

DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE, 2017

Bismillah-hir Rahmanir Rahim
Honourable Shareholders,
Assalamu Alaikum,

Dear Shareholders,

It is a great pleasure to welcome you all on behalf of myself and the Board of Directors in this 17th Annual General Meeting (AGM) of Yeakin polymer Limited. We are pleased to present before you the directors report on the operational activities of the company and the Auditors report along with the audited financial statements for the year ended 30 June 2017 for your consideration, approval and adoption

The Directors report prepared in accordance with under section 184 of the companies Act- 1994 Listing Rules Dhaka and Chittagong Stock Exchange Limited, Bangladesh Securities and Exchange Commission (BSEC) Notification No.SEC/CMRRCD/ 2006-158/134/Admin/44 dated 07 August 2012

INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENTS IN THE INDUSTRY

Company is manufacturing PP woven bag, FIBC bag, Leno mesh bag, PP woven tarpaulin and PE liner in different grade, design, gsm, size, color, denier, mesh, etc.. Due to government current policy business in local market created a massive impact in this sector of industries which impact also came to Yeakin Polymer Limited (YPL). As a result the turnover of the company as well as profitability trend of the company came down gradually. For considering the local market situation company imported modern new machineries for producing export quality products to compete the international market. These new machineries will bring a new dimension of FIBC bag production. FIBC will be the company's core product because of its high demand in worldwide. But it could take time. In near future Bangladesh will be the new hub of FIBC bags for the importing countries. New technology & new opportunities always create a space for export industry to earn more revenues, which directly linked up with countries economical growth. Yeakin Polymer Ltd wants to be a part of its countries' economical growth by increasing / maximizing its production capacity as well as its quality. To extend the products company also imported Injection Molding Machine for hanger, small household products & other accessories. As a part of production process, company procured local machinery and installed new substation for enhance the capacity of power supply from rural electrification board. The whole procurement process is done by the IPO fund.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The company operates in a single segment of product in different grade, design, gsm, size, color, denier, mesh etc.

RISKS AND CONCERNS

Government current policy restricted to use PP Woven bag on sixteen numbers of commodities which already created a significant negative impact in the local market. If government imposes any further restriction to use PP woven bag for new commodities it could also be created new impact in the business. The price hike of raw material in international market may create impact the profitability of the company. The change in the global policy may also create an impact in the export business.

The management of the company is very much aware to overcome above or any unseen crises.

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

The Costs of Goods Sold 76.05 % of Revenue, thereby resulting in Gross Profit Margin 23.94% of revenue in 2016-2017, where 26.40 % Gross Profit Margin in 2015-2016. This is little bit down growth compare to previous year. The Net Profit Margin at 10.71 % of Revenue has registered in 2016-2017 which is nearly constant as compared to 10.49 % in 2015-2016.

KEY OPERATING AND FINANCIAL DATA OF PRECEDING 5 (FIVE) YEARS

Particulars	30-06-2017	30-06-2016	30-06-2015	30-06-2014	30-06-2013
Turnover	324,472,755	374,856,443	419,920,083	316,742,010	223,921,340
Gross Profit	77,692,954	98,955,096	112,987,168	83,648,876	60,164,592
Profit Before Tax	34,275,117	60,518,872	84,729,263	60,085,193	41,256,916
Profit After Tax	34,759,524	39,337,267	55,074,021	36,953,428	25,785,572
Total Asset	1,091,998,391	854,666,811	740,488,306	505,104,150	394,346,304
Shareholders' Equity	844,016,726	609,257,202	569,919,935	370,275,914	303,591,736
Total Current Assets	466,298,171	376,431,664	342,207,022	234,707,166	170,996,565
Total Current Liabilities	200,410,181	191,283,816	136,659,050	122,377,749	81,781,029
Number of shares outstanding	64,900,000	39,000,000	39,000,000	24,000,000	16,959,000
Face value per share	Tk. 10	Tk. 10	Tk. 10	Tk. 10	Tk. 10
Dividend	5 % Stock Recommended	10 % Stock	-	5%	7.5%
NAV per share	13.00	15.62	14.61	15.43	15.78
EPS	.58	.66 (restated)	1.98	1.64	1.96

REMUNERATION OF DIRECTORS INCLUDING INDEPENDENT DIRECTOR

4 (Four) Directors received Tk.17,58,000 as remuneration for rendering their service. No independent director received remuneration except board meeting fees.

DIRECTORS' DECLARATION AS TO FINANCIAL STATEMENTS

As part of preparation and presentation of the financial statements, the Directors also report that:

- The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operation, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- Bangladesh Accounting Standards (BAS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements.

SYSTEM OF INTERNAL CONTROL

The Company's internal control is sound is designed and has been effectively implemented and monitored during the year.

GOING CONCERN

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

UTILIZATION OF PROCEEDS FROM PUBLIC ISSUE

The company raised fund through IPO after obtaining consent from Bangladesh Securities and Exchange Commission (BSEC) last year. The fund already utilized according to the consent as disclosed in the IPO fund utilization report except local cost of duty, port charges, C & F cost, transportation and installation of Capital Machineries. The capital machineries L/C opened. Portion of machineries are in transit and some consignments are already reached in port and factory.

AN EXPLANATION IF THE FINANCIAL RESULTS DETERIORATE AFTER THE COMPANY GOES FOR INITIAL PUBLIC OFFERING (IPO)

Particular	2016-2017 (Taka) (Post-IPO)	2015-2016 (Taka) (Pre-IPO)	Decrease In (%)
Turnover	324,472,755	374,856,443	13.44
Cost of goods sold	246,779,801	275,901,347	10.55
Gross Profit	77,692,954	98,955,096	21.48
Net Profit after tax provision	34,759,524	39,337,267	11.64
EPS (Adjusted)	0.58	0.66	12.12

The financial result deteriorated but which is not occurred significantly. Due to government current policy, business in local market hampered. As a result the turnover of the company as well as profitability trend of the company came down gradually. Un-interrupted power supplies also a major issue in the manufacturing industry like YPL. Due to massive interruption of the power supply in the southern part last year, Yeakin polymer Limited had to use maximum capacity of generator which also increased the production cost and decreased the profitability of the company accordingly.

OTHER REGULATORY DISCLOSURES

There was no extra-ordinary gain or loss during this year or the preceding year.

There is no significant variance occurred in the business trend between third quarterly financial performance and Annual Financial Statements.

Significant deviations did not occurred from the last year's operating results of the issuer company.

DIVIDEND

The Board of Directors recommended 5 % Stock dividend (5 bonus shares for each 100 shares held) for all shareholders for the year ended 30 June 2017 for your approval in the forth coming 17th Annual General Meeting.

APPROPRIATION OF PROFIT

The Board of Directors recommended the appropriation of the net profit earned during the year 2016-2017 in the following manner:

SL.	Particulars	Tk.
(A)	Net Profit for the Year (2016-2017)	34,759,524
(B)	Appropriation proposed:	
	Issuance of 3,245,000 Bonus Shares (Stock Dividend) @ 5% : Face Value of Bonus Share	32,450,000
(C)	Un Appropriated Profit	2,309,524

Company needs huge working capital because production will be increased after successfully installation the new capital machineries as such the un-appropriated profit will be used as the working capital.

DIRECTORS ELECTION

As per articles 85 of the Articles of Association of the Company 1/3 (One Third) directors shall retire in this Annual General Meeting by way of rotation. Mr. S M Akter Kabir, Mr. Quazi Nazibul Haque, Ms. Julia Parvin would retire by rotation in this AGM, and being eligible Mr. S M Akter Kabir and Mr. Quazi Nazibul Haque offered themselves for re-election. Ms. Julia Parvin did not offer for re-election. Ms. Sabrina Samsad resigned from the board owing to her personal problem. As per articles 86 (a) the Board of Directors in its meeting held on 14th November 2017 decided to re-constitute the board size accordingly board took decision that board will not offer any one for election against Mrs. Julia's Parvin retirement and vacant position created owing to resignation of Mrs. Sabrina Samsad i.e. Board size would be re-constituted with 7 directors including 2 independent directors. Brief resume of retiring Directors who offer themselves for re-election are given below:

MR. S.M AKTER KABIR

Mr. Kabir is a Bangladeshi national and was born on 08.07.1959. He is also the director of Satkhira Feed Industries Ltd and Yeakin Agro Products Ltd. He completed M.Com (Accounting) degree from Dhaka University and completed Chartered Accountancy course. He has been engaged in trading and manufacturing business for a long time. He traveled so many countries in connection with his business.

ENGINEER QUAZI NAZIBUL HAQUE

Mr. Haque is a Bangladeshi National. He is also the director of Satkhira Feed Industries Ltd. Mr. Haque completed his B.Sc Civil Engineering degree from Rajshahi Engineering College. He was govt. service holder under Roads & Highway dept. During his service he was engaged in executing various important civil constructions works mainly roads & bridge assigned by the Government of Bangladesh. In the period of his service he visited several countries in the world. After retirement as "Superintendent Engineer" from "Roads and Highway" Department of Bangladesh Government he engaged with this company.

RE-APPOINTMENT OF INDEPENDENT DIRECTOR

The Board of Directors in its meeting held on 14th November, 2017 decided to re-appoint Mr. Siddiqur Rahman as Independent Director of the Company for a further period of 3 (three) years with effect from 1st January, 2018 as per BSEC Regulations and re-commended for approval by the shareholders in the ensuing Annual General Meeting. Brief resume of Mr. Siddiqur Rahman is below:

MR. SIDDIQUR RAHMAN

Mr. Rahman is a Bangladeshi National. He Completed Master of Science (M.Sc.) in Agriculture from Reading University, United Kingdom in 1990. He is a retired Government Service holder. During his service he was assigned with important research and monitors activities of Agricultural projects of the Government of Bangladesh. He retired as Additional Director, Department of Agricultural Extension. He traveled many Countries for training and business purpose.

THE PATTERN OF SHAREHOLDINGS IS DISCLOSED AS FOLLOWS:

SL	Name of the Shareholders	Position	No. of shares	%
a.	Parent/Subsidiary/Associated Companies and other related parties	The Company has no Parents/Subsidiary/Associated Companies	-	-
b(i).	Directors			
	Mr. Quazi Anwarul Haque	Chairman	2,398,000	3.69
	Mr. S M Akter Kabir	Managing Director	1,540,000	2.37
	Engineer Quazi Nazibul Haque	Director	1,683,000	2.59
	Satkhira Feed Industries Limited	Director	4,620,000	7.12
	Yeakin Agro Products Limited	Director	2,486,000	3.83
	Mrs. Julia Parvin	Director	1,404,700	2.16
	Mrs. Sabrina Samsad	Director	1,298,550	2.00
	Mr. Siddiquir Rahman	Independent Director	-	-
	Mr. Khandaker Abdul Mabud	Independent Director	-	-
b(ii).	Chief Executive Officer , Company Secretary/CFO/Head of Internal Audit and their spouse and minor children do not hold any shares of the Company			
	Mr. S M Akter Kabir	Managing Director	1,540,000	2.37
	Md. Akhtaruzzaman	Company Secretary	-	-
	A B M Mahmudul Hasan	Chief Financial Officer	-	-
	Abdullah Al Mamun	Head Of Internal Audit	-	-
	Spouse and minor children	-	-	-
c.	Executives	-	-	-
d.	Shareholders Holding 10% or more voting interest in the company:	-	-	-

RELATED PARTIES TRANSACTION

Details of related party and transactions have been disclosed under note 32 of the financial statements page no-60

DURING THE YEAR 13 (THIRTEEN) BOARD MEETINGS WERE HELD. THE ATTENDANCE RECORD BY EACH DIRECTOR IS AS GIVEN BELOW:

Name of the Directors	Designation	Attendance
Quazi Anwarul Haque	Chairman	13
S M Akter Kabir	Director	10
Engineer Quazi Nazibul Haque	Director	10
Dr. S M Moniruzzaman (Nominee of Satkhira Feed Industries Limited)	Director	7
Sk. Jamil Hossain (Nominee of Yeakin Agro Products Limited)	Director	7
Mrs. Julia Parvin	Director	6
Mrs. Sabrina Samsad	Director	7
Siddiqur Rahman	Independent Director	6
Khandaker Abdul Mahmud	Independent Director	6

AUDIT COMMITTEE

As per stipulation of the BSEC guidelines, the Board has constituted an Audit Committee for the Company. The Committee met four times during the year, where attended all the members. The main activities of the Audit Committee during the year were as follows:

- Review and recommended to the Board the quarterly and annual financial statements for the year ended 30 June 2017
- Review the IPO fund utilization according to the uses of proceeds given in the prospectus
- Review and appraise the performance of the internal control system.
- Review and consider the compliance with various Guidelines of BSEC.

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

We are pleased to confirm that we have complied with BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012, and has included the Compliance Report in the Annual Report. Further, a Certificate of Compliance required under the said Notification, as provided by MAZUMDAR SIKDER AND ASSOCIATES Cost and Management Accountants, has also been annexed to this Report.

AUDITORS

Company's present Auditor ARTISAN, Chartered Accountants, was appointed in the 16th Annual General Meeting as external Auditor who completed the Audit of the accounts for the year ended 30th June 2017. As per rule they will retire in the Annual General Meeting. The ARTISAN, Chartered Accountants have expressed their willingness for appointment as Auditor of the Company for the year 2017-2018 with the remuneration as prescribed by ICAB. Since there are no requests from the shareholders in favor of others Audit Firm the Board of Directors recommended to re-appointment them.

CONCLUSION

The Board would like to thank you all for your participation in the AGM, and for your continued interest and support for the Company. The Board hopes that you will in touch with company's future endeavor by providing your support and cooperation. The board would like to express their thanks to Government Organization, BSEC, DSE CSE CDBL and other concern authorities for providing support and cooperation.

May Allah bless of all us

On behalf of the Board of Directors

Sd/

(Quazi Anwarul Haque)

Chairman

November 14, 2017