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# ANNUAL JALD REPORT 2017



**NATIONAL POLYMER INDUSTRIES LTD.**



## CORPORATE CREED

We believe in corporate governance to direct and control the company in the interest of shareholders and other stakeholders with the aim of sustaining and enhancing the value of the company.

With this in mind we propel our corporate creed ahead:

### **Mission**

- ▶ The corporate mission is to be a pre-eminent supplier of uPVC pipes & fittings to its customers Through product leadership, excellent value and superior quality and service.

### **Objectives**

- ▶ To promote quality products with the objective of setting benchmarks for industry practice.
- ▶ To promote and assist in the development of standards, specifications and practices that help to ensure the proper use of plastic pipes.
- ▶ To enhance the knowledge and awareness of contemporary plastic pipeline technologies amongst specifiers, users and installers.

### **Code of Ethics**

- ▶ Manufacture and supply products and services of the highest quality and optimum value.
- ▶ Sustain a level of competence expected as a professional operator and only supply such products and services for which NPIL is suitably qualified.
- ▶ Conduct all aspects of business in a professional and responsible manner.
- ▶ Engage in fair and open competition based on truthful representation of products and services offered.

### **Core Values**

- ▶ **Customers** : Satisfy Customers with highest quality product, service & support.
- ▶ **Excellence** : Achieve excellence in people, creativity & imagination.
- ▶ **Integrity** : Be honest, upholding values and standards

## CORPORATE DIRECTORY

### BOARD OF DIRECTORS

Mr. Golam Murshed	Chairman
Mr. Riad Mahmud	Managing Director
Mr. Md. Rafiqul Islam	ICB Nominated Director
Mr. Mustafizur Rahman Shazid	Independent Director
Mr. Jamal Uddin Ahmed Chowdhury	Independent Director

### AUDIT COMMITTEE

Mr. Jamal Uddin Ahmed Chowdhury	Chairman
Mr. Golam Murshed	Member
Mrs. Md. Rafiqul Islam	Member

### COMPANY SECRETARY

Mr. Md. Abdul Maleque

### MANAGEMENT COMMITTEE

Mr. Riad Mahmud	Managing Director
Mr. Sk. Morshedul Islam	Executive Director, Sales & Marketing
Mr. K. M. Arshed Alam	Executive Director, Plant Operations
Mr. Mahmudul Islam Shamim	General Manager, Sales & Marketing
Mr. Md. Omar Faruk Ripon, ACA	General Manager, Accounts & Finance and CFO
Mr. S. M. Menhaj Uddin	DGM & Head of Commercial
Mr. Mohammad Manzur Hossain	AGM & Head of HR & Admin
Mr. Istiaque Ahmed Bhuiyan	AGM & Head of IT & MIS
Mr. Mithun Kanti Das	Head of Internal Audit
Mr. Md. Shah Jalal	Head of VAT & Tax
Mr. Syed Mazedul Haque	Head of Distribution

### AUDITORS

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

### LEGAL ADVISER

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

## **PRINCIPAL BANKERS**

Standard Chartered Bank  
Eastern Bank Limited  
Jamuna Bank Limited  
One Bank Limited

## **INSURANCE**

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

## **CORPORATE OFFICE**

Uday Tower (2<sup>nd</sup> Floor): Plot # 57 & 57/A Gulshan Avenue, Gulshan-1, Dhaka-1212  
Phone: (8802) 58812926, 9893623, Fax: 58812837, 58814967  
**Website: [www.nationalpolymer.net](http://www.nationalpolymer.net), e-mail: [info@nationalpolymer.net](mailto:info@nationalpolymer.net)**

## **REGISTERED OFFICE AND FACTORY**

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

## **OTHER INFORMATION**

Date of Incorporation	: June 26, 1987
Date of Commercial Operation	: June 26, 1987
Registration No.	: C-16602 (588)/87
Nature of Business	: Manufacturer & Exporter of uPVC Pipes, Fittings, Doors, Sheets Fall Ceiling etc.
Legal Form	: Public Limited Company Listed with DSE & CSE
Authorized Capital	: Tk. 50,00,00,000/-
Paid-up Capital	: Tk. 20,43,12,440
No. of Shares	: 2,04,31,244
Face Value of Share	: Tk.10/-
Market Lot	: 100 Shares
Certification	: BSTI and ISO 9001 : 2008
Credit Rating	: Long Term- A+ & Short Term ECRL-2

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## TRANSMITTAL LETTER

December 03, 2017

To

The Shareholders  
Bangladesh Securities and Exchange Commission  
Registrar of Joint Stock Companies & Firms  
Dhaka Stock Exchange Ltd.  
Chittagong Stock Exchange Ltd.

**Subject: Annual Report for the year ended June 30, 2017**

Dear Sir (s),

We are pleased to enclose herewith the copy of the Annual Report containing the Directors' Report, the Auditors' Report along with the Audited Financial Statements of the Company comprising the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and relevant notes to the Financial Statements for the year ended 30 June, 2017 for your kind information and records.

Thanking

Yours sincerely  
For National Polymer Industries Ltd.



(Md. Abdul Maleque)  
Company Secretary

## NOTICE OF THE 30<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 30<sup>th</sup> Annual General Meeting (AGM) of National Polymer Industries Ltd. will be held on **21<sup>st</sup> December, 2017 at 9:30 AM at Fakruddin & Sons Community Center, Board Bazar, Gazipur** to transact the following business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2017 together with the Reports of the Directors and the Auditors thereon.
2. To declare dividend for the year ended June 30, 2017.
3. To elect/re-elect Director(s) in terms of relevant clause of the Articles of Association of the Company.
4. To appoint/re-appoint Statutory Auditors for the year 2017-2018 and fix their remuneration.
5. To transact any other business with the permission of the Chair.

Dated, Dhaka  
November 23, 2017

By order of the Board of Directors



Md. Abdul Maleque  
Company Secretary

### Notes:

1. Shareholders' name appearing in the Depository/Share Register on the "Record Date" i.e. 16<sup>th</sup> November, 2017 will be eligible to attend the AGM and to receive Dividend.
2. A member entitled to attend and vote at the meeting may appoint a Proxy on a on his/her behalf. Form of Proxy duly stamped must be deposited at the Corporate Head Office of the Company not later than 48 hours before the time fixed for the AGM.
3. The Shareholders are requested to register their names in the counter at the entrance of the AGM venue from 8:00 am to 9:30 AM. Admission into the AGM Venue will be allowed on the production of the Attendance Slip sent with the Annual Report.
4. The Annual Report and Proxy Form are also available in the Website of the Company at **www.nationalpolymer.net**.

বিঃ দ্রঃ - বিএসইসি'র নির্দেশ অনুযায়ী আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার আপ্যায়ন, উপহার সামগ্রী বা যাতায়াত ভাতা প্রদানের ব্যবস্থা থাকিবে না।

# COMPANY PROFILE

## COMPANY AT A GLANCE

National Polymer Industries Limited, a prominent brand name in the country producing and offering a wide range of innovative and qualitative products like UPVC, CPVC, PPR Pipes Fittings, Doors, Sheets, Fall Ceiling etc. and services to its valued customers, has been in operation over two decades.

## LEGAL FORM

It 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. 204.31 million against an authorized capital of Tk. 500.00 million.

## LOCATION

Company’s Corporate Head Office is located at Uday Tower (2<sup>nd</sup> Floor), 57-57/A Gulshan Avenue, Gulshan-1, Dhaka-1212 while its Registered Office and Factory is located at Squibb Road, Nishat Nagar, Tongi I/A, Tongi, Gazipur.

## MISSION & OBJECTIVES

### ❖ Mission

The corporate mission is to be the pre-eminent producer and supplier of quality products to its existing and potential customers through:

- Product leadership
- Excellent value
- Superior quality and services

### ❖ Objectives

- To promote quality products with the objective of setting a benchmark for industry practice.
- To promote the standards, specifications and practices that help to ensure the proper use of uPVC pipes and other products.
- To enhance knowledge and awareness of contemporary plastic pipeline technologies amongst specifiers, users and installers.

## QUALITY MANAGEMENT

National polymer never compromises with quality. Our endeavor is to produce premium quality products with the aim to have satisfied customers. To achieve this we are striving and are committed to provide with best quality products, services and solutions our valued customers. The aim of our quality policy is to continuously improve the quality standards and procedures in place to reinforce the integrity of our operational procedures through the adherence to **ISO 9001:2008 and BSTI standards.**

## EMPLOYEES

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. At present about 950 employees are working both in its head office and factory. National Polymer focuses on employees to optimize their creativity, performance and sustainable improvement by ensuring a safe & healthy working environment, cohesive corporate culture, proper training, reward & recognition and various employee benefit scheme.

## PRODUCTION

National Polymer is the pioneer for introducing the uPVC pipes in the construction sector of the country. Initially NPIL started manufacturing PVC compound and bottle compound which were the intermediate raw materials for PVC pipes and bottles. Within a very short time the Company started manufacturing uPVC pipes as well, for which it received a very positive response from the market. At present it is manufacturing a wide range of premium quality products such as uPVC, PPR & CPVC Pipes & Fittings, PVC Doors, Sheets, Fall Ceiling etc. The Company is trying to strengthen its product lines with new products of innovative quality to meet tomorrow’s challenges. The Company uses the latest technologies and the most advanced machineries from Asian and European origin and the raw materials from Japan, Malaysia, Singapore, Thailand and Taiwan. The Company has increased its production capacity to 29,562 M. Ton from its initial 500 M. Ton.

## BUSINESS STATUS

Over the last two decades of its operation, National Polymer has established itself as a prominent brand name in this sector. The Company is on a well-defined growth stage with its diversified quality products and superior service to the customers through an expanding distribution channel. In the meantime, the Company has entered into the global market and has proved its ability to make its position in the global markets. The Company is also trying intensely to enter into other countries of Asia, Europe and Africa with its diversified quality products.

## MESSAGE FROM THE CHAIRMAN

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

I, on behalf of the Board of Directors have the pleasure to welcome you on the occasion of the 30<sup>th</sup> Annual General Meeting (AGM) of National Polymer Industries Ltd. Your spontaneous support inspires us to go ahead confidently. I would like to thank you for providing me an opportunity to share and exchange our thoughts and views on the performance of our Company.

Meanwhile, Annual Reports for the FY 2016-2017 of our company have been dispatched to you for your kind perusal. I believe you will get a comprehensive view from the Directors' Report and the Audited Financial Statements of the Company. I assure you that we shall always be with you and your investment will always be safeguarded by the grace of Almighty. I presume the performance of the Company during the year under review is satisfactory to you.

Dear Shareholders, it is my pleasure to report you that in spite of various difficulties, this year your company has achieved revenue from sales Tk. 186.67 crore while it was Tk. 175.93 crore during the previous year. Company's net profit during the year under review is Tk. 6.67 crore which is 36.36% higher over the previous year. Considering the overall business situation of the Company, the Board of Directors declared 20% Stock dividend for the year ended 30 June, 2017 which will be distributed to your accounts within the stipulated time after having necessary approval.

Dear Shareholders, the demand of PVC products is increasing day by day both in local and global markets. Forecasting a good demand for our products, we are now on the expansion mood to increase our production capacity to meet this growing demand of the existing and potential customers.

Dear Shareowners, National Polymer is a value-driven company. We always try to uphold the value of our esteemed customers, shareholders and other stakeholders providing them our quality products and services. As quality customer service is our top priority, the skilled, experienced and dedicated teams are always ready to provide with the best services and solutions to our valued customers.

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

Finally, I would like to express my appreciation and thanks to our Shareholders, Stock Exchanges, BSEC, RJSC, CDBL, NBR, Bankers, insurances and specially our valued customers for their trust, support, suggestion and guidance in running our business successfully. I am also thankful to my fellow Board members and all the employees of the company for their guidance and support.

ALLAH HAFEZ



(Golam Murshed)  
Chairman of the Board of Directors

## **DIRECTORS' REPORT**

### **For the year ended 30 June, 2017**

The Board of Directors of National Polymer Industries Limited have the pleasure in presenting to the members its Report together with the audited financial statements of the company for the year ended 30 June, 2017 that have been prepared in compliance with section 184 of the Companies Act 1994, Bangladesh Accounting Standards and Bangladesh Securities and Exchange Commission Notification No: SEC/CMRRCD/2006/158/134/Admin/44, dated August 07, 2012.

#### **BUSINESS OVERVIEW**

Despite different challenges and strong competition in the market, during the year under review the Company has maintained its profitable status in terms of business. As per audited financial statements for the FY 2016-2017, the key financial information is given below for better understanding on the overall performance of the Company:

<b>Particulars</b>	<b>2016-2017 (Tk.)</b>	<b>2015-2016 (Tk.)</b>	<b>Growth</b>
Revenue	1,866,687,057	1,759,312,097	6.10%
Gross Profit	307,293,861	291,563,613	5.40%
Profit before Tax	93,503,107	68,524,201	36.45%
Net Profit	66,741,634	48,945,858	36.36%
Production Capacity Utilization (M. Ton)	22,478	19,708	14.06%

#### **EXPORT REVENUE**

The contribution of PVC products in our economy is vividly visible due to its use has been increasing rapidly in line with the economic growth of the country. During the last few years the local production has been increased by manifolds both for our local use and export market. In spite of many challenges, we are striving to increase our export sales. You will be glad to know that this year your company has achieved 58.16% growth in export sales.

#### **DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS**

The Directors of the Company have the responsibility for preparing the annual report and financial statements in accordance with the Companies Act 1994, Securities and Exchange Commission Rules 1987, Securities and Exchange Commission Ordinance 1969, Bangladesh Accounting Standards, Bangladesh Financial Reporting Standards (BFRS), the Listing Regulations of Dhaka & Chittagong Stock Exchanges and other applicable laws and regulations. They are also responsible for taking reasonable measures to safeguard the assets of the Company and to establish appropriate system of internal controls with a view to preventing and detecting fraudulent activities and other irregularities.

#### **CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

In compliance with Bangladesh Securities and Exchange Commission Notification No: SEC/CMRRCD/2006/158/134/Admin/44, dated August 07, 2012, the Directors are pleased to confirm the following:

## **INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENT**

National Polymer has been in operation for over two decades and has established itself as a prominent brand name in the country producing and offering a wide range of innovative and qualitative products and services to its valued customers. The demand of PVC products is increasing day by day both in local and global markets. Forecasting a good demand for our products, we are now on the expansion mood to increase our production capacity to meet the growing demand of the existing and potential customers. To be the market leader, National Polymer is focusing on producing and supplying the innovative products and solutions to its customers to meet tomorrow's challenges. Detail about the industry outlook is stated in the Chairman's speech.

## **SEGMENT INFORMATION**

The Company's operations are carried out and managed as a single operating segment. Accordingly the Company operates in one segment for manufacturing and marketing of PVC pipes, sheets and doors for water supply, sanitation and building material solution. So, no segment reporting is felt necessary.

## **RISKS AND CONCERNS**

Risks and Concerns is the integral part of business. Like others, our business may also be affected by risk and uncertainties. Details of risk factors and determining how to handle such events are stated in the report of Risk Management.

## **MARGIN ANALYSIS**

Company's' Cost of Goods Sold for the year ended 30 June, 2017 is Tk. 155.93 crore which was Tk. 146.77 crore during the previous year, Gross Profit Margin is Tk. 30.73 crore against Tk. 29.16 crore for the previous year and Net Profit for this year stands at Tk. 6.67 crore that is 36.36% higher over the previous year.

## **EXTRA-ORDINARY EVENTS**

No events of extra ordinary gain or loss occurred during the reporting year which would require to disclose in the financial statements.

## **RELATED PARTY TRANSACTION**

Related party transactions are disclosed in the note 34 of the financial statements.

## **UTILIZATION OF PROCEEDS FROM PUBLIC ISSUES, RIGHT ISSUES AND/OR ANY OTHERS**

No IPO issues, Right issues and/or any other issues was incurred during the year.

## **DETERIORATION OF FINANCIAL RESULTS AFTER IPO, RPO, RIGHTS OFFER, DIRECT LISTING ETC.**

There was no event of IPO, RPO, Rights Offer, Direct Listing etc. of the Company during the financial year.

## **VARIANCE BETWEEN FINANCIAL STATEMENTS**

There was no event of significant variance between quarterly financial performance and annual financial statements of the company during this financial year.

## **REMUNERATION OF DIRECTORS**

Remuneration of Directors is incorporated in note 30 of the financial statements.

## **FAIRNESS OF FINANCIAL STATEMENTS**

The financial statements of the Company together with the notes thereon have been drawn up in conformity with applicable laws and regulations. These statements present fairly the Company's state of affairs, the results of its operations, cash flows and changes in equity.

## **BOOKS OF ACCOUNTS**

Proper books of accounts of the company were maintained.

## **ACCOUNTING POLICIES**

Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.

## **APPLICATION OF IAS/BAS/IFRS/BFRS**

IAS/BAS/IFRS/BFRS, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.

## **INTERNAL CONTROL**

Company's internal control system is sound in design and has been effectively implemented and monitored.

## **GOING CONCERN**

There are no significant doubts upon the Company's ability to continue as a going concern.

## **SIGNIFICANT VARIANCE OVER THE LAST YEAR'S OPERATING RESULT**

There are no significant deviations from the last year's operating results of the Company.

## **FIVE YEAR'S FINANCIAL HIGHLIGHTS**

Company's key operating and financial data of at least preceding 5 (five) years is incorporated in the report.

## **BOARD MEETING**

The number of Board meetings held during the year and attendance is stated in the report.

## **SHAREHOLDING PATTERN**

The pattern of shareholding of the Company is disclosed in the report.

## **QUALITY POLICY**

Our endeavor is to produce premium quality products with the aim to have satisfied customers. To achieve this, we are striving and are committed to provide quality products, services and solutions to our valued customers. The aim of our quality policy is to continuously improve the quality standards and procedures in place to reinforce the integrity of our operational procedures through the adherence to **ISO 9001:2008 and BSTI standards**.

## **INFORMATION TECHNOLOGY**

National Polymer Industries Limited is a production and sales oriented company. Quality customer service is our top priority. The Company 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' complains and queries, we have automated our IT support system. The Company is endeavoring to upgrade and adopt new technology in production, quality control, distribution and administration.

## **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 employees to optimize their creativity, performance and sustainable improvement by ensuring a safe & healthy working environment, cohesive corporate culture, proper training, reward & recognition and various employee benefit scheme.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

As a corporate citizen, National Polymer endeavors most to discharge its responsibility towards the society and the environment. Our social responsibility includes our clients, employees, shareholders, business associates and the society as a whole. The Board of Directors is also aware of the community development as part of the corporate social responsibility (CSR) especially in the areas of race-religion-regional equality, non-employment of child labor, prevention of environmental pollution etc. As part of social responsibility, we extend our help to different educational institutions, local mosques and hospitals. The detail of our corporate social responsibilities is incorporated in the statement of Corporate Social Responsibility (CSR).

## **CORPORATE GOVERNANCE**

Corporate Governance is the practice of good citizenship, through which the Company is governed by the Board, keeping in view its accountability to the shareholders and other stakeholders. National Polymer has established procedures to ensure compliance with all applicable statutory and regulatory requirements. Respective officers are responsible for ensuring proper compliance with applicable laws and regulations. The details regarding corporate governance is disclosed in the corporate governance statements.

## **COMMUNICATION WITH THE SHAREHOLDERS**

The Shareholders as the owners are required to be provided with the material information on Company's operation quarterly, half-yearly and annually. They are also provided routine services by the Company Secretary on any company matters which is permissible. The Board is however responsible to the Shareholders as well as Investors for publication of price sensitive information as per regulatory requirements. The Company Secretary is in charge for all these responsibilities. The Company has also a website to provide permissible information/notices/price sensitive information/financial statements/ disclosures and others for the shareholders and interested investors.

## **DIVIDEND**

The Board of Directors has recommended 20% Stock Dividend (20 Bonus shares for every 100 shares) for the year ended on 30 June, 2017. The recommended Dividend will be credited to the shareholders' BO Accounts whose names are recorded in the CDBL/share register on the record date i.e. on 16<sup>th</sup> November, 2017 within the stipulated time after having approval by the Shareholders in the Annual General Meeting.

## **ELECTION/RE-ELECTION OF DIRECTOR(S)**

As per relevant clause of the Articles of Association of the company, Mr. Riad Mahmud, Director of the company retired from the Board this year and being eligible, the Board, upon his consent, has re-elected him as the Director for the next term subject to the approval by the Shareholders in the AGM. In terms of BSEC Notification dated 07 August, 2012 his brief resume is disclosed in the annual report.

## **APPOINTMENT OF STATUTORY AUDITORS**

Company's present Auditor M/s Shiraz Khan Basak & Co., Chartered Accountants has carried out the audit of financial statements for the year ended on 30 June, 2017 and retired this year. It is mentioned that Shiraz Khan Basak & Co., Chartered Accountants audited the financial statements of our Company for a consecutive period of 3 (Three) years. As per DSE listing regulations, 2015 Shiraz Khan Basak & Co., Chartered Accountants is not eligible for re-appointment. So, scrutinizing some offers the Board has decided to appoint Mahfel Huq & Co., Chartered Accounts of BGIC Tower (4<sup>th</sup> Floor), 34 Topkhana Road, Dhaka as the Statutory Auditors of the Company for the next financial year 2017-2018 with a remuneration of Tk. 90,000/- (Taka ninety thousand only) subject to the approval by the Shareholders in the AGM.

## **APPRECIATION**

The Board would like to express sincere thanks and appreciation to the honorable shareholders, valued customers, BSEC, DSE, CSE, NBR, RJSC, Bankers, Financial Institutions and Insurance for their support, Co-operation and guidance in our business endeavor. In this occasion, the Board also expresses the heartiest thanks to all the employees and management team whose perseverance, professionalism and hard works contribute a lot in achieving Company's objectives and to maintain company's strong competitive position.

For and on behalf of the Board of Directors



Riad Mahmud  
Managing Director

## **SHORT PROFILE OF THE BOARD OF DIRECTORS**

### **MR. GOLAM MURSHED, CHAIRMAN**

Mr. Golam Murshed, the Chairman of National Polymer Industries Ltd, is a dynamic businessman. He joined his family business very early in his life. He has a vast experience in plastic and PVC sectors. He has been with National Polymer Industries as the Sponsor Director since the inception (1987) of the Company and contributing a lot for the development of the Company. Presently he is performing as the Chairman of the Company.

### **MR. RIAD MAHMUD, MANAGING DIRECTOR**

Mr Riad Mahmud obtained his academic qualification on B. Sc in Chemical Engineering from the University of Texas at Austin in 1994 and MBA from the University of Melbourne, Australia in 1999. After completing academic career, Mr. Mahmud has worked in senior positions in different organizations in Sydney, London and New York. Returning from abroad, Mr. Mahmud who is the Sponsor Shareholder of National Polymer Industries Ltd., joined the Board of National Polymer Industries Ltd in 2007 as a Director and has subsequently been elected as the Managing Director of the company in 2009. Currently he is performing his responsibilities as the Managing Director of National Polymer Industries Ltd. He is founder of several businesses in other sectors, including the first Leed Gold certified 100% export oriented footwear factory in Bangladesh. Besides, Mr. Mahmud has been teaching Masters level courses at the School of Business and Economics at North South University, the most prestigious private university in Bangladesh. He is also a member of the Executive Committee of Bangladesh Plastics Goods Manufacturers and Exporters Association, General Body member of FBCCI, Korean Bangladesh Chamber of Commerce and Industry and a member of American Society of Chemical Engineers. It is also noted with great pleasure that recently Mr. Mahmud has been appointed as the Honorary Consul of The Republic of Georgia.

### **MR. MD. RAFIQU ISLAM, ICB NOMINATED DIRECTOR**

Mr. Md. Rafiqul Islam is the Nominated Director of National Polymer Industries Ltd. nominated by Investment Corporation of Bangladesh (ICB). He has completed his Post Graduation in Marketing from the University of Dhaka in 1987 and started his career with Investment Corporation of Bangladesh (ICB) in 1988. He has also obtained Diploma in banking from the Institution of Bankers Bangladesh. Currently, he is holding the position of General Manager in the Investment Corporation of Bangladesh (ICB). He has joined the Board of National Polymer Industries Ltd. on 25<sup>th</sup> January, 2015 and discharging his duties and responsibilities to the Board of National Polymer Industries Limited as an active participant.

### **MR. MUSTAFIZUR RAHMAN SHAZID, INDEPENDENT DIRECTOR**

Mr. Mustafizur Rahman Shazid is the Independent Director of National Polymer Industries Ltd. He has obtained BSc in Aeronautical Engineering from Indian Institute Technology (IIT) and MBA from IBA, Dhaka University. He is a qualified person having a vast practical knowledge in Sales, Marketing and Distribution channel. He is the Director of Butterfly Manufacturing Company Ltd., and also the Sponsor Director of Butterfly Marketing Ltd., the sole distributor of LG electronics goods and Butterfly electronics products in Bangladesh.

### **MR. JAMAL UDDIN AHMED CHOWDHURY, INDEPENDENT DIRECTOR**

Mr. Jamal Uddin Ahmed Chowdhury is the Independent Director of National Polymer Industries Ltd. He has obtained M. Com in Management from the University of Chittagong in 1990. After accomplishing his academic career, Mr. Chowdhury entered into the business arena. By dint of his diligence and competency, he has become a dynamic industrialist and businessman in the corporate domain. He is the founder of various prominent business entities such as: N J Environtech, Boost Energy Ltd., Seina Industries Ltd., Saber Trading Ltd., Everest Port Services Ltd., Mahim Trade Link Ltd. and Apon Import Centre Ltd. He is also the Director of Diamond Life Insurance Ltd. Based on his competency in the business sector and in line with the Corporate Governance Guidelines issued by BSEC regarding the Independent Director, the Board has appointed Mr. Chowdhury as the Independent Director on 11<sup>th</sup> August, 2016. He is discharging his duties and responsibilities to the Board as an active participant.

## RISK MANAGEMENT STATEMENT

Financial instruments of National Polymer Industries Limited (NPIL) comprises of both financial assets and liabilities. The Company's financial liabilities mostly comprise of accounts payable and short and medium term financing from Financial Institutions. Basic purpose of financing is to raise working capital for Company's operation. Company's financial assets comprise of Cash and cash equivalents, accounts receivables and prepayments.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The responsibility of Board is to develop and monitor Company's risk management policies. The Board is assisted in its oversight role by the Audit Committee. The Internal Audit, under the purview of the Audit Committee, undertakes both regular and adhoc reviews of risk management controls and procedures.

The Company has exposures to the following risks from its use of financial instruments:

### INDUSTRY RISK

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

**Management Perception:** Professionals with decades of experience are managing the entity successfully the above risk. National Polymer is always introducer and market leader in experiencing new technology in the industry. Others are followers in all cases. Products and quality are always market competitive. The Company has specific set of policies to cope with new entrance and managing competitions among existing players in the market.

### CREDIT RISK

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

**Management:** The Company's credit policy is in place and the exposure to credit risk is monitored by taking into consideration all aspects of such risk. NPIL has credit evaluation and business cycle so that management of such risk would below the level of risk.

### LIQUIDITY RISK

Liquidity risk is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or to make the required profit)

**Management:** The Management of the company ensures that it has sufficient cash and cash equivalent 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 lines of credit 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 product or service which would harm the performance of the Company.

**Managing Market Risk:** National Polymer has strong brand equity in the market. Moreover, for a growing economy like Bangladesh, there would always be demand for PVC products.

## EXCHANGE RATE RISK

National Polymer is involved in importing different raw materials from 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.

**Management Perception:** As a 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, LCL has been generally accurate in such projections, and it did not suffer any exchange loss. Furthermore, LCL's imports are a small fraction of its total business. Therefore, the risk in this area is minimal. What is more important is that Taka has been pretty much stable over the last few years, and is expected to remain so in foreseeable future.

## INTEREST RATE RISK

Interest rate risk refers to likely changes in the cash flows or future value of the business, occurring due to fluctuations in the interest rates. In this event, the rate of interest on the outstanding borrowings increases, the finance cost of the company may increase, affecting its future liability.

**Management Perception:** National Polymer has legal contracts with the banks for fixed rate of interest on both near and mid term borrowings. These contracts are renewed periodically after negotiation with the banks. Since the interest rates are known well in advance, the Company is not exposed to the Interest Rate Risks. Furthermore, in the recent past the lending rates have been coming down gradually due to high liquidity in the money market. This trend is expected to continue in the future. Hence, National Polymer is expecting even further reduction in the interest expense, thereby leading to increased profitability.

## 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 technology.

**Management:** The Company enjoys access to the advanced technology in its production lines. It has adopted the most advanced European technology for its production.

## MANAGEMENT RISK

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

**Management:** 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 has been arranging training for its core personnel on continuous basis to cope with the growing challenges with the changing working environment. It has been offering competitive emoluments to the employees to encourage professionalism.

## **Report of the Audit Committee** **For the year ended 30 June, 2017**

National Polymer Industries Ltd has an Audit Committee as a sub-committee of the Board of Directors as recommended by Bangladesh Securities and Exchange Commission (BSEC). The Audit Committee assists the Board of Directors in ensuring that the financial statements reflect the true and fair view of the state of affairs of the company and in providing a sound monitoring system within the business.

### **Committee Members**

The Audit Committee comprises the following members:

<b>Sl. No.</b>	<b>Name</b>	<b>Position</b>
1	Mr. Jamal Uddin Ahmed Chowdhury Independent Director	Chairman
2	Mr. Golam Murshed, Chairman of the Company	Member
3	Mr. Md. Rafiqul Islam, ICB Nominated Director	Member

### **Terms of Reference**

The terms of reference of the Audit Committee have been determined by the Board in line with the BSEC notification. The Committee is responsible to the Board of Directors and reports on its activities regularly. The Committee assists the Board of Directors in its general oversight of financial reporting, internal controls and functions relating to internal audit as well as ensures compliance with the Corporate Governance Guidelines disseminated by BSEC.

### **Meeting and attendance**

During the year under review, four meetings of the Committee were held. The permanent invitees to the meetings were the Head of Accounts & Finance and CFO, the Company secretary and the Head of Internal Audit. The attendance of the Audit Committee members at the meetings is as under:

<b>Name of members</b>	<b>No. of meetings held</b>	<b>Meetings attended</b>
Mr. Jamal Uddin Ahmed Chowdhury	4	4
Mr. Golam Murshed	4	4
Mr. Md. Rafiqul Islam	4	4

### **Roles of the Audit Committee**

The purpose, authority, composition, duties and responsibilities of the Audit Committee are defined in its charter. The role of the Committee includes:

- Oversee the financial reporting process;
- Monitor choice of accounting policies and principles, internal control risk management process, auditing matter, hiring and performance of external auditors;
- Review along with the management, quarterly, half-yearly and annual financial statements before submission to the Board for approval;

- Review the adequacy of internal audit function;
- Review and consider the internal and the external auditors' observations on internal control;
- Review statement of significant related party transactions submitted by the management;
- Review Management Letters/Letter of Internal Control weakness issued by the statutory auditors;
- Any other activities related to the Audit Committee Charter.

### **Activities carried out by the Audit Committee during the year**

The Audit Committee acted as per guidelines mentioned in the charter of the Committee. On discharging its responsibilities, the Audit Committee has ensured the followings:

- The Committee has reviewed the quarterly and annual financial statements and recommended to the Board for consideration.
- The Committee has reviewed the effectiveness of internal control and external audit procedures and reports thereon.
- The Committee appraised the accounting policies, compliance of statutory provisions of law and other regulatory authorities, compliance of Accounting Standards and appropriateness of disclosure in the financial statements.

After due verification, the Audit Committee formed the opinion that adequate financial control and procedures are in place to provide reasonable assurance that the Company's resources are safeguarded and the financial position of the Company is well managed

The Audit Committee expressed their sincere thanks to the members of the Board, Management team, the Statutory Auditors and the Internal Auditors for their support in carrying out its duties and responsibilities effectively.

On behalf of the Audit Committee



(Jamal Uddin Ahmed Chowdhury)  
Chairman, Audit Committee

## **STATEMENT OF CORPORATE GOVERNANCE**

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community. Since sound corporate governance is the fundamental to Company's long term success, the Board of Directors of National Polymer is firmly committed to uphold the principles of sound corporate governance. Our Corporate Governance is as follows:

### **BOARD OF DIRECTORS**

In line with the concept of good corporate management practice and the provisions of Articles of Association, the Board of Directors is responsible for overall control and supervision of the entire affairs of the Company through strategic planning & budgetary control mechanisms. In this context, the Board of Directors hold periodic meetings to resolve the issues of policies and strategies, recording the minutes/decisions for implementation by the Executive Management. The Board of Directors of National Polymer Industries Limited consists of 5 (five) members including two Independent Directors and one Nominated Director nominated by Investment Corporation of Bangladesh (ICB). It is reconstituted every year by the Shareholders through retirement/re-election/election of one-third of its members. During the year under review the Board held 08 (eight) meetings to transact various agenda.

### **INDEPENDENT DIRECTOR(S)**

In compliance with the BSEC regulations on good governance, the Board of Directors as empowered by the regulations, appointed Mr. Mustafizur Rahman Shazid and Mr. Jamal Uddin Ahmed Chowdhury as the non-shareholder Independent Directors. Mr. Mustafizur Rahman is the Director of Butterfly Manufacturing Company Ltd., and also the Sponsor Director of Butterfly Marketing Ltd., the sole Distributor of LG electronics goods and Butterfly electronics products in Bangladesh. Mr. Jamal Uddin Ahmed Chowdhury is the Proprietor of N J Environment and Chairman of Boost Energy Ltd. It is expected that their experience would help to protect the interest of all investors in general and small investors in particular and proper disclosure to the Regulators.

### **SEPARATE ROLE OF CHAIRMAN AND MANAGING DIRECTOR**

The position of the Chairman and the Managing Director are held by two separate persons. The Chairman is responsible for functions of the Board while the Managing Director serves as the Chief Executive of the Company.

### **CHIEF FINANCIAL OFFICER, HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY**

As per Corporate Governance Guidelines issued by BSEC, the company has appointed the Chief Financial Officer, the Company Secretary and the Head of Internal Audit who perform their respective roles and responsibilities.

The Chief Financial Officer (CFO) is a qualified Chartered Accountant who has a long experience in the field of Accounts and Finance. The Head of internal audit of the company has expertise and long experience in the field of internal audit and control.

The Company Secretary studying Chartered Secretaries in the Instituted of Chartered Secretaries of Bangladesh (ICSB) has a long experience in the field of corporate and compliance issues.

## **AUDIT COMMITTEE OF BOARD**

In terms of the BSEC guidelines, National Polymer has constituted an Audit Committee as a sub-committee of the Board of Directors. The Audit Committee consists of 3 (Three) members. The Chairman of the Audit Committee is the Independent Director. This committee assists the Board of Directors 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. This committee is responsible to the Board and its duties and responsibilities are clearly set forth in writing. The Audit Committee held 4 (four) Meetings during the year under review. The report of the Audit Committee is incorporated in the Annual Report.

## **EXECUTIVE MANAGEMENT**

The Executive Management is led by the Managing Director who is supported by professionals, well educated, trained and experienced team consisting of Executive Directors, General Managers and Senior Executives in the hierarchy of management. The Board has approved an organogram with modern features ensuring clear lines of delegation of authority and reporting for accountability for effective decision making, evaluation of performance on merit for both rewarding and disciplinary action. The Executive Management is responsible for preparation of budgetary plans for every cost/profit centres. The Executive Management is aided by committee(s)/sub-committee(s) in carrying out its functions

## **INTERNAL AUDIT AND CONTROL**

National Polymer Industries Limited established an Internal Audit Department consisting of professionals and knowledgeable employees. Internal Audit department regularly conducts their audit based on a yearly Internal Audit Plan and checks, verifies and reviews the compliance of internal control procedures and other regulatory requirements. The Company has implemented a sound internal control system. The internal control system is regularly reviewed by the Internal Auditors, the Audit Committee and also the Board of Directors on the status of internal control.

## **ACCOUNTING AND EXTERNAL AUDIT**

The Company prepares and publishes its annual financial statements and interim financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS). The annual and periodical financial statements are prepared by the management and reviewed by the Audit Committee. The annual financial statements are audited by the statutory auditors of the Company in accordance with Bangladesh Audit Standard as promulgated by the ICAB. The Audit Committee updates to the Board on annual and periodical financial statement in detail prior to the approval and publications.

## **CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

Proper books of account of the company have been maintained.

Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.

Bangladesh Accounting Standards (BAS) Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements.

The Company has implemented a sound system of internal control which ensures reasonable assurance to restrict material misstatement in financial statements. The internal control system is reviewed by the Company's Internal Auditors who updates the Management and the Audit Committee on the status of internal control.

## RISK MANAGEMENT

National Polymer Industries Ltd. has risk management systems in place. The risk management systems are continuously being updated by the Company. The management of the company has made risk management on business and risk mitigation plan to eliminate the risks. The Audit Committee supports the Board in monitoring the risk management issues. The details of risk management issues are discussed in the statement of risk and concern in the annual report

## COMPLIANCE

National Polymer has established procedures to ensure compliance with all applicable statutory and regulatory requirements. Respective officers are responsible for ensuring proper compliance with applicable laws and regulations.

## CERTIFICATION ON THE COMPLIANCE OF CORPORATE GOVERNANCE GUIDELINES OF BSEC

As per condition no. 7 (i) of BSEC Notification No. SEC/CMRRC/2006-158/134/Admin/44 dated 07 August, 2012, a certificate regarding compliance of conditions of Corporate Governance Guidelines is attached in the annual report.

## KEY OPERATING AND FINANCIAL INFORMATION

Particulars	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Turnover	903,671,075	1,210,125,683	1,488,285,009	1,707,971,741	1,759,312,097	1,866,687,057
Gross Profit	173,029,588	231,633,823	265,658,874	287,342,185	291,563,613	307,293,861
Profit Before Tax	31,605,541	43,073,839	54,927,421	64,285,002	68,524,201	93,503,107
Net Profit After Tax & WPPF	21,333,740	29,074,842	37,831,261	45,917,858	48,945,858	66,741,634
Earnings Per Share	2.31	2.38	2.62	2.70	2.40	3.27
Total Assets	906,166,408	1,236,677,520	1,721,825,704	2,479,300,578	2,320,020,137	2,844,673,694
Shareholders' Equity	373,019,115	402,093,957	439,925,218	936,258,157	985,204,015	1,030,197,514
Current Assets	632,526,937	829,469,974	1,281,902,293	1,388,071,317	1,245,871,358	1,597,946,088
Current Liabilities	481,287,574	696,482,902	1,159,046,636	1,327,756,735	1,049,908,321	1,611,959,788
Authorized Capital	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Total Paid up Capital	92,460,000	106,329,000	122,278,350	144,288,450	170,260,370	204,312,440
Total Shares Outstanding	9,246,000	10,632,900	12,227,835	14,428,845	17,026,037	20,431,244
Face value of Share	10	10	10	10	10	10
Market Price Per Share (30 June)	41	40	59	82.50	83.30	107.00
Net Assets Value	373,019,115	402,093,957	439,925,218	936,258,157	985,204,015	1,030,197,514
NAV Per Share	40.34	37.82	35.98	64.89	48.22	50.42
NOCFPS	3.98	13.61	12.84	25.36	9.77	24.58
Dividend	15%	15%	18%	18%	20%	20%
	Stock Dividend					

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Corporate social responsibility (CSR) refers to business practices involving initiatives that benefit society. As a corporate member and as an integrated part of the corporate social responsibility (CSR), National Polymer Industries Limited is much aware of environmentally sustainable development since its inception. Our vision is to contribute to build up a society where human dignity and rights receive the highest consideration and evaluation. Our corporate mission is to be the pre-eminent supplier of premium quality products, optimum solutions and services to our valued customers. Our activities are related to the needs of our valued customers, shareholders, employees and communities. Our Corporate Social Responsibilities comprises the followings:

### **SHAREHOLDERS**

The Company is has full concentration in the interest of its shareholders. We are very careful to increase our Shareholders' value by optimizing our performance at least cost.

### **CUSTOMERS**

Our customers are our business partners and we sincerely strive to improve our business relationship with our customers for our mutual benefits. We are offering a wide range of superior quality products and optimum services to our valued customers with the highest degree of ethics.

### **ENVIRONMENT**

Health and safety is an integral part for business activities. So, National Polymer is committed to comply with all applicable health and environmental laws, standards and requirements and takes proactive steps to prevent pollution and continuously improves environmental activities. National Polymer helps its employees to stay healthy and in a risk-free environment through occupational safety and health protection measures.

### **CORPORATE RELATIONSHIP**

We always try to maintain a good business relationship with our business partners for our mutual growth and development. Our relationship is based on mutual trust and respect. We transact with them in a fair and transparent way.

### **REGULATORS**

As a responsible corporate member, National Polymer is very is committed to comply with all the rules and regulations issued by the Regulatory Authorities.

### **EMPLOYEES**

Human resources are the key to our success. We consider human resources as a tool for development. National Polymer believes that creating better environment and retaining the right people within the framework of the company is very much important for the success of business. Company's strategy is to attract, develop and promote the best employees and build a long-term loyalty to the company which is the pre-requisite for long term success. Considering this, the company offers effective training and stimulating opportunities to its employees.

### **COMMUNITY**

Our social responsibility includes our clients, employees, shareholders, business associates and the society as a whole. The Board of Directors is also careful about the community development as part of the Corporate Social Responsibilities (CSR) especially in the areas of race-religion-regional equality, non-employment of child labor, prevention of environmental pollution etc. We extend our help to the educational institutions, local mosques and hospitals when it is necessary.

## Board Meeting

The number of Board meetings and the attendance of Directors during the year 2016-2017 are as follows:

SL No.	Name of Directors	Position	No. of Meetings Held	No. of Meetings Attended
1	Mr. Golam Murshed	Sponsor Director (Chairman of the Company)	8	8
2	Mr. Riad Mahmud	Sponsor Director (Managing Director)	8	8
3	Mr. Md. Rafiqul Islam	Nominated Director (Nominated by ICB)	8	8
4	Mr. Mustafizur Rahman Shazid	Independent Director	8	5
5	Mr. Jamal Uddin Ahmed Chowdhury	Independent Director (Newly appointed on 11/08/2016)	8	6
6	Mr. Towfiqul Haque	Independent Director (Resigned from the Board on 11/08/2016)	8	2

## Audit Committee Meeting

The number of Audit Committee meetings and the attendance of Directors during the year 2016-2017 are as follows:

SL No.	Name of Directors	Position	No. of Meetings Held	No. of Meetings Attended
1	Mr. Jamal Uddin Ahmed Chowdhury Independent Director	Chairman	4	4
2	Mr. Golam Murshed Chairman of the Company	Member	4	4
3	Mr. Md. Rafiqul Islam ICB Nominated Director	Member	4	4

## Category of Shareholders (as on 30 June)

SL No.	Categories of Shareholders	2017	2016	2015
1	Sponsors & Directors	07	07	07
2	Financial Institutions	34	23	18
3	Foreign Investors	Nil	Nil	Nil
4	General Public	2514	2942	2928
<b>Total No. of Shareholders</b>		<b>2555</b>	<b>2972</b>	<b>2953</b>

## THE PATTERN OF SHAREHOLDING AS ON 30 JUNE, 2017

**Total Number of Shares of the Company: 2,04,31,244**

**a) Parent/Subsidiary/Associated Companies and other related parties: Nil**

**b) (i) Shareholding of Directors/Sponsors:**

SL No.	Name	Position	Shareholding	Percentage (%)
01	Mr. Golam Murshed	Sponsor Director (Chairman of the Board)	15,34,882	7.51
02	Mr. Riad Mahmud	Sponsor Director (Managing Director)	8,03,017	3.93
03	Mr. Shamsul Abedin Akhand & Mrs. Khaleda Akhand (Joint Account)	Sponsor	18,09,333	8.86
04	Mr. Md. Rafiqul Islam	Nominated Director (Nominated by ICB)	75,61,968	37.01
05	Mr. Mustafizur Rahman Shazid	Independent Director	-	-
06	Mr. Jamal Uddin Ahmed Chowdhury	Independent Director	-	-
07	Mr. Rohel Mahmud	Sponsor	4,06,591	1.99
08	Mrs. Razia Sultana	Sponsor	85,126	0.42
09	Mrs. Khaleda Akhand	Sponsor	5,079	0.025

**(ii) Shareholding of CEO/CS/CFO/HIA and their spouses/children:**

SL No.	Name	Position	Shareholding	Percentage (%)
01	Mr. Riad Mahmud	Managing Director/CEO	8,03,017	3.93
02	Mr. Md. Abdul Maleque	Company Secretary	Nil	-
03	Mr. Md. Omar Faruk Ripon	Chief Financial Officer	Nil	-
04	Mr. Mithun Kanti Das	Head of Internal Audit	Nil	-

**c) Executives: Nil**

**d) Shareholders holding ten percent (10%) or more voting interest in the Company:**

SL No.	Name	Shareholding	Percentage (%)
01	Mr. Md. Rafiqul Islam (ICB Nominated Director)	75,61,968	37.01

## CEO & CFO'S DECLARATION TO THE BOARD

The Board of Directors  
National Polymer Industries Ltd.  
Uday Tower (2<sup>nd</sup> Floor), Plot # 57-57/A  
Gulshan Avenue, Circle-1  
Dhaka-1212

Dear Sir (s),

**Ref: Certificate on Financial Statements of National Polymer Industries Ltd. as per condition no. 06 of the Notification: SEC/CMRRCD/2006-158/134/Amin/44 issued by Bangladesh Securities and Exchange Commission dated 07 August, 2012 on Corporate Governance.**

This is to certify that:

- (i) We have reviewed financial statements of the Company for the year ended June 30, 2017 and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.

Thanking you



(Riad Mahmud)  
Managing Director  
National Polymer Industries Ltd.



(Md. Omar Faruk Ripon, ACA)  
Chief Financial Officer  
National Polymer Industries Ltd.

## CERTIFICATE ON CORPORATE GOVERNANCE

# Mak & Co.

Chartered Accountants

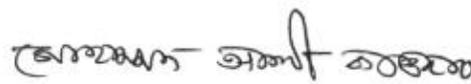
### CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE GUIDELINES TO THE SHAREHOLDERS OF *NATIONAL POLYMER INDUSTRIES LIMITED*

We have examined the compliances of Corporate Governance Guidelines by National Polymer Industries Limited for the year ended on 30 June 2017 as required under clause 7(i) of the Bangladesh Securities & Exchange Commission (BSEC) notification SEC/CMRRCD/2006-158/134/ADMIN/44 dated on 7<sup>th</sup> August 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013.

The compliance of conditions in the aforesaid notification and reporting the status of compliance is the responsibility of the Management of the Company. Our responsibility is to certify whether the company is in compliance with the said conditions of corporate governance based on our examination. For the purpose of issuing this certificate our examination was limited to the procedures as adopted by the Management of the Company for ensuring compliance to the conditions of Corporate Governance Guidelines and implementation status thereof.

To the best of our information and according to the explanations given to us, we certify that, National Polymer Industries Limited has complied with conditions of corporate governance guidelines as stipulated in the above mentioned notification issued by Bangladesh Securities & Exchange Commission (BSEC) under section 2CC of the Securities & Exchange Ordinance, 1969 for the year ended on 30 June, 2017.

Dated, Dhaka;  
2017, November 20



**Mohammad Ali Kawsar, FCA**  
Partner  
Mak & Co., Chartered Accountants



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## CERTIFICATE OF BAPLC

# BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES



Ref. No: CM-2017/127

Date of issue : 11<sup>th</sup> March 2017

## Renewed Certificate

*This is to certify that*

NATIONAL POLYMER INDUSTRIES LIMITED

*is an Ordinary Member of Bangladesh Association of Publicly Listed Companies and is entitled to all the rights and privileges appertaining thereto.*

*This certificate remains current until 31<sup>st</sup> December 2017.*



  
Secretary-General  
(Acting)

## CORPORATE GOVERNANCE COMPLIANCE STATUS

Status of compliance with the conditions imposed by Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 and amended Notification No. SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July, 2013 issued under section 2CC of the Securities & Exchange Ordinance 1969.

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.1	Board Size (Number of the Board members to be 5-20)	√		
1.2	<b>Independent Director</b>			
1.2 (i)	At least 1/5 of the total number of Directors shall be Independent Director	√		
1.2 (ii) a)	Does not hold any share or less than 1% shares of the total paid-up shares	√		
1.2 (ii) b)	Neither a sponsor of the company nor connected with company's Director/sponsor who hold 1% or more shares of the total paid-up shares of the company	√		
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	√		
1.2 (ii) d)	Not a member/Director/Officer of any stock exchange	√		
1.2 (ii) e)	Not a shareholder, Director of Officer of any member of stock exchange or an intermediary of the capital market.	√		
1.2 (ii) f)	Is not or was not a partner or an executive during the preceding 3 (Three) years of the concerned company's statutory audit firm	√		
1.2 (ii) g)	Not be an Independent Directors in more than 03 listed companies	√		
1.2 (ii) h)	Not been convicted by court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBFIL.	√		
1.2 (ii) i)	Not been convicted for a criminal offence involving moral turpitude.	√		
1.2 (iii)	Appointed by the Board of Directors and approved by the shareholders in the AGM	√		
1.2 (iv)	The post of Independent director can not remain vacant for more than 90 days	√		
1.2 (v)	The Board shall lay down code of conduct of all Board members annual compliance of the code to be recorded.	√		
1.2 (vi)	Tenure of office of Independent Director for a period of 03 years which may be extended for 01 term only.	√		
1.3	<b>Qualification of Independent Director:</b>			
1.3 (i)	Knowledgeable person with financial, regulatory and corporate laws and can make meaningful contribution to business.	√		
1.3 (ii)	Should be a business leader/corporate leader/Bureaucrat/University teacher with Economics or Business Studies or Law backgrounds. He must have at least 12 years of corporate management/Professional experience	√		
1.3 (iii)	Special cases for qualification			N/A
1.4	The Chairman of the Board and the Chief Executive Officer of the company shall be different individuals.	√		
1.5	<b>Directors' report to shareholders as follows:</b>			
	(i) Industry outlook and possible future development in the industry	√		
	(ii) Segment-wise performance			N/A
	(iii) Risk and concerns	√		
	(iv) Discussion on cost of goods sold, gross and net profit margin	√		
	(v) Discussion on continuity of any extra ordinary gain or loss			N/A
	(vi) Statement of related party transactions	√		
	(vii) Utilization of proceeds from public issues, Rights Issues and/or through any other instruments			N/A
	(viii) Explanation if the financial results deteriorate after IPO, RPO, Right Offer, Direct Listing etc.			N/A

	(ix) Explanation if significant variance occurs between Quarterly and Annual Financial Statements			N/A
	(x) Remuneration of Directors including Independent Director	√		
	(xi) Fairness of financial statements	√		
	(xii) Maintaining of proper books of accounts	√		
	(xiii) Adoption of appropriate accounting policies and estimates.	√		
	(xiv) Following of IAS/ BAS/IFRS/ BFRS in preparation of financial statements	√		
	(xv) Soundness of internal control system	√		
	(xvi) Ability to continue as an going concern	√		
	(xvii) Significant deviations from last year's operating results			N/A
	(xviii) At least preceding 05 years key operating and financial data	√		
	(xix) Reason for not declared dividend			N/A
	(xx) Number of Board Meeting held during the year and attendance	√		
	<b>(xxi) Shareholding pattern:</b>			
	a) Parent/Subsidiary/Associated companies and other related parties			N/A
	b) Directors, Sponsors, CEO, CS, CFO, HIA and their spouses and minor children	√		
	c) Top five Executives other than mentioned above			N/A
	d) Shareholders holding 10% or more voting interest in the company	√		
	<b>(xxii) Appointment/re-appointment of Directors:</b>			
	a) Brief resume of Director	√		
	b) Nature of his/her expertise	√		
	c) Holding of Directorship and membership of committees of the Board other than this company	√		
2	<b>CFO, Head of Internal Audit and Company Secretary:</b>			
2.1	Appointment of CFO, HIA and CS	√		
2.2	Attendance of CFO and the CS in the Board Meeting	√		
3	<b>Audit Committee:</b>			
	(i) Having an Audit Committee	√		
	(ii) Assistance of the Audit Committee to the Board of Directors	√		
	(iii) Responsibility of the Audit Committee	√		
3.1	<b>Constitution of an Audit Committee:</b>			
	(i) At least 03 (Three) members	√		
	(ii) Members of Audit Committee be the Directors of the company and shall include at least 01 Independent Director	√		
	(iii) Qualification of Audit Committee members	√		
	(iv) Fill up the vacancy immediately or not later than 01 month from the date of vacancy.	√		
	(v) Company Secretary will act as the Secretary of the committee	√		
	(vi) Quorum of the audit committee meeting with at least 01 Independent Director	√		
3.2	<b>Chairman of the Audit Committee:</b>			
	(i) The Board shall select 01 (one) member of the Audit Committee to be the Chairman of the committee, who shall be an Independent Director	√		
	(ii) Chairman of the Audit Committee shall remain present in the AGM	√		
3.3	<b>Role of the Audit Committee:</b>			
	(i) Oversee the financial reporting process	√		
	(ii) Monitor choice of accounting policies and principles	√		
	(iii) Monitor internal control risk management process	√		
	(iv) Oversee hiring and performance of external auditors	√		
	(v) Review annual financial statements before submission to the Board for approval	√		
	(vi) Review quarterly and half yearly financial statements	√		

	review before submission to the Board.			
	(vii) Review the adequacy of internal audit function	√		
	(viii) Review the report of significant related party transaction			N/A
	(ix) Review the letter of internal control weakness issued by statutory auditors			N/A
	(x) Review the disclosures about uses of funds raised through IPO/RPO/Rights issue			N/A
<b>3.4</b>	<b>Reporting of the Audit Committee:</b>			
<b>3.4.1</b>	<b>Reporting to the Board of Directors:</b>			
	(i) Activities to the Board of Directors	√		
	<b>(ii) The Audit Committee shall report to the Board on the following findings , if any:</b>			
	a) Conflicts of interests			N/A
	b) Suspected or presumed fraud or irregularity or material defect in internal control system.			N/A
	c) Suspected infringement of laws, including securities related laws, rules and regulations			N/A
	d) Any other matter			N/A
<b>3.4.2</b>	Reporting of anything having material financial impact to the Commission			N/A
3.5	Reporting to the shareholders and General investors	√		
<b>4.</b>	<b>External/Statutory Auditors should not be engaged in:</b>			
	(i) Appraisal or valuation services or fairness options	√		
	(ii) Financial information systems design and implementation	√		
	(iii) Book-keeping or other services related to the accounting records or financial statements	√		
	(iv) Broker-dealer services	√		
	(v) Actuarial services	√		
	(vi) Internal audit services	√		
	(vii) Any other service determined by the Audit Committee	√		
	(viii) Possession of any share by the partner or employees of the audit firm at least during the tenure of their audit assignment of that company	√		
	(ix) Audit/certification services on compliance of corporate governance	√		
<b>5</b>	<b>Subsidiary Company:</b>			
	(i) Composition of the Board of Directors			N/A
	(ii) At least 01 Independent Director of the holding company			N/A
	(iii) Minutes of the Board meeting of the subsidiary company be placed for review at the following Board meeting of the holding company			N/A
	(iv) Minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company.			N/A
	(v) The Audit committee of the holding company shall also review the financial statements made by the subsidiary company			N/A
<b>6</b>	<b>Duties of CEO and CFO:</b>			
6 (i)	The CEO and CFO review the financial statements as follows:			
	a) Financial statements do not contain any materiality or untrue statement or omit any material fact contain misleading statement	√		
	b) The statements present a true and fair review of affairs and in complacence with existing accounting standards and applicable laws.	√		
6 (ii)	There are no transactions which are fraudulent, illegal or violation of company' code of conduct.	√		
<b>7</b>	<b>Reporting and compliance of Corporate Governance:</b>			
	(i) Obtaining a certificate regarding compliance of conditions of corporate governance and sending it to shareholders along with the annual report.	√		
	(ii) Status of compliance is annexed in the Directors' Report.	√		

## **AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIONAL POLYMER INDUSTRIES LIMITED**

We have audited the accompanying financial statements of **National Polymer Industries Limited**, which comprise the Statement of Financial Position as at June 30, 2017 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2017 and all related notes of financial statements together with a summary of significant accounting policies and other explanatory notes.

### **Management's Responsibility for the Financial Statements**

Management, by the Board Directors, is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Standards on Auditing (BSA), Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 Securities and Exchange Rules, 1987 and Applicable Laws and Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' Responsibility:**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of the company. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements of the Company, whether due to fraud or error. In making those risk assessments, we considers internal control relevant to the entity's preparation and fair presentation of the financial statements of the Company in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimating made by management, as well as evaluating the overall presentation of the financial statement of the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provides a basis for our opinion.

### **Opinion:**

In our opinion, the financial statements referred to above give a true and fair view of the financial position of **National Polymer Industries Limited** as of 30 June 2017 and of its financial performance and cash flows for the year ended 30 June 2017 in according with Bangladesh Financial Reporting Standards, Bangladesh Accounting Standards and comply with the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

### **We also report that**

- a our examination and checking of records, relevant books of accounts, registers, schedules and financial statements were sufficient to enable us to form an informed and assessed opinion on the authenticity and accuracy of the financial statements;
- b 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;
- c the company's management has followed relevant provisions of laws and rules in managing the affairs of the company. Proper books of accounts, records and other statutory books have been properly maintained;
- d the statements of financial position and the statements of comprehensive income are in agreement with the said books of account maintained by the company and examined by us; and
- e the expenditures incurred and payments made were for the purpose of the company's business for the period

Dated: Dhaka;  
October 28, 2017

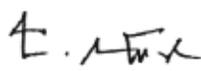
  
**Shiraz Khan Basak & Co.**  
Chartered Accountants

**National Polymer Industries Limited**  
**Statement of Financial Position**  
**As at 30 June, 2017**

Particulars	Notes	30-06-2017 Taka	30-06-2016 Taka
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment - Carrying Value	4	1,033,564,673	1,074,148,779
		1,033,564,673	1,074,148,779
Investment	5	100,000,000	-
Capita Work in Progress (CWIP)	6	113,162,933	-
<b>Current Assets</b>			
Inventories	7	793,869,218	702,529,744
Accounts Receivables	8	236,667,364	176,872,109
Advance, Deposit & Prepayments	9	396,103,403	322,600,284
Cash & Cash Equivalents	10	171,306,103	43,869,220
		1,597,946,088	1,245,871,358
<b>TOTAL ASSETS</b>		<b>2,844,673,694</b>	<b>2,320,020,137</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Capital &amp; Reserves</b>			
Share Capital	11	204,312,444	170,260,370
Share Premium	12	134,000,000	134,000,000
Revaluation Reserve	13	496,260,922	496,260,922
General Reserve	14	195,624,148	184,682,723
		<b>1,030,197,514</b>	<b>985,204,015</b>
<b>Non-Current Liabilities</b>			
Long Term Loan Non-Current Maturity	15	123,031,377	205,422,787
Finance Lease Obligation Non-Current Maturity	16	-	-
		123,031,377	205,422,787
<b>Deferred Tax Liability</b>			
	17	79,485,014	79,485,014
<b>Current Liabilities</b>			
Short Term Loan	18	1,447,690,594	917,435,353
Long Term Loan-Current Maturity	15	80,566,626	81,540,990
Finance Lease Obligation-Current Maturity	16	-	1,358,155
Accounts Payable	19	25,159,702	12,809,330
Provision for Tax	20	53,707,557	31,621,239
Creditors for Expenses & Accruals	21	4,835,309	5,143,254
		1,611,959,788	1,049,908,321
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>2,844,673,694</b>	<b>2,320,020,137</b>
Net Asset Value (NAV) Per Share	29	50.42	48.22

The annexed notes from an integral part of these financial statements

The financial statements approved and authorized for issue by the Board of Directors on October 28, 2017 and signed on behalf of the Board:

  
**Chairman**

  
**Managing Director**

  
**Company Secretary**

Signed as per our annexed report of even date

Dhaka,  
Dated: October 28, 2017

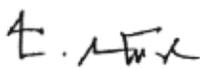
  
**Shiraz Khan Basak & Co.**  
Chartered Accountants

**National Polymer Industries Limited**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2017**

Particulars	Notes	30-06-2017 Taka	30-06-2016 Taka
<b>Revenue</b>	22	1,866,687,057	1,759,312,097
Cost of Goods Sold	23	(1,559,393,196)	(1,467,748,484)
<b>Gross Profit</b>		307,293,861	291,563,613
Administrative and Selling Expenses	24	(126,164,512)	(120,846,419)
<b>Profit from Operations</b>		181,129,350	170,717,194
Other Income	25	2,041,000	-
Financial Expenses	26	(89,667,243)	(102,192,993)
<b>Profit before Taxation</b>		93,503,107	68,524,201
Provision for WPPF and Welfare Fund	27	(4,675,155)	(3,263,057)
Provision for income Tax	28	(22,086,318)	(16,315,286)
<b>Net Profit for the year</b>		<b>66,741,634</b>	<b>48,945,858</b>
<b>Other Comprehensive Income/ (Loss):</b>			
Actuarial Loss on defined Benefit Plan		-	-
<b>Total Comprehensive Income for the year</b>		<b>66,741,634</b>	<b>48,945,858</b>
<b>Earnings per Share:</b>	29		
Basic earnings per share (par value Tk 10) in Taka- Restated		3.27	2.40

The annexed notes from an integral part of these financial statements

The financial statements approved and authorized for issue by the Board of Directors on October 28, 2017 and signed on behalf of the Board:



**Chairman**



**Managing Director**



**Company Secretary**

Signed as per our annexed report of even date

Dhaka,  
Dated: October 28, 2017

  
**Shiraz Khan Basak & Co.**  
Chartered Accountants

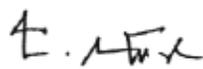
**National Polymer Industries Limited**  
**Statement of Changes in Equity**  
For the year ended 30 June 2017

Particulars	Amount in Taka				
	Share Capital	Share premium	Revaluation Reserve	General Reserve	Total
Balance as at 1 July 2016	170,260,370	134,000,000	496,260,922	184,682,723	985,204,015
Payment of Stock Dividend	34,052,074	-	-	(34,052,074)	-
VAT, VDS and Interest Paid for the period July 11 to June 14	-	-	-	(6,415,511)	(6,415,511)
Tax Adjustment on assessment (10-11 to13-14)	-	-	-	(15,332,624)	(15,332,624)
Profit Earned during the year	-	-	-	66,741,634	66,741,634
<b>Total</b>	<b>204,312,444</b>	<b>134,000,000</b>	<b>496,260,922</b>	<b>195,624,148</b>	<b>1,030,197,514</b>

**National Polymer Industries Limited**  
**Statement of Changes in Equity**  
For the year ended 30 June 2016

Particulars	Amount in Taka				
	Share Capital	Share premium	Revaluation Reserve	General Reserve	Total
Balance as at 1 July 2015	144,288,450	134,000,000	45,845,841	161,708,785	485,843,076
Payment of Stock Dividend	25,971,920	-	-	(25,971,920)	-
Revaluation of land	-	-	529,900,095	-	529,900,095
Deferred Tax on Revaluation	-	-	(79,485,014)	-	(79,485,014)
Profit Earned during the year	-	-	-	48,945,858	48,945,858
<b>Total</b>	<b>170,260,370</b>	<b>134,000,000</b>	<b>496,260,922</b>	<b>184,682,723</b>	<b>985,204,015</b>

The annexed notes from an integral part of these financial statements

  
Chairman

  
Managing Director

  
Company Secretary

Signed as per our annexed report of even date

Dhaka,  
Dated: October 28, 2017

  
**Shiraz Khan Basak & Co.**  
Chartered Accountants

**National Polymer Industries Limited**  
**Statement of Cash Flows**  
For the year ended 30 June 2017

Particulars	Notes	30-06-2017 Taka	30-06-2016 Taka
<b>Cash Flows from Operating Activities</b>			
Collection from Sales and Others		1,806,891,802	1,774,928,403
Payment to Suppliers, Employees and Others		(1,304,785,879)	(1,575,335,125)
<b>Net Cash Flows from Operating Activities</b>		502,105,923	199,593,279
<b>Cash Flows from Investing Activities</b>			
Payment for acquisition of Property, Plant & Equipment	4	(62,119,675)	(90,620,569)
Investment in FDR		(100,000,000)	-
Capital Work in Process (CWIP)		(113,162,933)	-
<b>Net Cash Increase from Investing Activities</b>		(275,282,608)	(90,620,569)
<b>Cash Flows from Financing Activities</b>			
Proceeds from Long Term Loan		-	254,946,822
Payment of Term Loan		(83,365,774)	(515,220,202)
Payment of Financial Lease Loan		(1,358,155)	(1,655,374)
Interest paid on Long Term Loan		(14,662,504)	(16,358,189)
<b>Net Cash Flows used from Financing Activities</b>		(99,386,433)	(278,286,943)
<b>Net Increase in Cash during the year</b>			
Opening Cash & Cash Equivalents	10	43,869,220	213,183,454
Closing Cash & Cash Equivalents	10	<b>171,306,103</b>	<b>43,869,220</b>
<b>Net Operating Cash Flow per Share</b>	29	24.58	9.77

The annexed notes from an integral part of these financial statements



**Chairman**



**Managing Director**



**Company Secretary**

Dhaka,

Dated: October 28, 2017

# National Polymer Industries Limited

## Notes to the Financial Statements

For the year ended 30 June, 2017

### 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 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.

##### 1.4. Number of employees:

The number of employees at year-end were 849.

### 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 BAS 1: “Presentation of Financial Statements”. A complete set of financial statements comprise:

- (i) Statement of Financial Position as at 30 June 2017;
- (ii) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017;
- (iii) Statement of Changes in Equity for the year ended 30 June 2017;
- (iv) Statement of Cash Flows for the year ended 30 June 2017; and
- (v) Notes comprising a summary of significant accounting policies and other explanatory information to the accounts for the year ended 30 June 2017.

### 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 take 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.

##### 3.01 Reporting period

The accounting period of the company covers year ended 01 July to 30 June.

##### 3.2 Statement on Compliance with Local Laws

The financial statements have been prepared in accordance with the Bangladesh Accounting Standard (BAS), the Companies Act 1994, The Security and Exchanges Rules 1987, the listing Regulations of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) and other related rules & regulations as applicable and in accordance with the applicable of Bangladesh Financial Reporting Standards (BFRSs) include Bangladesh Accounting Standards (BASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs).

##### 3.3 Going concern

As per BAS-1, a company is required to make assessment 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.

##### 3.4 Accrual basis

The financial statements have been prepared, except for cash flow information, using the accrual basis of accounting.

##### 3.5 Reporting Period

The Financial Statements covers the period from 1 June 2016 to 30 June, 2017.

### 3.6 Use of estimates and judgments

The preparation of financial statements in conformity with Bangladesh Accounting Standard (BAS) requires 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

#### Depreciation on fixed assets

Depreciation is provided to amortize the cost of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of BAS 16: Property Plant and Equipment. Depreciation is charged on addition during the period when it is available for use. Depreciation of an asset begins 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:

<b>Particular of Assets</b>	<b>Rate of</b>
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%
Coap. Machine Shed & Steel Rack	10%

#### Retirements and Disposals

When fixed assets are sold, the cost and accumulated depreciation are eliminated and gain or loss ( if any) is reflected in the income statement 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 Accounting Standards

The following BASs are applicable for the financial statements of the company for the period under audit:

<b>Name of the accounting standards</b>	<b>BAS No.</b>
Presentation of Financial Statements	1
Inventories	2
Statement of Cash Flows	7
Accounting Policies, Changes in Accounting Estimates and Errors	8
Events After the Reporting Period	10
Income Taxes	12
Property, Plant and Equipment	16
Leases	17
Revenue	18
Employee Benefits	19
Borrowing Costs	23
Related Party Disclosure	24
Earnings Per Share (EPS)	33
Provisions, Contingent Liabilities and Contingent Assets	37

### 3.10 Inventory

Inventories are measured at lower of cost and net realizable value in accordance with BAS/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 BAS 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 doesn't require to compute deferred tax on PPE because the company charges depreciation as per the depreciation rate and conditions mentioned in the third schedule of the ITO, 1984. So, there is no temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements.

### **3.14 Revaluation Reserve**

Revaluation reserve arose from the revaluation of land and land development which were revalued on 25th June 2006 by M/S. GEOTECH Survey company (pvt) Ltd, a firm of professional valuers on the basis of market price prevailing in the country. The difference between revaluation and actual book value has been reported in accounts under the head Revaluation Reserve.

The company has revaluated 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.

### **3.15 Tax Holiday Reserve:**

The company enjoyed five years Tax Holiday for unit-I up to February 28, 1995 while for unit –II for a period of five years ended on April 30, 2000, Unit III for a period of five years ended on June 30, 2003 and Unit IV for a period of five years ended on December 31, 2005. Currently not enjoying Tax Holyday Benefit.

### **3.16 Foreign Currency Translation:**

Transactions denominated in foreign currencies are translated into Bangladeshi Taka and recorded at rates of exchange ruling on the date of transaction in accordance with IAS 21 “The Effects of Changes in Foreign Currency Rates”.

### **3.17 Provisions, accrued expenses and other payables**

Provisions and accrued expenses are recognized in the Financial Statements in line with the Bangladesh Accounting Standard (BAS) 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 IAS 18 “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 BAS 23-Borrowing cost.

### **3.21 Leases**

#### **i. Finance Lease**

As per requirement of IAS-17 and Income Tax Ordinance 1984, The third schedule paragraph (3) sub-paragraph-4: The assets (recognized as Property, Plant and Equipment) and a corresponding liability for future leased payments are recognized at the same amounts. Depreciation and impairment of the leased assets is recognized in terms of IAS 16 and IAS 36.

#### **ii. Operating Lease**

All leases other than those which meet the definition of finance lease are treated as operating lease and are not recognized in the Statement of Financial Position. Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

### 3.22 Earnings Per Share:

The Company calculates Earnings Per Shares (EPS) in accordance with BAS 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 29. Earning per share (EPS) has been computed by dividing the profit after tax (PAT) by the weighted average number of ordinary shares outstanding as on 30 June 2017 as per BAS-33 “Earnings per Shares”.

### 3.23 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.

### 3.24 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.

### 3.25 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”.

### 3.26 Dividend for the year:

After the reporting period, the Board of Directors recommended 20% stock dividend per share which will be recognized in the accounts as and when approved by the shareholders in the Annual General Meeting.

### 3.27 Events after 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.

### 3.28 Post closing events

After the reporting period, the Board of Directors recommended 20% stock dividend per share. The proposed dividend is subject to shareholders’ approval in the forthcoming annual general meeting. Except the fact as stated above, no circumstances have arisen after the reporting period which would require adjustments to or disclosure in the financial statements or in the notes.

### 3.29 Human Resources

Particulars	2016-17	2015-16
Board of Directors	5	5
Officers	365	363
Staff	174	172
Skilled and unskilled workers	305	296
<b>Total</b>	<b>849</b>	<b>836</b>

### **3.30 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 Profit or Loss and Other Comprehensive Income annually as per the insurance policy.

### **3.31 Advertisement, Publicity & Promotional Expenses:**

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

### **3.32 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 (IASB).

#### **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 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 Local Laws:**

The financial statements have been prepared in compliance with disclosure and presentational requirements:

- The Companies Act 1994;
- The Securities and Exchange Ordinance, 1969 and Securities & Exchange Rules 1987;
- The Listing Rules of Dhaka Stock Exchange Ltd.
- Income Tax Ordinance 1984 and Rules;
- Other relevant local laws and rules.

#### **iv. Compliance with the International Accounting Standards (IASs):**

The Financial Statements have been prepared in compliance with the requirements of the IAS and IFRS adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh. The title and format of these Financial Statements follow the requirements of BFRS/BAS 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 BFRS / BAS titles and format give better presentation to the shareholders.

### **3.33 Authorization for issue:**

These Financial Statements have been authorized for issue by the Board of Directors of the Company on 28 October, 2017.

### **3.34 Comparative Information:**

Comparative information has been disclosed in respect of the year 2016-2017 for all numerical information in the Financial Statements and also the narrative and descriptive information where it is relevant for understanding of the current period's financial statements.

Figures of the year 2015-2016 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, as adopted in Bangladesh.

#### **3.34 a .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.

#### **3.35 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.

#### **3.36 Reporting currency**

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

#### **3.37 Directors' responsibility statement**

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.

#### **3.38 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.

**National Polymer Industries Limited**  
For the year ended 30 June 2017

**Note 4: Property, Plant and Equipment**

Assets Category	COST				DEPRECIATION				Written Down Value as on 30.06.2017	Written Down Value as on 30.06.2016	
	As on 01.07.2016	Additions during the year	Adjustment/ Sales during the year	As on 30.06.2017	Rate	As on 30.06.2016	Charged during the year	Adjustment/ during the year			Cumulative as on 30.06.2017
Land & Land Development- Cost	21,566,064	-	-	21,566,064	-	-	-	-	-	21,566,064	21,566,064
Revaluation	575,745,936	-	-	575,745,936	-	-	-	-	-	575,745,936	575,745,936
Factory Building	89,450,098	388,882	-	89,838,980	20%	46,880,696	8,584,673	-	55,465,369	34,373,611	42,569,402
Godown Shed	30,524,820	-	-	30,524,820	10%	19,741,311	1,078,351	-	20,819,662	9,705,158	10,783,509
Plant & Machinery	774,055,091	44,830,853	-	818,885,944	20%	443,401,294	72,657,553	-	516,058,847	302,827,097	330,653,797
Local Machinery	32,135,174	-	-	32,135,174	20%	21,775,900	2,085,817	-	23,861,717	8,273,457	10,359,274
Office Shed	1,637,007	-	-	1,637,007	10%	1,040,664	59,634	-	1,100,298	536,709	596,343
Coop. Machine Shed	194,754	-	-	194,754	10%	121,923	7,283	-	129,206	65,548	72,831
Steel Rack	459,095	-	-	459,095	10%	269,352	18,974	-	288,326	170,769	189,743
Factory Laboratory	179,420	-	-	179,420	20%	163,777	3,129	-	166,906	12,514	15,643
Administrative Shed	2,359,169	-	-	2,359,169	10%	1,713,512	64,566	-	1,778,078	581,091	645,657
Boundary Wall	4,045,053	-	-	4,045,053	10%	2,663,815	138,124	-	2,801,939	1,243,114	1,381,238
Gas Generator	55,544,726	-	-	55,544,726	20%	38,588,036	3,391,338	-	41,979,374	13,565,352	16,956,690
Diesel Generator	26,974,764	-	-	26,974,764	20%	17,035,106	1,987,932	-	19,023,038	7,951,726	9,939,658
Titus Gas Installation	2,288,132	-	-	2,288,132	10%	1,349,403	93,873	-	1,443,276	844,856	938,729
Furniture & Fixtures	5,549,346	1,056,284	-	6,605,630	10%	2,579,435	357,788	-	2,937,223	3,668,407	2,969,911
Vehicles	84,174,217	5,989,906	-	90,164,123	20%	43,236,594	9,128,315	-	52,364,909	37,799,214	40,937,623
Office Equipment	21,981,619	9,853,750	-	31,835,369	20%	14,154,888	3,046,431	-	17,201,319	14,634,050	7,826,731
<b>Total</b>	<b>1,728,864,485</b>	<b>62,119,675</b>	<b>-</b>	<b>1,790,984,160</b>		<b>654,715,706</b>	<b>102,703,781</b>	<b>-</b>	<b>757,419,487</b>	<b>1,074,148,779</b>	<b>1,074,148,779</b>
<b>As at 30 June 2016</b>	<b>1,638,243,916</b>	<b>90,620,569</b>	<b>-</b>	<b>1,728,864,485</b>		<b>547,014,655</b>	<b>107,701,051</b>	<b>-</b>	<b>654,715,706</b>	<b>1,074,148,779</b>	<b>1,091,229,261</b>

**Depreciation allocated to :**

Cost of Goods Sold (Note # 23.03)

Administrative and Selling Expenses (Note # 24.00)

90,171,247

12,532,534

**102,703,781**



		30 June 2017	30 June 2016
		Amount (TK)	Amount (TK)
<b>10.00 Cash &amp; Cash Equivalents</b>			
Cash in Hand		20,391,293	13,630,954
Cash at Bank	<b>Notes-10.01</b>	150,914,809	30,238,266
		<b>171,306,103</b>	<b>43,869,220</b>

<b>10.01 Cash at Bank</b>			
Name of Bank	A/c #		
AB Bank Limited	CD-8850	4,322,733	1,635,885
Bank Asia Limited	CD-10829	1,911,050	1,326,075
BRAC Bank Limited	CD-51001	10,275,906	-
City Bank Limited	CD-28001	3,225,328	737,900
Dhaka Bank Limited	OD-17574	8,590,511	260,866
Dutch Bangla Bank Limited	CD-10144	4,841,527	5,373,393
Eastern Bank Limited	OD-00477	167,373	-
IFIC Bank Limited	CD-21001	3,130,246	1,640,254
Islami Bank Bangladesh Limited	CD-12804	11,807,905	3,759,649
Jamuna Bank Limited	CD-13615	1,960,270	174,116
Janata Bank Limited	CD-16125	3,400,009	693,136
Modhumati bank Limited	CD-00070	289,364	16,733
Mutual Trust Bank Limited	CD-05604	2,731,473	765,574
Mutual Trust Bank Limited	CD-07295	2,643,264	-
National Bank Limited	CD-69629	4,405,911	535,968
One Bank Limited	CD-87001	469,904	233,400
Premier Bank Limited	CD-00033	904,284	719,023
Prime Bank Limited	CD-80705	3,259,719	361,228
Pubali Bank Limited	CD-28344	6,326,457	1,588,354
Shahajalal Islami Bank Limited	CD-01639	3,179,076	847,404
Sonali Bank Limited	CD-08067	12,041,677	203,471
Standard Bank Limited	CD-03814	4,339,480	-
Standard Chartered Bank Limited	OD-25801	37,961,654	-
United Commercial Bank Limited	CD-03100	7,458,433	4,864,471
Uttara Bank Limited	CD-13797	1,124,472	-
Uttara Bank Limited	CD-11673	10,146,785	4,501,368
		<b>150,914,809</b>	<b>30,238,266</b>

<b>11.00 Share Capital</b>			
<b>Authorized:</b>			
50,000,000 Ordinary Shares of Taka 10 each		<b>500,000,000</b>	<b>500,000,000</b>
<b>Issued, Subscribed and Paid-up:</b>			
I) 134,0000 Ordinary Shares of Taka 10 each		13,400,000	13,400,000
II) 134,0000 Right Shares of Taka 10 each (1:1)		13,400,000	13,400,000
III) 536,0000 Right Shares of Taka 10 each (1:2)		53,600,000	53,600,000
IV) 6,388,845 Bonus Shares of Taka 10		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		34,052,074	-
		<b>204,312,444</b>	<b>170,260,370</b>

a) The Authorized Capital of the Company increased from 10 (Ten) core to Tk. 50 (fifty) core in the 6th Extraordinary General Meeting (EGM) which was held on 22nd November 2011 at 10.30 a.m. at Spectra Convention Centre, Gulshan-1, Dhaka

**Composition of Shareholding:**

	30 June 2017		30 June 2016	
	Number	%	Number	%
Sponsors/Directors	12,205,996	59.74	9,056,337	53.19
Financial Institutions	2,047,150	10.02	974,280	5.72
General	6,178,098	30.24	6,995,420	41.09
	<b>20,431,244</b>	<b>100</b>	<b>17,026,037</b>	<b>100</b>

30 June 2017	30 June 2016
Amount (TK)	Amount (TK)

**Classification of Shareholders by holding:**

Holdings	Number of Holders		Total Holding (%)	
	30-06-2017	30-06-2016	30-06-2017	30-06-2016
1 to 500	1,452	1,827	56.83	61.47
501 to 1,000	393	418	15.38	14.06
1,001 to 5,000	509	548	19.92	18.44
5,001 to 50,000	166	156	6.50	5.25
50,001 to above	35	23	1.37	0.78
	<b>2,555</b>	<b>2,972</b>	<b>100</b>	<b>100</b>

**12.00 Share Premium**

Total 536,000 Shares of Taka 250 each	134,000,000	134,000,000
	<b>134,000,000</b>	<b>134,000,000</b>

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

**13.00 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	-	-
	<b>496,260,922</b>	<b>496,260,922</b>

**14.00 General Reserve**

Opening Balance	184,682,723	161,708,785
Payment of Stock Dividend	(34,052,074)	(25,971,920)
	150,630,649	135,736,865
VAT, VDS and Interest paid for the period July 2011 to June 2014	(6,415,511)	-
Tax Adjustment on assessment (2010-2011 to 2013-2014)	(15,332,624)	-
Profit during the year	66,741,634	48,945,858
	<b>195,624,148</b>	<b>184,682,723</b>

**15.00 Long Term Loan**

**Standard Chartered Bank**

Opening Balance	226,488,600	114,233,887
Add : Received during the year	-	254,946,822
Paid during this year	(59,664,209)	(142,692,109)
	166,824,391	226,488,600
Current Maturity within one year	(59,664,209)	(59,664,209)
	<b>107,160,182</b>	<b>166,824,391</b>

**Eastern Bank Ltd.**

Opening Balance	60,475,177	83,003,270
Add : Received during the year	-	-
Paid during this year	(23,701,565)	(22,528,093)
	36,773,612	60,475,177
Current Maturity within one year	(20,902,417)	(21,876,781)
	15,871,195	38,598,396
	<b>123,031,377</b>	<b>205,422,787</b>

**Long Term Loan Current Maturity**

Standard Chartered Bank	59,664,209	59,664,209
Eastern Bank Ltd	20,902,417	21,876,781
	<b>80,566,626</b>	<b>81,540,990</b>

**Long Term Loan Non-current Maturity**

Standard Chartered Bank	107,160,182	166,824,391
Eastern Bank Ltd	15,871,195	38,598,396
	<b>123,031,377</b>	<b>205,422,787</b>

	30 June 2017	30 June 2016
	Amount (TK)	Amount (TK)
<b>16.00 Finance Lease Obligation</b>		
<b>IPDC (A/c # 61000000244)</b>		
Opening Balance	1,358,155	2,678,990
Paid during the year	(1,358,155)	(1,320,835)
	<u>-</u>	<u>1,358,155</u>
Finance Lease-current Maturity	-	1,358,155
Finance Lease Non-current Portion	-	-
	<u>-</u>	<u>1,358,155</u>
<b>17.00 Deferred Tax Liability</b>		
Deferred tax liability has been calculated on the revaluation surplus of land. On 4th May 2015, the company has revaluated its own land located at Squib Road, Tongi Industrial Area, Gazipur by independent valuer named 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 Taka 597,312,000. Revalued amount is Taka 529,900,095.		
Revaluation Surplus on Land & Land Development	<u>529,900,095</u>	<u>529,900,095</u>
Deferred Tax Liability @ 15%.	<u>79,485,014</u>	<u>79,485,014</u>
<b>18.00 Short Term Loan</b>		
<b>Overdraft</b>		
Standard Chartered Bank (A/c # 01124925801)	-	9,251,594
Eastern Bank Limited (A/c #1012040000477)	-	3,772,372
Mutual Trust Bank Limited (A/c #00340134000178)	28,021,987	-
One Bank Limited (A/c # 0181020003524)	27,378,358	-
Jamuna Bank Limited (A/c # 00100133005600)	139,128,168	79,311,518
	<u>194,528,513</u>	<u>92,335,484</u>
<b>LTR</b>		
Standard Chartered Bank	143,700,711	65,636,498
Eastern Bank Limited	109,433,938	43,209,768
Jamuna Bank Limited	235,712,902	172,155,139
BRAC Bank Limited	18,336,500	24,350,256
Mutual Trust Bank Limited	56,974,918	-
One Bank Limited	47,671,025	-
	<u>611,829,994</u>	<u>305,351,661</u>
<b>STF</b>		
Standard Chartered Bank Limited	315,872,699	391,956,100
Eastern Bank Limited	125,008,244	44,380,759
Uttara Finance & Investment Limited	100,000,000	-
Jamuna Bank Limited	67,585,466	45,541,782
BRAC Bank Limited	4,903,255	37,869,566
One Bank Limited	12,772,094	-
Mutual Trust Bank Limited	15,190,329	-
	<u>641,332,087</u>	<u>519,748,207</u>
	<u>1,447,690,594</u>	<u>917,435,353</u>

**Security against Facilities**

a) Registered Mortgage over Factory Land and Building on pari-passu basis between Standard Chartered Bank Ltd. 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.

b) Demand Promissory Note & Letter of Continuation.

c) Registered Hypothecation over Stocks and Books Debtors on Pari-Passu basis Standard Chartered Bank Ltd. Eastern Bank Ltd and Jamuna Bank Limited.

d) Registered Hypothecation over Plant & Machinery on Pari-Passu basis Standard Chartered Bank Ltd. Eastern Bank Limited and Jamuna Bank Limited.

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

f) Personal Guarantee of the Directors.

	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>Amount (TK)</b>	<b>Amount (TK)</b>
<b>19.00 Accounts Payable</b>		
Paradise Corporation	-	4,481,324
Staff Salary Payable	10,837,168	-
Payable against Carriage Outwards	2,037,900	1,141,352
Gratuity Payable	1,953,680	2,741,803
N.K Brothers	-	1,267,401
Gas Bill Payable	1,524,934	2,136,664
Employees Provident Fund	616,496	467,582
Mobile Bill Payable	358,155	243,923
Directors Remuneration Payable	140,000	140,000
Audit Fees	140,625	112,500
Telephone Bill Payable	-	5,213
Godown Rent	-	13,000
Courier Bills	46,595	-
Electricity Bill	7,080,174	-
Fuel Bills for vehicle	-	58,568
VAT Detraction Source payable	127,750	-
TAX Detraction Source payable	296,225	-
	<b>25,159,702</b>	<b>12,809,330</b>
<b>20.00 Provision for Tax</b>		
Opening Balance	31,621,239	15,305,953
Provision for the year	22,086,318	16,315,286
	<b>53,707,557</b>	<b>31,621,239</b>
<b>21.00 Creditors for Expenses &amp; Accruals</b>		
Unclaimed Dividend	160,154	1,716,797
Unclaimed Right Share Money	-	163,400
Provision for WPPF	4,675,155	3,263,057
	<b>4,835,309</b>	<b>5,143,254</b>
<b>22.00 Revenue</b>		
Local Sales	1,846,400,400	1,746,485,473
Export Sales	20,286,657	12,826,624
	<b>1,866,687,057</b>	<b>1,759,312,097</b>
<b>Quantity (MT)</b>		
Opening Stock	2,354	3,916
Production during the year	22,478	19,708
Goods available for Sale	24,832	23,624
Closing Stock of Finished Goods	(4,438)	(2,354)
Sale during the year	<b>20,394</b>	<b>21,270</b>

		<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>Amount (TK)</b>	<b>Amount (TK)</b>
<b>23.00 Cost of Goods Sold</b>			
Opening Stock of Raw Materials		325,298,732	370,456,424
Purchase during the year		1,437,361,396	1,156,917,128
Closing Stock of Raw Materials		<u>(392,437,175)</u>	<u>(325,298,732)</u>
<b>Materials used in Production</b>	<b>Notes-22.01</b>	1,370,222,953	1,202,074,821
Manufacturing Overhead	<b>Notes-22.03</b>	229,803,507	188,255,274
Consumption of Packing Materials		13,971,334	12,165,387
<b>Total Production Costs</b>		1,613,997,794	1,402,495,481
Opening Work in Process		23,787,581	63,896,387
Closing Work in Process		<u>(35,877,540)</u>	<u>(23,787,581)</u>
<b>Costs of Goods Manufactured</b>		1,601,907,835	1,442,604,288
Opening Stock of Finished Goods		296,204,778	321,348,975
<b>Goods available for Sales</b>		1,898,112,613	1,763,953,262
Closing Stock of Finished Goods	<b>Notes-22.02</b>	<u>(338,719,417)</u>	<u>(296,204,778)</u>
<b>Cost of Goods Sold</b>		<u><b>1,559,393,196</b></u>	<u><b>1,467,748,484</b></u>

**23.01 Raw Material Used in Production**

	<b>Jun-17</b>		<b>Jun-16</b>	
	Quantity (MT)	Taka	Quantity (MT)	Taka
Opening Stock	5,547	325,298,732	5,774	370,456,424
Purchase during the year	24,890	1,437,361,396	22,171	1,156,917,128
	30,437	1,762,660,128	27,945	1,527,373,553
Closing Stock	<u>(6,776)</u>	<u>(392,437,175)</u>	<u>(5,547)</u>	<u>(325,298,732)</u>
	<u><b>23,661</b></u>	<u><b>1,370,222,953</b></u>	<u><b>22,398</b></u>	<u><b>1,202,074,821</b></u>

Notes: C & F expenses TK. 3,814,567 has been segregation from the head "Purchase" in comparative and reported under manufacturing overhead.

**23.02 Quantity of Finished Goods and Value of each Category are as follows:**

Category	<b>Jun-17</b>		<b>Jun-16</b>	
	Quantity	Value (TK)	Quantity	Value (TK)
PVC Pipe	3,178	253,244,654	1,957	228,960,461
PVC Fittings	385	34,862,315	128	21,216,807
PVC Door	875	50,612,448	269	46,027,510
Total	<u><b>4,438</b></u>	<u><b>338,719,417</b></u>	<u><b>2,354</b></u>	<u><b>296,204,778</b></u>

	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>Amount (TK)</b>	<b>Amount (TK)</b>
<b>23.03 Manufacturing Overhead</b>		
Salary & Wages	30,724,494	29,556,204
Power & Fuel	90,000,604	53,434,434
Conveyance	257,234	209,472
Entertainment & Staff Food	1,051,973	937,041
C & F Expenses	4,776,740	3,814,567

	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>Amount (TK)</b>	<b>Amount (TK)</b>
House Rent (Engineers & Officers)	312,569	312,569
Insurance Premium (Fire)	1,959,762	1,234,874
Labour Charges	2,215,234	2,153,709
Land Rent & Pourashova Tax	5,929,900	5,921,665
Medical Expenses	474,365	417,862
Papers & Periodicals	10,080	1,074
Postage & Stamps	14,165	1,748
Printing Expenses	268,526	271,740
Repair and Maintenance	150,500	302,433
Stationery	88,250	147,572
Stores and Spares	908,372	1,821,756
Telephone & Mobile Bill	266,252	277,653
Uniform Expenses	223,240	281,394
Depreciation	90,171,247	87,157,507
	<b>Notes- 4</b>	
	<b>229,803,507</b>	<b>188,255,274</b>
<b>24.00 Administrative and Selling Expenses</b>		
Salary & Allowances	47,187,913	42,000,852
Directors' Remuneration & Perquisites	1,680,000	1,680,000
Directors' Honorarium	207,500	152,500
Advertisement, Publicity & Promotional Expenses	4,656,204	2,620,537
AGM & EGM Expenses	30,000	96,000
Architect & Plumber Conference	-	172,589
Audit Fees	159,375	325,000
Conveyance	359,401	176,528
Sales Conference	4,498,663	703,263
Depreciation	12,532,534	20,543,545
	<b>Notes- 4</b>	
Electric, WASA Bills, GAS Bills & Maintenance	872,054	357,234
Contribution to Employer's Recognized Provident Fund	6,414,980	4,878,730
Entertainment	345,287	356,173
Fees & Professional Charges	418,000	687,500
Fuel bills for Vehicle	2,017,060	2,374,904
Godown Rent	302,950	178,620
Gratuity Fund	-	405,711
Group Insurance	551,086	277,779
Labour Charges (Unload)	558,445	531,852
License Renewal Fee, Rates & taxes	969,859	371,523
Medical Expenses	379,779	512,763
Office Equipment Maintenance	-	107,458
Office Maintenance	276,000	253,791
Office Renovation	371,950	107,342
Office Rent	11,923,200	10,545,750
Papers & Periodicals	8,810	3,702
Postage & Stamps	510,150	259,341
Printing Expenses	1,022,055	845,301
Stationery Expenses	420,680	309,387
Telephone & Mobile Bill	1,582,690	1,751,308
Tender & Testing Expenses	177,675	209,384
Training & Development	40,756	31,250
Transport / Carriage Outwards	22,480,855	24,489,571
Traveling Expenses	2,869,049	2,390,874
Vehicle Maintenance	339,552	138,357
	<b>126,164,512</b>	<b>120,846,419</b>

	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>Amount (TK)</b>	<b>Amount (TK)</b>
<b>25.00 Other Income</b>		
Sale of Paper, Wastage and others	2,041,000	-
	<b>2,041,000</b>	<b>-</b>
<b>26.00 Financial Expenses :</b>		
Bank Charges	1,778,020	1,698,204
<b>Interest on Short Term Loan :</b>		
Interest on CC Loan (Eastern Bank Ltd)	669,884	1,102,290
Interest on OD	7,271,600	7,534,173
Interest on LTR & STF Loan (EBL, SCB, One & Jamuna Bank)	65,285,235	75,500,137
	75,004,739	85,834,804
<b>Interest on Long term Loan :</b>		
Interest on IPDC	81,814	251,440
Interest on Term Finance Loan (Eastern Bank Ltd)	4,674,630	6,437,568
Interest on Long Term Loan (Standard Chartered Bank)	9,906,060	9,669,181
	14,662,504	16,358,189
	<b>89,667,243</b>	<b>102,192,993</b>
<b>27.00 Provision for Workers' Profit Participation Fund (WPPF) and Welfare Fund</b>		
Profit before WPPF and Tax	93,503,107	68,524,201
Provision for WPPF and WF @5%	<b>4,675,155.36</b>	<b>3,263,057</b>
<b>28.00 Provision for Income Tax</b>		
Net Profit Before Tax	88,827,952	65,261,144
Provision for Income Tax	<b>22,086,318</b>	<b>16,315,286</b>
It represents Tax on NPBT @25% considering Tax exemption on export sales as per Para 28 of Sch-6 (part-A) of the ITO, 1984.		
<b>29.00 Earnings Per Share (EPS)- Disclosure Under BAS 33 "Earnings Per Share"</b>		
Net Profit After Tax	66,741,634	48,945,858
Number of Ordinary Share outstanding during the year	20,431,244	20,431,244
	<b>3.27</b>	<b>2.40</b>
<b>Net Asset Value Per Share (NAV)</b>		
Net Asset Value	1,030,197,514	985,204,015
Number of Ordinary Share outstanding during the year	20,431,244	20,431,244
	<b>50.42</b>	<b>48.22</b>
<b>Net Operating Cash Flow Per Share</b>		
Net Operating Cash Flow	502,105,923	199,593,279
Number of Ordinary Share outstanding during the year	20,431,244	20,431,244
	<b>24.58</b>	<b>9.77</b>

**30.00 Director's Remuneration and Perquisites**

Mr. Riad Mahmud	1,080,000	1,080,000
Mr. Golam Murshed	600,000	600,000
	<b>1,680,000</b>	<b>1,680,000</b>

**31.00 Capacity Utilization**

Capacity of Production in M. Ton per year	Utilization (MT)		Rate	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
(Installed Capacity 29,562 Current year, Last year 27,700 M.Ton)	22,478	19,708	76.04%	71.15%

**32.00 Capital Expenditure Commitment:**

There was no Capital Expenditure commitment as on 30 June, 2017.

**33.00 Contingent Liability:**

(I) There was no contingent liability as on 30 June, 2017.

(II) There was no claim against the company not acknowledged as debt as on 30 June, 2017.

(III) There was no credit facility available to the company under any contract but not availed as at 30 June, 2017 other than trade creditors.

(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 case have been filed in tribunal and court. It is probable that the judgment will be in favor 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. 3210 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

**34.00 Related Party Transactions**

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

Nature of Transactions	30 June 2017	30 June 2016
	Amount (TK)	Amount (TK)
Directors Remuneration	1,680,000	1,680,000

**35.00 Number of Employees engaged**

The number of employees engaged for the whole year :

Officers	365	363
Staff	174	172
Skilled and unskilled workers	305	296
<b>Total</b>	<b>844</b>	<b>831</b>





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