

NATIONAL POLYMER INDUSTRIES LIMITED

CERTIFICATE ON
STATUS REPORT ON UTILIZATION OF RIGHT ISSUE PROCEEDS
As At 31 May 2022

MAHFEL HUQ & CO.
CHARTERED ACCOUNTANTS
BGIC Tower (4th Floor)
34, Topkhana Road, Dhaka-1000
Phone: +88-02-9581786, 9553143
Fax: +88-02- 9571005
E-mail: asarkar@mahfelhuq.com
Web: www.mahfelhuq.com



Mahfel Huq & Co.
Chartered Accountants
The first registered accounting firm in independent Bangladesh



An independent member firm of AGN International

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Dhaka-1000, Bangladesh
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Fax: +88-02-9571005
E-mail: info@mahfelhuq.com
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Certificate on Status Report on Utilization of Right Issue Proceeds of National Polymer Industries Limited

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

The Management's Responsibilities

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

Our Responsibilities

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

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

We report that:

- i) With respect to item (a) Right Issue proceeds have been utilized in the following manner:
 1. Amounted Tk. 190,142,936 of Tk. 255,000,000 have been utilized to "Land Purchase and Land Development" as per the purposes/heads specified in the Right Share Offer Document, which is only 25.43% unutilized of total specified amount, although the management have 03 months remaining to utilize the residual amount as per ROD;





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2. Right Issue proceeds amounted Tk. 109,400,000 have been fully utilized by “Bank Loan Re-payment” as per the purpose/heads specified in the Right Share Offer Document;
 3. Right Issue proceeds amounted Tk. 110,000,000 is specified for “Import of Capital Machineries” as per ROD. The management have started the procedure to import the machineries at 1st quarter by opening LC and invested the amount as FDR. In second quarter management have received two lot of ordered machineries. In fourth quarter one full lot and one partial lot of ordered machineries has been received. The utilized amount and percentages in this regard is Tk. 101,985,773 and 92.71% respectively. The payment has been made by encashing the FDR and the remaining 8,014,227 are still invested in FDR. In this case the management have 03 months to utilize the remaining amount as per ROD.
 4. Right Issue proceeds amounted Tk. 72,977,510 have been fully utilized to “Working Capital” as per the purpose/heads specified in the Right Share Offer Document;
 5. The company utilized had 86.69% as on 31 May 2022, however the company had invested in FDR of Tk. 8,014,227 for importing capital machineries and Tk. 27,019,525 for advance against land and land development Total utilization including the advance is 93.09%.
- ii) With respect to item (b), Rights Issue proceeds have been utilized in line with the conditions of the Bangladesh Securities and Exchange Commission approval letter for the Rights Issue;
- iii) With respect to item (c), we found that National Polymer Industries Limited has unutilized proceeds of 25.43% of Land Purchase and Land Development and 7.29% of Import Capital Machineries, though the management have 03 months remaining to utilize the residual amount as specified in the right share offer document;
- iv) With respect to item (d), nothing has come to our attention that causes us to believe that utilization of Rights Issue Proceeds is not accurate and not for the purposes of the company as mentioned in the Right Share Offer Document;
- v) With respect to item (e), the company has utilized 93.09% of its total amount of Rights Issue fund by purchasing and developing fixed assets, current assets and repayment of bank loan with maintaining required procedure which we have verified through sufficient appropriate documents including advance against land and land development and importing capital machineries.

Conclusion

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

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

Place: Dhaka
Date: 13 June 2022



REPORT ON UTILIZATION OF RIGHTS SHARES ISSUE PROCEEDS
Fourth Quarter Right Issue Fund Utilization as on 31 May 2022

Schedule - A

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

Sl. No.	Purpose Mentioned in the Prospectus	Time Line as per Prospectus	Amount as per Prospectus	Total Utilized Amount	Utilized (%)	Total Un-utilized Amount	Un-utilized (%)	Remarks
1	Land Purchase and Land Development	Within 18 (Eighteen) months of after receiving total fund of rights offer	255,000,000	190,142,936	74.57%	64,857,064	25.43%	
2	Bank Loan Re-payment	Within 01 (One) months of after receiving total fund of rights offer	109,400,000	109,400,000	100.00%	-	0.00%	
3	Import of Capital Machineries	Within 18 (Eighteen) months of after receiving total fund of rights offer	110,000,000	101,985,773	92.71%	8,014,227	7.29%	
4	Working Capital	Within 04 (Four) months of after receiving total fund of rights offer	72,977,510	72,977,510	100.00%	-	0.00%	
	Total		547,377,510	474,506,219		72,871,291		

Notes:

- At the point of our audit, the unutilized amount was Tk. 72,871,291
- The company has 36,491,834 numbers of ordinary shares as per the Audited Financial Statements of 30 June 2020 which face value is Tk. 10 each. And the Rights Issue was for 1:1 with a premium of Tk.5 per share, which approval reference No. BSEC/CI/RI-123/2019/293 Dated: 15 December 2020 from Bangladesh Securities and Exchange Commission. By this authorization power the company issued 36,491,834 number ordinary share @ Tk.15 included Tk. 5 as a premium and raised Tk.364,918,340 as Share capital and Tk.182,459,170 as Share premium, totalling amount Tk.547,377,510.
- Out of 1,149 decimal land, during the period the company purchased 83 decimals same as other land price amounting to BDT. 99,60,000.00 from Shoeinverse footwear ltd. which is a related party having common managing director.
- Investment in Fixed Deposit with Bank Tk. 8,014,227 against Capital Machinery LC.
- The company utilised had 86.69% as on 31 May 2022, however the company had invested in FDR of Tk. 8,014,227 for importing capital machineries and Tk. 27,019,525 for advance against land and development Total utilization including the advance is 93.09%.

Mahfel Huq
Company Secretary

Abdus Satter Sarkar
Chief Financial Officer

Abdus Satter Sarkar
Managing Director

Abdus Satter Sarkar
Chairman

Md. Abdus Satter Sarkar, FCA
ICAB enrollment no. : 1522
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Reconciliation of Bank Balance

As on 31 May 2022

Name of Bank
Branch
Account No.
Account Type

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

Particulars		BDT	Particulars	BDT
Valid Subscription Received		547,377,510.00	Bank Charge/Clearing including VAT	41,547.50
Excess Subscription		427,550.00	Accounts Maintenance Fee including VAT	2,530.00
Not Entitled for Right Shares	51,615.00		TDS on Interest	422,084.46
Partially Allotted	10,520.00		Transfer for Investment in FDR against Capital Machinery LC.	8,014,227.00
Duplicate Application	114,240.00		Land and Land development	190,142,936.00
Excess Subscription Underwriters	251,175.00		Advance for Land and Land development	27,019,525.00
Collection Commission		(370,962.52)	Bank Loan Re-payment	109,400,000.00
Excess Deposit		725.00	Import of Capital Machineries	101,985,773.00
Interest Received		4,220,844.55	Working Capital	72,977,510.00
Reversal entry for different reasons		290,037,512.97	Refund of Excess Subscription to Not Entitled for Right Shares cleared by bank	51,285.00
			Refund of Excess Subscription to Partially Allotted cleared by bank	10,250.00
			Refund of Excess Subscription to Duplicate Application cleared by bank	75,990.00
			Refund of Excess Subscription to Underwriters cleared by bank	251,175.00
			Reversal entry for different reasons	290,037,512.97
			Debit sum of Bank Statement (A)	800,432,345.93
			Closing balance as per Bank Statement	41,260,834.07
			Refund of excess subscription cheques still to be cleared by bank	-
			Closing balance as per Ledger (B)	41,260,834.07
			Debit Sum (A+B)	841,693,180.00
			Credit Sum of Bank Statement	841,693,180.00

On behalf of Board of Directors:

[Signature]
Company Secretary



[Signature]
Chief Financial Officer

[Signature]
Managing Director

[Signature]
Chairman