,303,128	236,667,364
	3,321,310,872	2,603,047,941
Less: Closing Trade Debtors	(510,673,198)	(321,303,127)
	2,810,637,674	2,281,744,814
Interest on FDR	9,336,250	7,500,000
Other Income excluding investment	1,697,271	639,272
Collection from Sales and Others	2,821,671,195	2,289,884,086

Note-34.00

	2018-2019	Jan-00
	Amount (TK)	Amount (TK)
Cost of Goods Sold	(2,442,220,045)	(1,978,920,627)
Administrative & Selling Expenses	(206,269,808)	(166,895,524)
Depreciation	198,567,897	131,631,261
Short Term Loan Increased	104,621,668	235,599,586
Interest on LTR & STF Loan	(101,223,311)	(78,907,543)
AIT Paid at Port (Import / export Stage & Vehicles)	(117,939,325)	(96,329,049)
Tax Deduction at Source (TDS)	(16,885,795)	(15,770,251)
WPPF Disbursed to Beneficiary	(5,568,483)	(4,675,155)
Foreign Exchange Gain/(Loss)	(1,681,397)	-
Provision for Expenses	22,356,201	-
(Increase)/Decrease in Inventories	(244,086,412)	(43,492,186)
Increase/(Decrease) in Other Current Liabilities	2,019,900	(3,839,223)
(Increase)/Decrease in Other Current Assets	(6,880,133)	(35,194,695)
Payment to Suppliers, Employees and Others	(2,815,189,043)	(2,056,793,405)
Net Cash Flows from Operating Activities	6,482,151	233,090,681

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

35.00 Director's Remuneration and Perquisites

Mr. Riad Mahmud	1,440,000	1,320,000
Mr. Golam Murshed	-	800,000
	1,440,000	2,120,000

36.00 Capacity Utilization

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

37.00 Capital Expenditure Commitment:

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

38.00 Contingent Liability:

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

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

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

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

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

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

All of these caeses are stayed till disposal of Rule.

39.00 Related Party Transactions

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

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

Related Party & Relationship	Nature of Transactions	Total Transaction	Outstanding Balance	
			2018-2019	2017-2018
Mr. Riad Mahmud, Managing Director (Note- 35)	Remuneration	1,440,000	120,000	110,000
Mr. Golam Murshed, Chairman	Board Meeting Fees	14,000	-	
Mr. Riad Mahmud, Managing Director	Board Meeting Fees	14,000	-	
Mr. Nuruzzaman Khan, Nominated Director	Board Meeting Fees	80,000	-	
Mr. Rafiqul Islam, Nominated Director (Rtd.)	Board Meeting Fees	20,000	-	85,000
Mr. Mustafizur Rahman Shazid, Independent Director	Board Meeting Fees	30,000	-	
Mr. Jamal Uddin Ahmed, Independent Director	Board Meeting Fees	36,000	-	
Mr. Raquibul Alam, Independent Director	Board Meeting Fees	24,000	-	
Npolymer Construction Limited, Common Management (Note- 22)	Inter-Company Loan Payable	Movement	-	-
	Opening Balance	Nil	-	-
	Received during the year	100,241,004	-	-
	Paid during the year	(20,222,000)	80,019,004	-
			80,139,004	195,000

40.00 Number of Employees Engaged

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

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

812 Person	850 Person
6 Person	5 Person
818 Person	855 Person

41.00 Events after the Balance Sheet Date:

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

Reason/ Clarification for declaration of Bonus shares:

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

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

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

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

FORM- C

[As per Rule 8 (h), 8 (i) and 8 (t) of SEC (Rights Issue) Rules 2006]

Auditors' report to the shareholders

We have audited the accompanying financial statements of National Polymer Industries Ltd. (the "Company") for year ended 30 June 2019 in accordance with the International Standards of Auditing, as applicable in Bangladesh and we state that we have obtained all the information and explanations, which we have required and after due verification thereof, we report that, in our opinion:

- (a) These financial statements have been drawn up in accordance with the requirements of the Securities and Exchange Rules, 1987 as amended, the Company Act, 1994 and other relevant laws where applicable and the International Accounting Standards, as applicable in Bangladesh.
- (b) These financial statements which are in agreement with the books of account of the issuer Company give a true and fair view of the state of its affairs as at 30 June 2019 and of the result of its operation and cash flows for the year then ended.
- (c) Proper books of account have been kept by the Company as required by the relevant laws.
- (d) The expenditure incurred was for the purposes of the issuer Company's business.

We also certify that the above issuer Company has declared the following dividend for each of the following five years immediately preceding the issue of rights share offer document under the Securities and Exchange Commission (Rights Issue) Rules, 2006, and the Company has duly paid off the following amounts of the declared dividend mentioned against respective year:

Financial Year	Date of Dividend Declaration	Rate (%)		Declared Dividend			Total in Taka
		Cash	Stock	Total Amount (TK.)	Stock Dividend Paid to Shareholders' BO Account	Stock Dividend Paid to Suspense BO Account	
2018-2019	15 th Oct 2019	Nil	22%	Nil	6,532,505	47,989	65,804,940.00
2017-2018	20 th Dec 2018	Nil	22%	Nil	5,353,289	40,559	53,938,480.00
2016-2017	21 st Dec 2017	Nil	20%	Nil	4,054,032	32,216	40,862,480.00
2015-2016	15 th Dec 2016	Nil	20%	Nil	3,377,885	27,322	34,052,070.00
2014-2015	15 th Dec 2015	Nil	18%	Nil	2,576,041	21,151	25,971,920.00

Dhaka, 20 February 2020

Sd/
Mahfel Huq & Co.
Chartered Accountants

SUMMARIZED CASH-FLOWS STATEMENT, PROFIT OR LOSS ACCOUNT AND BALANCE SHEET, AND DIVIDEND DECLARED AND PAID FOR EACH OF THE 5 (FIVE) YEARS IMMEDIATELY PRECEDING THE ISSUE OF RIGHTS SHARE OFFER DOCUMENT OR FOR SUCH SHORTER PERIOD DURING WHICH THE ISSUER WAS IN COMMERCIAL OPERATION [RULE-8(I)]

**Auditors' Report in pursuance of Section-135(1) under
Para-24 of Part-II of the Third Schedule of the Companies Act, 1994**



National Polymer Industries Limited

Auditor's report in pursuance of Section 135(1) and Para 24(1) of Part-II of the Third Schedule of the Companies Act, 1994 [As per Securities and Exchange Commission (Rights Issue) Rules, 2006, Rule-8(h), (i)]

We, as the auditor and having examined the Financial Statements of National Polymer Industries Limited (the "Company") for the year ended 30 June 2019 and based on the Audited Financial Statements of the Company for the years ended 30 June 2018, 2017, 2016 and 2015 and other figures extracted from the said Audited Financial Statements as certified, report the following in pursuance to Section 135(1) and Paragraph 24(1) of Part -II of the Schedule -III of the Companies Act, 1994 and Rule-8(i) of Securities and Exchange Commission (Rights Issue) Rules, 2006:

1) National Polymer Industries Limited was **incorporated** on 26 June 1987 and has been **listed with Dhaka and Chittagong Stock Exchange Limited** since 1991 and 1995 respectively.

2) **Comparative Balance Sheet/Statement of Financial Position/Statement of Assets and Liabilities** are as under:

Particulars	Annexure-A				
	At 30-06-2019	At 30-06-2018	At 30-06-2017	At 30-06-2016	At 30-06-2015
	Taka	Taka	Taka	Taka	Taka
PROPERTY & ASSETS					
Non-Current Assets					
Property, Plant & Equipment - Carrying Value	1,629,394,214	1,435,347,205	1,033,564,673	1,074,148,779	1,091,229,261
Investment	117,577,625	106,700,000	100,000,000	-	-
Capital Work in Progress (CWIP)	79,886,389	87,696,389	113,162,933	-	-
Total Non-Current Assets	1,826,858,228	1,629,743,594	1,246,727,606	1,074,148,779	1,091,229,261
Current Assets					
Inventories	1,081,447,816	837,361,404	793,869,218	702,529,744	784,946,917
Accounts Receivables	510,673,198	321,303,128	236,667,364	176,872,109	192,488,415
Accrued Interest Receivable on FDR	936,612	-	-	-	-
Advance, Deposit & Pre-payments	191,552,211	184,672,078	149,477,383	147,264,754	98,403,599
Advance Income Tax	368,995,204	279,650,597	246,626,020	175,335,530	114,354,886
Cash & Cash Equivalents	200,317,476	209,542,207	171,306,103	43,869,220	213,183,453
Total Current Assets	2,353,922,517	1,832,529,414	1,597,946,088	1,245,871,358	1,403,377,270
TOTAL ASSETS	4,180,780,745	3,462,273,008	2,844,673,694	2,320,020,137	2,494,606,531

EQUITY & LIABILITIES

Shareholders' Equity & Reserves

Share Capital	299,113,400	245,174,920	204,312,440	170,260,370	144,288,450
Share Premium	134,000,000	134,000,000	134,000,000	134,000,000	134,000,000
Revaluation Reserve	496,260,922	496,260,922	496,260,922	496,260,922	496,260,922
Retained Earnings	236,533,669	186,659,074	195,624,152	184,682,723	161,708,785
Total Shareholders' Equity & Reserves	1,165,907,991	1,062,094,916	1,030,197,514	985,204,015	936,258,157





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Non-Current Liabilities

Long Term Loan (Non-Current Maturity)	682,449,686	401,487,510	123,031,377	205,422,787	134,359,419
Finance Lease Obligation (Non-Current Maturity)	-	-	-	-	1,441,253
Deferred Tax Liability	79,485,014	79,485,014	79,485,014	79,485,014	79,485,014
Total Non-Current Liabilities	761,934,700	480,972,524	202,516,391	284,907,801	215,285,686

Current Liabilities

Short Term Loan	1,572,712,365	1,446,935,448	1,253,162,081	825,099,869	1,256,880,820
Long Term Loan (Current Maturity)	261,370,924	160,329,658	80,566,626	81,540,990	62,877,738
Bank Overdraft	215,199,482	236,354,732	194,528,513	92,335,484	(24,721,572)
Accounts Payable	9,656,741	7,636,841	13,918,088	14,577,026	22,389,902
Inter-Company Loan	80,019,004	-	-	-	-
Finance Lease Obligation-Current Maturity	-	-	-	1,358,155	1,572,276
Provision for Expenses	36,199,993	13,843,792	11,401,768	112,500	5,696,380
WPPF & Welfare Fund	8,926,826	5,568,483	4,675,155	3,263,057	3,061,191
Provision for Taxation	68,852,719	48,536,613	53,707,557	31,621,239	15,305,953
Total Current Liabilities	2,252,938,054	1,919,205,568	1,611,959,789	1,049,908,320	1,343,062,688
TOTAL EQUITY & LIABILITIES	4,180,780,745	3,462,273,008	2,844,673,694	2,320,020,137	2,494,606,531
Net Assets Value (NAV) Per Share	38.98	43.32	50.42	57.86	64.89
Net Assets Value (NAV) Per Share (With Effect of Bonus Shares)	-	35.51	42.02	48.22	54.99

3) Comparative Statement of Profit or Loss and Others Comprehensive Income is as under:

Particulars	Annexure-B				
	2018-2019 Taka	2017-2018 Taka	2016-2017 Taka	2015-2016 Taka	2014-2015 Taka
Revenue	3,000,007,744	2,366,380,577	1,866,687,057	1,759,312,097	1,707,971,741
Cost of Goods Sold	(2,442,220,045)	(1,978,920,627)	(1,559,393,196)	(1,467,748,484)	(1,420,629,556)
Gross Profit	557,787,699	387,459,951	307,293,861	291,563,613	287,342,185
Administrative, Selling and Distribution Expenses:					
Administrative Expenses	(133,008,798)	(103,388,467)	(86,662,546)	(85,822,950)	(76,947,670)
Selling and Distribution Expenses	(73,261,010)	(63,507,057)	(39,501,966)	(35,023,469)	(49,271,480)
	(206,269,808)	(166,895,524)	(126,164,512)	(120,846,419)	(126,219,150)
Profit from Operations	351,517,891	220,564,427	181,129,349	170,717,194	161,123,035
Other Income	10,288,736	8,139,272	2,041,000	-	15,062,113
Financial Expenses	(183,270,108)	(117,334,035)	(89,667,243)	(102,192,993)	(111,900,146)
Profit before WPPF & Taxation	178,536,519	111,369,664	93,503,107	68,524,201	64,285,002
WPPF and Welfare Fund	(8,926,826)	(5,568,483)	(4,675,155)	(3,263,057)	(3,061,191)
Provision for Taxation	(42,402,423)	(26,450,295)	(22,086,318)	(16,315,286)	(15,305,953)
Net Profit for the year	127,207,270	79,350,886	66,741,633	48,945,858	45,917,859
Other Comprehensive Income/ (Loss):					





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Total Comprehensive Income for the year	127,207,270	79,350,886	66,741,633	48,945,858	45,917,859
Basic Earnings Per Share (EPS)	4.25	3.24	3.27	2.87	3.18
Earnings Per Share (EPS) (With Effect of Bonus Shares)	-	2.65	2.72	2.40	2.70

4) Comparative Statement of Cash Flows is as under:

Annexure-C

Particulars	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
	Taka	Taka	Taka	Taka	Taka
Cash Flows from Operating Activities					
Collection from Sales and Others	2,821,671,195	2,289,884,086	1,806,891,802	1,774,928,403	1,684,060,730
Payment to Suppliers, Employees and Others	(2,594,345,011)	(1,881,322,814)	(1,161,018,735)	(1,435,670,710)	(1,167,693,642)
Income Tax Paid	227,326,184	408,561,272	645,873,067	339,257,694	516,367,089
Foreign Exchange Gain/(Loss)	(117,939,325)	(96,563,049)	(68,762,405)	(53,829,611)	(65,704,871)
Financial Expenses	(1,681,397)	-	-	-	-
Net Cash Flows/(Used) from Operating Activities	(101,223,311)	(78,907,543)	(75,004,739)	(85,834,804)	(84,688,406)
Cash Flows from Investing Activities	6,482,151	233,090,681	502,105,923	199,593,279	365,973,812
Payment for acquisition of Property, Plant & Equipment	(337,594,906)	(415,857,288)	(62,119,675)	(90,620,569)	(206,522,785)
Proceeds from Sale of Property, Plant & Equipment	-	-	-	-	2,500,000
Investment in FDR	(10,877,625)	(6,700,000)	(100,000,000)	-	-
Capital Work in Progress (CWIP)	(47,210,000)	(92,089,962)	(113,162,933)	-	-
Net Cash Flows/(Used) in Investing Activities	(395,682,531)	(514,647,249)	(275,282,608)	(90,620,569)	(204,022,785)
Cash Flows from Financing Activities					
Proceeds from Long Term Loan	591,211,813	440,693,670	-	254,946,822	89,573,080
Payment of Term Loan	(209,208,371)	(82,474,505)	(83,365,774)	(515,220,202)	(77,248,864)
Intercompany Loan	80,019,004	-	-	-	-
Payment of Financial Lease Loan	-	-	(1,358,155)	(1,655,374)	-
Interest Paid on Long Term Loan	(82,046,797)	(38,426,492)	(14,662,504)	(16,358,189)	(27,211,740)
Net Cash Flows/(Used) from Financing Activities	379,975,649	319,792,673	(99,386,433)	(278,286,943)	(14,887,524)
Net Increase/(Decrease) in Cash during the year	(9,224,731)	38,236,104	127,436,883	(169,314,233)	147,063,503
Opening Cash & Cash Equivalents	209,542,207	171,306,103	43,869,220	213,183,454	66,119,950
Closing Cash & Cash Equivalents	200,317,476	209,542,207	171,306,103	43,869,220	213,183,453
Net Operating Cash Flows per Share	0.22	9.51	24.58	11.72	25.36
Net Operating Cash Flows per Share (With Effect of Bonus Shares)	-	7.79	20.48	9.77	21.49





Mahfel Huq & Co.
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5) The history of dividend declared by the Company was as follows:

PARTICULARS	Income Year end on				
	30-06-2019	30-06-2018	30-06-2017	30-06-2016	30-06-2015
Stock dividend (Bonus Share)	22%	22%	20%	20%	18%

6) The Company has no any **Subsidiary** or **Sister Concern**.

7) No **Proceeds** or part of proceeds of the issue of share shall be applied directly or indirectly by the Company in the purchase of any other business or an interest thereon.

8) Figures relating to previous years have been re-arranged wherever considered necessary.

9) No Accounts have been audited in respect of any period subsequent to the period ended 30 June 2019.

Place: Dhaka,
Date: October 22, 2019


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Chartered Accountants

LENGTH OF TIME DURING WHICH THE ISSUER HAS CARRIED ON BUSINESS [Rule-8(j)]

National Polymer Industries Ltd. is categorized in private sector incorporated under the Companies Act, 1913 as a public company limited by shares on 26th June 1987. The Company has started commercial operations in the same year and has successfully completed almost 32 (Thirty-Two) years of operation.

IMPLEMENTATION SCHEDULE [Rule-8(k)]

The proceeds received from Rights Issue will be invested in the following manner:

Particulars	Amount in Taka	Implementation Period
Land Purchase & Land Development	255.00 Million	Within 18 (Eighteen) months after receiving total fund of Rights Offer
Bank Loan Re-payment	109.40 Million	Within 1 (One) month after receiving total fund of Rights Offer
Import of Capital Machineries	110.00 Million	Within 18 (Eighteen) months after receiving total fund of Rights Offer
Working Capital	72.98 Million	Within 4 (Four) months after receiving total fund of Rights Offer
Total	547.38 Million	

Sd/-
Md. Shawkat Ali Miah, FCA
 General Manager, Accounts & Finance
 and Chief Financial Officer

Sd/-
Md. Abdul Maleque
 Company Secretary

Sd/-
Riad Mahmud
 Managing Director & CEO

Details of Capital Machineries to be Imported as per NPOLY Budget Summary

Sl. No.	Description	Qty.	Unit price (USD)	Total price in USD	Total Amount in Taka
Machinery for PVC Pipes & Door production					
1	KWX250 PVC pipe production line (4"/110mm - 10"/250mm) with Extruder PXS 90/25	2	131,280	262,560	22,842,720
2	KWX315 PVC pipe production line (4"/110mm - 12"/315mm) with standard accessories (PXS 92/28)	1	248,100	248,100	21,584,700
3	Mixer machine SRL 500/1000 with standard accessories	3	24,000	72,000	6,264,000
4	YS250 auto-socketing machine with standard accessories	2	16,930	33,860	2,945,820
5	YS315 auto-socketing machine with standard accessories	1	20,000	20,000	1,740,000
6	Crusher PC800 with standard accessories	1	11,500	11,500	1,000,500
7	GSM560 pulverizer with 1 set extra blades and pans	1	23,040	23,040	2,004,480
8	Spares for existing machinery upcoming lines	1	75,000	75,000	6,525,000
	Freight for Twelve 40GP to Chattogram, Bangladesh	12	1,600	19,200	1,670,400
Sub-Total (A)				765,260	66,577,620
Machinery for PE pipe Production & Quality testing equipment's					
9	PE630 pipe production line (315-630mm) with standard accessories	1	218,560	218,560	19,014,720
10	Hydraulic Butt-welding machine SHD 630/315	1	7,650	7,650	665,550
11	Fitting Fusion welding machine SHG630/315	1	47,850	47,850	4,162,950
12	LSH5000 Mixing dryer for PE630	1	12,500	12,500	1,087,500
	Freight for Six 40GP to Chattogram, Bangladesh	6	1,600	9,600	835,200
Sub-Total (B)				296,160	25,765,920
Workshop Machinery					
13	workshop Machinery (CNC, Milling, Lathe machine etc.)	9	-	234,600	20,410,200
Sub Total (C) =				234,600	20,410,200
Grand Total in USD & Taka (A+B+C) =				1,296,020	112,753,740*

Note: Conversion rate 1.00 USD = Tk 87.00

*Out of Tk.112,753,740.00, from Right Issue Tk.110,000,000.00 will be arranged and rest amount of Tk. 27,53,740.00 will be arranged from own source of the Company.

QUANTITY OF SHARES HELD BY EACH DIRECTOR AND PERSONS WHO HOLD 5% OR MORE OF THE PAID-UP SHARE CAPITAL OF THE ISSUER ON THE DATE OF THE RIGHTS SHARE OFFER DOCUMENT[RULE-8(I)]

SL. No.	Name of Shareholders	Status	No. of Shares Held	% of Shareholding
1	Mr. Golam Murshed	Sponsor Director & Chairman	1,891,420	5.1831%
2	Mr. Riad Mahmud	Sponsor Director, Managing Director & CEO	1,434,251	3.9303%
3	Mr. Nuruzzaman Khan	Director (Nominated by ICB)	8,285,283	22.7044%
4	Mr. Raquibul Alam	Independent Director	-	-
5	Mr. Mohammed Ariful Islam	Independent Director	-	-
6	Late Shamsul Abedin Akhand & Mrs. Khaleda Akhand (Joint Account)	Sponsor	3,231,611	8.8557%

Independent directors do not hold any share of the Company and appointed as per BSEC's Corporate Governance Code.

COMPOSITION OF SHAREHOLDING POSITION OF THE COMPANY

Name of Shareholders		Status	No. of Shares Held	Percentage (%)
Directors and Sponsors	Mr. Golam Murshed	Sponsor Director & Chairman	1,891,420	5.1831%
	Mr. Riad Mahmud	Sponsor Director & Managing Director & CEO	1,434,251	3.9303%
	Mr. Nuruzzaman Khan	Director (Nominated by ICB)	8,285,283	22.7044%
	Mr. Rohel Mahmud	Sponsor	726,202	1.9900%
	Mrs. Razia Sultana	Sponsor	152,041	0.4166%
	Mrs. Khaleda Akhand	Sponsor	9,069	0.0248%
	Late Shamsul Abedin Akhand & Mrs. Khaleda Akhand (Joint Account)	Sponsor	3,231,611	8.8557%
	Mr. Raquibul Alam	Independent Director	-	-
	Mr. Mohammed Ariful Islam	Independent Director	-	-
Sub-Total			15,729,877	43.1051%
Institutions			4,798,358	13.1491%
General Public			15,963,599	43.7456%
Total			36,491,834	100%

NAME, ADDRESS, DESCRIPTION AND OCCUPATION OF DIRECTORS, MANAGING DIRECTOR, MANAGERS AND COMPANY SECRETARY OF THE COMPANY [RULE-8(m)]

Details of Board of Directors

Name of Directors	Age (Years)	Educational Qualification	Address	Occupation
Mr. Golam Murshed Chairman	66 years	BA	19 Haider Buksh Lane, Dhaka-1211	Business
Mr. Riad Mahmud Managing Director	47 years	MBA	House-14, Road-113/A, Gulshan-2, Dhaka-1212	Business
Mr. Nuruzzaman Khan Nominated Director by ICB	56 years	MA	ICB, 8 Rajuk Avenue, Dhaka-1000	Service
Mr. Raquibul Alam Independent Director	46 years	MBA	House-40, Apt.-B9, Road-25, Banani, Dhaka-1213	Service
Mr. Mohammed Ariful Islam Independent Director	38 years	BBA	House-04, Flat-C4, Road-59, Gulshan-2, Dhaka-1212	Business

Details of Top Management and Executives

Sl. No.	Name of Employee	Designation	Age (Years)	Educational Qualification	Address	Year of Experience	Occupation
01	Mr. Riad Mahmud	Managing Director	47 Years	MBA	House-14, Road-113/A, Gulshan-2, Dhaka-1212	22	Business
02	Mr. Sk. Morshedul Islam	Executive Director	51 Years	M. Com	Road # 01, House # 38, Flat # A-3, Sector # 6, Uttara Model Town, Dhaka - 1230	24	Service
03	Eng. K. M. Arshed Alam	Executive Director	46 Years	Masters in IPE	Auchpara, Nishatnagar, Tongi, Gazipur	21	Service

04	Mr. Md. Shawkat Ali Miah, FCA	General Manager and CFO	48 Years	M. Com	334/1/B, West Ahamed Nagar, D.I.G road, Mirpur-1, Dhaka-1216	20	Service
05	Mr. Mahmudul Islam Shamim	General Manager	48 years	M. Com	396/B, Flat # D4, Khilgaon Chowdhury Para, Khilgaon-1219, Rampura, Dhaka	24	Service
06	Mr. S. M. Menhaj Uddin	Deputy General Manager	51 Years	MSS	House No. 18, Road No. S/9, Block - L, Eastern Housing (2nd Phase), Rupnagar, Pallabi, Mirpur, Dhaka	22	Service
07	Mr. Mohammad Manzur Hossain	Deputy General Manager	42 Years	MBA	House # KA 200-GA 50/1, North Namapara, Khilkhet, Dhaka-1229	13	Service
08	Mr. Md. Shahjalal	Senior Manager	35 Years	MBS, CACC	House # 40/H (5th floor), New Eskaton, Ramna, Dhaka	9	Service
09	Mr. Mithun Kanti Das	Senior Manager	39 Years	M. Com & CA application level qualified	Ka-18, Titas Road, South Badda, Dhaka-1212	14	Service
10	Mr. Syed Mazedul Haque	Senior Deputy Manager	41 Years	BA	House # 27, Road # 10, Sector # 11, Uttara, Dhaka	14	Service
11	Mr. Mohammad Mizan Chowdhury	Deputy Manager	36 Years	M. Sc	House # 30, Road # 04, Block # A, Banasree, Rampura, Dhaka	11	Service
12	Mr. Md. Abdul Maleque	Company Secretary	44 Years	B. A (Honours) & CS part qualified	33/C Dhalpur, Jatrabari, Dhaka	14	Service

Audit Committee

Sl. No.	Name	Designation	Position in the Audit Committee
01	Mr. Mohammed Ariful Islam	Independent Director	Chairman
02	Mr. Nuruzzaman Khan	Director, Nominated by ICB	Member
03	Mr. Raquibul Alam	Independent Director	Member

Management Committee (MANCOM)

Sl. No.	Name	Designation	Position in the MANCOM
01	Mr. Riad Mahmud	Managing Director	Chairman
02	Mr. Sk. Morshedul Islam	Executive Director, Sales and Marketing	Member
03	Engr. K. M. Arshed Alam	Executive Director, Plant Operations	Member
04	Mr. Md. Shawkat Ali Miah, FCA	General Manager, Accounts and Finance & CFO	Member
05	Mr. Mahmudul Islam Shamim	General Manager, Sales and Marketing	Member
06	Mr. S. M. Menhaj Uddin	DGM & Head of Commercial	Member
07	Mr. Mohammad Manzur Hossain	DGM & Head of HR and Admin	Member
08	Mr. Md. Shahjalal	Head of VAT and Tax	Member
09	Mr. Mithun Kanti Das	Head of Internal Audit and Compliance	Member
10	Mr. Syed Mazedul Haque	Head of Distribution	Member
11	Mr. Muhammad Mizan Chawdhury	Deputy Manager	Member
12	Mr. Md. Abdul Maleque	Company Secretary	Secretary

NAME OF THE PUBLIC LISTED COMPANY UNDER COMMON MANAGEMENT [Rule-8(n)]

As per [Rule-8(n)] of the Securities and Exchange Commission (Rights Issue) Rules, 2006; there is no Public Listed Company under the common management of the Company.

NAME AND ADDRESS OF THE UNDERWRITER(S) ALONG WITH THE NUMBER OF SHARES UNDERWRITTEN BY EACH UNDERWRITER AND ALSO THE NAME AND ADDRESS OF ISSUE MANAGER, AUDITORS, LEGAL ADVISER AND BANKER TO THE RIGHTS ISSUE [Rule-8(o)]

A.	Issue Manager	AAA Finance & Investment Ltd. Amin Court, 4th Floor (Suite # 403-405) 31, Bir Uttam Shahid Ashfaqus Samad Road (Previous 62-63, Motijheel C/A), Dhaka-1000 Phone: +88029559602, +88029567726, Fax: 880-2-9558330 Web-site: www.aaafinancebd.com E-mail: info@aaafinancebd.com
B.	Auditors	Mahfel Huq & Co, Chartered Accountants 4th Floor, BGIC Tower, 34 Topkhana Road, Dhaka 1000
C.	Tax Consultants	Amin Uddin and Associates Home Tech Tower (1 st Floor) 100, Azimpur Road, Dhaka-1205, Bangladesh
D.	Legal Advisor	Mr. Reazul Karim, Barrister Advocate, Supreme Court of Bangladesh Apt. # 2, House # 88, Road # 17/A Block # E, Banani, Dhaka-1213
E.	Bankers to the Issue	Investment Corporation of Bangladesh 8, Rajuk Avenue, BDBL Bhaban, (Level 14 -17) Dhaka-1000, Bangladesh BRAC Bank Limited 1, Gulshan Avenue, Dhaka 1212, Bangladesh

National Polymer Industries Limited is going to rights issue by offering 36,491,834.00 no. of Ordinary Shares of Tk.10.00 each issuing at Tk.15.00 each including a premium of Tk.5.00 per share, totaling Tk. **547,377,510.00**. As per Rule 3(d) & 6(1) of Securities and Exchange Commission (Rights Issue) Rules, 2006, the issuer of a listed security making rights offer shall appoint one or more underwriters licensed under Securities and Exchange Commission (Merchant Banker & Portfolio Manager) Regulation, 1996 to fully underwrite the rights issue on a firm commitment basis. For this issue, underwriting commission will be at 0.20% on the underwritten amount and there will be no additional commission for take up of unsubscribed portion of shares, if any. Following is the details of the underwriters of the rights issue:

Name of the Merchant Bank	Address	Number of share Underwritten	Amount Underwritten
AAA Finance & Investment Ltd.	Amin Court (4th Floor), Suite 403-405 62-63, Motijheel C/A, Dhaka 1000	15,291,834	229,377,510.00
Swadesh Investment Management Limited	UTC Building, 11th Floor 8, Panthapath, Kawran Bazar Dhaka-1215	14,000,000	210,000,000.00
Banco Finance and Investment Limited	Shefali Complex (4th Floor) 218/3/A, West Kafrul Sher-e-Bangla Nagar Dhaka-1207	7,000,000	105,000,000.00
Prime Bank Investment Ltd.	Tajwar Center (5th Floor), House: 34 Road No: 19/A, Banani Dhaka-1213	100,000	1,500,000.00
Uttara Finance Capital Management Limited	JBC Tower (6th Floor), 10 Dilkusha C/A, Dhaka-1000, Bangladesh	100,000	1,500,000.00
Total		36,491,834	547,377,510.00

Underwriters' Obligation

If and to the extent that the shares offered to the existing shareholders by the Rights Share Offer Document authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriters (for full unsubscribed amount) in writing with a copy of said writing to the Securities and Exchange Commission, to subscribe for shares not subscribed by the closing date and to pay for in cash in full, inclusive of any premium if applicable, for such unsubscribed shares within 15 (fifteen) days after being called upon to do so. If payment is made by Cheque/Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his commitment under this Agreement, until such time as the Cheque/Bank Draft has been encased and the Company's account has been credited. In any case, within 7 (seven) days after the expiry of the aforesaid 15 (fifteen) days, the Company shall send proof of subscription and payment by the underwriters, to the Commission.

PARTICULARS ALONG WITH THE TERMS AND CONDITIONS OF THE MATERIAL CONTRACTS INCLUDING VENDORS' AGREEMENT, UNDERWRITING AGREEMENT, ISSUE MANAGEMENT AGREEMENT, AGREEMENT WITH THE NPOLY TO THE ISSUE AND CONTRACT FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT [Rule-8(p)]

VENDORS' AGREEMENT

NPOLY has not entered in to any vendor agreement till date.

UNDERWRITERS

Full amount of Rights Offer of NPOLY has been underwritten by 5(Five) no. of underwriters as shown in the classified information part of ROD. Each underwriter will be paid underwriting commission @ 0.20% of the nominal value of shares underwritten by them out of the Rights Issue. Simultaneously, with the calling upon an underwriter to subscribe and pay for any number of shares, the company will pay no additional commission to that underwriter on the nominal value of shares required to be subscribed by them.

MANAGER TO THE ISSUE

AAA Finance & Investment Ltd. is appointed as Manager to the Issue of the Rights Issue of the Company. Accordingly, an agreement was made between the Issue Manager and the Company. The Company will pay a lump-sum issue management fee amounting to Tk.5,473,775 only to the Issue Manager.

BANKERS TO THE ISSUE

BRAC Bank Limited and Investment Corporation of Bangladesh (ICB) are the Bankers to the Issue who will collect the subscriptions money of the Rights Offer. The Bankers to the Issue will be paid commission @ 0.10% on the amount of subscription collected by them. But no commission will be paid to NPOLY. The Rights Issue subscriptions money collected from the shareholders by the Bankers to the Issue will be remitted to the Company's STD Account Name **NATIONAL POLYMER INDUSTRIES LIMITED- RIGHTS ISSUE A/C** and Account no. **1501201161151001** with BRAC Bank Limited, Gulshan Branch.

CONTRACT FOR ACQUISITION OF PROPERTY

After the balance sheet date 30.06.2019, the Company did not acquire any property or entered in to any agreement for acquisition of any property.

NUMBER OF RIGHTS SHARES THAT THE DIRECTORS ARE GOING TO SUBSCRIBE AND IN CASE THEY PROPOSE TO MAKE RENUNCIATION, THE REASONS AND EXTENT OF SUCH RENUNCIATION [RULE- 8(q)]

Directors Take-up of Rights Share Rule 8(q)

We declare that the directors of National Polymer Industries Ltd. are expected to exercise their full portion of Rights offer in the following way:

Name of Shareholders	Status	Number of Shares Held	Number of Shares to be Offered	Number of Shares to be Renounced
Mr. Golam Murshed	Sponsor Director & Chairman	1,891,420	1,891,420	Nil
Mr. Riad Mahmud	Sponsor Director & Managing Director & CEO	1,434,251	1,434,251	Nil
Mr. Nuruzzaman Khan	Director, Nominated by Investment Corporation of Bangladesh (ICB)	8,285,283	8,285,283	Nil
Mr. Raquibul Alam	Independent Director	-	-	-
Mr. Mohammed Ariful Islam	Independent Director	-	-	-

Sd/-
Md. Shawkat Ali Miah, FCA
General Manager, Accounts &
Finance and Chief Financial Officer

Sd/-
Md. Abdul Maleque
Company Secretary

Sd/-
Riad Mahmud
Managing Director & CEO

**BANKERS TO THE RIGHTS ISSUE OF SHARES OF
NATIONAL POLYMER INDUSTRIES LIMITED**

BRAC Bank Limited

Region	SL. No.	Branch Name	Address
Dhaka	1	Asad Gate Branch	1 No. Asad Gate, Dhaka-1207
	2	Bashundhara Branch	Holding-193, Block -B, Safwan Road, Basundhara R/A, Dhaka- 1229
	3	Donia Branch	342 Donia, Biswa Road, Jatrabari, Dhaka-1236
	4	Eskaton Branch	Shahnaz Tower, 9 Eskaton Road, Dhaka
	5	Bashabo Branch	Doric Hakim Tower. Holding No 213, Road No19, Atish Dipankar Road, Middle Bashabo, Dhaka-1214
	6	Mirpur Branch	PlotNo 3, Road No 3, Block A, Section 11, Mirpur, Dhaka
	7	Narayanganj Branch	147 BB Road, Narayanganj 1400
	8	Nawabpur Branch	172, Nowabpur Road (1st Floor), Dhaka
	9	Rampura Branch	455/1 West Rampura Dhaka-1219
	10	Shymoli Branch	19-20 Ring road, Shymoli, Dhaka-1207
	11	Uttara Branch	House No 1, Road No 15, Sector No 3, Uttara, Dhaka
Chittagong	12	Agrabad Branch	Progoti House, 1070 Sheikh Mujib Road, Agrabad, Chittagong
	13	CDA Avenue Branch	Hosna Kalam Complex, CDA Avenue, East Nasirabad, Chittagong
	14	Halisohar Branch	House -12, Road -1, Halisharar Housing State, Chittagong
	15	Kazirdeuri Branch	18, SS Khalid Road, KazirDeori, Khulshi, Chittagong
	16	Momin Road Branch	02 Momin Road, Jamal Khan, Chittagong
Rajshahi	17	Bogra Branch	Sheikh Mansion, 368/405, Ranagpur Road, Bogora-5800.
	18	Rajshahi Branch	House No- F-695, Kumarpara, P.O.-Ghoramara, Rajshahi-6100
Khulna	19	Jessore Branch	1 Hatkhola (M.K) Road, Jessore-7400
	20	Khulna Branch	"The Daily Probaha Bhaban", KDA Avenue, Khulna
Barisal	21	Barisal Branch	F. Rahman Market (1st Floor), 79 Sardar Road, Barisal-8200
Sylhet	22	Zindabazar Branch	New Golden City Complex, East Zindabazar, Sylhet

Investment Corporation of Bangladesh (ICB)

Region	SL. No.	Branch	Address
Dhaka	1	Head Office	BDBL Bhaban (Level 14 -21), 8, DIT Avenue, Dhaka-1000
	2	Local Office	Kashfia Plaza (1 st Floor), 35/C, Nayapaltan, VIP Road, Dhaka-1000
Chittagong	3	Chittagong Branch	Ayub Trade centre,(Level-10),1269/B, ShekhMujib Road, Agrabad C/A, Chittagong
Rajshahi	4	Rajshahi Branch	Dr. Gaffar Plaza (2nd Floor), Main Road, Shaheb Bazar, Ghoramara, Rajshahi-6100
	5	Bogra Branch	Afsar Ali Complex (4 th Floor), Rajabazar, Barogola, Bogra
Khulna	6	Khulna Branch	BDBL Bhaban(3 rd Floor) 25-26, K.D.A. Commercial Area, Khulna
Barisal	7	Barisal Branch	87/88, HemahyetUddin Road, Barisal
Sylhet	8	Sylhet Branch	Anondo Tower and Shopping Complex (2 nd Floor), Jail road, Sylhet

STATEMENT OF ACTUAL UTILISATION OF FUND RAISED BY PUBLIC OFFERING OF SHARES OR RIGHTS SHARES, IF ANY, PRIOR TO THE PROPOSED RIGHTS ISSUE VIS-A-VIS PLAN THEREOF [RULE- 8(r)]

UTILIZATION OF THE PREVIOUS IPO AND RIGHTS ISSUE FUND

IPO Fund-1991

In 1991, National Polymer Industries Ltd. raised Tk. 33.50 lac through Initial Public Offering (IPO) of 33,500 ordinary shares of Tk. 100.00 per share which was utilized for procurement of 2nd Turbo Mixer Machine from Bausano, Italy at a cost of Tk. 41.00 lac in order to bring greater flexibility in the production process of PVC compound. The utilization of the IPO fund was reflected in the financial statements of F/Y 1990-1991.

Rights Share Issue Fund-1994

In 1994, National Polymer Industries Ltd. raised Tk. 1.34 crore through Rights Issue of 134,000 ordinary shares of Tk. 100.00 per share which was utilized for procurement of machineries at a cost of Tk. 1.60 crore for production of PVC pipe, a value added product compared to PVC compound. The utilization of Rights Issue fund was shown in the financial statements for the F/Y 1994-1995.

Rights Share Issue Fund-2008

In 2008, National Polymer Industries Ltd. raised BDT 187.60 million through Rights Issue of 536,000 ordinary shares at BDT 350.00 per share (including a premium of BDT 250.00 per share) and utilization of the proceeds was as follows, as reflected in the Financial Statements of the F/Y 2008-2009:

Particulars	Amount (BDT)
Procurement of new machinery	70.00 million
Addition and upgrade of utility services	45.00 million
Land development and construction of additional buildings	35.00 million
Working Capital	37.60 million
Total	187.60 million

Sd/-
Md. Shawkat Ali Miah, FCA
General Manager, Accounts &
Finance and Chief Financial Officer

Sd/-
Md. Abdul Maleque
Company Secretary

Sd/-
Riad Mahmud
Managing Director & CEO

A STATEMENT THAT A LOCK-IN ON THE RIGHTS SHARES OF THE DIRECTORS (INCLUDING THEIR RENOUNCED SHARES) FOR A PERIOD OF THREE YEARS FROM THE DATE OF CLOSURE OF THE RIGHTS SHARE SUBSCRIPTION SHALL BE OPERATIVE [Rule-8(u)]

Lock-In on Rights Share

The Rights Shares of Directors and other shareholders holding 5% or more shares shall be subject to lock-in for a period of 3(Three) years from the date of closure of the rights share subscription. In the event of renunciation of rights shares by aforesaid persons, the renounced shares shall also be subject to lock-in for the same period.

Statement of lock-in on rights shares of Directors and other shareholders holding 5% or more shares

SL. No.	Name of Shareholders	Status	% of Shareholding	No. of Share Held at the Record Date (.....)	Rights Share Portion	Date of Subscription Close	Expiry Date of Lock-in
1	Mr. Golam Murshed	Director & Chairman	5.1821%	1,891,420	1,891,420
2	Mr. Riad Mahmud	Sponsor Director, Managing Director & CEO	3.9303%	1,434,251	1,434,251		
3	Mr. Nuruzzaman Khan	Director (Nominated by ICB)	22.7044%	8,285,283	8,285,283		
4	Mr. Raquibul Alam	Independent Director	-	-	-		
5	Mr. Mohammed Ariful Islam	Independent Director	-	-	-		
6	Late Shamsul Abedin Akhand & Mrs. Khaleda Akhand (Joint Account)	Sponsor	8.8557%	3,231,611	3,231,611		

TERMS AND CONDITIONS OF THE RIGHTS ISSUE

Basis of the Offer

The Company records its share register of members on for determining the shareholders who are eligible to receive this offer of shares on rights basis. The ordinary shares are now being offered on a rights basis to the shareholders holding shares on the record date at Tk.15.00 each (including a premium of Tk.5.00 per share) in the ratio of 1[R]:1 i.e. one rights share for 01(One) existing shares held on the record date.

Entitlement

As a shareholder of the Company on the record date, the shareholders are entitled to this Rights Offer. Only the holder(s) of a minimum of one fully paid ordinary share is entitled to receive the Rights Offer.

Acceptance of the Offer

A shareholder may accept and apply for the shares hereby offered, wholly or in part by filling in Application Form-A and submitting the same along with the application money to Bankers to the Issue on or before the Closing Date of subscription of **2020**.

Renunciation

A shareholder may renounce all or part of the shares he/she is entitled to in favour of any other person(s) other than an infant or person of unsound mind. He/she can renounce his/her rights/entitlement of shares by signing Renunciation Form-B. Renouncee(s) shall fill in Form-C appropriately.

General

All applications should be made on the printed form provided by the Company in this Rights Share Offer Documents only and should be completed in all respects. Applications which are not completed in all respects or are made otherwise than as herein provided or are not accompanied by the proper application amount of deposit are liable to be rejected and the application money received in respect thereof shall be refunded.

All communications in connection with the application for the Rights Share should be addressed to the Company quoting the registered folio number/BO ID number in the form.

Condition of Subscription

One Right share of Tk.15.00 each including a premium of Tk. 5.00 per share is offered against 01(One) rights share held by existing Shareholder(s) whose name(s) appeared in the Company's Share Register at the record date as on

Payment of Share Price

Payments for the full value of Shares applied for shall be made with designated branches of Bankers to the Issue by Cash/Pay Order/Demand Draft payable to "National Polymer Industries Limited" and crossed. The Pay Order/Demand Draft for payment of share price must be drawn on a Bank in the same town to which the application form has been submitted.

SUBSCRIPTIONS
Opens on:
Closes on:
(Within Banking hours)

Any changes or extension regarding subscription period will be notified through national dailies.

Rectification

If the Bangladesh Securities and Exchange Commission raises any objection in any point/matter of the rights share offer documents or require any paper/document, the same shall be rectified/made/provided by the issuer as per directives of the BSEC prior to opening of subscription of the rights issue.

Other

The application not properly filled in shall be treated as cancelled and deposited money will be refunded. For any reason, no profit/compensation will be paid on the refunded amount.

The offer will be deemed to have been declined if completed Application Form-A with necessary payments have not been received by or by such later date as may be notified through national dailies to that effect.

A DECLARATION THAT THE RIGHTS SHARES TO BE ISSUED IN DEMATERIALIZED FORM AND THE SUBSCRIBING SHAREHOLDERS HAVE TO APPLY WITH RESPECTIVE DEPOSITORY ACCOUNTS [Rule-8(v)]

Issue of rights share in dematerialization form

A per provision of the Depository Act, 1999 and regulation made there under, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account Number in the application form.

CREDIT RATING REPORT

Declaration Date	10.02.2020
Long Term Entity Rating	A+ (Single A Plus)
Short Term Entity Rating	ST-2
Outlook	Stable
Expiry Date	09.02.2021

Bank Loan Ratings	
Non Funded	ST-2
Funded Short Term	
Funded Long term	A+

**BLR is valid for one year for long term loan and for short term loan up to 365 days or according to the tenure of the loan whichever is earlier.*

Rating Basis

Ratings are based on **Audited** Financial Statements up to **June 30, 2019** along with the other relevant Quantitative as well as Qualitative information provided by the Client & Bank up to the Date of Rating Declaration. Followed Corporate Rating Methodology and Bank Loan Rating Methodology of NCR published in our website.

Rating Definition:

A+ (Single A Plus) rating indicates strong capacity for timely servicing of financial obligations offering adequate safety carrying low credit risk.

ST-2 rating indicates strong capacity for timely payment of financial commitments and carry very low credit risk.

Definition of Outlook:

Stable indicates that rating may remain unchanged as existing fundamentals may remain unchanged in near future.

Rating Rationale

NCR has assigned the above ratings to National Polymer Industries Ltd. considering rich and diversified experience of the promoter and moderate business performance. Numerically, the ratings have been supported by moderate financial profile epitomized by growth in turnover and total assets. The ratings have been further strengthened by improved EBITDA, increase in ROE & ROA, reduced cash cycle resulted from improved efficiency of the company in receivables management. The ratings are, however, constrained by inadequate efficiency of the firm's assets in generating sales, inadequate debt service coverage position and high leverage. The ratings are further improved by satisfactory banking transactions of the company. Bank Loan Ratings (BLR) are assigned considering factors like security coverage, recovery prospects and past repayment behavior.

Rating Outlook

NCR, taking the historical business performance, socio-economic aspects, industry growth potential in the regional area and the concern's ability to tap the opportunity and its reflection on forthcoming years' turnover, profitability, coverage indicators, liquidity parameters and external obligation meeting capacity into consideration, judges the outlook of the concern to be **"Stable"** as the concern may be able to retain its existing fundamentals which will favor to reaffirm the rating in foreseeable future.

1.0 BUSINESS OVERVIEW

1.1 National Polymer Industries Ltd, (hereinafter referred as ‘NPIL’ or “the company”), was incorporated as a Public Limited Company with the Registrar of Joint Stock Companies under the Companies Act of 1913 on 26th June, 1987 with an authorized capital of Tk.100.00 million. At present the company is being run with an authorized capital of Tk. 3000.00 million and paid up capital 364.92 million. The company also started its commercial operation during the same year. The company is Engaged in manufacturing and exporting of uPVC Pipes, Fittings, Doors, Sheets, Fall Ceiling etc. NPIL markets its products to various parts over the globe including India, Nepal, Bhutan and KSA, Turkey, China, Italy, France, S. Arabia etc.

1.2 NPIL is listed with Dhaka Stock Exchange Limited (DSE) in 1993 and in 1995 in Chittagong Stock Exchange. Shares of the company are traded under “A” category in the bourse. The face value of each share is TK 10.00. Last Annual General Meeting (32nd) of the company was held in 15 October, 2019 and the Board of Directors has approved 22% Stock Dividend for the year ended in June 30, 2019. The following graph reveals the trading history of NPIL’s stock closing price over a period of last twelve months at DSE:



1.3 The registered office and factory of NPIL is located at Squibb Road, Nishat Nagar, Tongi I/A, Tongi, Gazipur on a total 1208.21 Decimals land, out of which own land 319.64 decimals and leasehold & Rental 888.57 decimal. The corporate office is located at Uday Tower (2nd Floor), Plot: 57, & 57/A, Gulshan Avenue, Gulshan-1, Dhaka-1212. Besides, the company maintains a warehouse facility on the factory premises for storing

finished goods. The company maintains other constructions in the same premises.

2.0 GROUP PROFILE

The promoters of NPIL are also engaged in other businesses. The details of other concerns under the umbrella of National Polymer Group is presented below:

SL	Name of the Company/Concern	Year of Starting Commercial Operation	Nature of Business
1.	National Fittings & Accessories Ltd.	2008	PVC Compound Product
2.	Shoeniverse Footwear ltd.	2014	Footwear Products
3.	R & R LPG Ltd.	Project In Progress	LPG Gas
4.	Npolymer Construction Limited	2017	Contracting business

3.0 INDUSTRY OVERVIEW:

3.1 Plastic is such a material which is used to manufacture a wide variety of products to meet the domestic demand of the country and some products are exported as well. The plastic industry has been emerged as an important industrial sector in the country during the last two decades. At present, Bangladesh manufactures around 142 plastic items like several types of extrusion material, molding, thermosetting conversion like manufacturing of PVC pipe, shopping bag, injection molding products, garment bag, woven bags, PET/PE bottle, laminated packages, household products, cosmetics & medicine packs etc. Polyvinyl Chloride (PVC) is one of the major manufactured products of this industry. The industry has been growing at about 20 percent a year and in the FY 2017-18, the domestic market size of plastic products hit TK 25,0000 million according to the Bangladesh Plastic Goods Manufacturers and Export Association (BPGMEA). The average plastic consumption in the country is about 2 kg per person.

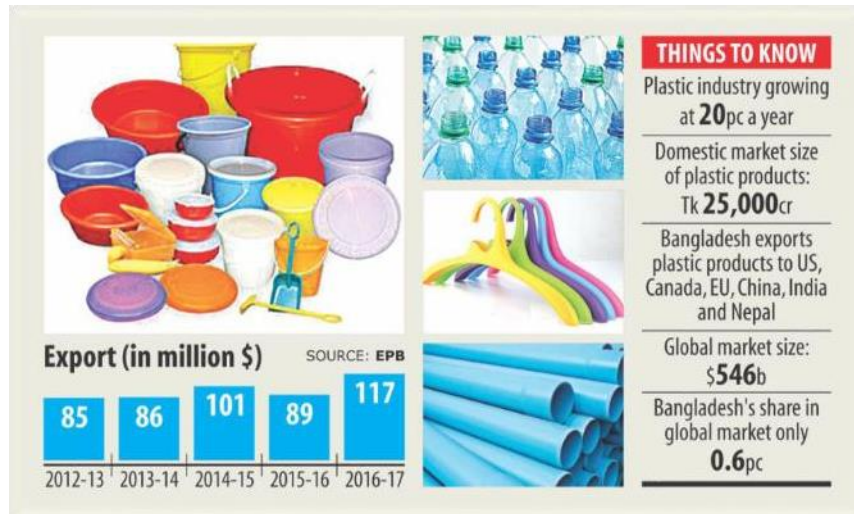
The availability of cheap labor and the fast developing plastic wastes recycling industry due to rising cost of petroleum (raw material of polymers) provide the players potential advantage of competitiveness in the domestic as well as global market. The major weakness of this industry is that there is no unit to produce poly-olefin and petrochemical, which are the main raw materials for producing plastic goods. As a result, the manufacturers have to import raw materials from India, China, Formosa, Vietnam and Taiwan. However, Bangladesh has only 0.6 percent share of the \$546 billion global plastic market. So, the manufacturers has huge potential to grow further in this sector. The BPGMEA has set a target to occupy 3 percent of the global market by 2030 and the government is providing 10 percent cash incentive to the exporters.

3.2 Export-Oriented Plastic Sector in Bangladesh

Global Market for Plastic and Plastic Products: Global market for plastic and related products is as big as like that of textiles and apparels products. In 2013, total global import of plastic products was US\$590 billion while that of textiles and apparels was US\$772 billion (where import of apparels is accounted for US\$403 billion). 4Global plastic market ranges from raw materials, intermediate products and finished products and their import has registered a consistent rise over the last decade.

3.3 At present, a total of 23 countries in North America, Europe, Asia and the pacific and the Middle East are the major export destination of plastic products. China is the top most export destination (22 per cent of total export in 2007) followed by Poland (7 per cent), India (5 per cent), and Sri Lanka (2 per cent). In the Europe, major

export destinations are Germany (6 per cent), Belgium (4 per cent), France (2 per cent) and UK (1 per cent). If the deemed export is taken into account, major destinations are in EU because of use of plastic goods as accessories in apparels and leather and other products. Export to USA was accounted for 1.2 per cent of total export of plastic products in 2007. Seven eastern states in India are also important markets for Bangladeshi plastic products. Because of supply side constraints, Bangladesh has not yet able to take the advantage of preferential market access in full in major developed and developing countries.

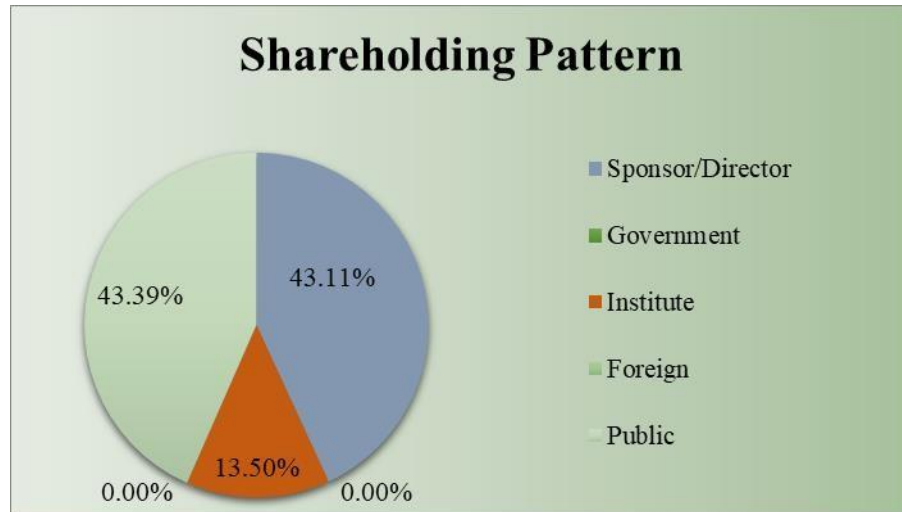


3.4 Export-oriented plastic sector does not enjoy similar kinds of facilities as enjoyed by other major export-oriented products. Plastic exporters do not receive any additional incentives/benefits as like garment exporters. For example, garment exporters enjoy 0.30 per cent tax as final settlement; 3% cash incentives for export to non-traditional markets; and 3% case incentives for backward linkage textile sector. Duty drawback facility is difficult to get by the manufacturers of plastic goods. In sake of export-oriented plastic sector, specific policy support particularly for small scale exporters is needed. Also deemed' export need to be properly acknowledged in national statistics.

4.0 BUSINESS RISKS

4.1 OWNERSHIP STRUCTURE

The majority (43.39%) of the shares are held by General Public, (43.11%) shares owned by Directors & Sponsor Shareholders and rest of the shares (13.50%) are owned by the Institutions. At present the authorized share capital is 300.00 million shares of TK 10.00 each. The latest shareholding pattern of the company as on 31st December, 2019 is shown in the graph below:



4.2 CORPORATE GOVERNANCE

The company’s BoD comprises of six members. The BoD with expertise is a key source of guidance to the management. The BoD is not fully independent from the management and the corporate financial reporting system is moderate. Brief profile of board members is given below:

Name	Designation	Qualification	Experience (In Years)
Mr. Golam Murshed	Chairman	BA	47 Years
Mr. Riad Mahmud	Managing Director	B.Sc. in Chemical Engineering, MBA	19 Years
Mr. Nuruzzaman Khan	Director	MBS Econ. (RU)	30 Years
Mr. Raquibul Alam	Independent Director	MBA (USA)	20 Years
Mr. Mohammed Ariful Islam	Independent Director	BBA(NSU)	16 Years

4.3 MANAGEMENT

The management is headed by Mr. Riad Mahmud, Managing Director of NPIL, one of the key shareholder of the company. The operation of NPIL is being looked after by an experienced management team having exposures in the relevant sector. The organizational structure of the company is divided into different functional departments. All the Departments are directly supervised by the Managing Director. A brief profile of the management personnel of the organization is given below:

SL No.	Name	Designation	Department	Qualification	Experience(in Years at NPIL)
1.	Mr. K M Arshed Alam	ED & Head of Plant Operation	Plant Operation	M. Sc. in IPE (BUET)	21 Years
2.	Mr. Sk. Morshedul Islam	ED & Head of Sales & Marketing	Sales & Marketing	M. Com (CU)	24 Years
3.	Mr. Md. Mahmudul Islam	GM	Sales & Marketing	M. Com (DU)	23 Years
4.	Mr. Md. Shawkat Ali Miah	CFO & GM	Accounts &	Chartered	20 Years

	FCA		Finance	Accountant, ITP, M.Com (A&M)	
5.	Mr. Md. Shahriar Hasan ACGA	Senior Manager	Accounts & Finance	Associate of CGA, CA(K.Level), ITP, MBS(Acc), LLB	09 Years
6.	Mr. S. M Minhaj Uddin	DGM	Commercial	MSS (DU)	24 Years
7.	Mr. Mohammad Manzur Hossain	AGM	HR & Administration	MBA (DU), PGDHRM	13 Years
8.	Mr. Md. Abdul Maleque	Company Secretary	Corporate Affairs	CS (Part), B. A (JNU)	14 Years
9.	Mr. Md. Shah Jalal ACGA	Senior Manager	Tax & Vat	ACGA, CA(CC), ITP, LLB	11 Years
10.	Mr. Md. Masud Rana	Senior Deputy Manager	Accounts & Finance	CA (Knowledge Level), ITP	08 Years
11.	Mr. Mithun Kanti Das	Senior Manager	Internal Audit	CA (Application Level)	11 Years
12.	Mr. Md. Farid Newaz	Deputy Manager	Inventory Management	M. Com (NU)	13 Years
13.	Mr. Syed Mazedul Haque	Deputy Manager	Distribution	B. A (NU)	11 Years

The Heads of the Departments have the capability and experience to promote and run the business efficiently. With the motivation and support of their executives and workers, they look forward to attain sustainable growth. For overall operation Currently the company has around 885 staff & workers and employees.

4.4 OPERATIONAL RISKS

The company is exposed to other risks associated with the operation. The operational risks are:

4.5 INTERNAL CONTROL SYSTEM

NPIL uses ‘ORACLE’ software to handle procurement, production, inventory management and other activities as per the recommendation by management.

4.6 QUALITY CONTROL SYSTEM:

The company has a well-equipped quality control department with responsible for ensuring the quality. At every stage of production, stringent quality control measures are adopted to ensure consistent good quality products.

4.7 TOP CUSTOMER LIST:

The company has a strong and diversified customer base. The customers of NPIL are located in both Bangladesh & different parts of the globe. They have about 4508 local customers. List of top customers is presented below:

SL No.	Name of the Customer
1.	Tongi Hardware & Sanitary Store (3688)
2.	Executive Engineer, DTIP-2, BMDA, Rajshahi (1702)
3.	Imran Traders. (8568)
4.	Rajdhani Sanitary (3049)
5.	Project Director, BADC, DLIP (3rd Phase), Dhaka (375449)
6.	Rupsha Sanitary.. (3173)

7.	S.E & Project Director, EIBA, BMDA, Rajshahi. (366544)
8.	Project Director, EIEC, BMDA, Rajshahi (138013)
9.	Bangladesh Trading Center (PVT) Ltd. (11002)
10.	Yousuf & Brothers (3770)

4.8 TOP SUPPLIER LIST:

The company has a strong and diversified customer base. The customers of NPIL are located in both Bangladesh & different parts of the globe. They have about 4508 local customers. List of top customers is presented below:

SL No.	Name of the Suppliers	RM Name	Location
1.	MITSUBISHI CORPORATION, SINGAPORE	PVC Resin	SINGAPORE
2.	MITSUBISHI CORPORATION, JAPAN		JAPAN
3.	HANWA CORPORATION		KOREA
4.	KINTA POWDERTECH SDN BHD	Calcium Carbonate	MALAYSIA
5.	LG INTERNATIONAL CORPORATION	PVC Resin	KOREA
6.	TIANJIN LGDAGU CHEMICAL LTDH-SAGA INTERNATIONAL COMPANY LTD		CHINA
7.	H-SAGA INTERNATIONAL CO LTD		TAIWAN
8.	Q-CHEM DISTRIBUTION COMPANY LTD		QATAR
9.	TUN WA INDUSTRIAL COMPANY LTD		TAIWAN
10.	EN-DOOR POLYMER ADDITIVES LTD	CPVC Compound	CHINA
11.	JAHNGLAGANG KIWEX MACHINERY LTD	Capital Machineries	CHINA
12.	KAIZER PVC ADDITIVES SDN BHD	Stabilizer	MALAYSIA
13.	POLYVINEL industrial services ltd		SINGAPORE

4.9 QUANTITATIVE ANALYSIS:

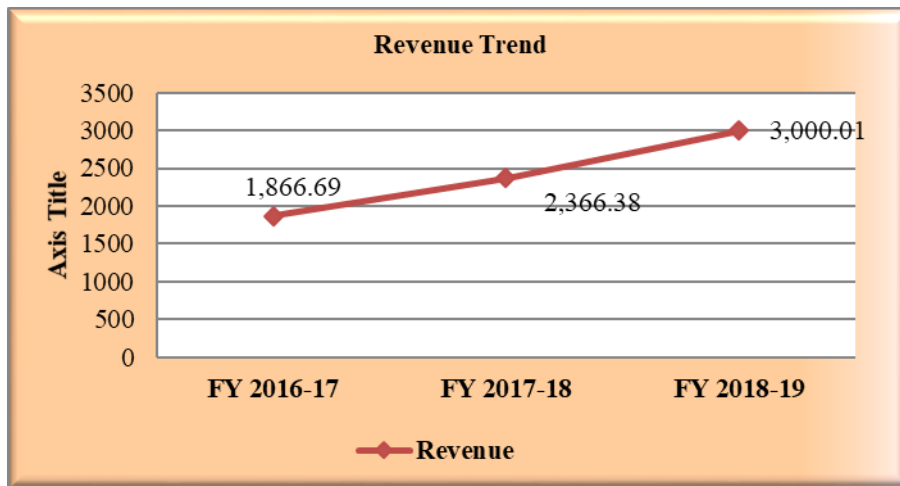
Particulars	FY 2018-19	FY 2017-18
Turnover	3,000.01	2,366.38
Turnover Growth	26.78%	26.77%
Cost To Revenue Ratio	81.41%	83.63%
Gross Margin	18.59%	16.37%
Operating Margin	11.72%	9.32%

Net Profit Margin	4.24%	3.35%
ROA	3.33%	2.52%
ROE	11.42%	7.59%

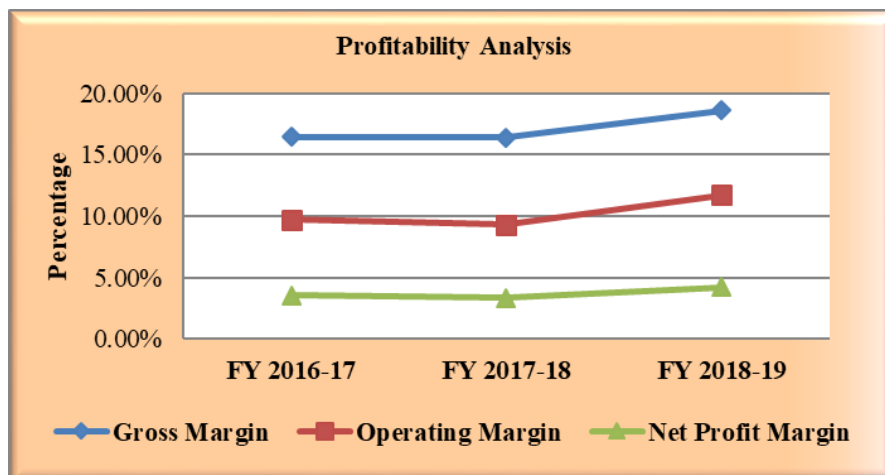
4.9.1 INTERPRETATION:

4.9.1.1 The business performance of National Polymer Industries Ltd has been evaluated on the basis of last five years’ audited reports and financial statements for continuing production units.

4.9.1.2 The performance of the company is significantly improved for last three years. The company recorded turnover of TK 3000.00 million in FY 2018-19 against TK 2366.38 million in FY 2017-18, registering a growth of 26.78%.



4.9.1.3 The gross profit of the company increased to TK 557.79 million in FY 2018-19 from TK 387.46 million in FY 2017-18. The gross margin increased to 18.59% in FY 2018-19 from 16.37% in the previous year as the cost to revenue ratio has decreased to 81.41% in FY 2018-19 from 83.63% in FY 2017-18. The operating margin was recorded to 11.72% in FY 2018-19 against 9.32% in the previous year.



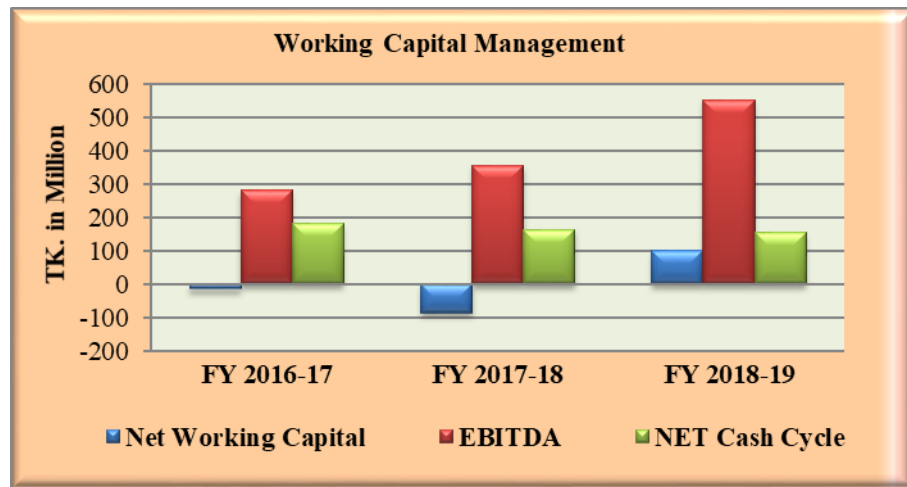
4.10 FINANCIAL RISKS

Particulars	FY 2018-19	FY 2017-18
EBITDA	551.45	354.77
Current Ratio	1.04	0.95
DSCR	0.61	0.43
Debt payback periods	4.74	5.74
Cash Cycle (in days)	154.59	163.98
Net Debt (Net Debt + Equity)	69.13%	65.71%
Total Asset	4180.78	3462.27

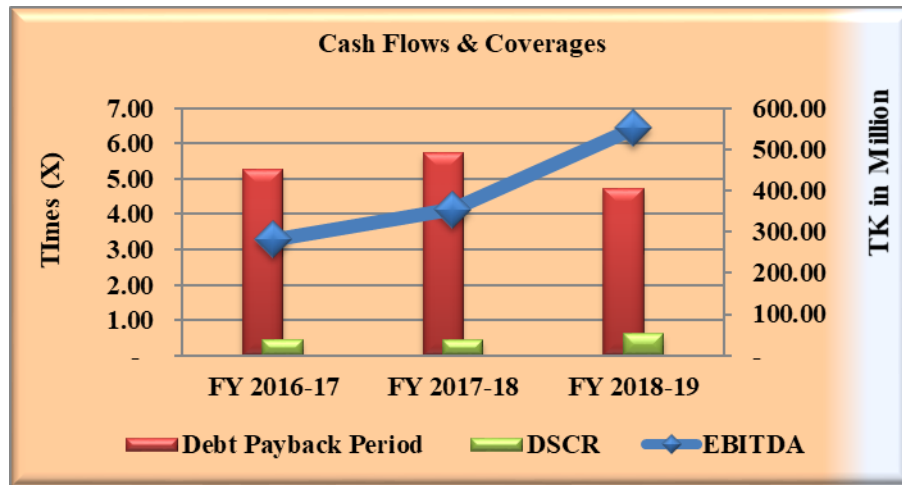
4.10.1 INTERPRETATION:

4.10.1.1 The net income of the company increased to TK 127.21 million in FY 2018-19 from TK 79.35 million in FY 2017-18. The net profit margin increased to 4.24% in FY 2018-19 from 3.35% in FY 2017-18. Both ROE and ROA increased to 11.42% and 3.33% in FY 2018-19 from 7.59% and 2.52% in FY 2017-18 respectively. The EPS of the company stood to TK 4.25 in FY 2018-19 against TK 2.65 in the previous year.

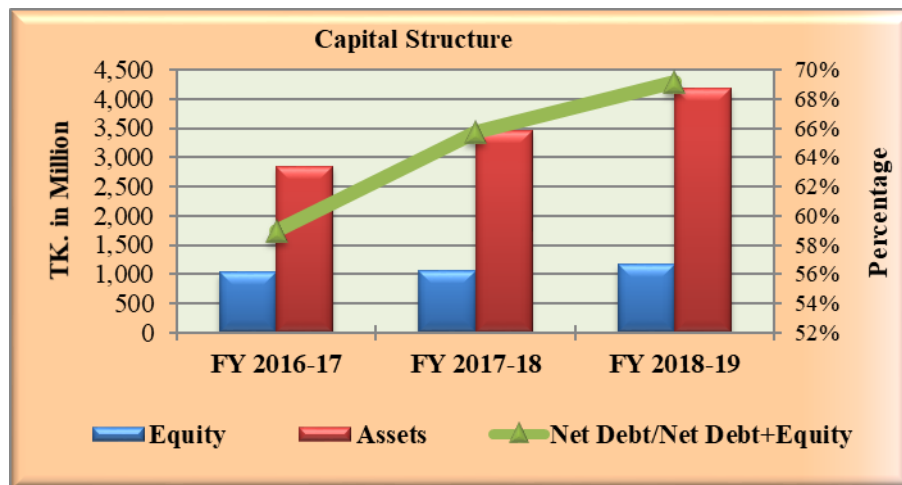
4.10.1.2 The liquidity indicator, current ratio was found adequate and recorded 1.04 times in FY 2018-19 against 0.95 times in FY 2017-18. The cash cycle was high but reduced to 155 days in FY 2018-19 against 164 days in FY 2017-18. The company has been recocrded TK 100.98 positive working capital in last year.



4.10.1.3 The EBITDA was recorded TK 551.45 million in FY 2018-19 against TK 354.77 million in FY 2017-18. The recorded growth in EBITDA was 55.00% against the growth in turnover by 26.78% in FY 2018-19. Besides, the Debt Service Coverage Ratio (DSCR) was found inadequate and increased to 0.61 times in FY 2018-19 from 0.43 times in FY 2017-18. The debt payback period was redeuced to 4.74 years in FY 2019.



4.10.1.4 The capital structure was composed of 70.39% of debt and 29.31% of equity as on 30th June, 2019. The asset turnover ratio trivially increased to 0.79 times in FY 2018-19 from 0.75 times in FY 2017-18, representing a slight increase in efficiency level in terms of turning assets into sales. The total assets base of the company has increased to TK 4180.78 million in FY 2018-19 against TK 3462.27 million in FY 2017-18, representing a growth of 20.75%.



5.0 CREDIT FACILITIES

NPIL is enjoying Credit facility from Jamuna bank Ltd, Prime Bank Ltd., Mutual Trust Bank Ltd, One bank Ltd, BRAC Bank Ltd, Standard Chartered bank Ltd., IPDC Finance Ltd., IDLC Finance Ltd, IIDFC, and Uttara Finance & investment Ltd, United Finance Ltd. The features of the credit facility are given below:

Name Of Bank	Nature of Facility	Limit (TK in Million)	Outstanding* (TK in Million)
Jamuna Bank Ltd. (Gulshan Branch)	LC(Sight, DP, UPAS)	900.00	140.57
	Acceptance	(900.00)	237.47

	Time Loan	300.00	148.73
	SOD(General)	300.00	219.33
	BG(Bid Bond/PG)	100.00	44.49
	Term Loan	218.62	181.72
Mutual Trust Bank Ltd (Banani Branch)	LC(Deferred/ UPAS)	400.00	Nil
	Acceptance	(400.00)	149.09
	Loan General /Time Loan	100.00	62.70
	CC(Hypo)	80.00	60.35
	Time Loan	50.00	18.80
	Term Loan	29.70	22.58
One Bank Ltd (Banani Branch)	LC(Sight/ULC)	600.00	Nil
	Acceptance(Revolving)	(600.00)	47.11
	LTR	(250.00)	148.99
	LC(Sight/Deferred)	(50.00)	Nil
	Acceptance(Revolving) (inner of LC Sight)	(50.00)	Nil
	Time Loan(Revolving) (inner of LTR)	(48.50)	Nil
	Time Loan(Revolving) (inner of LTR)	(250.00)	Nil
	OD(Revolving)	300.00	239.16
	Time Loan Specific	60.00	Nil
	BG(Bid Bond, PG)	(30.00)	24.45
BRAC Bank Ltd	LC(Sight/Deferred/Usance/Upas)	145.00	3.98
	Acceptance(Revolving)	(145.00)	52.52
	LTR(Revolving)	(135.00)	Nil
	Revolving Loan (inner of LTR)	(70.00)	39.95
	OD	5.00	Nil
SCB	OD	10.00	Nil
	Import LC-Secured	300.00	3.94
	Acceptance	(300.00)	76.10
	Shipping Guarantees	(300.00)	Nil

	LTR	(285.00)	Nil
	Import Loan	(100.00)	24.96
	Bond & Guarantees	15.00	2.42
	Term Loan	296.40	26.63
	Term Loan	310.00	299.93
IDLC Finance Ltd	Revolving Short Term Loan	100.00	100.00
Uttara Finance & Investment Ltd	Sale & Lease Back	300.00	257.40
	Term Loan	400.00	111.58
IPDC Finance Ltd	Short Term Loan	50.00	50.00
IIDFC	Term Loan	50.00	50.00
United Finance Ltd	Term Loan	80.00	37.87
Prime Bank Ltd	LC(Sight/DP/UPAS)	500.00	7.46
	Acceptance	(500.00)	94.59
	LTR	(500.00)	Nil
	Time Loan-1	(150.00)	Nil
	Time Loan-2	(200.00)	167.25
	LC(Sight/DP/UPAS)	(50.00)	Nil
	Acceptance	(50.00)	Nil
	Time Loan-3	(50.00)	Nil
	OD	50.00	46.24
	BG	50.00	Nil
	LC(Sight/DP/UPAS)	50.00	Nil
	Acceptance	(50.00)	Nil
	Term Loan-One Off	270.00	233.69
	Time Loan Specific	(500.00)	Nil
	BG-Specific	(500.00)	Nil
	Letter of Guarantee	50.00	30.07
Total Exposure			
Funded		16876.72	2547.87
Non Funded		7035	914.27

Total Exposure		
Total Short Term	10978.5 mln	2240.74 mln
Total Long Term	1954.72 mln	1221.4 mln

*Outstanding as on 31.01.2020

** Some of the funded and non-funded facilities are inner limit of non-funded facilities.

5.1 SECURITY ARRANGEMENT:

The company offered following securities against the sanctioned limit:

Description								
Primary:								
1. Registered hypothecation over plant & machinery of the company on pari-passu basis with other lenders. Insurance on plant & machinery in joint name of the pari-passu lenders & the customer to be submitted covering risks of fire &/or lightening RSD.								
2. Registered hypothecation over book debts of the company on peri-passu basis with other lenders.								
3. Registered hypothecation over entire/inventory of the company on peri-passu basis with other lenders.								
4. Hypothecation of machineries & equipment and book debts of the company and stock of raw materials, work in process & finished goods stored at your factory duly insured with bank clause covering all possible risk including fire & RSD all possible risks at your cost. The original insurance policy to be lodged with the branch.								
5. Post-dated cheque covering the total loan amount to be submitted.								
6. Disclaimer on our financed assets to be obtained from prior charged.								
7. As stipulated in security clause of LC limit.								
8. Hypothecation of machineries & equipment and book debts of the company and stock of raw materials, work in process & finished goods stored at your factory duly insured with bank clause covering all possible risk including fire & RSD at client’s cost. The original insurance policy to be lodged with the branch.								
9. L/C margin & L/C shipping documents.								
10. Lien on genuine/authenticated original valid, Unrestricted & irrecoverable export L/C only to be obtained from internationally reputed banks with regular and acceptable clause with clear payment and reimbursement clause.								
11. D.P note, letter of hypothecation and all other usual charge documents.								
12. Pro-rata charge on company asset.								
13. Demand promissory note and letter of continuity for Tk. 90,00,00,000.00								
14. Letter of Arrangement, Letter of disbursement								
15. Letter Authority								
16. Agreement of hypothecation over stocks, book debts and machinery								
17. Notarized irrecoverable general power of attorney to sell the hypothecated assets								
18. Registered hypothecation with RJSC on fixed and floating assets of the company for Tk. 90, 00, 00,000.00 only.								
19. A cheque for covering the total loan amount of Tk. 90,00,00,000.00 along with memorandum of deposit of cheque.								
20. Corporate guarantee of National Fitting & Accessories Ltd. Having net-worth Tk. 32.66 Crore.								
21. Registered hypothecation on stocks and book debts with RJSC of National Polymer Industries Limited for BDT. 150,000,000.00								
22. One cheque covering full credit facility of BDT. 150,000,000.00 from National Polymer Industries Limited.								
23. Personal guarantee of the following persons:								
24. Personal guarantee of Mr. Riad Mahmud, Managing Director of National Polymer Industries Limited.								
25. Personal guarantee of Mr. Golam Murshed, Chairman of National Polymer Industries Limited								
26. Registered hypothecation over plant and machinery of the company, with other lenders, between EBL, SCB & JBL. Total charge on plant & machinery is field/to be field with RJSC on Pari-passu basis, wherein EBL’s portion of BDT. 627.00 Million Shall remain unchanged								
Collateral:								
27. Continuation of existing registered mortgage over 147.70 decimal first parties industrial and along with 142258 sft. Factory building owned by National Polymer Industries Limited, as per following schedule:								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Mouza, JL,</th> <th style="width: 25%;">Khatian No.</th> <th style="width: 25%;">Total</th> <th style="width: 25%;">Presently</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Mouza, JL,	Khatian No.	Total	Presently				
Mouza, JL,	Khatian No.	Total	Presently					

P.S & District	C.S	S.A	R.S	Land	mortgaged with
Mouza-Kathaldia, PS-Tongi, Dis-Gazipur, JL:SA-126, Rs: 40	24,24/1	53,54	22,08	147.70 decimal	JBL,SCBL & EBL on pari passu basis

Fresh registered mortgage on the following property covering the total loan amount along with registered irrecoverable general power of attorney authorizing the bank to sell the mortgaged property without intervention of the court in case of default: Together with 3 other lenders

28. Registered mortgage of the factory land with building thereon measuring 46.90 decimals located at Tongi, Gazipur; owned by the company between EBL, SCB & JBL.
29. Registered mortgage of the factory land with building thereon measuring 66.80 decimals located at Kathaldia, Tongi, Gazipur; owned by the company between EBL, SCB & JBL.
30. Registered mortgage of the factory land with building thereon measuring 34.00 decimals located at Kathaldia, Tongi, Gazipur; owned by the company between EBL, SCB & JBL

31.

Support:

- a. Personal guarantee of the following directors of the company with personal net-worth statement as per format acceptable to the Bank:
 - Mr. Riad Mahmud, managing director of the company.
 - Mr. Golam Murshed, chairman of the company.
 - b. Cross corporate guarantee between the following companies, supported by their board resolution (application for 3rd party transection):
 - National Polymer Industries Limited for Tk. 450,000,000.00 only.
32. National Fittings & Accessories Limited for Tk. 749,100,000.00 only

5.2 SWOT ANALYSIS**Analysts:**

Kishor Mitra
+0088-02-47120158
kishor@ncrbd.com

Muhammad Abu Taher
+0088-02-47120156
ncr.sujan@gmail.com

Disclaimer:

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APPENDIX- I: RATING HISTORY:

INITIAL ENTITY RATING – 2019	
Date of Rating Declaration	Long Term
03.02.2019	A+ (Single A Plus)

APPENDIX- II: MACHINERIES LISTS:

SL #	Machines	Country of Origin	No of Machine/Line
1.	Mixer M/C V-50	Italy	1
2.	Mixer M/C V-30	Italy	1
3.	Mixer M/C K-120	Kabra, India	1
4.	Mixer M/C K-90	Kabra, India	4
5.	Mixer M/C K-60	Kabra, India	2
6.	Mixer SRL-Z 200/500	Kiwex , China	2
7.	Mixer SRL-Z 500/1000	Kiwex , China	2
8.	Extruder-92/28	Kabra, India	1
9.	Extruder-90/25	Bausano, Italy	2
10.	Extruder-90/23	Bausano, Italy	1
11.	Extruder-68/28	Kabra, India	3
12.	Extruder-52/25	Kabra, India	1
13.	Extruder-52/18	Kabra, India	2
14.	Extruder-SJ90/25	Kiwex , China	1
15.	Extruder-SJ75/25	Kiwex , China	1
18.	Extrude SZ 51/105 (Dual line)	Kiwex , China	2
19.	Extrude SZ 80/156 (Dual line)	Kiwex , China	1
20.			
21.	HDPE Pipe Production Line	Kiwex , China	1
20.	PP-R Pipe production Line	Kiwex , China	1
23.	Mixer SRLZ300/600	Kiwex , China	3
24.	Extruder SJSZ80/156 (Pelletizer)	Kiwex , China	3
25.	Extruder ZL75 (Pelletizer)	Kiwex , China	1
26.	Mixer SRLZ300/600	Kiwex , China	1
27.	Extruder MD75/30	Bausano, Italy	1
28.	Mixer SRL-Z300/600	Kiwex, China	2
29.	Extruder SJ65/28 X SSSJSJ65/28	Kiwex, China	1

30.	Extruder SJ65/28 X SSSJSJ45/28	Kiwex, China	1
31.	Pelletizer SJ65/28	Kiwex , China	1
32.	Corrugated pipe extrusion	Kiwex , China	1
33.	Sica belling Machine-63- 315	Italy	1
34.	Sica belling Machine-32- 200	Italy	2
35.	Belling machine -28020	India	1
36.	Belling Machine SGK63S	China	4
37.	Belling Machine SGK450	China	1
38.	Belling Machine SGK160	China	1
39.	Belling Machine SGK250	China	1
40.	Belling Machine (NPIL)	Bangladesh	3
41.	Automatic Filter cutting Machines	Pryanka, India	3
42.	Automatic Thread Cutting	Pryanka, India	1
43.	Lathe machine-6ft (Thread Cutting)		3
44.	Lathe machine-6ft, (Thread Cutting)	Pakistani & Indian	4
45.	Gas Generator G 3516 (675 KW)	USA	1
46.	Gas Generator G 3516 (1030 KW)	USA	1
47.	Diesel Generator DG 3406 (508KW)	USA	1
48.	Diesel Generator MGS1400C (1.4MW)	Japan	1
49.	Air Compressor (GA 22+)	India & China	6
50.	Water chiller (244 RT)	Japan & China	12
51.	Ink jet printer Machine	France, USA, Germany	32
53.	Crusher machine	Kiwex , China	3
54.	Pulvarizer GSM- 560(PVC)	Kiwex , China	5
55.	PP Pulvarizer	Kiwex , China	1
56.	Extruder SJSZ 55/110	Kiwex, China	2
57.	Extruder SJSZ 65/132	Kiwex, China	2
58.	Extruder SJSZ 80/156	Kiwex, China	2
59.	Extruder SJSZ 80/156(Sheet)	Kiwex, China	1
60.	Pelletizer SJ 65/25	Kiwex, China	1
61.	Mixer SRL-Z200/500	Kiwex, China	1

62.	Mixer SRL-Z300/600	Kiwex, China	4
63.	Mixer SRL-Z500/1000	Kiwex, China	3
64.	Door & Sheet Printing Line	Kiwex, China	1
65.	Corner cleaning machine	Kiwex, China	1
66.	Double miter saw L-JZ2A-450X3600	Kiwex, China	3
67.	Two head welding machine SHZ2HA-260X4000	Kiwex, China	3
68.	Glass batten saw SJBW-1800	Kiwex, China	3
69.	Profile groove cutting machine	Kiwex, China	1
70.	Heat shrink wrapping machine	Kiwex, China	2

APPENDIX- III: RATING SCALE:

Rating Scales and Definition	
Long Term Credit Ratings	
<i>(Bank/Financial Institutions/ NBFIs/Corporate/Debt Instruments)</i>	
Rating Scale	Definition
INVESTMENT GRADE	
AAA	Excellent quality, offering highest safety for timely servicing of financial obligations. Such institutions carry minimum risk
AA+, AA, AA-	Very strong capacity for timely servicing of financial obligations offering high safety . Such institutions carry very low risk .
A+, A, A-	Strong capacity for timely servicing of financial obligations offering adequate safety . Such institutions carry low credit risk .
BBB+, BBB, BBB-	Adequate capacity for timely servicing of financial obligations offering moderate safety . The rating category denotes a moderate credit risk. However, changes in circumstances or economic conditions are more likely to affect the capacity for timely servicing of financial obligations.
NON –INVESTMENT GRADE	
BB+, BB, BB-	Inadequate safety for timely servicing of financial obligations. Such institutions carry high credit risk . The entity remains more vulnerable to adverse economic changes over time.
B+, B, B-	Low safety for timely servicing of financial obligations.
CCC, CC, C	Very high risk for timely servicing of financial obligations.
D	Entities with this rating are of the lowest category. They are either in default or likely to be in default soon.

Short Term Credit Ratings	
<i>(Bank/Financial Institutions/ NBFIs/Corporate/Debt Instruments)</i>	
Rating	Definition
ST-1	Strongest capacity for timely payment of financial commitments and carry lowest credit risk.
ST-2	Strong capacity for timely payment of financial commitments and carry very low credit risk
ST-3	Satisfactory capacity for timely payment of financial commitments and carry low credit risk.
ST-4	Moderate capacity for timely payment of financial commitments and carry Moderate credit risk
ST-5	Uncertain capacity for timely payment of financial commitments and carry high credit risk.
ST-6	Indicates actual or inherent payment default.

**CERTIFICATE ON COMPLIANCE WITH CORPORATE GOVERNANCE CODE TO THE
SHAREHOLDERS OF NATIONAL POLYMER INDUSTRIES LIMITED**

CERTIFICATE ON COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

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

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

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

- (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 the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is satisfactory.

Date: 22 Sep 2019

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

CORPORATE GOVERNANCE COMPLIANCE STATUS

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

Condition No.	Title	Compliance Status (Put \checkmark 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]	\checkmark		
1.2	Independent Directors:			
1(2) (a)	At least 1/5 of the total number of Directors shall be Independent Directors	\checkmark		
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;	\checkmark		
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;	\checkmark		
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	\checkmark		
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	\checkmark		
1(2)(b)(v)	Who is not a member or TREC (Trading, Right Entitlement Certificate) holder, director or officer of any stock exchange;	\checkmark		
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;	\checkmark		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		
1(2)(b)(viii)	Who is not independent director in more than 5 (five) listed companies;	√		
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	√		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude.	√		
1(2)(c)	The Independent Director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	√		
1(2)(d)	The post of Independent Director(s) cannot remain vacant for more than 90 (ninety) days;			No such event during the reporting year
1(2)(e)	The tenure of office of an Independent Director shall be for a period of 03 years , which may be extended for 1 (one) tenure only;	√		
	Provided that a former independent director may be considered for re-appointment for another tenure after a time gap of one tenure, i.e. three years from his or her completion of consecutive two tenures [i.e. six years]			No such event during the reporting year
1.3	Qualification of Independent Director:			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business.	√		
1(3)(b)	Independent Director shall have following qualifications:			
1(3)(b)(i)	Business leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	√		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive officer or Managing Director or Deputy Managing Director	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
	or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or			
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or			N/A
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			N/A
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			N/A
1(3)(c)	The Independent Director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
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			No such event

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
	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;			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)			No such event during the reporting year
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			No such event during the reporting year
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Share Offer, Direct Listing, etc.			No such event during the reporting year
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performance and Annual Financial Statements.	√		
1(5)(x)	A statement of remuneration paid to the Directors including Independent Director;	√		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	√		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting elements are based on reasonable and prudent	√		

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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
	(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 .	√		
1(6)	Meeting of the Board of Directors:			

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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
	Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);			
3(1)(b)	The position of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS.	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).			No such event during the reporting year
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:			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
	For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee; and	√		
4(ii)	Nomination and Remuneration Committee.	√		
5	Audit Committee			
5(i)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	√		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		
5(2)	Constitution of the Audit Committee:			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be not-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director ;	√		
5(2)(c)	All members of the Audit Committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		
5(2)(d)	When the term of service of any committee member expires or there is any circumstance causing any committee member to be unable to hold office before expiration of the term of service, thus making the number of the committee members to be lower than the prescribed number of 3 (three) persons , the Board shall appoint the new committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the committee to ensure continuity of the performance of work of the Audit Committee;			No such event during the reporting year
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	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
	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 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.	√		
5(4)	Meeting of the Audit Committee:			
	The Audit Committee shall conduct at least its four meetings in a financial year;	√		
5(4)(a)	Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;			No such event during the reporting year
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must	√		
5(5)	Role of the Audit Committee:			
5(5)(a)	Observe the financial reporting process;	√		
5(5)(b)	Monitor choice of accounting policies and principles ;	√		
5(5)(c)	Monitor internal audit and compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	Oversee hiring and performance of external auditors;	√		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		

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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
	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 .			
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 ;	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
6(2)(e)	In case of death, resignation, disqualification or removal of any member of the Committee or any other cases of vacancies, the Board shall fill the vacancy within 180 days of occurring such vacancy in the Committee;			No such event during the reporting year
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			No such event during the reporting year
6(2)(g)	The Company Secretary shall act as the Secretary of the Committee;	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	√		
6(3)	Chairperson of the NRC:			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be the Chairperson of the Committee, who shall be an independent director ;	√		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			No such event during the reporting year
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	√		
	Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.			No such event during the reporting year
6(4)	Meeting of the NRC:			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			No such event 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.	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate Column)		Remarks (if any)
		Complied	Not Complied	
6(5)(b)	NRC shall observe, among others, the following matters and make report with recommendation to the Board:			
6(5)(b) (i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	√		
	(a) the level and composition of remuneration is responsible and sufficient to attract, retain and motivate suitable directors to run the company successfully;	√		
	(b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	√		
	(c) remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	√		
6(5)(b) (ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		
6(5)(b) (iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√		
6(5)(b) (iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	√		
6(5)(b) (v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	√		
6(5)(b) (vi)	Developing, recommending and reviewing annually the company's human resources and training policies.	√		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√		
7	External or Statutory Auditors:			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:			
7(1)(i)	Appraisal or valuation services or fairness opinions;	√		
7(1)(ii)	Financial information systems design and	√		

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

FORM-A
[Rule 5 and Rule 8(t)]

**Declaration (due diligence certificate) about responsibility of the Issue Manager in
respect of the rights share offer document of National Polymer Industries Limited**

This rights share offer document has been reviewed by us and we confirm after due examination that the rights share offer document constitutes full and fair disclosures about the rights issue and the issuer and complies with the requirements of the Securities and Exchange Commission (Rights Issue) Rules, 2006; and that the issue price is justified under the provisions of the Securities and Exchange Commission (Rights Issue) Rules, 2006.

For AAA Finance & Investment Ltd.

Place: Dhaka
Dated: October 17, 2019

Sd/-
Mohammad Obaydur Rahman, FCS
Managing Director & CEO

FORM-B

[Rule 6 and rule 8(t)]

Declaration (due diligence certificate) about responsibility of the Underwriter(s) in respect of the rights share offer document of National Polymer Industries Limited

This rights share offer document has been reviewed by us and we confirm after due examination that the issue price is justified under the provisions of the Securities and Exchange Commission (Rights Issue) Rules, 2006, and also that we shall subscribe for the under-subscribed rights shares within fifteen days of calling thereof by the issuer. The issuer shall call upon us for such subscription within ten days of closure of the subscription lists for the rights issue.

Place: Dhaka

For Underwriters

Sd/-

Mohammad Obaydur Rahman FCS, FCGA
Managing Director & CEO
AAA Finance & Investment Limited

Sd/-

Mohammad Hamdul Islam
Managing Director & CEO
Banco Finance and Investment Limited

Sd/-

Mamun Ahmed
Director
Swadesh Investment Management Limited

Sd/-

Dr. Md. Tabarak Hossain Bhuiyan, IM&A
Managing Director & CEO
Prime Bank Investment Ltd.

Sd/-

Mohammad Shahinur Rahman
Managing Director
Uttara Finance Capital Management Limited

FORM - D

[Rule 8(t)]

Due diligence certificate by the directors about their personal responsibility in respect of the rights share offer document

This rights share offer document has been prepared, seen, reviewed and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given in the rights share offer document, relevant documents and financial statements submitted to the Commission and others concerned under the Securities and Exchange Commission (Rights Issue) Rules, 2006.

We confirm, after making all reasonable enquiries, that all conditions concerning this rights issue and rights share offer document have been met. We further confirm that we have not concealed any information or statement which might have any bearing on the information already made.

In case of any default or failure on our part, civil, criminal or administrative action may be taken against us.

Sd/-

Golam Murshed

Chairman

Sd/-

Raquibul Alam

Independent Director

Sd/-

Riad Mahmud

Managing Director & CEO

Sd/-

Nuruzzaman Khan

Director Nominated by ICB

Sd/-

Mohammed Ariful Islam

Independent Director

Dhaka

Date: October 16, 2019

National Polymer Industries Limited
UDAY TOWER
Plot#57 & 57/A (2nd Floor), Gulshan Avenue, Gulshan
Dhaka-1212, Bangladesh

Folio/BO Account No	:	
Name	:	
Address	:	

LETTER OF OFFER FOR RIGHTS ISSUE

Dear Shareholder (s)

We are happy to offer you an opportunity to participate in Rights Issue of Shares of National Polymer Industries Limited. The honorable shareholders of NPOLY in the 7th Extra Ordinary General Meeting held on 15 October 2019 approved as issuance of One Rights Share against One existing share held on the record date (1R:1) at an issue price of Tk.15.00 each including a premium of Tk.5.00 per share.

The demand for products of National Polymer Industries Ltd. is increasing day by day and it needs to further increase and strengthen the production capacity of its plant. The purpose of issuance of Rights Shares is to support the proposed expansion of the Company (land purchase, land development and capital machinery import), finance the increased working capital need and make loan repayment. It is hereby stated that after the completion of the proposed rights issue, the paid-up capital of the company will stand at BDT 729,836,690.

If you wish to accept the above Rights Share in full or in part, you are required to submit completed Application Form-A annexed hereto with necessary payments. You may, however, renounce your rights in respect of all or part of your entitlement in favour of others in which case the Renunciation Form-B and Form-C annexed here to be submitted duly filled in by you and the renouncee(s) along with necessary payments. The rights cannot be exercised for fraction of a share i.e. below full unit of share.

All the payments for accepted shares are to be made in cash or by P.O/DD/Cheque @ Tk.15.00 each (including a premium of Tk.5.00 per share) and to be deposited with any of the branches of Bankers to the Issue during Banking hours. Any extension of time will be notified through national dailies. Payments through P.O/DD/Cheque, must be payable to "National Polymer Industries Limited" and must be drawn on a Bank in the same town where the Branch of Bankers to the Issue in which the application form has been submitted is situated. It is to be noted that all transactions above Tk. 1.00 lac must be effected through Demand Draft/Crossed Cheque/Pay Orders.

The offer will be deemed to have been declined if completed Application Form-A and/or Renunciation Form-B and Form-C with necessary payments have not been received by or by such later date as may be notified through national dailies to that effect.

A self-explanatory Rights Share Offer Documents is attached for your kind information and evaluation.

By order of the Board

Sd/-
Riad Mahmud
Managing Director & CEO

পুঁজিবাজার ঝুঁকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন।

Application Form - A

NATIONAL POLYMER INDUSTRIES LIMITED

Uday Tower, Plot # 57 & 57/A (2nd Floor), Gulshan Avenue, Gulshan, Dhaka-1212, Bangladesh

Rights Offer of **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, totaling Taka **547,377,510.00** offered on the basis of **01(One) [R]:01(One)** i.e. One Rights Share against 01(One) existing share held to the shareholders whose name appeared in the share register at the close of business on

Application Period	Opens on:
	Closes on:

FORM OF ACCEPTANCE AND APPLICATION FOR SHARES

The Managing Director & CEO

National Polymer Industries Limited
UDAY TOWER
Plot # 57 & 57/A (2nd Floor), Gulshan Avenue, Gulshan,
Dhaka-1212, Bangladesh

Dated:/...../.....

Application Sl. No.....
(Bank's Seal)

Dear Sir,

I/We apply for allotment of ordinary shares indicated below in response to your letter of Rights Offer and subject to the Memorandum and Articles of Associations of the Company. I/We hereby agree to accept the shares as may be allotted to me/us on the terms laid down in the letter of offer and enclose the necessary remittance @Tk. 15.00 per share (including a premium of Tk.5.00 per share) in cash or by Draft/Pay Order/Cheque No..... dated.....drawn on Bank Branch.

Folio/BO Account No.	No. of Shares held at the close of business on	No. of Shares offered	No. of Shares Accepted	Total Amount Paid(Tk.)

Yours faithfully,

1. Name (in block letters):	Signature:
Address:	
2. Name (in block letters):	Signature:
Address:	

BO Account No.																			
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As per provision of the Depository Act, 1999 and regulations made thereunder, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account number in the application form.

Note: Signature must be the same as was furnished to the Company earlier.

ACKNOWLEDGEMENT RECEIPT OF SHARE MONEY

Received Tk..... (Taka.....) only from Mr./Ms..... Folio/BO Account No..... for.....No.(s) of rights shares of National Polymer Industries Limited in Cash/Pay order/Draft/Cheque No.....date..... of..... BankBranch.

Application Sl. No (NPOLY's Seal)

(Bank Seal)

Signature of Receiving Officer
Date

পুঁজিবাজার ঝুঁকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন।

Renunciation Form-B

NATIONAL POLYMER INDUSTRIES LIMITED

Uday Tower, Plot # 57 & 57/A (2nd Floor), Gulshan Avenue, Gulshan, Dhaka-1212, Bangladesh

Rights Offer of **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, totaling Taka **547,377,510.00** offered on the basis of **01(One) [R]:01(One)** i.e. One Rights Share against 01(One) existing share held to the shareholders whose name appeared in the share register at the close of business on

Application Period

Opens on:

Closes on:

FORM OF RENUNCIATION

National Polymer Industries Limited

UDAY TOWER
Plot # 57 & 57/A (2nd Floor), Gulshan Avenue,
Gulshan, Dhaka-1212, Bangladesh

Dated:/...../.....

Application Sl. No.....
(Bank's Seal)

Dear Sir,

I/We hereby renounce my/our rights to the shares offered to me/us as noted below in favor of person(s) accepting the same and signing in Application by Renouncee(s) and apply for allotment in his/her/their name(s).

Folio/BO Account No.	No. of Shares held at the close of business on	No. of Shares offered	No. of Shares Renounced	Total Amount Paid(Tk.)

Yours faithfully,

1. Name (in block letters):	Signature:
Address:	
2. Name (in block letters):	Signature:
Address:	

Name(s) of Renouncee(s)	BO A/C NO.												
1.Name:													
2.Name:													

N.B. use photocopy in case of renouncement favoring more than 2 (two) persons

As per provision of the Depository Act, 1999 and regulations made there under, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account number in the application form.

Note: Signature must be the same as was furnished to the Company earlier. Incomplete or incorrectly filled application will be rejected.

