



Annual Report 2019-2020



SQUARE
Since 1958
PHARMA

Square Pharmaceuticals Ltd

ANNUAL REPORT

2019-2020

Year ended 30 June 2020



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Square Pharmaceuticals Ltd.

Square Centre
48 Mohakhali Commercial Area
Dhaka, Bangladesh.



About Us

SQUARE Pharma, the largest pharmaceuticals company in the Country, is a trusted name in the pharmaceuticals sector of Bangladesh. Like most indigenous concern it made its debut in a humble way in 1958 as a Partnership Firm under the leadership of Late Samson H Chowdhury. The following year, 12 working people, occupied floor space of 3,000 sq. ft., first production EASTON'S syrup and made a turnover of Tk. 55,000.

In 1964, Partnership Firm converted into a Private Limited Company, then in 1991, converted into a Public Limited Company and become Publicly Listed Company in 1995.

SQUARE today symbolizes a name - a state of mind. From the inception in 1958, it has today burgeon into one of the top line conglomerates in Bangladesh.

SQUARE Pharma, the flagship company, is holding the strong leadership position (#1) in the pharmaceutical industry of Bangladesh since 1985.

It has extended its range of services towards the highway of global market. It pioneered exports of medicines from Bangladesh in 1987 and has been exporting antibiotics and other pharmaceutical products. This extension in business and services has manifested the credibility of **SQUARE** Pharma.

SQUARE Pharma is to emphasize on the quality of product, process and services leading to grow of the company imbued with good governance practices.



Market Leader
Since 1985



www.squarepharma.com.bd

Square Pharmaceuticals Ltd.



Since 1958

Performance

Key Highlights

SQUARE PHARMA

Standalone

18.68%	Sales/ Gross Revenue - BDT 52.93 Billion
10.95%	Export - BDT 1.65 Billion
22.66%	Profit After Tax - BDT 12.96 Billion
23.12%	Contribution to National Exchequer - BDT 12.32Billion
14.87%	NAV Net Asset Value - BDT 69.85 Billion
13.49%	NOCF Net Operating Cash Flow - BDT 10.89 Billion
22.66%	EPS Earning Per Share - BDT 15.35
19.74%	Dividend (Cash Payout) BDT 3.97 Billion
AAA	Credit Rating by CRISL

2019-2020



Bank Loan



TRANSMITTAL LETTER

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

Annual Report for the yearended June 30, 2020

Dear Sir(s)

We are pleased to enclose a copy of the Annual Report containing Directors' Report, Auditors' Report alongwith Audited Financial Statements including Statement of Financial Position as at June 30, 2020, Statement of Profit or Loss and other Comprehensive Income, Changes in Equity and Cash Flows for the year ended June 30, 2020 along with notes thereon and all related Consolidated and Subsidiary Financial Statements for your record and necessary measures.

With best regards.

A handwritten signature in black ink, appearing to read 'Khandaker Habibuzzaman', is written over a faint, stylized graphic of a square with a diagonal line.

Khandaker Habibuzzaman
Company Secretary

Dated: 30 November, 2020



THE TEN PRINCIPLES OF GLOBAL COMPACT (UN)



The ten principles of Global Compact initiated by the UN Secretary General as have been adopted by Square Pharmaceuticals Ltd. are as follows:

HUMAN RIGHTS:

Principle 1

Business should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and

Principle 2

Make sure that they are not complicit in human rights abuses.

LABOR STANDARDS:

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4

The elimination of all forms of forced and compulsory labor.

Principle 5

The effective abolition of child labor and

Principle 6

Eliminate discrimination in respect of employment and occupation.

ENVIRONMENT:

Principle 7

Business should support a precautionary approach to environmental challenges.

Principle 8

Undertake initiatives to promote greater environmental responsibility; and

Principle 9

Encourage the development and diffusion of environmentally friendly technologies.

ETHICAL STANDARDS:

Principle 10

Business should work against corruption in all its forms, including extortion and bribery.



Notice is hereby given that the 54th Annual General Meeting of the Members of Square Pharmaceuticals Ltd. will be held on Tuesday the 15th December, 2020 at 10:00 a.m. under virtual platform through the link <https://bitly.com/splagm2020> to transact the following business:

- Agenda-1: To receive, consider and adopt the Audited Financial Statement for the year ended 30th June, 2020 together with the reports of the Directors' and the Auditors' thereon
- Agenda-2: To declare dividend for the year ended 30th June, 2020.
- Agenda-3: To elect Directors in terms of the relevant provision of Articles of Association.
- Agenda-4: To appoint Statutory Auditors for the year 2020-2021 and to fix their remuneration.
- Agenda-5: To appoint Compliance Auditor for the year 2020-2021 and to fix their remuneration.
- Agenda-6: To re-appoint the Managing Director of the Company.

By order of the Board



Khandaker Habibuzzaman
Company Secretary

30 November, 2020

Notes:

- i) The proxy form must be affixed with requisite revenue stamp and be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
- ii) Members are requested to submit to the Company's Share Office on or before 13th December 2020, their written option to receive dividend. In case of non-submission of such option with the stipulated time, the dividend will be paid off as deemed appropriate by the Company.
- iii) The Annual Report is available in the Company's web site at www.squarepharma.com.bd





1925 - 2012

Never stand still
Never slow down
Never stop thinking

A handwritten signature in black ink, appearing to read 'Samson H Chowdhury'.

Samson H Chowdhury

The Founder

VISION & MISSION

VISION

WE VIEW BUSINESS AS A MEANS TO THE MATERIAL AND SOCIAL WELLBEING OF THE INVESTORS, EMPLOYEES AND THE SOCIETY AT LARGE, LEADING TO ACCRETION OF WEALTH THROUGH FINANCIAL AND MORAL GAINS AS A PART OF THE PROCESS OF THE HUMAN CIVILIZATION.

MISSION

OUR MISSION IS TO PRODUCE AND PROVIDE QUALITY & INNOVATIVE HEALTHCARE RELIEF FOR PEOPLE, MAINTAIN STRINGENTLY ETHICAL STANDARD IN BUSINESS OPERATION ALSO ENSURING BENEFIT TO THE SHAREHOLDERS, STAKEHOLDERS AND THE SOCIETY AT LARGE.

OBJECTIVES

OUR OBJECTIVES ARE TO CONDUCT TRANSPARENT BUSINESS OPERATION BASED ON MARKET MECHANISM WITHIN THE LEGAL & SOCIAL FRAMEWORK WITH AIMS TO ATTAIN THE MISSION REFLECTED BY OUR VISION.

CORPORATE FOCUS

OUR VISION, OUR MISSION AND OUR OBJECTIVES ARE TO EMPHASIZE ON THE QUALITY OF PRODUCT, PROCESS AND SERVICES LEADING TO GROW OF THE COMPANY IMBIBED WITH GOOD GOVERNANCE PRACTICES.



WE STRIVE FOR

We in SQUARE, strive, above all, for top quality health care products at the least cost reaching the lowest rungs of the economic class of people in the country. We value our social obligations.

We owe our shareholders and strive for protection of their capital as well as ensure highest return and growth of their assets.

We strive for best compensation to all the employees who constitute the back-bone of the management and operational strength of the company through a pay-package composing salary/wages, allowances, bonuses, profit participation, leave salary and superannuation & retirement benefits.

We strive for the best co-operation of the creditors & debtors the banks & Financial Institutions who provide Financial support when we need them, the suppliers of raw materials & suppliers who offer them at the best prices at the opportune moments, the providers of utilities-power, gas & water etc. and the customers who buy our products & services by redeeming their claim in time by making prompt payment and by distributing proper product on due dates to our customers.

We strive for fulfillment of our responsibility to the government through payment of entire range of due taxes, duties and claims by various public agencies like municipalities etc.

We strive, as responsible citizen, for a social order devoid of malpractices, anti-environmental behaviors, unethical and immoral activities and corruptive dealings.

We strive for equality between sexes, races, religions and regions in all spheres of our operation without any discriminatory treatment.



Square Pharmaceuticals Ltd.



We strive for practicing good-governance in every sphere of activities covering inter alia not being limited to, disclosure & reporting to share-holders, holding AGM in time, distribution of dividends and other benefits to shareholders, reporting/dissemination of price sensitive information, acquisition of shares by insiders, recruitment & promotion of staff, procurement & supplies, sale of assets etc. all that directly and indirectly affect the interest of concerned groups - the shareholders, the creditors, suppliers, employees, government and the public in general.

We strive for an environment free from pollution and poisoning.

We strive for the achievement of millennium development goals for the human civilization.



THE AUTHORITY

Chairman

Mr. Samuel S Chowdhury

Vice Chairman

Mrs. Ratna Patra

Managing Director

Mr. Tapan Chowdhury

Director

Mr. Anjan Chowdhury

Director

Mr. Kazi Iqbal Harun

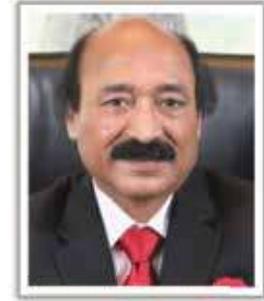
Independent Director

Mr. Syed Afzal Hasan Uddin

Independent Director

Mr. S M Rezaur Rahman

BOARD OF DIRECTORS



Mr. Samuel S Chowdhury



Mrs. Ratna Patra



Mr. Tapan Chowdhury



Mr. Kazi Iqbal Harun



Mr. Anjan Chowdhury



Mr. Syed Afzal Hasan Uddin



Mr. S M Rezaur Rahman

TOGETHER WE ARE STRONGER

Management Committee

Mr. Tapan Chowdhury Managing Director	Chairman
Mr. Md. Kabir Reza Head of Accounts & Finance	Member
Mr. Md. Mizanur Rahman Head of Operations	Member
Mr. Ahmed Kamrul Alam Head of Marketing	Member
Mr. Anjan Kumar Paul Head of Human Resource	Member

Audit Committee

Mr. Syed Afzal Hasan Uddin Independent Director	Chairman
Mr. Anjan Chowdhury Director	Member
Mr. Kazi Iqbal Harun Director	Member
Mr. Khandaker Habibuzzaman Company Secretary	Secretary

Nomination and Remuneration Committee

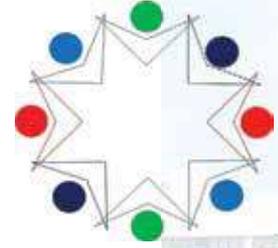
Mr. Syed Afzal Hasan Uddin Independent Director	Chairman
Mr. Anjan Chowdhury Director	Member
Mr. Kazi Iqbal Harun Director	Member
Mr. Khandaker Habibuzzaman Company Secretary	Secretary

CFO, Company Secretary and HIAC

Mr. Muhammad Zahangir Alam, FCA, FCMA
Mr. Khandaker Habibuzzaman, FCS
Mrs. Nasrin Akter, FCA

Statutory Auditors

M/s. Mahfel Huq & Co.
Chartered Accountants
BGIC Tower, 4th Floor
34 Topkhana Road
Dhaka



Operational Management Team

Mr. Md. Kabir Reza	Head of A&F
Mr. Md. Mizanur Rahman	Head of Operations
Mr. M. Nawabur Rahman	Head of Production (Dhaka Unit)
Mr. Ahmed Kamrul Alam	Head of Marketing
Mr. Santosh Sadashiv Chothe	Head of R&D
Mr. Anjan Kumar Paul	Head of HR
Mr. Md. Mizanur Rahman	Head of Production (Pabna Unit)
Mr. Bhushan Rajput	Head of Quality Operations
Mr. A.K.M. Ibne Masud	Head of Engineering
Mrs. Nasrin Akter	Head of Internal Audit

Compliance Auditors

M/s Chowdhury Bhattacharjee & Co.
Chartered Accountants
47/8, Indira Road, Gr. Floor
Dhaka

Legal Advisor

Mr. Rakanuddin Mahmud, Bar-at-Law
Ms. Nazia Kabir, Bar-at-Law

Bankers

Janata Bank Ltd.	Standard Chartered Bank
The HSBC Ltd.	Citibank N. A.
Mercantile Bank Ltd.	Prime Bank Ltd.
Bank Asia Ltd.	Shahjalal Islami Bank Ltd.
Eastern Bank Ltd.	Commercial Bank of Ceylon Plc.
Bank Alfalah Ltd.	BRAC Bank Ltd.

Insurers

Pioneer Insurance Co. Ltd.
Pragati Insurance Co. Ltd.

TOGETHER
WE ARE STRONGER

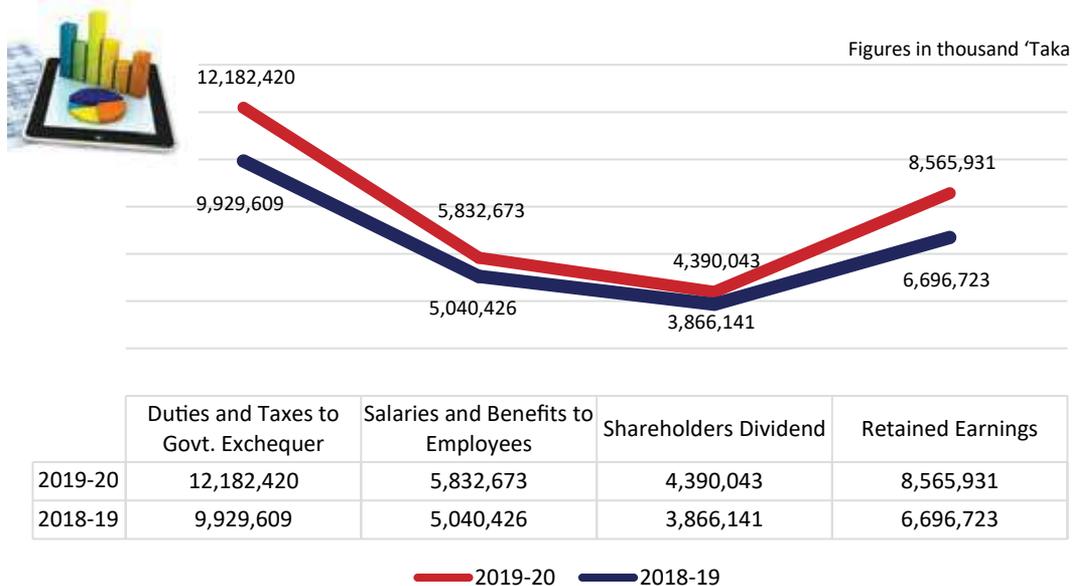
STATEMENT OF VALUE ADDED

Period
ended
30 June
2020

Figures in thousand Taka

	2019-2020		2018-2019	
	(Jul'2019-Jun'2020)		(Jul'2018-Jun'2019)	
	Amount	%	Amount	%
Value Added:				
Turnover & Other Income	56,233,921		48,033,759	
Less: Bought in Materials & Services	25,262,854		22,500,860	
	30,971,067	100.00	25,532,899	100.00
Application:		100.00		100.00
Duties and Taxes to Govt. Exchequer	12,182,420	39.34	9,929,609	38.89
Salaries and Benefits to Employees	5,832,673	18.83	5,040,426	19.74
Shareholders Dividend	4,390,043	14.17	3,866,141	15.14
Retained Earnings	8,565,931	27.66	6,696,723	26.23
	30,971,067	100.00	25,532,899	100.00

GRAPHICAL VIEW



MESSAGE FROM THE CHAIRMAN

*Dear Shareholders, Ladies
and Gentlemen*

I heartily welcome you all at the 54th Annual General Meeting with deep gratitude as well as recalling the memories of the Founding Father late Samson H Chowdhury who had not only sowed the seed of the Company over six decades back but had also given sweat and sun-shine to its healthy growth that you see and love with heart and soul. His Contribution to the Company's continuous growth and development was not only for financial wealth but also he was motivated by his strong zeal for intrinsic values for ethics and morality in every sphere of activities. Every word and figure of the Annual Report of the Board of Directors sent to you reflect this philosophy of human and social life of our civilization. Let us pray to the Almighty Creator for his peace and rest in the Heaven.

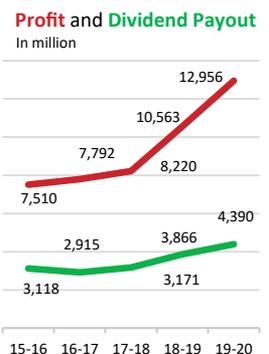
In this context, my message to you all who have invested in the Company with high hopes and aspirations, is that following his foot-steps, the Board of Directors continues to manage the affairs of the Company with dedication standing on the pillars of ethics and morality without fear and favour. The Company's operational success also largely depend on the socio-economic national & international normal as well as un-natural condition as prevails from time to time as we have seen and experienced at the sudden outbreak of CORONA (Covid-19) engulfing the entire world, not yet known to the human civilization as ever. For about four months during the FY 2019-20, the company fought and died like war heroes with the winning flag. We all salute them and pray for their place in Heaven.

As you know, the Company had began to expand its business beyond Country's border under the leadership of the late Founder, initially by exporting its country-made products which finally enabled the Company to set up production facilities abroad, in Kenya, which is in final stage of implementation, though delayed by the CORONA problem. As the situation would improve, the Company would seize & avail every opportunity for further expansion and join the club of MNC (Multinational Companies in Bangladesh).

I hereby conclude with words of appreciation for you all for your continuous trust in the Management which owes you a great deal in its journey with the country's ride in the development high-way.

With best wishes for you all


Samuel S Chowdhury
Chairman



CORPORATE OPERATIONAL RESULTS

Square Pharmaceuticals Ltd. (Standalone)



Figures in '000

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Gross Revenue	52,926,219	44,595,486	34,573,391	33,299,672	33,611,741
Value Added Tax	7,049,770	5,909,831	4,568,416	4,413,733	4,553,391
Net Revenue	45,876,449	38,685,656	30,004,975	28,885,939	29,058,349
Gross Profit	23,339,779	18,974,590	14,406,366	14,061,586	14,056,482
Net Profit (Before Tax)	17,185,382	13,965,289	10,825,055	10,366,856	9,943,836
Net Profit (After Tax)	12,955,974	10,562,864	8,219,526	7,792,498	7,510,265
Net Assets Value (NAV)	69,849,981	60,806,055	46,662,876	41,201,962	35,597,063
Total Assets	74,350,804	65,061,673	53,329,313	45,763,246	39,174,686
Total Bank Borrowings	-	-	-	-	-
Total Current Assets	46,886,758	38,291,545	27,196,589	22,268,597	17,053,295
Total Current Liabilities	3,228,073	2,961,271	5,539,791	3,505,604	2,581,822
Current Ratio	14.53	12.93	4.91	6.35	6.61
Shares Outstanding	844,239,058	789,008,466	737,391,090	685,945,200	623,586,546
Face Value per Share	10.00	10.00	10.00	10.00	10.00
Dividend (Cash)	47.00%	42.00%	36.00%	35.00%	40.00%
Dividend (Stock)	5.00%	7.00%	7.00%	7.50%	10.00%
Net Assets Value per Share (NAV)	82.74	72.02	55.27	48.80	42.16
Net Operating Cash Flow per Share	12.90	14.91	11.24	7.79	9.63
EPS-Earnings per Share (SPL)	15.35	12.51	9.74	9.23	8.90
EPS-Earnings per Share (Consolidated)	15.82	14.99	13.74	12.61	10.90
EPS at Original Capital at IPO	1295.60	1056.29	821.95	779.25	751.03
Quoted Price per Share - DSE	172.50	264.30	293.10	290.10	265.70
Quoted Price per Share - CSE	172.50	264.90	292.80	290.60	265.60
Price Earnings Ratio-DSE (Time)	11.24	21.13	30.09	31.43	29.87
Price Earnings Ratio-CSE (Time)	11.24	21.18	30.06	31.48	29.84
Market Capitalization-DSE (in billion)	145.63	208.53	216.13	198.99	165.69
Market Capitalization-CSE (in billion)	145.63	209.00	215.91	199.33	165.62
Shareholders:	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Sponsors/Directors	5	5	5	6	6
Financial & Other Institution	916	927	825	655	793
Foreign Investors	91	118	107	103	75
General Public	60,251	56,570	54,925	51,807	62,283
Total -	61,263	57,620	55,863	52,571	63,157
Employees:	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Executives	4,644	4,350	3,833	3,486	3,354
Non Executives	2,612	2,099	2,108	1,983	1,975
Workers	2,570	2,785	2,191	1,921	1,845
Total -	9,826	9,234	8,132	7,390	7,174

*Dear Shareholders, Ladies
and Gentlemen*

It is a pleasure to welcome you at the 54th Annual General Meeting for the FY 2019-2020. The Annual Report containing Directors' Report and other statutory statements as the requirements of laws and the regulatory authorities concerned has been sent to you in advance as usual.

I hope everyone has received the Report and had the opportunity to review the operational results of the Company as well as the consolidated position thereof. I believe the Shareholders have had the satisfaction despite the operational hazards faced by the industrial, commercial, economic and social disorder created by the devastating CORONA (Covid-19) that spared none of the countries of the World. Our efforts, however, powered by wisdom, dedication, hard work and determination to serve the nation and the people strengthen by ethical and moral fuel led us to attain the results and hold on to our position as secured by us for several years' back.

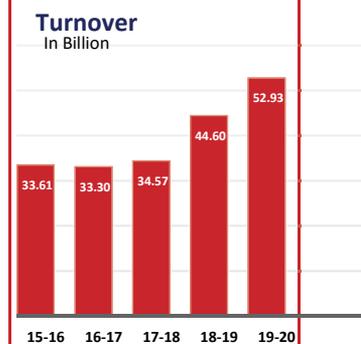
As the operational results would be scanned, it would be clear that the Company's standalone position reflect positive growth in turnover (18.68%), Gross Profit (23.01%), Profit from operation (31.28%), Profit before Tax (23.06%) & finally EPS (22.66%).

The Consolidated position also had grown, though at a lower rate due to various non-operational factors beyond the control of the Management such the delay in implementation of the Kenya Project due to CORONA. I believe the elimination of Covid-19 in the future due to invention of vaccine/medicine would shine on the operational consolidated results in not too a long distant future.

While on the subject of operational performance, I would like to place on record the loss of few lives of our front-liners due to Covid-19 and would request you all to pray for the salvation of their souls and rest in peace in Heaven. We also would like to place on record the service rendered by every other members of the Management Team, Executive Force, as well as Workers whose unrelenting hard work had kept the Company's operational results moving ahead keeping in mind and heart the interest of the Shareholders, Partners, Government and the public in general. I would also offer our gratitude to our Service Providers, Suppliers, Bankers, Insurers, Advisers, Consultants, Regulatory Authorities such Titas Gas, Power Board, Roads/Highway Authorities etc. whose unflinched support/service had smoothened our working path and road to success.

With best wishes for all.


Tapan Chowdhury
Managing Director



CORPORATE GOVERNANCE



CORPORATE GOVERNANCE involves decision making processes for any corporate body as a going concern for the benefit of all concerned, present and future. These decisions may be categorized as policy & strategic, operational and executing, performance & evaluation and sharing of the accretional assets between present & future cohorts. The involvement of the entrepreneur in all these areas invokes decision making governance on a continuous basis, the degree of involvement being variable with the extent of delegation of authority top down and reporting for accountability bottom up of the Management echelon. These aspects of governance are shared by the Board of Directors, Executive Management, operational participants and workers and others in fulfillment of the common goals that converge in increasing the benefits of all stakeholders. To this end entire corporate governance efforts are blended with "good governance practices" as ethically and morally acceptable standards under a given socio politico environmental phenomenon of our society in which we work, live and exist.

The organisms through which the corporate governance functions are carried out are:

BOARD OF DIRECTORS

❖ Constitution

The Board of Directors, the top Management echelon, consisting of the founding successors/ entrepreneurs and Independent Directors, provides the policy and strategic support and direction for the entire range of the corporate activities. The Board of Directors consist of 7 (seven) members including 2 (Two) Independent Directors with varied education and experience which provides a balancing character in decision making process.

The present members of the Board of Directors are as follows:

Mr. Samuel S Chowdhury	Chairman
Mrs. Ratna Patra	Vice Chairman
Mr. Tapan Chowdhury	Managing Director
Mr. Anjan Chowdhury	Director
Mr. Kazi Iqbal Harun	Director
Mr. Syed Afzal Hasan Uddin	Independent Director
Mr. S M Rezaur Rahman	Independent Director

During the year under review the board held 12 (twelve) meetings to transact various agenda.

The Board is re-constituted every year at each Annual General Meeting when one-third of the members retire and seek re-election. A director is liable to be removed if the conditions of the Articles of Association and the provisions of the Companies Act 1994 are not fulfilled.



Board of Directors

Constitution

Not less than 3 or more than 11 Directors

Type of Mandate

Unitary Board of 7 Directors



6 Male

1 Female



5

Non-Executive Directors including Chairman

2

Executive Directors

Independent Directors

2

12

Board Meeting during the year of 2019-2020



❖ Role & Responsibilities

The main role of the Board of Directors, which is the highest level of authority, is to provide general superintendence, oversee the operations and control the affairs of the company through appropriate delegation and accountability processes via the lines of command. However the Board of Directors hold the ultimate responsibility & accountability with due diligence for conducting the activities of the company as per provisions of law in the interest of the shareholders, the stakeholders, the state and the society. The Board of Directors, in fulfillment of its responsibility hold periodic meetings, at least once a quarter and provide appropriate decisions/directions to the Executive Management. Such meetings usually consider operational performance, financial results, review of budgets, capital expenditure proposals for BMRE or new projects/divisions/product lines, procurement of funds by issue of shares or borrowing, procurement of raw materials, plant & machinery, pricing of products/ discounts, recruitment, training and promotion of officers, approval of audited accounts and distribution of dividends and other interest of the stakeholders including the employees and workers.

The Board of Directors take special care in designing and articulating productivity and compensation plans of employees and workers and rewarding them appropriately on the basis of quality and quantity of performance as an incentive.

Board also remains responsible for removal of operational hazards to life and health of workers, friendly environmental work condition and social relationship as demanded of good citizen in a country.

❖ Relationship with Shareholders & Public

The shareholders as owners, are required to be provided with material information on the company's operation every quarter and annually, the latter at the Annual General Meeting. They are also provided routine services by the Company Affairs Division in matters of their various queries, shares transfer, dematerialization, rematerialization of shares, payment of dividends etc.

The Board is however responsible to the public for publication of any price sensitive information as per BSEC regulation.

A qualified Chartered Secretary is in charge for all these responsibilities as Company Secretary.

❖ Relationship with Government

In its role on accountability to the government, the Board of Directors ensure payment of all dues to government in the form of import duty, custom duty and port charges, VAT, Corporate Taxes and other levies as and when they become due on the basis of actual operations and make sure to avoid corruption. This has enabled the Company to enhance its contribution to the National Exchequer on a progressive rate year after year.

❖ Relationship with Financers/Bankers

The Board oversees the Financial transactions and ensures to meet company's commitments to the lenders without default. This has resulted in securing lower interest rates from them.

❖ Relationship with Suppliers

As the company has to import plant and machinery and almost all the raw materials from abroad, it maintains cordial and mutually beneficial interest with its international as well



as local suppliers. This has enabled the company to avoid any legal disputes in international/local courts and enhanced the company's image as a good customer.

❖ Corporate Social Responsibilities (CSR)

The Board of Directors is also awoken of the Corporate Social Responsibilities (CSR) especially in the areas of gender equality, race-religion-regional equality, non-employment of child labor, human rights, environmental pollution, social-marketing, social activities (promotion of sports & culture, health care and population control programs, elimination of corruption programs, participation in charitable activities etc. in non-partisan manner) right to form and participate in Union under ILO convention, employment of disabled's etc.

SEPARATE ROLE OF THE CHAIRMAN AND MANAGING DIRECTOR

The positions of Chairman and Managing Director are held separate persons. Mr. Samuel S Chowdhury is the Chairman of the Company and responsible for the functions of the Board while Mr. Tapan Chowdhury is the Managing Director serves as the Chief Executive Officer of the Company.

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

The Company has appointed Mr. Muhammad Zahangir Alam , FCA, FCMA as Chief Financial Officer, Mr. Khandaker Habibuzzaman, FCS as Company Secretary and Mrs. Nasrin Akter, FCA, as Head of Internal Audit and Compliance of the Company as per requirement of the Corporate Governance Code of Bangladesh Securities and Exchange Commission.

BOARD COMMITTEE

❖ Audit Committee

The Board of Directors has constituted an Audit Committee of the Board, the committee comprised of Mr. Syed Afzal Hasan Uddin, Independent Director, Mr. Anjan Chowdhury, Director and Mr. Kazi Iqbal Harun, Director. All the members of the Committee are Non-Executive Directors and the Chairman of Audit Committee is an Independent Director.

The Audit Committee carries out its responsibilities as per the provisions of law and submits its report to the Board of Directors from time to time. The Audit Committee shall also co-ordinate with the Internal and external Auditors as and when required. The Audit Committee ensures that adequate internal checks & balances supported by adequate MIS are in place for detection of errors frauds and other deficiencies. The other responsibilities include inter alia, not being limited to, the prevention of conflict of interest between the company and its Directors officials, customers, suppliers, government and any other interest groups and detect or remove any scope of insider trading in the company's stock. The Audit Committee also ensures compliance of requirements of BSEC and other agencies.

❖ Nomination and Remuneration Committee

The Board of Directors formed a Nomination and Remuneration Committee of the Board comprising of three Non-Executive Directors namely Mr. Syed Afzal Hasan Uddin, Independent Director, Mr. Anjan Chowdhury, Director and Mr. Kazi Iqbal Harun, Director. The Chairman of the Committee is an Independent Director.



The terms of reference of the Nomination & Remuneration Committee inter alia include to determine the Company's policy on specific remuneration packages for executive directors, to review, recommend and/or approve remuneration to whole-time Directors, to review and approve the Remuneration Policy of the Company, to formulate criteria for evaluation of Independent Directors and the Board, to devise a policy on Board Diversity, to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board the appointment or removal of such persons and to discharge such other functions and exercise such other powers as may be delegated/directed by the Board of Directors from time to time.

EXECUTIVE MANAGEMENT

The Executive Management is led by the Managing Director (CEO) who is appointed by the Board of Directors for a term of 5 years (renewable) with the approval of shareholders in the Annual General Meeting.

The Managing Director is supported by professional, well educated, trained and experienced team consisting of Executive Directors, Directors, General Managers and a host of 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 segment plans/ sub-segment plans for every cost/profit centers and are held accountable for performance

therefore. The Executive Management is aided by committee(s)/sub-committee(s) in carrying out its functions.

OTHER GOVERNANCE APPARATUS

The Company, in its efforts for Corporate Good Governance Practices, uses a series of top ranking professional service providers including Legal experts, Bankers, Insurers and Technical experts who continuously assist the Board of Directors and the Executive Management in properly discharging their duties to all the shareholders, stakeholders, the Government and the public as highlighted below:

❖ Independent Director

In compliance of the BSEC Regulations on Good Governance, the Board of Directors as empowered by the Regulations, appointed Mr. Syed Afzal Hasan Uddin, Barrister-at-Law, an Advocate of Supreme Court of Bangladesh and the Managing Partner of Syed Ishtiaq Ahmed & Associates, a firm of legal consultants and practitioners in Bangladesh and Mr. S. M. Rezaur Rahman, capital market consultant and Director of United Corporate Advisory Services Ltd., a firm of financial & investment advisory and post issue management of initial public offer of securities & other related jobs in Bangladesh as the non-shareholding Independent Director with an expectation that their expertise would help contribute to the further disclosure and protect the interest of the stakeholders, investors in general and smaller investors in particular.

❖ Financial Auditors

The role of the auditors in certification of the financial statement is the most significant aspect of Corporate Governance and protection of interest of investors. As evident from the Annual Reports, the company rigidly follows



the Companies Act, Rules of Bangladesh Securities and Exchange Commission, listing regulation, code of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International Standard of Auditing (ISA) with legally required disclosures of Accounts and Financial Statements.

All this has been possible due to the high level capability and integrity of M/s. Mahfel Huq & Co., Chartered Accountants whose unchallenging performance has played a very trustworthy role in the protection of interest of the investors.

❖ Compliance Auditors

The compliance auditors is responsible in certification on compliance of conditions of Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission as well as the provisions of relevant Bangladesh Secretarial Standards of Institute of Chartered Secretaries of Bangladesh.

M/s. Chowdhury Bhattacharjee & Co., Chartered Accountants is the compliance auditors of Square Pharmaceuticals Ltd. appointed by its shareholders in general meeting.

❖ Legal Advisers

In order to avail the best legal services for Good Corporate Governance, the company has empaneled the following top ranking legal professionals:

Mr. Rokonuddin Mahmud, Bar-at-Law
Ms. Nazia Kabir, Bar-at-Law

The expertise of the above named professionals have had long term fundamental support to the company's Good Governance efforts.

❖ Bankers

The degree of efficient business operation largely depends on the quality of efficiency of banking services received by the company.

Efficient banking service brings down cost of operations. On the other hand, cost of financial services and interest on the lending by the banks are also required to be the minimum. With this end of view, the company has established long term business relationship with the banks namely Janata Bank Ltd., Standard Chartered Bank, HSBC Ltd., Citibank N.A, Mercantile Bank Ltd., Prime Bank Ltd., Bank Asia Ltd., Shahjalal Islami Bank Ltd., Eastern Bank Ltd., Commercial Bank of Ceylon Ltd., Bank Alfalah Ltd. and BRAC Bank Ltd. who provide most efficient service at minimum cost/interest that benefit the shareholders.

The company has neither ever defaulted in any commitment with its Bankers nor did get entangled in legal dispute at any court premises.

❖ Insurer

Insurance services cover certain operational risks which are required by law/business practices to be covered by legitimate insurance service providers for protection of the interest of the company, nay, the investors. To this end, the company has to select insurer with the most efficient, reputed and financially sound history so that claims, if any, are settled promptly and the premium rates are market competitive. The company, based on these considerations, is maintaining insurance business relationships with the highly reputed and publicly listed insurance companies namely Pragati Insurance Ltd. and Pioneer Insurance Co. Ltd. The company has not yet faced any dispute over any claims and the company enjoys special premium rates which protects the interest of the investors.



SHAREHOLDERS' RELATIONSHIP

Corporate Governance issues include how major policy decisions are made in business corporations, how various stakeholders can influence the process, who is held accountable for performance and what performance standards are applied. In a nutshell power and influence are crucial in corporate governance. As shareholders belong to the most important stakeholders, ownership structure has an impact on the balance of power among shareholders. Though sponsors usually hold majority shares required for ordinary resolutions, public shareholders have a definite role and influence in the passing of special resolutions required for changes in the business object, sale of business/productive assets, merger and amalgamation, winding up or dissolution and amendments to Memorandum and Articles of Association for protection of minority interest up to 49.9% of the shareholdings.

The position of shareholders as on 30th June, 2020 indicates that the sponsors of the company do not hold the required shareholdings (75%) for passing special resolutions. This allows the public shareholders (individuals & institutions) to play an effective role in protecting their legal corporate rights.

The Company holds regularly as per law the Annual General Meeting with adequate notice and disclosures in the Directors' Report and the Auditors' Report on Accounts/Notes and resolutions are passed with consensus and unanimity. All reasonable and practicable suggestions are implemented with good grace. Special Resolutions are passed in General Meeting with due notices periods.

All enquiries are attended by the Company Secretary. Where necessary, Internal Audit Committee investigates matters of significant

merit for consideration by the Management Committee/Managing Director/Audit Committee of Board/Board of Directors as the case may be.

The Shareholders as owners are provided with material information on the Company's operation quarterly and annually. They are also provided routine services by the Company Secretary in 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 regulations of Bangladesh Securities and Exchange Commission.



The Owners

30 June 2020

Total Owners

61,263

General
Public

36.25%

306,008,425 shares

Sponsor &
Director

34.57%

291,850,432 shares

Foreigners

18.61%

157,132,900 shares

Institutions

10.57%

89,247,301 shares



A qualified Chartered Secretary is in charge for all these responsibilities as Company Secretary.

The Company has also a web site to provide permissible information/notices/ price sensitive information/ financial reports/disclosures and others for the Shareholders and interested investors.

DIVIDEND POLICY

Ethics is an ingredient of Good Governance and involves a determination of what is right and what is wrong and deals with things to be sought and things to be avoided with way of life and the end of life. Ethics invokes the management of the environment within which we function from a perspective broader than, but obviously inclusive of, the current cohort. Since the corporate environment is in theory an infinitely lived entity owned by finitely lived shareholders, a governance ethic must represent a system that serves the needs of the current ownership while preserving the ability of the corporation to sustain itself and benefit future cohorts.

The corporate ethic must necessarily promote efficiency in coexisting with the environment to generate the quality of life for a current cohort and yet also provide an equity that does not disadvantage a future cohort by the decisions of a current cohort.

As an environmental ethic analogy, those living today naturally believe in dividend payouts today with less regard for the consequence tomorrow and those living tomorrow would prefer dividend payouts tomorrow without regard for the sacrifices we make today to allow their greater consumption tomorrow.

Based on the above concept, the company is committed to show a stable policy of distribution (cash outlay) of the accretional wealth (profits) between the current and the

future generation of shareholders. This would enable the company to enhance its capital wealth and sustain for perpetuity of existence, benefiting both the present cohorts and the progeny.

BEYOND THE BORDER

Corporate social responsibility, an element of Good Corporate Governance, extend to the society to the government and beyond the borders of the country for social good as well as for contribution of Foreign Exchange Resources to the National Exchequer. To this end, the company is making entry into foreign markets and making efforts in registering its products in USA/EU countries for which is has already set up a modern state-of-art production facilities at Kaliakoir, Gazipur.

The company has already secured permission for marketing its products in UK/EU countries.

CORPORATE SOCIALIZATION

In order to play a model role for Good Governance characteristics in the corporate sector, the company has become members of country's leading chamber

- a. Metropolitan Chamber of Commerce & Industries (MCCI)
- b. Bangladesh Employers' Federation (BEF)
- c. Dhaka Stock Exchange Ltd. (DSE)
- d. Chittagong Stock Exchange Ltd. (CSE)
- e. Bangladesh Association of Publicly Listed Companies (BAPLC)
- f. International Chamber of Commerce Bangladesh (ICCB)
- g. Central Depository Bangladesh Limited (CDBL).

These memberships have provided scope to the company for improvement of Corporate Governance Practices for the benefit of the shareholders/stakeholders.



RESEARCH AND NEW PRODUCTS DEVELOPMENT

As a part of Corporate Social Responsibility for Good Governance the company maintains a team of scientific pharmaceutical experts who continuously conduct research & development programs for improving quality of products, reduction of cost and adaptation of products that are free of intellectual property rights and innovative products.

These efforts have enabled the company to add new products to its product lines every year to the benefit of the common men of the country and the shareholders.

The success in this field has secured the leading position for the company in the pharmaceutical sector.



SEGMENT REPORT

The company's chief operating decision makers review the profit and loss of the company on an aggregate basis and manage the operations of the company as a single operating segment. Accordingly, the company operates in one segment, which is the business of developing, manufacturing and marketing of drugs for health care for all live species.

RISK PERCEPTION

Company management perceives investment risks within the national and international economic situation in relation to legal requirements involving intellectual property rights, scientific invention, WTO regulations and monetary & fiscal investment policies and has prepared its production & marketing strategy to meet the challenges from these risks.

SECRETARIAL STANDARD

Square try their best maintaining of the Secretarial Standard on meetings of the Board of Directors, Members (shareholders), Minutes and Dividend issued by the Institute of Chartered Secretaries of Bangladesh.

A qualified Chartered Secretary is in charge for maintaining of the Secretarial Standard.

COMPLIANCES

Square has an 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.



Square Pharmaceuticals Ltd.



1991

Converted into Public Limited Company.



1987

Pioneer in pharmaceutical export from Bangladesh



1985

Market leadership in the pharma market of Bangladesh among all national and multinational companies.



1974

Technical Collaboration with Janssen Pharmaceuticals of Belgium, a subsidiary of Johnson & Johnson Int'l Ltd., USA.



1964

Incorporated as a Private Limited Company.



1958

Year of Establishment
(As Partnership Firm)



2009

Starts manufacturing of insulin, hormone & steroid maintaining quality standard of US FDA & UK MHRA complying with cGMP of WHO.



2007

Dhaka Unit Gets the UK MHRA approval.



2006

Received Bankers' Forum Award for ethical and socially responsible business practices and smooth operations with bankers.



2002

Enlisted as UNICEF's global suppliers.



2001

US FDA/UK MHRA standard pharma factory goes into operation built under supervision of Bovis, UK.



1997

Awarded National Export Trophy for exporting pharmaceuticals.



1995

Production of pharmaceuticals bulk (API) product by Chemical Division.

Listing with Dhaka and Chittagong Stock Exchange.



1994

Initial Public Offer (IPO) of Ordinary Shares



Square Pharmaceuticals Ltd.

MILESTONE OF EXCELLENCE

1958-2020

2018

- Awarded National Export Trophy (Gold).
- Won the ICMAB Best Corporate Award.
- Received approval of ANDA of Valsartan for US market.
- Received GMP approval of manufacturing facilities from NPRA, Malaysia.
- Won the National Productivity & Quality Excellence Award.

2017

- Received GMP certification from MOH Azerbaijan.
- Won the National Environment Award.

2016

- Received MCC, South Africa and PIC/S approval.
- Won the HSBC Export Excellence Award.
- Won the ICMAB Best Corporate Award.

2015

- Received USFDA's approval.

2013

- "Samson H Chowdhury Centre of Excellence" starts its journey.

2012

- Dhaka Unit get 'Therapeutic Goods Administration' (TGA) of Australia approval.

2019

Won the "President's Award for Industrial Development" as a successful Enterprise in the category of Large Scale Industry.

Won the Occupational Health and Safety Good Practice Award.

Awarded National Export Trophy (Gold).

2020



Since 1985 Square Pharma has been uninterruptedly holding on the top most position in Bangladesh Pharmaceuticals Sector.



DIRECTORS' REPORT

to the Members for the year ended 30 June, 2020.



In terms of provisions of Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Bangladesh Securities and Exchange Rules 1987, Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission and International Accounting Standards-1 codes as adopted by The Institute of Chartered Accountants of Bangladesh, it is the pleasure of the Board of Directors to submit its Report to the Shareholders for the year ended 30 June, 2020 in the following paragraphs:

OPERATIONS AND STATE OF AFFAIRS OF SQUARE PHARMA

The Square Pharma's Standalone Revenue from Operations had amounted to Tk. 52,926.22 million for the year ended 30th June, 2020 as compared to Tk. Tk. 44,595.49 million for the previous year, an increase by 18.68%.

Net Profit after tax increased by 22.66% to Tk. 12,955.97 million on standalone basis for the year under review as compared to Tk. 10,562.86 million for the previous year. Earning per Share (EPS) stood at Tk. 15.35 for 2019-2020 as against Tk. 12.51 for the previous year.

However, Square Pharma registered an increase in the consolidated Revenue from Operations of Tk. 52,926.22 million for the year under review as compared to Tk. 50,866.87 million for the previous year, by a lower rate of increase by 4.05%.

Consolidated Net Profit after tax increased by 5.55% to Tk. 13,354.41 million for the year under review as compared to Tk. 12,652.40 million for the previous year. Earning per Share (EPS) stood at BDT 15.82 during 2019-2020 as against Tk. 14.98 during the previous year ending 30 June 2019.

The continuously growing performance in operational, financial and profitability has enabled Square Pharma to hold the Top

Position in the industry for over several past decades.

Revenue & Profit
In Billion



SECTORAL GROWTH

Pharmaceuticals sector among other business sectors in the Country experienced positive growth despite the coronavirus pandemic.

According to IMS Plus (MAT) 2Q, 2020 (July 2019 to June 2020), the Domestic Market Size of pharmaceuticals reached Tk. 23,310 crore with 4.28% growth over last year which was the lowest growth rate in the recent past.

Compound Annual Growth Rate for the last five years (2016-2020), National Market Growth Rate and Square Pharma's Growth Rate were 10.49%, 4.28% and 1.62% respectively.

The pharmaceuticals industry is providing about 98% of the total demand for medicine of the domestic market and exports spread over to more than 147 countries. The local companies are holding 90% of the market shares with only 10% supplied by multinationals (MNCs).

The pharmaceutical market has been witnessing excellent growth in recent years and is expected to surpass BDT 50,000 crore by 2025 with an absolute growth of 114% from 2019 levels. Majority of this growth will be contributed by local companies with a market share of more than 90% as similar to past



trends attained over the last two decades, according to a new research.

However, scope for growth in investment for expansion in pharmaceuticals sector in the Country is still promising with emphasis on top quality/life savings drugs although coronavirus pandemic may slow down FDI as well as larger and more risky investment by local entrepreneurs also.

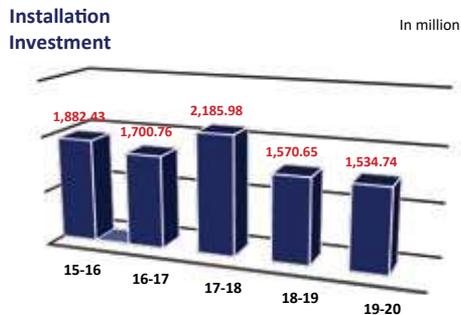
PHARMA PLANT

The Management is very much careful about continuous improvement of the operational efficiency both qualitatively and quantitatively by updating and upgrading the technological process, research and training at the production plants at Pabna and Kaliakoir.

The company made substantive investments at both of the installations during the year as detailed below:

Assets Title	Taka in million	
	2019-20	2018-19
Land	290.12	412.50
Building	638.20	594.57
Plant& Machinery	420.53	308.53
Laboratory Equipment	60.30	135.63
Others	125.59	119.42
Total -	1,534.74	1,570.65

The investments were made from internal generation of funds.



CHEMICAL PLANT

The comparative position of operations of the chemical plant of Square Pharma (at Pabna) for the last two years are presented hereunder:

Particulars	2019-20	2018-19
No. of Products	22	22
Production (MT)	926	831
Own use (MT)	895.84	541.10
Sales (MT)	30.51	262.90
Own use (%)	96.74	65.11
Revenue (Million Tk.)	91.72	302.73

(MT-Metric Ton)

The change in own use tonnage is due to variation in product mix according to marketing and value addition strategies.

QUALITY CONTROL

The Management of Square Pharma places considerable emphasis on maintaining and improving the quality of its products as 'life-science' biology following GMP standards of WHO by following strictly laid down criteria at every level of production and handling.

Also follows-up withdrawals from market of all expiry dated products are continuously done through close inspection and surveillance. The quality control facilities include a high quality standard laboratory building, computerized equipment and tools and a team of highly qualified/trained research personnel who are bent upon on unstinted attainment as ethical and moral objective. We are proud of them.

TECHNOLOGY

The Management is endeavoring to upgrade and adopt new technology in production, quality control, distribution and administration of its products to patients.

During the year 2019-2020 Square Pharma invested an amount of Tk. 60.30 million in improving its laboratory facilities in line with new inventions of process/production.



PRODUCT DEVELOPMENT

The product development status of Square Pharma as on 30th June, 2020 alongwith addition and discontinuation position of the products are hereby depicted hereunder:

Sl. No.	Products Categories	Position	Added	Discarded	Position
		01 July 2019	During the period		30 June 2020
01	Tablet	291	12	11	292
02	Capsule	61	3	4	60
03	Liquid	82	3	2	83
04	Injectable (Vial & Ampoule)	57	-	8	49
05	Infusion	17	-	-	17
06	ENT, Opthal Preparation	31	2	2	31
07	Cream, Ointment, Spray, Gel & others	63	-	-	63
08	Powder for Suspension	21	-	3	18
09	Tropical Powder	1	-	-	1
10	Suppository	6	-	-	6
11	Inhaler & Nebulizer	8	-	-	8
12	Insulin	8	1	-	9
13	Basic Chemical & Pellet	22	-	-	22
14	Tablet, Powder, Liquid, Injection and Granular - AgroVet Local	74	6	4	76
15	Tablet, Powder, Liquid, Injection and Granular - AgroVet Imported Product	56	2	-	58
16	Powder, Liquid and Granular - Crop Care Product	34	2	-	36
17	Capsule, Liquid, Powder and Cream - Herbal & Neutraceuticals Products	26	4	-	30
Total -		858	35	34	859

During the period under review 34 products has been discarded due to better alternative generic, small market size and to meet the regulatory compliance, however new 35 new products have been added which are well received by the medical professionals and the market.

OUTPUT/CAPACITY UTILIZATION

The overall capacity utilization of the plant operation during the year 2019-2020 has been presented hereunder:

Sl. #	Product Categories	Unit	Production in thousand		Production ↑↓ in %	Capacity Utilization	
			2018-19	2019-20		2018-19	2019-20
1	Tablet	Pic	5,009,006	6,552,331	30.81 ↗	70%	65%
2	Capsule	Pic	1,187,328	1,924,642	62.10 ↗	80%	52%
3	Liquid	Bottle	101,522	135,987	33.10 ↗	61%	53%
4	Injectable (Vial & Ampoule)	Pic	42,028	46,987	11.80 ↗	55%	63%
5	Infusion (LVPO)	Bag	4,450	4,272	4.00 ↘	29%	29%
6	ENT & Opthal Preparation	Phial	23,276	30,648	31.67 ↗	67%	82%
7	Cream, Ointment, Spray, Gel & Others	Phial	38,978	127,206	226.35 ↗	36%	55%
8	Powder for Suspension	Bottle	16,925	22,188	31.10 ↗	76%	70%
9	Powder	Phial	9,869	15,478	56.83 ↗	41%	38%
10	Suppository	Pic	49,697	69,666	40.18 ↗	54%	69%
11	Inhaler	Can	34,087	38,430	12.74 ↗	32%	30%
12	Insulin & Insulin Cartridge	Pic	1,508	1,718	13.93 ↗	12%	13%
13	Basic Chemical & Pellet	Kg	831	825	0.72 ↘	92%	84%

The overall output/capacity utilization increased during the year under review.



FINANCIAL RESULT

The standalone operating financial result of the Company for the year ended 30 June 2020 as compared to previous year are summarized hereunder:

Particulars	2019-2020 Taka	2018-2019 Taka	% ↑↓
Gross Revenue	52,926,218,655	44,595,486,334	18.68 ↗
Net Revenue	45,876,448,841	38,685,655,814	18.59 ↗
Cost of Goods Sold	22,536,669,960	19,711,065,988	14.34 ↗
Gross Profit	23,339,778,881	18,974,589,826	23.01 ↗
Net Profit (Before Tax)	17,185,381,957	13,965,288,785	23.06 ↗
Provision for Taxation	4,251,005,177	3,356,746,041	26.64 ↗
Net Profit (After Tax)	12,955,973,632	10,562,863,531	22.66 ↗
Gross Profit Margin	50.88%	49.05%	3.73 ↗
Net Profit Margin (Before Tax)	37.46%	36.10%	3.77 ↗
Net Profit Margin (After Tax)	28.24%	27.30%	3.44 ↗
EPS (Earning Per Share)	Tk. 15.35	12.51	22.66 ↗
EPS Consolidated	Tk. 15.82	14.98	5.61 ↗
EPS on IPO Paid-up Capital	Tk. 1,295.60	1,056.29	22.66 ↗

The Gross Revenue, Net Profit (BT) and Net Profit (AT) increased by 18.68%, 23.06% and 22.66% during the FY 2019-20 over the previous year.

However, the Company earned as Other Income of Tk. 3,307.70 million (depicted in Note 21 of standalone accounts) during the year 2019-2020 and Net Profit Margin (After Tax) had increased by 3.92% against the previous year.

The standalone EPS for the year under review stood at Tk. 15.35, a 22.66% increase over the previous year. EPS calculation took place on the basis of present outstanding 844,239,058 ordinary shares of Tk. 10/- each and the consolidated EPS increased by 5.61% which was Tk. 15.82 in the year 2019-2020 as against Tk. 14.98 of 2018-2019.

RISK AND CONCERN

Absence of long-range planning, inadequate strategize investment policies, product pricing policies, international trade barriers, Socio-economic incohesive situation impose regressive impact on the growth of R&D in the sector.

Square Pharma is always careful to identify the key business risk and ensures the mitigation plans are in place. Continuous reviewing and adopting of the best practices enable Square Pharma to achieve its objective efficiently and effectively.

EXTRA-ORDINARY ACTIVITIES

The Company did not undertake or continue any extra-ordinary activities and did not suffer or gain any loss or gain from such activities.



EXPORT

Square Pharma export market covers over 43 Countries and has undertaken all sorts of possible thrust for increasing the export within the current capacity and expected to rise more in the coming years.

During the year under review, the exports amounted to Tk. 1,653.75 million as against Tk. 1,490.56 million in previous year, an increase of 10.95% over the previous year.

Square Pharma has received approvals of 2 ANDAs and 2 others have already been filed early this year. Square is working on submission of other ANDAs to USFDA for approval soon.



SUBSIDIARY OPERATION

SQUARE PHARMACEUTICALS KENYA EPZ LTD. (SPL KENYA)

SPL Kenya is to manufacture and sell generic pharmaceutical medicine in Kenya and East African Community.

Square Pharma hold 4,000,000 shares of KSH 100 each (KHS=Kenyan Shilling) out of subscribed 8,000,000 shares and advanced Tk. 493,869,987 as Share Money Deposit.

The Directors' Report for the year ended 30 June, 2020 of the SPL Kenya together with Audited Accounts containing Statement of Financial Position, Statement of Profit or Loss

and other Comprehensive Income, Statement of Changes in Equity and Cash Flows and Auditors Report thereon are included in this Annual Report.

SQUARE LIFESCIENCES LTD. (SLL)

Square Lifesciences Ltd. incorporated as a pharmaceuticals manufacturing Company under the Companies Act, 1994 on 13th February, 2020 with a nominal share capital of Tk. 20.00 crore and subscribed capital of Tk. 10.00 crore. Square Pharma subscribed 995,000 shares of Tk. 100/- each.

The Directors' Report for the year ended 30 June, 2020 of the SLL together with Audited Accounts containing Statement of Financial Position and Cash Flows and Auditors Report thereon are included in this Annual Report.

INVESTMENT PORTFOLIO

The investment portfolio of A. Long Term Investment and B. Marketable Securities has been detailed in Notes (3 & 4) to standalone accounts. The outlines of the portfolio with minority interest in shareholdings are described hereunder for general information of the shareholders:

A. LONG TERM INVESTMENT

Long Term Investment for an amount of total Tk. 4,204,950,666 both in Majority and Minority Investments in Ordinary Shares, Non-Convertible/Convertible Zero Coupon Bonds and Certificates in 15 (fifteen) different companies are described hereinafter:

A.1. Majority Investment (Subsidiary)

A.1.1 Square Pharmaceuticals Kenya EPZ Ltd. (SPL Kenya)

Square Pharma hold 4,000,000 shares of KSH 100 each (KHS=Kenyan Shilling) out of



subscribed 8,000,000 shares and advanced Tk. 493,869,987 as Share Money Deposit.

The financial position and status of business operation are contained in the Director's Report of SPL Kenya.

A.1.2 Square Lifesciences Ltd. (SLL)

Square Pharma subscribed 995,000 shares of Tk. 100/- each out of subscribed 10,00,000 shares and invested Tk. 493,869,987 as Share Money Deposit.

The financial position and status of business operation are contained in the Director's Report of SLL.

A.2. Minority Investments

Associates:

A.2.1. Square Textiles Ltd. (STxL)

Square Textile is a 100% export oriented yarn manufacturer, publicly listed Company and fully operational.

Square Pharma holds 91,436,679 ordinary shares of Tk. 10/- each including bonus shares. An investment of Tk. 225,129,795.00 was made for the above mentioned shares, the cost per shares stood at Tk. 2.46 per share (considering cost free Bonus Shares).

For the year 2019-2020 STxL declared cash dividend @10%.

The market value of the said shares as on 30 June, 2020 was Tk. 2,651,663,691.00 @ Tk. 29.00 per share.

A.2.2. Square Hospitals Ltd. (SHL)

Square Hospital is a modern tertiary care hospital with 400 beds and the leading contributor of private healthcare services in Bangladesh, a private limited company and in full operation.

Square Pharma holds 199,750 ordinary shares of Tk. 1,000.00 each, 49.94% in the capital of SHL. The Investment cost for the said shares was Tk. 210,750,000.00 @ 1,055.07 per share.

As SHL is not listed, the market value cannot be ascertained.

SHL earned a Revenue and Net Profit of Tk. 3,708,279,702 and 130,787,176 respectively for the year ended 30 June, 2020, did not declare any dividend due to new expansion plan, upgradation and replacement of existing hospital equipment with modern ones.

A.2.3. Square Fashions Ltd. (SFL)

SFL is a 100% export oriented readymade garments manufacturer and a private limited company and fully operational.

Square Pharma holds 462,000 ordinary shares of Tk. 100 each, 48.46% in the capital of SFL, Investment cost for the said shares was Tk. 151,200,000.00 @ 327.27 (average) per share.

SFL earned a Net Profit of Tk. 1,011,214,253 during the year 2019-2020, NAV per share stood at Tk. 13,002.26 as on 30 June 2020 and due to future expansion and diversity plan didn't declare any dividend in the year under review.

Others:

A.2.4. United Hospital Ltd. (UHL)

Square Pharma holds 120,000 ordinary shares of Tk. 100.00 each amounting to total Tk. 12,000,000.00.

Since UHL is not a listed one, it does not have any ready market value.

A.2.5. Central Depository Bangladesh Ltd. (CDBL)

Square Pharma holds 5,711,804 ordinary shares of Tk. 10.00 each in the capital of CDBL.



CDBL provide services of efficient delivery, settlement and transfer of securities through computerized book entry system.

CDBL is a public limited company incorporate under the Companies Act 1994 and regulated by the Bangladesh Securities and Exchange Commission.

The shares are not listed and therefore the market value of this investment cannot be assessed.

A.2.6. Lanka Bangla Finance Ltd.

Square Pharma holds 250,002 Zero Coupon Bonds amounting to Tk. 33,409,009.00 of Lanka Bangla Finance Ltd.

A.2.7. IDLC Finance Limited (IDLC)

Square Pharma holds 250,000 Zero Coupon Bonds amounting to Tk. 46,816,693.00 of IDLC Finance Ltd.

A.2.8. Bangladesh Steels Re-Rolling Mills Ltd.

Square Pharma holds 200,000 Zero Coupon Bonds amounting to Tk. 17,246,770.00 of Bangladesh Steels Re-Rolling Mills Ltd.

A.2.9. Raj Lanka Power Company Ltd.

Square Pharma holds 150,000 preference shares amounting to Tk. 58,181,820.00 of Raj Lanka Power Company Ltd.

A.2.10. Shanta Holdings Ltd.

Square Pharma holds 5 (five) Non-Convertible Zero Coupon Bonds amounting to Tk. 39,145,405.00 of Shanta Holdings Ltd.

A.2.11. Durable Plastics Ltd.

Square Pharma holds 5 (five) Non-Convertible Zero Coupon Bonds amounting to Tk.

18,514,976.00 of Durable Plastics Ltd.

A.2.12. Flamingo Fashions Ltd.

Square Pharma holds 100,000 Non-Convertible Zero Coupon Bonds amounting to Tk. 25,497,385.00 of Flamingo Fashions Ltd.

A.2.13. Envoy Textiles Ltd.

Square Pharma holds 40 Non-Convertible Zero Coupon Bonds amounting to Tk. 25,498,245.00 of Envoy Textiles Ltd.

A.2.14. Mutual Trust Bank Ltd.

Square Pharma holds 200 Non-Convertible Subordinated Bonds amounting to Tk. 2,000,000,000.00 of Mutual Trust Bank Ltd.

A.2.15. United Mymensingh Power Ltd.

Square Pharma holds 612,620 Zero Coupon Islamic Certificate amounting to Tk. 499,996,151.00 of United Mymensingh Power Ltd.

B. MARKETABLE SECURITIES INVESTMENT

A statement of investment in Marketable Securities at a cost of Tk. 3,013,439,734 is presented in Note No. 4 of standalone accounts of Square Pharma.

The portfolio shows an unrealized capital gain of Tk. 145,585,283 as on 30 June 2020.

CONSOLIDATION OF ACCOUNTS

In terms of Regulations of Bangladesh Securities and Exchange Commission, Square Pharma has consolidated the Accounts following the codes of IAS-28 and IFRS-10 reflecting shareholders gross benefits/value of investments.

Said consolidated Financial Statements are presented herewith in this Annual Report.



MINORITY SHAREHOLDERS INTEREST

In compliance with Condition No. 1(5) (xvi) of the Corporate Governance Code 2018 of BSEC, the Board hereby confirms that the interests of the minority shareholders have been duly protected in the Company.

Note No. 8 and 39.3 respectively to the standalone financial statement.

HUMAN RESOURCES DEVELOPMENT

In order to improve productivity of human input, Square Pharma continuously provides formal and informal training to its employees

APPROPRIATION OF PROFIT

Board of Directors in its meeting held on 22nd October, 2020 has recommended the appropriation of the Net Profit earned during the year 2019-2020 in the following manner:

	In Taka
✧ Net Profit for the year (2019-2020)	12,955,973,632
✧ Appropriation Recommended :	
- Cash Dividend @ 47% (Tk. 10 per share)	3,967,923,573
- Stock Dividend @5% face value of Stock Dividend (Bonus Share)	422,119,520
	4,390,043,093
✧ Net Un-appropriate Profit	8,565,930,539

CONTRIBUTION TO NATIONAL EXCHEQUER

Square Pharma contributed an amount of Tk. 12,315,098,001 (including Tk. 132,677,717 as contribution as duty/taxes towards machinery & spare parts imports) to National Exchequer as against Tk. 10,002,407,603 in the previous year.

The contribution constitutes 26.84% of the sales revenue (net) in 2019-2020 as against 25.86% in the previous year of 2018-2019.

RELATED PARTY TRANSACTION

The Company had undertaken several related party transaction detail of which are given in Note No. 38.1 of the standalone accounts.

LOANS AND GUARANTEES

Detail of Loans granted and Guarantees given during the year under review are depicted in

at every echelon of operation and management. During the year under review 8,347 persons received in-house/in-operation /on the job training at home and abroad which will ultimately make great contribution to the company's profitability as well their own remuneration in due course.

ENVIRONMENTAL ROLE

The Company maintains a high standard of pollution free environment as per GMP Regulations/WHO standards/ Government laws.

CREDIT RATING

The Credit Rating Information and Services Ltd. (CRISL) has reaffirmed the highest credit of 'AAA' (Stable) for Long Term and 'ST-1' for Short Term on the basis of financial and other relevant quantitative and qualitative information of the Company.



ELECTION OF DIRECTORS

Mrs. Ratna Patra and Mr. Anjan Chowdhury retires as per Article-99 of the Articles of Association and as per Article-100 of the Articles of Association, being eligible, have offered themselves for re-election. Brief resume and other information of the above mentioned directors are depicted in Annexure-II.

RE-APPOINTMENT OF MANAGING DIRECTOR

The Board of Directors in its meeting held on 10th August 2020 re-appointed Mr. Tapan Chowdhury as Managing Director for a further term of five years w.e.f. 15th September, 2020 and recommended for approval by the shareholders in the ensuing Annual General Meeting. Brief resume and other information of the Managing Director is depicted in Annexure-II.

APPOINTMENT OF STATUTORY AUDITORS

The existing Auditors of the company M/s Mahfel Huq & Co., Chartered Accountants retires at this Annual General Meeting and being eligible, have offered themselves for reappointment as statutory auditors of the company for the year 2020-2021. The Board of Directors in its meeting held on 22nd October, 2020 has recommended their appointment.

APPOINTMENT OF COMPLIANCE AUDITORS

The existing Auditors of the company M/s Chowdhury Bhattacharjee & Co., Chartered Accountants retires at this Annual General Meeting and being eligible, have offered themselves for reappointment as Compliance Auditors of the company for the year 2020-2021. The Board of Directors in its meeting held on 22nd October, 2020 has recommended their appointment.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis signed by the Managing Director presenting detailed analysis of the Company's position and operations along with a brief discussion of changes in the financial statements and other requirements of the Corporate Governance Code is disclosed in Annexure- III of this report.

CORPORATE GOVERNANCE COMPLIANCE REPORT

In accordance with the requirement of the Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission, a statement in pursuance to Clause 1(5), Resume of the Directors who shall be reappointed, Audit Committee Report as per clause 5(7), Certificate from the CEO and CFO to the Board, Certificate on Compliance of Conditions of Corporate Governance Code and Status of Compliance are depicted in the Annexure - I, II, III, IV, V and VI respectively.

MANAGEMENT APPRECIATION

The Board of Directors record with deep appreciation the contribution made and support & co-operation given by the Officers, Staff, Workers, Customers, Creditors, Banks, Insurance Companies, Utility Providers, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Central Depository Bangladesh Ltd. and the Government in particular and look forward to the global role of the Company.



Samuel S Chowdhury
Chairman

- In the event of conflict between English text and Bangla text of this report, English text shall prevail.

THE DIRECTORS ALSO REPORT THAT:

- The Financial Statement of the Company present true and fair view of the Company's state of affairs, result of its operation, cash flows and changes in equity.
- Proper books of accounts as required by the prevailing law have been maintained.
- Appropriate accounting policies have been followed in formulating the financial statements and accounting estimates were reasonable and prudent.
- The financial statement was prepared in accordance with IAS/BAS/IFRS/BFRS.
- The internal control system is sound in design and is effectively implemented and monitored.
- There is no significant doubt about the company's ability to continue as a going concern.
- There is no significant deviation from the operating result of the last year.
- Remuneration of Directors including Independent Director have been shown in Note No. 19 in the Notes of standalone Account.
- Key operating and financial data of last 5 (five) years have been presented in summarized form in Page No. 14.

- Total Board Meeting and Attendance during the year 2019-2020 by each Director:

Name of the Directors	Position	Meeting held	Attended
Mr. Samuel S Chowdhury	Chairman	12	12
Mrs. Ratna Patra	Vice Chairman	12	11
Mr. Tapan Chowdhury	Managing Director	12	12
Mr. Anjan Chowdhury	Director	12	11
Mr. Kazi Iqbal Harun	Director	12	8
Mr. Syed Afzal Hasan Uddin	Independent Director	12	9
Mr. S M Rezaur Rahman**	Independent Director	12	8

** Appointed on 1st August, 2019

- The pattern of shareholding as on 30 June 2020 are as follows:

Name of the Shareholders	Status	Shares held	%
i. Parent or Subsidiary or Associated Companies and other related parties.			
		-	-
ii. Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children:			
Mr. Samuel S Chowdhury	Chairman	59,928,588	7.10
Mrs. Ratna Patra	Vice Chairman	57,448,545	6.80
Mr. Tapan Chowdhury	Managing Director	61,226,848	7.25
Mr. Anjan Chowdhury	Director	61,998,296	7.34
Mr. Kazi Iqbal Harun	Director	51,248,155	6.07
Mrs. Nihad Kabir	Independent Director	-	-
Mr. Syed Afzal Hasan Uddin	Independent Director	-	-
Mr. Muhammad Zahangir Alam	Chief Financial Officer	6,000	0.0007
Mr. Khandaker Habibuzzaman	Company Secretary	437	-
Mrs. Nasrin Akter	Head of Internal Audit & Compliance	-	-
Mrs. Bula Chowdhury	W/o Tapan Chowdhury	21,27,054	0.25
Mr. Charles C R Patra	H/o Mrs. Ratna Patra	21,30,077	0.25
iii. Executives:			
Mr. Md. Kabir Reza	Head of Accounts & Finance	10,718	0.0013
Mr. Md. Mizanur Rahman	Head of Operations	-	-
Mr. M Nawabur Rahman	Head of Production - Dhaka Unit	-	-
Mr. Ahmed Kamrul Alam	Head of Marketing	4,540	0.0005
Mr. Prosenjit Chakraborty	Head of International Marketing	-	-
vi. Shareholders Holding 10% or more voting interest in the company.		-	-

DIRECTORS PROFILE

Who are seeking appointment

RE-APPOINTMENT OF DIRECTORS

MRS. RATNA PATRA

Mrs. Ratna Patra is a Director of Square Pharmaceuticals Ltd. since 2007 and has been appointed as Vice Chairman in this year of 2012. She is the daughter of late Samson H Chowdhury, Founder Chairman of the Company. She graduated from Dhaka University and has a business experience of more than 17 years in the pharmaceuticals and textiles sector.



Mrs. Ratna Patra is a sponsor director of Square Textiles Ltd. (Listed Company) designated also as Vice Chairman.

Mrs. Patra also Sponsor Director in 20 other private limited company namely Square Pharmaceuticals Kenya EPZ Ltd., Square Hospitals Ltd., Square Lifesciences Ltd., Square Textiles Ltd., Square Toiletries Ltd., Square Food & Beverages Ltd., Square Fashions Ltd., Square Denims Ltd., Square Informatics Ltd., Square Securities Management Ltd., Square Agro Development and Processing Ltd., Square Air Ltd., ASTRAS Ltd., Sabazpur Tea Company Ltd. and Maasranga Communications Ltd (Maasranga Television) under the Square Group.

MR. ANJAN CHOWDHURY

Mr. Anjan Chowdhury is a Director of Square Pharmaceuticals Ltd. since 1991, son of late Samson H Chowdhury, Founder Chairman of the Company. He obtained Bachelor's degree in Business Administration from the University of South Florida, USA and has a rich experience of more than 26 years in the Pharmaceuticals, Hospitals, Textiles, RMG, IT, Healthcare, Toiletries, Food & Consumer Products, Organic Tea Plantation, Capital Market Operation & Satellite TV Broadcasting.

Mr. Anjan Chowdhury also Sponsor Director in 25 other private limited company namely Square Pharmaceuticals Kenya EPZ Ltd., Square Hospitals Ltd., Square Lifesciences Ltd., Square Textiles Ltd., Square Toiletries Ltd., Square Food & Beverages Ltd., Square Fashions Ltd., Square Denims Ltd., Square Informatics Ltd., Square Securities Management Ltd., Square Agro



Development and Processing Ltd., Square Air Ltd., ASTRAS Ltd., Sabazpur Tea Company Ltd. and Maasranga Communications Ltd (Maasranga Television) under the Square Group.

Beside holding directorship of 25 companies under Square Group, Mr. Anjan Chowdhury is the Chairman of Micro Industries Development Assistance and Services MIDAS, Trustee Member of Independent University of Bangladesh, Vice President of Bangladesh Olympic Association

(BOA), Bangladesh Agro Processors Association (BAPA), AOAB (Airline Operators Association of Bangladesh), Councilor of Bangladesh Football Federation (BFF), Vice President of ATCO (Association of TV Company Owners), Executive Committee Member of Bangladesh Golf Federation and Director of Abahani Limited.

He has been awarded several times as a highest individual Taxpayer in the Country.

Mr. Chowdhury participated in a good number of professional trainings and workshops held in USA, Canada, Europe, Australia and Asia.

Mr. Anjan Chowdhury a member of the Audit Committee of Square Pharmaceuticals Ltd. and Square Textiles Limited.

RE-APPOINTMENT OF MANAGING DIRECTOR

MR. TAPAN CHOWDHURY

Mr. Tapan Chowdhury is a Director of the Company since 1986 and appointed as Managing Director in 1995. He is the son of late Samson H Chowdhury, founder Chairman of the Company. Science graduate from the University of Dhaka, Diploma in Marketing & Management, United Kingdom, Trained in Pharmaceutical Product Marketing from Hoffman La-Roche, Switzerland & Janseen Pharmaceuticals, Belgium and has completed different advanced courses on Business Management in Europe.

Having a prosperous experience of more than 42 years in Pharmaceuticals, Hospitals, Textiles, RMG, IT, Healthcare, Toiletries, Food & Consumer Products, Organic Tea Plantation, Capital Market Operation & Satellite TV Broadcasting.

Mr. Tapan Chowdhury also Sponsor Director in 25 other private limited company namely Square Pharmaceuticals Kenya EPZ Ltd., Square

Hospitals Ltd., Square Lifesciences Ltd., Square Textiles Ltd., Square Toiletries Ltd., Square Food & Beverages Ltd., Square Fashions Ltd., Square Denims Ltd., Square Informatics Ltd., Square Securities Management Ltd., Square Agro Development and Processing Ltd., Square Air Ltd., ASTRAS Ltd., Sabazpur Tea Company Ltd. and Maasranga Communications Ltd (Maasranga Television) under the Square Group.

He was an Adviser (Minister) to the Caretaker Government of Bangladesh in 2007.

Mr. Chowdhury was also a Former President of Metropolitan Chamber of Commerce and Industry (MCCI), Bangladesh Textile Mills Association (BTMA), Bangladesh Association of Publicly Listed Companies (BAPLC), Bangladesh YMCA and National Church Fellowship of Bangladesh.

At present he is the Chairman of Bangladesh



Herbal Product Manufacturing Association, Koinonia Bangladesh., Vice President of Baptist World Alliance and Asia Pacific Baptist Federation, Member of the Advisory Committee, Ministry of Commerce, Executive Committee of International Chamber of Commerce (ICC), Independent Board of NIRAPON, Advisory Committee of Bangladesh Association of Pharmaceutical Industries (BAPI), Board of Governors of Bangladesh Enterprise Institute (BEI), and Core Member of United Baptist Church Trust Association.

Mr. Tapan Chowdhury has been awarded several times as a highest individual taxpayer in the Country.

MANAGEMENT'S DISCUSSION & ANALYSIS



Pursuant to the Corporate Governance Code 2018 [Condition # 1 (5) (xxv)] of the Bangladesh Securities and Exchange Commission, the Management's Discussion & Analysis for the year ended 30 June, 2020 has been depicted hereunder:

Accounting Policies and Estimation for preparation of Financial Statements:

Square Pharmaceuticals Ltd. follows International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) along with prevailing local rules and regulations applicable for preparation of financial statements. Detail description of accounting policies and estimation used for preparation of the financial statements of Square Pharma are disclosed in the Notes No. 1.4, 1.5 and 1.6 to the Standalone Financial Statements.

Changes in Accounting Policies and Estimation:

Square Pharma has been following consistent policies and estimation and there is no such changes in accounting policies or estimation which has material impact on financial statements.

Comparative Analysis of Financial and Operational Performance:

The Directors' Report provides the analysis of financial performance and position during the year under review and also a detail comparison of financial performance and position as well as cash flows are presented as part of the financial statements including notes.

However, major areas of financial performance, financial position as well as cash flows with immediate preceding five years are presented as follows:

Figures Tk. in '000

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Financial Performance						
Gross Revenue	52,926,219	44,595,486	34,573,391	33,299,672	33,611,741	36,191,595
Net Revenue	45,876,449	38,685,656	30,004,975	28,885,939	29,058,349	31,298,688
Gross Profit	23,339,779	18,974,590	14,406,366	14,061,586	14,056,482	13,827,274
Net Profit (Before Tax)	17,185,382	13,965,289	10,825,055	10,366,856	9,943,836	8,597,457
Net Profit (After Tax)	12,955,974	10,562,864	8,219,526	7,792,498	7,510,265	6,523,933
Financial Performance (Inflation)						
Gross Revenue	40,046,204	35,774,139	29,265,439	29,816,495	31,733,139	36,191,595
Net Revenue	34,712,051	31,033,321	25,398,399	25,864,442	27,434,242	31,298,688
Gross Profit	17,659,859	15,221,263	12,194,599	12,590,731	13,270,848	13,827,274
Net Profit (Before Tax)	13,003,183	11,202,842	9,163,116	9,282,473	9,388,063	8,597,457
Net Profit (After Tax)	9,803,035	8,473,444	6,957,606	6,977,395	7,090,507	6,523,933

MANAGEMENT'S
DISCUSSION & ANALYSIS

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Financial Position						
Shares Outstanding	844,239,058	789,008,466	737,391,090	685,945,200	623,586,546	554,299,152
Shareholders' Equity	69,849,981	60,806,055	46,662,876	41,201,962	35,597,063	28,031,892
Total Assets	74,350,804	65,061,673	53,329,313	45,763,246	39,174,686	31,354,182
Total Liabilities	4,500,823	4,255,618	6,666,437	4,561,284	3,577,623	3,322,290
Current Assets	46,886,758	38,291,545	27,196,589	22,268,597	17,053,295	9,739,782
Current Liabilities	3,228,073	2,961,271	5,539,791	3,505,604	2,581,822	2,390,848
Financial Position (Inflation Adjusted)						Base Year
Shares Outstanding	638,786,790	632,936,219	624,181,588	614,194,682	588,733,522	554,299,152
Shareholders' Equity	52,851,434	48,778,126	39,498,861	36,892,198	33,607,499	28,031,892
Total Assets	56,256,946	52,191,949	45,141,819	40,976,367	36,985,164	31,354,182
Total Liabilities	3,405,512	3,413,822	5,642,958	4,084,169	3,377,665	3,322,290
Current Assets	35,476,494	30,717,168	23,021,176	19,939,281	16,100,165	9,739,782
Current Liabilities	2,442,496	2,375,508	4,689,283	3,138,915	2,437,521	2,390,848
Cash Flow						
Net Cash Generated from Operating	10,891,697	12,590,714	9,562,513	8,274,277	8,126,675	7,068,510
Net Cash Used in Investing Activities	-2,272,762	38,935	-6,147,315	1,464,003	-2,365,995	-3,662,533
Net Cash Used in Financing Activities	-3,313,836	-2,654,608	-2,400,808	-2,494,346	-1,758,845	-1,749,334
Cash Flow (Inflation Adjusted)						
Net Cash Generated from Operating	8,241,116	10,100,169	8,094,408	7,408,780	7,672,465	7,068,510
Net Cash Used in Investing Activities	(1,719,667)	31,233	(5,203,536)	1,310,867	(2,233,757)	-3,662,533
Net Cash Used in Financing Activities	(2,507,388)	(2,129,505)	(2,032,219)	(2,233,435)	(1,660,541)	-1,749,334
Financial Ratio						
Current Ratio	14.52	12.93	4.91	6.35	6.61	4.07
Debt to Equity	0.06	0.07	0.14	0.11	0.10	0.12
Gross Profit Margin	50.88%	49.05%	48.01%	48.68%	48.37%	44.18%
Net Profit Margin	28.24%	27.30%	27.39%	26.98%	25.85%	20.84%
Return on Equity	17.43%	16.24%	15.41%	17.03%	19.17%	20.81%
Return on Assets	24.51%	21.65%	20.81%	21.12%	22.35%	29.28%
Ordinary Shares Information						
Shares Outstanding	844,239,058	789,008,466	737,391,090	685,945,200	623,586,546	554,299,152
Face Value per Share	10.00	10.00	10.00	10.00	10.00	10.00
Dividend-Cash (In %)	47.00	42.00	36.00	35.00	40.00	30.00
Dividend-Stock (In %)	5.00	7.00	7.00	7.50	10.00	12.50
Dividend Payout (Cash+Stock) in '000	43,900,43	3,866,141	3,170,782	2,915,267	3,117,951	2,355,771
Net Asset Value per Share	82.74	72.07	55.27	48.80	42.16	33.20
Net Operating Cash Flow per Share	12.90	14.91	11.24	7.79	9.63	8.37
EPS-Earnings per Share (Standalone)	15.35	12.51	9.74	9.23	8.90	6.80
EPS-Earnings per Share (Consolidated)	15.82	14.98	13.73	12.60	10.90	7.09
EPS at Original Capital at IPO	1295.60	1056.29	821.95	779.25	751.03	574.36
Inflation Rate (In %)	6.02	5.52	5.78	5.44	5.92	Base Year

Inflation Rate Source: Bangladesh Bank

Comparison of Financial Performances with peer industry scenario:

A comparison of financial performances, financial position as well as cash flows for the year ended 30 June, 2019 of 5 (five) pharmaceuticals companies are presented below in order of market capitalization:

Figures Tk. in '000

Particulars	Square	Renata	Beximco	Glaxo	Beacon
Financial Performance					
Revenue	38,685,656	22,220,887	21,156,331	4,474,898	4,646,865
Gross Profit	18,974,590	11,154,921	9,790,401	2,464,240	2,282,057
Net Profit (Before Tax)	13,965,289	5,213,777	3,910,365	1,252,558	163,401
Net Profit (After Tax)	10,562,864	3,823,362	3,023,501	985,735	117,701
Financial Position					
Shares Outstanding (actual)	789,008,466	80,535,675	405,556,445	12,046,449	231,000,000
Shareholders' Equity	60,806,055	18,284,763	29,600,843	1,591,845	2,979,183
Total Assets	65,061,673	24,201,237	47,792,895	4,508,750	4,871,003
Total Liabilities	4,255,617	5,916,473	18,192,052	2,916,905	1,891,820
Current Assets	38,291,545	12,337,381	12,793,492	4,350,100	2,668,642
Current Liabilities	2,961,271	4,612,634	11,895,848	2,916,905	1,317,401
Cash Flow					
Net Cash Generated from Operating	12,590,714	4,155,242	2,726,458	997,906	220,422
Net Cash Used in Investing Activities	38,936	(3,818,800)	(4,451,047)	19,634	97,200
Net Cash Used in Financing Activities	(2,654,608)	(598,945)	1,937,571	(641,576)	(119,637)
Market Capitalization (in million)	168,510	102,639	50,654	25,631	18,872
Market Share (in %)	16.45	8.43	5.30	0.00	1.09

Financial and Economic Scenario of Bangladesh and the Global (in brief):

Bangladesh:

Bangladesh is a developing market economy and 35th largest in the world in nominal terms, and 30th largest by purchasing power parity, it is classified among the Next Eleven emerging market middle income economies and a frontier market.

Bangladesh recorded one of the fastest growth rates in the world in the past few years with a stable economic performance that has helped to reduce poverty and social inequalities. GDP growth was estimated to have reached 7.9% in 2019 and is forecast to fall to 2% in 2020 due to the outbreak of the COVID-19 and pick up to

9.5% in 2021, according to the updated IMF forecasts.

Bangladesh's GDP per capita income is estimated for 2020 at US\$ 5,453 PPP (Purchasing Power Parity) and US\$ 2,073 (nominal) as per IMF data.

The country ranked 168th out of 190 economies in the World Bank's 2019 Doing Business ranking, rising nine points compared to last year which was 176th. Bangladesh's logistics performance in the Agility Emerging Markets Logistics Index 2020 improved slightly in the last one year as it went up one-notch from the previous year's position (39th).

One of the most densely populated economies in the world, Bangladesh has continued making

impressive strides in achieving social development goals for its 165.55 million citizens. The resilience of the country's economy is commendable.

However, a sound financial and economic policy is required to be implemented to mitigate underperformance of the financial sector, diversify exports and create better employment opportunities by increasing private investment. It also requires to mitigate the infrastructure bottlenecks, insufficient power and gas supplies, bureaucratic corruption, political instability, natural calamities and a lack of skilled workers.

The Global:

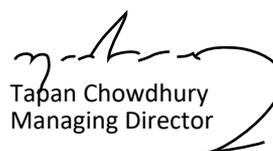
The outbreak of COVID-19 has globally disrupted human's lives, interrupted businesses, endangered the development of the decades along with slowdown the global economy. The global economy is projected to contract sharply by 3 percent in 2020, much worse than during the 2008–09 financial crisis. However, the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalizes, helped by policy support.

Risks and Concerns issues related to the financial statements:

Square Pharma has exposure to the Counterpart Risk, Financial Risk, Credit Risk, Liquidity Risk and Market Risk arising from the financial statements. The detail explanation of risk and concerns are explained in the Note 40 to the standalone financial statements. Square Pharma having sufficient and effective measures/controls to mitigate the risk and concerns.

Future plan or projection or forecast:

The Management of Square Pharma is sincerely careful in adoption of necessary feasible plans and strategy in respect of sustainability in its performances & financial position and to continue the operations for foreseeable future.


Tapan Chowdhury
Managing Director

Performance
2019-2020

In BDT

Turnover	Bank Loan	Divisible Profit
52.93 Billion	Zero	12.96 Billion
NAV per Share	EPS	NOCF per Share
82.74	15.35	12.90

DECLARATION BY CEO AND CFO

Under Condition # 1(5)(xxvi) of CGC

The Board of Directors
Square Pharmaceuticals Ltd.
Square Centre, 48 Mohakhali C.A.
Dhaka.

11 October, 2020

Subject: Declaration on Financial Statements for the year ended on 30th June, 2020.

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 3 June, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of Square Pharmaceuticals Ltd. for the year ended on 30th June, 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

- (i) We have reviewed the financial statements for the year ended on 30th June, 2020 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,


Tapan Chowdhury
Managing Director


Muhammad Zahangir Alam
Chief Financial Officer

Report to the Shareholders of Square Pharmaceuticals Ltd. on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Square Pharmaceuticals Ltd. for the year ended on 30th June, 2020. This Code relates to the Notification No. BSEC/ CMRRCD/2006 -158/207/Admin/80 Dated 3 June, 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission or not complied (if not complied, specify non-compliances);
- (b) The company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws and
- (d) The governance of the company is satisfactory.

Place : Dhaka
Dated : 10 October, 2020



B.K. Bhattacharjee, FCA
Chartered Accountants
Partner Chowdhury Bhattacharjee & Co.

STATUS OF COMPLIANCE

Under Condition # 1(5)(xxvii) of CGC

Condition No.	Title	Compliance Status		Remarks (If any)
		Compiled	Not Compiled	
1.00	Board of Directors			
1.(1)	Board Size (minimum - 5 and maximum - 20)	√		
1.(2)	Independent Director			
1.2.(a)	1/5th of total as Independent Director (ID)	√		
1.2.(b)(i)	Does not hold any share of less than 1% shares in the Company	√		
1.2(b)(ii)	Not a Sponsor of the Company	√		
1.2.(b)(iii)	Who has not been an executive of the company	√		
1.2.(b)(iv)	Does not have other relationship	√		
1.2.(b)(v)	Not a Member or TREC, Director or Officer of any Stock Exchange	√		
1.2.(b)(vi)	Not a Shareholder/Director/Officer of any Member/TREC holder of Stock Exch.	√		
1.2.(b)(vii)	Not a partner or an Executive or was not a partner or an Executive during the preceding 3 (Three) years of the concerned Company's statutory audit firm.	√		
1.2.(b)(viii)	Not an Independent Director in more than five listed Companies.	√		
1.2.(b)(ix)	Not Convicted by a court of competent jurisdiction as a defaulter in payment of any loan/advance to a Bank or a Non-Bank Financial Institution.	√		
1.2.(b)(x)	Not convicted for a Criminal Offence	√		
1.2.(c)	Appointed by the Board and approved by the shareholders in AGM.	√		
1.2.(d)	Post cannot remain vacant more than 90 days.	√		
1.2.(e)	Tenure of the Independent Director.	√		
1.3	Qualification of Independent Director			
1.3(a)	Independent Director shall be a knowledgeable individual.	√		
1.3(b)(i)	Business Leader who is or was a promoter or director of an unlisted company.	√		
1.(3)(b)(ii)	Should be a Corporate Leader/Business Leader.	√		
1(3)(b)(iii)	Former official of government.	√		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law.	√		
1(3)(b)(v)	Professional Chartered Accountant/ Secretary or equivalent qualification.	√		
1(3)(c)	The independent director shall have at least 10(ten) years of experiences.	√		
1(3)(d)	Relaxation in special cases.			N/A
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The posts of Chairperson of the board and CEO are different individuals.	√		
1(4)(b)	MD and/or CEO of a listed Company shall not hold the same position in another listed Company.	√		
1(4)(c)	The Chairperson shall be elected form among the non-executive directors.	√		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or CEO.	√		
1(4)(e)	In absence of Chairperson of the Board etc.	√		
1(5)	The Directors' Report to Shareholders :			
1(5)(i)	Industry outlook and possible future developments in the industry	√		
1(5)(ii)	Segment-wise or product-wise performance	√		
1(5)(iii)	Risks and concerns including internal and external risk factor.	√		
1(5)(iv)	Discussion on Cost of Goods sold Gross profit Margin and Net Profit Margin.	√		
1(5)(v)	Discussion on continuity of any extraordinary activities and implications.	√		
1(5)(vi)	Detailed discussion and statement on related party transactions.	√		
1(5)(vii)	Utilization of proceeds from public/rights issues and/or through any others.			N/A
1(5)(viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing, etc.			N/A
1(5)(ix)	Explanation by the Management if significant variance occurs between Quarterly Financial Performance and Annual Financial Statements.			N/A
1(5)(x)	Remuneration to Directors including Independent Director.	√		
1(5)(xi)	Statement that financial statements prepared by the management of the issuer present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	√		
1(5)(xii)	Proper books of account of the issuer company have been maintained.	√		
1(5)(xiii)	Appropriate accounting policies have been consistently applied in preparation to the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√		
1(5)(xiv)	International Accounting Statement (IAS) Bangladesh Accounting Standard (BAS) /International Financial Reporting standard (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√		
1(5)(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.	√		

Condition No.	Title	Compliance Status		Remarks (If any)
		Compiled	Not Compiled	
1(5)(xviii)	Significant deviations from the last year's operation results of the issuer company shall be highlighted and the reasons there of should be explained.	√		
1(5)(xix)	Key operating and financial data of at least preceding 5 (Five) years shall be summarized.	√		
1(5)(xx)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons there of shall be given.			N/A
1(5)(xxi)	Board's statement to the effect that no bonus shares or stock dividend paid as interim dividend.			N/A
1(5)(xxii)	The number of Board meetings held during the year and attendance by each Director shall be disclosed.	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate (name wise details).	√		
1(5)(xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details).	√		
1(5)(xxiii)(b)	Directors, CEO, Company Secretary, CFO, HIAC and their spouses and minor children (name wise details).	√		
1(5)(xxiii)(c)	Executives	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1(5)(xxiv)(a)	A brief resume of the director in case of appointment or reappointment.	√		
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas.	√		
1(5)(xxiv)(c)	Names of the companies in which the person also holds the directorship	√		
1(5)(xxv)	Management discussion and analysis signed by CEO/MD presenting detail analysis of the company's position and operations.			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements.	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation as well as cash flows on absolute figure for such changes	√		
1(5)(xxv)(c)	Comparative analysis and financial position as well as cash flow for current financial year with immediate preceding five years explaining reasons	√		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario.	√		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and globe.	√		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements.	√		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation shall be explained to the shareholders in the next AGM	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(30) shall be disclosed as per Annexure-A	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed	√		
1(6)	Meeting of the Board of Directors			
1(6)	Compliance under Bangladesh Secretarial Standards (BSS).	√		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee(NRC)	√		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior.....	√		
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary.	√		
2(b)	Independent Director of holding company also in the subsidiary company.	√		
2(c)	Minutes of subsidiary to be placed in the meeting of holding company.	√		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company.	√		
2(e)	The Audit Committee of the holding company shall also review the financial statements in particular the investments made by the subsidiary company.	√		
3	Managing Director (MD) or Chief Executive Officer, Chief Financial Officer (CFO), Head of Internal Audit and			
3.1	Appointment			
3(1)(a)	Board shall appoint a MD or CEO, Company Secretary, CFO, and HIAC.	√		
3(1)(b)	The positions of the MD,CEO,CS,CFO & HIAC shall be filled by different individuals.	√		
3(1)(c)	The MD or CEO, CS, CFO, and HIAC of a listed company shall not hold any executive position in any other company at the same time.	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS.	√		
3(1)(e)	MD or CEO, CS, CFO, and HIAC shall not be removed from their position without approval of the Board and be disseminated to the commission and exchange.	√		
3.2	Requirement to attend Board of Directors' Meetings			
3(2)	MD or CEO,CS,CFO and HIAC shall attend the meetings of the Board.	√		
3.3	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)(i)	The statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	√		
3(3)(a)(ii)	The statements together present a true and fair view of the company's affairs and are in compliance	√		
3(3)(b)	The MD or CEO and CFO to certify on due diligence in the Report.	√		

Condition No.	Title	Compliance Status		Remarks (If any)
		Compiled	Not Compiled	
3(3)(c)	The certification of the MD/CEO and CFO shall be disclosed in the Annual Report.	√		
4	Board of Directors' Committee			
4(i)	Audit Committee	√		
4(ii)	Nomination and Remuneration Committee	√		
5	Audit Committee			
5.1	Responsibility to the Board of Directors			
5(1)(a)	Company shall have an Audit Committee as a sub-committee of the Board.	√		
5(1)(b)	Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company.	√		
5(1)(c)	Audit Committee shall report on its activities to the Board of Directors.	√		
5.2	Constitution of the Audit committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members.	√		
5(2)(b)	Board shall appoint members of the Audit Committee who shall be non-executive director.	√		
5(2)(c)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial.	√		
5(2)(d)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold	√		
5(2)(e)	The Company Secretary shall act as the Secretary of the Audit Committee	√		
5(2)(f)	Quorum of Audit Committee meeting, at least One independent director.	√		
5.3	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select Chairperson of the Audit Committee who will be ID.	√		
5(3)(b)	Absence of the Chairperson of the Audit Committee members to elect one.	√		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the AGM.	√		
5.4	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least 4 meetings in a financial year.	√		
5(4)(b)	Quorum of Audit Committee, presence of 2 or 2/3 members whichever is higher.	√		
5.5	Role of Audit Committee			
5(5)(a)	Oversee the financial reporting process.	√		
5(5)(b)	Monitor choice of accounting policies and principles.	√		
5(5)(c)	Internal Audit and Compliance process to ensure that it is adequately resourced.	√		
5(5)(d)	Performance of external auditors.	√		
5(5)(e)	Hold meeting with the auditors, review the annual financial statements before submission to the Board for approval or adoption.	√		
5(5)(f)	Review with the management, the annual financial statements before submission to the Board for approval.	√		
5(5)(g)	Review with the management, the Quarterly and half yearly financial statements before submission to the Board for approval.	√		
5(5)(h)	The review adequacy of internal audit function.	√		
5(5)(i)	Review the management's discussion and analysis before disclosing in the Annual Report.	√		
5(5)(j)	Review statement of all related party transactions submitted by the Mgt.	√		
5(5)(k)	Review management letters or letter of Internal Control weakness issued by statutory auditors.	√		
5(5)(l)	Oversee determination of audit fees based on scope and magnitude.	√		
5(5)(m)	Oversee whether IPO proceeds utilized as per the published Prospectus.			N/A
5.6	Reporting to the Audit Committee			
5.6(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)(a)	Report on conflicts of interests.	√		
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process.	√		
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliance including securities related laws, relies and regulation.	√		
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately.	√		
5.6(b)	Reporting to the Authorities			
5.7	Reporting to the Shareholders and General Investors			
5(7)	Reporting to the Shareholders and General Investors	√		
6	Nomination and Remuneration Committee (NRC)			
6.1	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a NRC as a sub-committee of the Board.	√		
6(1)(b)	NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications	√		
6(1)(c)	The Terms of Reference of the NRC shall be clearly set forth in writing.	√		
6.2	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an ID.	√		
6(2)(b)	All members of the Committee shall be non-executive directors.	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board.	√		

Condition No.	Title	Compliance Status		Remarks (If any)
		Compiled	Not Compiled	
6(2)(d)	Board have authority to remove and appoint any member of the committee.	√		
6(2)(e)	Board shall fill the vacancy within 180 days of such vacancy in the Committee.	√		
6(2)(f)	The Chairperson of the Committee may appoint/co-opt any external expert.	√		
6(2)(g)	The company secretary shall act as the secretary of the committee.	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director.	√		
6(2)(i)	No member of the NRC shall receive any remuneration/advisory, other than Director's fees or honorarium form the company.	√		
6.3	Chairperson of the NRC			
6(3)(a)	Board shall select 1 member of the NRC to be Chairperson of the Committee	√		
6(3)(b)	Absence of chairperson, the remaining members may elect one of them.	√		
6(3)(c)	Chairperson of the NRC shall attend the AGM.	√		
6.4	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year.	√		
6(4)(b)	The Chairperson of the NRC, may convene any emergency meeting.	√		
6(4)(c)	Quorum of NRC meeting, presence of 2 or 2/3 members whichever is higher.	√		
6(4)(d)	Proceedings of NRC meeting shall be recorded in the minutes and such minutes shall be confirmed in the next meeting.	√		
6.5	Role of NRC			
6(5)(a)	NRC shall be independent and responsible/accountable to the Board and to the shareholders.	√		
6(5)(b)(i)(a)	Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully.	√		
6(5)(b)(i)(b)	Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.	√		
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long term performance.	√		
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, experience etc.	√		
6(5)(b)(iii)	Identifying persons who are qualified the criteria laid down and recommend their appointment and removal to the Board.	√		
6(5)(b)(iv)	Formulating criteria for evaluation of performance of independent directors and the Board.	√		
6(5)(b)(v)	Identifying company's needs for employees at different levels and determine their selection, transfer or replacement.	√		
6(5)(b)(vi)	Developing recommending and reviewing annually the company's human resources and training policies.	√		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC at a glance in its annual report.	√		
7	External or Statutory Auditors			
7(1)	Issuer company shall not engage its external auditors to perform the following:			
7(1)(i)	Appraisal or valuation services or fairness opinions.	√		
7(1)(ii)	Financial information systems design and implementation.	√		
7(1)(iii)	Book keeping or other service related to the account ion records.	√		
7(1)(iv)	Broker-dealer services	√		
7(1)(v)	Actuarial services	√		
7(1)(vi)	Internal/special audit services.	√		
7(1)(vii)	Any services that the Audit Committee may determine.	√		
7(1)(viii)	Certification services on compliance of corporate governance.	√		
7(1)(ix)	Any other service that may create conflict of interest.	√		
7(2)	No partner or employees of the External/Statutory Auditors audit firms shall possess any share of the company they audit at least during the tenure.	√		
7(3)	Representative of External Auditors shall remain present in the AGM.	√		
8	Maintaining a website by the company			
8(1)	The company shall have an official website linked with that of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchanges.	√		
9	Reporting and Compliance of Corporate Governance			
9(1)	The company shall obtain a certificate from a practicing professional firm on yearly basis regarding compliance of conditions of Corporate.	√		
9(2)	The professional who will provide the certificate on compliance of Corporate Governance shall be appointed by the Shareholders in the AGM.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors report whether the company has complied with these conditions.	√		

AUDIT COMMITTEE REPORT

For the year 2019-2020

Square Pharmaceuticals Ltd. having an Audit Committee as a sub-committee of the Board of Directors in order to assist the Board of Directors in ensuring and fulfilling its oversight responsibilities.

The Audit Committee consists of the following persons:

Mr. Syed Afzal Hasan Uddin, Independent Director	- Chairman
Mr. Anjan Chowdhury, Director	- Member
Mr. Kazi Iqbal Harun, Director	- Member

Mr. Khandaker Habibuzzaman, Company Secretary of Square Pharma acts as the Secretary to the Committee.

The scope of Audit Committee was defined as under:

- (a) Review and recommend to the Board to approve the quarterly and annual financial statements prepared for statutory purpose;
- (b) Monitor and oversee choice of accounting policies and principles, risk management process, internal control, auditing matter, hiring and performance of external auditors;
- (c) Review statement of significant related party transactions submitted by the management.
- (d) Carry on a supervision role to safeguard the systems of governance and independence of statutory auditors and
- (e) Review and consider the report of internal auditors and statutory auditors' observations on internal control.

Major activities carried out during the year of 2019-2020:

Reviewed the integrity of the quarterly and annual financial statement and recommended to the Board for consideration.

Overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports.

Considered and made recommendation to the Board on the appointment and remuneration of statutory auditors

The Committee found adequate arrangement to present a true and fair view of the activities and the financial status of the company and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting.



Syed Afzal Hasan Uddin
Chairman, Audit Committee

11th October, 2020

NRC SQUARE PHARMA

Under Condition # 6(5)(c) of CGC

A. NOMINATION AND REMUNERATION POLICY

1.00 Introduction

The Nomination and Remuneration Policy is prepared and adopted in compliance with Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission in view to formulate and recommend proper, fair, transparent and non-discriminatory nomination and remuneration for the Directors and Top Level Executives of the Square Pharmaceuticals Ltd.

The Nomination and Remuneration Policy of Directors and Top Level Executives has been formulated by the Nomination and Remuneration Committee and has been approved by the Board of Directors of Square Pharmaceuticals Ltd.

2.00 Definitions

“NRC or the Committee” means Nomination and Remuneration Committee

“the Company” means Square Pharmaceuticals Ltd.

“Board” means Board of Directors of Square Pharmaceuticals Ltd.

“Director” means Member of the Board.

“Top Level Executive” means the Managing Director or Chief Executive Officer, Additional or Deputy Managing Director, Chief Operating Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and Compliance, Head of Administration and Human Resources or equivalent positions and same level or ranked or salaried officials of the company.

3.00 Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been constituted by the Board of Directors of the Company as a subcommittee to assist the Board under the Condition No. 6 of the Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission.

NRC is independent and responsible or accountable to the Board of Directors and to the Shareholders of Company.

The NRC consists of the following Non-Executive Director of the Board:

Name of the Members	Position in the Committee
Mr. Syed Afzal Hasan Uddin Independent Director	- Chairman
Mr. Anjan Chowdhury Director	- Member
Mr. Kazi Iqbal Harun Director	- Member

The Terms of Reference of the NRC have been defined and adopted by the Board of Directors of the Company.

4.00 Objective

The objective of the NRC is to oversee, assist and guide the Board of Directors:-

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of Directors and Top Level Executives.
- To devise policy on Board's diversity taking into consideration of age, gender, experience, ethnicity, educational background and nationality.
- To the appointment, fixation of remuneration and removal of Directors and Top Level Executives.
- To formulate the criteria in respect to evaluate performance of the Independent Director and the Board.
- To identify the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria.

- To develop, recommend and review the company's human resources and training policies.
- To retain, motivate and promote talent and to ensure long term sustainability of talented Top Level Executive and create competitive advantage.
- To recommend Code of Conduct for the Chairman and other Members of the Board and Managing Director.
- To Implement and monitor policies and processes regarding principles of corporate governance.

5.00 Nomination and Appointment of Directors and Top Level Executives

The committee is responsible to ensure that the procedures for nomination and appointment of Directors and Top Level Executive are taken place in transparent, rigorous and non-discriminatory way. The committee also responsible to identify and ascertain the combination of age, gender, educational background, experience, knowledge, ethnicity, diversity, nationality and other relevant personal values & attributes for nomination and appointment of Director and Top Level Executives.

6.00 Remuneration for Directors and Top Level Executives

The committee shall oversee, review and make report with recommendation to the Board the level and composition of remuneration is reasonable and sufficient to attract, motivate and retain suitable, dependable and skilled Director and Top Level Executive. They also consider and review the relationship of remuneration to performance is clear and meets appropriate performance benchmarks, remuneration to Director and Top Level Executive involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

7.00 Validation of the Policy

This policy on Nomination and Remuneration of Directors and Top Level Executives of the Company has been formulated by the Nomination and Remuneration Committee and has been approved by the Board of Directors of Square Pharmaceuticals Ltd.

8.00 Amendments to the Policy

The Board preserve the rights to amend and review time to time the provisions of the policy depending on the legal and other requirements or for a bona fide purpose.

B. EVALUATION OF PERFORMANCE

Evaluation of performance of Directors be carried out through completion of a preset confidential questionnaire and/or collective feedback or any other effective criteria adopted by the Board yearly or at such intervals of its work, function and performance as may be considered necessary in order to ascertain the effectiveness and to measure the contribution of the Directors as well as the Top Level Executives of the Company.

C. ACTIVITIES OF THE NRC CARRIED OUT DURING THE REPORTING PERIOD

The NRC carried out the following activities in line with Committee's Terms of Reference during the reporting period:

- i. Reviewed and recommended the Code of Conduct for the Chairman, other Members of the Board and Managing Director.
- ii. Reviewed the Company's existing policy relating to the remuneration of Directors and Top Level Executives.
- iii. Discussed and decided in regard to formulate the criteria of evaluation of performance of the Board and Independent Directors.
- iv. Reviewed the Company's existing Human Resource and Training policies.

পরিচালনা পর্ষদের প্রতিবেদন

শেয়ারহোল্ডারদের জন্যে ৩০ শে জুন, ২০২০ সমাপ্ত বছরের।

স্কার
ফার্মাসিউটিক্যালস
লিমিটেড

পরিচালনা পর্ষদ আনন্দের সাথে কোম্পানী আইন ১৯৯৪ এর ১৮৪ নং পরিচ্ছেদ, বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ রুলস্ ১৯৮৭ এর ১২নং বিধির (এবং তফসিল অনুযায়ী) শর্তানুসারে, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের কর্পোরেট গভর্নেন্স কোড ২০১৮, দি ইনস্টিটিউট অব চার্টার্ড একাউন্ট্যান্টস অব বাংলাদেশ কর্তৃক গৃহীত আইএএস-১ (আন্তর্জাতিক হিসাব মানদণ্ড-১) অনুসারে ৩০ জুন ২০২০ তারিখে সমাপ্ত বছরের প্রতিবেদন সম্মানিত কোম্পানীর সদস্যবৃন্দের কাছে নিম্নোক্ত পরিচ্ছেদগুলোতে পেশ করছেনঃ

কোম্পানির কার্যক্রম এবং সার্বিক অবস্থা

আলোচ্য বছরে কোম্পানির একক ভাবে মোট বিক্রয় হয়েছিল ৫২,৯২৬.২২ মিলিয়ন টাকা, বিগত বছরে ছিল ৪৪,৫৯৫.৪৯ মিলিয়ন টাকা যা বিগত বছরের তুলনায় ১৮.৬৮% বেশি।

২২.৬৬% বৃদ্ধির মাধ্যমে কোম্পানী একক ভাবে ১২,৯৫৫.৯৭ মিলিয়ন টাকা কর পরবর্তি মুনাফা করেছে, যা বিগত বছরে ছিল ১০,৫৬২.৮৩ মিলিয়ন টাকা। শেয়ার প্রতি আয় (ইপিএস) ১৫.৩৫ যা বিগত বছরে ছিল ১২.৫১ টাকা।

আলোচ্য বছরে কোম্পানির সমন্বিত মোট বিক্রয় ছিল ৫২,৯২৬.২২ মিলিয়ন টাকা, বিগত বছরে ছিল ৫০,৮৬৬.৮৭ মিলিয়ন যা বিগত বছরের তুলনায় ৪.০৫% বেশি।

৫.৫৫% বৃদ্ধির মাধ্যমে কোম্পানির সমন্বিত কর পরবর্তি মুনাফা হয়েছে ১৩,৩৫৪.৪১ মিলিয়ন টাকা। বিগত বছরে ছিল ১২,৬৫২.৪০ মিলিয়ন। শেয়ার প্রতি আয় (ইপিএস) ১৫.৮২ টাকা যা বিগত বছরে ১৪.৯৮ টাকা ছিল।

কার্যকরী কর্মক্ষমতা, আর্থিক এবং মুনাফা অর্জনে ক্রমাগত বৃদ্ধি কোম্পানিকে কয়েক দশক ধরে ঔষধ শিল্পের শীর্ষস্থানীয় অবস্থানে রাখতে সক্ষম করেছে।

সেক্টরাল বৃদ্ধি

করোনাভাইরাস মহামারী সত্ত্বেও দেশের অন্যান্য ব্যবসায়িক খাতগুলির মধ্যে ফার্মাসিউটিক্যালস খাত ইতিবাচক প্রবৃদ্ধি অর্জন করেছে।

আইএমএস প্লাস (এমএটি) ২ কিউ, ২০২০ (জুলাই ২০১৯ থেকে জুন ২০২০) অনুযায়ী, ফার্মাসিউটিক্যালসের দেশীয় বাজারের আকার ২৩,৩১০ কোটি টাকায় পৌঁছেছে, গত বছরের তুলনায় ৪.২৮% প্রবৃদ্ধি হয়েছে, যা সাম্প্রতিক অতীতের তুলনায় সর্বনিম্ন প্রবৃদ্ধি।

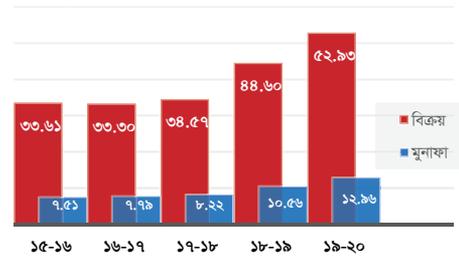
গত পাঁচ বছরের (২০১৬-২০২০) যৌগিক বার্ষিক প্রবৃদ্ধি হার, জাতীয় বাজার বৃদ্ধির হার এবং স্কার ফার্মার প্রবৃদ্ধি হার যথাক্রমে ১০.৪৯%, ৪.২৮% এবং ১.৬২% ছিল।

ফার্মাসিউটিক্যালস শিল্প দেশীয় বাজারের ওষুধের মোট চাহিদার প্রায় ৯৮% সরবরাহ করে এবং রফতানি ১৪৭টিরও বেশি দেশে ছড়িয়ে পড়েছে। ঔষধ মার্কেটের ৯০% স্থানীয় কোম্পানী গুলি এবং ১০% বহুজাতিক (এমএনসি) দ্বারা সরবরাহিত।

ওষুধের বাজার সাম্প্রতিক বছরগুলিতে দুর্দান্ত বৃদ্ধি পেয়েছে এবং একটি নতুন গবেষণা অনুসারে ২০২৫ সালের মধ্যে ১১৪% এর নিশ্চিত বৃদ্ধির মাধ্যমে ৫০,০০০ কোটি টাকা ছাড়িয়ে যাবে বলে আশা করা হচ্ছে। এই প্রবৃদ্ধির সিংহভাগ স্থানীয় কোম্পানির অবদান ৯০% এরও বেশি থাকবে যা গত দুই দশক ধরে অব্যাহত ধারার অনুরূপ।

তবে, শীর্ষ মানের এবং জীবন সাশ্রয়কারী ওষুধগুলিতে জোর দিয়ে দেশের ওষুধ শিল্পখাতকে সম্প্রসারণের জন্য বিনিয়োগ বৃদ্ধির সুযোগ এখনও আশাব্যঞ্জক যদিও করোনা ভাইরাস মহামারী এফডিআই হ্রাস করতে পারে পাশাপাশি স্থানীয় উদ্যোক্তাদেরকে বৃহত্তর এবং ঝুঁকিপূর্ণ বিনিয়োগের সম্মুখীন করতে পারে।

বিক্রয় ও মুনাফা



পরিচালনা পর্ষদের প্রতিবেদন

২০১৯-২০২০

স্কার
ফার্মাসিউটিক্যালস্
লিমিটেড

ফার্মা প্লান্ট

পাবনা এবং কালিয়াকৈর-এ অবস্থিত কারখানার উৎপাদন ক্ষমতা, দক্ষতা, পরিমাণগত এবং গুণগত মান বৃদ্ধির লক্ষ্যে উন্নত প্রযুক্তি, গবেষণা এবং প্রশিক্ষণ কার্যক্রম অব্যাহত আছে। আলোচ্য বছরে কোম্পানীর প্রকৃত বিনিয়োগের পরিমাণ কারখানা স্থাপনে প্রণীত হয়েছে। এ বিষয়ে বিবরণ নিম্নে প্রদত্ত হলোঃ

	মিলিয়ন টাকায়	
সম্পদের বিবরণ	২০১৯-২০	২০১৮-১৯
জমি	২৯০.১২	৪১২.৫০
ভবন	৬৩৮.২০	৫৯৪.৫৭
প্লান্ট এবং যন্ত্রপাতি	৪২০.৫৩	৩০৮.৫৩
গবেষণার যন্ত্রপাতি	৬০.৩০	১৩৫.৬৩
অন্যান্য যন্ত্রপাতি/সম্পদ	১২৫.৫৯	১১৯.৪২
মোট টাকা -	১,৫৩৪.৭৪	১,৫৭০.৬৫

মূলধনী ব্যয়ের অধিকাংশ অর্থ আভ্যন্তরীণ উৎস হতে সংগ্রহ করা হয়েছে।

কেমিক্যাল প্লান্ট

পাবনাস্থ কেমিক্যাল প্লান্ট এর বিগত দুই (২) বছরের কার্যক্রম নীচে উপস্থাপন করা হলোঃ

বিবরণ	২০১৯-২০	২০১৮-১৯
পণ্যের সংখ্যা	২২	২২
উৎপাদনের পরিমাণ (মেঃ টন)	৯২৬	৮৩১
নিজস্ব ব্যবহার (মেঃ টন)	৮৯৫.৮৪	৫৪১.১০
বিক্রয় (মেঃ টন)	৩০.৫১	২৬২.৯০
নিজস্ব ব্যবহার (%)	৯৬.৭৪	৬৭.৩০
বাৎসরিক বিক্রয় (মিলিয়ন টাকা)	৯১.৭২	৩০২.৭৩

বিপণন এবং মূল্য সংযোজন নীতি অনুযায়ী পণ্য মিশ্রণের তারতম্যের দরুন নিজস্ব ব্যবহার পরিমাণ পরিবর্তন হয়েছে।

মান নিয়ন্ত্রণ

ফার্মাসিউটিক্যালস্ পণ্যের অপর নাম জীবন রক্ষাকারী পণ্য। তাই এই পণ্যের সর্বোচ্চ মান নিশ্চিত করতে এবং উন্নয়ন সাধনে পণ্যের উৎপাদন সহ সকল স্তরে বিশ্ব স্বাস্থ্য সংস্থা প্রদত্ত গুড ম্যানুফ্যাকচারিং প্রাক্টিস এর নীতিমালা কঠোরভাবে অনুসরণে কোম্পানী সম্পূর্ণ গুরুত্ব আরোপ করেছে। পুংখানুপুংখরূপে অনুসন্ধান এর মাধ্যমে মেয়াদোত্তীর্ণ ঔষধ মার্কেট হতে ফেরত নেয়ার ক্ষেত্রে কোম্পানী প্রতিনিয়ত যত্নশীল। কোম্পানীর মান নিয়ন্ত্রণ সুবিধাদীর মধ্যে রয়েছে অত্যাধুনিক মান সম্পন্ন ল্যাবরেটরী বিল্ডিং, কম্পিউটারাইজড যন্ত্রপাতি এবং সর্বোব্যাপী উচ্চশিক্ষিত এবং আধুনিক প্রশিক্ষণপ্রাপ্ত কর্মচারী ও কর্মকর্তা যারা পণ্যের সর্বোচ্চ মান নিয়ন্ত্রণকে তাদের নৈতিক দায়িত্ব হিসাবে গ্রহণ করে গবেষণা কার্যক্রমে ব্রতী হয়েছেন। আমরা তাঁদের জন্য গর্বিত।

প্রযুক্তি

পণ্য উৎপাদন, মান নিয়ন্ত্রণ, বিতরণ এবং সর্বোপরি রোগীর কাছে এই পণ্য পৌছানো পর্যন্ত সকল স্তরে আধুনিক প্রযুক্তি প্রয়োগে কোম্পানী অগ্রণী ভূমিকা পালন করেছে। এই লক্ষ্যে ২০১৯-২০২০ অর্থ বছরে কোম্পানী ল্যাবরেটরী আধুনিকায়নে ৬০.৩০ মিলিয়ন টাকা বিনিয়োগ করেছে।

রপ্তানি

স্কার ফার্মা রফতানি বাজার ৪৩ টিরও বেশি দেশে বিস্তার লাভ করেছে এবং বর্তমান সক্ষমতার মধ্যে রফতানি পরিমাণ বাড়ানোর জন্য সম্ভাব্য সব ধরনের উদ্যোগ গ্রহণ করেছে এবং আগামী বছরে আরও বাড়বে বলে আশা করা হচ্ছে।

পর্যালোচনাধীন ২০১৯-২০২০ বছরে ১০.৯৫% বৃদ্ধি পেয়ে ১,৬৫৩.৭৫ মিলিয়ন টাকা রফতানি হয়েছে। যা ২০১৮-২০১৯ বছরে ১,৪৯০.৫৬ মিলিয়ন টাকা ছিল।

স্কার ফার্মা ২ টি এ.এন.ডি.এ. এর অনুমোদন পেয়েছে এবং ২টি এ বছরের প্রথম দিকে অনুমোদনের জন্যে জমা প্রদান করা হয়েছে। স্কার আরও এ.এন.ডি.এ. অনুমোদনের জন্য ইউ.এস.এফ.ডি-এ তে জমা দেওয়ার বিষয়ে কাজ করছে।

নতুন ঔষধ সম্প্রসারণ

আলোচ্য ২০১৯-২০২০ সালে বিদ্যমান, নতুন সংযোজিত এবং বাতিলকৃত ঔষধের বিবরণ নিম্নের সারণীতে উপস্থাপন করা হলো:

ক্রমিক পণ্যের শ্রেণীবিন্যাস	বর্তমান ০১ জুলাই ২০১৯	নতুন সংযোজন	বাতিলকৃত	মোট পণ্য ৩০ জুলাই ২০২০
১ ট্যাবলেট	২৯১	১২	১১	২৯২
২ ক্যাপসুল	৬১	৩	৪	৬০
৩ লিকুইড	৮২	৩	২	৮৩
৪ ইনজেক্টেবল (ভায়াল ও অম্পুল)	৫৭	-	৮	৪৯
৫ ইনফিউশন	১৭	-	-	১৭
৬ ইএনটি অপথাল প্রিপারেশন	৩১	২	২	৩১
৭ ক্রিম, অয়েন্টমেন্ট, স্প্রে, জেল, এবং অন্যান্য	৬৩	-	-	৬৩
৮ সাসপেনশন পাউডার	২১	-	৩	১৮
৯ ট্রপিকাল পাউডার	১	-	-	১
১০ সাপোজিটরি	৬	-	-	৬
১১ ইনহেলার ও নিবুলাইজার	৮	-	-	৮
১২ ইনসুলিন	৮	১	-	৯
১৩ বেসিক ক্যামিকেল ও পিলেট	২২	-	-	২২
১৪ ট্যাবলেট, পাউডার, লিকুইড, ইনজেকশন, থানুলার- এম্বোডেট লোকাল	৭৪	৬	৪	৭৬
১৫ ট্যাবলেট, পাউডার, লিকুইড, ইনজেক্টেবলস, থানুলার- এম্বোডেট আমদানিকৃত পণ্য	৫৬	২	-	৫৮
১৬ পাউডার, লিকুইড, থানুলার- শস্য যত্ন পণ্য	২৬	৪	-	৩০
১৭ ট্যাবলেট, পাউডার, লিকুইড, ইনজেক্টেবলস, থানুলার - হারবাল অ্যান্ড নিউট্রাসিউটিক্যালস পণ্য	২৬	৪	-	৩০
মোট -	৮৫৮	৩৫	৩৪	৮৫৯

আলোচ্য বছরে ৩৪ টি পণ্য বন্ধ করা হয়েছে যার কারণ ছিল ভাল বিকল্প জেনেরিক, বাজারের আকার ছোট এবং নিয়ন্ত্রক এর আদেশ প্রতিপালন, তবে নতুন ৩৫ টি পণ্য যুক্ত হয়েছে যা চিকিৎসা পেশাদাররা এবং বাজারে ভালভাবে গ্রহণ করেছে।

উৎপাদন/উৎপাদন ক্ষমতা ব্যবহার

সার্বিকভাবে প্ল্যান্টের উৎপাদন ক্ষমতার উন্নয়ন এ বছরও ধারাবাহিক ভাবে অব্যাহত আছে যা নিম্নে প্রদত্ত হলো:

ক্রমিক পণ্যের শ্রেণীবিন্যাস	একক	উৎপাদন (হাজার)		শতকরা বৃদ্ধি/হ্রাস	উৎপাদন ক্ষমতার ব্যবহার	
		২০১৮-১৯	২০১৯-২০		২০১৮-১৯	২০১৯-২০
১ ট্যাবলেট	প্রতিটি	৫,০০৯,০০৬	৬,৫৫২,৩৩১	৩০.৮১	৭০%	৬৫%
২ ক্যাপসুল	প্রতিটি	১,১৮৭,৩২৮	১,৯২৪,৬৪২	৬২.১০	৮০%	৫২%
৩ লিকুইড	বোতল	১০১,৫২২	১৩৫,৯৮৭	৩৩.১০	৬১%	৫৩%
৪ ইনজেক্টেবল	বোতল	৪২,০২৮	৪৬,৯৮৭	১১.৮০	৫৫%	৬৩%
৫ ইনফিউশন	ব্যাগ	৪,৪৫০	৪,২৭২	৪.০০	২৯%	২৯%
৬ ইএনটি অপথাল প্রিপারেশন	ফাইল	২৩,২৭৬	৩০,৬৪৮	৩১.৬৭	৬৭%	৮২%
৭ ক্রিম, অয়েন্টমেন্ট, স্প্রে, জেল ও অন্যান্য	ফাইল	৩৮,৯৭৮	১২৭,২০৬	২২৬.৩৫	৩৬%	৫৫%
৮ সাসপেনশন পাউডার	বোতল	১৬,৯২৫	২২,১৮৮	৩১.১০	৭৬%	৭০%
৯ পাউডার	ফাইল	৯,৮৬৯	১৫,৪৭৮	৫৬.৮৩	৪১%	৩৮%
১০ সাপোজিটরি	প্রতিটি	৪৯,৬৯৭	৬৯,৬৬৬	৪০.১৮	৫৪%	৬৯%
১১ ইনহেলার	ক্যান	৩৪,০৮৭	৩৮,৪৩০	১২.৭৪	৩২%	৩০%
১২ ইনসুলিন	প্রতিটি	১,৫০৮	১,৭১৮	১৩.৯৩	১২%	১৩%
১৩ বেসিক ক্যামিকেল ও পিলেট	কেজি	৮৩১	৮২৫	০.৭২	৯২%	৮৪%

আর্থিক ফলাফল

পূর্ববর্তী বছরের সাথে তুলনা করে ৩০শে জুন ২০২০ বছরের আর্থিক ফলাফল নিম্নে উপস্থাপন করা হলো:

বিবরণ	২০১৯-২০২০ (টাকায়)	২০১৮-২০১৯ (টাকায়)	↑↓ %
মোট বিক্রয়	৫২,৯২৬,২১৮,৬৫৫	৪৪,৫৯৫,৪৮৬,৩৩৪	১৮.৬৮ ↗
নীট বিক্রয়	৪৫,৮৭৬,৪৪৮,৮৪১	৩৮,৬৮৫,৬৫৫,৮১৪	১৮.৫৯ ↗
বিক্রিত পণ্যের উপর ব্যয়	২২,৫৩৬,৬৬৯,৯৬০	১৯,৭১১,০৬৫,৯৮৮	১৪.৩৪ ↗
মোট মুনাফা	২৩,৩৩৯,৭৭৮,৮৮১	১৮,৯৭৪,৫৮৯,৮২৬	২৩.০১ ↗
নীট মুনাফা (করপূর্ব)	১৭,১৮৫,৩৮১,৯৫৭	১৩,৯৬৫,২৮৮,৭৮৫	২৩.০৬ ↗
আয়কর সঞ্চিতি	৪,২৫১,০০৫,১৭৭	৩,৩৫৬,৭৪৬,০৪১	২৬.৬৪ ↗
নীট মুনাফা (কর পরবর্তী)	১২,৯৩৪,৩৭৬,৭৮০	১০,৬০৮,৬৪২,৭৪৪	২২.৬৬ ↗
নীট আয়ের হার	৫০.৮৮%	৪৯.০৫%	৩.৭৩ ↗
নীট আয়ের হার (কর পূর্ব)	৩৭.৪৬%	৩৬.১০%	৩.৭৭ ↗
নীট আয়ের হার (কর পরবর্তী)	২৮.২৪%	২৭.৩০%	৩.৪৪ ↗
শেয়ার প্রতি আয় (টাকা)	১৫.৩৫	১২.৫১	২২.৬৬ ↗
একত্রীকৃত প্রতিটি শেয়ারের আয় (টাকা)	১৫.৮২	১৪.৯৮	৫.৬১ ↗
শেয়ার প্রতি আয় (আইপিও পরিশোধিত মূলধন অনুসারে)	১,২৯৫.৬০	১,০৫৬.২৯	২২.৬৬ ↗

গত বছরের তুলনায় ২০১৯-২০২০ অর্থবছরে মোট বিক্রয়, নীট মুনাফা (আয়কর পূর্ববর্তী) এবং নীট মুনাফা (আয়কর পরবর্তী) ১৮.৬৮%, ২৩.০৬% এবং ২২.৬৬% বৃদ্ধি পেয়েছে।

তবে কোম্পানী ২০১৯-২০২০ আর্থিক বছরে অন্যান্য আয় হিসাবে ৩,৩০৭.৭০ টাকা আয় করেছে (একক অ্যাকাউন্টের নোট ২১ এ চিত্রিত আছে) এবং নীট লাভের মার্জিন (করের পরে) আগের বছরের তুলনায় ৩.৯২% বৃদ্ধি পেয়েছিল।

পর্যালোচনাধীন ২০১৯-২০২০ বছরের একক ইপিএস দাঁড়িয়েছে ১৫.৩৫ টাকা, যা আগের বছরের তুলনায় ২২.৬৬% বৃদ্ধি পেয়েছে, যা বিগত ২০১৮-২০১৯ বছরে ছিল ১২.৫১ টাকা।

২০১৯-২০২০ বছরের একীভূত ইপিএস ৫.৬১% বৃদ্ধি পেয়ে ১৫.৮২ টাকা হয়েছে, যা বিগত ২০১৮-২০১৯ বছরে ছিল ১৪.৯৮ টাকা।

ইপিএস গণনা বর্তমান ১০ টাকা মূল্যমানের ৮৪৪,২৩৯,০৫৮ টি সাধারণ শেয়ারের ভিত্তিতে সংঘটিত হয়েছে।

ঝুঁকি এবং উদ্বেগ

দীর্ঘ পরিসীমা পরিকল্পনা অনুপস্থিতি, অপর্യാপ্ত বিনিয়োগ নীতি কৌশল, পরিবর্তনশীল রাজস্ব এবং আর্থিক নীতি, পণ্য মূল্য নীতি, আন্তর্জাতিক বাণিজ্য বাধা, আর্থ-সামাজিক অচলাবস্থা পরিস্থিতি এই অঞ্চলে গবেষণা ও উন্নয়ন বৃদ্ধির উপর প্রতিক্রিয়াশীল প্রভাব চাপিয়ে দেয়।

স্কয়ার ফার্মা মূল ব্যবসায়ের ঝুঁকি চিহ্নিত করতে সর্বদা সতর্ক থাকে এবং নিরসনের যথাযথভাবে পরিকল্পনা ও ব্যবস্থাপনা নিশ্চিত করে। ক্রমাগত পর্যালোচনা এবং সর্বোত্তম অনুশীলনগুলি গ্রহণ করা স্কয়ার ফার্মাকে দক্ষ এবং কার্যকরভাবে তার উদ্দেশ্য অর্জনে সক্ষম করে।

অসাধারণ কার্যক্রম

কোম্পানীটি কোনও অসাধারণ কার্যক্রম গ্রহণ করেনি বা চালিয়ে যায়নি এবং এই ধরনের কার্যক্রম থেকে কোনও প্রকার ক্ষতি বা লাভও করেনি।

সাবসিডিয়ারি প্রতিষ্ঠানের কার্যক্রম

স্কার ফার্মাসিউটিক্যালস কেনিয়া ইপিজেড লিঃ।
(এসপিএল কেনিয়া)

স্কার ফার্মা প্রতিটি ১০০ কেনিয়া সিলিং মূল্যমানের ৮,০০০,০০০ টি শেয়ারের মধ্যে ৪,০০০,০০০ টি শেয়ারের মালিক। এ ছাড়া স্কার ফার্মা ৪৯৩,৮৬৯,৯৮৭ টাকা শেয়ার মানি ডিপোজিট হিসাবে অর্থ প্রদান করেছে।

৩০শে জুন ২০২০ বছরের আর্থিক অবস্থার বিবরণী, সমন্বিত আয়ের বিবরণী মূলধনী পরিবর্তনের, নগদ তহবিল প্রবাহ এবং নিরীক্ষকের প্রতিবেদনসহ পরিচালনা পর্ষদের প্রতিবেদন এই প্রতিবেদনের সাথে সন্নিবেশিত করা হয়েছে।

স্কার লাইফসাইন্স লিমিটেড (এস.এল.এল)

স্কার লাইফসাইন্স লিমিটেড, ফার্মাসিউটিক্যালস পণ্য উত্পাদনকারী হিসাবে ১৩ ই ফেব্রুয়ারী, ২০২০ এ কোম্পানী আইন, ১৯৯৪ এর অধীনে নিবন্ধিত হয়েছে, যার নামিক শেয়ার মূলধন ২০.০০ কোটি টাকা এবং সাবস্ক্রাইবড মূলধন ১০.০০ কোটি টাকা, এর মধ্যে স্কার ফার্মা ৯৯৫,০০০ টাকার শেয়ারের সাবস্ক্রাইব করেছে।

স্কার লাইফসাইন্স এর ৩০শে জুন ২০২০ বছরের আর্থিক অবস্থার বিবরণী, নগদ তহবিল প্রবাহ এবং নিরীক্ষকের প্রতিবেদনসহ পরিচালনা পর্ষদের প্রতিবেদন এই প্রতিবেদনের সাথে সন্নিবেশিত করা হয়েছে।

বিনিয়োগসমূহ

নিরীক্ষকের রিপোর্টের (৩ ও ৪) অংশে দীর্ঘমেয়াদী বিনিয়োগ পোর্টফোলিও এবং বিক্রয়যোগ্য শেয়ার সম্পর্কে বিস্তারিতভাবে উপস্থাপন করা হয়েছে। সম্মানিত শেয়ারহোল্ডারদের অবগতির জন্য নিম্নে এই পোর্টফোলিও সম্পর্কে সংক্ষেপে আলোকপাত করা হলো:

ক. দীর্ঘমেয়াদী বিনিয়োগ

পর্যালোচনাধীন ২০১৯-২০২০ বছরের ৪,২০৪,৯৫০,৬৬৬ টাকার ক্ষুদ্র ও বৃহৎ বিনিয়োগ ১৫টি বিভিন্ন কোম্পানীর সাধারণ শেয়ার, নন-কনভারটিবল/কনভারটিবল জিরো কুপন বন্ড এবং

সার্টিফিকেট গুলিতে যে বিনিয়োগ করা হয়েছে যার বিবরণ নিম্নে উপস্থাপন করা হলো:

ক.১. মেজোরিটি বিনিয়োগ (সাবসিডিয়ারি)

ক.১.১. স্কার ফার্মাসিউটিক্যালস কেনিয়া ইপিজেড লিঃ।
(এসপিএল কেনিয়া)

স্কার ফার্মা প্রতিটি ১০০ কেনিয়া সিলিং মূল্যমানের ৮,০০০,০০০ টি শেয়ারের মধ্যে ৪,০০০,০০০ টি শেয়ারের মালিক। এ ছাড়া স্কার ফার্মা ৪৯৩,৮৬৯,৯৮৭ টাকা শেয়ার মানি ডিপোজিট হিসাবে অর্থ প্রদান করেছে। পরিচালনা পর্ষদের প্রতিবেদনের সাথে আর্থিক বিবরণী সংযুক্ত করা হলো।

ক.১.২. স্কার লাইফসাইন্স লিমিটেড

স্কার ফার্মা ১০০/- টাকা মূল্যমানের মোট ১০,০০,০০০ টি সাধারণ শেয়ারের মধ্যে ৯,৯৫,০০০ সাধারণ শেয়ারে সাবস্ক্রাইব করেছে এবং ৪৯৩,৮৬৯,৯৮৭ শেয়ার মানি ডিপোজিট হিসাবে বিনিয়োগ করেছে। পরিচালনা পর্ষদের প্রতিবেদনের সাথে আর্থিক বিবরণী সংযুক্ত করা হলো।

ক.২. মাইনরিটি বিনিয়োগ

ক.২.১. স্কার টেক্সটাইলস্ লিঃ

স্কার টেক্সটাইল একটি ১০০% রফতানিমুখী সুতা প্রস্তুতকারক, পাবলিকলি লিস্টেড কোম্পানি এবং পুরোদমে উৎপাদন কার্যক্রমে সক্রিয় আছে

স্কার ফার্মার ১০ টাকা অভিহিত মূল্যের ৯১,৪৩৬,৬৭৯ টাকার সাধারণ শেয়ার রয়েছে বোনাস শেয়ার সহ। উপরের উল্লেখিত শেয়ারগুলির জন্য ২২৫,১২৯,৭৯৫.০০ টাকা বিনিয়োগ করা হয়েছিল, শেয়ার প্রতি ব্যয় দাঁড়িয়েছে ২.৪৬ টাকা (বিনামূল্যের বোনাস শেয়ার বিবেচনা করে)।

২০১৯-২০২০ সালের জন্য এসটিএক্সএল ১০% নগদ লভ্যাংশ ঘোষণা করেছে। ৩০ শে জুন, ২০২০ তারিখে উল্লেখিত শেয়ারের বাজার মূল্য ছিল ২,৬৫১,৬৬৩,৬৯১.০০ টাকা, শেয়ার প্রতি ২৯.০০ টাকা।

ক.২.২. স্কার হসপিটালস্ লিঃ

স্কার হসপিটালস ৪০০ শয্যা বিশিষ্ট একটি বহুমুখী চিকিৎসা সেবা ব্যবস্থা সম্পন্ন আধুনিক হাসপাতাল, বাংলাদেশে বেসরকারী স্বাস্থ্যসেবা খাতে শীর্ষস্থানীয় অবদানকারী একটি ব্যক্তি প্রাইভেট লিমিটেড কোম্পানি যেটা স্বাস্থ্যসেবা কার্যক্রমে পুরোদমে সক্রিয় আছে।

স্বয়ং ফার্মার প্রতিটি ১,০০০ টাকা মূল্যমানের ১৯৯,৭৫০টি সাধারণ শেয়ারের মালিক যা স্বয়ং হাসপাতাল এর শেয়ার-মূলধনের ৪৯.৯৪%। উল্লেখিত শেয়ারের জন্য বিনিয়োগের ব্যয় ছিল ২১০,৭৫০,০০০.০০ টাকা যা শেয়ার প্রতি মূল্য হয় ১,০৫৫.০৭ টাকা।

যেহেতু স্বয়ং হাসপিটালস-এর শেয়ার তালিকাভুক্ত নয় সেহেতু এর বাজার দর মূল্যায়ন করা যায়নি।

স্বয়ং হাসপিটালস ২০২০ সালের ৩০শে জুন সমাপ্ত বছরে মোট ব্যবসা করেছে ৩,৭০৮,২৭৯,৭০২ টাকা এবং নীট মুনাফা হয়েছে ১৩০,৭৮৭,১৭৬ টাকা। স্বয়ং হাসপিটালস, নতুন সম্প্রসারণ পরিকল্পনা, আধুনিক হাসপাতালের সরঞ্জামাদি প্রতিস্থাপনের কারণে কোনও লভ্যাংশ ঘোষণা করেনি।

ক.২.৩. স্বয়ং ফ্যাশনস্ লিঃ

স্বয়ং ফ্যাশনস্ লিঃ, ১০০% রফতানিমুখী তৈরি পোশাক প্রস্তুতকারক একটি প্রাইভেট লিমিটেড কোম্পানি যেটা কার্যক্রমে পুরোদমে সক্রিয় আছে।

স্বয়ং ফার্মা প্রতিটি শেয়ার ১০০ টাকা মূল্যমানের ৪৬২,০০০ সাধারণ শেয়ারের মালিক যা এর শেয়ার মূলধনের ৪৮.৪৬%। এই শেয়ারে বিনিয়োগের জন্য ব্যয় হয়েছে ১৫১,২০০,০০০.০০ টাকা যার গড় মূল্য ৩২৭.২৭ টাকা প্রতি শেয়ার।

স্বয়ং ফ্যাশনস ২০১৯-২০২০ আর্থিক বছরে নীট মুনাফা অর্জিত হয়েছে ১,০১১,২১৪,২৫৩ টাকা এবং শেয়ার প্রতি এন.এ.ভি. দাঁড়িয়েছে ১৩,০০২.২৬ টাকা। ভবিষ্যতের সম্প্রসারণ এবং বৈচিত্র পরিকল্পনার কারণে পর্যালোচনাধীন বছরের মধ্যে কোনও লভ্যাংশ ঘোষণা করেনি।

যেহেতু স্বয়ং ফ্যাশনস এর শেয়ারগুলি তালিকাভুক্ত নয় সেহেতু শেয়ারগুলোর বাজার দর যাচাই করা সম্ভব নয়।

ক.২.৪. ইউনাইটেড হাসপিটাল লিঃ

স্বয়ং ফার্মাসিউটিক্যালস্ লিঃ প্রতিটি ১০০ টাকা মূল্যমানের ১২০,০০০টি শেয়ারের মালিক, যার মূল্য ১২,০০০,০০০ টাকা। যেহেতু এই কোম্পানিটি স্টক এক্সচেঞ্জ এ তালিকাভুক্ত নয় সেহেতু এর শেয়ারের কোন বাজার দর মূল্যায়ন করা যাচ্ছে না।

ক.২.৫. সেন্ট্রাল ডিপোজিটরী বাংলাদেশ লিঃ

সেন্ট্রাল ডিপোজিটরী বাংলাদেশ লিঃ, কোম্পানি আইন ১৯৯৪ এবং সেন্ট্রাল ডিপোজিটরী ১৯৯৯ সালের বিধি অনুযায়ী গঠিত।

সেন্ট্রাল ডিপোজিটরী বাংলাদেশ লিঃ গঠন করা হয়েছে মূলত প্রতারণামূলক/জাল শেয়ার ট্রেডিং প্রতিরোধ করা, কাগজের শেয়ার ছাড়াই ট্রেডিং এবং শেয়ার ধরনের সমস্যা সমাধানের জন্য।

স্বয়ং ফার্মাসিউটিক্যালস্ লিঃ প্রতিটি ১০ টাকা মূল্যমানের ৫,৭১১,৮০৪টি শেয়ারের মালিক।

যেহেতু এর শেয়ার তালিকাভুক্ত নয় সেহেতু এর শেয়ার বাজার দরে মূল্যায়ন করা যাচ্ছে না।

ক.২.৬. লংকাবাংলা ফাইন্যান্স লিঃ

স্বয়ং ফার্মাসিউটিক্যালস্ লিঃ মোট ৩৩,৪০৯,০০৯.০০ টাকা মূল্যমানের ২৫০,০০২ টি জিরো কুপন বন্ডের মালিক।

ক.২.৭. আইডিএলসি

স্বয়ং ফার্মাসিউটিক্যালস্ লিঃ মোট ৪৬,৮১৬,৬৯৩.০০ টাকা মূল্যমানের ২৫০,০০০ টি জিরো কুপন বন্ডের মালিক।

ক.২.৮. বাংলাদেশ স্টীলস রি-রোলিং মিলস লিঃ

স্বয়ং ফার্মাসিউটিক্যালস্ লিঃ ১৭,২৪৬,৭৭০.০০ টাকা মূল্যমানের ২০০,০০০ টি জিরো কুপন বন্ডের মালিক।

ক.২.৯. রাজ লংকা পাওয়ার কোম্পানি লিমিটেড

স্বয়ং ফার্মাসিউটিক্যালস্ লিঃ ৫৮,১৮১,৮২০.০০ টাকা মূল্যমানের ১৫০,০০০ টি প্রেফারেন্স শেয়ারের মালিক।

ক.২.১১. সান্তা হোল্ডিং লিমিটেড

স্বয়ং ফার্মাসিউটিক্যালস্ লিঃ ৩৯,১৪৫,৪০৫.০০ টাকা মূল্যমানের ৫টি নন- কনভার্টিবল জিরো কুপন বন্ডের মালিক।

ক.২.১২. ডিউরেবল প্লাস্টিক লিমিটেড

স্বয়ং ফার্মাসিউটিক্যালস্ লিঃ ১৮,৫১৪,৯৭৬.০০ টাকা মূল্যমানের ৫ টি নন- কনভার্টিবল জিরো কুপন বন্ডের মালিক।

ক.২.১৩. ফ্রামিংগো ফ্যাসনস লিমিটেড

স্বয়ং ফার্মাসিউটিক্যালস্ লিঃ ২৫,৪৯৭,৩৮৫.০০ টাকা মূল্যমানের ১০০,০০০ টি নন- কনভার্টিবল জিরো কুপন বন্ডের মালিক।

ক.২.১৩. এনভয় টেক্সটাইলস লিমিটেড

স্বয়ং ফার্মাসিউটিক্যালস্ লিঃ ২৫,৪৯৮,২৪৫.০০ টাকা মূল্যমানের ৪০ টি নন- কনভার্টিবল জিরো কুপন বন্ডের মালিক।

পরিচালনা পর্ষদের প্রতিবেদন

২০১৯-২০২০

স্কার
ফার্মাসিউটিক্যালস্
লিমিটেড

ক.২.১৪. মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড

স্কার ফার্মাসিউটিক্যালস্ লিঃ ২,০০০,০০০,০০০.০০ টাকা
মূল্যমানের ২০০ টি নন-কনভার্টেবল সাবর্ডিনেটেড বন্ডের
মালিক।

ক.২.১৫. ইউনাইটেড ময়মনসিংহ পাওয়ার লিমিটেড

স্কার ফার্মাসিউটিক্যালস্ লিঃ ৪৯৯,৯৯৬,১৫১.০০ টাকা
মূল্যমানের ৬১২,৬২০ টি জিরো কুপন ইসলামিক সার্টিফিকেটের
মালিক।

খ. বিক্রয়যোগ্য শেয়ারে বিনিয়োগ

স্বতন্ত্র হিসাবের নোট নম্বর ৪ এর একটি বিবরণীতে বিক্রয়যোগ্য
শেয়ারসমূহের বর্ণনা উপস্থাপন করা হয়েছে এবং কস্ট প্রাইজে

মুনাফা বন্টন

পরিচালনা পর্ষদ তার ২২-১০-২০২০ তারিখের সভায় নিম্নোক্ত উপায়ে ২০১৯-২০২০ হিসাব বছরের নীট মুনাফা বন্টনের সুপারিশ
করেছেন:

► চলতি বছরের মুনাফা (২০১৯-২০২০)	১২,৯৫৫,৯৭৩,৬৩২
► প্রস্তাবিত বন্টনঃ	
(১) নগদ লভ্যাংশ ৪৭% (টাকা ৪.৭০ শেয়ার প্রতি)	৩,৯৬৭,৯২৩,৫৭৩
(২) স্টক লভ্যাংশ (বোনাস শেয়ার) ৫% বোনাস শেয়ারের লিখিত মূল্য	৪২২,১১৯,৫২০
► নীট অবন্টনকৃত মুনাফাঃ	৮,৫৬৫,৯৩০,৫৩৯

সংখ্যালঘু শেয়ারহোল্ডারদের স্বার্থ

স্কার ফার্মা, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ
কমিশনের কর্পোরেট গভর্নেন্স কোড ২০১৮ শর্ত নম্বর
১(৫)(xvi) এর সম্মতিতে, পরিচালনা পর্ষদ এর মাধ্যমে
নিশ্চিত করে যে সংখ্যালঘু শেয়ারহোল্ডারদের স্বার্থ
যথাযথভাবে সুরক্ষিত হয়েছে।

ঋণ এবং গ্যারান্টি

অনুমোদিত ঋণের বিশদ বিবরণ এবং পর্যালোচনাধীন
বছরের মধ্যে প্রদত্ত গ্যারান্টিগুলি একক আর্থিক বিবরণীতে
যথাক্রমে নোট নং ৮ এবং ৩৯.৩ এ চিত্রিত হয়েছে।

বিনিয়োগের পরিমাণ ৩,০১৩,৪৩৯,৭৩৪ টাকা। আলোচ্য বছর
৩০ জুন ২০২০ এ বিনিয়োগের বিপরীতে মূলধনী লাভ হয়েছে
১৪৫,৫৮৫,২৮৩ টাকা।

হিসাবের একত্রীকরণ

বিএসইসি এর বিধিমালা ও ইন্টারন্যাশনাল একাউন্টিং স্ট্যান্ডার্ড-
২৮ এবং আইএফআরএস-১০ এর নিয়মাবলী অনুসরণ করে
একাউন্টস একত্রীকৃত করা হয়েছে যাতে শেয়ারহোল্ডারবৃন্দের
মোট সুবিধা/বিনিয়োগ মূল্য নির্ধারণ করা যায়।

উল্লেখিত একীভূত আর্থিক বিবরণী এই বার্ষিক প্রতিবেদনে
উপস্থাপন করা হয়েছে।

জাতীয় কোষাগারে অবদান

জাতীয় কোষাগারে কোম্পানীর এ বছরের অবদান
১২,৩১৫,০৯৮,০০১ টাকা (যন্ত্রপাতি ও খুচরা যন্ত্রাংশ
আমদানী শুল্ক ১৩২,৬৭৭,৭১৭ টাকা সহ) যা গত বছর ছিল
১০,০০২,৪০৭,৬০৩ টাকা। এই অবদান ২০১৯-২০২০
সালের বিক্রয়ের শতকরা ২৬.৮৪% ভাগ যা গত বছর
(২০১৮-২০১৯) ছিল শতকরা ২৫.৮৬ ভাগ।

রিলেটেড পার্টি লেনদেন

কোম্পানি আলোচ্য বছরে যে বিভিন্ন রিলেটেড পার্টি লেনদেন
করেছে এর বিস্তারিত কোম্পানি একক হিসেবের নোট নং
৩৮.১ এ দেওয়া হয়েছে।

মানব সম্পদ উন্নয়ন

মানব সম্পদ উন্নয়নের জন্য কোম্পানী প্রতিটি স্তরের নিবহী ও শ্রমিক কর্মচারীদের আনুষ্ঠানিক ও অনানুষ্ঠানিক প্রশিক্ষণ দিয়ে যাচ্ছে। এ বছর ৮,৩৪৭ জন দেশে এবং বিদেশে প্রশিক্ষণ পেয়েছে। ফলে প্রশিক্ষণ প্রাপ্তরা কোম্পানীকে লাভজনক অবস্থায় রাখতে অবদান রেখেছে। সাথে সাথে তাদের পারিশ্রমিকও বৃদ্ধি পেয়েছে।

পরিবেশগত ভূমিকা

জিএমপি/ডব্লিউএইচও স্ট্যান্ডার্ডস ও সরকারী নিয়মাবলী অনুযায়ী কোম্পানী সর্বোচ্চ দূষণমুক্ত পরিবেশ বজায় রেখেছে।

ফ্রেডিট রেটিং

ফ্রেডিট রেটিং ইনফরমেশন অ্যান্ড সার্ভিসেস লিমিটেড (সি.আর.আই.এস.এল) দীর্ঘমেয়াদির জন্য 'এএএ' (স্থিতিশীল) এবং কোম্পানীর আর্থিক এবং অন্যান্য প্রাসঙ্গিক পরিমাণগত এবং গুণগত তথ্যের ভিত্তিতে স্বল্প মেয়াদে 'এসটি -১' সর্বোচ্চ রেটিং পুনর্নিশ্চিত করেছে।

পরিচালক নির্বাচন

কোম্পানীর সংঘবিধির ৯৯ অনুচ্ছেদ অনুযায়ী জনাবা রত্না পাত্র এবং জনাব অঞ্জন চৌধুরী অবসর গ্রহণ করছেন এবং অনুচ্ছেদ ১০০ অনুসারে তাঁরা পুনঃ নির্বাচিত হওয়ার যোগ্য বিধায় পুনঃ নির্বাচিত হওয়ার ইচ্ছা পোষণ করেছেন। উল্লেখিত পরিচালকবৃন্দের সংক্ষিপ্ত জীবনবৃত্তান্ত এবং অন্যান্য তথ্য সংযুক্তি - III তে বর্ণিত হয়েছে।

ব্যবস্থাপনা পরিচালক পুনঃ নিয়োগ

পরিচালনা পর্ষদ তাদের ১০ ই আগস্ট ২০২০ এর সভায় মিঃ তপন চৌধুরীকে আরও পাঁচ বছরের জন্য ব্যবস্থাপনা পরিচালক পদে নিয়োগ দিয়েছেন যা ১৫ ই সেপ্টেম্বর, ২০২০ থেকে প্রজ্যোয় এবং পরবর্তী বার্ষিক সাধারণ সভায় শেয়ারহোল্ডারদের দ্বারা অনুমোদনের জন্য প্রস্তাব করেছেন। মিঃ তপন চৌধুরী এর সংক্ষিপ্ত জীবনবৃত্তান্ত এবং অন্যান্য তথ্য সংযুক্তি - II এ বর্ণিত হয়েছে।

সংবিধিবদ্ধ নিরীক্ষক নিয়োগ

বর্তমান কোম্পানীর সংবিধিবদ্ধ নিরীক্ষক মেসার্স মাহফেল হক এন্ড কোং, চার্টার্ড একাউন্টেন্টস্ এই বার্ষিক সাধারণ সভায় অবসর গ্রহণ করছেন এবং যোগ্য বিধায় ২০২০-২০২১ সালের জন্য নিরীক্ষক হিসেবে পুনরায় নিয়োগের ইচ্ছা প্রকাশ করেছেন।

২২ শে অক্টোবর ২০২০ অনুষ্ঠিত পরিচালনা পর্ষদ সভায় তাদের নিয়োগের সুপারিশ করেছে।

কমপ্লায়েন্স নিরীক্ষক নিয়োগ

কোম্পানির কমপ্লায়েন্স নিরীক্ষক মেসার্স চৌধুরী ভট্টাচার্জি অ্যান্ড কোং, চার্টার্ড অ্যাকাউন্ট্যান্টস এই বার্ষিক সাধারণ সভায় অবসর গ্রহণ করেছেন এবং যোগ্য হওয়ার কারণে, ২০২০-২০২১ সালের জন্য কমপ্লায়েন্স নিরীক্ষক হিসাবে নিজেকে পুনরায় নিয়োগের জন্য ইচ্ছা প্রকাশ করেছেন।

২২ শে অক্টোবর ২০২০ অনুষ্ঠিত পরিচালনা পর্ষদ সভায় তাদের নিয়োগের সুপারিশ করেছে।

ম্যানেজমেন্ট ডিসকাশন এন্ড আনালাইসিস

কোম্পানির পরিচালন অবস্থান, ক্রিয়াকলাপ, আর্থিক বিবরণী এবং অন্যান্য প্রয়োজনীয়তার পরিবর্তনের সংক্ষিপ্ত আলোচনা ব্যবস্থাপনা পরিচালক কর্তৃক স্বাক্ষরিত ম্যানেজমেন্ট ডিসকাশন এন্ড আনালাইসিস এই প্রতিবেদনের সংযোজন-III এ প্রকাশিত হয়েছে।

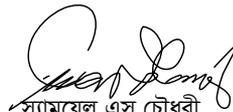
কর্পোরেট গভর্নেন্স

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের কর্পোরেট গভর্নেন্স কোড ২০১৮ এর নিরিখে একটি বিবরণ ১(৫) ধারা অনুসারে প্রতিপালন প্রতিবেদন, পরিচালক যারা পুনর্নির্বাচিত হইবে তাদের জীবনবৃত্তান্ত, অডিট কমিটি প্রতিবেদন, সিইও এবং সিএফও থেকে সার্টিফিকেট, কর্পোরেট গভর্নেন্স-এর শর্ত মেনে চলার সার্টিফিকেট এবং কর্পোরেট গভর্নেন্স প্রতিপালন এর অবস্থা যথাক্রমে সংযুক্তি - I, II, III, IV, V ও VI এর মধ্যে বর্ণনা/প্রকাশ করা হলো।

ব্যবস্থাপনা কর্তৃপক্ষের স্বীকৃতি

পরিচালনা পর্ষদ ব্যবসায়িক কার্যক্রমে আন্তরিকভাবে অবদান রাখার জন্য ব্যবস্থাপনা কর্মকর্তা, কর্মচারী, শ্রমিক, ক্রেতা সবাইকে আন্তরিক ধন্যবাদ জ্ঞাপন করেছেন। তা ছাড়াও ব্যাংক, বিএসইসি, ডিএসই, সিএসই, সিডিবিএল এবং বিশেষ ভাবে সরকারকে কোম্পানীর প্রতিটি কার্যক্রমে সহযোগিতার জন্য আন্তরিক ধন্যবাদ জানাচ্ছেন।

পরিচালনা পর্ষদ আশা করে যে, এই কোম্পানী দেশের সীমানা ছাড়িয়ে বিদেশের মাটিতেও কার্যকর ভূমিকা রাখবে।


স্যামুয়েল এস চৌধুরী
চেয়ারম্যান

Annual Report 2019-2020

Year ended 30 June 2020



Square Pharmaceuticals Ltd.

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SQUARE

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Square Pharmaceuticals Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Square Pharmaceuticals Limited and its subsidiary (the "Group") as well as the separate financial statements of Square Pharmaceuticals Limited (the "Company"), which comprise the consolidated and separate statement of financial position as at 30 June 2020; and the consolidated and separate statement of financial performance, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Company give a true and fair view of the consolidated financial position of the group and the separate financial position of the Company as at 30 June 2020, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risks	Our responses to the risks
Revenue recognition	
<p>At year end the Group reported total revenue of BDT 52,926,218,655. (2018-2019: BDT 50,866,867,352)</p> <p>Revenue is measured net of discounts, incentives and rebates earned by customers on the company's sales. Within a number of the Group's markets, the estimation of discounts, incentives and rebates recognized based on sales made during the year is material and considered to be complex and judgmental. Therefore, there is a risk of revenue being misstated as a result of faulty estimations over discounts, incentives and rebates.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Calculation of discounts, incentives and rebates; • Segregation of duties in invoice creation and modification; • Timing of revenue recognition. <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p>

Risks	Our responses to the risks
<p>There is also a risk that revenue may be overstated due to fraud through manipulation of the discounts, incentives and rebates recognized resulting from the pressure, management may feel to achieve performance targets.</p>	<ul style="list-style-type: none"> • Obtaining supporting documentation for sales transactions recorded either side of year end to determine whether revenue was recognized in the correct period; • Critically assessing manual journals posted to revenue to identify unusual or irregular items; • Cross match sales order, sales invoices and dispatch carefully; and • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.
See note no. 20 in the consolidated financial statements	
Valuation of Inventory	
<p>The Group had inventory of BDT 5,687,406,329 at 30 June 2020 (30 June 2019: 4,596,512,673), held in distribution centers, warehouses and across multiple product lines.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the management apply judgement in determining the appropriate values for slow-moving or obsolete items.</p>	<p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of distribution centres, warehouses and branches; • Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories; • Challenging the completeness of management's judgement on inventory provisions through assessing actual and forecast sales of inventory lines to assess whether management's judgement for slow-moving/obsolete stock are valid.
See note no. 7 to the consolidated financial statements	

Emphasis of Matters

We draw attention to the note no. 8 to the separate financial statements, which describes the loans given to subsidiaries and associates as well as companies with common directors. The company obtained approval for such loans from the Board of Directors. Our opinion is not modified in this regard.

Other Matter

The group comprises the parent, Square Pharmaceuticals Kenya EPZ Ltd and Square Lifesciences Ltd. The financial statements of the subsidiaries have been audited by Sharif and Associates and Chowdhury Bhattacharjee & Co. respectively. The auditors of the subsidiaries have expressed unmodified opinion on the financial statements on 30 June 2020.

Other Information

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



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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors of the Company.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date

of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

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

- a) 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;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- d) the expenditures incurred were for the purpose of the Company's business for the year.



Howlader Mahfel Huq, FCA

for and on behalf of Mahfel Huq & Co
Chartered Accountants

Dhaka, 28 October, 2020

SQUARE PHARMACEUTICALS LTD.

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

Particulars	Notes	Amount in Taka	
		30 June 2020	30 June 2019
ASSETS:			
Non-Current Assets:			
		34,435,838,607	33,734,410,538
Property, Plant and Equipment-Carrying Value	2	20,873,698,301	20,853,956,270
Investment - Long Term (at Cost)	3	2,792,000,884	655,408,674
Investment - Associates Undertaking	4	8,077,472,192	9,211,605,860
Investment in Marketable Securities (Fair Value)	5	2,691,892,867	3,013,439,734
Pre-Operating Expenses	6	774,363	-
Current Assets:			
		47,384,303,113	38,411,642,036
Inventories	7	5,687,406,329	4,596,512,673
Trade Debtors	8	1,520,300,337	1,561,818,167
Advances, Deposits and Prepayments	9	2,727,928,252	2,312,201,184
Short Term Loan	10	4,884,338,757	2,937,071,066
Cash and Cash Equivalents	11	32,564,329,438	27,004,038,946
TOTAL ASSETS		81,820,141,720	72,146,052,574
SHAREHOLDERS' EQUITY AND LIABILITIES:			
Shareholders' Equity:			
		77,305,843,913	67,880,617,172
Share Capital	12	8,442,390,580	7,890,084,660
Share Premium	13	2,035,465,000	2,035,465,000
General Reserve		105,878,200	105,878,200
Tax Exemption Reserve	14	2,211,743,936	2,211,743,936
Gain on Marketable Securities (Unrealized)		(452,626,946)	145,585,283
Cumulative Translation Adjustment		(18,078,434)	(939,072)
Retained Earnings		64,981,071,577	55,492,799,165
Non Controlling Interest	15	-	-
Non-Current Liabilities:			
		1,272,750,021	1,294,346,873
Deferred Tax Liability	16	1,272,750,021	1,294,346,873
Current Liabilities:			
		3,241,547,786	2,971,088,529
Trade Creditors	17	553,785,496	716,988,428
Liabilities for Expenses	18	128,998,444	239,913,331
Liabilities for Other Finance	19	2,558,763,846	2,014,186,770
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		81,820,141,720	72,146,052,574
Net Assets Value per Share (NAV)	32	91.57	80.40
Number of Shares used to compute NAV		844,239,058	844,239,058

The annexed notes (1-34) form an integral part of these financial statements.

Signed as per our separate report of same date.



Samuel S Chowdhury
Chairman

Dhaka, 28 October, 2020



Tapan Chowdhury
Managing Director



Khandaker Habibuzzaman
Company Secretary



Mahfel Huq & Co.
Chartered Accountants

SQUARE PHARMACEUTICALS LTD.

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Notes	Amount in Taka	
		2019-2020	2018-2019
GROSS REVENUE	20	52,926,218,655	50,866,867,352
Less: Value Added Tax		7,049,769,814	6,833,233,083
NET REVENUE		45,876,448,841	44,033,634,269
Cost of Goods Sold	21	(22,536,669,960)	(22,091,384,351)
GROSS PROFIT		23,339,778,881	21,942,249,918
OPERATING EXPENSES:		(8,609,357,322)	(7,799,800,561)
Selling & Distribution Expenses	22	(7,382,790,764)	(6,603,747,456)
Administrative Expenses	23	(1,226,459,468)	(1,195,968,389)
Finance Cost	24	(107,090)	(84,716)
PROFIT FROM OPERATIONS		14,730,421,559	14,142,449,357
Other Income	25	3,126,430,063	2,310,360,094
PROFIT BEFORE WPPF		17,856,851,622	16,452,809,451
Allocation for WPPF	26	(859,269,098)	(791,921,561)
PROFIT BEFORE TAX		16,997,582,524	15,660,887,890
Income Tax Expenses-Current	27	(4,251,005,177)	(3,876,979,330)
Income Tax Expenses-Deferred	16	21,596,852	(63,213,721)
PROFIT AFTER TAX		12,768,174,199	11,720,694,839
Profit/(Loss) from Associate Undertakings	28	586,239,690	931,706,302
PROFIT AFTER TAX		13,354,413,889	12,652,401,141
Other Comprehensive Income:			
Gain/(Loss) on Marketable Securities (Unrealized)	29	(598,212,229)	(46,686,969)
Cumulative Translation Adjustment		(17,139,363)	(939,072)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		12,739,062,297	12,604,775,100
Profit Attributable to:			
Owners of the Company		13,354,413,889	12,645,724,268
Non Controlling Interest		-	6,676,873
		13,354,413,889	12,652,401,141
Total Comprehensive Income Attributable to:			
Owners of the Company		12,739,062,297	12,598,098,227
Non Controlling Interest		-	6,676,873
		12,739,062,297	12,604,775,100
Earnings Per Share (EPS)	30	15.82	14.98
Number of Shares used to compute EPS		844,239,058	844,239,058

The annexed notes (1-34) form an integral part of these financial statements.

Signed as per our separate report of same date.



Samuel S Chowdhury
Chairman

Dhaka, 28 October, 2020



Tapan Chowdhury
Managing Director



Khandaker Habibuzzaman
Company Secretary



Mahfel Huq & Co.
Chartered Accountants

SQUARE PHARMACEUTICALS LTD.

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Share Capital Taka	Share Premium Taka	General Reserve Taka	Tax Exemption Reserve Taka	Gain/(Loss) on Marketable Securities (Unrealized) Taka	Retained Earnings Taka	Non Controlling Interest Taka	Total Taka
At 01 July 2019	7,890,084,660	2,035,465,000	105,878,200	2,211,743,936	145,585,283	55,492,799,165	-	67,881,556,244
Total Comprehensive Income (Jul'2019-Jun'2020)	-	-	-	-	(598,212,229)	13,354,413,889	-	12,756,201,660
Cash Dividend (2018-2019)	-	-	-	-	-	(3,313,835,557)	-	(3,313,835,557)
Stock Dividend (2018-2019)	552,305,920	-	-	-	-	(552,305,920)	-	-
At 30 June 2020	8,442,390,580	2,035,465,000	105,878,200	2,211,743,936	(452,626,946)	64,981,071,577	-	77,323,922,347

FOR THE YEAR ENDED JUNE 30 2019

Particulars	Share Capital Taka	Share Premium Taka	General Reserve Taka	Tax Exemption Reserve Taka	Gain/(Loss) on Marketable Securities (Unrealized) Taka	Retained Earnings Taka	Non Controlling Interest Taka	Total Taka
At 01 July 2018	7,373,910,900	2,035,465,000	105,878,200	1,949,557,722	192,272,252	46,159,482,757	24,901,060	57,841,467,891
Transfer to Tax Exemption Reserve	-	-	-	262,186,214	-	(262,186,214)	-	-
Transfer for Merger of Square Herbal & utraceuticals Ltd.	-	-	-	-	-	101,771,355	-	101,771,355
Total Comprehensive Income (Jul'2018-Jun'2019)	-	-	-	-	(46,686,969)	12,645,724,268	6,676,873	12,605,714,172
Payment made to Non Controlling Interest	-	-	-	-	-	-	(12,789,250)	(12,789,250)
Non Controlling Interest (Adjustment)	-	-	-	-	-	18,788,683	(18,788,683)	-
Cash Dividend (2017-2018)	-	-	-	-	-	(2,654,607,924)	-	(2,654,607,924)
Stock Dividend (2017-2018)	516,173,760	-	-	-	-	(516,173,760)	-	-
At 30 June 2019	7,890,084,660	2,035,465,000	105,878,200	2,211,743,936	145,585,283	55,492,799,165	-	67,881,556,244



Samuel S Chowdhury
Chairman



Tapan Chowdhury
Managing Director



Khandaker Habibuzzaman
Company Secretary

Dated, Dhaka: October 28, 2020

SQUARE PHARMACEUTICALS LTD.

AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Notes	Amount in Taka	
		2019-2020	2018-2019
Cash Flows From Operating Activities:			
RECEIPTS:			
Collections from Sales		52,909,065,970	51,074,051,570
Exchange Fluctuation Gain		2,216,358	4,868,172
Others		33,621,327	82,804,049
		52,944,903,655	51,161,723,791
PAYMENTS:			
Purchase of Raw and Packing Materials		17,024,316,320	15,619,769,171
Manufacturing and Operating Expenses		13,446,602,730	11,773,729,181
Value Added Tax		7,049,769,814	6,833,233,083
Finance Cost		107,090	95,196
Income Tax Expense		3,830,869,094	3,565,244,457
Workers Profit Participation Fund		802,781,404	867,481,244
Others		29,685,266	110,378,188
		42,184,131,718	38,769,930,520
Net cash provided by operating activities	33	10,760,771,937	12,391,793,271
Cash Flows From Investing Activities:			
Purchase of Fixed Assets		(2,042,104,801)	(2,048,539,921)
Disposal of Fixed Assets		60,742,370	66,594,884
Pre-Operating Expenses		(774,363)	-
Investment		(2,413,257,573)	116,427,551
Non Controlling Interest (Payments)		-	(209,054,502)
Short Term Loan		(409,767,691)	376,808,344
Gain/(Loss) on Sale of Marketable Securities		(8,120,460)	99,860,413
Interest Received		2,712,143,496	1,407,175,500
Dividend Received		234,546,484	360,040,347
		(1,866,592,538)	169,312,616
Net cash used investing activities		(1,866,592,538)	169,312,616
Cash Flows From Financing Activities:			
Dividend Paid		(3,313,835,557)	(2,654,607,924)
		(3,313,835,557)	(2,654,607,924)
Net cash provided by financing activities		(3,313,835,557)	(2,654,607,924)
Increase in Cash and Cash Equivalents			
Net Effect of Foreign Currency Translation on Cash and Cash Equivalent		5,580,343,842	9,906,497,963
Cash and Cash Equivalents at the Beginning		(20,053,350)	32,442,654
Cash and Cash Equivalents at the Beginning of SHNL		27,004,038,946	16,980,412,765
		-	84,685,564
		32,564,329,438	27,004,038,946
Cash and Cash Equivalents at the Ending		32,564,329,438	27,004,038,946
Net Operating Cash Flow per Share (NOCFPS)	34	12.75	14.68
Number of Shares used to compute NOCFPS		844,239,058	844,239,058


Samuel S Chowdhury
Chairman

Dhaka, 28 October, 2020


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary

SQUARE PHARMACEUTICALS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION

1.1 Legal Form of the Company:

(a) Reporting Company

Square Pharmaceuticals Ltd. was incorporated on November 10, 1964 under the Companies Act 1913 as private Ltd. Company and it was converted into a Public Limited Company in 1991 and offered its share to the public with the approval of the Bangladesh Securities and Exchange Commission in the month of December 1994. The shares of the company are listed in the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

1.2 Address of Registered Office and Factories:

The registered office of the company is situated at "Square Centre" 48, Mohakhali Commercial Area, Dhaka-1212, Bangladesh. Factory address of the company and it's subsidiary are as follows:

Square Pharmaceuticals Ltd.	1) Pabna Site : Square Road, Salgaria, Pabna, Bangladesh
	2) Dhaka Site : Kaliakoir, Gazipur, Bangladesh
Square Pharmaceuticals Kenya EPZ Ltd.	Athi River EPZ, Ketengala, Machakoas Country, Nairobi
Square Lifesciences Ltd.	Patikabari, Hemayetpur, Pabna Sadar, Pabna

1.3 Nature of Business Activities:

(a) Reporting Company:

The company is engaged in manufacturing and marketing of generic pharmaceuticals products, basic chemical products and animal health products. The company is also engaged in marketing of pesticide products.

(b) Subsidiary Company:

i) Square Pharmaceuticals Kenya EPZ Ltd.

The company is registered in manufacturing, marketing and distribution of pharmaceuticals products.

ii) Square Lifesciences Ltd.

The company is engaged in manufacturing and marketing of generic pharmaceuticals products.

1.4 Basis of Preparation and Presentation of Financial Statements:

The elements of financial statements have been measured on "Historical Cost" convention in a going concern concept and on accrual basis in accordance with the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987, listing regulations of Dhaka Stock Exchange Ltd. (DSE) & Chittagong Stock Exchange Ltd. (CSE), International Accounting Standards (IAS), International Financial Reporting Standard (IFRS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB).

Going concern:

When preparing financial statements, management makes an assessment of the company's ability to continue as a going concern. The company prepare financial statements on a going concern basis.

Impact of Covid-19

COVID-19 Pandemic and Global Automotive Industry

The COVID-19 has developed swiftly in 2020, with a significant number of pestilences across the world affecting the economic activities broadly. Being operated in pharmaceutical industry, fewer restrictions have been imposed by the government on Square Pharmaceuticals Ltd., as it conducts the business of lifesaving medicine products. In spite of this epidemic situation, there is no reduction of supply of raw materials, delay in production of drugs and distribution of drugs as of now.

Based on the facts and circumstances known at this moment management believes there is no material uncertainty that may cast any doubt upon the entity's ability to continue as a going concern and hence, whilst uncertain, we do not believe, however, that the impact of the COVID-19 virus would have a material adverse effect on our financial condition or liquidity.

Accrual basis of accounting:

The company prepares financial statements, except for cash flow information, using the accrual basis of accounting. Since the accrual basis of accounting is used, the company recognises items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework.

Materiality and aggregation:

The company presents separately each material class of similar items. The company presents separately items of a dissimilar nature or function unless they are immaterial. Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature or function.

Offsetting:

The company does not offset assets and liabilities or income and expenses, unless required or permitted by an IFRS.

1.5 Principal Accounting Policies:

Specific accounting policies were selected and applied by the company's management for significant transactions and events that have a material effect within the framework of IAS-1 "Presentation of Financial Statements" in preparation and presentation of financial statements. The previous years' figures were presented according to the same accounting principles. Compared to the previous year, there were no significant changes in the accounting and valuation principles affecting the financial position and performance of the company. However, changes made to the presentation are explained in the note for each respective item.

Accounting and valuation methods are disclosed for the purpose of clarity. The company classified the expenses using the function of expenses method as per IAS-1.

1.6 Significant accounting policies:

Accounting policies set out below have been applied consistently to all years presented in these financial statements. Comparative information has been rearranged wherever considered necessary to conform to the current year's presentation.

Current versus non-current classification

The company presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is current when it is:

- i) expected to be realised or intended to be sold or consumed in normal operating cycle, or
- ii) expected to be realised within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- i) expected to be settled in normal operating cycle, or
- ii) due to be settled within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities

1.7 Application of International Accounting Standards (IAS):

The Financial Reporting Act, 2015 (FRA), was enacted in the year 2015. The Financial Reporting Council (FRC) under the FRA was constituted in 2017, but the Financial Reporting Standards (FRS) under this council are yet to be issued for public interest entities.

As FRS is yet to be issued by FRC, as per the provisions of FRA (Section-69), Consolidated and Separate financial statements of the Group and the Company, respectively, have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB).

The following IASs are applicable for the financial statements for the year under review:

Name of the standards	Ref.	Status
First-time Adoption of International Financial Reporting Standards	IFRS-1	Not Applicable
Share-based Payment	IFRS-2	Not Applicable
Business Combinations	IFRS-3	Applied
Insurance Contracts	IFRS-4	Not Applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS-5	Applied
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not Applicable
Financial Instruments: Disclosures	IFRS-7	Applied
Operating Segments	IFRS-8	Applied
Financial Instruments	IFRS-9	Applied
Consolidated Financial Statements	IFRS-10	Applied
Joint Arrangements	IFRS-11	Not Applicable
Disclosure of Interests in other Entities	IFRS-12	Applied
Fair Value Measurement	IFRS-13	Applied
Revenue from Contracts with Customers	IFRS-15	Applied
Leases	IFRS-16	Applied
Insurance Contracts	IFRS-17	Not Applicable
Presentation of Financial Statements	IAS-1	Applied
Inventories	IAS-2	Applied
Statement of Cash Flows	IAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Construction Contracts	IAS-11	Applied
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Leases	IAS-17	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	IAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Not Applicable
Related Party Disclosures	IAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	Not Applicable
Separate Financial Statements	IAS-27	Not Applicable
Investments in Associates & Joint venture	IAS-28	Applied
Interests in Joint Ventures	IAS-31	Not Applicable
Financial Instruments: Presentation	IAS-32	Applied
Earnings per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Not Applicable
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Financial Instruments: Recognition and Measurement	IAS-39	Not Applicable
Investment property	IAS-40	Not Applicable
Agriculture	IAS-41	Not Applicable

1.8 Property, Plant and Equipment:

Tangible Assets

Recognition and Measurement

Fixed assets have been shown at cost less accumulated depreciation as per IAS 16: "Property Plant and Equipment" except land, which is measured at cost.

The cost of an item of property plant and equipment is recognized as an assets if and only if: It is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

Initial cost

The initial cost of an item of property plant and equipment includes its purchase price, and any directly attributable cost such as import duties, non-refundable vat/ taxes, duties and any cost to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequent cost

The cost of replacing part of an item of fixed assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of fixed assets are recognized in profit or loss as incurred.

Impairment of Non-Current Assets (IAS-36)

The carrying values of all non-current assets are reviewed for impairment, either on a stand-alone basis or as part of a larger cash generating unit, when there is an indication that the assets might be impaired. Additionally, Goodwill, Intangible Assets with indefinite useful lives and Intangible Assets which are not yet available for use are tested for impairment annually. Any provision for impairment is charged to the Income Statement in the year concerned.

Intangible Assets

Recognition and measurement

Intangible assets that are acquired by the company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Intangible assets are recognised when all the conditions for recognition as per IAS 38 Intangible Assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

Capital work in progress

Capital work in progress consists of unfinished work at sites and capital inventory. Spare parts expected to be used for more than one year are treated as capital work in progress. In case of import of components, capital work in progress is recognised when risks and rewards associated with such assets are transferred to the company.

1.9 Depreciation:

No depreciation is charged on freehold land and on Capital Work-in-Progress. Depreciation is charged on all other fixed assets on a reducing balance method. Depreciation of an asset begins when it is available for use i.e when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date that the assets are derecognized.

The rates at which assets are depreciated per annum, depending on the nature and estimated useful life of assets are given below:

Particulars	Rate
Building and Other Construction	10%
Boundary Wall	10%
Plant & Machinery	15%
Laboratory & Office Equipment	10%
Furniture and Fixture	10%
Motor Vehicle	20%
Motor Cycle	20%
Electrical Installation	15%
Gas Line Installation	15%
Books and Periodicals	30%
Electro Mechanical Equipment	15%
Computer and VSAT	10%
Software	20%

1.10 Financial Instruments:

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

Financial Assets:

Financial assets of the company include cash and cash equivalents, equity instrument of another entity, trade receivable and other receivables. The company initially recognizes receivable on the date they are originated. All other financial assets are recognized initially on the date at which the company become a party to the contractual provisions of the transaction. The company derecognizes a financial assets when and only when contractual rights or probabilities of receiving the cash flows from the assets expire or it transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and reward of ownership of the financial assets are transferred.

Cash and Cash Equivalents:

Cash and cash equivalents comprises cash in hand, in transit and with banks on current and deposit accounts that are subject to an insignificant risk of changes in their fair value and are used by the company without any restriction.

Available for Sale of Financial Assets:

Available for sale of financial assets comprise equity security are non-derivative financial assets that are recognized initially at fair value plus any attributable transactions costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in Other Comprehensive Income and presented gain on marketable securities (unrealized).

Trade Receivable (IFRS 9):

Trade receivable measured at amortized cost are carried at the original invoice amount less actual unrealized credit losses. Expected credit losses are calculated at actual when it is occurred in accordance with the simplified approach permitted by IFRS 9. The expected credit loss varies depending on whether and the extent to which settlement of the trade receivables is over due and it is also adjusted as appropriate to reflect current economic conditions and estimates of future conditions. For the purpose of determining credit losses, customers are classified into groupings that have similar loss patterns. The key drivers of the credit losses are the nature of the business unit and the location and type of customer.

Financial Liabilities:

The company initially recognizes financial liabilities on the transaction date at which the company become a party to the contractual provisions of the liability. The company derecognizes a financial liability when it's contractual obligations are discharged or cancelled or expired. Financial liabilities are recognized initially at fair value less any directly attributable transactions costs. Subsequently to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities include loan and borrowing, trade creditors, liabilities for expenses and liabilities for other finance.

1.11 Inventories:

Inventories are stated at the lower of cost or net realizable value as per IAS-2.

Types of Stock	Basis of Valuation
Raw Materials, Packing Materials and Work-in-Process	Weighted Average Cost
Finished Goods	At lower of cost or net estimated realizable value
Spares & Accessories	Weighted Average Cost
Goods-in-Transit	At Cost

The cost is determined on weighted average cost basis. Net realizable value is based on estimated selling price less any further costs anticipated to be incurred to make the sale. Any obsolete stock or abnormal losses are recognized as expenses.

1.12 Income Tax Expenses:**Current Income Tax**

Current income tax is expected tax payable on the taxable income for the year and any short fall of provision for previous years. The company (SPL) is a "Publicly Traded Company"; hence Tax Rate is applicable @25%.

Deferred Tax

Deferred tax is recognised in compliance with IAS 12 Income Taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and amounts used for taxation purpose. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the date of statement of financial position. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each year-end and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.13 Employees Separation Plans:

The company maintains both defined contribution plan (provident fund) and defined benefit plan (for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective trust deeds and rules. Both of the plans are funded and are recognised/approved under Income Tax Ordinance 1984.

(a) Defined contribution plan (provident fund)

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contribution to defined contribution plans are recognised as an employee benefit expense in profit or loss in the period during which related services are rendered by employees. Advance contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which employees render the services are discounted to the present value.

Square Pharmaceuticals Ltd. has a separate recognised provident fund scheme. All permanent employees of the company contribute 10% of their basic salary to the provident fund and the company makes matching contributions.

The company recognises contribution to defined contribution plan as an expense when an employee has rendered related services in exchange for such contribution. The legal and constructive obligation is limited to the amount Square Pharmaceuticals Ltd. agrees to contribute to the fund.

(b) Defined benefit plan (gratuity fund)

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The employee gratuity plan is considered as defined benefit plan as it meets the recognition criteria. The company's obligation is to provide the agreed benefits to current and former employees.

The net defined benefit liability (asset) in respect of a defined benefit plan is recognised in the statement of financial position. The net defined benefit liability (asset) is made up of:

- i) the present value of defined benefit obligation; less
- ii) the fair value of plan assets; adjusted for
- iii) any effect of limiting a net defined benefit asset to the asset ceiling.

Present value of defined benefit obligation is determined by professional actuary.

Current service cost, past service cost and gain/loss on settlement and net interest on the net defined benefit liability (asset) are recognised in profit or loss. Service cost and gain/loss on settlement are classified as personnel expense and net interest on the net defined benefit liability (asset) is classified as financial expense.

Remeasurements of the net defined liability (asset) are recognised in other comprehensive income, comprising:

- i) actuarial gains and losses;
- ii) return on plan asset, excluding amounts included in net interest on the net defined benefit liability (asset); and
- iii) any change in the effect of the asset ceiling excluding amounts included in net interest on the net defined benefit liability (asset).

Relevant tax impacts of such remeasurements are also recognised under other comprehensive income.

Group Insurance

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

Workers Profit Participation Fund and Welfare Fund

The company makes a regular allocation of 5% on Net Profit before tax to these funds and payment is made to the workers as per provisions of Labour Law 2006 Chapter-15.

1.14 Revenue Recognition:

Revenue from Contracts with Customers (IFRS-15)

Revenue is recognized when invoice for products and service are made and the significant risk and reward of ownership are transferred to the distributor, recovery of the consideration is probable, associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. The five step model has been complied in case of revenue recognition.

The five step model consists of:

1. Identification of contract(s) with a customer
2. Identification of performance obligation
3. Determination of transaction price
4. Allocation of transaction price to separate performance obligations
5. Recognition of revenue when entity satisfies performance obligations

(a) Sales of Goods:

In compliance with the requirements of IFRS-15 revenue is recognized for local sales of Pharmaceuticals Drugs and Medicines, AgroVet Products, Pesticide Products and Herbal & Nutraceutical Products at the time of delivery from depot and Exports of Pharmaceuticals Drugs and Medicines at the time of delivery from Factory Godown. Local sales of Basic Chemical Products are recognized at the time of delivery from Factory Godown. Revenue is recognized when goods are supplied to external customers against orders received, title and risk of loss is transferred to the customer, reliable estimates can be made of relevant obligations have been fulfilled, such that the earnings process is regarded as being completed.

(b) Dividend income is recognized when the right to received payment is established.

(c) Interest income is recognized when accrued on a time proportion basis.

1.15 Adoption of new IFRS:**IFRS-16 “Leases”**

The Company entered into lease agreements with lessors to use building floor space for business purposes. It does not includes any Machinery, Copy Right, Software, Vehicles etc. The contracts are one-year cancellable (both parties three months notice period). The contracts does not offer any buying option, commitment to buy or any assurance of post use minimum market price for the used floors. Considering exemptions allowed in IFRS-16 (shorter contract tenor and small amount of rental expenses in respect to total revenue, the rental agreements are not considered as finance lease.

Contract Term 01 Year	Amount of Rental Expenses
	42,855,527

1.16 Foreign Currency Transactions:

Foreign currencies are translated into taka at the exchange rates ruling on the date of transactions in accordance with IAS-21 “The Effects of Changes in Foreign Exchange Rates”. Bank deposit in foreign currency for retention quota account has been translated into taka at the year end at the rate of exchange ruling on that date and gain/(loss) have been accounted for as other income/(loss) in the Income Statement. Conversion Rate USD 1 = BDT 83.95.

1.17 Statement of Cash Flows:

Statement of Cash Flows is prepared in accordance with IAS-7 under direct method and as outlined in the Securities and Exchange Rule 1987.

1.18 Earnings Per Share (EPS):

Earnings per Share (EPS) is calculated in accordance with the International Accounting Standard IAS-33 “Earnings per Share”.

Earnings Per Share

Earnings Per Share has been calculated by dividing the earnings attributable to the weighted average number of ordinary shares outstanding during the year.

Weighted Average Number of Ordinary Shares Outstanding during the year

The Bonus Shares issued during the year 2018-2019 were treated as if they had been in issue in previous years also. Hence, in computing the Earnings per Share (EPS) of 2019-2020, the total number of shares including the said bonus shares has been considered as the Weighted Average Number of Shares Outstanding during the year 2018-2019.

Diluted Earnings per Share

No diluted Earnings per Share was required to be calculated for the year under review as there is no scope for dilution of Earnings Per Share for the year.

1.19 Basis of Consolidation:

Percentage of Holding Share on Subsidiary Companies is as follows:

Subsidiary Company	Holding of Share	Percentage of Holding
Square Pharmaceuticals Kenya EPZ Ltd.	100% Share Capital	100.00%
Square Lifesciences Ltd.	995,000	99.50%

1.20 Consolidation of Accounts:

As per Conformity of IFRS-10, Consolidated Financial Statements consolidated of accounts have been made as follows:

Subsidiary Company	Year Ending	Remarks
Square Pharmaceuticals Kenya EPZ Ltd.	30 June 2020	Financial Statements
Square Lifesciences Ltd.	30 June 2020	Financial Statements

1.21 Borrowing Cost:

The company capitalises borrowing cost for new projects such as interest on term loan and other related fees/charges for the year till to commencement of commercial operation and charges the cost to revenue account as financial expenses after commencement of the commercial operation.

1.22 Concentration of Counterparty Risk:

As of June 30, 2020 the company does not have any significant concentration of business transacted with a particular customer, supplier or lender that could, if suddenly eliminated, have severe impact the company's operations. The company also does not have any concentration of available source of labour, service or licenses or other rights that could, if suddenly eliminated, have severe impact of the operations of the company.

1.23 Net Profit before Tax:

Net Profit before Tax for the year was not materially affected by:

- transaction of a nature not usually undertaken by the Company;
- circumstances of an exceptional or non-recurring nature;
- charges or credits relating to prior years; and
- changes in accounting policies.

1.24 Segment Reporting:

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

1.25 Share Premium:

The balance in share premium account shall be utilized in accordance with provisions of the Companies Act 1994 and as directed by the Bangladesh Securities and Exchange Commission in this respect.

1.26 Gain/(Loss) on Marketable Securities (Unrealized) under Note-5 & 28:

It is derived mainly due to market price of the Marketable Securities. We have accounted of it as per IFRS 7 & 9. We have reported unrealized gain/(loss) from Marketable Securities as Other Comprehensive Income in the "Statement of Profit and Loss and Other Comprehensive Income" and in the "Statement of Changes in Equity" which are in conformity with IAS-12 and IFRS-9. According to Income Tax Ordinance 1984, as per Para 2 of Second Schedule, any Capital gain from Marketable Securities (Stock/Debenture listed with Stock Exchange) are subject to Tax @ 15%. We have already accounted for gain realized from Marketable Securities at Other Income which is taxable.

1.27 Provisions, Contingent Liabilities and Contingent Assets:

Provisions were made considering risk and un-certainties at best estimate of the probable expenditure that would require to meet the current obligation at the date of statement of financial position.

Contingent liabilities and assets are current or possible obligations or on liabilities or assets, arising from past events and existence of which depends upon the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. In accordance with IAS 37.

1.28 Research, Development and Experimental Costs:

In compliance with the requirements of IAS 38 "Intangible Assets" research, development and experimental costs are usually absorbed as revenue charges as and when incurred, as being not that much material in the company's and/local context.

1.29 General:

Previous year's figures have been regrouped/reclassified wherever considered necessary to conform to current year's presentation. Figures have been rounded off to the nearest Taka, as the currency represented in this Financial Statements.

Particulars	Amount in Taka	
	30 June 2020	30 June 2019
2. CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT: Tk. 20,873,698,301		
Details of property, plant and equipment and depreciation as at 30 June 2020 are shown in the annexed schedule - 01. This is arrived at as follows:		
Fixed Assets at Cost:		
Opening Balance	39,012,017,310	36,634,171,899
Add: Amount of Square Formulations Ltd. due to Merger	-	5,710,600
Add: Amount of Square Herbal & Nutraceuticals Ltd. due to Merger	-	460,443,540
Net Addition during the Year	3,338,806,544	2,943,453,689
	42,350,823,854	40,043,779,728
Sales/Transfer during the Year	(1,430,743,570)	(1,031,762,418)
Closing Balance	40,920,080,284	39,012,017,310
Accumulated Depreciation:		
Opening Balance	18,158,061,040	16,088,734,266
Add: Amount of Square Formulations Ltd. due to Merger	-	152,211,708
Add: Amount of Square Herbal & Nutraceuticals Ltd. due to Merger	-	119,892,548
Depreciation charged during the Year	1,970,126,072	1,875,504,706
	20,128,187,112	18,236,343,228
Sales/Transfer during the Year	(81,805,129)	(78,282,188)
	20,046,381,983	18,158,061,040
Carrying Value	20,873,698,301	20,853,956,270
Allocation of depreciation charge for the year has been made in the accounts as follows:		
Factory Overhead	1,624,851,551	1,723,019,183
Selling and Distribution Expenses	190,808,126	194,779,298
Administrative Expenses	154,466,395	109,917,933
	1,970,126,072	2,027,716,414
3. CONSOLIDATED INVESTMENT-Long Term (at Cost): Tk. 2,792,000,884		
This consists of the following:		
(a) 120,000 Ordinary Shares of Tk.100/- each in United Hospital Ltd.	12,000,000	12,000,000
(b) 5,711,804 Ordinary Shares of Tk. 10/- each including Bonus Shares in Central Depository Bangladesh Ltd.	15,694,430	15,694,430
(c) Advance against Share Money with Square InformatiX Ltd. for 1,000,000 Shares of Tk. 100/- each	-	100,000,000
(d) 250,002 Zero Coupon Bond in Lanka Bangla Finance Ltd.	33,409,009	104,032,523
(e) 250,000 Zero Coupon Bond in IDLC Finance Ltd.	46,816,693	89,688,142
(f) 200,000 Zero Coupon Bond in Bangladesh Steel Re-Rolling Mills Ltd.	17,246,770	46,650,453
(g) 150,000 Preference Share in Raj Lanka Power Company Ltd.	58,181,820	87,272,730
(h) 5 Non-Convertible Zero Coupon Bond in Shanta Holdings Ltd.	39,145,405	81,618,169
(i) 5 Non-Convertible Zero Coupon Bond in Durable Plastics Ltd.	18,514,976	29,143,864
(j) 100,000 Non-Convertible Zero Coupon Bond in Flamingo Fashions Ltd.	25,497,385	53,606,386
(k) 40 Non-Convertible Zero Coupon Bond in Envoy Textiles Ltd.	25,498,245	35,701,977
(l) 200 Non-Convertible Subordinated Bond in Mutual Trust Bank Ltd.	2,000,000,000	-
(m) 612,620 Zero Coupon Islamic Certificates in United Mymensingh Power Ltd.	499,996,151	-
	2,792,000,884	655,408,674

Particulars	Amount in Taka	
	30 June 2020	30 June 2019
4. INVESTMENT-Associate Undertakings: Tk. 8,077,472,192		
This is arrived at as follows:		
Opening Balance	9,211,605,860	8,454,064,733
Add: Investment made/(disposed off) during the Year	(1,537,500,000)	-
Add: Profit/(Loss) during the Year (Note-28)	586,239,690	931,706,302
Less: Dividend during the Year	(182,873,358)	(174,165,175)
Closing Balance	<u>8,077,472,192</u>	<u>9,211,605,860</u>

List of Associate Undertakings (As per IAS-28):

Name of Company	Country of Incorporation	Proportion of Ownership Interest
Square Textiles Ltd.	Bangladesh	46.36%
Square Fashions Ltd.	Bangladesh	48.63%
Square Hospitals Ltd.	Bangladesh	49.94%

Voting power is not different with proportion of ownership interest. The company are using equity method of accounting in preparation of consolidated financial statements.

SUMMARISED FINANCIAL INFORMATION FOR ASSOCIATE UNDERTAKINGS AS PER PARAGRAPH B14 AND B15 OF IFRS 12:

Square Textiles Ltd.:

Current Assets	7,272,822,724	6,396,837,207
Non-Current Assets	6,917,214,940	6,557,711,203
Current Liabilities	7,094,063,392	5,494,425,209
Non-Current Liabilities	214,694,410	235,701,174
Revenue (Net)	8,505,326,369	8,896,244,091
Profit from Operations	443,970,656	697,849,423
Profit after Tax	51,361,835	346,461,980
Other Comprehensive Income	-	-
Total Comprehensive Income	<u>51,361,835</u>	<u>346,461,980</u>

Square Fashions Ltd.:

Current Assets	8,910,054,704	2,763,226,273
Non-Current Assets	6,383,923,587	11,991,007,449
Current Liabilities	2,941,835,240	3,424,304,924
Non-Current Liabilities	-	-
Revenue (Net)	10,908,093,155	12,845,303,055
Profit from Operations	914,628,137	1,399,862,219
Profit after Tax	1,022,214,253	1,417,188,833
Other Comprehensive Income	-	-
Total Comprehensive Income	<u>1,022,214,253</u>	<u>1,417,188,833</u>

Square Hospitas Ltd.:

Current Assets	543,556,816	387,601,203
Non-Current Assets	3,618,032,616	3,412,166,565
Current Liabilities	2,703,764,573	939,404,385
Non-Current Liabilities	156,727,663	152,553,363
Revenue (Net)	3,702,740,358	3,962,668,764
Profit from Operations	172,577,239	508,577,404
Profit after Tax	130,787,176	164,008,294
Other Comprehensive Income	-	-
Total Comprehensive Income	<u>130,787,176</u>	<u>164,008,294</u>

Particulars	Amount in Taka	
	30 June 2020	30 June 2019

5. CONSOLIDATED INVESTMENT IN MARKETABLE SECURITIES (Fair Value): Tk. 2,691,892,867

Particulars	Position of 2019-2020			Position of 2018-2019		
	Total Cost	Total Market Value	Realized/Unrealized Gain	Total Cost	Total Market Value	Realized/Unrealized Gain
Opening Balance	2,867,854,451	3,013,439,734	145,585,283	2,698,936,285	2,891,208,537	192,272,252
Add: Investment made during the year	347,985,577	(242,106,192)	(590,091,769)	322,503,330	375,676,774	53,173,444
Less: Sold/Disposed off during the year	(71,320,215)	(79,440,675)	(8,120,460)	(153,585,164)	(253,445,577)	(99,860,413)
Closing Balance	3,144,519,813	2,691,892,867	(452,626,946)	2,867,854,451	3,013,439,734	145,585,283

6. PRE-OPERATING EXPENSES Tk. 774,363

This represents expenses has been incurred for registration of Square Lifesciences Ltd.

774,363	-
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7. CONSOLIDATED INVENTORIES: Tk. 5,687,406,329

The break-up is as under:

Raw Materials	1,939,329,998	1,531,223,724
Packing Materials	647,848,732	609,472,347
Work-in-Process	336,441,344	274,303,768
Finished Goods	1,677,371,032	1,226,561,623
Spares & Accessories	629,858,063	551,889,224
Goods- in-Transit	456,557,160	403,061,987
	5,687,406,329	4,596,512,673

The basis of valuation is stated in Note-1 (1.11)

8. CONSOLIDATED TRADE DEBTORS:

1,520,300,337	1,561,818,167
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9. CONSOLIDATED ADVANCES, DEPOSITS & PREPAYMENTS (Considered Good): Tk. 2,727,928,252

This consists of as follows:

Advances:	656,011,060	628,767,658
Employees	204,851,164	189,352,951
Land Purchase	156,782,042	136,907,630
Suppliers	294,377,854	302,507,077
Deposits:	2,026,939,426	1,635,409,050
Value Added Tax	450,096,951	391,426,436
Earnest Money and Security Deposit	298,834,029	269,148,763
Interest on Fixed Deposit Receipts	1,276,320,238	966,890,119
Others	1,688,208	7,943,732
Prepayments:	44,977,766	48,024,476
Office Rent	8,599,751	11,390,890
Insurance Premium	36,378,015	36,633,586
	2,727,928,252	2,312,201,184

10. CONSOLIDATED SHORT TERM LOAN (Un-secured): Tk. 4,884,338,757

This consists of as follows:

(a) Square Textiles Ltd.	3,277,576,394	2,168,788,505
(b) Square Fashions Ltd.	2,411,950	672,588,614
(c) Square Hospitals Ltd.	1,604,350,413	95,693,947
	4,884,338,757	2,937,071,066

Particulars	Amount in Taka	
	30 June 2020	30 June 2019
11. CONSOLIDATED CASH AND CASH EQUIVALENTS: Tk. 32,564,329,438		
This is made up as follows:		
(a) Cash in Hand	2,288,479	6,866,061
(b) Cash at Bank:	32,562,040,959	26,997,172,885
* Current Account	926,999,807	936,817,212
* STD Account	10,763,172,367	2,131,200,472
* Fixed Deposit Account (BD Taka)	17,389,641,491	20,853,809,226
* Fixed Deposit Account (USD)	2,774,822,050	2,283,903,416
* Export Retention Quota Account	305,962,148	702,111,670
* Margin Held Account	401,443,096	89,330,889
	32,564,329,438	27,004,038,946
12. SHARE CAPITAL:	8,442,390,580	7,890,084,660
13. SHARE PREMIUM:	2,035,465,000	2,035,465,000
14. CONSOLIDATED TAX EXEMPTION RESERVE: Tk. 2,211,743,936		
This has been provided as per provisions of section 46B (1) (a) and 46B (2)(a) (i) of the Income Tax Ordinance 1984 which is arrived as follows:		
Opening Balance	2,211,743,936	1,949,557,722
Provision made during the Year	-	262,186,214
Closing Balance	2,211,743,936	2,211,743,936
15. NON CONTROLLING INTEREST: Tk. Nil		
This represents non controlling interest of Square Lifesciences Ltd. and Square Pharmaceuticals Kenya EPZ Ltd. are as follows:		
Paid-up Capital (Investment)	-	-
Retained Earnings	-	-
	-	-
List of Subsidiaries:		
Name of Company	Country of Incorporation	Proportion of Ownership Interest
Square Lifesciences Ltd.	Bangladesh	99.50%
Square Pharmaceuticals Kenya EPZ Ltd.	Kenya	100%
Voting power is not different with proportion of ownership interest. The company is using equity method of accounting in preparation of consolidated financial statements.		
16. CONSOLIDATED DEFERRED TAX LIABILITY: Tk. 1,272,750,021		
This represents provision is made for deferred income tax to pay future income tax liability for temporary differences which is arrived at as follows:		
Opening Balance	1,294,346,873	1,231,133,152
Addition during the Year (Deferred Tax Assets)	(21,596,852)	63,213,721
Closing Balance	1,272,750,021	1,294,346,873
Computation of Deferred Tax for the Year Ended 30 June, 2020:		
A. Property, Plant and Equipments excluding Cost of Land (Carrying Amount)	13,995,217,801	16,495,267,592
B. Property, Plant and Equipments excluding Cost of Land (Tax Base)	8,904,217,715	11,255,256,856
C. Taxable/(Deductable) Temporary Difference (A-B)	5,091,000,086	5,240,010,736
D. Tax Rate	25%	25%
E. Deferred Tax Liabilities as on 30 June, 2020	1,272,750,021	1,294,346,873
F. Deferred Tax Liabilities as on 30 June, 2019	1,294,346,873	1,231,133,152
G. Current Year's Deferred Tax (Assets/Liabilities) (E-F)	(21,596,852)	63,213,721

Particulars	Amount in Taka	
	30 June 2020	30 June 2019
17. CONSOLIDATED TRADE CREDITORS:	553,785,496	716,988,428
This represents amount payable to regular suppliers of raw materials, packing materials, promotional materials etc. All suppliers were paid on a regular basis.		
18. CONSOLIDATED LIABILITIES FOR EXPENSES: Tk. 128,998,444		
This consists of as follows:		
Accrued Expenses	128,384,955	130,754,244
Provision for Gratuity (Note-18.1)	-	108,551,041
Audit Fees	613,489	608,046
	128,998,444	239,913,331
18.1 CONSOLIDATED PROVISION FOR GRATUITY: Tk. Nil		
This is arrived at as follows:		
Opening Balance	108,551,041	-
Add: Provision made for the Year	129,660,704	108,551,041
	238,211,745	108,551,041
Less: Payment made during the Year	(238,211,745)	-
Closing Balance	-	108,551,041
19. CONSOLIDATED LIABILITIES FOR OTHER FINANCE: Tk. 2,558,763,846		
This consists of as follows:		
Sundry Creditors	368,968,264	342,239,409
Unclaimed Dividend	330,431,723	299,496,959
Income Tax (Deduction at Source)	18,346,013	8,948,030
Retention Money	3,711,211	2,819,514
Workers' Profit Participation Fund	859,269,098	802,781,404
Income Tax Payable (Note-19.1)	978,037,537	557,901,454
	2,558,763,846	2,014,186,770
19.1 CONSOLIDATED INCOME TAX PAYABLE: Tk. 978,037,537		
This is arrived at as follows:		
Opening balance	557,901,454	215,699,760
Add: Amount of Square Herbal & Nutraceuticals Ltd. due to Merger	-	30,466,821
Provision made for the Year (Note-27)	4,251,005,177	3,876,979,330
Tax Paid (Including Advance Income Tax during the Year)	(3,830,869,094)	(3,565,244,457)
	978,037,537	557,901,454

Particulars	Amount in Taka	
	2019-2020	2018-2019
20. CONSOLIDATED GROSS REVENUE: Tk. 52,926,218,655		
This consists of as follows:		
Square Pharmaceuticals Ltd.	52,926,218,655	44,595,486,334
Square Formulations Ltd. (Jul'2018-Dec'2018)	-	6,271,381,018
	52,926,218,655	50,866,867,352
21. CONSOLIDATED COST OF GOODS SOLD: Tk. 22,536,669,960		
This is arrived at as follows:		
Raw Materials Consumed	21.1 9,807,160,256	10,055,691,168
Packing Materials Consumed	21.2 5,307,449,728	4,722,238,942
	15,114,609,984	14,777,930,110
Work-in-Process (Opening)	274,303,768	258,840,704
Opening Work-in-Process of Square Herbal & Nutraceuticals Ltd.	-	4,947,065
Work-in-Process (Closing)	(336,441,344)	(274,303,768)
TOTAL CONSUMPTION	15,052,472,408	14,767,414,111
Factory Overhead	21.3 6,682,225,865	6,301,726,817
COST OF PRODUCTION	21,734,698,273	21,069,140,928
Purchase of Finished Goods	1,442,183,005	1,200,039,922
Finished Goods (Opening)	1,226,561,623	1,195,194,484
Opening Finished Goods of Square Herbal & Nutraceuticals Ltd.	-	17,037,811
Finished Goods (Closing)	(1,677,371,032)	(1,226,561,623)
	22,726,071,869	22,254,851,522
Cost of Product Destruction	(20,800,052)	-
Cost of Physician Sample	(168,601,857)	(163,467,171)
	22,536,669,960	22,091,384,351
21.1 CONSOLIDATED RAW MATERIALS CONSUMED: Tk. 9,807,160,256		
This is arrived at as follows:		
Opening Stock	1,531,223,724	1,389,487,814
Opening Stock of Square Herbal & Nutraceuticals Ltd.	-	49,030,640
Purchase	10,215,266,530	10,148,396,438
Closing Stock	(1,939,329,998)	(1,531,223,724)
	9,807,160,256	10,055,691,168
21.2 CONSOLIDATED PACKING MATERIALS CONSUMED: Tk. 5,307,449,728		
This is arrived at as follows:		
Opening Stock	609,472,347	548,723,855
Opening Stock of Square Herbal & Nutraceuticals Ltd.	-	16,295,522
Purchase	5,345,826,113	4,766,691,912
Closing Stock	(647,848,732)	(609,472,347)
	5,307,449,728	4,722,238,942

Particulars	Amount in Taka	
	2019-2020	2018-2019
21.3 CONSOLIDATED FACTORY OVERHEAD: Tk. 6,682,225,865		
This is made up as follows:		
Salaries, Allowances and Wages	2,073,738,468	1,837,277,497
Factory Employees Free Lunch	129,662,859	122,222,783
Factory Staff Uniform	75,800,918	63,100,504
Travelling & Conveyance	44,580,671	42,483,265
Printing & Stationery	64,143,848	59,753,163
Postage, Telephone & Fax	8,223,015	8,033,508
Repairs & Maintenance	955,836,619	969,736,269
Laboratory Consumable Stores	346,170,258	345,367,449
Fuel, Petrol, Light Diesel etc.	258,791,426	240,762,140
Electricity, Gas & Water	691,803,515	538,516,989
Rental Expense	1,351,729	12,997,304
Municipal & Other Tax	10,785,339	9,696,652
Insurance Premium	22,332,387	22,743,754
Factory Sanitation Expenses	54,025,942	57,238,110
Depreciation	1,624,851,551	1,723,019,183
Security Services	68,078,943	52,232,133
Research & Development	161,382,209	122,590,710
Software & Hardware Support Services	76,456,189	62,892,852
Toll Charges	12,151,957	9,640,705
Other Expenses	2,058,022	1,421,847
	6,682,225,865	6,301,726,817
22. CONSOLIDATED SELLING & DISTRIBUTION EXPENSES: Tk. 7,382,790,764		
This is made up as follows:		
Salaries and Allowances	1,333,576,434	1,194,607,091
Travelling and Conveyance	122,303,430	110,388,860
Training Expenses	3,698,403	3,268,850
Printing and Stationery	69,789,782	65,200,041
Postage, Telephone, Fax & Telex	79,291,432	62,684,478
Electricity, Gas and Water	26,410,711	28,812,996
Tiffin and Refreshment	27,893,005	25,578,471
Staff Uniform	7,003,481	5,139,460
Sanitation Expenses	9,988,877	8,296,629
Office and Godown Rent	26,205,830	21,406,299
Lease Rent	2,649,600	2,649,600
Bank Charges	10,512,464	12,370,206
Repairs and Maintenance including car maintenance	428,272,845	393,003,642
Govt. Taxes and Licence Fees	42,349,047	35,696,734
Field Staff Salaries, Allowances, TA and DA	2,010,348,164	1,747,280,719
Marketing Expenses	745,828,799	700,626,688
Advertisement	384,319	697,500
Delivery and Packing Expenses	116,838,669	107,727,671
Export Expenses	154,640,680	135,510,161
Special Discount	1,156,381,414	967,666,913
Sample Expenses	228,088,118	220,474,725
Security Services	75,526,697	72,588,237
Depreciation	190,808,126	194,779,298
Software, Hardware Support & VSAT Services	47,770,753	37,390,961
Insurance Premium	4,513,502	4,113,237
Faulty & Obsolete Goods	50,032,972	51,943,116
Business Development Expenses	411,683,210	393,844,873
	7,382,790,764	6,603,747,456

Particulars	Amount in Taka	
	2019-2020	2018-2019
23. CONSOLIDATED ADMINISTRATIVE EXPENSES: Tk. 1,226,459,468		
This consists of as follows:		
Salaries and Allowances	415,010,108	379,458,433
Directors' Remuneration	59,359,563	69,946,924
Travelling and Conveyance	114,180,513	146,156,670
Training Expenses	8,452,242	10,357,791
Printing and Stationery	16,944,490	16,132,527
Postage, Telephone, Internet	10,462,859	10,436,143
Electricity, Gas & Water	20,911,481	27,560,121
Tiffin and Refreshment	62,345,186	59,594,013
Staff Uniform	2,703,440	2,376,294
Office Rent	15,297,968	15,201,375
Lease Rent	3,383,686	3,998,391
Sanitation Expenses	6,072,891	5,149,271
Books and Periodicals	618,026	603,951
Subscription and Donation	7,240,074	10,510,435
Advertisement	8,320,170	5,426,524
Repairs and Maintenance	186,405,996	160,153,704
Bank Charges	14,048,505	17,155,009
Insurance Premium	15,878,526	13,909,598
Govt. Taxes, Stamp Duty & Licence Fee	9,379,066	9,619,699
Security Services	39,276,512	45,677,125
Management Consultant Fees	958,750	267,500
Legal Charges	1,504,425	3,522,850
Audit Fees	591,006	618,103
Depreciation	154,466,395	109,917,933
Annual General Meeting Expenses	1,183,286	729,584
Software & Hardware Support Services	47,972,093	65,447,155
Share Demat, Remat & Transfer Fees	1,771,498	4,763,980
Other Expenses	1,720,713	1,277,286
	1,226,459,468	1,195,968,389
24. CONSOLIDATED FINANCE COST: Tk. 107,090		
This is made up as follows:		
Interest on Overdraft	107,090	84,716
	107,090	84,716
25. CONSOLIDATED OTHER INCOME: Tk. 3,126,430,063		
This is arrived at as follows:		
Bank Interest	2,614,933,410	1,666,963,756
Interest on Loan to Sister Concern	298,434,170	183,947,672
Rental Income	1,322,544	1,322,544
Sale of Scrap	31,943,738	30,331,300
Dividend	51,673,126	185,875,172
Foreign Exchange Fluctuation Gain	(697,629)	37,310,826
Commission Received	-	51,150,205
Gain on Redemption of Zero Coupon Bond	108,206,035	34,913,193
Gain/(Loss) on Marketable Securities (Realized)	(8,120,460)	99,860,413
Cash Incentive Received against Export	355,045	-
	3,098,049,979	2,291,675,081
Consolidated Profit on Sale of Property, Plant & Equipment (Note-31)	28,380,084	18,685,013
	3,126,430,063	2,310,360,094

Particulars	Amount in Taka	
	2019-2020	2018-2019
26. CONSOLIDATED ALLOCATION FOR WPPF AND WF:	859,269,098	791,921,561
This represents 5% of Net Profit before Tax after charging the allocation as per provisions of the Companies Profit under Labour Law 2006, Chapter-15.		
27. CONSOLIDATED INCOME TAX EXPENSES-Current: Tk. 4,251,005,177		
Current Tax (Provision for the Year)	4,251,005,177	3,876,979,330
28. PROFIT FROM ASSOCIATES UNDERTAKING: Tk. 586,239,690		
This is arrived at as follows:		
a) Square Textiles Ltd.	23,808,913	160,603,354
b) Square Fashions Ltd.	497,118,931	689,201,306
c) Square Hospitals Ltd.	65,311,846	81,901,642
	586,239,690	931,706,302
29. CONSOLIDATED GAIN/(LOSS) ON MARKETABLE SECURITIES (UNREALIZED): Tk. (598,212,229)		
Unrealized Gain/(Loss) Position (Closing)	(452,626,946)	145,585,283
(-) Unrealized Gain/(Loss) Position (Opening)	145,585,283	192,272,252
Gain/(Loss) on Marketable Securities during the Year	(598,212,229)	(46,686,969)
30. CONSOLIDATED EARNINGS PER SHARE (EPS): Tk. 15.82		
The computation is given below:		
Surplus for the year attributable to Shareholders (Net Profit After Tax)	13,354,413,889	12,645,724,268
Weighted average number of Shares outstanding during the year	844,239,058	844,239,058
Earnings per Share	15.82	14.98

Previous year's EPS has been restated due to issue of bonus share. Actual EPS for 2018-2019 was Tk. 16.03

31. CONSOLIDATED PARTICULARS OF DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR JUL'2019-JUN'2020:

Particulars of Assets	Cost	Acc. Depreciation Upto 30-06-2020	Written Down Value as on 30-06-2020	Sales Price	Profit/(Loss)
Laboratory Equipment	232,040	190,280	41,760	70,000	28,240
Motor Vehicle	54,832,025	36,469,214	18,362,811	30,312,701	11,949,890
Motor Cycle	59,103,350	45,145,635	13,957,715	30,359,669	16,401,954
	114,167,415	81,805,129	32,362,286	60,742,370	28,380,084

Particulars	Amount in Taka	
	2019-2020	2018-2019

32. CONSOLIDATED NET ASSET VALUE PER SHARE (NAV): Tk. 91.57

The computation is given below:

Equity Attributable to the Ordinary Shareholders	77,305,843,913	67,880,617,172
Weighted average number of Shares outstanding during the year	844,239,058	844,239,058
Net Asset Value Per Share (NAV)	91.57	80.40

33. CONSOLIDATED RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES:

Profit after Tax	12,768,174,199	11,720,694,839
Adjustment to Reconcile Net Profit to Net Cash Provided by Operating Activities:		
Non-Cash Expenses:	1,968,582,570	2,058,487,481
Depreciation	1,970,126,072	2,027,716,414
Exchange Gain/Loss	20,053,350	(32,442,654)
Deferred Tax	(21,596,852)	63,213,721
Non-Operating Items:	(3,110,645,726)	(2,190,245,218)
Dividend Income	(51,673,126)	(185,875,172)
Others	(3,058,972,600)	(2,004,370,046)
Changes in Working Capital:	(865,339,106)	802,856,169
(Increase)/Decrease in Inventories	(1,090,893,656)	(39,425,556)
(Increase)/Decrease in Trade Debtors	41,517,830	54,583,395
(Increase)/Decrease in Advances, Deposits and Prepayments	(86,422,537)	271,280,093
Increase/(Decrease) in Trade Creditors	(163,202,932)	168,025,634
Increase/(Decrease) in Liabilities for Expenses	(110,914,887)	150,248,239
Increase/(Decrease) in Liabilities for Other Finance	544,577,076	198,144,364
Net Cash Generated from Operating Activities	10,760,771,937	12,391,793,271

34. CONSOLIDATED NET OPERATING CASH FLOW PER SHARE (NOCF): Tk. 12.75

The computation is given below:

Net Cash Generated from Operating Activities	10,760,771,937	12,391,793,271
Weighted average number of Shares outstanding during the year	844,239,058	844,239,058
Net Operating Cash Flow Per Share (NOCF)	12.75	14.68

SQUARE PHARMACEUTICALS LTD.

Consolidated Property, Plant and Equipment-Carrying Value: **Tk. 20,873,698,301**

Schedule-01

PARTICULARS	COST			DEPRECIATION			Net Book Value as at 30 June 2020	Rate of Dep.	
	At 30 June 2019	During the year		At 30 June 2019	During the year				At 30 June 2020
		Additions	Sales/Transfer		Charged	Sales/Transfer			
FACTORIES:									
Land	3,524,672,274	290,121,725	-	3,814,793,999	-	-	3,814,793,999	-	
Building	8,212,188,828	638,196,345	-	8,850,385,173	4,056,004,777	428,136,655	4,366,243,741	10%	
Boundary Wall	593,903	-	-	593,903	367,051	22,685	204,167	10%	
Plant & Machinery	14,733,220,055	420,532,805	-	15,153,752,860	9,191,649,770	869,041,385	5,093,061,705	15%	
Laboratory Equipment	2,171,446,929	60,534,305	232,040	2,231,749,194	924,987,039	128,773,868	1,178,178,567	10%	
Furniture & Fixture	908,949,545	52,096,076	-	961,045,621	385,940,877	54,431,323	520,673,421	10%	
Office Equipment	642,293,111	26,026,201	-	668,319,312	266,619,964	39,069,843	362,629,505	10%	
Computer	202,752,262	10,673,838	-	213,426,100	71,453,977	14,883,272	127,088,851	10%	
Motor Vehicles	449,395,402	39,860,000	17,060,000	472,195,402	272,011,791	37,071,028	170,080,239	20%	
Motor Vehicle-Lease	2,085,000	-	-	2,085,000	2,015,309	13,938	55,753	20%	
Electromechanical Equipments	1,099,746,687	-	-	1,099,746,687	848,093,337	37,748,002	213,905,348	15%	
Electrical Installation	217,766,901	7,382,718	-	225,149,619	132,278,354	12,994,622	79,876,643	15%	
Gas Line Installation	52,136,796	6,607,143	-	58,743,939	34,852,002	2,664,930	21,227,007	15%	
Sub-Total	32,217,247,693	1,552,031,156	17,292,040	33,751,986,809	16,186,274,248	7,157,936	15,948,018,946		
HEAD OFFICE & OTHERS:									
Land	1,880,155,003	15,880,377	-	1,896,035,380	-	-	1,896,035,380	-	
Building	892,573,847	1,500,000	-	894,073,847	351,030,659	54,204,867	488,838,321	10%	
Boundary Wall	10,855,163	3,980,730	-	14,835,893	5,358,690	698,164	8,779,039	10%	
Furniture & Fixture	160,576,600	7,319,186	-	167,895,786	73,028,036	9,177,984	85,689,766	10%	
Office Equipment	93,888,425	12,018,578	-	105,907,003	57,805,683	4,552,089	43,549,231	10%	
Computer	352,070,507	11,817,232	-	363,887,739	137,499,636	22,903,245	203,484,858	10%	
Motor Vehicle	1,534,134,086	204,112,139	37,772,025	1,700,474,200	876,799,316	148,970,072	704,206,370	20%	
Motor Vehicle-Lease	118,472,040	-	-	118,472,040	108,626,704	1,969,067	7,876,269	20%	
Motor Cycle	477,426,705	76,110,330	59,103,350	494,433,685	245,857,630	52,400,181	241,321,509	20%	
Books & Periodicals	528,794	-	-	528,794	528,700	28	66	30%	
SAP Software	148,024,164	-	-	148,024,164	98,533,014	49,491,150	3,101,577	20%	
VSAT	7,559,700	-	-	7,559,700	4,113,503	344,620	3,190,640	10%	
Electrical Installation	16,358,915	-	-	16,358,915	12,605,221	563,054	3,190,640	15%	
Sub-Total	5,692,623,949	332,738,572	96,875,375	5,928,487,146	1,971,786,792	345,274,521	3,686,073,026		
Grand Total Tk.	37,909,871,642	1,884,769,728	114,167,415	39,680,487,955	18,158,061,040	1,970,126,072	19,634,091,972		
Property, Plant & Equipment in Transit	269,664,258	923,202,547	677,909,749	514,957,056	-	-	514,957,056	-	
Building under Construction	738,961,004	312,007,442	632,815,084	418,153,362	-	-	418,153,362	-	
Capital Work in Progress	93,520,406	218,826,827	5,851,322	306,495,911	-	-	306,495,911	-	
Carrying Value as on June 30, 2020	39,012,017,310	3,338,806,544	1,430,743,570	40,920,080,284	18,158,061,040	1,970,126,072	20,873,698,301		

SQUARE PHARMACEUTICALS LTD.

Consolidated Property, Plant and Equipment-Carrying Value: **Tk. 20,853,956,270**

Schedule-01-a

PARTICULARS	COST				DEPRECIATION				Net Book Value as at 30 June 2019	Rate of Dep.
	At 30 June 2018	During the year			At 30 June 2018	During the year		At 30 June 2019		
		Additions due to Merger	Additions	Sales/Transfer		Additions due to Merger	Charged			
FACTORIES:										
Land	2,934,341,392	182,666,012	412,504,425	4,839,554	3,524,672,275	-	-	-	3,524,672,275	-
Building	7,311,973,691	305,647,705	594,567,432	-	8,212,188,828	3,499,639,241	116,458,787	4,056,004,777	4,156,184,051	10%
Boundary Wall	593,903	-	-	-	593,903	341,845	-	367,051	226,852	10%
Plant & Machinery	12,288,505,463	2,167,691,056	308,531,442	31,507,905	14,733,220,056	7,398,164,920	961,067,776	9,191,649,770	5,541,570,286	15%
Laboratory Equipment	1,690,183,085	345,635,209	135,628,636	-	2,171,446,930	682,378,788	126,247,674	924,987,039	1,246,459,891	10%
Furniture & Fixture	609,037,542	248,065,204	51,846,797	-	908,949,543	261,214,015	79,290,404	385,940,877	523,008,666	10%
Office Equipment	375,638,008	226,486,249	40,168,855	-	642,293,112	152,768,701	82,695,597	266,619,964	375,673,148	10%
Computer	163,697,273	10,925,966	28,129,023	-	202,752,262	53,310,106	3,846,559	71,453,977	131,298,285	10%
Motor Vehicles	411,987,902	9,310,000	46,282,500	18,185,000	449,395,402	239,397,477	4,322,347	272,011,791	177,383,611	20%
Motor Vehicle-Lease	2,085,000	-	-	-	2,085,000	1,997,886	-	2,015,309	69,691	20%
Electromechanical Equipments	560,310,601	539,436,086	-	-	1,099,746,687	537,070,833	288,733,872	848,093,337	251,653,350	15%
Electrical Installation	84,425,119	125,821,782	7,520,000	-	217,766,901	60,309,758	62,617,468	132,278,354	85,488,547	15%
Gas Line Installation	38,873,810	13,262,986	-	-	52,136,796	26,607,579	5,848,395	34,852,002	17,284,794	15%
Sub-Total	26,471,652,789	4,174,948,255	1,625,179,110	54,532,459	32,217,247,695	12,913,201,149	1,731,128,879	15,707,807,475	16,186,274,248	16,030,973,447
HEAD OFFICE & OTHERS:										
Land	1,849,062,530	-	31,092,473	-	1,880,155,003	-	-	-	1,880,155,003	-
Building	885,216,580	-	7,357,267	-	892,573,847	291,180,594	-	351,030,659	541,543,188	10%
Boundary Wall	10,855,163	-	-	-	10,855,163	4,747,971	-	610,719	5,496,473	10%
Furniture & Fixture	150,163,114	377,102	10,036,385	-	160,576,601	63,495,367	250,131	73,028,036	87,548,565	10%
Office Equipment	93,273,411	59,000	556,014	-	93,888,425	53,795,428	36,527	57,805,683	36,082,742	10%
Computer	317,046,833	-	25,709,124	-	342,755,957	115,351,310	20,607,156	135,958,466	206,797,491	10%
Motor Vehicle	1,333,340,109	8,469,586	235,679,391	43,355,000	1,534,134,086	752,723,044	6,817,467	876,799,316	657,334,770	20%
Motor Vehicle-Lease	118,472,040	-	-	-	118,472,040	106,165,370	-	108,626,704	9,845,336	20%
Motor Cycle	430,657,905	-	75,073,400	28,304,600	477,426,705	219,165,807	47,127,480	245,857,630	231,569,075	20%
Books & Periodicals	528,794	-	-	-	528,794	528,660	-	528,700	94	30%
SAP Software	153,438,714	300,000	3,600,000	-	157,338,714	86,421,422	156,000	100,074,184	57,264,530	20%
VSAT	7,559,700	-	-	-	7,559,700	3,730,592	-	4,113,503	3,446,197	10%
Electrical Installation	16,358,915	-	-	-	16,358,915	11,942,804	-	12,605,221	3,753,694	15%
Sub-Total	5,365,973,808	9,205,688	389,104,054	71,659,600	5,625,942,150	1,709,248,369	7,260,125	49,418,933	3,720,837,158	
Grand Total Tk.	31,837,626,597	4,184,153,943	2,014,283,164	126,192,059	37,909,871,645	14,622,449,518	1,738,389,004	18,158,061,040	19,751,810,605	
Assets in Transit	70,698,212	-	504,883,454	305,917,408	269,664,258	-	-	-	269,664,258	-
Building under Construction	985,682,670	-	352,931,282	599,652,951	738,961,001	-	-	-	738,961,001	-
Capital Work in Progress	22,164,617	-	71,355,789	-	93,520,406	-	-	-	93,520,406	-
Carrying Value as on June 30, 2019	32,916,172,096	4,184,153,943	2,943,453,689	1,031,762,418	39,012,017,310	14,622,449,518	1,738,389,004	18,158,061,040	20,853,956,270	

Annual Report 2019-2020

Year ended 30 June 2020



Square Pharmaceuticals Ltd.

Standalone

Financial Statement

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Financial Profile



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SQUARE

SQUARE PHARMACEUTICALS LTD.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

Particulars	Notes	Amount in Taka	
		30 June 2020	30 June 2019
ASSETS:			
Non-Current Assets:			
		27,464,045,923	26,770,127,954
Property, Plant and Equipment-Carrying Value	2	20,567,202,390	20,760,435,864
Investment - Long Term (at Cost)	3	4,204,950,666	2,996,252,356
Investment in Marketable Securities (Fair Value)	4	2,691,892,867	3,013,439,734
Current Assets:			
		46,886,757,989	38,291,544,874
Inventories	5	5,687,406,329	4,596,512,673
Trade Debtors	6	1,520,300,337	1,561,818,167
Advances, Deposits and Prepayments	7	2,560,646,884	2,272,974,744
Short Term Loan	8	4,885,090,120	2,937,071,066
Cash and Cash Equivalents	9	32,233,314,319	26,923,168,224
TOTAL ASSETS		74,350,803,912	65,061,672,828
SHAREHOLDERS' EQUITY AND LIABILITIES:			
Shareholders' Equity:			
		69,849,980,823	60,806,054,977
Share Capital	10	8,442,390,580	7,890,084,660
Share Premium	11	2,035,465,000	2,035,465,000
General Reserve		105,878,200	105,878,200
Tax Exemption Reserve		2,211,743,936	2,211,743,936
Gain on Marketable Securities (Unrealized)		(452,626,946)	145,585,283
Retained Earnings		57,507,130,053	48,417,297,898
Non-Current Liabilities:			
		1,272,750,021	1,294,346,873
Deferred Tax Liability			
	12	1,272,750,021	1,294,346,873
Current Liabilities:			
		3,228,073,068	2,961,270,978
Trade Creditors	13	541,067,905	708,882,266
Liabilities for Expenses	14	128,241,317	238,201,942
Liabilities for Other Finance	15	2,558,763,846	2,014,186,770
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		74,350,803,912	65,061,672,828
Net Assets Value per Share (NAV)	25	82.74	72.02
Number of Shares used to compute NAV		844,239,058	844,239,058

The annexed notes (1-40) form an integral part of these financial statements.

Signed as per our separate report of same date.


Samuel S Chowdhury
 Chairman

Dhaka: 28 October, 2020


Tapan Chowdhury
 Managing Director


Khandaker Habibuzzaman
 Company Secretary


Mahfel Huq & Co.
 Chartered Accountants

SQUARE PHARMACEUTICALS LTD.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Notes	Amount in Taka	
		2019-2020	2018-2019
GROSS REVENUE	16	52,926,218,655	44,595,486,334
Less: Value Added Tax		7,049,769,814	5,909,830,520
NET REVENUE		45,876,448,841	38,685,655,814
COST OF GOODS SOLD	17	(22,536,669,960)	(19,711,065,988)
GROSS PROFIT		23,339,778,881	18,974,589,826
OPERATING EXPENSES:		(8,602,829,820)	(7,749,309,449)
Selling & Distribution Expenses	18	(7,382,790,764)	(6,559,717,827)
Administrative Expenses	19	(1,219,931,966)	(1,189,514,648)
Finance Cost	20	(107,090)	(76,974)
PROFIT FROM OPERATIONS		14,736,949,061	11,225,280,377
Other Income	21	3,307,701,994	3,438,272,847
PROFIT BEFORE WPPF & WF		18,044,651,055	14,663,553,224
Allocation for WPPF & WF	22	(859,269,098)	(698,264,439)
PROFIT BEFORE TAX		17,185,381,957	13,965,288,785
Income Tax Expenses-Current	23	(4,251,005,177)	(3,356,746,041)
Income Tax Expenses-Deferred	12	21,596,852	(45,679,213)
PROFIT AFTER TAX		12,955,973,632	10,562,863,531
Other Comprehensive Income:			
Gain/(Loss) on Marketable Securities (Unrealized)	24	(598,212,229)	(26,427,408)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		12,357,761,403	10,536,436,123
Earnings Per Share (EPS)	26	15.35	12.51
Number of Shares used to compute EPS		844,239,058	844,239,058

The annexed notes (1-40) form an integral part of these financial statements.

Signed as per our separate report of same date.


Samuel S Chowdhury
Chairman

Dhaka: 28 October, 2020


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


Mahfel Huq & Co.
Chartered Accountants

SQUARE PHARMACEUTICALS LTD.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Share Capital	Share Premium	General Reserve	Tax Exemption Reserve	Gain/(Loss) on Marketable Securities (Unrealized)	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
At 01 July 2019	7,890,084,660	2,035,465,000	105,878,200	2,211,743,936	145,585,283	48,417,297,898	60,806,054,977
Total Comprehensive Income (Jul'2019-Jun'2020)	-	-	-	-	(598,212,229)	12,955,973,632	12,357,761,403
Cash Dividend (2018-2019)	-	-	-	-	-	(3,313,835,557)	(3,313,835,557)
Stock Dividend (2018-2019)	552,305,920	-	-	-	-	(552,305,920)	-
At 30 June 2020	8,442,390,580	2,035,465,000	105,878,200	2,211,743,936	(452,626,946)	57,507,130,053	69,849,980,823
Proposed Dividend (Cash @ 47%)						3,967,923,573	
Proposed Dividend (Stock @ 5%)						422,119,520	

FOR THE YEAR ENDED 30 JUNE 2019

Particulars	Share Capital	Share Premium	General Reserve	Tax Exemption Reserve	Gain/(Loss) on Marketable Securities (Unrealized)	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
At 01 July 2018	7,373,910,900	2,035,465,000	105,878,200	-	215,730,933	36,931,891,345	46,662,876,378
Transfer for Merger of Square Formulation Ltd.	-	-	-	2,211,743,936	(43,718,242)	3,991,553,351	6,159,579,045
Transfer for Merger of Square Herbal & Nutraceuticals Ltd.	-	-	-	-	-	101,771,355	101,771,355
Total Comprehensive Income (Jul'2018-Jun'2019)	-	-	-	-	(26,427,408)	10,562,863,531	10,536,436,123
Cash Dividend (2017-2018)	-	-	-	-	-	(2,654,607,924)	(2,654,607,924)
Stock Dividend (2017-2018)	516,173,760	-	-	-	-	(516,173,760)	-
At 30 June 2019	7,890,084,660	2,035,465,000	105,878,200	2,211,743,936	145,585,283	48,417,297,898	60,806,054,977
Proposed Dividend (Cash @ 42%)						3,313,835,557	
Proposed Dividend (Stock @ 7%)						552,305,920	


Samuel S Chowdhury
Chairman

Dhaka: 28 October, 2020


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary

SQUARE PHARMACEUTICALS LTD.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Notes	Amount in Taka	
		2019-2020	2018-2019
Cash Flows From Operating Activities:			
RECEIPTS:			
Collections from Sales		52,909,065,970	46,430,571,626
Exchange Fluctuation Gain/(Loss)		2,216,358	4,868,172
Others		33,621,327	1,061,812,219
		52,944,903,655	47,497,252,017
PAYMENTS:			
Purchase of Raw and Packing Materials		17,028,927,749	13,624,279,051
Manufacturing and Operating Expenses		13,310,516,868	11,231,977,915
Value Added Tax		7,049,769,814	5,909,830,520
Finance Cost		107,090	76,974
Income Tax Expenses		3,830,869,094	3,173,411,708
Workers Profit Participation Fund		802,781,404	856,551,384
Others		30,234,440	110,410,713
		42,053,206,459	34,906,538,265
Net cash Generated from operating activities (A)	36	10,891,697,196	12,590,713,752
Cash Flows From Investing Activities			
Purchase of Fixed Assets		(1,829,129,293)	(1,988,630,413)
Disposal of Fixed Assets		60,742,370	66,594,884
Investment		(3,032,425,685)	132,488,925
Non Controlling Interest (Payment)		-	(209,054,502)
Short Term Loan		(410,519,054)	194,904,297
Gain on Sale of Marketable Securities		(8,120,460)	76,949,340
Interest Received		2,712,143,496	1,407,175,500
Dividend Received		234,546,484	358,507,847
		(2,272,762,142)	38,935,878
Net cash used/provided by investing activities (B)			
Cash Flows From Financing Activities			
Dividend Paid		(3,313,835,557)	(2,654,607,924)
Net cash used by financing activities (C)		(3,313,835,557)	(2,654,607,924)
Increase in Cash and Cash Equivalents (A+B+C)		5,305,099,497	9,975,041,706
Net Effect of Foreign Currency Translation on Cash and Cash Equivalents		5,046,598	31,625,635
Cash and Cash Equivalents at the Opening of SFRL		-	127,850,615
Cash and Cash Equivalents at the Opening of SHNL		-	84,685,564
Cash and Cash Equivalents at the beginning of Year		26,923,168,224	16,703,964,704
Cash and Cash Equivalents at the ending		32,233,314,319	26,923,168,224
Net Operating Cash Flow per Share (NOCFPS)	37	12.90	14.91
Number of Shares used to compute NOCFPS		844,239,058	844,239,058


Samuel S Chowdhury
Chairman

Dhaka: 28 October, 2020


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary

SQUARE PHARMACEUTICALS LTD.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION

1.1 Legal Form Of The Company:

Square Pharmaceuticals Ltd. was incorporated on November 10, 1964 under the Companies Act 1913 as private ltd. Company and it was converted into a Public Limited Company in 1991 and offered its share to the public with the approval of the Bangladesh Securities and Exchange Commission in the month of December 1994. The shares of the company are listed in the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

1.2 Address Of Registered Office And Factories:

The registered office of the company is situated at "Square Centre" 48, Mohakhali Commercial Area, Dhaka-1212, Bangladesh. Factory address of the company and it's subsidiary are as follows:

Square Pharmaceuticals Ltd.	1) Pabna Site : Square Road, Salgaria, Pabna, Bangladesh.
	2) Dhaka Site : Kaliakoir, Gazipur, Bangladesh.

1.3 Nature Of Business Activities:

The company is engaged in manufacturing and marketing of generic pharmaceuticals products, basic chemical products and animal health products. The company is also engaged in marketing of pesticide products.

1.4 Basis Of Preparation And Presentation Of Financial Statements:

The elements of financial statements have been measured on "Historical Cost" convention in a going concern concept and on accrual basis in accordance with generally accepted accounting principle and practice in Bangladesh in compliance with the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987, Financial Reporting Acts (2015), listing regulations of Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE), International Accounting Standards (IAS), International Financial Reporting Standard (IFRS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB).

Going concern

When preparing financial statements, management makes an assessment of the company's ability to continue as a going concern. The company prepare financial statements on a going concern basis.

Impact of Covid-19

COVID-19 pandemic and Global automotive industry

The COVID-19 has developed swiftly in 2020, with a significant number of pestilences across the world affecting the economic activities broadly. Being operated in pharmaceutical industry, fewer restrictions have been imposed by the government on Square Pharmaceuticals Ltd., as it conducts the business of lifesaving medicine products. In spite of this epidemic situation, there is no reduction of supply of raw materials, delay in production of drugs and distribution of drugs as of now.

Based on the facts and circumstances known at this moment management believes there is no material uncertainty that may cast any doubt upon the entity's ability to continue as a going concern and hence, whilst uncertain, we do not believe, however, that the impact of the COVID-19 virus would have a material adverse effect on our financial condition or liquidity.

Accrual basis of accounting

The company prepare financial statements, except for cash flow information, using the accrual basis of accounting. Since the accrual basis of accounting is used, the company recognises items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework.

Materiality and aggregation

The company presents separately each material class of similar items. The company presents separately items of a dissimilar nature or function unless they are immaterial. Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature or function.

Offsetting

The company does not offset assets and liabilities or income and expenses, unless required or permitted by an IFRS.

1.5 Principal Accounting Policies:

Specific accounting policies were selected and applied by the company's management for significant transactions and events that have a material effect within the framework of IAS-1 "Presentation of Financial Statements" in preparation and presentation financial statements. The previous years' figures were presented according to the same accounting principles. Compared to the previous year, there were no significant changes in the accounting and valuation principles affecting the financial position and performance of the company. However, changes made to the presentation are explained in the note for each respective item.

Accounting and valuation methods are disclosed for the purpose of clarity. The company classified the expenses using the function of expenses method as per IAS-1.

1.6 Significant accounting policies

Accounting policies set out below have been applied consistently to all years presented in these financial statements. Comparative information has been rearranged wherever considered necessary to conform to the current year's presentation.

Current versus non-current classification

The company presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is current when it is

- i) expected to be realised or intended to be sold or consumed in normal operating cycle, or
- ii) expected to be realised within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is

- ii) due to be settled within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities

1.7 Application of International Accounting Standards (IAS)

The Financial Reporting Act, 2015 (FRA), was enacted in the year 2015. The Financial Reporting Council (FRC) under the FRA was constituted in 2017, but the Financial Reporting Standards (FRS) under this council are yet to be issued for public interest entities.

As FRS is yet to be issued by FRC, as per the provisions of FRA (Section-69), Consolidated and Separate financial statements of the Group and the Company, respectively, have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB).

The following IASs are applicable for the financial statements for the year under review

Name of the standards	Ref.	Status
First-time Adoption of International Financial Reporting Standards	IFRS-1	Not applicable
Share-based Payment	IFRS-2	Not applicable
Business Combinations	IFRS-3	Applied
Insurance Contracts	IFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS-5	Applied
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not applicable
Financial Instruments: Disclosures	IFRS-7	Applied
Operating Segments	IFRS-8	Applied
Financial Instruments	IFRS-9	Applied
Consolidated Financial Statements	IFRS-10	Applied
Joint Arrangements	IFRS-11	Not applicable
Disclosure of Interests in other Entities	IFRS-12	Applied
Fair Value Measurement	IFRS-13	Applied
Revenue from Contracts with Customers	IFRS-15	Applied
Leases	IFRS-16	Applied
Insurance Contracts	IFRS-17	Not applicable
Presentation of Financial Statements	IAS-1	Applied
Inventories	IAS-2	Applied
Statement of Cash Flows	IAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Construction Contracts	IAS-11	Applied
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	IAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Not Applicable
Related Party Disclosures	IAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	Not Applicable
Separate Financial Statements	IAS-27	Applied
Investments in Associates & Joint venture	IAS-28	Applied
Interests in Joint Ventures	IAS-31	Not Applicable
Financial Instruments: Presentation	IAS-32	Applied
Earnings per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Not Applicable
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Not Applicable
Financial Instruments: Recognition and Measurement	IAS-39	Not Applicable
Investment property	IAS-40	Not Applicable
Agriculture	IAS-41	Not Applicable

1.8 Property, Plant and Equipment

Recognition and Measurement

- a) Fixed assets have been shown at cost less accumulated depreciation as per IAS 16: "Property Plant and Equipment" except land, which is measured at cost.
- b) The cost of an item of property plant and equipment is recognized as an assets if and only if: It is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

Initial cost

The initial cost of an item of property plant and equipment includes its purchase price, and any directly attributable cost such as import duties, non-refundable vat/ taxes, duties and any cost to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequent cost

The cost of replacing part of an item of fixed assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of fixed assets are recognized in profit or loss as incurred.

Impairment of Non-Current Assets (IAS-36)

The carrying values of all non-current assets are reviewed for impairment, either on a stand-alone basis or as part of a larger cash generating unit, when there is an indication that the assets might be impaired. Additionally, Goodwill, Intangible Assets with indefinite useful lives and Intangible Assets which are not yet available for use are tested for impairment annually. Any provision for impairment is charged to the Income Statement in the year concerned.

Intangible Assets**Recognition and measurement**

Intangible assets that are acquired by the company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Intangible assets are recognised when all the conditions for recognition as per IAS 38 Intangible Assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

Capital work in progress

Capital work in progress consists of unfinished work at sites and capital inventory. Spare parts expected to be used for more than one year are treated as capital work in progress. In case of import of components, capital work in progress is recognised when risks and rewards associated with such assets are transferred to the company.

1.9 Depreciation:

No depreciation is charged on freehold land and on Capital Work-in-Progress. Depreciation is charged on all other fixed assets on a reducing balance method. Depreciation of an asset begins when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date that the assets are derecognized.

The rates at which assets are depreciated per annum, depending on the nature and estimated useful life of assets are given below:

Particulars	Rate
Building and Other Construction	10%
Boundary Wall	10%
Plant & Machinery	15%
Laboratory & Office Equipment	10%
Furniture & Fixture	10%
Motor Vehicle	20%
Motor Cycle	20%
Electromechanical Equipments	15%
Electrical Installation	15%
Gas Line Installation	15%
Books & Periodicals	30%
Computer & VSAT	10%
Software	20%

1.10 Financial Instruments:

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

Financial Assets

Financial assets of the company include cash and cash equivalents, equity instrument of another entity, trade receivable and other receivables. The company initially recognizes receivable on the date they are originated. All other financial assets are recognized initially on the date at which the company become a party to the contractual provisions of the transaction. The company derecognizes a financial assets when and only when contractual rights or probabilities of receiving the cash flows from the assets expire or it transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and reward of ownership of the financial assets are transferred.

Cash and Cash Equivalents

Cash and cash equivalents comprises cash in hand, in transit and with banks on current and deposit accounts that are subject to an insignificant risk of changes in their fair value and are used by the company without any restriction.

Available for Sale of Financial Assets

Available for sale of financial assets comprise equity security are non-derivative financial assets that are recognized initially at fair value plus any attributable transactions costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in Other Comprehensive Income and presented gain on marketable securities (unrealized).

Trade Receivable

Trade receivable measured at amortized cost are carried at the original invoice amount less actual unrealized credit losses. Expected credit losses are calculated at actual when it is occurred in accordance with the simplified approach permitted by IFRS 9. The expected credit loss varies depending on whether and the extent to which settlement of the trade receivables is over due and it is also adjusted as appropriate to reflect current economic conditions and estimates of future conditions. For the purpose of determining credit losses, customers are classified into groupings that have similar loss patterns. The key drivers of the credit losses are the nature of the business unit and the location and type of customer.

Financial Liabilities

The company initially recognizes financial liabilities on the transaction date at which the company become a party to the contractual provisions of the liability. The company derecognizes a financial liability when it's contractual obligations are discharged or cancelled or expired. Financial liabilities are recognized initially at fair value less any directly attributable transactions costs. Subsequently to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities include loan and borrowing, trade creditors, liabilities for expenses and liabilities for other finance.

1.11 Inventories:

Inventories are stated at the lower of cost or net realizable value as per IAS-2.

Types of Stock	Basis of Valuation
Raw Materials, Packing Materials and Work-in-Process	Weighted Average Cost
Finished Goods	At lower of cost or net estimated realizable value
Spares & Accessories	Weighted Average Cost
Goods-in-Transit	At Cost

The cost is determined on weighted average cost basis. Net realizable value is based on estimated selling price less any further costs anticipated to be incurred to make the sale. Any obsolete stock or abnormal losses are recognized as expenses.

1.12 Income Taxes Expenses:

Income tax expense comprises current and deferred tax. It is recognised in profit and loss except to the extent that it relates to items recognised directly in equity and profit or loss.

Current Income Tax

Current income tax is expected tax payable on the taxable income for the year and any shortfall of previous years. The company is a "Publicly Traded Company"; hence Tax Rate is applicable @25%.

Deferred Tax

Deferred tax is recognised in compliance with IAS 12 Income Taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and amounts used for taxation purpose. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the date of statement of financial position. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

1.13 Employees Benefit Plans:

The company maintains both defined contribution plan (provident fund) and defined benefit plan (for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective trust deeds and rules. Both of the plans are funded and are recognised/approved under Income Tax Ordinance 1984.

(a) Defined contribution plan (provident fund)

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contribution to defined contribution plans are recognised as an employee benefit expense in profit or loss in the period during which related services are rendered by employees. Advance contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which employees render the services are discounted to the present value.

Square Pharmaceuticals Ltd. has a separate recognised provident fund scheme. All permanent employees of the company contribute 10% of their basic salary to the provident fund and the company makes matching contributions.

The company recognises contribution to defined contribution plan as an expense when an employee has rendered related services in exchange for such contribution. The legal and constructive obligation is limited to the amount Square Pharmaceuticals Ltd. agrees to contribute to the fund.

(b) Defined benefit plan (gratuity fund)

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The employee gratuity plan is considered as defined benefit plan as it meets the recognition criteria. The company's obligation is to provide the agreed benefits to current and former employees.

The net defined benefit liability (asset) in respect of a defined benefit plan is recognised in the statement of financial position. The net defined benefit liability (asset) is made up of:

- i) the present value of defined benefit obligation; less
- ii) the fair value of plan assets; adjusted for
- iii) any effect of limiting a net defined benefit asset to the asset ceiling.

Present value of defined benefit obligation will determined by professional actuary.

Current service cost, past service cost and gain/loss on settlement and net interest on the net defined benefit liability (asset) will be recognised in profit or loss. Service cost and gain/loss on settlement will be classified as personnel expense and net interest on the net defined benefit liability (asset) will be classified as financial expense.

Remeasurements of the net defined liability (asset) are recognised in other comprehensive income, comprising:

- i) actuarial gains and losses;
- ii) return on plan asset, excluding amounts included in net interest on the net defined benefit liability (asset); and
- iii) any change in the effect of the asset ceiling excluding amounts included in net interest on the net defined benefit liability (asset).

Relevant tax impacts of such remeasurements are also recognised under other comprehensive income.

Group Insurance

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

Workers Profit Participation Fund and Welfare Fund

The company makes a regular allocation of 5% on Net Profit before tax to these funds and payment is made to the workers as per provisions of Labour Law 2006 Chapter-15.

1.14 Revenue**Revenue from Contracts with Customers**

Revenue is recognized when invoice for products and service are made and the significant risk and reward of ownership are transferred to the distributor, recovery of the consideration is probable, associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. The five step model has been complied in case of revenue recognition.

The five step model consists of:

1. Identification of contract(s) with a customer
2. Identification of performance obligation
3. Determination of transaction price
4. Allocation of transaction price to separate performance obligations
5. Recognition of revenue when entity satisfies performance obligations

(a) Sales of Goods:

In compliance with the requirements of IFRS-15 revenue is recognized for local sales of Pharmaceuticals Drugs and Medicines, AgroVet Products, Pesticide Products and Herbal & Nutraceutical Products at the time of delivery from depot and Exports of Pharmaceuticals Drugs and Medicines at the time of delivery from Factory Godown. Local sales of Basic Chemical Products are recognized at the time of delivery from Factory Godown. Revenue is recognized when goods are supplied to external customers against orders received, title and risk of loss is transferred to the customer, reliable estimates can be made of relevant obligations have been fulfilled, such that the earnings process is regarded as being completed.

(b) Dividend income is recognized when the right to received payment is established.

(c) Interest income is recognized when accrued on a time proportion basis.

1.15 Adoption Of New IFRS:

IFRS-16 "Leases"

The Company entered into lease agreements with lessors to use building floor space for business purposes. It does not includes any Machinery, Copy Right, Software, Vehicles etc. The contracts are one-year cancellable (both parties three months notice period). The contracts does not offer any buying option, commitment to buy or any assurance of post use minimum market price for the used floors. Considering exemptions allowed in IFRS-16 (shorter contract tenor and small amount of rental expenses in respect to total revenue, the rental agreements are not considered as finance lease.

Contract Term 01 Year	Amount of Rental Expenses
	42,855,527

1.16 Foreign Currency Transactions:

Foreign currencies are translated into taka at the exchange rates ruling on the date of transactions in accordance with IAS-21 "The Effects of Changes in Foreign Exchange Rates". Bank deposit in foreign currency for retention quota account has been translated into taka at the year end at the rate of exchange ruling on that date and gain/(loss) have been accounted for as other income/(loss) in the Income Statement. Conversion Rate USD 1 = BDT 83.95.

1.17 Statement Of Cash Flows:

Statement of Cash Flows is prepared in accordance with IAS-7 under direct method and as outlined in the Securities and Exchange Rule 1987.

1.18 Earnings per Share (EPS):

Earnings per Share has been calculated by dividing the earnings attributable to the weighted average number of ordinary shares outstanding during the year in accordance with the International Accounting Standard IAS-33.

Weighted Average Number of Ordinary Shares Outstanding during the year

The Bonus Shares issued during the year 2018-2019 were treated as if they had been in issue in previous years also. Hence, in computing the Earnings per Share (EPS) of 2019-2020, the total number of shares including the said bonus shares has been considered as the Weighted Average Number of Shares Outstanding during the year 2018-2019.

Diluted Earnings per Share

No diluted Earnings per Share was required to be calculated for the year under review as there is no scope for dilution of Earnings Per Share for the year.

1.19 Borrowing Cost:

The company capitalises borrowing cost for new projects such as interest on term loan and other related fees/charges for the period till to commencement of commercial operation and charges the cost to revenue account as financial expenses after commencement of the commercial operation.

1.20 Concentration Of Counterparty Risk:

As of June 30, 2020, the company does not have any significant concentration of business transacted with a particular customer, supplier or lender that could, if suddenly eliminated, have severe impact the company's operations. The company also does not have any concentration of available source of labour, service or licenses or other rights that could, if suddenly eliminated, have severe impact of the operations of the company.

1.21 Net Profit Before Tax:

Net Profit before Tax for the year was not materially affected by:

- transaction of a nature not usually undertaken by the Company;
- circumstances of an exceptional or non-recurring nature;
- charges or credits relating to prior years; and
- changes in accounting policies.

1.22 Segment Reporting:

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

1.23 Share Premium:

The balance in share premium account shall be utilized in accordance with provisions of the Companies Act 1994 and as directed by the Bangladesh Securities and Exchange Commission in this respect.

1.24 Gain/(Loss) On Marketable Securities (Unrealized) Under Note-4 And 24:

It is derived mainly due to market price of the Marketable Securities. We have accounted of it as per IFRS 9. We have reported unrealized gain/(loss) from Marketable Securities as Other Comprehensive Income in the "Statement of Profit and Loss and Other Comprehensive Income" and in the "Statement of Changes in Equity" which are in conformity with IAS-12 and IFRS-9. According to Income Tax Ordinance 1984, as per Para 2 of Second Schedule, any Capital gain from Marketable Securities (Stock/Debenture listed with Stock Exchange) are subject to Tax @ 15%. We have already accounted for gain realized from Marketable Securities at Other Income which is taxable.

1.25 Provisions, Contingent Liabilities And Contingent Assets:

Provisions were made considering risk and un-certainties at best estimate of the probable expenditure that would require to meet the current obligation at the date of statement of financial position.

Contingent liabilities and assets are current or possible obligations or on liabilities or assets, arising from past events and existence of which depends upon the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. In accordance with IAS 37.

1.26 Research, Development And Experimental Costs:

In compliance with the requirements of IAS 38 "Intangible Assets" research, development and experimental costs are usually absorbed as revenue charges as and when incurred, as being not that much material in the company's and/local context.

1.27 General:

Previous year's figures have been regrouped/reclassified wherever considered necessary to conform to current year's presentation. Figures have been rounded off to the nearest Taka, as the currency represented in this Financial Statements.

1.28 Comparative Information:

Comparative information has been disclosed in respect of the previous year for all numerical information in the current financial statement. Narrative and descriptive information for comparative information have also been disclosed whenever it is relevant for unstanding of current year's financial statements. Previous year's comparative information of the statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows are presented.

Particulars	Amount in Taka	
	30 June 2020	30 June 2019
2. PROPERTY, PLANT AND EQUIPMENT: Tk. 20,567,202,390		
Details of property, plant and equipment and depreciation as at 30 June 2020 are shown in the annexed schedule - 01 This is arrived at as follows:		
Fixed Assets at Cost:		
Opening Balance	38,918,496,904	32,894,007,480
Add: Amount of Square Formulations Ltd. due to Merger	-	3,723,710,402
Add: Amount of Square Herbal and Nutraceuticals Ltd. due to Merger	-	460,443,540
Addition during the Year	3,119,979,717	2,872,097,900
	42,038,476,621	39,950,259,322
Sales/Transfer during the year	(1,424,892,248)	(1,031,762,418)
Closing Balance	40,613,584,373	38,918,496,904
Accumulated Depreciation:		
Opening Balance	18,158,061,040	14,622,449,518
Add: Amount of Square Formulations Ltd. due to Merger	-	1,618,496,456
Add: Amount of Square Herbal and Nutraceuticals Ltd due to Merger	-	119,892,548
Add: Depreciation charged during the Year	1,970,126,072	1,875,504,706
	20,128,187,112	18,236,343,228
Sales/Transfer during the Year	(81,805,129)	(78,282,188)
	20,046,381,983	18,158,061,040
Carrying Value	20,567,202,390	20,760,435,864
Allocation of depreciation charged for the year has been made in the accounts as follows:		
Factory Overhead	1,624,851,551	1,570,807,475
Selling and Distribution Expenses	190,808,126	194,779,298
Administrative Expenses	154,466,395	109,917,933
	1,970,126,072	1,875,504,706
3. INVESTMENT-Long Term (At Cost): Tk. 4,204,950,666		
This consists of the following:		
Subsidiary:		
(a) 4,000,000 Shares in Square Pharmaceuticals Kenya EPZ Ltd.	332,000,000	-
(b) Advance against Share Money Deposit with Square Pharmaceuticals Kenya EPZ Ltd.	493,869,987	216,263,887
	825,869,987	216,263,887
Associates:		
(a) 91,436,679 Ordinary Shares of Tk. 10/- each including Bonus Shares in Square Textiles Ltd.	225,129,795	225,129,795
(b) 199,750 Ordinary Shares of Tk. 1,000/- each in Square Hospitals Ltd.	210,750,000	210,750,000
(c) Advance against Share Money with Square Hospitals Ltd. For 1,537,500 Shares of Tk. 1,000/- each	-	1,537,500,000
(d) Investment in Square Fashions Ltd:	151,200,000	151,200,000
- 252,000 Ordinary Shares of Tk. 100/- each		
- 210,000 Ordinary Shares of Tk. 600/- each *		
	587,079,795	2,124,579,795

Particulars	Amount in Taka	
	30 June 2020	30 June 2019
Others:		
(a) 120,000 Ordinary Shares of Tk.100/- each in United Hospital Ltd.	12,000,000	12,000,000
(b) 5,711,804 Ordinary Shares of Tk. 10/- each including Bonus Shares in Central Depository Bangladesh Ltd.	15,694,430	15,694,430
(c) Advance against Share Money with Square InformatiX Ltd. for 1,000,000 Shares of Tk. 100/- each.	-	100,000,000
(d) 250,002 Zero Coupon Bond in Lanka Bangla Finance Ltd.	33,409,009	104,032,523
(e) 250,000 Zero Coupon Bond in IDLC Finance Ltd.	46,816,693	89,688,142
(f) 200,000 Zero Coupon Bond in Bangladesh Steel Re-Rolling Mills Ltd.	17,246,770	46,650,453
(g) 150,000 Preference Share in Raj Lanka Power Company Ltd.	58,181,820	87,272,730
(h) 5 Non-Convertible Zero Coupon Bond in Shanta Holdings Ltd.	39,145,405	81,618,169
(i) 5 Non-Convertible Zero Coupon Bond in Durable Plastics Ltd.	18,514,976	29,143,864
(j) 100,000 Non-Convertible Zero Coupon Bond in Flamingo Fashions Ltd.	25,497,385	53,606,386
(k) 40 Non-Convertible Zero Coupon Bond in Envoy Textiles Ltd.	25,498,245	35,701,977
(l) 200 Non-Convertible Subordinated Bond in Mutual Trust Bank Ltd.	2,000,000,000	-
(m) 612,620 Zero Coupon Inslamic Certificates in United Mymensingh Power Ltd.	499,996,151	-
	2,792,000,884	655,408,674
	4,204,950,666	2,996,252,356

4. INVESTMENT IN MARKETABLE SECURITIES (Fair Value): Tk. 2,691,892,867

Particulars	Postion of 2019-2020			Postion of 2018-2019		
	Total Cost	Total Market Value	Realized/Unrealized Gain	Total Cost	Total Market Value	Realized/Unrealized Gain
Opening Balance	2,867,854,451	3,013,439,734	145,585,283	2,264,337,192	2,480,068,125	215,730,933
Add: Amount of Square Formulations Ltd. due to Merger	-	-	-	450,660,467	406,942,225	(43,718,242)
Add: Investment made during the year	347,985,577	(242,106,192)	(590,091,769)	276,026,580	326,548,512	50,521,932
Less: Disposed off during the year	(71,320,215)	(79,440,675)	(8,120,460)	(123,169,788)	(200,119,128)	(76,949,340)
Closing Balance	3,144,519,813	2,691,892,867	(452,626,946)	2,867,854,451	3,013,439,734	145,585,283

5. INVENTORIES: Tk. 5,687,406,329

The break-up is as under:

Raw Materials	1,939,329,998	1,531,223,724
Packing Materials	647,848,732	609,472,347
Work-in-Process	336,441,344	274,303,768
Finished Goods	1,677,371,032	1,226,561,623
Spares & Accessories	629,858,063	551,889,224
Goods- in-Transit	456,557,160	403,061,987
	5,687,406,329	4,596,512,673

The basis of valuation is stated in Note-1 (1.11)

6. TRADE DEBTORS: Tk. 1,520,300,337

(i) Trade Debtors occurred in the ordinary course of business are unsecured but considered good. Ageing of the Trade Debtors is as follows:

Below 30 days	1,133,486,354	1,155,819,299
Within 31-60 days	114,965,529	139,437,374
Within 61-90 days	96,572,193	103,711,628
Above 90 days	175,276,261	162,849,866
	1,520,300,337	1,561,818,167

(ii) Debtors include Tk. 459,461,456 due from export sales of which Tk. 268,332,330 has since been realised.

(iii) There was no amount due by the Directors (including Managing Director), Managing Agent of the company and any of them severally or jointly with any other person.

(iv) There was also no other amount due by associate undertakings.

Particulars	Amount in Taka	
	30 June 2020	30 June 2019
7. ADVANCES, DEPOSITS & PREPAYMENTS: Tk. 2,560,646,884		
This consists of as follows:		
Advances:	489,759,302	591,120,002
Employees	204,851,164	189,352,951
Land Purchase	156,782,042	136,907,630
Suppliers	128,126,096	264,859,421
Deposits:	2,025,909,816	1,633,830,266
Value Added Tax	450,096,951	391,426,436
Earnest Money & Security Deposit	297,804,419	267,569,979
Interest on Fixed Deposit Receipts	1,276,320,238	966,890,119
Others	1,688,208	7,943,732
Prepayments:	44,977,766	48,024,476
Office Rent	8,599,751	11,390,890
Insurance Premium	36,378,015	36,633,586
	2,560,646,884	2,272,974,744

(a) Employees advances of Tk. 204,851,164 includes advance to officers Tk. 149,428,423.

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

(c) No amount was due by the associate undertaking.

8. SHORT TERM LOAN (Unsecured): Tk. 4,885,090,120

This consists of as follows:

(a) Square Textiles Ltd.	3,277,576,394	2,168,788,505
(b) Square Fashions Ltd.	2,411,950	672,588,614
(c) Square Hospitals Ltd.	1,604,350,413	95,693,947
(d) Square Lifesciences Ltd.	751,363	-
	4,885,090,120	2,937,071,066

The company has obtained approval on such loans from the board of directors of the company.

9. CASH AND CASH EQUIVALENTS: Tk. 32,233,314,319

This is made up as follows:

(a) Cash in Hand	2,288,479	6,866,061
(b) Cash at Bank:	32,231,025,840	26,916,302,163
* Current Account	595,984,688	855,946,490
* STD Account	10,763,172,367	2,131,200,472
* Fixed Deposit Account (BD Taka)	17,389,641,491	20,853,809,226
* Fixed Deposit Account (USD)	2,774,822,050	2,283,903,416
* Export Retention Quota Account (USD)	305,962,148	702,111,670
* Margin Held Account (USD)	401,443,096	89,330,889
	32,233,314,319	26,923,168,224

Particulars	Amount in Taka	
	30 June 2020	30 June 2019
10. SHARE CAPITAL: Tk. 8,442,390,580		
This is made up as follows:		
Authorised:		
1,000,000,000 Ordinary Shares of Tk.10/- each issued,subscribed and paid-up:	10,000,000,000	10,000,000,000
(a) By Cash:		
10,092,300 Ordinary Shares of Tk.10/- each fully paid-up in cash	100,923,000	100,923,000
(b) Other than Cash:		
40,020 Ordinary Shares of Tk.10/- each fully paid-up for consideration other than cash	400,200	400,200
(c) By issue of Bonus Share:		
834,106,738 Ordinary Shares of Tk.10/- each fully paid-up as Bonus Shares	8,341,067,380	7,788,761,460
	8,442,390,580	7,890,084,660

Composition of Shareholding of Ordinary Shares:

Particulars	2019-2020		2018-2019	
	No. of Shares	%	No. of Shares	%
Sponsors/Directors	291,850,432	34.57	271,635,920	34.43
Foreign Investors	157,132,900	18.61	160,644,201	20.36
Financial and Other Institutions	89,247,301	10.57	78,228,831	9.91
General Public	306,008,425	36.25	278,499,514	35.3
Total	844,239,058	100	789,008,466	100

The Distribution Schedule of each class of Equity Security setting out the number of holders and percentage as on 30 June 2020

Range of Holdings	As per Folio		As per BOID		Total Shareholding	%
	No. of Holders	Holdings	No. of Holders	Holdings		
Less than 500 Shares	641	106,032	35,698	4,661,060	4,767,092	0.57
501 to 5,000 Shares	815	1,426,061	20,185	32,952,743	34,378,804	4.07
5,001 to 10,000 Shares	178	1,222,685	2,629	18,500,268	19,722,953	2.34
10,001 to 20,000 Shares	56	808,367	1,330	18,342,591	19,150,958	2.27
20,001 to 30,000 Shares	13	310,812	466	11,449,454	11,760,266	1.39
30,001 to 40,000 Shares	8	280,271	227	7,815,102	8,095,373	0.96
40,001 to 50,000 Shares	2	91,549	152	6,859,315	6,950,864	0.82
50,001 to 100,000 Shares	14	868,575	252	17,373,481	18,242,056	2.16
100,001 to 1,000,000 Shares	8	2,848,323	259	73,069,287	75,917,610	8.99
Over 1,000,000 Shares	14	438,583,995	60	206,669,087	645,253,082	76.43
Total	1,749	446,546,670	61,258	397,692,388	844,239,058	100

Particulars	Amount in Taka	
	30 June 2020	30 June 2019
11. SHARE PREMIUM:	2,035,465,000	2,035,465,000
12. DEFERRED TAX LIABILITY: Tk. 1,272,750,021		
This represents provision is made for deferred income tax to pay future income tax liability for temporary differences which is arrived at as follows:		
Opening Balance	1,294,346,873	1,126,645,973
Amount of Square Formulations Ltd. due to Merger	-	122,021,687
Addition during the Year (Deferred Tax Assets)	(21,596,852)	45,679,213
Closing Balance	1,272,750,021	1,294,346,873
Computation of Deferred Tax for the Year Ended 30 June 2020:		
A. Property, Plant and Equipments excluding Cost of Land (Carrying Amount)	13,995,217,801	14,390,053,646
B. Property, Plant and Equipments excluding Cost of Land (Tax Base)	8,904,217,715	9,212,666,153
C. Taxable/(Deductable) Temporary Difference (A-B)	5,091,000,086	5,177,387,493
D. Tax Rate	25%	25%
E. Deferred Tax Liabilities as on 30 June 2020	1,272,750,021	1,294,346,873
F. Deferred Tax Liabilities as on 30 June 2019	1,294,346,873	1,126,645,973
G. Deferred Tax Liabilities of Square Formulations Ltd. as on 31 December, 2018	-	122,021,687
H. Current Year's Deferred Tax Liabilities (E-F-G)	(21,596,852)	45,679,213
13. TRADE CREDITORS:	541,067,905	708,882,266
This represents amount payable to regular suppliers of raw materials, packing materials, promotional materials etc. All suppliers were paid on a regular basis.		
14. LIABILITIES FOR EXPENSES: Tk. 128,241,317		
This consists of as follows:		
Accrued Expenses	127,666,317	129,075,901
Provision for Gratuity (Note-14.1)	-	108,551,041
Audit Fees	575,000	575,000
	128,241,317	238,201,942
14.1 PROVISION FOR GRATUITY:		
This consists of as follows:		
Opening Balance	108,551,041	-
Provision made for the Year	129,660,704	108,551,041
	238,211,745	108,551,041
Less: Payment made during the Year	(238,211,745)	-
Closing Balance	-	108,551,041
15. LIABILITIES FOR OTHER FINANCE: Tk. 2,558,763,846		
This is arrived at as follows:		
Sundry Creditors	368,968,264	342,239,409
Unclaimed Dividend	330,431,723	299,496,959
Income Tax (Deduction at Source)	18,346,013	8,948,030
Retention Money	3,711,211	2,819,514
Workers' Profit Participation Fund and Welfare Fund	859,269,098	802,781,404
Income Tax Payable (Note-15.1)	978,037,537	557,901,454
	2,558,763,846	2,014,186,770

Particulars	Amount in Taka	
	30 June 2020	30 June 2019
15.1 INCOME TAX PAYABLE: Tk. 978,037,537		
This is arrived at as follows:		
Opening balance	557,901,454	37,146,534
Add: Amount of Square Formulations Ltd. due to Merger	-	306,953,766
Add: Amount of Square Herbal and Nutraceuticals Ltd. due to Merger	-	30,466,821
Provision made for the Year (Note-23)	4,251,005,177	3,356,746,041
Tax Paid (Including Advance Income Tax during the Year)	(3,830,869,094)	(3,173,411,708)
	978,037,537	557,901,454
	Amount in Taka	
	2019-2020	2018-2019

16. GROSS REVENUE: Tk. 52,926,218,655

This is made-up as follows:

Local Sales	51,272,470,021	43,104,924,782
Export Sales Equivalents in US \$ 19,739,556 (2018-2019 US \$ 17,773,706)	1,653,748,634	1,490,561,552
	52,926,218,655	44,595,486,334

16.1 REVENUE FROM CONTRACT WITH CUSTOMER (IFRS-15): Tk. 52,926,218,655

The company has recognized the following amount in the "Statement of Profit or Loss and Other Comprehensive Income":

Segregation of Revenue from Contracts with Customer:

A. Revenue from Local Sales	51,272,470,021	43,104,924,782
Timing of Revenue Recognition at a Point in Time	51,272,470,021	43,104,924,782
	51,272,470,021	43,104,924,782
B. Revenue from Export Sales Equivalent in US\$ 19,739,556 (2018-2019 US\$ 17,773,706)	1,653,748,634	1,490,561,552
Timing of Revenue Recognition at a Point in Time	1,653,748,634	1,490,561,552
	1,653,748,634	1,490,561,552
Total (A+B)	52,926,218,655	44,595,486,334

Contract Assets and Liabilities:

The company has recognized no contract assets and liabilities.

(i) Revenue consists 637 Pharmaceuticals Products, 22 Basic Chemicals & Pellet Products, 76 (Locally Produced) AgroVet Products & 58 (Imported) AgroVet Products, 36 Corp Care Products and 30 Herbal & Nutraceuticals Products. The summarised quantities are as under:

(Quantity in thousand)

Category	Unit	Opening	Purchase/ Production	Sales/Transfer	(30-06-2020)
Tablet	Pcs	481,656	6,552,331	6,506,287	527,700
Capsule	Pcs	112,459	1,924,642	1,766,784	270,317
Liquid	Bottles	6,334	135,128	124,672	16,790
Injectable (Vial & Ampoule)	Pcs	7,385	46,987	47,993	6,379
Infusion (LVPO)	Bags	321	4,272	3,828	765
ENT & Opthal Preparation	Phials	1,557	30,648	27,622	4,583
Cream, Ointment, Spray, Gel & Others	Phials	2,798	127,206	123,682	6,322
Powder for Suspension	Bottles	1,027	22,188	20,001	3,214
Powder	Phials	1,636	15,478	15,780	1,334
Suppository	Pcs	2,114	69,666	59,868	11,912
Inhaler	Pcs	3,515	38,430	38,306	3,639
Insulin	Pcs	176	1,718	1,678	216
Basic Chemical & Pellet	Kg	91	825	819	97

(ii) The basic chemicals and Pellets have been transferred from chemical plant to pharma formulation plants of the company which has not been included in the above revenue:

Particulars	Notes	Amount in Taka		
		2019-2020	2018-2019	
Breakup of Stock Transfer is under:				
Items	July 2019-June 2020		July 2018-June 2019	
	Metric Ton	Amount (Taka)	Metric Ton	Amount (Taka)
1) Basic Chemicals	555.16	544,973,081	360.09	413,344,813
2) Pellet	340.68	496,573,859	181.01	302,890,160
		1,041,546,940		716,234,973

(iii) The company has no Sales Agent on commission basis.

17. COST OF GOODS SOLD: Tk. 22,536,669,960

This is arrived at as follows:

Raw Materials Consumed	17.1	9,807,160,256	8,382,162,956
Packing Materials Consumed	17.2	5,307,449,728	4,425,480,330
		15,114,609,984	12,807,643,286
Work-in-Process (Opening)		274,303,768	204,086,317
Opening Stock of Square Formulations Ltd. due to Merger		-	51,038,844
Opening Stock of Square Herbal and Nutraceuticals Ltd. due to Merger		-	4,947,065
Work-in-Process (Closing)		(336,441,344)	(274,303,768)
TOTAL CONSUMPTION		15,052,472,408	12,793,411,744
Factory Overhead	17.3	6,682,225,865	5,873,955,014
COST OF PRODUCTION		21,734,698,273	18,667,366,758
Purchase of Finished Goods		1,442,183,005	1,200,039,922
Finished Goods (Opening)		1,226,561,623	941,732,136
Opening Stock of Square Formulations Ltd. due to Merger		-	254,940,793
Opening Stock of Square Herbal and Nutraceuticals Ltd. due to Merger		-	17,037,811
Finished Goods (Closing)		(1,677,371,032)	(1,226,561,623)
		22,726,071,869	19,854,555,797
Cost of Product Destruction		(20,800,052)	-
Cost of Physician Sample		(168,601,857)	(143,489,809)
		22,536,669,960	19,711,065,988

17.1 RAW MATERIALS CONSUMED: Tk. 9,807,160,256

This is arrived at as follows:

Opening Stock	1,531,223,724	1,121,094,686
Opening Stock of Square Formulations Ltd. due to Merger	-	336,520,834
Opening Stock of Square Herbal and Nutraceuticals Ltd. due to Merger	-	49,030,640
Purchase	10,215,266,530	8,406,740,520
Closing Stock	(1,939,329,998)	(1,531,223,724)
	9,807,160,256	8,382,162,956

Summarised quantity and total value of ingredients during the year are stated as under:

Particulars	PCs	Quantity (Kg)					Total Value (Taka)
		Cap-shell	Active	Excepients	Colour	Flavour	
Opening Balance	600,071,749	2,882,241	1,649,402	144,047	18,741	4,694,431	1,531,223,724
Purchase	1,968,360,855	19,975,273	12,440,927	759,836	46,209	33,222,245	10,215,266,530
Available for use	2,568,432,604	22,857,514	14,090,329	903,883	64,950	37,916,676	11,746,490,254
Closing Balance	875,427,257	3,276,628	2,414,504	194,395	19,734	5,905,261	1,939,329,998
Consumption	1,693,005,347	19,580,886	11,675,825	709,488	45,216	32,011,415	9,807,160,256

Raw Materials consists of 1,289 items of which 82.38% (in value) are imported.

Particulars	Amount in Taka	
	2019-2020	2018-2019
17.2 PACKING MATERIALS CONSUMED: Tk. 5,307,449,728		
This is arrived at as follows:		
Opening Stock	609,472,347	469,946,615
Opening Stock of Square Formulations Ltd. due to Merger	-	102,514,307
Opening Stock of Square Herbal and Nutraceuticals Ltd. due to Merger	-	16,295,522
Purchase	5,345,826,113	4,446,196,233
Closing Stock	(647,848,732)	(609,472,347)
	5,307,449,728	4,425,480,330

Summarised quantity of Packing Materials are stated as under:

(Quantity in thousand)

Category	Unit	Opening	Purchase	Consumption	Closing (30-06-20)
Inner Carton	Pcs	47,941	203,590	201,082	50,449
Shipper's Carton	Pcs	1,228	8,841	8,209	1,860
Label	Pcs	75,550	243,957	240,761	78,746
Direction Slip	Pcs	33,428	172,851	172,565	33,714
Container	Pcs	9,584	40,830	41,971	8,443
B blister Foil/Alu Lid Foil	Kg	122	357	370	109
Strip Foil	Kg	40	352	358	34
PVC/PVDC/PE Film	Kg	311	2,149	1,323	1,137
Auto Bottom Foil	Kg	168	651	649	170
Bottle (PET/HDPE/Glass)	Pcs	21,136	183,646	189,206	15,576
Ampoule	Pcs	9,832	53,726	54,512	9,046
Vial	Pcs	3,298	15,808	14,655	4,451
HDPE/LDPE Bag	Pcs	377	2,889	2,491	775
Flip Off Seal & Tear off Seal	Pcs	3,376	16,986	15,261	5,101
P.P Cap/Plastic Clousers & Others	Pcs	43,429	284,034	294,289	33,174
Tube	Pcs	10,887	47,308	50,537	7,658
Can	Pcs	1,261	5,277	5,321	1,217
Actuator	Pcs	1,200	2,498	2,592	1,106
Metered Valves	Pcs	2,699	8,083	8,904	1,878
Sachet	Kg	410	601	758	253
Syringe, Needle, Infusion Set	Pcs	1,601	5,276	4,769	2,108
Water for Injection	Pcs	1,543	15,460	13,573	3,430
Shrink Wrapping	Kg	916	6,987	5,472	2,431
Silica Gel, Gum Tape, Adhesive Tape	Pcs	3,433	26,671	26,696	3,408
Cup, Spoon, Dropper, Rubber Stopper	Pcs	29,236	177,133	188,063	18,306
Honey Comb	Pcs	137	748	602	283
Plastic Applicator	Pcs	1,225	3,771	3,606	1,390
Neck Lock & Zip Lock Bag	Pcs	440	5,087	4,749	778
Poly Pack, Poly Bag & Pouch Pack	Pcs	2,518	15,218	12,888	4,848

Packing Materials consists of 7,631 items of which 29.76% (in value) are imported.

Particulars	Amount in Taka	
	30 June 2020	30 June 2019
17.3 FACTORY OVERHEAD: Tk. 6,682,225,865		
This is made up as follows:		
Salaries, Allowances and Wages	2,073,738,468	1,733,263,959
Factory Employees Free Lunch	129,662,859	116,581,293
Factory Staff Uniform	75,800,918	58,786,574
Travelling & Conveyance	44,580,671	42,022,844
Printing & Stationery	64,143,848	58,394,103
Postage, Telephone & Fax	8,223,015	8,033,508
Repairs & Maintenance	955,836,619	907,188,315
Laboratory Consumable Stores	346,170,258	322,446,944
Fuel, Petrol, Light Diesel etc.	258,791,426	226,558,990
Electricity, Gas & Water	691,803,515	501,661,993
Rental Expense	1,351,729	12,997,304
Municipal & Other Tax	10,785,339	9,646,652
Insurance Premium	22,332,387	20,654,132
Factory Sanitation Expenses	54,025,942	45,562,338
Depreciation	1,624,851,551	1,570,807,475
Security Services	68,078,943	49,238,023
Research & Development	161,382,209	122,590,710
Software & Hardware Support Services	76,456,189	56,693,782
Toll Charges	12,151,957	9,640,705
Other Expenses	2,058,022	1,185,370
	6,682,225,865	5,873,955,014
18. SELLING & DISTRIBUTION EXPENSES: Tk. 7,382,790,764		
This consists of as follows:		
Salaries and Allowances	1,333,576,434	1,194,607,091
Travelling and Conveyance	122,303,430	110,388,860
Training Expenses	3,698,403	3,268,850
Printing and Stationery	69,789,782	65,200,041
Postage, Telephone, Fax & Telex	79,291,432	62,684,478
Electricity, Gas and Water	26,410,711	28,812,996
Tiffin and Refreshment	27,893,005	25,578,471
Staff Uniform	7,003,481	5,139,460
Sanitation Expenses	9,988,877	8,296,629
Office and Godown Rent	26,205,830	21,406,299
Lease Rent	2,649,600	2,649,600
Bank Charges	10,512,464	12,370,206
Repairs and Maintenance including car maintenance	428,272,845	393,003,642
Govt. Taxes and Licence Fees	42,349,047	35,696,734
Field Staff Salaries, Allowances, TA and DA	2,010,348,164	1,733,096,954
Marketing Expenses	745,828,799	700,626,688
Advertisement	384,319	697,500
Delivery and Packing Expenses	116,838,669	105,990,231
Export Expenses	154,640,680	135,141,629
Special Discount	1,156,381,414	967,666,913
Sample Expenses	228,088,118	192,734,833
Security Services	75,526,697	72,588,237
Depreciation	190,808,126	194,779,298
Software, Hardware Support & VSAT Services	47,770,753	37,390,961
Insurance Premium	4,513,502	4,113,237
Faulty & Obsolete Goods	50,032,972	51,943,116
Business Development Expenses	411,683,210	784,910
	7,382,790,764	6,559,717,827

Particulars	Amount in Taka	
	30 June 2020	30 June 2019
19. ADMINISTRATIVE EXPENSES: Tk. 1,219,931,966		
This is made up as follows:		
Salaries and Allowances	415,010,108	379,458,433
Directors' Remuneration	59,359,563	69,946,924
Travelling and Conveyance	114,180,513	146,156,670
Training Expenses	8,452,242	10,357,791
Printing and Stationery	16,944,490	16,132,527
Postage, Telephone, Internet	10,462,859	10,436,143
Electricity, Gas & Water	20,911,481	27,560,121
Tiffin and Refreshment	62,345,186	59,594,013
Staff Uniform	2,703,440	2,376,294
Office Rent	15,297,968	15,201,375
Sanitation Expenses	6,072,891	5,149,271
Books and Periodicals	618,026	603,951
Subscription and Donation	7,216,064	10,350,018
Advertisement	8,320,170	5,303,439
Repairs and Maintenance	186,405,996	160,153,704
Bank Charges	11,026,165	15,349,410
Insurance Premium	15,878,526	13,909,598
Govt. Taxes, Stamp Duty & Licence Fee	9,379,066	9,296,553
Security Services	39,276,512	45,677,125
Management Consultant Fees	958,750	267,500
Legal Charges	1,504,425	3,522,850
Audit Fees	575,000	575,000
Depreciation	154,466,395	109,917,933
Annual General Meeting Expenses	1,183,286	729,584
Software & Hardware Support Services	47,972,093	65,447,155
Share Demat, Remat & Transfer Fees	1,771,498	4,763,980
Other Expenses	1,639,253	1,277,286
	1,219,931,966	1,189,514,648
20. FINANCE COST: Tk. 107,090		
This is made up as follows:		
Interest on Overdraft	107,090	76,974
	107,090	76,974
21. OTHER INCOME: Tk. 3,307,701,994		
This is made up as follows:		
Bank Interest	2,614,933,410	1,666,963,756
Interest on Loan to Sister Concern	298,434,170	183,947,672
Rental Income	1,322,544	12,722,544
Sale of Scrap	31,943,738	30,331,300
Dividend	234,546,484	358,507,847
Foreign Exchange Fluctuation Gain/(Loss)	(2,299,056)	36,493,807
Commission Received	-	1,018,758,375
Gain on Redemption of Zero Coupon Bond	108,206,035	34,913,193
Gain/(Loss) on Marketable Securities (Realized)	(8,120,460)	76,949,340
Cash Incentive Received against Export	355,045	-
	3,279,321,910	3,419,587,834
Profit on Sale of Property, Plant & Equipment (Note-28)	28,380,084	18,685,013
	3,307,701,994	3,438,272,847

Commission Income have been received from Square Formulations Ltd. and Square Herbal & Nutraceuticals Ltd. for the period Jul'2018-Dec'2018 against distribution for their products. The Company "Square Formulations Ltd." and "Square Herbal & Nutraceuticals Ltd." have been merged with Square Pharmaceuticals Ltd. effective from 1st January, 2019 for which there is no commission income for the year 2019-2020.

Particulars	Amount in Taka	
	2019-2020	2018-2019
22. ALLOCATION FOR WPPF & WF:	859,269,098	698,264,439

This represents 5% of Net Profit before Tax after charging the allocation as per provisions of the Companies Profit under Labour Law 2016, Chapter-15.

23. INCOME TAX EXPENSES-Current: Tk. 4,251,005,177

23.1 CALCULATION OF RECONCILIATION OF EFFECTIVE TAX RATE WITH INCOME TAX EXPENSES:

Income Tax Expnses-Current	4,251,005,177	3,356,746,041
Income Tax Expnses/(Assets)-Deferred (Note-12)	(21,596,852)	45,679,213
	4,229,408,325	3,402,425,254

RECONCILIATION OF EFFECTIVE TAX RATE:

Particulars	July 2019-June 2020		July 2018-June 2019	
	%	Amount (Taka)	%	Amount (Taka)
Profit before Tax		17,185,381,957		13,965,288,785
Tax using Corporate Tax Rate	25%	4,296,345,489	25%	3,491,322,196
Non-deductible Expenses	0.19%	32,415,176	0%	-
Effect of Tax Exempted Income	-0.52%	(89,584,122)	-0.43%	(59,429,149)
Effect of Lower Tax Rate	-0.06%	(9,768,218)	-0.21%	(29,467,793)
	24.61%	4,229,408,325	24.36%	3,402,425,254

24. GAIN/(LOSS) ON MARKETABLE SECURITIES (UNREALIZED): Tk. (598,212,229)

Unrealized Gain/(Loss) Position (Closing)	(452,626,946)	145,585,283
(-) Unrealized Gain/(Loss) Position (Opening)	145,585,283	215,730,933
Gain/(Loss) on Marketable Securities during the Year	(598,212,229)	(70,145,650)
Less: Loss Amount of Square Formulations Ltd. due to Merger	-	(43,718,242)
	(598,212,229)	(26,427,408)

25. NET ASSET VALUE PER SHARE (NAV) - Tk. 82.74

The computation is given below:

Equity Attributable to the Ordinary Shareholders	69,849,980,823	60,806,054,977
Weighted average number of Shares outstanding during the year	844,239,058	844,239,058
Net Asset Value Per Share (NAV)	82.74	72.02

Net asset value per share (NAV) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as on 30 June 2019 as per Notification of Bangladesh Securities & Exchange Commission (BSEC). Previous year's NAV has been restated due to issue of bonus share. Actual NAV for 2018-2019 was Taka 77.07 per share.

26. EARNINGS PER SHARE (EPS) - Tk. 15.35

The computation is given below:

Surplus for the year attributable to Shareholders (Net Profit after Tax)	12,955,973,632	10,562,863,531
Weighted average number of Shares outstanding during the year	844,239,058	844,239,058
Earnings per Share	15.35	12.51

Previous year's EPS has been restated due to issue of bonus share. Actual EPS for 2018-2019 was Taka 13.39.

Particulars	Amount in Taka	
	2019-2020	2018-2019

27. APPROPRIATION DURING THE PERIOD:

In accordance with IAS-1 "Presentation of Financial Statements", the appropriations for the year have been reflected in the "Statement of Changes in Equity".

Balance of Net Profit though carried forward in the Statement of Financial Position will be applied for payment of this year's cash dividend proposed by the Board of Directors @ Tk. 4.70 per share and will be recognised as liability in the accounts as and when approved by the Shareholders in the Annual General Meeting. The total amount of Proposed Cash Dividend for the year 2019-2020 is calculated at Tk. 3,967,923,573.

The Board of Directors also proposed Bonus Shares (Stock Dividend) @ 5% per Share and total amount of proposed Bonus Share (Stock Dividend) for the year is calculated at Tk. 422,119,520.

28. PARTICULARS OF DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR JUL'2019-JUN'2020:

Particulars of Assets	Cost	Acc. Depreciation Upto 30-06-2020	W.D.V as on 30-06-2020	Sales Price	Profit/(Loss)
Laboratory Equipment	232,040	190,280	41,760	70,000	28,240
Motor Vehicle	54,832,025	36,469,214	18,362,811	30,312,701	11,949,890
Motor Cycle	59,103,350	45,145,635	13,957,715	30,359,669	16,401,954
	114,167,415	81,805,129	32,362,286	60,742,370	28,380,084

29. PRODUCTION CAPACITY AND UTILISATION:

(Quantity in thousand)

Category	Unit	Rated Capacity as on 30-06-2020	Actual Production	Capacity Utilisation (%)
Tablet	Piece	10,104,777	6,552,331	65%
Capsule	Piece	3,696,818	1,924,642	52%
Liquid	Bottle	255,324	135,128	53%
Injectable (Vial & Ampoule)	Piece	74,695	46,987	63%
Infusion (LVPO)	Bag	14,521	4,272	29%
ENT & Opthal Preparation	Phial	37,467	30,648	82%
Cream,Ointment,Spray,Gel & Others	Phial	233,069	127,206	55%
Powder for Suspension	Bottle	31,903	22,188	70%
Powder	Phial	41,080	15,478	38%
Suppository	Piece	101,438	69,666	69%
Inhaler	Can	129,558	38,430	30%
Insulin & Insulin Cartridge	Piece	13,342	1,718	13%
Basic Chemical & Pellet	Kg	983	825	84%

30. NUMBER OF EMPLOYEES

As per Minimum Wage Notification No. 96-Law/2009/shrocom/sha-6/ni:ma:ni-12/2009 dated June 8, 2009 Tk. 5,800 per month. We have no employees to receive below this amount in this reporting period.

Particulars	Amount in Taka	
	2019-2020	2018-2019
31. CAPITAL EXPENDITURE COMMITMENT		
Contract for capital expenditure are being executed by the Contractors and the running bills are accounted for but the unfinished contracts has not been reflected in this Financial Statements.		
There was no material capital expenditure authorised by the Board but not contracted for at 30 June 2020.		
32. DIVIDEND PAID TO THE SHAREHOLDERS:		
During the year under review total cash dividend for 2018-2019 amounting to Tk. 3,313,835,557 has been paid to the Shareholders and also bonus shares amounting to Tk. 552,305,920 for the year 2018-2019 have been accounted for. Dividend were paid in local currency to the local custodian bank of the shareholders as such no dividend was remitted in foreign currency.		
33. CLAIM NOT ACKNOWLEDGED AS DEBT:		
There was no claim against the company not acknowledged as debt as on 30-06-2020.		
34. UN-AVAILED CREDIT FACILITIES:		
There was no credit facility available to the company under any contract but not availed of as on 30-06-2020 other than bank credit facility and trade credit available in the ordinary course of business.		
35. EVENTS AFTER THE REPORTING PERIOD:		
The National Board of Revenue (NBR) has recognized "Square Pharmaceuticals Limited Employees Gratuity Fund" with effect from 21-09-2020. There is no significant event other than normal activities between the financial year closing date and Financial Statement signing date. Forfeited amount of Tk. 3,16,67,264 has been returned to the company on 24-08-2020 from Square Pharmaceuticals Employees Provident Fund Account.		
36. RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit after Tax	12,955,973,632	10,562,863,531
Adjustment to Reconcile Net Profit to Net Cash Provided by Operating Activities:		
Non-Cash Expenses:	1,953,044,634	1,889,558,284
Depreciation	1,970,126,072	1,875,504,706
Exchange Rate Fluctuation	4,515,414	(31,625,635)
Deferred Tax	(21,596,852)	45,679,213
Non-Operating Items:	(3,276,379,725)	(2,339,966,821)
Dividend Income	(234,546,484)	(358,507,847)
Others	(3,041,833,241)	(1,981,458,974)
Changes in Working Capital:	(740,941,345)	2,478,258,758
(Increase)/Decrease in Inventories	(1,090,893,656)	18,265,388
(Increase)/Decrease in Trade Debtors	41,517,830	1,690,877,428
(Increase)/Decrease in Advances, Deposits and Prepayments	41,632,391	506,792,242
Increase/(Decrease) in Trade Creditors	(167,814,361)	134,210,189
Increase/(Decrease) in Liabilities for Expenses	(109,960,625)	148,553,450
Increase/(Decrease) in Liabilities for Other Finance	544,577,076	(20,439,939)
Net Cash Generated from Operating Activities	10,891,697,196	12,590,713,752
37. NET OPERATING CASH FLOW PER SHARE (NOCF) - Tk. 12.90		
The computation is given below:		
Net Cash Generated from Operating Activities	10,891,697,196	12,590,713,752
Weighted average number of Shares outstanding during the year	844,239,058	844,239,058
Net Operating Cash Flow Per Share (NOCF)	12.90	14.91

Particulars	Amount in Taka	
	2019-2020	2018-2019
38.1 RELATED PARTY TRANSACTIONS:		
The company did not enter into any related transactions with its sister concern other than its subsidiary/ associates undertaking viz Square Textiles Ltd., Square Fashions Ltd., Square Hospitals Ltd., Square InformatiX Ltd., Square Lifesciences Ltd., Square Formulations Ltd., Square Denims Ltd. & Square Apparels Ltd., Square Securities Manament Ltd., Square Herbal & Nutraceuticals Ltd., Pharma Packages (Pvt.) Ltd. and AEGIS Services Ltd. during the year reporting. The summary is as follows:		
Transaction with Square Textiles Ltd: (Associate Undertaking and holding 46.36% Shares)		
Opening Balance	2,168,788,505	1,385,741
Total Paid during the Year	3,274,786,839	3,060,221,075
Total Realized during the Year	(2,165,998,950)	(892,818,311)
Closing Balance (Receivable)	3,277,576,394	2,168,788,505
Transaction with Square Fashions Ltd. (Associate Undertaking and holding 48.36% Shares):		
Opening Balance	672,588,614	79,314
Total Paid during the Year	5,129,870,273	5,584,103,377
Total Realized during the Year	(5,800,046,937)	(4,911,594,077)
Closing Balance (Receivable)	2,411,950	672,588,614
Transaction with Square Hospitals Ltd. (Associate Undertaking and holding 49.94% Shares):		
Opening Balance	95,693,947	-
Total Paid during the Year	1,875,561,393	401,810,175
Total Realized during the Year	(366,904,927)	(306,116,228)
Closing Balance (Receivable)	1,604,350,413	95,693,947
Transaction with Square InformatiX Ltd. (Service Provider):		
Opening Balance	(2,214,332)	(3,667,348)
Total Paid during the Year	57,156,090	51,643,602
Total Realized during the Year	(57,139,420)	(50,190,586)
Closing Balance (Receivable)	(2,197,662)	(2,214,332)
Transaction with Square Lifesciences Ltd.(Subsidiary Company and holdings 99.50% Shares):		
Opening Balance	-	-
Total Paid during the Year	751,363	-
Total Realized during the Year	-	-
Closing Balance (Receivable)	751,363	-
Transaction with Square Formulations Ltd. (Subsidiary Company and holdings 99.50% Shares):		
Opening Balance	-	(3,957,792,509)
Total Paid during the Year	-	10,410,802,882
Total Realized during the Year	-	(6,453,010,373)
Closing Balance (Receivable)	-	-

Particulars	Amount in Taka	
	2019-2020	2018-2019
Transaction with Square Denims Ltd. (Subsidiary of Associate, Square Fashions Ltd.):		
Opening Balance	-	2,168,142,032
Total Paid during the Year	285,516,576	1,128,865,661
Total Realized during the Year	(285,516,576)	(3,297,007,693)
Closing Balance (Receivable)	-	-
Transaction with Square Apparels Ltd. (Subsidiary of Associate, Square Fashions Ltd.):		
Opening Balance	-	780,464,229
Total Paid during the Year	163,717,591	456,626,345
Total Realized during the Year	(163,717,591)	(1,237,090,574)
Closing Balance (Receivable)	-	-
Transaction with Square Securities Management Ltd. (Port Folio Management):		
Opening Balance	19,884,032	33,628,743
Total Paid during the Year	363,199,754	262,282,369
Total Realized during the Year	(348,209,514)	(276,027,080)
Closing Balance (Receivable)	34,874,272	19,884,032
Transaction with Square Herbal & Nutraceuticals Ltd. (Sister Concern):		
Opening Balance	-	477,903,193
Total Paid during the Year	-	38,429,241
Total Realized during the Year	-	(516,332,434)
Closing Balance (Receivable)	-	-
Transaction with Pharma Packages (Pvt.) Ltd. (Supplier):		
Opening Balance	117,457,765	100,200,000
Total Paid during the Year	845,281,931	367,330,215
Total Realized during the Year	(950,533,675)	(350,072,450)
Closing Balance (Receivable)	12,206,021	117,457,765
Transaction with AEGIS Services Ltd. (Service Provider):		
Opening Balance	300,000	-
Total Paid during the Year	46,915,526	47,261,357
Total Realized during the Year	(47,215,526)	(46,961,357)
Closing Balance (Receivable)	-	300,000
38.2 KEY MANAGEMENT PERSONNEL COMPENSATION:		
During the year, the amount of compensation paid to Key Management Personnel including Board of Directors is as under (As Para 17 of IAS 24):		
Short-Term Employee Benefits	372,484,719	367,235,979
Post-Employment Benefits	42,974,025	49,139,108
Other Long-Term Benefits	-	-
Termination Benefits	-	-
Share-Based Payment	-	-
39. CONTINGENT LIABILITIES:		
Bank Guarantee	150,406,112	124,303,303
Letter of Credit (L.C) Liabilities	3,598,003,105	2,140,016,542
	3,748,409,217	2,264,319,845

Particulars	Amount in Taka	
	2019-2020	2018-2019
Contingent Liabilities at the Balance Sheet date are as follows:		
39.1 Bank Guarantee:		
Shahjalal Islami Bank Ltd.	79,461,601	79,461,601
Standard Chartered Bank	69,312,679	43,209,870
Prime Bank Ltd.	1,631,832	1,631,832
	150,406,112	124,303,303
39.2 Letter Of Credit (L.C) Liabilities:		
Standard Chartered Bank	392,422,507	574,167,291
The HSBC Ltd.	193,388,208	312,120,292
Citibank N.A	131,367,359	82,866,441
Commercial Bank of Cylon PLC	985,512	22,071,251
Prime Bank Ltd.	3,959,284	246,077,911
Mercantile Bank Ltd.	2,434,615,717	561,053,110
Bank Asia Ltd.	366,590,852	251,285,532
Eastern Bank Ltd.	45,323,305	34,101,101
Shahjalal Islami Bank Ltd.	29,350,361	54,976,714
Bank Alfalah Ltd.	-	1,296,899
	3,598,003,105	2,140,016,542
39.3 Corporate Gurantees (IFRS 9):		
Corporate Guarantees have been received from the following Associates/Sister Concern:		
Square Textiles Ltd.:		
Eastern Bank Ltd., Dhaka	350,000,000	350,000,000
The HSBC Ltd., Dhaka	810,000,000	2,300,000,000
Prime Bank Ltd., Dhaka	770,000,000	770,000,000
Brac Bank Ltd., Dhaka	240,000,000	240,000,000
Square Hospital Ltd.:		
Eastern Bank Ltd., Dhaka	350,000,000	350,000,000
	2,520,000,000	4,010,000,000
Corporate Guarantees have been issued to the following Associates/Sister Concern:		
Square Textiles Ltd.:		
Standard Chartered Bank, Dhaka	4,131,000,000	1,890,000,000
The HSBC Ltd., Dhaka	5,980,000,000	5,070,000,000
Prime Bank Ltd., Dhaka	590,000,000	590,000,000
Commercial Bank of Cylon PLC, Dhaka	50,000,000	200,000,000
Square Fashions Ltd.:		
Standard Chartered Bank, Dhaka	600,000,000	-
CitiBank N.A, Dhaka	1,200,000,000	1,200,000,000
Eastern Bank Ltd., Dhaka	1,835,000,000	1,835,000,000
Brac Bank Ltd., Dhaka	-	1,700,000,000
Square Hospital Ltd.:		
Trust Bank Ltd., Dhaka	450,000,000	450,000,000

Particulars	Amount in Taka	
	30 June 2020	30 June 2019
Square Denims Ltd.:		
Standard Chartered Bank, Dhaka	3,000,000,000	3,000,000,000
The HSBC Ltd., Dhaka	710,000,000	710,000,000
Eastern Bank Ltd., Dhaka	590,000,000	590,000,000
Square Fashions Yarns Ltd.:		
The HSBC Ltd., Dhaka	1,346,000,000	1,010,000,000
Square Apparels Ltd.:		
Standard Chartered Bank, Dhaka	3,000,000,000	3,000,000,000
Eastern Bank Ltd., Dhaka	446,000,000	446,000,000
Square Informatix Ltd.:		
Mercantile Bank Ltd., Dhaka	360,000,000	280,000,000
Square Yarns Ltd.:		
The HSBC Ltd., Dhaka	-	1,270,000,000
Square Texcom Ltd.:		
The HSBC Ltd., Dhaka	-	600,000,000
	24,288,000,000	23,841,000,000

39.4 There were no claims legal or otherwise, not acknowledged as debt, outstanding as of the end of the reporting period. There was no unprovided committed expenditure as at June 30, 2020.

40. Financial Risk Management:

The management has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. This note presents information about the company's exposure to each of the following risks, the company's objectives, policies and processes for measuring and managing risk, and its management of capital. The company has exposure to the following risks from its use of financial instruments.

- a) Credit Risk
- b) Liquidity Risk
- c) Market Risk

40.1 CREDIT RISK:

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from institutional and export customers etc.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. Accounts receivable are related to sale of generic pharmaceuticals products, basic chemical products, animal health products and pesticide products. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

a) Exposure of Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Trade Debtors (Local & Export)	1,520,300,337	1,561,818,167
Advances, Deposits and Prepayments	2,560,646,884	2,272,974,744
Cash and Bank Balances	32,233,314,319	26,923,168,224
	36,314,261,540	30,757,961,135

Particulars	Amount in Taka	
	30 June 2020	30 June 2019
b) Ageing of Receivables		
Dues up to 3 months	1,133,486,354	1,155,819,299
Dues over 3 months	386,813,983	405,998,868
	1,520,300,337	1,561,818,167
c) Credit Exposure by Credit Rating		
Trade Debtors (Local & Export)	NR	1,520,300,337
Advances, Deposits and Prepayments	NR	2,272,974,744
Cash and Bank Balances:		
- Cash in Hand	NR	2,288,479
- Cash at Bank:		32,231,025,840
Bank Asia Ltd.	AA2	527,997,444
Bank Alfalah Ltd.	AA	2,778,090
Brac Bank Ltd.	AA+	2,000,577,787
Citibank N.A	A	2,495,510
Commercial Bank of Ceylon Ltd.	AAA	1,670,378
Ductch-Bangla Bank Ltd.	AA+	26,583
Eastern Bank Ltd.	AA+	44,407,883
The HSBC Ltd.	A+	1,104,910,535
Janata Bank Ltd.	AAA	317,732,569
Mercantile Bank Ltd.	AA	4,961,024,491
Mutual Trust Bank Ltd.	AA	4,425,980,891
Prime Bank Ltd.	AA	4,666,462,916
Standard Chartered Bank	A1	325,297,727
Shahjalal Islami Bank Ltd.	AA2	1,995,968
Sonali Bank Ltd.	AAA	76,496,283
Shimanto Bank Ltd.	-	497,835
Trust Bank Ltd.	AA2	17,913
The City Bank Ltd.	AA2	4,282,770,765
IDLC Finance Ltd.	AAA	1,000,000,000
National Housing Finance And Investments Ltd.	A1	2,000,000,000
IPDC Finance Ltd.	AA1	2,552,850,000
LankaBangla Finance Ltd.	AA3	1,550,000,000
Industrial and Infrastructure Development Finance Company Ltd.	AA+	350,160,000
Delta Brac Housing Finance Corporation Ltd.	AAA	500,000,000
Southeast Bank Ltd.	AA	1,500,000,000
Square Securities Management Ltd.	-	34,874,272
Al-Arafah Islami Bank Ltd.	AA	-

40.2 LIQUIDITY RISK:

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity (Cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or jeopardizing to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

Particulars	Amount in Taka	
	2019-2020	2018-2019

The following are the contractual maturities of financial liabilities:

Balance as at 30 June 2020	Notes	Carrying Amount in Taka	Contractual Cash Flows			
			6 Months or Less	6-12 Months	1-5 Years	More than 5 Years
Trade Creditors:						
Payable to Local Suppliers		529,345,638	529,345,638	-	-	-
Payable to Foreign Buyers		11,722,267	11,722,267	-	-	-
	13	541,067,905	541,067,905	-	-	-
Liabilities for Expenses:						
Accrued Expenses		127,666,317	127,666,317	-	-	-
Audit Fees		575,000	575,000	-	-	-
	14	128,241,317	128,241,317	-	-	-
Liabilities for Other Finance:						
Tax Deducted at Source		18,346,013	18,346,013	-	-	-
Security and Other Deposits		3,711,211	3,711,211	-	-	-
Workers Profit Participation-& Welfare Fund		859,269,098	458,248,210	401,020,888	-	-
Insurance Claim		822,646	822,646	-	-	-
Outstanding Dividend		330,431,723	-	330,431,723	-	-
Income Tax Payable		978,037,537	-	978,037,537	-	-
Sundry Creditors		368,145,618	-	368,145,618	-	-
	15	2,558,763,846	481,128,080	2,077,635,766	-	-
Balance as at 30 June 2019						
Trade Creditors:						
Payable to Local Suppliers		566,021,262	566,021,262	-	-	-
Payable to Foreign Buyers		142,861,004	142,861,004	-	-	-
	13	708,882,266	708,882,266	-	-	-
Liabilities for Expenses:						
Accrued Expenses		237,626,942	237,626,942	-	-	-
Audit Fees		575,000	575,000	-	-	-
	14	238,201,942	238,201,942	-	-	-
Liabilities for Other Finance:						
Tax Deducted at Source		8,948,030	8,948,030	-	-	-
Security and Other Deposits		2,819,514	2,819,514	-	-	-
Workers Profit Participation & Welfare Fund		802,781,404	428,150,082	374,531,322	-	-
Insurance Claim		5,128,791	5,128,791	-	-	-
Outstanding Dividend		299,496,959	-	299,496,959	-	-
Income Tax Payable		557,901,454	-	557,901,454	-	-
Sundry Creditors		337,110,618	-	337,110,618	-	-
	15	2,014,186,770	445,046,417	1,569,040,353	-	-

40.3 MARKET RISK

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments.

a) Currency Risk

The company is exposed to currency risk on certain revenues and purchases such as raw material, packing material, spare parts and acquisition of machineries & equipment's. Majority of the company's foreign currency transactions are denominated in USD.

Particulars	Amount in Taka	
	2019-2020	2018-2019

(i) Exposure to Currency Risk

The company have the foreign currency asset at the year end for which an exchange gain/(loss) are being accounted for during the year. As such the company have no significant exposure to currency risk.

The following significant exchange rates are applied at the year end:

	30 June 2020	30 June 2019
Exchange Rate of US Dollar	83.95	83.50

(ii) Foreign Exchange Rate Sensitivity Analysis for Foreign Currency Expenditures:

There being no current risk exposure, sensitivity analysis has not been presented.

b) Interest Rate Risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. short term bank borrowings are, however, not significantly affected by fluctuations in interest rates. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

(i) Profile

As at 30 June 2020 the interest rate risk profile of the company's interest bearing financial instruments was:

	Carrying Amount	
	30 June 2020	30 June 2019
Fixed Rate Instrument		
- Financial Asset	20,164,463,541	23,137,712,642
- Financial Liability	Nil	Nil
Variable Rate Instrument		
- Financial Asset	Nil	Nil
- Financial Liability	Nil	Nil

(ii) Cash Flow Sensitivity Analysis for Variable Rate Instruments

There being no variable rate instruments as such sensitivity analysis is not required.

40.4 ACCOUNTING CLASSIFICATION AND FAIR VALUE

Fair value of financial assets and liabilities together with carrying amount shown in the statement of financial are as follows:

Particulars	Amount in Taka			
	Carrying Amount as on 30-06-2020	Fair Value as on 30-06-2020	Carrying Amount as on 30-06-2019	Fair Value as on 30-06-2019
Assets Carried at Fair Value through Statement of Comprehensive Income	3,144,519,813	2,691,892,867	2,867,854,451	3,013,439,734
(Investment in Marketable Securities)				
Held to Maturity Assets				
FDR with Banks and Financial institutions	20,164,463,541	20,164,463,541	23,137,712,642	23,137,712,642
Loans on Receivables:				
Trade Receivables	1,520,300,337	1,520,300,337	1,561,818,167	1,561,818,167
Security Deposit	297,804,419	297,804,419	267,569,979	267,569,979
Cash and Bank Balances	32,233,314,319	32,233,314,319	26,923,168,224	26,923,168,224
Available for Sale of Financial Assets	3,482,227,294	3,482,227,294	3,075,345,976	3,075,345,976

* As per the requirements of IFRS 7 (ref.:Para 29), determination of fair value is not required for instruments for which fair value is not likely to be significantly different from the carrying amounts.

SQUARE PHARMACEUTICALS LTD.

Property, Plant and Equipment-Carrying Value: Tk. 20,567,202,390

Schedule-01

PARTICULARS	COST			DEPRECIATION			Net Book Value as at 30 June 2020	Rate of Dep.	
	At 30 June 2019	During the year		At 30 June 2019	During the year				At 30 June 2020
		Additions	Sales/Transfer		Charged	Sales/Transfer			
FACTORIES:									
Land	3,524,672,274	290,121,725	-	3,814,793,999	-	-	3,814,793,999	-	
Building	8,212,188,828	638,196,345	-	8,850,385,173	-	428,136,655	4,484,141,432	10%	
Boundary Wall	593,903	-	-	593,903	-	22,685	389,736	10%	
Plant & Machinery	14,733,220,055	420,532,805	-	15,153,752,860	-	869,041,385	10,060,691,155	15%	
Laboratory Equipment	2,171,446,929	60,534,305	232,040	2,231,749,194	924,987,039	128,773,868	1,053,570,627	10%	
Furniture & Fixture	908,949,545	52,096,076	-	961,045,621	385,940,877	54,431,323	440,372,200	10%	
Office Equipment	642,293,111	26,026,201	-	668,319,312	266,619,964	39,069,843	305,689,807	10%	
Computer	202,752,262	10,673,838	-	213,426,100	71,453,977	14,883,272	86,337,249	10%	
Motor Vehicles	449,395,402	39,860,000	17,060,000	472,195,402	272,011,791	37,071,028	302,115,163	20%	
Motor Vehicle-Lease	2,085,000	-	-	2,085,000	2,015,309	13,938	2,029,247	20%	
Electromechanical Equipments	1,099,746,687	-	-	1,099,746,687	848,093,337	37,748,002	885,841,339	15%	
Electrical Installation	217,766,901	7,382,718	-	225,149,619	132,278,354	12,994,622	145,272,976	15%	
Gas Line Installation	52,136,796	6,607,143	-	58,743,939	34,852,002	2,664,930	37,516,932	15%	
Sub-Total	32,217,247,693	1,552,031,156	17,292,040	33,751,986,809	16,186,274,248	1,624,851,551	17,803,967,863		
HEAD OFFICE & OTHERS:									
Land	1,880,155,003	15,880,377	-	1,896,035,380	-	-	1,896,035,380	-	
Building	892,573,847	1,500,000	-	894,073,847	351,030,659	54,204,867	405,235,526	10%	
Boundary Wall	10,855,163	3,980,730	-	14,835,893	5,358,690	698,164	6,056,854	10%	
Furniture & Fixture	160,576,600	7,319,186	-	167,895,786	73,028,036	9,177,984	82,206,020	10%	
Office Equipment	93,888,425	12,018,578	-	105,907,003	57,805,683	4,552,089	62,357,772	10%	
Computer	352,070,507	11,817,232	-	363,887,739	137,499,636	22,903,245	160,402,881	10%	
Motor Vehicle	1,534,134,086	204,112,139	37,772,025	1,700,474,200	876,799,316	148,970,072	996,267,830	20%	
Motor Vehicle-Lease	118,472,040	-	-	118,472,040	108,626,704	1,969,067	110,595,771	20%	
Motor Cycle	477,426,705	76,110,330	-	494,433,685	245,857,630	52,400,181	253,112,176	20%	
Books & Periodicals	528,794	-	-	528,794	28	-	528,728	66	
SAP Software	148,024,164	-	-	148,024,164	98,533,014	49,491,150	148,024,164	30%	
VSAIT	7,559,700	-	-	7,559,700	4,113,503	344,620	4,458,123	10%	
Electrical Installation	16,358,915	-	-	16,358,915	12,605,221	563,054	13,168,275	15%	
Sub-Total	5,692,623,949	332,738,572	96,875,375	5,928,487,146	1,971,786,792	345,274,521	2,242,414,120		
Grand Total Tk.	37,909,871,642	1,884,769,728	114,167,415	39,680,473,955	18,158,061,040	1,970,126,072	20,046,381,983		
Plant & Machinery in Transit	269,664,258	923,202,547	677,909,749	514,957,056	-	-	-	-	
Building under Construction	738,961,004	312,007,442	632,815,084	418,153,362	-	-	-	-	
Carrying Value as on June 30, 2020	38,918,496,904	3,119,979,717	1,424,892,248	40,613,584,373	18,158,061,040	1,970,126,072	20,046,381,983		
							3,686,073,026		
							19,634,091,972		
							514,957,056		
							418,153,362		

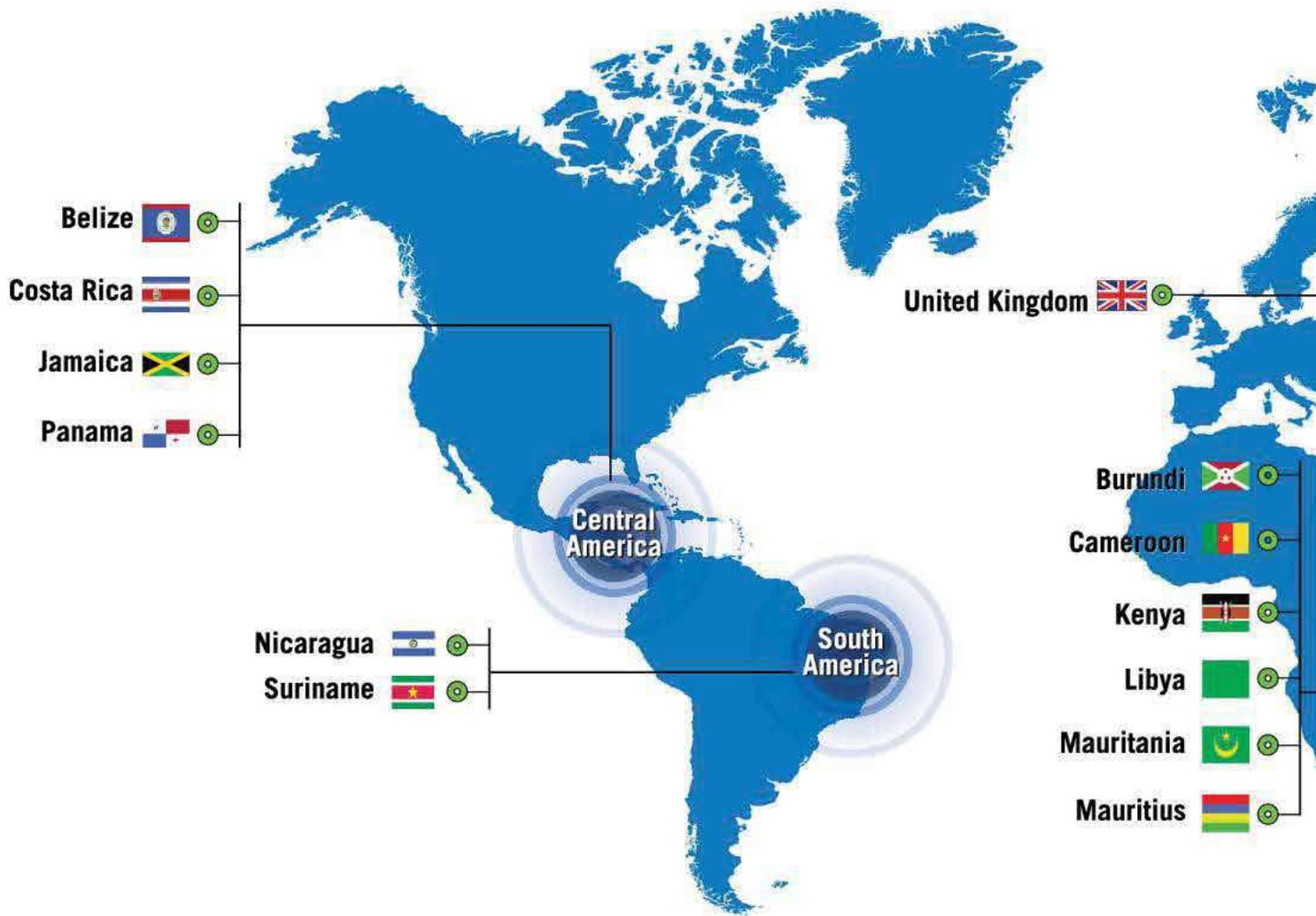
SQUARE PHARMACEUTICALS LTD.

Property, Plant and Equipment-Carrying Value: Tk. 20,760,435,864

Schedule-01-a

PARTICULARS	COST				DEPRECIATION				Net Book Value as at 30 June 2019	Rate of Dep.
	At 30 June 2018	During the year		At 30 June 2019	At 30 June 2018	During the year		At 30 June 2019		
		Additions due to Merger	Additions			Sales/Transfer	Charged			
FACTORIES:										
Land	2,934,341,392	182,666,012	412,504,425	3,524,672,275	-	-	-	-	3,524,672,275	-
Building	7,311,973,692	305,647,704	594,567,432	8,212,188,828	3,499,639,241	4,839,554	439,906,749	4,056,004,777	4,156,184,051	10%
Boundary Wall	593,903	-	-	593,903	341,845	-	25,206	367,051	226,852	10%
Plant & Machinery	12,288,505,463	2,167,691,056	308,531,442	14,733,220,056	7,398,164,919	31,507,905	848,581,450	9,191,649,769	5,541,570,287	15%
Laboratory Equipment	1,690,183,085	345,635,209	135,628,636	2,171,446,930	682,378,788	-	116,360,577	924,987,039	1,246,459,891	10%
Furniture & Fixture	609,037,542	248,065,204	51,846,797	908,949,543	261,214,015	-	45,436,458	385,940,877	523,008,666	10%
Office Equipment	375,638,008	226,486,249	40,168,855	642,293,112	152,768,701	-	31,155,666	266,619,964	375,673,148	10%
Computer	163,697,273	10,925,966	28,129,023	202,752,262	53,310,107	-	14,297,312	71,453,978	131,298,284	10%
Motor Vehicles	411,987,902	9,310,000	46,282,500	449,395,402	239,397,477	-	40,990,846	272,011,791	177,383,611	20%
Motor Vehicle-Lease	2,085,000	-	-	2,085,000	1,997,886	-	17,423	2,015,309	69,691	20%
Electromechanical Equipments	560,310,601	539,436,086	-	1,099,746,687	537,070,833	-	22,288,632	848,093,337	251,653,350	15%
Electrical Installation	84,425,119	125,821,782	7,520,000	217,766,901	60,309,758	-	9,351,128	132,278,354	85,488,547	15%
Gas Line Installation	38,873,810	13,262,986	-	52,136,796	26,607,579	-	2,396,028	34,852,002	17,284,794	15%
Sub-Total	26,471,652,790	4,174,948,254	1,625,179,110	32,217,247,695	12,913,201,149	54,532,459	1,570,807,475	16,186,274,248	16,030,973,447	
HEAD OFFICE & OTHERS:										
Land	1,849,062,530	-	31,092,473	1,880,155,003	-	-	-	-	1,880,155,003	-
Building	885,216,580	-	7,357,267	892,573,847	291,180,594	-	59,850,065	351,030,659	541,543,188	10%
Boundary Wall	10,855,163	-	-	10,855,163	4,747,971	-	610,719	5,358,690	5,496,473	10%
Furniture & Fixture	150,163,114	377,102	10,036,385	160,576,601	63,495,367	-	9,282,538	73,028,036	87,548,565	10%
Office Equipment	93,273,411	59,000	556,014	93,888,425	53,795,428	-	3,973,728	57,805,683	36,082,742	10%
Computer	322,761,383	-	29,309,124	352,070,507	115,750,505	-	21,749,131	137,499,636	214,570,871	10%
Motor Vehicle	1,341,809,695	-	235,679,391	1,534,134,086	759,540,511	-	146,242,081	876,799,316	657,334,770	20%
Motor Vehicle-Lease	118,472,040	-	-	118,472,040	106,165,370	-	2,461,334	108,626,704	9,845,336	20%
Motor Cycle	422,188,319	8,469,586	75,073,400	477,426,705	212,348,340	-	47,127,480	245,857,630	231,569,075	20%
Books & Periodicals	528,794	-	-	528,794	528,660	-	40	528,700	94	30%
SAP Software	147,724,164	300,000	-	148,024,164	86,022,227	-	12,354,787	98,533,014	49,491,150	20%
VSAT	7,559,700	-	-	7,559,700	3,730,592	-	382,911	4,113,503	3,446,197	10%
Electrical Installation	16,358,915	-	-	16,358,915	11,942,804	-	662,417	12,605,221	3,753,694	15%
Sub-Total	5,365,973,808	9,205,688	389,104,054	5,699,623,950	1,709,248,369	71,659,600	304,697,231	1,971,786,792	3,720,837,158	
Grand Total Tk.	31,837,626,598	4,184,153,942	2,014,283,164	37,909,871,645	14,622,449,518	126,192,059	1,875,504,706	18,158,061,040	19,751,810,605	
Plant & Machinery in Transit	70,698,212	-	504,883,454	269,664,258	-	-	-	-	269,664,258	-
Building under Construction	985,682,670	-	352,931,282	738,961,001	-	-	-	-	738,961,001	-
Carrying Value as on June 30, 2019	32,894,007,480	4,184,153,942	2,872,097,900	38,918,496,904	14,622,449,518	1,031,762,418	1,875,504,706	18,158,061,040	20,760,435,864	

We Export to





Since 1958



SQUARE

**PHARMACEUTICALS LTD.
BANGLADESH**

Annual Report 2019-2020

Year ended 30 June 2020



SQUARE PHARMACEUTICALS KENYA EPZ LTD.

Born in 2017

- 127: Directors' Report
- 129: Auditor's Report
- 130: Statement of Financial Position
- 131: Statement of Profit or Loss and
other Comprehensive Income
- 132: Statement of Changes in Equity
- 133: Statement of Cash Flows

Subsidiary Profile



CONTENTS **SQUARE**

SQUARE PHARMACEUTICALS KENYA EPZ LTD.

DIRECTORS' REPORT
to the Members for the year
ended 30 June, 2020.

As per the provision of section 653 of the Company Act 2015 of Kenya, The Board of Directors has immense pleasure to submit its report together with the audited financial statements for the year ended 30 June 2020, which disclose the state of affairs of the Company.

INCORPORATION

Square Pharmaceuticals Kenya EPZ Ltd. (SPL Kenya) incorporated as a pharmaceuticals manufacturing company under the Companies Act 2015 of Kenya as a Private Company Limited by shares on 7th June 2017.

SPL Kenya is a fully owned foreign subsidiary of Square Pharmaceuticals Ltd. (Bangladesh)

The Registered Office of SPL Kenya is situated at Kenya Re Towers, LR No 209/11/20, 5th Floor, Ragati Close, Off Ragati Rd., Upperhill, Nairobi, Nairobi West.

The Formulation plant of SPL Kenya is situated at Athi River in Export Processing Zone (EPZ), Ketengala, Machakos county, Nairobi, Kenya.

PRINCIPLE ACTIVITIES

The principle activity of the company is to manufacture and marketing of generic pharmaceutical products to Kenya and majority of the East African Community (EAC).

SHAREHOLDING

Square Pharmaceuticals Ltd., Dhaka, Bangladesh holds 100% nominal share capital of KSH 800,000,000 divided into 800,000 shares of KSH 100 each.

BOARD OF DIRECTORS

The Board of Director of SPL Kenya consists of the following persons. Except Dr. Iruki Mwithali Kailemia, all are nominees of Square Pharmaceuticals Ltd., Dhaka, Bangladesh:

Mr. Samuel S Chowdhury	Chairman
Mrs. Ratna Patra	Vice Chairman
Mr. Tapan Chowdhury	Managing Director
Mr. Anjan Chowdhury	Director
Dr. Iruki Mwithali Kailemia	Director
Mr. Syed Afzal Hasan Uddin	Director

Dr. Iruki Mwithali Kailemia is a local representative of SPL Kenya, which is must for a foreign company as per Companies Act 2015 of Kenya.

Mr. Syed Afzal Hasan Uddin, Independent Director of Square Pharmaceuticals Ltd. (holding company) represents as nominee director in the Board of Directors of SPL Kenya in compliance with the condition No. 2 of the Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission.



BUSINESS REVIEW

The Company has obtained clearance from the Pharmacy and Poisons Board, Kenya for setting up the pharmaceuticals formulation plant at Athi River in EPZ. Detailed topological survey and soil tests are undertaken to judge the suitability of the ground for development purpose. Construction work for the formulation plant is underway which is expected to be completed in early 2021 and the commencement of trial production is expected to be on July 31, 2021.

Net loss for the financial year ended 30 June 2020 is KSH 6,155,246.00 and total accumulated loss is KSH 20,027,688.00 as the Company is yet to generate revenue but incurring administrative expenses and foreign exchange loss.

The total project cost is estimated to be USD 17 million and working capital requirement is USD 3 million :

Particulars	USD Million
Infrastructure Development	9.40
Plant and Equipment	6.33
Furniture & Fixture	0.31
Computer	0.13
Motor Vehicle & Van	0.40
Office Equipment	0.43
Total Project Cost	17.00
Working Capital	3.00
Total Investment	20.00

USD 12 million of the total fund will be financed by Square Pharmaceuticals Ltd. (Bangladesh) as equity investment and the

balance would be from loan financing. A total amount of USD 10,055,000 within 30 June, 2020 has been remitted to Square Pharmaceuticals Kenya EPZ Ltd. as equity investment as per the approval of Bangladesh Bank, the central bank of Bangladesh.

FINANCIAL STATEMENT

Auditors Report on the Financial Statement for the year ended 30 June 2020 is placed herewith.

INDEPENDENT AUDITOR

Messrs Shariff and Associates Certified Public Accountant (Kenya) has been appointed subsequent to the year and the auditor has also expressed willingness to continue in office and do so in accordance with Section 159(2) of the Companies Act 2015.

ACKNOWLEDGEMENT

The Directors record with appreciation support, services and co-operation rendered by all concern.


Samuel S Chowdhury
Chairman



SHARIFF & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS (KENYA)

East End Plaza - Nairobi West
3rd Floor, Muthaiti Ave/Rukani Road
Nairobi

AUDITORS' REPORT

To the Members of Square Pharmaceuticals Kenya EPZ Ltd.

We have audited the financial statements set out on pages 4 to 7 which have been prepared on the basis of accounting policies set out on pages 8 to 13. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and to provide a reasonable basis for the opinion. The financial statements are in agreement with the books of account.

Respective responsibilities of the Directors and auditors

As stated at page (2) the directors are responsible for the preparation of financial statements which give a true and fair view of the Company's state of affairs and its operating results. Our responsibility is to express an independent opinion on the Financial Statements based on our audit.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform our audit to obtain reasonable assurance that the Financial Statements are free from material misstatement. An audit includes an examination on a test basis of evidence supporting the amounts and disclosures in the accounts. It also includes an assessment of the accounting policies used and significant estimates made by the directors as well as an evaluation of the overall presentation of the accounts.

Opinion

In our opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of the Company's financial affairs as at 30th June, 2020 and of the loss and cash flows for the year then ended and comply with International Accounting Standards and the Companies Act (Cap 486).

Dated, Nairobi:
20th September, 2020



Shariff and Associates
Certified Public Accountants (K)

SQUARE PHARMACEUTICALS KENYA EPZ LTD.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

Particulars	Notes	Amount in KES	
		30 June 2020	30 June 2019
ASSETS:			
Non-Current Assets		395,754,347	113,200,274
Property, Plant & Equipment, net	3	395,754,347	113,200,274
Current Assets		643,411,523	145,369,681
Advances, Deposits & Prepayments	4	215,997,429	47,481,014
Cash and Cash Equivalents	5	427,414,094	97,888,667
Total Assets		1,039,165,870	258,569,955
EQUITY AND LIABILITIES:			
Shareholders' Equity		1,021,796,712	246,686,458
Share Capital	6	400,000,000	-
Share Money Deposits	7	641,824,400	260,558,900
Retained Earnings		(20,027,688)	(13,872,442)
Non-current liabilities		-	-
Current Liabilities		17,369,158	11,883,497
Trade and Other Payables	8	16,421,237	9,811,974
Provision and Accrued expenses	9	947,921	2,071,523
Total Equity and Liabilities		1,039,165,870	258,569,955

The notes (1-13) are integral part of the Financial Statements.

Approved and authorized for issue by the board of directors on 15th July 2020 and signed for and on behalf of the Board:



Samuel S Chowdhury
Chairman



Tapan Chowdhury
Managing Director



Anjan Chowdhury
Director

As per our even date annexed.



Sharif and Associates
Certified Public Accountants (K)

Nairobi, 15 July 2020

SQUARE PHARMACEUTICALS KENYA EPZ LTD.
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Notes	Amount in KES	
		2019-2020	2018-2019
Revenue		-	-
Cost of Sales		-	-
Gross Profit /(Loss)		-	-
Operating expenses			
Administrative Expenses	10	(8,156,266)	(5,038,465)
Profit /(Loss) from Operations		(8,156,266)	(5,038,465)
Finance Expenses	11	-	-
Foreign Exchange (Loss)/Gain, net	12	2,001,020	981,251
Profit / (Loss) before Tax		(6,155,246)	(4,057,214)
Income Tax Expense		-	-
Profit after Tax for the Year		(6,155,246)	(4,057,214)
Other Comprehensive Income		-	-
Total Comprehensive Income for the period		(6,155,246)	(4,057,214)

The notes (1-13) are integral part of the Financial Statements.

Approved and authorized for issue by the board of directors on 15th July 2020 and signed for and on behalf of the Board:



Samuel S Chowdhury
Chairman



Tapan Chowdhury
Managing Director



Anjan Chowdhury
Director

As per our even date annexed.



Sharif and Associates
Certified Public Accountants (K)

Nairobi, 15 July 2020

SQUARE PHARMACEUTICALS KENYA EPZ LTD.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

Amount in KES

Particulars	Share Capital	Share Money Deposit	Retained Earnings	Total
	1	2	3	4 (1+2+3)
Balance as at 01 July 2018	-	-	(9,815,228)	(9,815,228)
Transactions with the equity holders:				
Shares issued during the year	-	-	-	-
Share money deposits received / (adjusted) during the year	-	260,558,900	-	260,558,900
Total comprehensive income:				
Net Loss for the year	-	-	(4,057,214)	(4,057,214)
Other comprehensive income	-	-	-	-
Balance as at 30 June 2019	-	260,558,900	(13,872,442)	246,686,458
Balance as at 01 July 2019	-	260,558,900	(13,872,442)	246,686,458
Transactions with the equity holders:				
Shares issued during the year	-	-	-	-
Share money deposits received / (adjusted) during the year	400,000,000	381,265,500	-	781,265,500
Total comprehensive income:				
Net Loss for the year	-	-	(6,155,246)	(6,155,246)
Other comprehensive income	-	-	-	-
Balance as at 30 June 2020	400,000,000	641,824,400	(20,027,688)	1,021,796,712

The notes (1-13) are integral part of the Financial Statements.

Approved and authorized for issue by the board of directors on 15th July 2020 and signed for and on behalf of the Board:



Samuel S Chowdhury
Chairman



Tapan Chowdhury
Managing Director



Anjan Chowdhury
Director

As per our even date annexed.



Sharif and Associates
Certified Public Accountants (K)

Nairobi, 15 July 2020

SQUARE PHARMACEUTICALS KENYA EPZ LTD.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Amount in KES	
	2019-2020	2018-2019
Cash flows from operating activities		
Cash receipts from customers and others	-	-
Cash paid to suppliers and employees	(167,410,535)	(44,200,406)
Cash generated from operations	(167,410,535)	(44,200,406)
Income Tax paid	-	-
Bank charges Paid	(3,776,485)	(12,587)
Net cash from / (used in) operating activities	(171,187,020)	(44,212,993)
Cash flows from investing activities		
Purchase of property, plant and equipment	(282,554,073)	(86,495,916)
Purchase of intangible assets	-	-
Advance payment for civil construction	-	-
Net cash from / (used in) investing activities	(282,554,073)	(86,495,916)
Cash flows from financing activities		
Proceeds from the issue of share capital	-	-
Proceeds from share money deposits	781,265,500	-
Proceeds from shareholders' loan	-	-
Net cash Generated from financing activities	781,265,500	-
Net increase in cash and cash equivalents	327,524,407	(130,708,909)
Cash and cash equivalents at beginning of the year	97,888,667	227,616,325
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies	2,001,020	981,251
Cash and cash equivalents at end of the year	427,414,094	97,888,667

The notes (1-13) are integral part of the Financial Statements.

Approved and authorized for issue by the board of directors on 15th July 2020 and signed for and on behalf of the Board:



Samuel S Chowdhury
Chairman



Tapan Chowdhury
Managing Director



Anjan Chowdhury
Director

As per our even date annexed.



Sharif and Associates
Certified Public Accountants (K)

Nairobi, 15 July 2020

Annual Report 2019-2020

Year ended 30 June 2020



SQUARE LIFESCIENCES LTD.

Born in 2020

- 135: Directors Report
- 136: Auditor's Report
- 138: Statement of Financial Position
- 139: Statement of Profit or Loss and
other Comprehensive Income
- 140: Statement of Changes in Equity
- 141: Statement of Cash Flows

Subsidiary Profile



CONTENTS **SQUARE**

In terms of the provisions of section 184 of the Companies Act 1994 I, on behalf of the Board of Directors, have the pleasure to submit its Report along with Audited Accounts containing only Statement of Financial Position for the year ended 30 June, 2020.

INCORPORATION

Square Lifesciences Ltd. (SLL) incorporated as a pharmaceuticals manufacturing company under the Companies Act 1994 as a Private Company Limited by shares on 13th February 2020. The plant of SLL will be situated at Patikabari, Hemayetpur, Paban, Bangladesh.

SLL is a virtually wholly owned by the Square Pharmaceuticals Ltd.

SHAREHOLDING:

The Company has issued total of 10,00,000 share of Tk. 100 each. The present shareholding pattern of the company is as follows:

Name of the Sponsor Shareholders	Shareholding Qty	%
Mrs. Anita Chowdhury	1,000	0.10
Mr. Samuel S Chowdhury	1,000	0.10
Mr. Tapan Chowdhury	1,000	0.10
Mrs. Ratna Patra	1,000	0.10
Mr. Anjan Chowdhury	1,000	0.10
Square Pharmaceuticals Ltd.	995,000	99.50

On the basis of the above shareholdings, Square Lifesciences Ltd. has the status of subsidiary to Square Pharmaceuticals Ltd.

BOARD OF DIRECTORS:

The following persons are the Members of the Board of Directors of the Company:

Mr. Samuel S Chowdhury	Chairman
Mrs. Ratna Patra	Vice Chairman
Mr. Tapan Chowdhury	Director
Mr. Anjan Chowdhury	Director
Mr. S M Rezaur Rahman	Director
(Nominee of Square Pharmaceuticals Ltd.)	

Mr. S M Rezaur Rahman, Independent Director of Square Pharmaceuticals Ltd. (holding company) represents as nominee director in the Board of Directors of Square Lifesciences Ltd. in compliance with the condition No. 2 of the Corporate Governance Code of Bangladesh Securities and Exchange Commission.

PROJECT STATUS

Necessary clearance/permission from various Government Regulatory Authorities namely Bangladesh Investment Development Authority (BIDA), Department of Environment (DOE) and Directorate General of Drug Administration (DGDA) for the project is under active process and it is estimated and expected to start its production by the very beginning of 2022.

FINANCIAL STATEMENT

The Company's accounting year will end on 30 June each year. The first Auditors Report on the Financial Statement for the period from 13th February 2020 to 30th June 2020 is placed herewith.

INDEPENDENT AUDITORS:

M/s. Chowdhury Bhattacharjee & Co., Chartered Accountants', first auditors of the Company, retire at this Annual General Meeting and being eligible have offered to be reappointed as Auditors for the year 2020-2021.

ACKNOWLEDGEMENT:

The Board also record with appreciation the support, service and co-operation rendered by all concerned.


Samuel S Chowdhury
Chairman

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS' OF SQUARE LIFESCIENCES LTD.

Opinion

We have audited the accompanying Financial Statements of "SQUARE LIFESCIENCES LTD.", which comprises the Statement of Financial Position as at 30 June, 2020, Statement of Changes in Equity and Statement of Cash Flows for the period then ended and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS), give a true and fair view of the state of the company's affairs as at 30 June, 2020 and of the results of its operations and its Cash Flows for the period then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements.

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements 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 appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

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

Further to our opinion in the above paragraph, we state that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) In our opinion, proper books of account as required by law have been kept by "SQUARE LIFESCIENCES LTD." so far as it appeared from our examination of those books; and
- (iii) The Company's Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and its Statement of Cash Flows dealt with by the report are in agreement with the books of account.

Dated, Dhaka:
27 October, 2020



B. K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
(Chartered Accountants)

SQUARE LIFESCIENCES LTD.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

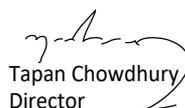
Particulars	Notes	Amount in Taka 30 June 2020
ASSETS:		
Non-Current Assets		
Property, Plant and Equipment		-
Pre - Operating Expenses	2	774,363
Current Assets		
Cash and Cash Equivalents		-
TOTAL ASSETS		774,363
SHAREHOLDERS' EQUITY AND LIABILITIES:		
Shareholders' Equity		
Share Capital	3	-
Retained Earnings		-
Current Liabilities		
Short Term Loan	4	751,363
Liabilities for Expenses	5	23,000
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		774,363

Attached notes form an integral part of these Financial Statements.

Signed as per our annexed report of even date.


Samuel S Chowdhury
Chairman

Dhaka: 27 October, 2020


Tapan Chowdhury
Director


B. K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
(Chartered Accountants)


Md. Kabir Reza
Executive Director(A&F)
and Company Secretary

SQUARE LIFESCIENCES LTD.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

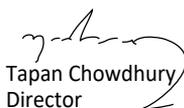
Particulars	Share Capital Taka	Retained Earnings Taka	Total Taka
Balance as at 13 February 2020	-	-	-
During the Period	-	-	-
Net Profit/(Loss) during the period	-	-	-
Balance as at 30 June 2020	-	-	-

Signed as per our annexed report of even date.



Samuel S Chowdhury
Chairman

Dhaka: 27 October, 2020



Tapan Chowdhury
Director



B. K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
(Chartered Accountants)



Md. Kabir Reza
Executive Director(A&F)
and Company Secretary

SQUARE LIFESCIENCES LTD.
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 13 FEBRUARY 2020 TO 30 JUNE 2020

Particulars	Amount in Taka 13 February 2020 to 30 June 2020
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	-
Payment to Others	-
Receipts from Others	-
Net cash provided/(Used) by operating activities	-
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Fixed Asset	-
Payment for Pre - Operating Expenses	(751,363)
Net cash used by Investing Activities	(751,363)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Share Capital	-
Short Term Loan Received	751,363
Net cash provided by Financing Activities	751,363
Increase/(Decrease) in Cash & Cash Equivalents	-
CASH AND CASH EQUIVALENT OPENING	-
CASH AND CASH EQUIVALENT CLOSING	-

Signed as per our annexed report of even date.


 Samuel S Chowdhury
 Chairman

Dhaka: 27 October, 2020


 Tapan Chowdhury
 Director


 Md. Kabir Reza
 Executive Director(A&F)
 and Company Secretary


 B. K. Bhattacharjee, FCA
 Partner
 Chowdhury Bhattacharjee & Co.
 (Chartered Accountants)



COVID-19 মহামারীতে সাহসিকতার সাথে নিরলস সেবা প্রদানকালে
জীবন উৎসর্গকারী সম্মানিত চিকিৎসকবৃন্দ, চিকিৎসা সেবার সাথে
সম্পৃক্ত ব্যক্তিবর্গ এবং বিভিন্ন প্রতিষ্ঠানে কর্মরত ব্যক্তিবর্গের আত্মার
প্রতি বিনয় শ্রদ্ধা জ্ঞাপন করছি।

সেই সাথে কৃতজ্ঞতা প্রকাশ করছি এই সংকটময় মুহূর্তে সেবাদানকারী
সম্মানিত চিকিৎসকবৃন্দ, চিকিৎসা সেবার সাথে সম্পৃক্ত ব্যক্তিবর্গ,
আইন প্রয়োগকারী সংস্থা এবং বিভিন্ন সেবাদানকারী সরকারি ও
বেসরকারি প্রতিষ্ঠানে কর্মরত ব্যক্তিবর্গের প্রতি।

স্কয়ার ফার্মাসিউটিক্যালস্ লিমিটেড



MEMBERS TOGETHER 12 DEC 2019



Square Pharmaceuticals Ltd.



Square Pharmaceuticals Limited

Square Centre, 48, Mohakhali Commercial Area
Dhaka-1212

PROXY FORM

I/We _____

of _____

being a member of **Square Pharmaceuticals Ltd.** , do hereby appoint

Mr./Mrs./Miss _____

of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the **54th Annual General Meeting** of the Company to be held on **Tuesday the 15th December, 2020** at 10:00 a.m. under virtual platform through the link <https://bitly.com/splagm2020>.

As witness my hand this day of _____ 2020.

Signature of the Proxy

Dated:

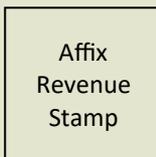
Signature of the Member

Dated:

Folio/BOID

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Note: A member entitled to attend and vote at the Annual General Meeting may appoint proxy to attend and vote in his/her stead. The proxy form should reach at the Registered Office of their Company not less than 48 hours before the time fixed for the meeting.



Signature Verified

Authorized Signatory
Square Pharmaceuticals Ltd.



Corporate COMPLIANCE

Date of Incorporation

10 November 1964

Authorized Capital

BDT 10,000 million

Paid-up Capital

BDT 8,442.39 million

Registered Office

Square Centre
48, Mohakhali C.A.
Dhaka-1212
Bangladesh

Factories**Pabna Unit**

Square Road, Salgaria, Pabna
Bangladesh

Dhaka Unit

Board Ghar Bazar, Kaliakoir
Gazipur, Bangladesh

Listing

Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.

Subsidiary Company

Square Pharmaceuticals Kenya EPZ Ltd.
Square Lifesciences Ltd.

Associate Company

Square Textiles Limited
Square Fashions Limited
Square Hospitals Limited

Phone

880-2-8833047-56, 9859007-16
Ext-229, 585

Website

www.squarepharma.com.bd

Email

cs@squaregroup.com

Corporate
INFORMATION

**For the Financial Year 2018-2019****Dividend Recommended**

22 October 2019

Record Date for 53rd AGM

19 November 2019

53rd Annual General Meeting

12 December 2019

Dividend Issued

01 January 2020

**For the Financial Year 2019-2020****Publication of 1st Qtr. Financial Report**

14 November 2019

Publication of 2nd Qtr. Financial Report

30 January 2020

Publication of 3rd Qtr. Financial Report

09 June 2020 (Due to corona pandemic situation)

Dividend Recommended

22 October 2020

Audited Financial Report to

BSEC, DSE and CSE

12 November 2020

Record Date for 54th AGM

22 November 2020

Notice of 54th AGM

30 November 2020

54th Annual General Meeting

15 December 2020

Dividend Payable

By 13 January 2021



Square Pharmaceuticals Ltd.

SQUARE



Registered Address

Corporate Headquarters
Square Centre

48 Mohakhali Commercial Area, Dhaka, Bangladesh

Phone: +88-02-9859007, 8833047-56

Fax: +88-02-8834941, 8828768

www.squarepharma.com.bd