



ANNUAL REPORT 2013-2014

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SQUARE
PHARMACEUTICALS LTD.
BANGLADESH

Key Highlights of the operations

Square Pharma

- Turnover (Gross) BDT 24,193 million, Growth 16.64%
- Turnover (Net) BDT 20,911 million, Growth 16.43%
- Export BDT 846 million, Growth 5.92%
- Contribution to National Exchequer BDT 5,113 million, Growth 17.63%
- Gross Profit BDT 9,182 million, Growth 17.34%
- Net Profit (AT) BDT 4,031 million, Growth 17.90%
- Earnings Per Share BDT 8.36, Growth 17.75%
- Dividend Payout (cash) BDT 1,445 million, Growth 56.00%
- Net Assets Value BDT 22,277 million, Growth 16.92%



*If you stop innovating,
you will be run over by your competitors.*


Samson H Chowdhury



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Transmittal Letter

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

Annual Report for the year ended 31st March, 2014

Dear Sir(s)

We are pleased to enclosed a copy of the Annual Report containing Directors' Report, Auditors' Report alongwith Audited Financial Statements including Statement of Financial Position as at 31st March 2014, Statement of Comprehensive Income, Changes in Equity and Cash Flows for the year ended 31st March 2014 alongwith notes thereon and all related Consolidated and Subsidiaries Financial Statements for your record and necessary measures.

Yours sincerely

Khandaker Habibuzzaman
Company Secretary

Dated: 3rd September, 2014



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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:

- (1) Business should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
- (2) Make sure that they are not complicit in human rights abuses.

Labour Standards:

- (3) Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- (4) The elimination of all forms of forced and compulsory labour;
- (5) The effective abolition of child labour and
- (6) Eliminate discrimination in respect of employment and occupation.

Environment:

- (7) Business should support a precautionary approach to environmental challenges;
- (8) Undertake initiatives to promote greater environmental responsibility; and
- (9) Encourage the development and diffusion of environmentally friendly technologies.

Ethical Standards:

- (10) Business should work against corruption in all its forms, including extortion and bribery.



48th Annual General Meeting Notice

Notice is hereby given that the 48th ANNUAL GENERAL MEETING of the Members of Square Pharmaceuticals Ltd. will be held on **Thursday the 25th September, 2014 at 10:00 a.m.** at **Factory Premises**, Board Ghar Bazar, Kaliakoir, Gazipur to transact the following business:

- Agenda -1: To receive, consider and adopt the Audited Financial Statements for the year ended 31st March, 2014 together with the Report of the Directors' and the Auditors' thereon.
- Agenda -2: To declare dividend for the year ended 31st March, 2014.
- Agenda -3: To elect Directors in terms of the relevant provision of Articles of Association.
- Agenda -4: To appoint Auditors and to fix their remuneration.

By order of the Board



Khandaker Habibuzzaman
Company Secretary

Dated: 3rd September, 2014

Notes:

- (i) The proxy form must be affixed with requisite revenue stamp and must 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 18th September, 2014, their written option to receive dividend. In case of non-submission of such option within 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 website at www.squarepharma.com.bd



Vision

We view business as a means to the material and social well being 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 frame work with aims to attain the mission reflected by our vision.

Corporate Focus

Our vision, our mission and our objectives are to emphasise on the quality of product, process and services leading to growth of the company imbued with good governance practices.





SQUARE
PHARMACEUTICALS LTD.
BANGLADESH

Corporate Profile





Management Apparatus

Board of Directors

Mr. Samuel S Chowdhury	Chairman
Mrs. Ratna Patra	Vice Chairman
Mr. Tapan Chowdhury	Managing Director
Dr. Kazi Harunar Rashid	Director
Mr. Anjan Chowdhury	Director
Mr. Kazi Iqbal Harun	Director
Mr. M. Sekander Ali	Independent Director
Mrs. Nihad Kabir	Independent Director

Audit Committee

Mr. M. Sekander Ali	Chairman
Mr. Anjan Chowdhury	Member
Mr. Kazi Iqbal Harun	Member

Management Committee

Mr. Tapan Chowdhury	Chairman
Mr. Parvez Hashim	Member
Mr. M. Ashiqul Hoque Chowdhury	Member
Mr. Muhammadul Haque	Member
Mr. Md. Kabir Reza	Member

Company Secretary

Mr. Khandaker Habibuzzaman



Operational Management Team

Mr. Parvez Hashim
Mr. M Ashiqul Hoque Chawdhury
Mr. Muhammadul Haque
Mr. Md. Kabir Reza
Mr. Mahbubur Rahman
Mr. Anjan Kumar Paul
Mr. Shamim Aziz
Md. Mizanur Rahman
Mr. M Nawabur Rahman
Mrs. Nasrin Akter

Head of Operations
Head of Admin & Supply Chain
Head of Marketing
Head of Accounts & Finance
Head of Engineering
Head of Human Resources
Head of Quality Operations
Head of Production (Pabna Unit)
Head of Production (Dhaka Unit)
Head of Internal Audit

Auditors

M/s. Das Chowdhury Dutta & Co.
Chartered Accountants
Well Tower, 1st Floor, Flat-A/1
12/A Purana Paltan Line, Dhaka

Legal Advisors

- Mr. Rafique-ul Huq, Bar-at-Law
47/1, Purana Paltan, Dhaka
- Mr. Rokanuddin Mahmud, Bar-at-Law
Walsow Tower
21-23, Kazi Nazrul Islam Avenue, Dhaka
- Ms. Nazia Kabir, Bar-at-Law
Concord Ovilash (1st floor), House-62
Road- 11A, Dhanmondi, Dhaka

Listing

- Dhaka Stock Exchange Ltd.
- Chittagong Stock Exchange Ltd.

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

Phone

8833047-56, 9859007 (10 lines)

Website

www.squarepharma.com.bd

Bankers

- Janata Bank Ltd.
1, Dilkusha C.A, Dhaka
- Citibank N.A
109, Gulshan Avenue, Gulshan, Dhaka
- Standard Chartered Bank
67, Gulshan Avenue, Gulshan, Dhaka
- HSBC Ltd.
Shanta Western Tower, 186 Bir Uttam Mir Shawkat Ali Road
Tejgaon I.A, Dhaka
- Commercial Bank of Ceylon Ltd.
2, Dilkusha, C.A, Dhaka
- Eastern Bank Ltd.
31, North C.A, Gulshan Circle-2, Dhaka
- Prime Bank Ltd.
69, Mohakhali C.A, Dhaka
- Bank Alfalah Ltd.
5, Rajuk Avenue, Motijheel, Dhaka
- Shahjalal Islami Bank Ltd.
House-6, Road-32, Gulshan Avenue, Dhaka
- Trust Bank Ltd.
110, Gulshan Avenue, Dhaka
- Bank Asia Ltd.
82, Mohakhali C.A, Dhaka
- BRAC Bank Ltd.
1, Gulshan Avenue
Gulshan 1, Dhaka

Insurers

- Pioneer Insurance Co. Ltd.
Plot No. SE (F) 9, Road No. 142
South Avenue, Gulshan-1, Dhaka
- Pragati Insurance Co. Ltd.
20-21, Kawran Bazar, Dhaka

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 behaviours, unethical and immoral activities and corruptive dealings.
- ▲ We strive for practicing good-governance in every sphere of activities covering inter alia not being limited to, disclosure & reporting to shareholders, 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 equality between sexes, races, religions and regions in all spheres of our operation without any discriminatory treatment.
- ▲ We strive for an environment free from pollution and poisoning.
We strive for the achievement of millennium development goals for the human civilization



Board of Directors

Mr. Samuel S Chowdhury
Chairman



Mrs. Ratna Patra
Vice Chairman

Mr. Tapan Chowdhury
Managing Director



Dr. Kazi Harunar Rashid
Director

Mr. Anjan Chowdhury
Director



Mr. Kazi Iqbal Harun
Director

Mr. M. Sekander Ali
Independent Director



Mrs. Nihad Kabir
Independent 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 categorised 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:

(a) Constitution:

The Board of Directors, the top Management echelon, consisting of the founding entrepreneurs/successors and an Independent Director, provides the policy and strategic support and direction for the entire range of the corporate activities. The Board of Directors consist of eight (8) members including the Independent Directors with varied education and experience which provides a balancing character in decision making process. 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.

(b) 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.



(c) Relationship with Shareholders & Public:

The shareholders as owners, are required to be provided with material information on the company's operation quarterly, half-yearly and annually, the latter at the AGM. They are also provided routine services by the Company Secretary in matters of transfer of shares, replacement in case of loss or damage 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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 labour, 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 disableds etc.

Separate role of the Chairman and Managing Director

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

Chief Financial Officer, Head of Internal Audit and Company Secretary

The Company has appointed Mr. Md. Kabir Reza, FCMA as Chief Financial Officer, Mr. Khandaker Habibuzzaman, FCS as Company Secretary and Mrs. Nasrin Akter, FCA, as Head of Internal Audit of the company as per requirement of Bangladesh Securities and Exchange Commission.

Audit Committee of Board

The Board of Directors has constituted an Audit Committee of the Board consisting of three Directors. The Audit Committee is headed by the Independent Director, Mr. M. Sekander Ali, an MBA and a Senior Development and Investment Banker of the country. Other members are Mr. Anjan Chowdhury, Director and Mr. Kazi Iqbal Harun, 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.

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 centres and are held accountable for performance therefor. 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:

(a) Independent Director:

In compliance of the BSEC Regulations on Good Governance, the Board of Directors as empowered by the Regulations, appointed Mr. M Sekander Ali, one of the Senior Development/Investment Bankers of the country, former Managing Director of Bangladesh Shilpa Bank/Bangladesh Shilpa Rin Sangstha/Investment Corporation of Bangladesh and Senior Adviser, the Bangladesh Securities and Exchange Commission and Mrs. Nihad Kabir, Barrister-at-Law, an Advocate of Supreme Court of Bangladesh and the Senior Partner of Syed Ishtiaq Ahmed & Associates, a firm of legal consultants and practitioners in Bangladesh as the non-shareholder Independent Directors. It is expected that his expertise would help contribute to the further disclosure and protect the interest of all investors in general and smaller investors in particular.

(b) Legal Advisers:

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

Mr. Rafiqul-ul Huq, Bar-at-Law
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.



(c) 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., Citibank N. A, Standard Chartered Bank, HSBC Ltd., Eastern Bank Ltd., Commercial Bank of Ceylon Ltd., Mercantile Bank Ltd., Bank Alfalah Ltd., Shahjalal Islami Bank Ltd., Trust Bank Ltd., Bank Asia 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.

(d) 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.

(e) 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 code of International Accounting Standards (IAS) and International Standard of Auditing (ISA) with legally required disclosures of Accounts and Financial Statements. This has been possible due to the high level capability and integrity of M/s. Das Chowdhury Dutta & Co., Chartered Accountants whose unchallenging performance has played a very trustworthy role in the protection of interest of the investors.

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.

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 co-existing 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.

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 31-03-2014 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.

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.



Corporate Socialisation

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 - Metropolitan Chamber of Commerce & Industries (MCCI), Bangladesh Association of Publicly Listed Companies (BAPLC), Central Depository Bangladesh Limited (CDBL), Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE). 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, adoption 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.

Beyond the Border

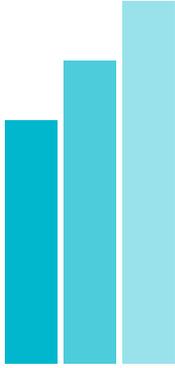
Corporate social responsibility, an element of Good Corporate Governance, extend to the society to the government and beyond the borders of the country for social good as well as for contribution of Foreign Exchange Resources to the National Exchequer. To this end, the company is making entry into foreign 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.

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.



Corporate Achievements

- Year of Establishment (Initially as a Partnership) : 1958
- Incorporated as a Private Limited Company : 1964
- Technical Collaboration Agreement with Janssen Pharmaceuticals of Belgium (a subsidiary of Johnson & Johnson International Ltd.) : 1975
- Technical Collaboration with F. Hoffman-La Roche & Co. Ltd. : 1984
- Market leadership in the Pharmaceuticals market of Bangladesh among all national and multinational companies. : 1985
- Pioneer in Pharmaceuticals export from Bangladesh : 1987
- Converted into Public Limited Company : 1991
- Initially Public Offering (IPO) : 1994
- Listing with Dhaka and Chittagong Stock Exchanges : 1995
- Agreement with M/s. Bovis Tanvec Ltd. of UK for implementation of Dhaka Plant : 1996
- Won the National Export Trophy for exporting pharmaceuticals : 1997
- Awarded ISO-9001 Certificate : 1998
- US FDA/UK MHRA standard new Pharmaceuticals factory goes into operation : 2001
- Enlisted as UNICEF's global suppliers. : 2002
- Awarded UK-MHRA Certificate : 2007
- Awarded TGA Certificate : 2012
- Awarded "AA+" rating in the long term and "ST-1" rating in short term by CRISL : 2013

• Business Lines: Manufacturing and Marketing of Pharmaceutical Finished Products, Basic Chemicals, AgroVet Products Pesticide Products, Small Volume Parental Ophthalmic Products and Insulin Products

• Authorized Capital : Tk. 10,000 million
 • Paid-up Capital : Tk. 4,819.99 million

• Subsidiary Company

- Square Cephalosporins Ltd.
- Square Formulations Ltd.

• Associate Company

- Square Textiles Ltd.
- Square Fashions Ltd.
- Square Hospitals Ltd.





Message from the Chairman

Dear Shareholders, Colleagues, Ladies and Gentlemen

I am thankful to you all for attending the 48th Annual General Meeting to which I welcome you heartily. This day reminds us of the sad absence of our Founder Chairman of the Company who left this mortal world over two (2) years ago leaving for us shining examples of good governance, ethical business, moral personal and corporate standards, corporate social responsibilities & obligations, philosophy of business, humanism, yeoman service and many other virtuous values of life and civilization while doing business for accretion of wealth for all concerned with it, including, not being limited to, the nation and its populace. His departure though had created an irreparable vacuum, has left a milestone pole-star for us based on these values of Management Standards to which his successors have religiously committed.

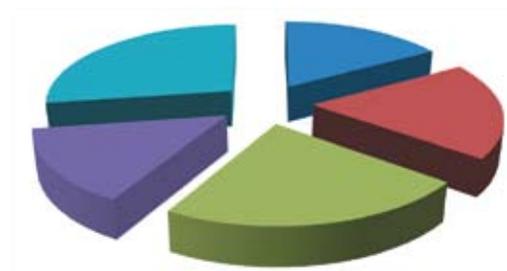
As we are engaged in the business that exists and survives on "Life Science" our philosophy of business is more than what ordinary business would mean and work out "Life" is first and last to us. So we value quality of products more than quantity of profit, without hankering for abnormal growth in accretion of wealth. Our past results obviously shine on our virtuous philosophy of business.

Finally, I pray, along with you, for salvation of the soul of our great Teacher & Philosopher, our Founder Chairman, and all those who sacrificed their lives and honour for our beloved country.

Thanking you all with best wishes for the days ahead.


Samuel S Chowdhury
Chairman

Corporate Operational Results



(Figures in thousand)

	2013-14	2012-13	2011-12	2010-11	2009-10
Turnover (Gross)	24,193,357	20,742,746	18,592,856	15,576,488	13,279,142
Value Added Tax	3,282,583	2,783,257	2,538,431	2,105,063	1,816,563
Turnover (Net)	20,910,774	17,959,489	16,054,425	13,471,424	11,462,578
Gross Profit	9,182,781	7,825,814	6,887,172	5,767,763	4,901,290
Net Profit before Tax	5,504,460	4,584,376	3,978,939	3,414,752	2,825,069
Net Profit after Tax	4,031,811	3,419,785	2,897,711	2,532,055	2,087,872
Net Assets Value (NAV)	22,277,517	19,052,892	16,396,669	13,817,709	11,554,380
Total Assets	26,549,535	23,734,743	21,637,554	19,444,410	15,029,500
Total Bank Borrowings	418,654	1,937,619	3,002,471	3,761,330	2,231,167
Total Current Assets	7,768,068	5,996,698	6,745,908	7,022,214	4,774,311
Total Current Liabilities	3,416,620	3,792,438	4,252,935	4,668,189	2,216,744
Current Ratio	2.27	1.58	1.59	1.50	2.05
Shares Outstanding	481,999,263	370,768,664	264,834,760	19,617,390	15,090,300
Face Value per Share	10.00	10.00	10.00	100.00	100.00
Dividend (Cash)	30%	25%	25%	30%	35%
Dividend (Stock)	15%	30%	40%	35%	30%
Net Assets Value per Share (NAV)	46.22	39.53	34.02	286.67	239.72
Net Operating Cash Flow per Share	12.90	9.55	7.56	59.82	55.26
EPS-Earning per Share (SPL)	8.36	7.10	6.01	52.53	43.32
EPS-Earning per Share (Consolidated)	10.26	8.74	7.51	67.58	51.81
EPS at Original Capital at IPO	403.18	341.98	289.77	2,532.10	2,087.90
Quoted Price per Share - DSE	267.00	178.60	237.30	3,272.00	3,581.00
Quoted Price per Share - CSE	266.80	178.40	237.80	3,261.00	3,597.00
Price Earning Ratio-DSE (Time)	31.94	25.15	39.48	62.29	82.66
Price Earning Ratio-CSE (Time)	31.91	25.13	39.57	62.08	83.03
Number of Shareholders:	69,825	60,781	53,291	54,278	40,797
Sponsors/Promoters	18	18	20	21	22
Financial and other Institution	512	478	441	278	193
Foreign Investors	57	51	38	24	19
General Public	69,238	60,234	52,792	53,955	40,563
No. of Employees:	6,313	5,868	5,290	4,617	4,197
Executives	3,017	2,829	2,409	2,055	1,909
Non Executives	1,827	1,751	1,679	1,433	1,259
Workers	1,469	1,288	1,202	1,129	1,029





Statement from the Managing Director

Respected Shareholders, Ladies and Gentlemen

It is a great pleasure for me to be able to submit, on behalf of the Board of Directors, the Annual Report 2013-14 containing the Directors' Report and Financial Statements as required under the Companies Act 1994 and Regulations of Bangladesh Securities and Exchange Commission for consideration and approval thereof by you at this 48th Annual General Meeting.

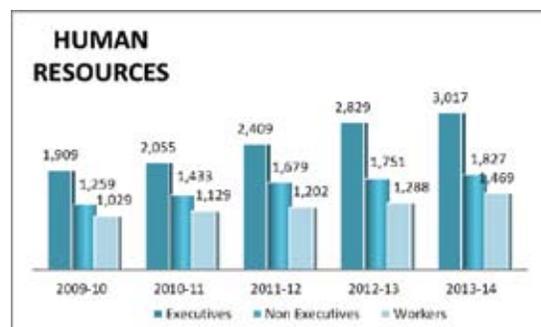
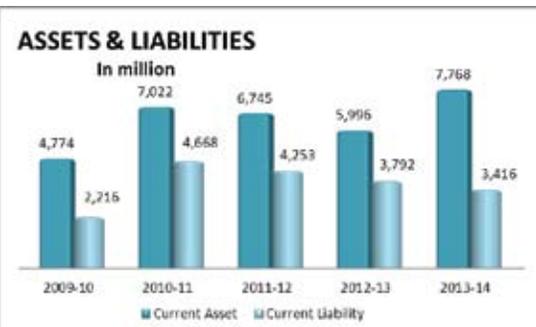
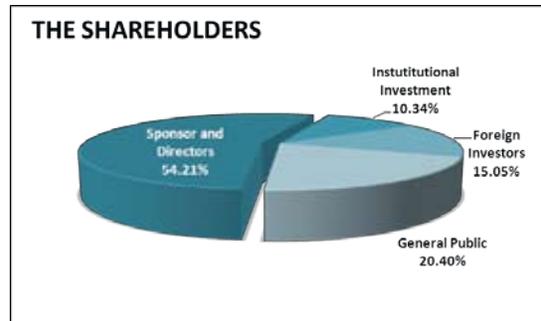
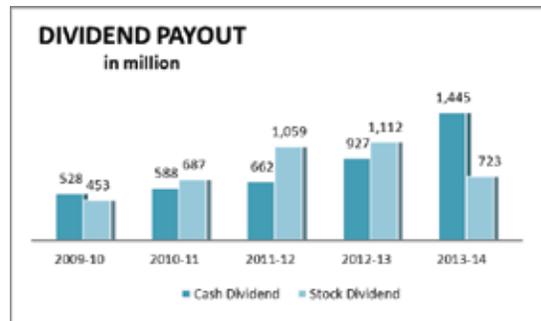
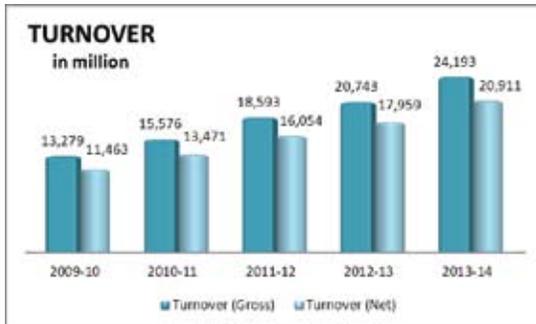
While presenting the Annual Report 2013-14, I would not hesitate to request you to look back to the outgoing year vis-a-vis our operational results and you would, I am sure, feel "taken aback". Our growth in Turnover (16.63%), Gross Profit (17.34%), Profit from Operations (26.59%), Profit before Tax (20.06%), Profit after Tax (17.90%) and EPS (17.75%) has been achieved through a slower growth (15.73%) in Cost of Goods Sold and operating expenses (7.86%) due to effective Cost Control measures and good governance at all echelons of Management. The external obtrusive factors had minimum adverse effects on our operations due to installation of detour plans of actions in "Crises Management" situation. This had been possible due to the honest commitment of all the employees, workers & officials at all levels of operation. I feel proud to be their Team Leader.

The corporate operations and performance have intensively followed the standards and values set by our Founder Chairman in his attempt and commitment to raise the Company's status among the top tier of "Life Science" Enterprises of the World. We are committed not to fail in his Mission. It's our assurance to all the stakeholders.

Thanking you all with best wishes.


Tapan Chowdhury
Managing Director

Graphical View of Business Operation



Directors' Report

to the Shareholders for the year 2013-2014

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, BSEC Notification dated 7th August, 2012 and IAS-1 (International Accounting Standards-1) codes as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB), it is the pleasure of the Board of Directors to submit its Report to the Shareholders for the year ended 31 March, 2014 in the following paragraphs:

PHARMACEUTICAL SECTOR :

The pharmaceutical sector attained a growth of 8.12% during the year 2013 as against 11.91 % during the previous year. The national pharma market growth and that of the company during the past few years are given below:

Year	National Market Growth Rate	Company's Growth Rate
2009	16.83%	16.72%
2010	23.80%	17.53%
2011	22.30%	19.17%
2012	11.91%	11.87%
2013	8.12%	16.43%

Source: IMS Report, 2013

The growth trend indicate positive outlook. The growth of the economy at 6.25% during FY 2013-14 offers scope for further growth in investment for expansion in this sector.

OPERATIONS REVIEW:

(1) Pharma Plants:

The production plants at Pabna and Kaliakoir had continued to improve their operational efficiency both qualitatively and quantitatively by upgrading technological process, research and training. The company made substantive investments an increase of 66%, in this regard at factory installations during the year as detailed below:

Assets Title	2013-14	2012-13
(a) Land	301,735,713	144,166,293
(b) Building	1,488,618,705	317,683,212
(c) Plant & Machinery	333,161,925	634,991,127
(d) Laboratory Equipments	108,086,342	158,386,302
(e) Other Equipment/Assets	83,956,338	138,111,956
Total Tk.	2,315,559,023	1,393,338,890

The major part of investments were made from internal generation of funds. The overall combined output (Tablets and Capsules) of Pabna and Dhaka plants increased during the year over the previous year as follows:

(Quantity in thousand)

Sl. No.	Particulars/ Product	Unit	Capacity	Actual Output		Capacity Utilisation	
				2013-14	2012-13	2013-14	2012-13
1	Tablets	Pcs	10,495,317	6,087,308	4,862,000	58%	66%
2	Capsules	Pcs	2,219,713	1,193,637	1,176,601	54%	102%

(2) Chemical Plant:

The operations of the chemical Plant (at Pabna) during the last five (5) years are presented hereunder:

Years	No. of Products	Production (M. Tons)	Own Use (M. Tons)	Sales (M. Tons)	Own Use (%)	Turnover (Million Taka)
2009-10	15	398	258.13	140.57	64.86%	280.57
2010-11	20	437	326.63	101.36	74.74%	192.07
2011-12	22	514	378.94	136.27	73.74%	189.13
2012-13	22	375	326.89	60.91	87.17%	209.22
2013-14	22	582	495.64	61.63	85.16%	185.30

(3) Product Development:

The following table shows the position of existing, discarded and new products introduced during the year 2013-14:

Sl. No.	Products Categories	Position as on 31-03-13	Added during the year	Discarded	Total Net 31-03-14
1	Tablet	294	9	4	299
2	Capsule	58	2	2	58
3	Liquid Capsule	3	-	-	3
4	Liquid	72	4	-	76
5	Injectable	61	1	-	62
6	Infusion	5	1	-	6
7	E N T Preparation & Others	67	-	3	64
8	Ophthal Preparation	15	-	1	14
9	Powder for Suspension	18	-	-	18
10	Powder	1	-	-	1
11	Suppository	9	-	-	9
12	Sachet	3	-	-	3
13	Inhaler	16	-	1	15
14	Insulin	8	-	-	8
15	Basic Chemical	8	-	-	8
16	Pellet	14	-	-	14
17	Tablet, Powder, Liquid, Injectable -AgroVet	50	-	-	50
18	Aerosol & Pesticide	30	-	-	30
	Total	732	17	11	738

The new products have been well received by the medical profession and the market.



(4) Output/capacity Utilisation :

The overall capacity utilization of the plant operation continued to improve during the year as shown hereunder:

Sl. No.	Product Categories	Units	Production in thousand		% Increase/ (Decrease)	Capacity Utilization	
			2013-14	2012-13		2013-14	2012-13
1	Tablets	Pcs	6,087,308	4,862,000	25.20	58%	66%
2	Capsules	Pcs	1,193,637	1,176,601	1.45	54%	102%
3	Liquid Capsules	Pcs	9,436	8,238	14.54	9%	82%
4	Liquids	Bottles	76,511	75,882	0.83	39%	38%
5	Injectables (Vials & Ampoules)	Pcs	41,240	42,322	(2.56)	75%	84%
6	Infusion (LVPO)	Bags	123	356	(65.45)	31%	178%
7	ENT Preparations-Drops, Spray, Gel & Others	Phials	15,157	21,323	(28.92)	51%	71%
8	Steroid- Cream, Ointment, Spray, Gel & Others	Phials	6,764	5,429	24.59	14%	11%
9	Non steroid- Cream, Ointment, Spray, Gel & Others	Phials	11,935	9,164	30.24	70%	54%
10	Ophthal Preparations	Phials	4,031	2,647	52.29	67%	126%
11	Nebuliser	Phials	1,214	670	81.19	40%	118%
12	Powder for Suspension	Bottles	9,518	8,123	17.17	43%	45%
13	Powder	Phials	3,123	2,875	8.63	87%	80%
14	Suppository	Pcs	26,432	19,789	33.57	33%	25%
15	Sachet	Pcs	1,553	1,095	41.83	16%	11%
16	Inhalers	Cans	2,925	3,238	(9.67)	30%	45%
17	Insulin	Pcs	522	497	5.03	36%	102%
18	Basic Chemicals	Kg	381	243	56.79	76%	71%
19	Pellets	Kg	201	152	32.24	87%	100%
20	Tablet -AgroVet	Pcs	12,072	9,608	25.65	24%	19%
21	Powder- AgroVet	Kg	319	266	19.92	21%	18%
22	Injection-AgroVet	Pcs	761	1,131	(32.71)	22%	33%
23	Liquids -AgroVet	Bottles	771	490	57.35	4%	2%
24	Aerosol	Pcs	506	433	16.86	34%	29%

The new products have been well received by the medical profession and the market.

(5) Quality Control:

The company places total emphasis on maintaining and improving of quality of its products as 'life-science' biology following GMP standards of WHO by following strictly laid down criteria at every levels of production and handling. The company also follows-up withdrawals from market of all expiry dated products through close inspection and surveillance. The quality control facilities include a high quality standard Laboratory Building, Computerized Equipments 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.

(6) Technology:

The company is endeavoring to upgrade and adopt new technology in production, quality control, distribution and administration of its products to patients. During the year (2013-2014) the company invested an amount of Tk. 108,086,342 in improving its Laboratory.

(7) Export:

The company is continuously pressing hard for expanding its export sales. During the year under review, the exports amounted to Tk. 846.33 million as against Tk. 799.05 million in previous year, a 5.92% increase. The exports are expected to rise in the coming years. Present export market covers Myanmar, Nepal, Kenya, Libya, Mauritius, Papua New Guinea, Somalia, Sri Lanka, Vietnam, Bhutan, Cambodia, Afghanistan, Tanzania, North Korea, Belize, Hong Kong, Mauritania, Philippine, Eritrea, Ghana, Malaysia, Suriname, UK, Costa Rica, Maldives, Mozambique, Sudan, Netherlands, Gambia, Tazikistan, Uzbekistan, Thailand, Singapore, Fiji, Ivory Coast, Palau, Denmark, Pakistan and Uganda.

Square has submitted its first ANDA (Abbreviated New Drug Application) to US FDA (United States Food and Drug Administration) in June, 2012. Company is waiting for the GMP (Good Manufacturing Practice) inspection by the USFDA auditors. Five other ANDAs are in the pipeline for submission, by December 2013. Commercial supply to USA is expected to be started from the 4th quarter of 2015, on the approval of ANDAs.'

(8) Subsidiary Operation:

(8. a) Square Cephalosporins Ltd. (SCL):

Square Cephalosporins Ltd. has been merged with Square Pharmaceuticals Ltd. effective from 1st April, 2014 considering the proposal of the company to compensate the minority shareholders in cash at a book value of shares as on 31 March, 2012 according to the approval of the Hon'ble High Court of Jurisdiction.

The Directors' Report for the year ended 31st March, 2014 of the Company together with Audited Accounts containing Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows and Auditors Report thereon are included therein.

(8.b) Square Formulations Ltd.:

SPL holds 995,000 shares of Tk. 100 each out of total issued 999,000 shares. Square Pharmaceuticals Ltd. has also deposited Tk. 376,000,000 as share money deposit. A copy of Directors' Report containing Financial Statements is enclosed.

(9) INVESTMENT PORTFOLIO:

The investment portfolio of long term investment and marketable securities has been detailed in Notes (4 & 5) to Audited Accounts. The outlines of the portfolio with minority interest in shareholdings are described hereunder for further information of the shareholders:



(9.1) Long Term Investments:

Long term investment for an amount of total Tk. 3,661,121,331 both in majority and minority investments in ordinary shares/advance as Share Money Deposit in 8 (eight) different companies as follows:

(9.1.i) Majority Investments (Subsidiaries)

Square Formulations Ltd.:

SPL holds 995,000 shares of Tk. 100 each out of 999,000 issued shares which is not listed. SPL has also deposited Tk. 376,000,000 as Share Money.

(9.1.ii) Minority Investments:

(9.1.ii.a) Square Textiles Ltd. (STL):

As on 31-03-2014 investment in this company stands at Tk. 180,976,901 (at cost) for 61,607,069 Ordinary Shares of Tk. 10 each including bonus shares. The market value as on 31 March, 2014 stood at Tk. 6,604,277,797 (at Tk. 107.20 per share). The company is in full operation and declared cash dividend @20% and stock dividend @10% for the year 2013.

(9.1.ii.b) Square Hospitals Ltd. (SHL):

SPL holds 199,750 Ordinary Shares of Tk. 1,000/- each. The project has been put to operation as a modern hospital with 300 beds and diversified medical services with special emphasis on cardio-vascular remedies. SPL hold 49.94% of SHL. SPL has also advanced a share money of Tk. 2.00 billion for 2,000,000 shares of Tk. 1,000 each. As the company is not listed, the market value cannot be easily ascertained.

The company earned a total revenue of Tk. 2,349,111,891 for the year ended 30 June, 2013. The net profit for the period amounted to Tk. 317,577,650 as against Tk. 97,027,159 net profit during the previous year.

(9.1.ii.c) Square Fashions Ltd. (SFL):

SPL now holds 252,000 Shares of Tk. 100 each (48.46%) in the capital of SFL. The company has started earning profit and earned Net Profit Tk 366,472,879 during the year 2013 as against Tk. 310,538,046 during the previous year. The company did not declare any dividend. Since the Company is not a public/listed one, the market value can not be assessed readily. However the NAV per share stands at Tk. 2,838.04 as on 31-12-2013.

(9.1.ii.d) Square Informatix Ltd. (SIL):

An amount of Tk. 100,000,000 stand invested in SIL as advance against share money deposit for 1,000,000 ordinary shares of Tk. 100 each. Present paid-up capital of the company is Tk. 2,500,000. Market value can not be determined as it is not listed.

(9.1.ii.e) United Hospital Ltd. (UHL):

The company (SPL) holds 120,000 shares of Tk. 100 each amounting to Tk. 12,000,000. Since the company is not a listed one, it does not have any ready market value.

(9.1.ii.f) Central Depository Bangladesh Ltd. (CDBL):

SPL holds 5,711,804 shares of Tk. 10 each in the Capital of CDBL which has been formed under the Central Depository Act 1999 for fungible and dematerialized share holding/trading which will do away with the physical possession of scrips and primarily prevent fraudulent/fake share trading. The shares are not listed and therefore the market value can not be assessed.

(9.1.ii.g) Orascom Telecom Bangladesh Ltd.:

SPL holds 2 secured senior bonds of TK. 10,000,000 each amounting to Tk. 20,000,000 which is not listed.

(9.2) Investment In Marketable Securities:

A statement of Marketable Securities (23 Securities) at a cost of Tk. 313,019,766 is given in Note No. 5. The portfolio shows a unrealized capital gain of Tk.417,680,687 as on 31 March 2014 (133.44% gain).

(10) FINANCIAL RESULTS:

The operating financial results of the Company for the year 2013-2014 as compared to previous year are summarised hereunder:

Particular	2013-2014 (Taka)	2012-2013 (Taka)	% Increase
◆ Gross Turnover	24,193,356,807	20,742,746,372	16.64%
◆ Net Turnover	20,910,773,826	17,959,489,496	16.43%
◆ Gross Profit	9,182,781,155	7,825,814,319	17.34%
◆ Net Profit (BT)	5,504,459,836	4,484,376,088	20.07%
◆ Provision for Taxation	1,329,682,520	1,067,770,353	24.53%
◆ Net Profit (AT)	4,031,811,286	3,419,785,256	17.90%
◆ Gross Margin (Net Turnover)	43.91%	43.57%	-
◆ Net Margin (BT)	26.32%	25.53%	-
◆ Net Margin (AT)	19.28%	19.04%	-
◆ Earning Per Share (EPS) (Tk.)	8.36	7.10	-
◆ EPS on IPO Paidup Capital	403.18	341.98	-
◆ Consolidated Earning Per Share (EPS) (Tk.)	10.26	8.74	-

The Gross Profit, Operating Profit and Net Profit (BT) increased during FY 2013-14 at 17.34%, 26.61% and 20.07% respectively over the previous year. However, the Cost of Goods Sold increased at 15.73% over previous year which helped increase Gross Profit and Operating Profit. The Company, however, did not earn any extra-ordinary income during the year. The Net Profit (AT), however, increased at 17.90% over the previous year.



The Earning per Share of Tk. 8.36 is based on increased outstanding 481,999,263 shares of Tk. 10 each. However, if the original issued capital at the time of IPO is considered, the EPS would stand at Tk. 403.18 in 2013-2014 as against Tk. 341.98 in 2012-2013.

(11) APPROPRIATION OF PROFIT:

The Board of Directors recommended the appropriation of the net profit earned during the year 2013-2014 in the following manner:

(A) Net Profit for the Year (2013-2014)		4,031,811,268
(B) Appropriation proposed:		
(i) Cash Dividend @30% (Tk. 3.00 per Share)	1,445,997,789	
(ii) Issuance of 72,299,889 Bonus Shares (Stock Dividend) @15% : Face Value of Bonus Share	722,998,890	2,168,996,679
(C) Net Un Appropriated Profit		Tk. 1,862,814,589

(12) CONSOLIDATION OF ACCOUNTS:

In terms of BSEC Regulations, the company has consolidated the Accounts following the codes of International Accounting Standard - 28 & IFRS-10 reflecting shareholders gross benefits/value of investments.

HUMAN RESOURCES DEVELOPMENT:

In order to improve productivity of human input, the company continuously provide formal and informal training to the employees at every echelon of operation and management. During the year under review 3266 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 maintain a high standard of pollution free environment as per GMP Regulations/WHO standards/Government laws.

CONTRIBUTION TO NATIONAL EXCHEQUER:

The company contributed an amount of Tk. 5,113,387,771 (including Tk. 128,929,855 as contribution as duty/taxes towards machinery & spare parts imports) to National Exchequer as against Tk. 4,346,954,149 in the previous year. The contribution constitutes 24.45% of the sales revenue (net) in 2013-2014 as against 24.20% in the previous year (2012-2013).

ELECTION OF DIRECTORS:

Mrs. Ratna Patra and Mr. Anjan Chowdhury retires as per Article-99 of the Articles of Association of the company and as per Article-100 of the Articles of Association of the company, being eligible, have offered themselves for re-election. Brief resume and other information of the above mentioned directors as per clause 1.5 (xxii) of BSEC notification date 7th August, 2012 are depicted in Annexure-III.

APPOINTMENT OF AUDITORS :

The existing Auditors of the company M/s. Das Chowdhury Dutta & Co., Chartered Accountants retires at this Annual General Meeting and being eligible, have offered themselves for re-appointment as Auditors of the Company for the year 2014-2015.

CORPORATE GOVERNANCE:

Corporate Governance is the practice of good citizenship, through which the Company is governed by the Board, keeping in view its accountability to the stakeholders and to the society. A statement in pursuance to clause 1.5, report of compliance, audit committee report as per clause 3.5, certificate from professional accountant as per clause 7(i) and a status of compliance as per clause 7(ii) of the BSEC Notification No. SEC/CMRRCD/ 2006-158/129/Admin/43 dated 7th August, 2012 are depicted/disclosed in the ANNEXURE-I, 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, BSEC, DSE, CSE, CDBL 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 be prevailed.



ANNEXURE-I

The Directors also report that:

- ❖ Related Party Transactions are depicted in Note no.45 in the Notes of Account.
- ❖ Remuneration of Directors including Independent Director have been shown in Note no. 27 in the Notes of Account.
- ❖ 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.
- ❖ Key operating and financial data of last five years have been presented in summarized form in page no 20.
- ❖ The number of Board Meeting and the Attendance of Directors during the year 2013-2014 were as follows:

Name of Directors	Position	Meeting Held	Attended
Mr. Samuel S. Chowdhury	Chairman	9	9
Mrs. Ratna Patra	Vice Chairman	9	9
Mr. Tapan Chowdhury	Managing Director	9	9
Dr. Kazi Harunar Rashid	Director	9	2*
Mr. Anjan Chowdhury	Director	9	8
Mr. Kazi Iqbal Harun	Director	9	9
Mr. M Sekander Ali	Independent Director	9	9
Mrs. Nihad Kabir	Independent Director	9	7**

* Granted leave of absense four meetings.

** Apponited on 9th May 2013.

- ❖ The pattern of shareholding as required by clause 1.5(xxi) of the BSEC Notification dated 7th August, 2012, stated in Annexure II.

ANNEXURE-II

Pattern of Shareholding as on 31st March , 2014

Name of the Shareholders	Status	Shares held	%
i. Parent/Subsidiary/Associated Companies and other related parties	-	-	-
ii. Directors:			
Mr. Samuel S Chowdhury	Chairman	34,043,600	7.06
Mrs. Ratna Patra	Vice Chairman	32,627,676	6.77
Mr. Tapan Chowdhury	Managing Director	34,784,813	7.22
Dr. Kazi Harunar Rashid	Director	18,443,474	3.07
Mr. Anjan Chowdhury	Director	35,225,253	7.31
Mr. Kazi Iqbal Harun	Director	20,037,245	3.02
Mr. M Sekendar Ali	Independent Director	-	-
Mrs. Nihad Kabir	Independent Director	-	-
iii. Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their Spouses and Minor Childrens:			
Mr. Tapan Chowdhury	Chief Executive Officer	34,784,813	7.22
Mr. Md. Kabir Reza	Chief Financial Officer	6,121	0.0013
Mr. Khandaker Habibuzzaman	Company Secretary	182	-
Mrs. Nasrin Akter	Head of Internal Audit	-	-
iv. Executives:			
Mr. Parvez Hashim	Head of Operations	-	-
Mr. Muhammadul Haque	Head of Marketing	28,956	0.0060
Mr. Mahbubur Rahman	Head of Engineering	4,823	0.0010
Mr. Anjan Kumar Paul	Head of HR	80,862	0.0168
Mr. M Nawabur Rahman	Head of Production	-	-
v. Shareholders Holding 10% or more voting interest in the company:	-	-	-



ANNEXURE-III

Brief Resume of the Directors

Directors who seek re-appointment:

Mrs. Ratna Patra

Mrs. Ratna Patra is a Director of the Company since 2007 and was appointed as Vice Chairman in the 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 10 years in the pharmaceuticals and textiles sector. She is also Director in 19 other Private Limited Company namely Square Hospitals Limited, Square Toiletries Limited, Square Food & Beverage Ltd., Square Securities Management Ltd. and Maasranga Television under the Square Group.

Mr. Anjan Chowdhury

Mr. Anjan Chowdhury is a Director of the Company 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 21 years in the pharmaceuticals, textiles, toiletries, media & communication sector including capital market operations. He has been awarded several times as a highest individual Taxpayer in the Country.

He has been instrumental in the execution of several projects of the Square Group namely Square Toiletries Ltd., Square Food & Beverage Ltd., including the Maasranga Television.

Beside holding directorship in Square Group, Mr. Anjan Chowdhury is the Chairman of Industry skill Council (ISC) a US Aid Funded Project, President of Bangladesh Agro Processors Association, Vice-President of Bangladesh Cosmetics & Toiletries Manufacturers Association, EC Member of Metropolitan Chamber of Commerce & Industry and Director of Mutual Trust Bank Limited. He is also a member of the Audit Committee of the Company and Square Textiles Limited.

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

ANNEXURE-IV

AUDIT COMMITTEE REPORT

For the Year 2013-2014

The Audit Committee consists of the following persons:

Mr. M Sekander Ali, Independent Director	- Chairman
Mr. Anjan Chowdhury, Director	- Member
Mr. Kazi Iqbal Harun, Director	- Member
Mr. Khandaker Habibuzzaman, Company Secretary	- Member Secretary

The scope of Audit Committee was defined as under:

- (a) Review and recommend to the Board to approve the quarterly, half-yearly and annual financial statements prepared for statutory purpose;
- (b) Monitor and oversee choice of accounting policies and principles, internal control risk management process, 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.

Activities carried out during the year

The Committee reviewed the integrity of the quarterly and annual financial statement and recommended to the Board for consideration. The Committee had overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports. 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.



M Sekander Ali
Chairman
Audit Committee

Date: 10th July, 2014



ANNEXURE-V

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE GUIDELINES.

To the Members of Square Pharmaceuticals Ltd.

This is to certify that Square Pharmaceuticals Ltd. has complied with the conditions of Corporate Governance Guidelines imposed by the Bangladesh Securities and Exchange Commission vide their Notification No. SEC/CMRRCD/2006-158/134/ Admin/44 dated 7th August, 2012.

Dated: 3rd August, 2014
Dhaka



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

ANNEXURE-VI

Status of compliance with the conditions imposed by the Securities and Exchange Commission's notification No. SEC/CMRRCD/2006-158/134/ Admin/44 dated 7th August, 2012.

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1.1	Board's Size: The number of the board members shall not be less than 5 (five) and more than 20 (twenty)	✓		
1.2	Independent Directors:			
1.2 (i)	One fifth (1/5) of the total number of directors	✓		
1.2 (ii) a)	Does not hold any share or holds less than 1% shares of the total paid-up shares.	✓		
1.2 (ii) b)	Not connected with any sponsor/director/shareholder who holds 1% or more shares of the total paid-up shares on the basis of family relationship.	✓		
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	✓		
1.2 (ii) d)	Not a member, director or officer of any stock exchange	✓		
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	✓		
1.2 (ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm.	✓		
1.2 (ii) g)	Not be an independent director in more than 3 (three) listed companies;	✓		
1.2 (ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBFII	✓		
1.2 (ii) i)	Not been convicted for a criminal offence involving moral turpitude	✓		
1.2 (iii)	Nominated by the board of directors and approved by the shareholders in the AGM	✓		
1.2 (iv)	Not remain vacant for more than 90 (ninety) days.	✓		
1.2 (v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		



Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1.2 (vi)	Tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		
1.3	Qualification of Independent Director (ID)			
1.3 (i)	Knowledge of Independent Directors	✓		
1.3 (ii)	Background of Independent Directors	✓		
1.3 (iii)	Special cases for qualifications			N/A
1.4	Individual Chairman of the Board and CEO	✓		
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	✓		
1.5 (iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	✓		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	✓		
1.5 (vi)	Basis for related party transactions	✓		
1.5 (vii)	Utilization of proceeds from public issues, 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.			N/A
1.5 (ix)	Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements			N/A
1.5 (x)	Remuneration to directors including independent directors	✓		
1.5 (xi)	Fairness of Financial Statement	✓		
1.5 (xii)	Maintenance of proper books of accounts	✓		
1.5 (xiii)	Adoption of appropriate accounting policies and estimates	✓		
1.5 (xiv)	Followed IAS, BAS, IFRS and BFRS in preparation of financial statements	✓		
1.5 (xv)	Soundness of internal control system	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1.5 (xvi)	Ability to continue as a going concern	✓		
1.5 (xvii)	Significant deviations from the last year's	✓		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years	✓		
1.5 (xix)	Reasons for not declared dividend			N/A
1.5 (xx)	Number of board meetings held during the year and attendance	✓		
1.5 (xxi)	Pattern of shareholding:			
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties	✓		
1.5 (xxi) b)	Directors,CEO,CS,CFO,HIA and their spouses and minor children	✓		
1.5 (xxi) c)	Executives	✓		
1.5 (xxi) d)	10% or more voting interest	✓		
1.5 (xxii)	Appointment/re-appointment of director:			
1.5 (xxii) a)	Resume of the director	✓		
1.5 (xxii) b)	Expertise in specific functional areas	✓		
1.5 (xxii) c)	Holding of directorship and membership of committees of the board other than this company.	✓		
2.1	Appointment of CFO, HIA and CS:			
2.2	Attendance of CFO and CS at the meeting of the Board of Directors.	✓		
3	Audit Committee :			
3 (i)	Constitution of Audit Committee	✓		
3 (ii)	Assistance of the Audit Committee to Board of Directors	✓		
3 (iii)	Responsibility of the Audit Committee	✓		
3.1	Constitution of the Audit Committee:			
3.1 (i)	At least 3 (three) members	✓		
3.1 (ii)	Appointment of members of the Audit Committee	✓		
3.1 (iii)	Qualification of Audit Committee members	✓		
3.1 (iv)	Term of Service of Audit Committee members	✓		



Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
3.1 (v)	Secretary of the Audit Committee	✓		
3.1 (vi)	Quorum of the Audit Committee	✓		
3.2	Chairman of the Audit Committee			
3.2 (i)	Board of Directors shall select the Chairman.	✓		
3.2 (ii)	Chairman of the audit committee shall remain present in the AGM.	✓		
3.3	Role of Audit Committee			
3.3 (i)	Oversee the financial reporting process	✓		
3.3 (ii)	Monitor choice of accounting policies and principles	✓		
3.3 (iii)	Monitor Internal Control Risk management process	✓		
3.3 (iv)	Oversee hiring and performance of external auditors	✓		
3.3 (v)	Review the annual financial statements before submission to the board for approval	✓		
3.3 (vi)	Review the quarterly and half yearly financial statements before submission to the board for approval	✓		
3.3 (vii)	Review the adequacy of internal audit function	✓		
3.3 (viii)	Review statement of significant related party transactions	✓		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors	✓		
3.3 (x)	Disclosure about the uses/applications of funds raised by IPO/RPO/Right issue	✓		
3.4	Reporting of the Audit Committee:			
3.4.1	Reporting to the Board of Directors:			
3.4.1 (i)	Activities of Audit Committee	✓		
3.4.1 (ii) a)	Conflicts of interests	✓		
3.4.1 (ii) b)	Material defect in the internal control system	✓		
3.4.1 (ii) c)	Infringement of laws, rules and regulations	✓		
3.4.1 (ii) d)	Any other matter	✓		
3.4.2	Reporting to the Authorities			
		✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
3.5	Reporting to the Shareholders and General Investors	✓		
4	Engagement of External/Statutory Auditors:			
4 (i)	Appraisal or valuation services or Fairness opinions	✓		
4 (ii)	Financial information systems design and implementation	✓		
4 (iii)	Book-keeping	✓		
4 (iv)	Broker-dealer services	✓		
4 (v)	Actuarial services	✓		
4 (vi)	Internal audit services	✓		
4 (vii)	Services that the Audit Committee determines	✓		
4 (viii)	Audit firms shall not hold any share of the company they audit.	✓		
4 (ix)	Audit/certification services on compliance of corporate governance.	✓		
5	Subsidiary Company :			
5 (i)	Composition of the Board of Directors	✓		
5 (ii)	At least 1 (one) independent director to the subsidiary company	✓		
5 (iii)	Submission of Minutes to the holding company	✓		
5 (iv)	Review of Minutes by the holding company	✓		
5 (v)	Review of Financial Statement by the audit committee of the holding company	✓		
6.	Duties of Chief Executive Officer and Chief Financial Officer:			
6 (i) a)	Reviewed the materially untrue of the financial statement	✓		
6 (i) b)	Reviewed about compliance of the accounting standard	✓		
6 (ii)	Reviewed about fraudulent, illegal or violation of the company's code of conduct	✓		
7.	Reporting and Compliance of Corporate Governance:			
7 (i)	Obtain certificate about compliance of conditions of Corporate Governance Guidelines	✓		
7 (ii)	Annexure attached in the directors' report	✓		



gjaYx e'tqi Awakvsk A_©Avf`S+xY Drm ntZ mSmpxZ | cvebv Ges XvKv c'v'Ui wgvj Z Drcw` Z c't'i cwi gvY (U'vetj U I K'vcmj) MZ eQti i Zj b'vq e'v' t'ct'q'Q hv wbtgæc'É È ntj vt (cwi gvb n'v'vi)

µgK bs	c't'i weeiY	GKK	Drcv` b ¶lgZv	cKZ Drcv` b		Drcv` b ¶lgZvi e`envi	
				2013-14	2012-13	2013-14	2012-13
1	U'vetj U	c'Zw	10,495,317	6,087,308	4,862,000	58%	66%
2	K'vcmj	c'Zw	2,219,713	1,193,637	1,176,601	54%	102%

(২) কেমিক্যাল প্লান্ট:

cvebv`'tKigK'vj c'wU Gi weMZ c'P (5) eQti i K'v'v'g b'x'P Dc`vc'b Kiv ntj vt

eQi	c't'i mSL'v	Drcv` t'bi cwi gvY (tgt Ub)	wbR`^e`envi (tgt Ub)	weµq (tgt Ub)	wbR`^e`envi (%)	evrmwi K weµq (vgvj qb Uv'Kv)
2009-10	15	398	258.13	140.57	64.86%	280.57
2010-11	20	437	326.63	101.36	74.74%	192.07
2011-12	22	514	378.94	136.27	73.74%	189.13
2012-13	22	375	326.89	60.91	87.17%	209.22
2013-14	22	582	495.64	61.63	85.16%	185.30

(৩) নতুন ঔষধ সম্প্রসারণ:

Avtj w'P 2013-2014 m'vj we`'gvb, bZb mst'hwRZ Ges ewZj KZ JI'v' weeiY wbtgæ mvi Y'v'Z Dc`vc'b Kiv ntj vt:

µgK bs	c't'i t'kYwev'vm	c't'i mSL'v 31-03-2013	bZb mst'hwRb	ewZj KZ	tgU cY' 31-03-2014
1	U'vetj U	294	9	4	299
2	K'vcmj	58	2	2	58
3	wj KBW K'vcmj	3	-	-	3
4	wj KBW	72	4	-	76
5	Bb'tR't±ej m&	61	1	-	62
6	Bbw'dDkb	5	1	-	6
7	BGbwU w'c'v'v'i kb I Ab'v'b''	67	-	3	64
8	Ac_vj w'c'v'v'i kb	15	-	1	14
9	mvm't'cbkb cvDWvi	18	-	-	18
10	cvDWvi	1	-	-	1
11	m'v'c'wRUwi	9	-	-	9
12	m'v't'k	3	-	-	3
13	Bb'tnj vi	16	-	1	15
14	Bbm'vj b	8	-	-	8
15	t'ewmK K'w'g't'Kj	8	-	-	8
16	w'c'tj U	14	-	-	14
17	U'vetj U, cvDWvi, wj KBW, Bb'tR't±ej m&G'iM'v'FU	50	-	-	50
18	G'ti w'vj Ges KxU'bv'kK	30	-	-	30
	tgU	732	17	11	738

bZb cY'm'g'v' w'P'v'K'rmv t'ck'v'q wbt'q'w'RZ e'w'v'e't'w'P' w'v'KU Ges evR'v'i D'Égi 't'g M'v'xZ nt'q't'Q



(১০) আর্থিক ফলাফল:

ce@ZP eQti i mvt_ Zj bv Kti 2013-2014 mvtj i Awl_R dj vdj wbtgDc vcb Kiv ntjv:

weei Y	2013-14 (UvKvq)	2012-13 (UvKvq)	kZKiv + (-)
◆ tgvU weμq	24,193,356,807	20,742,746,372	16.64%
◆ bxU weμq	20,910,773,826	17,959,489,496	16.43%
◆ tgvU gbvdv	9,182,781,155	7,825,814,319	17.34%
◆ bxU gbvdv (Ki ceP)	5,504,459,836	4,584,376,088	20.07%
◆ AvqKi mwAwZ	1,329,682,520	1,067,770,353	24.53%
◆ bxU gbvdv (Ki cieZP)	4,031,811,268	3,419,785,256	17.90%
◆ tgvU Avtqi nvi	43.91%	43.57%	-
◆ bxU Avtqi nvi (Ki ceP)	26.32%	25.53%	-
◆ bxU Avtqi nvi (Ki cieZP)	19.28%	19.04%	-
◆ tkqvi c@Z Avq (UvKv)	8.36	7.10	-
◆ tkqvi c@Z Avq (AvBicI cwitkwaZ gj ab Abmji)	403.18	341.98	-
◆ GKTxKZ c@ZU tkqvti i Avq (UvKv)	10.26	8.74	-

tgvU gbvdv, cwipvj b gbvdv Ges bxU gbvdv (AvqKi ce@ZP) ce@ZP eQti i Zj bvq 2013-2014 Awl_R eQti h_vμtg ep× tctqtQ kZKiv 17.34, 26.61 Ges 20.07 fWm| hv tnvK ce@ZP eQti i Zj bvq weμqZ ctYi e"q ep× tctqtQ 15.73 fWm hv tgvU gbvdv Ges cwipvj b gbvdv ep×tZ mnvqK fvgKv cjb KitiQ| hv I tkv=úvbx GB eQti i wefklwqZ tkvfbv Avq tbb Z_wc bxU gbvdv ce@ZP eQti i Zj bvq ep× tctqtQ kZKiv 17.90 fWm|

c@ZU 10 UvKv gj "grtbi 481,999,263wU tkqvti i Dci wfiE Kti tkqvi c@Z Avq ntqtQ 8.36 UvKv| Zte AvBicI mgq Bm:KZ gj atbi wefepbv tkqvi c@Z Avq `uovq 2013-2014 mvtj 403.18 UvKv hv 2012-2013 mvtj wQj 341.98 UvKv|

(১১) মুনাফা বন্টন:

cwipvj bv cl © wbtgP Dcvtq Pj wZ 2013-2014 eQti i bxU gbvdv exUtbi mpcwii k KitiQb:

(K) Pj wZ eQti i gbvdv (2013-2014)	4,031,811,268	
(L) cfwEZ exUbt		
(1) bM` j f'vsk 30% (UvKv 3.00 tkqvi c@Z)	1,445,997,789	
(2) tevbm tkqvi (=K wWfWU)t 15% tevbm tkqvti i wj wLZ gj "	722,998,890	2,168,996,679
(M) bxU AeUbkZ gbvdv	UvKv	1,862,814,589

(১২) হিসাবের একত্রীকরণ:

wGmBm Gi weagvj v I B:Uvi b'vkbj GKvDwUs óvUW® 28 Ges AvB Gd Avi Gm-10 Gi wbgvej x Abjni Y Kti GKvDwU&GKTxKZ KitiQ hvZ tkqvi tnv vi ep` i tgvU mjev/wvbtqM gj "wbaY Y Kiv ntqtQ|

মানব সম্পদ উন্নয়ন:

gvbe m=ú` Dbqtbi Rb` tkv=úvbx c@ZU `ti i wbevix I ktgK KgPvix` i AvbpwbK I AbvbpwbK c@kY w`tq hvZQ| G eQi 3266 Rb` tk Ges wef`tk c@kY tctqtQ| dtj c@kY c@Biv tkv=úvbxK j vFRBk Ae`vq i vLZ Ae`vb tittLQ| mvt_ mvt_ Zvt` i cwii ktgKI ep× tctqtQ|





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SQUARE
PHARMACEUTICALS LTD.
BANGLADESH

Financial Report

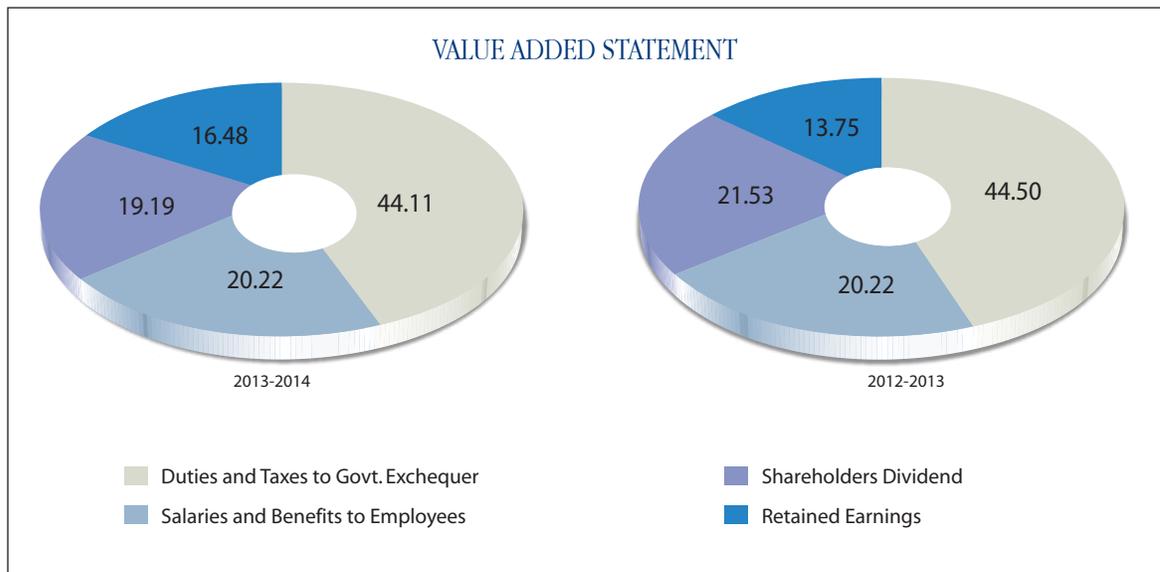


Value Added Statement

For the Year Ended 31 March 2014

(Figures in thousand Taka)

Value Added:	2013-2014		2012-2013	
	Amount	%	Amount	%
Turnover & Other Income	24,964,223		21,595,035	
Less: Bought in Materials & Services	13,663,494		12,123,598	
	11,300,729	100.00	9,471,437	100.00
Applications:				
Duties and Taxes to Govt. Exchequer	4,984,459	44.11	4,214,487	44.50
Salaries and Benefits to Employees	2,284,459	20.22	1,915,525	20.22
Shareholders Dividend	2,168,997	19.19	2,039,228	21.53
Retained Earnings	1,862,814	16.48	1,302,197	13.75
	11,300,729	100.00	9,471,437	100.00



AUDITORS' REPORT

TO THE SHAREHOLDERS

We have audited the accompanying financial statements of Square Pharmaceuticals Limited which comprises of the Statement of Financial Position as at 31 March 2014, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and all related consolidated financial statements and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS) and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility:

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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 of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and 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.

Opinion:

In our opinion, the financial statements give a true and fair view of the financial position of Square Pharmaceuticals Limited as at 31 March 2014 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards, the Companies Act 1994 and other applicable laws and regulations.

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 account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- (c) the company's statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account.
- (d) the expenditure incurred was for the purpose of the Company's business.

Dated, Dhaka
27 July, 2014


Das Chowdhury Dutta & Co.
Chartered Accountants

SQUARE PHARMACEUTICALS LTD.

and its subsidiaries

Consolidated Statement of Financial Position

As At 31 March 2014

		31-03-2014 Taka	31-03-2013 Taka (Restated)	31-03-2012 Taka (Restated)
ASSETS:				
Non-Current Assets:				
Property, Plant and Equipment-Carrying Value	2.1	23,546,701,250	20,605,309,448	16,313,597,638
Capital Work-in-Progress	3.1	13,933,689,469	9,908,013,592	9,357,244,473
Investment - Long Term (at Cost)	4.1	3,256,802,171	4,907,039,756	1,274,390,572
Investment - Associate Undertakings	4.2	147,694,430	157,694,430	167,694,430
Investment in Marketable Securities (Fair Value)	5.1	5,364,154,708	4,914,958,933	4,709,080,125
Pre-Operating/Preliminary Expenses		844,360,472	686,985,768	804,638,100
		-	30,616,969	549,938
Current Assets:				
Inventories	6.1	7,499,373,281	6,946,361,767	8,248,571,022
Trade Debtors	7.1	2,737,085,779	3,091,263,712	3,178,672,614
Advances, Deposits and Prepayments	8.1	766,634,978	812,741,029	819,002,633
Short Term Loan	9.1	671,749,541	952,411,276	694,844,720
Margin against BTB Letter of Credit		1,161,185,776	1,108,757,914	1,717,273,322
Cash and Cash Equivalents	10.1	-	-	1,091,148,736
		2,162,717,207	981,187,836	747,628,997
TOTAL ASSETS		31,046,074,531	27,551,671,215	24,562,168,660
SHAREHOLDERS' EQUITY AND LIABILITIES:				
Shareholders' Equity:				
Share Capital	11.1	26,739,581,929	22,586,225,346	19,251,480,428
Share Premium	12.1	4,819,992,630	3,707,686,640	2,648,347,600
General Reserve		2,035,465,000	2,035,465,000	2,035,465,000
Tax Holiday Reserve	12.2	105,878,200	105,878,200	105,878,200
Gain on Marketable Securities (Unrealized)	5.1	406,231,702	406,231,702	449,870,449
Retained Earnings		449,255,557	313,532,224	420,437,468
		18,922,758,840	16,017,431,580	13,591,481,711
Non Controlling Interest	12.3	9,369,803	7,719,551	7,348,592
Non-Current Liabilities:				
Long Term Loans - Secured	13.1	1,902,585,673	1,682,318,885	987,949,283
Deferred Tax Liability	14.1	1,183,627,923	1,106,327,183	508,778,060
		718,957,750	575,991,702	479,171,223
Current Liabilities:				
Short Term Bank Loans	15.1	2,394,537,126	3,275,407,433	4,315,390,357
Long Term Loans - Current Portion	16.1	131,104,817	1,302,048,378	2,237,495,956
Trade Creditors	17.1	461,433,822	540,421,336	477,141,480
Liabilities for Expenses	18.1	217,855,755	7,034,724	531,295,427
Liabilities for Other Finance	19.1	20,518,598	173,261,777	114,515,510
		1,563,624,134	1,252,641,218	954,941,984
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		31,046,074,531	27,551,671,215	24,562,168,660

Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Samuel S Chowdhury
Chairman


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


Das Chowdhury Dutta & Co.
Chartered Accountants

Dated, Dhaka: 27 July, 2014



SQUARE PHARMACEUTICALS LTD.
and its subsidiaries

Consolidated Statement of Comprehensive Income
For the Year Ended 31 March 2014

		2013-2014 Taka	2012-2013 Taka (Restated)
	Notes		
GROSS TURNOVER	21.1	26,945,687,557	23,360,199,256
Less: Value Added Tax		3,677,274,340	3,158,193,334
NET TURNOVER		23,268,413,217	20,202,005,922
COST OF GOODS SOLD	22.1	(12,960,738,683)	(11,308,857,708)
GROSS PROFIT		10,307,674,534	8,893,148,214
OPERATING EXPENSES:		(4,340,021,264)	(4,051,595,561)
Selling and Distribution Expenses	26.1	(3,431,938,716)	(2,955,935,819)
Administrative Expenses	27.1	(730,951,152)	(738,507,999)
Financial Expenses	28.1	(177,131,396)	(357,151,743)
PROFIT FROM OPERATIONS		5,967,653,270	4,841,552,653
Other Income	29.1	245,133,874	377,846,808
PROFIT BEFORE WPPF		6,212,787,144	5,219,399,461
Allocation for WPPF	30.1	(300,438,842)	(246,729,864)
PROFIT BEFORE TAX		5,912,348,302	4,972,669,597
Provision for Income Tax	31.1	(1,518,801,391)	(1,237,851,545)
Provision for Deferred Income Tax	14.1	(142,966,048)	(96,820,479)
PROFIT AFTER TAX		4,250,580,863	3,637,997,573
Profit/(Loss) from Associate Undertakings	31.2	695,624,299	575,807,315
PROFIT FOR THE YEAR		4,946,205,162	4,213,804,888
Other Comprehensive Income:			
Gain/(Loss) on Marketable Securities (Unrealized)	5.1	135,723,333	(107,174,041)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,081,928,495	4,106,630,847
Profit Attributable to:			
Owners of the Company		4,944,554,910	4,212,288,444
Non Controlling Interest		1,650,252	1,516,444
		4,946,205,162	4,213,804,888
Total Comprehensive Income Attributable to:			
Owners of the Company		5,080,278,243	4,105,114,403
Non Controlling Interest		1,650,252	1,516,444
		5,081,928,495	4,106,630,847
Earnings Per Share (EPS)	32.1	10.26	8.74
Number of Shares used to compute EPS		481,999,263	481,999,263

Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Samuel S Chowdhury
Chairman


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


Das Chowdhury Dutta & Co.
Chartered Accountants

Dated, Dhaka: 27 July, 2014

SQUARE PHARMACEUTICALS LTD.
and its subsidiaries

Consolidated Statement of Changes In Equity
For the Year Ended 31 March 2014

	Share Capital Taka	Share Premium Taka	General Reserve Taka	Tax Holiday Reserve Taka	Gain on Marketable Securities (Unrealized) Taka	Retained Earnings Taka	Non Controlling Interest Taka	Total Taka
At 31 March 2013	3,707,686,640	2,035,465,000	105,878,200	406,231,702	313,532,224	16,017,431,580	7,719,551	22,593,944,897
Total Comprehensive Income (2013-2014)	-	-	-	-	135,723,333	4,944,554,910	1,650,252	5,081,928,495
Cash Dividend (2012-2013)	-	-	-	-	-	(926,921,660)	-	(926,921,660)
Stock Dividend (2012-2013)	1,112,305,990	-	-	-	-	(1,112,305,990)	-	-
At 31 March 2014	4,819,992,630	2,035,465,000	105,878,200	406,231,702	449,255,557	18,922,758,840	9,369,803	26,748,951,732

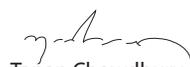
SQUARE PHARMACEUTICALS LTD.
and its subsidiaries

Consolidated Statement of Changes In Equity
For the Year Ended 31 March 2013

	Share Capital Taka	Share Premium Taka	General Reserve Taka	Tax Holiday Reserve Taka	Gain on Marketable Securities (Unrealized) Taka	Retained Earnings Taka	Non Controlling Interest Taka	Total Taka
At 31 March 2012	2,648,347,600	2,035,465,000	105,878,200	449,870,449	420,437,468	13,591,481,711	7,348,592	19,258,829,020
Total Comprehensive Income (2012-2013)	-	-	-	-	(107,174,041)	4,212,288,444	1,516,444	4,106,630,847
Non Controlling Interest (Net)	-	-	-	-	-	-	(100,000)	(100,000)
Adjustment for Divestment of Square Multi Fabrics Ltd.	-	-	-	(43,638,747)	268,797	(64,912,635)	(1,045,485)	(109,328,070)
Cash Dividend (2011-2012)	-	-	-	-	-	(662,086,900)	-	(662,086,900)
Stock Dividend (2011-2012)	1,059,339,040	-	-	-	-	(1,059,339,040)	-	-
At 31 March 2013	3,707,686,640	2,035,465,000	105,878,200	406,231,702	313,532,224	16,017,431,580	7,719,551	22,593,944,897

As per our annexed report of even date.


Samuel S Chowdhury
Chairman


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


Das Chowdhury Dutta & Co.
Chartered Accountants

Dated, Dhaka: 27 July, 2014



SQUARE PHARMACEUTICALS LTD.
and its subsidiaries

Consolidated Statement of Cash Flows
For the Year Ended 31 March 2014

Cash Flows From Operating Activities:

RECEIPTS:

Collection from Sales
Others

PAYMENTS:

Purchase of Raw and Packing Materials
Manufacturing and Operating Expenses
Value Added Tax
Bank Interest
Income Tax
Workers Profit Participation Fund
Others

Net cash provided by operating activities

Cash Flows From Investing Activities:

Purchase of Fixed Assets
Disposal of Fixed Assets
Pre-operating Cost
Investment in Orascom Telecom Bangladesh Ltd.
Investment in Square Hospitals Ltd.
Investment in Square Knit Fabrics Ltd.
Investment in Square Fashions Ltd.
Investment in Marketable Securities
Loan to Sister Concerns
Capital Work-in-Progress
Gain on Sale of Marketable Securities
Interest Received
Dividend Received

Net cash used in investing activities

Cash Flows From Financing Activities:

Long Term Loan Received
Long Term Loan Repaid
Short Term Bank Loan Decrease
Dividend Paid

Net cash used in financing activities

Increase in Cash and Cash Equivalents

Cash and Cash Equivalents at the Opening

Cash and Cash Equivalents at the Closing

	2013-2014 Taka	2012-2013 Taka
	27,027,953,588	23,297,552,825
	45,699,479	59,900,384
	27,073,653,067	23,357,453,209
	9,484,660,368	7,955,128,138
	5,622,808,076	5,297,511,145
	3,677,274,340	3,158,193,334
	177,131,396	357,151,743
	1,439,747,461	1,050,658,124
	255,891,487	225,797,488
	-	13,377,027
	20,657,513,128	18,057,816,999
	6,416,139,939	5,299,636,210
	(2,234,360,509)	(1,786,775,567)
	90,969,701	125,009,718
	-	(30,067,031)
	10,000,000	10,000,000
	-	(1,500,000)
	-	150,000,000
	150,000,000	150,000,000
	(21,651,371)	4,247,563
	(52,427,862)	608,515,408
	(1,363,637,040)	(3,632,649,184)
	6,598,771	-
	151,443,710	176,943,100
	128,006,027	96,904,124
	(3,135,058,573)	(4,129,371,869)
	575,554,227	1,178,037,703
	(577,241,001)	(517,208,727)
	(1,170,943,561)	(935,447,578)
	(926,921,660)	(662,086,900)
	(2,099,551,995)	(936,705,502)
	1,181,529,371	233,558,839
	981,187,836	747,628,997
	2,162,717,207	981,187,836

As per our annexed report of even date.


Samuel S Chowdhury
Chairman


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


Das Chowdhury Dutta & Co.
Chartered Accountants

Dated, Dhaka: 27 July, 2014

SQUARE PHARMACEUTICALS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2014

31-03-14

31-03-13

2.1 CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT: Tk. 13,933,689,469

Details of Property, Plant and Equipment and Depreciation as at 31 March 2014 are shown in the annexed Schedule - 02. This is arrived at as follows:

Opening Balance (At Cost)	17,151,798,127	15,769,001,064
Add: Net Addition during the Year	4,980,888,462	1,382,797,063
Closing Balance (At Cost)	22,132,686,589	17,151,798,127
Less: Accumulated Depreciation	8,198,997,120	7,243,784,535
Carrying Value	Tk. 13,933,689,469	9,908,013,592

Allocation of depreciation charge for the year has been made in the accounts as follows:

	2013-2014	2012-2013
Factory Overhead	1,004,925,376	945,299,558
Selling and Distribution Expenses	113,422,317	99,421,373
Administrative Expenses	62,881,561	73,903,145
Tk.	1,181,229,254	1,118,624,076

31-03-14

31-03-13

3.1 CONSOLIDATED CAPITAL WORK-IN-PROGRESS: Tk. 3,256,802,171

This represents expenditure incurred in respect of the following:

Land & Land Development	11,846,753	63,412,626
Building/Civil Work	1,121,940,246	2,731,137,338
Plant & Machinery	2,028,111,764	2,105,214,422
Other Assets	94,903,408	7,275,370
Tk.	3,256,802,171	4,907,039,756

4.1 CONSOLIDATED INVESTMENT-Long Term (at Cost): Tk. 147,694,430

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	100,000,000
(d) 2 Senior Secured Bond of Tk. 10,000,000/- each in Orascom Telecom Bangladesh Ltd.	20,000,000	30,000,000
Tk.	147,694,430	157,694,430



31-03-14

31-03-13

4.2 INVESTMENT-Associate Undertakings: **Tk. 5,364,154,708**

This is arrived at as follows:

Opening Balance	4,914,958,933	4,709,080,125
Add: Investment made/(disposed off) during the Year	(150,000,000)	(298,500,000)
Add: Profit/(Loss) during the Year (Note-31.2)	695,624,299	575,807,315
Less: Dividend during the Year	(96,428,524)	(71,428,507)
Closing Balance Tk.	5,364,154,708	4,914,958,933

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

Name of Company	Country of Incorporation	Proportion of Ownership Interest
Square Textiles Ltd.	Bangladesh	45.83%
Square Knit Fabrics Ltd.	Bangladesh	48.84%
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.

5.1 INVESTMENT IN MARKETABLE SECURITIES (Fair Value): **Tk. 844,360,472**

This consists of as follows:

Square Pharmaceuticals Ltd.	730,700,453	589,313,880
Square Cephalosporins Ltd.	113,660,019	97,671,888
Tk.	844,360,472	686,985,768

INVESTMENT OF SQUARE PHARMACEUTICALS LTD.

SL. No	Name of Company/ Mutual Fund/Bond	No. of Shares Held	Face Value per Share	Cost Holding	Average Cost	Quoted Rate per Share as on 31-03-14	Total Market Value of Shares as on 31-03-14	Unrealised Gain/(Loss)
01	1st ICB Mutual Fund	6,050	10	4,700,114	776.88	885.00	5,354,250	654,136
02	2nd ICB Mutual Fund	10,000	10	2,683,646	268.36	280.00	2,800,000	116,354
03	3rd ICB Mutual Fund	18,500	10	3,253,609	175.87	217.50	4,023,750	770,141
04	4th ICB Mutual Fund	24,500	10	4,322,853	176.44	205.10	5,024,950	702,097
05	5th ICB Mutual Fund	54,500	10	9,261,706	169.94	190.20	10,365,900	1,104,194
06	6th ICB Mutual Fund	65,000	10	4,546,218	69.94	63.40	4,121,000	(425,218)
07	7th ICB Mutual Fund	81,000	10	7,945,111	98.09	97.00	7,857,000	(88,111)
08	8th ICB Mutual Fund	100,000	10	7,194,974	71.95	67.30	6,730,000	(464,974)
09	IBBL MP Bond	143,330	1,000	133,574,294	931.94	998.50	143,115,005	9,540,711
10	Islami Bank	200,013	10	5,966,008	29.83	34.50	6,900,449	934,441
11	Padma Oil	1,116	10	76,079	68.17	342.70	382,453	306,374
12	Shahjalal Islami Bank Ltd.	60,000	10	593,575	9.89	15.00	900,000	306,425
13	Titas Gas TDCL	315,500	10	24,426,583	77.42	77.70	24,514,350	87,767
14	Uttara Bank Ltd.	100,016	10	3,033,252	30.33	30.50	3,050,488	17,236
15	Meghna Petroleum	36,091	10	4,064,913	112.63	276.40	9,975,552	5,910,639
16	Usmania Glass	49,262	10	5,530,662	112.27	189.50	9,335,149	3,804,487
17	EXIM Bank	100,064	10	1,372,145	13.71	12.10	1,210,774	(161,371)
18	ACI	29,408	10	4,787,552	162.80	186.70	5,490,474	702,922
19	First Security Bank	200,000	10	2,515,782	12.58	12.50	2,500,000	(15,782)
20	Social Islami Bank Ltd.	200,000	10	2,558,930	12.79	13.50	2,700,000	141,070
21	Pioneer Insurance Co Ltd	4,241,250	10	35,250,000	8.31	71.20	301,977,000	266,727,000
22	National Housing Finance	5,023,450	10	39,362,480	7.84	32.90	165,271,505	125,909,025
23	ACI 20% Convertible Zero Coupon Bond	8,014	1,000	5,999,280	748.60	886.00	7,100,404	1,101,124
	Total Tk.			313,019,766			730,700,453	417,680,687

The above investment in marketable securities that are designated as available for sale by the management. These are measured at fair value and presented as non-current assets and unrealized gain/(loss) from the above investment are recognized as other comprehensive income.

INVESTMENT OF SQUARE CEPHALOSPORINS LTD.:

SL. No	Name of Company	No. of Shares Held	Face Value per Share	Cost Holding	Average Cost	Quoted Rate per Share as on 31-03-14	Total Market Value of Shares as on 31-03-14	Unrealised Gain/(Loss)
01	4th ICB Mutual Fund	3,200	10	561,078	175.34	205.10	656,320	95,242
02	5th ICB Mutual Fund	100	10	15,197	151.97	190.20	19,020	3,823
03	6th ICB Mutual Fund	3,000	10	177,271	59.09	63.40	190,200	12,929
04	7th ICB Mutual Fund	2,000	10	180,406	90.20	97.00	194,000	13,594
05	8th ICB Mutual Fund	2,000	10	127,894	63.95	67.30	134,600	6,706
06	Islami Bank	284,821	10	8,034,508	28.21	34.50	9,826,325	1,791,817
07	Lafarge Surma Cement	26,000	10	705,034	27.12	49.70	1,292,200	587,166
08	Power Grid	121,000	10	8,481,248	70.09	51.30	6,207,300	(2,273,948)
09	Pragati Insurance	12,416	10	1,251,547	100.80	55.90	694,054	(557,493)
10	Shahjalal Islami Bank	187,500	10	4,493,157	23.96	15.00	2,812,500	(1,680,657)
11	Square Textiles Ltd.	703,800	10	44,152,894	62.74	107.20	75,447,360	31,294,466
12	Titas Gas TDCL	189,000	10	13,026,904	68.93	77.70	14,685,300	1,658,396
13	Usmania Glass	7,920	10	878,011	110.86	189.50	1,500,840	622,829
Total Tk.				82,085,149			113,660,019	31,574,870

Gain/(loss) on marketable securities (unrealized):

Unrealized Gain/(Loss) Position (Closing):

Square Pharmaceuticals Ltd.

Square Cephalosporins Ltd.

Adjustment for Divestment of Square Multi Fabrics Ltd.

Unrealized Gain/(Loss) Position (Opening):

Square Pharmaceuticals Ltd.

Square Cephalosporins Ltd.

Square Multi Fabrics Ltd.

Gain/(Loss) on Marketable Securities during the Year

	2013-2014	2012-2013
Unrealized Gain/(Loss) Position (Closing):	449,255,557	313,532,224
Square Pharmaceuticals Ltd.	417,680,687	297,945,485
Square Cephalosporins Ltd.	31,574,870	15,586,739
Adjustment for Divestment of Square Multi Fabrics Ltd.	-	268,797
Unrealized Gain/(Loss) Position (Opening):	313,532,224	420,437,468
Square Pharmaceuticals Ltd.	297,945,485	399,421,439
Square Cephalosporins Ltd.	15,586,739	21,284,826
Square Multi Fabrics Ltd.	-	(268,797)
Gain/(Loss) on Marketable Securities during the Year	135,723,333	(107,174,041)

Tk.

6.1 CONSOLIDATED INVENTORIES: **Tk. 2,737,085,779**

The break-up is as under:

Raw Materials

Packing Materials

Work-in-Process

Finished Goods

Spares & Accessories

Goods in Transit

	31-03-14	31-03-13
Raw Materials	1,034,811,917	1,073,672,663
Packing Materials	381,897,122	403,605,492
Work-in-Process	198,479,065	206,051,069
Finished Goods	808,172,894	865,358,754
Spares & Accessories	137,185,537	241,895,011
Goods in Transit	176,539,244	300,680,723
Tk.	2,737,085,779	3,091,263,712

The basis of valuation is stated in Note-1 (1.9)

7.1 CONSOLIDATED TRADE DEBTORS (Considered Good):

Tk. **766,634,978** **812,741,029**

8.1 CONSOLIDATED ADVANCES, DEPOSITS & PREPAYMENTS (Considered Good): **Tk. 671,749,541**

This consists of as follows:

Advances:

Employees

Motor Cycle Loan - Employees

Suppliers

Deposits:

L.C Margin

Value Added Tax

Earnest Money & Security Deposit

Lease Deposit

Others

Prepayments:

Office Rent

Insurance Premium

	414,489,853	678,469,872
Employees	20,520,212	17,963,029
Motor Cycle Loan - Employees	3,460,896	3,491,493
Suppliers	390,508,745	657,015,350
Deposits:	219,794,316	255,389,590
L.C Margin	6,865,387	3,328,672
Value Added Tax	159,343,015	195,502,995
Earnest Money & Security Deposit	34,662,115	42,489,433
Lease Deposit	-	1,381,000
Others	18,923,799	12,687,490
Prepayments:	37,465,372	18,551,814
Office Rent	6,402,384	2,397,337
Insurance Premium	31,062,988	16,154,477
Tk.	671,749,541	952,411,276



31-03-14

31-03-13

9.1 CONSOLIDATED SHORT TERM LOAN (Unsecured): Tk. 1,161,185,776

This consists of the following:

(a) Square Textiles Ltd.	14,547,369	-
(b) Square Fashions Ltd.	482,954,274	-
(c) Square Hospitals Ltd.	488,703,210	953,678,685
(d) Square InformatiX Ltd.	174,980,923	155,079,229
Tk.	1,161,185,776	1,108,757,914

Short term loan is receivable from the above associate undertakings and bearing interest @ 1% above the rate of interest charged by the commercial bank and considered good.

10.1 CONSOLIDATED CASH AND CASH EQUIVALENTS: Tk. 2,162,717,207

This is made-up as follows:

(a) Cash in Hand	3,196,633	2,102,958
(b) Cash at Bank :	2,159,520,574	979,084,878
• Current Account	1,494,612,322	496,690,620
• STD Account	11,427,746	6,526,242
• Fixed Deposit Account (BDT)	27,368,968	27,062,246
• Fixed Deposit Account (USD)	349,971,086	187,350,095
• Export Retention Quota Account	204,225,683	242,417,272
• Margin Held Account	71,914,769	19,038,403
Tk.	2,162,717,207	981,187,836

11.1 SHARE CAPITAL:Tk. **4,819,992,630** **3,707,686,640****12.1 SHARE PREMIUM:**Tk. **2,035,465,000** **2,035,465,000****12.2 CONSOLIDATED TAX HOLIDAY RESERVE: Tk. 406,231,702**

This has been provided as per provisions of section 46 A (3) of the Income Tax Ordinance 1984 which is arrived at as follows:

Opening Balance	406,231,702	449,870,449
Less: Adjustment for Divestment of Square Multi Fabrics Ltd.	-	(43,638,747)
Closing Balance	406,231,702	406,231,702

12.3 NON CONTROLLING INTEREST: Tk. 9,369,803

This represents non controlling interest of Square Cephalosporins Ltd. and Square Formulations Ltd. is as follows:

Paid-up Capital (Investment)	900,000	900,000
Retained Earnings	8,469,803	6,819,551
Tk.	9,369,803	7,719,551

List of Subsidiary (As per BAS -27):

Name of Company	Country of Incorporation	Proportion of Ownership Interest
Square Cephalosporins Ltd.	Bangladesh	99.48%
Square Formulations Ltd.	Bangladesh	99.50%

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

31-03-14

31-03-13

13.1 CONSOLIDATED LONG TERM LOANS (Secured): Tk. 1,183,627,923

This represents long term loans from financial institutions are as follows :

(a) Standard Chartered Bank, Dhaka	351,463,691	175,530,767
(b) HSBC Ltd., Dhaka	668,680,599	873,715,132
(c) Brac Bank Ltd., Dhaka	163,483,633	56,141,913
(d) Minimum Lease Payments	-	939,371
Tk.	1,183,627,923	1,106,327,183

14.1 DEFERRED TAX LIABILITY: Tk. 718,957,750

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	575,991,702	479,171,223
Provision made	142,966,048	96,820,479
Closing Balance	718,957,750	575,991,702

15.1 CONSOLIDATED SHORT TERM BANK LOANS: Tk. 131,104,817

This consists of as follows:

Cash Credit - Janata Bank Ltd., Pabna	376	83,585
Trust Receipt – Citibank N.A, Dhaka	-	180,027,956
Short Term Loan – Commercial Bank of Ceylon Ltd., Dhaka	-	20,936,423
Trust Receipt - Commercial Bank of Ceylon Ltd., Dhaka	-	64,143,000
Trust Receipt - Standard Chartered Bank, Dhaka	-	179,748,522
Short Term Loan – Bank Alfalah Ltd., Dhaka	100,000,000	100,000,000
Overdraft – Eastern Bank Ltd., Dhaka	-	13,179,350
Trust Receipt – Eastern Bank Ltd., Dhaka	-	81,607,491
Trust Receipt - Mercantile Bank Ltd., Dhaka	-	1,828,932
Short Term Loan – HSBC Ltd., Dhaka	16,466,784	24,741,380
Trust Receipt - HSBC Ltd., Dhaka	-	331,450,386
Trust Receipt- Shahjalal Islami Bank Ltd., Dhaka	-	20,509,277
Overdraft - Bank Asia Ltd., Dhaka	-	7,909,075
Trust Receipt- Bank Asia Ltd., Dhaka	-	28,042,656
Overdraft – Brac Bank Ltd., Dhaka	-	2,369,819
Trust Receipt- Trust Bank Ltd., Dhaka	-	7,682,287
Trust Receipt- Brac Bank Ltd., Dhaka	-	27,824,673
Trust Receipt- Prime Bank Ltd., Dhaka	-	137,332,697
Overdraft - Janata Bank Ltd., Mohakhali Corporate Br., Dhaka-Secured by FDR	-	25,515,496
Overdraft - Janata Bank Ltd., Mimi Super Market Br, Chittagong-Secured by FDR	4,780,984	4,610,727
Overdraft - Janata Bank Ltd., Foreign Exchange Corporate Br., Sylhet-Secured by FDR	79,069	1,493,538
Overdraft - Janata Bank Ltd., Maizdee Court Corporate Br., Noakhali-Secured by FDR	-	1,641,172
Overdraft – Sonali Bank Ltd., Mohakhali Branch, Dhaka-Secured by FDR	9,777,604	-
Others	-	39,369,936
Tk.	131,104,817	1,302,048,378



31-03-14

31-03-13

16.1 CONSOLIDATED LONG TERM LOANS - Current Portion: Tk. 461,433,822

This represents current portion of long term loans from financial institutions which are repayable within next 12 months from April, 2014 and consists of as follows:

(a) Standard Chartered Bank, Dhaka	139,962,526	89,016,872
(b) HSBC Ltd., Dhaka	266,976,748	134,035,097
(c) DEG, Germany	-	293,062,500
(d) Brac Bank Ltd., Dhaka	54,494,548	7,773,938
(e) Minimum Lease Payments	-	16,532,929
Tk.	461,433,822	540,421,336

17.1 CONSOLIDATED TRADE CREDITORS:Tk. **217,855,755** **7,034,724**

This represents amount payable to regular suppliers of raw materials, packing materials, promotional materials etc. All suppliers were paid on a regular basis.

18.1 CONSOLIDATED LIABILITIES FOR EXPENSES: Tk. 20,518,598

This consists of as follows:

Accrued Expenses	20,175,898	171,293,364
Clearing & Forwarding	-	1,629,163
Audit Fees	342,700	339,250
Tk.	20,518,598	173,261,777

19.1 CONSOLIDATED LIABILITIES FOR OTHER FINANCE: Tk. 1,563,624,134

This consists of as follows:

Sundry Creditors	537,098,790	356,750,470
Income Tax (Deduction at Source)	19,753,291	12,629,480
Retention Money	946,330	1,036,830
Workers' Profit Participation Fund	513,159,774	468,612,419
Income Tax Payable (Note-20.1)	492,665,949	413,612,019
Tk.	1,563,624,134	1,252,641,218

20.1 CONSOLIDATED INCOME TAX PAYABLE: Tk. 492,665,949

This is arrived at as follows:

	31-03-14	31-03-13
Opening Balance	413,612,019	225,007,694
Adjustment for Business Combination of SMFL with SFL	-	1,410,904
Provision made (Note-31.1)	1,518,801,391	1,237,851,545
Tax Paid (Including Advance Income Tax during the year)	(1,439,747,461)	(1,050,658,124)
Closing Balance	492,665,949	413,612,019

21.1 CONSOLIDATED GROSS TURNOVER: Tk. 26,945,687,557

This consists of as follows:

	2013-2014	2012-2013
Square Pharmaceuticals Ltd.	24,193,356,807	20,742,746,372
Square Cephalosporins Ltd.	2,752,330,750	2,617,452,884
Tk.	26,945,687,557	23,360,199,256

22.1 CONSOLIDATED COST OF GOODS SOLD: Tk. 12,960,738,683

This is arrived at as follows:

	Notes	31-03-14	31-03-13
Raw Materials Consumed	23.1	6,656,643,521	5,758,762,842
Packing Materials Consumed	24.1	2,959,709,226	2,663,319,391
		9,616,352,747	8,422,082,233
Work-in-Process (Opening)		206,051,069	212,584,428
Work-in-Process (Closing)		(198,479,065)	(206,051,069)
TOTAL CONSUMPTION		9,623,924,751	8,428,615,592
Factory Overhead	25.1	3,025,561,849	2,701,745,604
COST OF PRODUCTION		12,649,486,600	11,130,361,196
Purchase of Finished Goods		343,626,777	322,163,508
Finished Goods (Opening)		865,358,754	801,028,542
Finished Goods (Closing)		(808,172,894)	(865,358,754)
		13,050,299,237	11,388,194,492
Cost of Physician Sample		(89,560,554)	(79,336,784)
Tk.		12,960,738,683	11,308,857,708



2013-2014	2012-2013
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23.1 CONSOLIDATED RAW MATERIALS CONSUMED: Tk. 6,656,643,521

This is arrived at as follows:

Opening Stock	1,073,672,663	1,039,402,668
Purchase	6,588,476,326	5,793,032,837
Closing Stock	(1,005,505,468)	(1,073,672,663)
Tk.	6,656,643,521	5,758,762,842

24.1 CONSOLIDATED PACKING MATERIALS CONSUMED: Tk. 2,959,709,226

This is arrived at as follows:

Opening Stock	403,605,492	366,378,404
Purchase	2,935,885,053	2,700,546,479
Closing Stock	(379,781,319)	(403,605,492)
Tk.	2,959,709,226	2,663,319,391

25.1 CONSOLIDATED FACTORY OVERHEAD: Tk. 3,025,561,849

This is made-up as follows:

Salaries, Allowances and Wages	737,984,048	604,821,682
Factory Employees Free Lunch	58,924,471	55,021,835
Factory Staff Uniform	25,985,598	22,169,404
Travelling & Conveyance	23,909,523	25,825,632
Printing & Stationery	31,394,794	35,993,844
Postage, Telephone & Fax	3,476,546	16,077,660
Repairs & Maintenance	556,724,634	462,763,648
Laboratory Consumable Stores	139,831,522	162,510,910
Fuel, Petrol, Light Diesel etc.	38,143,781	46,980,400
Electricity, Gas & Water	193,703,812	174,236,419
Rental Expenses	1,281,810	1,520,400
Municipal & Other Tax	7,155,959	3,464,593
Insurance Premium	17,778,871	24,652,938
Factory Sanitation Expenses	21,892,626	19,537,212
Depreciation	1,004,925,376	945,299,558
Security Services	34,708,243	29,234,628
Research & Development	54,629,597	56,145,672
Software & Hardware Support Services	64,306,621	5,399,030
Generator Rental Charges	-	-
Toll Charges	6,836,144	8,184,351
Other Expenses	1,967,873	1,905,788
Tk.	3,025,561,849	2,701,745,604

2013- 2014**2012- 2013****26.1 CONSOLIDATED SELLING & DISTRIBUTION EXPENSES: Tk.3,431,938,716**

This consists of as follows:

Salaries and Allowances	565,564,819	478,905,340
Travelling and Conveyance	56,260,039	54,902,041
Training Expenses	4,339,819	4,254,786
Printing and Stationery	44,943,487	43,007,259
Postage, Telephone & Fax	23,532,201	20,322,540
Electricity, Gas and Water	16,910,649	13,769,500
Tiffin and Refreshment	15,440,794	15,093,793
Office and Godown Rent	15,226,441	11,482,804
Bank Charges	12,251,236	8,528,582
Repairs and Maintenance including car maintenance	210,928,479	188,310,346
Govt. Taxes and Licence Fees	19,664,691	11,139,762
Field Staff Salaries, Allowances, TA and DA	926,060,836	771,395,546
Marketing and Promotional Expenses	614,222,096	573,306,836
Advertisement	4,179,716	9,353,343
Delivery and Packing Expenses	60,011,953	53,141,886
Export Expenses	78,130,739	69,116,825
Special Discount	461,078,755	373,386,102
Sample Expenses	116,907,558	102,949,798
Security Services	37,309,838	29,847,328
Depreciation	113,422,317	99,421,373
Software, Hardware Support & VSAT Service Charges	27,381,231	22,628,550
Insurance Premium	5,974,806	-
Other Expenses	2,196,216	1,671,479
Tk.	3,431,938,716	2,955,935,819



	2013-2014	2012-2013
27.1 CONSOLIDATED ADMINISTRATIVE EXPENSES: Tk. 730,951,152		
This consists of as follows:		
Salaries and Allowances	232,081,561	193,791,840
Directors Remuneration	47,842,768	41,602,182
Travelling and Conveyance	91,661,906	81,139,425
Training Expenses	5,638,855	18,941,710
Printing and Stationery	12,459,032	17,717,514
Postage, Telephone & Fax	10,041,932	5,966,975
Electricity, Gas & Water	15,748,713	14,004,385
Tiffin and Refreshment	28,881,101	26,951,640
Office Rent	7,877,083	5,132,248
Sanitation Expenses	1,685,836	2,340,972
Books and Periodicals	632,147	502,180
Subscription and Donation	10,165,930	7,096,574
Advertisement	1,682,267	6,477,018
Repairs and Maintenance	90,192,938	83,724,002
Bank Charges	26,758,590	18,087,621
Insurance Premium	6,141,152	14,323,332
Govt. Taxes, Stamp Duty & Licence Fee	4,287,007	13,133,096
Lease Rent	1,373,400	1,360,050
Security Services	20,706,556	14,306,296
Management Consultant Fees	11,819,488	25,247,236
Legal Charges	2,171,200	1,046,000
Audit Fees	316,250	318,875
Depreciation	62,881,561	73,903,145
Annual General Meeting Expenses	4,964,630	4,505,441
Software & Hardware Support Services	28,359,836	58,127,029
Share Demat, Remat & Transfer Fees	3,426,347	7,250,384
Other Expenses	1,153,066	1,510,829
Tk.	730,951,152	738,507,999

28.1 CONSOLIDATED FINANCIAL EXPENSES: Tk. 177,131,396

This is made-up as follows:		
Interest on Cash Credit	32,662	8,753,582
Interest on Overdraft	3,210,605	25,884,589
Interest on LATR & LPO	81,763,328	249,051,489
Interest on Short Term Loan	14,446,543	18,108,664
Interest on Lease	1,894,257	2,932,897
Interest on Long Term Loan	61,603,051	52,420,522
Interest on Loan from Sister Concern	14,180,950	-
Tk.	177,131,396	357,151,743

29.1 CONSOLIDATED OTHER INCOME: Tk. 245,133,874

This is arrived at as follows:

	2013-2014	2012-2013
Bank Interest	22,316,798	14,496,611
Interest on Senior Secured Bond	3,416,250	4,800,000
Rental Income	1,070,540	40,647,700
Sale of Scrap	16,398,858	15,112,087
Foreign Exchange Fluctuation Gain/(Loss) on Retention Quota Account	9,904,126	177,839
Foreign Exchange Fluctuation Gain/(Loss) against Collection on Export Bills	3,687,780	(5,063,230)
Dividend Received	31,577,503	133,375,978
Interest on Loan to Sister Concern	129,126,912	162,446,489
Technology Transfer Fees	-	2,211,269
Gain on Redemption of Zero Coupon Bond	2,013,607	2,014,719
Gain/(Loss) on Sale of Marketable Securities	6,598,771	-
	226,111,145	370,219,462
Profit on Sale of Property, Plant and Equipment (Note-32.2)	19,022,729	7,627,346
Tk.	245,133,874	377,846,808

30.1 CONSOLIDATED ALLOCATION FOR WPPF: Tk. 300,438,842

This consists of as follows:

Square Pharmaceuticals Ltd.	275,222,992	224,052,372
Square Cephalosporins Ltd.	25,215,850	22,677,492
Tk.	300,438,842	246,729,864

31.1 CONSOLIDATED PROVISION FOR INCOME TAX: Tk. 1,518,801,391

This is made-up as follows:

Square Pharmaceuticals Ltd.	1,329,682,520	1,067,770,353
Square Cephalosporins Ltd.	189,118,871	170,081,192
Tk.	1,518,801,391	1,237,851,545

31.2 PROFIT FROM ASSOCIATES UNDERTAKINGS: Tk. 695,624,299

This is arrived at as follows:

a) Square Textiles Ltd.	269,390,384	266,299,599
b) Square Knit Fabrics Ltd.	87,601,150	110,306,418
c) Square Fashions Ltd.	180,042,426	150,627,077
d) Square Hospitals Ltd.	158,590,339	48,574,221
Tk.	695,624,299	575,807,315

32.1 CONSOLIDATED EARNINGS PER SHARE (EPS): Tk. 10.26

The computation is given below:

Surplus for the year attributable to Shareholders	4,944,554,910	4,212,288,444
Weighted average number of Shares outstanding during the year	481,999,263	481,999,263
Earnings per Share	10.26	8.74

32.2 CONSOLIDATED PARTICULARS OF DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT DURING THE YEAR:

Particulars of Assets	Cost	Acc. Depn Upto 31-03-14	WDV as on 31-03-14	Sales Price	Profit
Motor Vehicle	32,266,531	25,400,073	6,866,458	17,901,830	11,035,372
Motor Cycle	32,042,700	25,118,368	6,924,332	16,473,442	9,549,110
Plant & Machinery	72,081,817	67,836,608	4,245,209	2,120,000	(2,125,209)
Equipments	145,734,358	99,398,764	46,335,594	46,823,296	487,702
Furniture & Fixture	15,838,236	8,262,857	7,575,379	7,651,133	75,754
Total	297,963,642	226,016,670	71,946,972	90,969,701	19,022,729



SQUARE PHARMACEUTICALS LTD.

Consolidated Property, Plant and Equipment - Carrying Value : **Tk. 13,933,689,469**

Schedule-02

PARTICULARS	COST			DEPRECIATION			Carrying Value as at 31 March 2014	Rate of Depn	
	At 31 March 2013	During the year		At 31 March 2013	During the year				At 31 March 2014
		Additions	Sales/ Transfer		Charged	Sales/ Transfer			
FACTORIES:									
Freehold Land	976,683,312	301,735,713	-	1,278,419,025	-	-	1,278,419,025	-	
Factory Building	3,371,956,561	2,085,439,082	-	5,457,395,643	1,389,709,392	297,653,841	3,770,032,410	10%	
Boundary Wall	593,903	-	-	593,903	156,096	43,781	394,026	10%	
Building under Construction	90,885,442	261,673,032	-	352,558,474	-	-	352,558,474	-	
Plant & Machinery	7,122,339,006	1,454,888,024	72,081,817	8,505,145,213	3,732,800,408	578,969,711	4,261,211,702	15%	
Laboratory Equipment	784,211,535	396,274,738	-	1,180,486,273	277,515,156	60,806,188	842,164,929	10%	
Electromechanical Equipments	519,972,605	539,436,086	-	1,059,408,691	519,657,992	-	539,750,699	15%	
Furniture & Fixture	310,992,936	182,250,448	-	493,243,384	112,532,975	21,047,429	359,662,980	10%	
Office Equipment	169,544,078	207,905,641	-	377,449,719	66,890,890	10,862,590	299,696,239	10%	
Computer	42,773,148	15,293,271	-	58,066,419	15,012,300	3,925,788	39,128,331	10%	
Motor Vehicles	211,672,731	34,145,000	10,451,275	235,366,456	109,230,752	23,887,134	110,681,247	20%	
Motor Vehicle-Lease	2,085,000	-	-	2,085,000	1,805,156	55,969	223,875	20%	
Plant & Machinery in Transit	671,735,215	78,074,173	658,784,834	91,024,554	-	-	91,024,554	-	
Electrical Installation	61,953,227	89,177,916	-	151,131,143	33,973,289	5,265,034	111,892,820	15%	
Gas Line Installation	31,566,179	6,436,074	-	38,002,253	15,513,438	2,407,911	20,080,904	15%	
Total	14,368,964,878	5,652,729,198	741,317,926	19,280,376,150	6,274,797,844	1,004,925,376	12,076,922,215		
HEAD OFFICE & OTHERS:									
Land	744,227,534	3,002,398	-	747,229,932	-	-	747,229,932	-	
Building	296,573,479	128,999,158	-	425,572,637	144,851,628	17,540,115	263,180,894	10%	
Boundary Wall	6,855,290	3,639,103	-	10,494,393	455,516	854,954	9,183,923	10%	
Building under Construction	89,431,910	47,418,535	129,260,658	7,589,787	-	-	7,589,787	-	
Furniture & Fixture	91,403,626	10,230,662	15,838,236	85,796,052	39,493,943	4,751,670	49,813,296	10%	
Office Equipment	215,919,758	7,258,948	145,734,358	77,444,348	131,405,232	4,108,131	41,329,749	10%	
Computer	150,684,867	13,058,041	-	163,742,908	47,913,697	10,815,329	105,013,882	10%	
Motor Vehicle	739,657,015	100,763,967	21,815,256	818,605,726	369,531,156	84,978,030	381,063,936	20%	
Motor Vehicle-Lease	118,472,040	-	-	118,472,040	78,938,381	7,906,732	31,626,927	20%	
Motor Cycle	254,472,895	57,959,000	32,042,700	280,389,195	120,892,423	33,842,295	150,772,845	20%	
Books & Periodicals	528,794	-	-	528,794	527,993	258	603	30%	
SAP Software	52,975,426	41,838,586	-	94,814,012	25,852,008	9,942,640	59,019,364	20%	
VSAT	7,211,700	-	-	7,211,700	968,652	624,305	5,618,743	10%	
Electrical Installation	14,418,915	-	-	14,418,915	8,156,123	939,419	5,323,373	15%	
Total	2,782,833,249	414,168,398	344,691,208	2,852,310,439	968,986,692	176,303,878	1,856,767,254		
Grand Total Tk.	17,151,798,127	6,066,897,596	1,086,009,134	22,132,686,589	7,243,784,536	1,181,229,254	13,933,689,469		
Total 2013 Tk.	15,769,001,064	2,064,815,309	682,018,246	17,151,798,127	6,411,756,590	1,118,624,077	9,908,013,592		

SQUARE PHARMACEUTICALS LTD.

Statement of Financial Position

As At 31 March 2014

		31-03-2014 Taka	31-03-2013 Taka	31-03-2012 Taka
	Notes		(Restated)	(Restated)
ASSETS:				
Non-Current Assets:				
Property, Plant and Equipment-Carrying Value	2	18,781,466,580	17,738,045,389	14,892,046,536
Capital Work-in-Progress	3	11,156,871,302	9,609,283,924	8,951,595,844
Investment - Long Term (at Cost)	4	3,232,773,494	3,718,326,254	1,274,390,572
Investment in Marketable Securities (Fair Value)	5	3,661,121,331	3,821,121,331	3,971,022,723
		730,700,453	589,313,880	695,037,397
Current Assets:				
Inventories	6	7,768,068,298	5,996,697,544	6,745,507,008
Trade Debtors	7	2,345,389,488	2,503,683,240	2,687,818,472
Advances, Deposits and Prepayments	8	757,757,419	800,974,912	808,311,714
Short Term Loan	9	530,659,925	650,380,369	577,156,445
Cash and Cash Equivalents	10	2,047,985,968	1,109,251,152	2,085,300,110
		2,086,275,498	932,407,871	586,920,267
TOTAL ASSETS		26,549,534,878	23,734,742,933	21,637,553,544
SHAREHOLDERS' EQUITY AND LIABILITIES:				
Shareholders' Equity:				
Share Capital	11	22,277,516,628	19,052,891,818	16,396,669,416
Share Premium	12	4,819,992,630	3,707,686,640	2,648,347,600
General Reserve		2,035,465,000	2,035,465,000	2,035,465,000
Gain on Marketable Securities (Unrealized)	5	105,878,200	105,878,200	105,878,200
Retained Earnings		417,680,687	297,945,485	399,421,439
		14,898,500,111	12,905,916,493	11,207,557,177
Non-Current Liabilities:				
Long Term Loans - Secured	13	855,398,657	889,412,860	987,949,283
Deferred Tax Liability	14	136,440,907	313,421,158	508,778,060
		718,957,750	575,991,702	479,171,223
Current Liabilities:				
Short Term Bank Loans	15	3,416,619,593	3,792,438,255	4,252,934,845
Long Term Loans - Current Portion	16	114,638,033	1,112,694,131	2,016,551,125
Trade Creditors	17	167,574,698	511,504,034	477,141,480
Liabilities for Expenses	18	1,717,013,624	1,086,097,881	875,431,555
Liabilities for Other Finance	19	20,463,398	109,604,834	95,361,435
		1,396,929,840	972,537,375	788,449,250
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		26,549,534,878	23,734,742,933	21,637,553,544

Attached notes form part of these Financial Statements.


Samuel S Chowdhury
Chairman


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary

As per our annexed report of even date.


Das Chowdhury Dutta & Co.
Chartered Accountants

Dated, Dhaka: 27 July, 2014



SQUARE PHARMACEUTICALS LTD.

Statement of Comprehensive Income

For the Year Ended 31 March 2014

		2013-2014 Taka	2012-2013 Taka (Restated)
	Notes		
GROSS TURNOVER	21	24,193,356,807	20,742,746,372
Less: Value Added Tax		3,282,582,981	2,783,256,876
NET TURNOVER		20,910,773,826	17,959,489,496
COST OF GOODS SOLD	22	(11,727,992,671)	(10,133,675,177)
GROSS PROFIT		9,182,781,155	7,825,814,319
Operating Expenses:		(4,173,964,752)	(3,869,675,100)
Selling and Distribution Expenses	26	(3,281,533,895)	(2,810,598,705)
Administrative Expenses	27	(723,250,031)	(733,795,379)
Financial Expenses	28	(169,180,826)	(325,281,016)
PROFIT FROM OPERATIONS		5,008,816,403	3,956,139,219
Other Income	29	770,866,425	852,289,241
PROFIT BEFORE WPPF		5,779,682,828	4,808,424,460
Allocation for WPPF	30	(275,222,992)	(224,052,372)
PROFIT BEFORE TAX		5,504,459,836	4,584,376,088
Provision for Income Tax	31	(1,329,682,520)	(1,067,770,353)
Provision for Deferred Income Tax	14	(142,966,048)	(96,820,479)
PROFIT AFTER TAX FOR THE YEAR		4,031,811,268	3,419,785,256
Other Comprehensive Income:			
Gain/(Loss) on Marketable Securities (Unrealized)		119,735,202	(101,475,954)
Total Comprehensive Income for the Year		4,151,546,470	3,318,309,302
Earnings Per Share (EPS)	32	8.36	7.10
Number of Shares used to compute EPS		481,999,263	481,999,263

Attached notes form part of these Financial Statements.


Samuel S Chowdhury
Chairman


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


Das Chowdhury Dutta & Co.
Chartered Accountants

Dated, Dhaka: 27 July, 2014

As per our annexed report of even date.

SQUARE PHARMACEUTICALS LTD.

Statement of Changes In Equity

For the Year Ended 31 March 2014

	Share Capital Taka	Share Premium Taka	General Reserve Taka	Gain on Marketable Securities (Unrealized) Taka	Retained Earnings Taka	Total Taka
At 31 March 2013	3,707,686,640	2,035,465,000	105,878,200	297,945,485	12,905,916,493	19,052,891,818
Total Comprehensive Income (2013-2014)	-	-	-	119,735,202	4,031,811,268	4,151,546,470
Cash Dividend (2012-2013)	-	-	-	-	(926,921,660)	(926,921,660)
Stock Dividend (2012-2013)	1,112,305,990	-	-	-	(1,112,305,990)	-
At 31 March 2014	4,819,992,630	2,035,465,000	105,878,200	417,680,687	14,898,500,111	22,277,516,628

SQUARE PHARMACEUTICALS LTD.

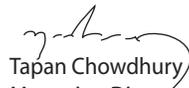
Statement of Changes In Equity

For the Year Ended 31 March 2013

	Share Capital Taka	Share Premium Taka	General Reserve Taka	Gain on Marketable Securities (Unrealized) Taka	Retained Earnings Taka	Total Taka
At 31 March 2012	2,648,347,600	2,035,465,000	105,878,200	399,421,439	11,207,557,177	16,396,669,416
Total Comprehensive Income (2012-2013)	-	-	-	(101,475,954)	3,419,785,256	3,318,309,302
Cash Dividend (2011-2012)	-	-	-	-	(662,086,900)	(662,086,900)
Stock Dividend (2011-2012)	1,059,339,040	-	-	-	(1,059,339,040)	-
At 31 March 2013	3,707,686,640	2,035,465,000	105,878,200	297,945,485	12,905,916,493	19,052,891,818

As per our annexed report of even date.


Samuel S Chowdhury
Chairman


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


Das Chowdhury Dutta & Co.
Chartered Accountants

Dated, Dhaka: 27 July, 2014



SQUARE PHARMACEUTICALS LTD.

Statement of Cash Flows

For the Year Ended 31 March 2014

	2013-2014 Taka	2012-2013 Taka
Cash Flows From Operating Activities:		
RECEIPTS:		
Collection from Sales	24,262,297,324	20,695,259,012
Others	469,413,971	460,261,842
	24,731,711,295	21,155,520,854
PAYMENTS:		
Purchase of Raw and Packing Materials	8,271,222,179	7,313,390,135
Manufacturing and Operating Expenses	5,433,037,400	4,939,448,822
Value Added Tax	3,282,582,981	2,783,256,876
Bank Interest	169,180,826	325,281,016
Income Tax	1,107,384,287	971,870,716
Workers Profit Participation Fund	248,543,081	218,665,078
Others	-	2,340,659
	18,511,950,754	16,554,253,302
Net cash provided by operating activities	6,219,760,541	4,601,267,552
Cash Flows From Investing Activities:		
Purchase of Fixed Assets	(857,838,732)	(1,724,513,705)
Disposal of Fixed Assets	90,969,701	125,009,718
Investment in Square Formulations Ltd.	-	(474,598,608)
Investment in Orascom Telecom Bangladesh Ltd.	10,000,000	10,000,000
Investment in Square Biotechs Ltd.	-	66,500,000
Investment in Square Multi Fabrics Ltd.	-	249,500,000
Investment in Square Hospitals Ltd.	-	(1,500,000)
Investment in Square Knit Fabrics Ltd.	-	150,000,000
Investment in Square Fashions Ltd.	150,000,000	150,000,000
Investment in Marketable Securities	(21,651,371)	4,247,563
Loan to Sister Concerns	(938,734,816)	976,048,958
Capital Work-in-Progress	(1,339,608,363)	(2,443,935,682)
Gain on Sale of Marketable Securities	6,598,771	-
Interest Received	154,859,960	181,743,100
Dividend Received	125,399,281	202,656,953
Net cash used in investing activities	(2,620,005,569)	(2,528,841,703)
Cash Flows From Financing Activities:		
Long Term Loan Received	7,514,001	356,214,376
Long Term Loan Repaid	(528,423,588)	(517,208,727)
Short Term Bank Loan Decrease	(998,056,098)	(903,856,994)
Dividend Paid	(926,921,660)	(662,086,900)
Net cash used in financing activities	(2,445,887,345)	(1,726,938,245)
Increase in Cash and Cash Equivalents	1,153,867,627	345,487,604
Cash and Cash Equivalents at the Opening	932,407,871	586,920,267
Cash and Cash Equivalents at the Closing	2,086,275,498	932,407,871

As per our annexed report of even date.


 Samuel S Chowdhury
 Chairman


 Tapan Chowdhury
 Managing Director


 Khandaker Habibuzzaman
 Company Secretary


 Das Chowdhury Dutta & Co.
 Chartered Accountants

Dated, Dhaka: 27 July, 2014

SQUARE PHARMACEUTICALS LTD.

Notes to the Financial Statements

For the Year Ended 31 March 2014

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.

(b) Subsidiary Companies

(i) Square Cephalosporins Ltd.:

Square Cephalosporins Ltd. was incorporated on August 29, 2005 under Companies Act 1994 as a private limited company. It has been merged with Square Pharmaceuticals Ltd. w. e. f from April 30, 2014 as per verdict of Hon'ble High Court.

(ii) Square Formulations Ltd.:

The company was incorporated on November 21, 2011 under Companies Act 1994 as a private limited company.

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 subsidiaries are as follows:

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

Square Cephalosporins Ltd. : Kaliakoir, Gazipur, Bangladesh

Square Formulations Ltd. : Mirzapur, Tangail, Bangladesh

1.3 Nature of Business Activities:

(a) Reporting Company:

The company owns and operates modern pharmaceuticals factories and produces and sells pharmaceuticals drugs and medicines. The company has a separate division to operate a modern Basic Chemical Factory and produces and sells Basic Chemical Products. The company has an AgroVet Division producing and sells AgroVet products. The company has also a Pesticide Division producing and sells Pesticide Products.

(b) Subsidiary Companies:

(i) Square Cephalosporins Ltd.:

The company owns modern pharmaceuticals factory and produces and sell pharmaceuticals drugs and medicines of Cephalosporins molecules.

(ii) Square Formulations Ltd.:

The company will produce and sell pharmaceuticals drugs and medicines.



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 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), as Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standard (BFRS).

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 BAS-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 reasons of clarity. The company classified the expenses using the function of expenses method as per BAS-1.

1.6 Application of Bangladesh Accounting Standards (BAS):

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

BAS - 1	Presentation of Financial Statements
BAS - 2	Inventories
BAS - 7	Cash Flow Statements
BAS - 8	Accounting Policies, Changes in Accounting Estimates and Errors
BAS - 10	Events after the Balance Sheet Date
BAS - 12	Income Taxes
BAS - 16	Property, Plant and Equipment
BAS - 17	Leases
BAS - 18	Revenue
BAS - 19	Employee Benefits
BAS - 21	The effects of Changes in Foreign Exchange Rates
BAS - 23	Borrowing Costs
BAS - 24	Related Party Disclosures
BAS - 25	Accounting for Investment
BAS - 26	Accounting and Reporting by Retirement Benefit Plans
BAS - 28	Accounting for Investment in Associates
BAS - 32	Presentation of Financial Instruments
BAS - 33	Earnings Per Share
BAS - 37	Provisions, Contingent Liabilities and Contingent Assets
BAS - 38	Intangible Assets
BAS - 39	Financial Instruments: Recognition & Measurement
BFRS-7	Financial Instruments: Disclosure
BFRS-8	Operating Segment
BFRS-10	Consolidated Financial Statements
BFRS-12	Interest in Other Equity

1.7 Property, Plant and Equipment:

All property, plant and equipment is initially accounted for at cost and depreciated over their expected useful life in accordance with BAS-16. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes. In respect of major projects involving construction, related pre-operational expenses form part of the value of asset capitalised. Expenses capitalised also include applicable borrowing cost.

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the income statement which is determined with reference to the net book value of the assets and the net sales proceeds.

1.8 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 for Square Pharmaceuticals Ltd. (SPL) while Square Cephalosporins Ltd. (SCL) has followed straight line method of depreciation. 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 BFRS 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:

	SPL	SCL
Factory Building and Other Construction	10%	10%
Plant & Machinery	15%	15%
Laboratory & Office Equipment	10%	10%
Furniture & Fixture	10%	10%
Motor Vehicle	20%	20%
Electrical Installation	15%	15%
Books & Periodicals	30%	-
Electro Mechanical Equipment	-	15%
Computer	10%	10%

1.9 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 directly attributable transactions costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are cognised in Other Comprehensive Income and presented in the fair value in reserve in equity.

Trade Receivable:

Trade receivable are carried at original invoice amount less estimate made for doubtful debts based on a review of all outstanding amount at the period end.

Financial Liabilities:

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



1.10 Inventories:

Inventories are stated at the lower of cost or net realizable value in compliance to the requirements of Para-21 & 25 of BAS-2.

Types of Stock

Raw Materials, Packing Materials and Work-in-Process
Finished Goods
Spare & Accessories
Goods-in-Transit

Basis of Valuation

Weighted Average Cost
At lower of cost or net estimated realizable value
Weighted Average Cost
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.

1.11 Income Taxes:

Current Tax

Provision for income tax has been made as per Income Tax Rules after adjustment of 10% rebate for declaration of Cash Dividend above 30%.

Deferred Tax

Provision is made for taxable temporary differences for the prior years and will be adjusted in due course of time as and when required.

1.12 Employees Separation Plans:

Provident Fund

The company has established a recognized contributory provident fund scheme. The fund is wholly administered by a Board of Trustees. No part of the fund is included in the assets of the company.

Gratuity

The company has an unfunded gratuity scheme under which an employee is entitled to the benefits depending on the length of service.

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 this funds and payment is made to the workers as per provisions of Labour Law 2006, Chapter-15.

1.13 Revenue Recognition:

(a) Sales of Goods:

In compliance with the requirements of BAS-18 revenue is recognised for local sales of Pharmaceuticals Drugs and Medicines, AgroVet Products and Pesticide 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 recognised at the time of delivery from Factory Godown i.e when the significant risk and rewards of ownership is transferred to the buyer, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

(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.

1.14 Turnover:

Turnover comprises the following:

Reporting Company:

- * Sales of locally manufactured Pharmaceuticals Drugs and Medicines.
- * Export of Pharmaceuticals Drugs and Medicines.
- * Local Sales of Basic Chemicals Products.
- * Sales of locally manufactured and imported AgroVet Products.
- * Sales of locally manufactured and imported Pesticide Products.

Subsidiary Companies:

- * Sales of locally manufactured Pharmaceuticals Drugs and Medicines.



1.15 Foreign Currency Transactions:

Foreign currencies are translated into taka at the exchange rates ruling on the date of transactions in accordance with BAS-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 77.67.

1.16 Cash Flow Statement:

Cash flow statement is prepared in accordance with BAS-7 under direct method and as outlined in the Securities and Exchange Rule 1987.

1.17 Earnings per Share (EPS):

Earnings per Share (EPS) is calculated in accordance with the Bangladesh Accounting Standard BAS-33 "Earnings per Share".

Earnings per Share

"Earnings per Share" has been calculated by dividing the earnings attributable to the number of shares (ordinary) held by the shareholders during the year.

Weighted Average Number of Ordinary Shares Outstanding during the year

The Bonus Shares issued during the year 2013-2014 were treated as if they had been in issue in previous years also. Hence, in computing the Earnings per Share (EPS) of 2013-2014, the total number of shares including the said bonus shares has been considered as the Weighted Average Number of Shares Outstanding during the year 2012-2013.

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.

1.18 Basis of Consolidation:

Percentage of Holding Share on Subsidiaries Company:

Subsidiary Company	Holding of Share	Percentage of Holding
Square Cephalosporins Ltd.	950,000	99.48%
Square Formulations Ltd.	995,000	95.50%

Subsidiaries entities are controlled by Square Pharmaceuticals Ltd. (SPL). Control exists when SPL has the power to govern the financial and operating policies of the entity. In assessing control potential voting rights that are presently exercisable are considered.

1.19 Consolidation of Accounts:

In terms of the requirements of Bangladesh Accounting Standards (BAS) accounts of the company's own and that of its subsidiaries have been consolidated as follows:

Subsidiary Company	Year Ending	Remarks
Square Cephalosporins Ltd.	31, March 2014	Financial Statements
Square Formulations Ltd.	31, March 2014	Financial Statements

1.20 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.

1.21 Concentration of Counterparty Risk:

As of 31st March 2014, 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.



1.22 Net Profit before Tax:

Net Profit before Tax for the year were 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.

1.23 Segment Reporting:

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

1.24 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.

1.25 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 BAS-37, they are disclosed in the Note No. 44 hereunder.

1.26 Research, Development and Experimental Costs:

In compliance with the requirements of BAS-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.

31-03-14

31-03-13

2. PROPERTY, PLANT AND EQUIPMENT: Tk. 11,156,871,302

Details of Property, Plant and Equipment and Depreciation as at 31 March, 2014 are shown in the annexed Schedule - 01. This is arrived at as follows:

	31-03-14	31-03-13
Opening Balance (At Cost)	15,745,373,113	14,423,535,912
Add: Net Addition during the Year	2,385,036,213	1,321,837,201
Closing Balance (At Cost)	18,130,409,326	15,745,373,113
Less: Accumulated Depreciation	6,973,538,024	6,136,089,189
Carrying Value	Tk. 11,156,871,302	9,609,283,924

Allocation of depreciation charge for the year has been made in the accounts as follows:

	2013-2014	2012-2013
Factory Overhead	887,680,687	776,379,217
Selling and Distribution Expenses	113,422,317	99,421,373
Administrative Expenses	62,362,501	73,642,663
Tk.	1,063,465,505	949,443,253

31-03-14

31-03-13

3. CAPITAL WORK-IN-PROGRESS: Tk. 3,232,773,494

This represents expenditure incurred for the Units of Square Pharmaceuticals Limited at Kaliakoir, Gazipur. The break-up of the above amount are given below:

Land & Land Development	11,846,753	63,412,626
Building/Civil Work	1,114,940,246	2,731,137,338
Plant & Machinery	2,011,083,087	922,772,750
Other Assets	94,903,408	1,003,540
Tk.	3,232,773,494	3,718,326,254

4. INVESTMENT-Long Term (at Cost): Tk. 3,661,121,331

This consists of the following:

Subsidiaries:

(a) 950,000 Ordinary Shares of Tk. 100/- each in Square Cephalosporins Ltd.	95,000,000	95,000,000
(b) Advance against Share Money with Square Cephalosporins Ltd. for 4,000,000 Shares of Tk. 100/- each	400,000,000	400,000,000
(c) 995,000 Ordinary Shares of Tk. 100/- each in Square Formulations Ltd.	99,500,000	99,500,000
(d) Advance against Share Money with Square Formulations Ltd. for 3,760,000 Shares of Tk. 100/- each	376,000,000	376,000,000

Associates & Others:

(a) 61,607,069 Ordinary Shares of Tk. 10/- each including Bonus Shares in Square Textiles Ltd.	180,976,901	180,976,901
(b) 120,000 Ordinary Shares of Tk. 100/- each in United Hospital Ltd.	12,000,000	12,000,000
(c) 5,711,804 Ordinary Shares of Tk. 10/- each including Bonus Share in Central Depository Bangladesh Ltd.	15,694,430	15,694,430
(d) 199,750 Ordinary Shares of Tk. 1,000/- each in Square Hospitals Ltd.	210,750,000	210,750,000
(e) Advance against Share Money with Square Hospitals Ltd. for 2,000,000 Shares of Tk.1,000/- each	2,000,000,000	2,000,000,000
(f) 1,260,000 Ordinary Shares of Tk. 100/- each in Square Knit Fabrics Ltd.	-	126,000,000
(g) Advance against Share Money with Square Knit Fabrics Ltd. for 1,500,000 Shares of Tk.100/- each	-	150,000,000
(h) Investment in Square Fashions Ltd. : - 252,000 Ordinary Shares of Tk. 100/- each - 210,000 Ordinary Shares of Tk. 600/- each*	151,200,000	25,200,000
(i) Advance against Share Money with Square InformatiX Ltd. for 1,000,000 Shares of Tk.100/- each	100,000,000	100,000,000
(j) 2 Senior Secured Bond of Tk. 10,000,000/- each in Orascom Telecom Bangladesh Ltd.	20,000,000	30,000,000
Tk.	3,661,121,331	3,821,121,331

* Investment of 1,260,000 ordinary share in Square Knit Fabrics Ltd. has converted to 210,000 ordinary shares in Square Fashions Ltd. due to amalgamation of Square Knit Fabrics Ltd. with Square Fashions Ltd. as per court order of the hon'ble High Court Division for the Supreme Court of Bangladesh dated 24-07-2013.



5. INVESTMENT IN MARKETABLE SECURITIES (Fair Value): **Tk. 730,700,453**

SL. No	Name of Company	No. of Shares Held	Face Value per Share	Cost Holding	Average Cost	Quoted Rate per Share as on 31-03-14	Total Market Value of Shares as on 31-03-14	Unrealised Gain/(Loss)
1	1st ICB Mutual Fund	6,050	10	4,700,114	776.88	885.00	5,354,250	654,136
2	2nd ICB Mutual Fund	10,000	10	2,683,646	268.36	280.00	2,800,000	116,354
3	3rd ICB Mutual Fund	18,500	10	3,253,609	175.87	217.50	4,023,750	770,141
4	4th ICB Mutual Fund	24,500	10	4,322,853	176.44	205.10	5,024,950	702,097
5	5th ICB Mutual Fund	54,500	10	9,261,706	169.94	190.20	10,365,900	1,104,194
6	6th ICB Mutual Fund	65,000	10	4,546,218	69.94	63.40	4,121,000	(425,218)
7	7th ICB Mutual Fund	81,000	10	7,945,111	98.09	97.00	7,857,000	(88,111)
8	8th ICB Mutual Fund	100,000	10	7,194,974	71.95	67.30	6,730,000	(464,974)
9	IBBL MP Bond	143,330	1,000	133,574,294	931.94	998.50	143,115,005	9,540,711
10	Islami Bank Ltd.	200,013	10	5,966,008	29.83	34.50	6,900,449	934,441
11	Padma Oil Ltd.	1,116	10	76,079	68.17	342.70	382,453	306,374
12	Shahjalal Islami Bank Ltd.	60,000	10	593,575	9.89	15.00	900,000	306,425
13	Titas Gas TDCL	315,500	10	24,426,583	77.42	77.70	24,514,350	87,767
14	Uttara Bank Ltd.	100,016	10	3,033,252	30.33	30.50	3,050,488	17,236
15	Meghna Petroleum Ltd.	36,091	10	4,064,913	112.63	276.40	9,975,552	5,910,639
16	Usmania Glass Ltd.	49,262	10	5,530,662	112.27	189.50	9,335,149	3,804,487
17	EXIM Bank Ltd.	100,064	10	1,372,145	13.71	12.10	1,210,774	(161,371)
18	ACI Ltd.	29,408	10	4,787,552	162.80	186.70	5,490,474	702,922
19	First Security Bank Ltd.	200,000	10	2,515,782	12.58	12.50	2,500,000	(15,782)
20	Social Islami Bank Ltd.	200,000	10	2,558,930	12.79	13.50	2,700,000	141,070
21	Pioneer Insurance Co. Ltd.	4,241,250	10	35,250,000	8.31	71.20	301,977,000	266,727,000
22	National Housing Finance	5,023,450	10	39,362,480	7.84	32.90	165,271,505	125,909,025
23	ACI 20% Convertible Zero Coupon Bond	8,014	1,000	5,999,280	748.60	886.00	7,100,404	1,101,124
	Total Tk.			313,019,766			730,700,453	417,680,687

The above Investment in Marketable Securities that are designated as available for sale by the management. These are measured at fair value and presented as non-current asset and unrealized gain/(loss) from the above investment are recognized as other comprehensive income.

Gain/(Loss) On Marketable Securities (Unrealized):

Unrealized Gain/(Loss) Position (Closing)

Unrealized Gain/(Loss) Position (Opening)

Gain/(Loss) on Marketable Securities during the year

	2013-2014	2012-2013
	417,680,687	297,945,485
	297,945,485	399,421,439
Tk.	119,735,202	(101,475,954)

6. INVENTORIES: **Tk. 2,345,389,488**

The break-up is as under:

Raw Materials

Packing Materials

Work-in-Process

Finished Goods

Spares & Accessories

Goods-in-Transit

	31-03-14	31-03-13
	919,677,124	905,853,511
	334,843,941	324,298,195
	182,428,763	175,271,519
	735,793,658	729,124,700
	98,471,247	192,018,538
	74,174,755	177,116,777
Tk.	2,345,389,488	2,503,683,240

The basis of valuation is stated in note-1 (1.9)

31-03-14	31-03-13
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7. TRADE DEBTORS: Tk. 757,757,419

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

Below 30 days	660,175,895	571,979,237
Within 31-60 days	18,428,055	91,055,884
Within 61-90 days	26,060,949	69,432,471
Above 90 days	53,092,520	68,507,320
Tk.	757,757,419	800,974,912

(ii) Debtors include Tk. 147,592,279 due from export sales of which Tk. 128,222,799 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.

8. ADVANCES, DEPOSITS & PREPAYMENTS (Considered Good): Tk. 530,659,925

This consists of as follows:

Advances:

Employees	294,074,575	412,358,363
Motor Cycle Loan - Employees	20,520,212	17,963,029
Suppliers	3,460,896	3,491,493
	270,093,467	390,903,841

Deposits:

L.C Margin	199,119,978	219,498,265
Value Added Tax	6,769,125	3,232,410
Earnest Money & Security Deposit	145,215,280	170,938,304
Lease Deposit	28,219,207	31,266,494
Others	-	1,381,000
	18,916,366	12,680,057

Prepayments:

Office Rent	37,465,372	18,523,741
Insurance Premium	6,402,384	2,397,337
	31,062,988	16,126,404
Tk.	530,659,925	650,380,369

(a) Employees advances of Tk. 20,520,212 includes advance to officers Tk. 10,086,800.

(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 undertakings.

9. SHORT TERM LOAN (Unsecured): Tk. 2,047,985,968

This consists of as follows:

(a) Square Textiles Ltd.	14,547,369	-
(b) Square Fashions Ltd.	482,954,274	-
(c) Square Hospitals Ltd.	488,703,210	953,678,685
(d) Square InformatiX Ltd.	174,980,923	155,079,229
(e) Square Formulations Ltd.	886,800,192	493,238
Tk.	2,047,985,968	1,109,251,152

Short term loan is receivable from the above subsidiaries/associate undertakings and bearing interest @ 1% above the rate of interest charged by the commercial bank and considered good.



31-03-14

31-03-13

10. CASH AND CASH EQUIVALENTS: Tk. 2,086,275,498

This is made-up as follows:

(a) Cash in Hand	3,181,449	2,102,958
(b) Cash at Bank :	2,083,094,049	930,304,913
● Current Account	1,470,331,530	492,235,604
● STD Account	11,427,746	6,526,242
● Fixed Deposit Account (BD Taka)	27,368,968	27,062,246
● Fixed Deposit Account (USD)	349,971,086	187,350,095
● Export Retention Quota Account	152,281,498	204,732,547
● Margin Held Account	71,713,221	12,398,179
Tk.	2,086,275,498	932,407,871

31-03-14

31-03-13

11. SHARE CAPITAL: Tk. 4,819,992,630

This is made-up as follows:

Authorised:

1,000,000,000 Ordinary Shares of Tk.10/- each	10,000,000,000	5,000,000,000
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Issued, subscribed and paid-up:

a) By Cash:

10,092,300 Ordinary Shares of Tk.10/- each fully paid-up in cash	100,923,000	100,923,000
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b) Other than Cash:

40,020 Ordinary Shares of Tk.10/- each fully paid-up for consideration other than cash	400,200	400,200
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c) By issue of Bonus Share:

471,866,943 Ordinary Shares of Tk.10/- each fully paid-up as Bonus Shares	4,718,669,430	3,606,363,440
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Tk.	4,819,992,630	3,707,686,640
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Shareholding Position as on 31 March 2014 is as follows:

	No. of Investors	Number of Shares	% of Share Holding 2013-2014	% of Share Holding 2012-2013
Sponsors	18	261,308,986	54.21	54.21
Foreign Investors	57	72,521,297	15.05	9.65
Financial and Other Institutions	512	49,839,364	10.34	27.18
General Public	69,238	98,329,616	20.40	8.96
	69,825	481,999,263	100.00	100.00

The distribution schedule showing the number of shareholders and their share holdings in percentage has been disclosed below:

Range of Holdings	As per Folio		As per BOID		Total Share Holdings	%
	No. of Holders	Holdings	No. of Holders	Holdings		
Less than 500 Shares	922	133,777	46,635	5,192,377	5,326,154	1.11
501 to 5,000 Shares	1,107	1,908,784	17,514	28,774,574	30,683,358	6.37
5,001 to 10,000 Shares	90	652,387	1,818	12,861,955	13,514,342	2.80
10,001 to 20,000 Shares	39	567,293	870	12,086,161	12,653,454	2.62
20,001 to 30,000 Shares	13	327,448	286	7,005,585	7,333,033	1.52
30,001 to 40,000 Shares	9	317,720	126	4,366,547	4,684,267	0.97
40,001 to 50,000 Shares	1	48,612	92	4,161,453	4,210,065	0.87
50,001 to 100,000 Shares	6	624,297	133	8,949,324	9,573,621	1.99
100,001 to 1,000,000 Shares	7	2,594,788	115	30,803,953	33,398,741	6.93
Over 1,000,000 Shares	15	250,857,989	27	109,764,239	360,622,228	74.82
Total	2,209	258,033,095	67,616	223,966,168	481,999,263	100.00

12. SHARE PREMIUM:

	31-03-14	31-03-13
Tk.	2,035,465,000	2,035,465,000

13. LONG TERM LOANS (Secured): Tk. 136,440,907

This represents long term loans from financial institutions are as follows :

(a) Standard Chartered Bank, Dhaka	23,538,690	71,061,669
(b) HSBC Ltd., Dhaka	112,902,217	241,420,118
(c) Minimum Lease Payments	-	939,371
Tk.	136,440,907	313,421,158

(a) Standard Chartered Bank:

An amount of Tk. 7,382,751 has been disbursed during the year 2013-2014 and it is secured on fixed and floating assets of the company. The interest rate of loan will remain floating. The remaining balance stands at Tk. 23,538,690 as on 31-03-2014.

(b) HSBC Ltd.:

The loan is secured on specific imported machinery. The interest rate of loan will remain floating. The remaining balance stands at Tk. 112,902,217 as on 31-03-2014.



31-03-14

31-03-13

14. DEFERRED TAX LIABILITY: Tk. 718,957,750

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	575,991,702	479,171,223
Provision made	142,966,048	96,820,479
Closing Balance	718,957,750	575,991,702

Tk.

15. SHORT TERM BANK LOAN: Tk. 114,638,033

This consists of as follows:

Cash Credit - Janata Bank Ltd., Pabna	376	83,585
Trust Receipt - Citibank N.A, Dhaka	-	180,027,956
Short Term Loan - Commercial Bank of Ceylon Ltd., Dhaka	-	20,936,423
Trust Receipt -Commercial Bank of Ceylon Ltd., Dhaka	-	64,143,000
Trust Receipt - Standard Chartered Bank, Dhaka	-	179,748,522
Short Term Loan - Bank Alfalah Ltd., Dhaka	100,000,000	100,000,000
Trust Receipt - Eastern Bank Ltd., Dhaka	-	81,607,491
Trust Receipt - Mercantile Bank Ltd., Dhaka	-	1,828,932
Trust Receipt - Shahjalal Islami Bank Ltd., Dhaka	-	20,509,277
Trust Receipt - HSBC Ltd., Dhaka	-	180,016,869
Trust Receipt - Trust Bank Ltd., Dhaka	-	7,682,287
Overdraft - BRAC Bank Ltd., Dhaka	-	2,369,819
Trust Receipt - BRAC Bank Ltd., Dhaka	-	27,824,673
Overdraft - Bank Asia Ltd., Dhaka	-	7,909,075
Trust Receipt - Bank Asia Ltd., Dhaka	-	28,042,656
Trust Receipt - Prime Bank Ltd., Dhaka	-	137,332,697
Overdraft - Janata Bank Ltd., Mohakhali Corporate Br., Dhaka-Secured by FDR	-	25,515,496
Overdraft - Janata Bank Ltd., Mimi Super Market Br, Chittagong-Secured by FDR	4,780,984	4,610,727
Overdraft - Janata Bank Ltd., Foreign Exchange Corporate Br., Sylhet-Secured by FDR	79,069	1,493,538
Overdraft - Janata Bank Ltd., Maizdee Court Corporate Br., Noakhali-Secured by FDR	-	1,641,172
Overdraft - Sonali Bank Ltd., Mohakhali Branch, Dhaka-Secured by FDR	9,777,604	-
Others	-	39,369,936
Tk.	114,638,033	1,112,694,131

The loans of Janata Bank Ltd. are secured by registered mortgage and other loans are secured against pledge and hypothecation of stocks and book debts.

16. LONG TERM LOANS - Current Portion: Tk. 167,574,698

This represents current portion of long term loans from financial institutions which are repayable within next 12 months from April, 2014 and consists of as follows:

	31-03-14	31-03-13
(a) Standard Chartered Bank, Dhaka	53,060,040	82,087,928
(b) HSBC Ltd., Dhaka	114,514,658	119,820,677
(c) DEG, Germany	-	293,062,500
(d) Minimum Lease Payments	-	16,532,929
Tk.	167,574,698	511,504,034

17. TRADE CREDITORS:

Tk. **1,717,013,624** **1,086,097,881**

This represents amount payable to regular suppliers of raw materials, packing materials, promotional materials etc. All suppliers were paid on a regular basis.

18. LIABILITIES FOR EXPENSES: Tk. 20,463,398

This consists of as follows:

Accrued Expenses	20,175,898	107,688,171
Clearing & Forwarding	-	1,629,163
Audit Fees	287,500	287,500
Tk.	20,463,398	109,604,834

19. LIABILITIES FOR OTHER FINANCE: Tk. 1,396,929,840

This consists of as follows:

Sundry Creditors	525,339,271	348,826,212
Income Tax (Deduction at Source)	824,865	1,833,103
Retention Money	946,330	1,036,830
Workers' Profit Participation Fund	434,135,611	407,455,700
Income Tax Payable (Note-20)	435,683,763	213,385,530
Tk.	1,396,929,840	972,537,375

20. INCOME TAX PAYABLE: Tk. 435,683,763

This is arrived at as follows:

Opening balance	213,385,530	117,485,893
Provision made (Note-31)	1,329,682,520	1,067,770,353
Tax paid (including Advance Income Tax during the year)	(1,107,384,287)	(971,870,716)
Closing balance	435,683,763	213,385,530



2013-2014

2012-2013

21. GROSS TURNOVER: Tk. 24,193,356,807

This is made-up as follows:

Local Sales	23,347,031,222	19,943,693,922
Export Sales in US\$ 10,469,535 (FY 2012-2013 US \$ 9,842,840)	846,325,585	799,052,450
Tk.	24,193,356,807	20,742,746,372

(i) Sales consists 642 of Pharmaceuticals Products, 22 Basic Chemicals & Pellets Products, 61 AgroVet Products and 24 Pesticide Products. The summarised quantity are as under:

(Quantity in Thousand)

Category	Unit	Opening	Production/Purchase	Sales	Closing
Tablet	Pcs	394,612	6,087,308	6,262,598	219,322
Capsule	Pcs	99,562	1,193,637	1,323,386	60,813
Liquid Capsule	Pcs	370	9,436	9,224	582
Liquid	Bottles	4,633	76,511	74,396	6,748
Injectable (Vial & Ampoule)	Pcs	5,714	41,240	42,171	3,783
Infusion (LVPO)	Bags	103	123	215	11
ENT Preparation- Drops, Spray, Gel & Others	Phials	463	15,157	15,266	354
Steroid- Cream, Ointment, Spray, Gel & Others	Phials	540	6,764	6,715	589
Non Steroid- Cream, Ointment, Spray, Gel & Others	Phials	649	11,935	11,375	1,209
Ophthal Preparation	Phials	367	4,031	4,226	172
Nebulizer	Phials	69	1,214	1,207	76
Powder for Suspension	Bottles	785	9,518	9,346	597
Powder	Phials	108	3,123	3,178	53
Suppository	Pcs	3,408	26,432	27,449	2,391
Sachet	Pcs	114	1,553	1,514	183
Inhaler	Cans	563	2,925	3,310	178
Insulin	Pcs	131	522	588	65
Basic Chemical	Kg	26	381	340	67
Pellet	Kg	40	201	206	35
Tablet - AgroVet	Pcs	1,901	12,072	11,521	2,452
Powder - AgroVet	Kg	39	319	44	326
Injectable - AgroVet	Pcs	386	761	941	206
Liquid - AgroVet	Bottles	100	771	629	242
Liquid - Insecticide	Litre	31	65	78	18
Granuler - Insecticide	Kg	55	103	130	28
Powder - Insecticide	Kg	3	3	4	2
Powder / Liquids - Fungicide	Kg / Litre	73	150	194	32
Liquid - Weedicide	Litre	3	6	6	3
Granuler - Fertilizer	Kg	1	113	83	31
Liquid - Fertilizer	Litre	3	-	3	-
Powder - Fertilizer	Kg	84	439	477	46
Aerosol	Pcs	10	506	499	17

(ii) 288.69 M.T of basic chemicals valued at Tk. 267,047,717 and 206.95 M.T of Pellet valued at Tk. 286,872,422 has been transferred from chemical plant to pharma formulation plants of the company which has not been included in the above turnover.

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

		2013 -2014	2012 -2013
22. COST OF GOODS SOLD: 11,727,992,671			
This is arrived at as follows:	Notes		
Raw Materials Consumed	23	6,007,017,962	5,126,010,808
Packing Materials Consumed	24	2,700,193,106	2,338,888,597
		8,707,211,068	7,464,899,405
Work-in-Process (Opening)		175,271,519	171,084,826
Work-in-Process (Closing)		(182,428,763)	(175,271,519)
TOTAL CONSUMPTION		8,700,053,824	7,460,712,712
Factory Overhead	25	2,770,881,312	2,438,867,386
COST OF PRODUCTION		11,470,935,136	9,899,580,098
Purchase of Finished Goods		343,626,777	322,163,508
Finished Goods (Opening)		729,124,700	710,800,446
Finished Goods (Closing)		(735,793,658)	(729,124,700)
		11,807,892,955	10,203,419,352
Cost of Physician Sample		(79,900,284)	(69,744,175)
	Tk.	11,727,992,671	10,133,675,177

23. RAW MATERIALS CONSUMED: Tk. 6,007,017,962

This is arrived at as follows:			
Opening Stock		905,853,511	877,288,969
Purchase		6,020,841,575	5,154,575,350
Closing Stock		(919,677,124)	(905,853,511)
	Tk.	6,007,017,962	5,126,010,808

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

Particulars	Pcs Cap-Shell	Quantity (Kg)					Total Value (Tk.)
		Active	Excipients	Colour	Flavour	Total	
Opening Balance	165,244,976	731,359	1,806,391	78,869	14,239	2,630,858	905,853,511
Purchase	1,427,647,000	4,623,563	9,018,735	400,543	37,129	14,079,970	6,020,841,575
Available for use	1,592,891,976	5,354,922	10,825,126	479,412	51,368	16,710,828	6,926,695,086
Closing Balance	333,417,601	965,435	1,175,053	99,829	9,560	2,249,877	919,677,124
Consumption	1,259,474,375	4,389,487	9,650,073	379,583	41,808	14,460,951	6,007,017,962

Raw materials consists 949 of items of which 84.02% (in value) are imported.

24. PACKING MATERIALS CONSUMED: Tk. 2,700,193,106

This is arrived at as follows:			
Opening Stock		324,298,195	296,515,568
Purchase		2,710,738,852	2,366,671,224
Closing Stock		(334,843,941)	(324,298,195)
	Tk.	2,700,193,106	2,338,888,597



Summarised quantity of packing materials are stated as under:

Name of Item	Unit	Opening	Purchase	Consumption	Closing
Inner Carton	Pcs	43,365,587	213,885,876	213,501,007	43,750,456
Shipper's Carton	Pcs	825,780	3,878,965	3,755,687	949,058
Label	Pcs	62,159,678	162,372,604	164,128,926	60,403,356
Direction Slip	Pcs	30,798,905	159,119,737	159,906,835	30,011,807
Container	Pcs	5,462,660	20,971,604	20,819,484	5,614,780
Blister Foil/Alu Lid Foil	Kg	117,666	395,361	407,704	105,323
Strip Foil	Kg	65,349	169,014	177,115	57,248
PVC/PVDC/PE Film	Kg	648,676	665,961	1,008,989	305,648
Auto Bottom Foil	Kg	76,121	360,291	363,918	72,494
Bottle (PET/HDPE/Glass)	Kg	17,652,169	111,744,348	112,958,191	16,438,326
Ampoule	Pcs	10,270,531	33,156,973	38,936,001	4,491,503
Vial	Pcs	1,809,269	4,880,474	4,717,495	1,972,248
HDPE Bag	Pcs	100,234	810,427	564,890	345,771
Over Bag (Infusion Bag)	Pcs	133,966	378,100	338,492	173,574
Flip Off Seal & Tear off Seal	Pcs	1,528,179	3,759,140	4,309,423	977,896
P.P Cap/Plastic Clousers	Pcs	18,186,663	103,148,475	110,565,208	10,769,930
Tube	Pcs	5,092,403	19,383,364	19,969,534	4,506,233
Can	Pcs	2,558,961	2,234,206	3,745,054	1,048,113
Actuator	Pcs	2,558,086	2,136,060	3,199,795	1,494,351
Metered Valves	Pcs	2,252,047	2,690,847	4,058,705	884,189
Sachet	Pcs	238,542	318,768	327,788	229,522
Syringe/Needle/Infusion Set	Pcs	1,603,370	2,920,100	3,352,791	1,170,679
Water for Injection	Pcs	91,514	7,521,849	7,051,272	562,091
Shrink Wrapping	Pcs	539,288	4,083,684	3,390,585	1,232,387
Silica Gel/Gum Tape/Adhesive Tape	Pcs	547,288	16,440,548	15,586,106	1,401,730
Cup/Spoon/Dropper/Rubber Stopper	Pcs	5,123,508	65,069,614	65,701,614	4,491,508
Honey Comb	Pcs	213,262	435,950	500,422	148,790
Plastic Applicator	Pcs	365,632	1,276,900	1,397,724	244,808
Neck Lock & Zip Lock Bag	Pcs	-	2,653,856	2,121,031	532,825
Poly Pack, Poly Bag & Pouch Pack	Pcs	-	3,397,045	1,669,161	1,727,884

Packing materials consists of 3,989 items of which 38.91% (in value) are imported.

25. FACTORY OVERHEAD: Tk. 2,770,881,312

This is made-up as follows:

	2013-2014	2012-2013
Salaries, Allowances and Wages	686,613,699	572,816,907
Factory Employees Free Lunch	55,342,920	51,070,183
Factory Staff Uniform	23,537,496	19,990,231
Travelling & Conveyance	23,575,585	24,258,761
Printing & Stationery	30,226,331	34,264,150
Postage, Telephone & Fax	3,403,898	16,017,018
Repairs & Maintenance	535,845,428	444,889,766
Laboratory Consumable Stores	130,768,013	141,731,553
Fuel, Petrol, Light Diesel etc.	38,143,781	46,937,400
Electricity, Gas & Water	182,086,621	163,156,281
Rental Expense	1,281,810	1,520,400
Municipal & Other Tax	7,153,459	3,458,593
Insurance Premium	17,550,958	22,451,416
Factory Sanitation Expenses	20,836,974	19,058,401
Depreciation	887,680,687	776,379,217
Security Services	34,708,243	29,234,628
Research & Development	54,543,547	56,145,672
Software & Hardware Support Services	29,649,844	5,399,030
Toll Charges	6,836,144	8,184,351
Other Expenses	1,095,874	1,903,428
Tk.	2,770,881,312	2,438,867,386

26. SELLING & DISTRIBUTION EXPENSES: **Tk. 3,281,533,895**

This consists of as follows:

	2013-2014	2012-2013
Salaries and Allowances	565,564,819	478,905,340
Travelling and Conveyance	56,260,039	54,902,041
Training Expenses	4,339,819	4,254,786
Printing and Stationery	44,943,487	43,007,259
Postage, Telephone, Fax & Telex	23,532,201	20,322,540
Electricity, Gas and Water	16,910,649	13,769,500
Tiffin and Refreshment	15,440,794	15,093,793
Office and Godown Rent	15,226,441	11,482,804
Bank Charges	12,251,236	8,528,582
Repairs and Maintenance including car maintenance	210,928,479	188,310,346
Govt. Taxes and Licence Fees	19,664,691	11,139,762
Field Staff Salaries, Allowances, TA and DA	802,247,051	672,052,410
Marketing and Promotional Expenses	605,712,485	541,731,767
Advertisement	4,179,716	9,353,343
Delivery and Packing Expenses	60,011,953	53,141,886
Export Expenses	72,842,446	67,362,864
Special Discount	461,078,755	373,386,102
Sample Expenses	104,114,426	90,284,850
Security Services	37,309,838	29,847,328
Depreciation	113,422,317	99,421,373
Software, Hardware Support & VSAT Services	27,381,231	22,628,550
Insurance Premium	5,974,806	-
Other Expenses	2,196,216	1,671,479
	3,281,533,895	2,810,598,705

Tk.



27. ADMINISTRATIVE EXPENSES: Tk. 723,250,031

This consists of as follows:

	2013-2014	2012-2013
Salaries and Allowances	230,033,231	191,750,259
Directors' Remuneration	47,842,768	40,635,944
Travelling and Conveyance	91,100,516	80,947,135
Training Expenses	5,638,855	18,941,710
Printing and Stationery	12,453,957	17,716,414
Postage, Telephone, Internet	10,012,585	5,864,337
Electricity, Gas & Water	15,748,713	14,004,385
Tiffin and Refreshment	28,881,101	26,951,640
Office Rent	7,877,083	5,132,248
Sanitation Expenses	1,685,836	2,340,972
Books and Periodicals	632,147	502,180
Subscription and Donation	9,946,430	6,943,074
Advertisement	1,682,267	6,477,018
Repairs and Maintenance	89,712,856	83,212,881
Bank Charges	22,985,613	17,752,441
Insurance Premium	6,141,152	14,323,332
Govt. Taxes, Stamp Duty & Licence Fee	4,250,397	13,015,981
Lease Rent	1,373,400	1,360,050
Security Services	20,706,556	14,306,296
Management Consultant Fees	11,819,488	25,247,236
Legal Charges	2,171,200	1,046,000
Audit Fees	287,500	287,500
Depreciation	62,362,501	73,642,663
Annual General Meeting Expenses	4,964,630	4,505,441
Software & Hardware Support Services	28,359,836	58,127,029
Share Demat, Remat & Transfer Fees	3,426,347	7,250,384
Other Expenses	1,153,066	1,510,829
Tk.	723,250,031	733,795,379

Audit fees of Tk. 287,500 represents fees for audit of the financial statements of the company for the year 2013-2014.

	2013-2014	2012-2013
28. FINANCIAL EXPENSES: Tk. 169,180,826		
This is made-up as follows:		
Interest on Cash Credit	32,662	8,753,582
Interest on Overdraft	2,211,593	21,148,472
Interest on LATR	74,811,770	221,986,922
Interest on Short Term Loan	14,446,543	18,038,621
Interest on Lease	1,894,257	2,932,897
Interest on Long Term Loan	61,603,051	52,420,522
Interest on Loan from Sister Concern	14,180,950	-
Tk.	169,180,826	325,281,016

29. OTHER INCOME: Tk. 770,866,425

This is arrived at as follows:		
Bank Interest	22,316,798	14,496,611
Interest on Senior Secured Bond	3,416,250	4,800,000
Interest on Loan to Sister Concern	129,126,912	162,446,489
Rental Income	1,070,540	40,647,700
Sale of Scrap	16,398,858	15,112,087
Dividend	125,399,281	202,656,953
Foreign Exchange Fluctuation Gain/(Loss) on Retention Quota Account	9,904,126	177,839
Foreign Exchange Fluctuation Gain/(Loss) against Collection on Export Bills	3,687,780	(5,063,230)
Commission Received	431,910,773	405,161,458
Technology Transfer Fees	-	2,211,269
Gain on Redemption of Zero Coupon Bond	2,013,607	2,014,719
Gain/(Loss) on Marketable Securities	6,598,771	-
	751,843,696	844,661,895
Profit on Sale of Property, Plant & Equipment (Note-35)	19,022,729	7,627,346
Tk.	770,866,425	852,289,241
30. ALLOCATION FOR WPPF:	Tk. 275,222,992	224,052,372

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.

31. PROVISION FOR INCOME TAX: Tk. 1,329,682,520

This represents estimated Income Tax Liability for the year 2013-2014 as follows:

1) 27.50% Income Tax on Taxable Profit of Tk. 5,185,463,354	1,426,002,422	1,123,680,672
2) Half of 27.50% Income Tax on Export Net Profit of Tk. 191,583,594	26,342,744	22,199,440
3) 20% Income Tax on Dividend of Tk. 125,399,281	25,079,856	40,531,391
	1,477,425,022	1,186,411,503
Less: 10% Exemption for declaration of Cash Dividend 30% and above	147,742,502	118,641,150
Tk.	1,329,682,520	1,067,770,353



2013-2014

2012-2013

32. EARNINGS PER SHARE (EPS): Tk. 8.36

The computation is given below:

Surplus for the year attributable to Shareholders (Net Profit after Tax)	4,031,811,268	3,419,785,256
Weighted average number of Shares outstanding during the year	481,999,263	481,999,263
Earnings per Share	8.36	7.10

Tk.

33. APPROPRIATION DURING THE YEAR :

In accordance with BAS-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. 3.00 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 2013-2014 is calculated at Tk.1,445,997,789.

The Board of Directors also proposed Bonus Shares (Stock Dividend) @ 15% per share and total amount of proposed Bonus Share (Stock Dividend) for the year is calculated at Tk.722,998,894.

34. PAYMENTS/PERQUISITES TO DIRECTORS AND OFFICERS:

The aggregate amount paid/provided during the year in respect of "Directors" and "Officers" of the company as defined in the Bangladesh Securities and Exchange Rules 1987 are disclosed below:

Directors Remuneration	47,842,768
Managerial Remuneration	112,997,156
Managerial Benefits:	
Bonus	24,928,057
House Rent	19,615,647
Conveyance	2,576,500
Company's Contribution to Provident Fund	9,844,213

(a) no compensation was made to the Managing Director of the company except as stated in (34) above.

(b) no amount was spent by the company for compensating any member of the Board of Directors except as stated in (34) above.

35. PARTICULARS OF DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT DURING THE YEAR:

Particulars of Assets	Cost	Acc. Depn Upto 31-03-14	WDV as on 31-03-14	Sales Price	Profit
Motor Vehicle	32,266,531	25,400,073	6,866,458	17,901,830	11,035,372
Motor Cycle	32,042,700	25,118,368	6,924,332	16,473,442	9,549,110
Plant & Machinery	72,081,817	67,836,608	4,245,209	2,120,000	(2,125,209)
Equipments	145,734,358	99,398,764	46,335,594	46,823,296	487,702
Furniture & Fixture	15,838,236	8,262,857	7,575,379	7,651,133	75,754
Total	297,963,642	226,016,670	71,946,972	90,969,701	19,022,729

36. PRODUCTION CAPACITY AND UTILISATION:

(Quantity in thousand)

Category	Unit	Rated Capacity	Actual Production	Capacity Utilisation
Tablet	Pcs	10,495,317	6,087,308	58%
Capsule	Pcs	2,219,713	1,193,637	54%
Liquid Capsule	Pcs	100,000	9,436	9%
Liquid	Bottle	198,000	76,511	39%
Injectable (Vial & Ampoul)	Pcs	54,825	41,240	75%
Infusion (LVPO)	Bags	400	123	31%
ENT Preparation - Drops, Spray, Gel & Others	Phials	30,000	15,157	51%
Steroid-Cream, Ointment, Spray, Gel & Others	Phials	50,000	6,764	14%
Non Steroid-Cream, Ointment, Spray, Gel & Others	Phials	17,000	11,935	70%
Ophthal Preparation	Phials	6,000	4,031	67%
Nebulizer	Phials	3,000	1,214	40%
Powder for Suspension	Bottle	22,184	9,518	43%
Powder	Phials	3,600	3,123	87%
Suppository	Pcs	80,000	26,432	33%
Sachet	Pcs	10,000	1,553	16%
Inhaler	Cans	9,820	2,925	30%
Insulin	Pcs	1,460	522	36%
Basic Chemical	Kg	502	381	76%
Pellet	Kg	230	201	87%
Tablet - AgroVet	Pcs	50,000	12,072	24%
Powder - AgroVet	Kg	1,500	319	21%
Injectable - AgroVet	Pcs	3,420	761	22%
Liquid - AgroVet	Bottle	20,000	771	4%
Aerosol	Pcs	1,470	506	34%

Fluctuation of Capacity utilisation is due to change of technology, product line and Marketing Strategy.

37. NUMBER OF EMPLOYEES:

The number of employees engaged for the whole year who received a total remuneration of Tk. 3,000 and above per month was for 4,967 the whole year and 1,346 for part of the year.

38. 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 31, March 2014.

39. EXPATRIATE CONSULTANTS FEES:

During the year under review USD 23,529 equivalent to Tk. 1,837,308 and Euro 87,580 equivalent to Tk.9,165,468 have been paid to expatriate consultants as fees for their services rendered to the company.



40. DIVIDEND PAID TO THE SHAREHOLDERS:

During the year under review total cash dividend for 2012-2013 amounting to Tk. 926,921,660 has been paid to the Shareholders and also bonus shares amounting to Tk. 1,112,305,990 for the year 2012-2013 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.

41. CLAIM NOT ACKNOWLEDGED AS DEBT:

There was no claim against the company not acknowledged as debt as on 31-03-2014.

42. UN-AVAILED CREDIT FACILITIES:

There was no credit facility available to the company under any contract but not availed of as on 31-03-2014 other than bank credit facility and trade credit available in the ordinary course of business.

43. CONTINGENT LIABILITY:

Contingent liability of the company was Tk. 854,118,087 as on 31-03-2014 for opening letters of credit by the banks in favour of foreign suppliers for raw materials, packing materials and plant & machineries.

44. EVENTS AFTER THE REPORTING PERIOD:

There is no significant event other than normal activities between the financial year closing date and Financial Statement signing date.

45. RELATED PARTY TRANSACTIONS:

The company did not do any related transactions with its sister concern other than its subsidiaries/associates undertaking viz Square Textiles Ltd., Square Fashions Ltd., Square Knit Fabrics Ltd., Square Hospitals Ltd., Square InformatiX Ltd., Square Multi Fabrics Ltd., Square Cephalosporins Ltd., Square Formulations Ltd. and Square Biotechs Ltd. during the year reporting. The summary is as follows:

	31-03-14	31-03-13
Transaction with Square Textiles Ltd.:		
Opening Balance	-	282,963,645
Total Paid during the Year	511,185,000	731,742,506
Total Realized during the Year	(496,637,631)	(1,014,706,151)
Closing Balance	Tk. 14,547,369	-

Transaction with Square Fashions Ltd.:		
Opening Balance	-	209,146,494
Total Paid during the Year	1,749,974,643	1,667,958,984
Total Realized during the Year	(1,267,020,369)	(1,877,105,478)
Closing Balance	Tk. 482,954,274	-

Transaction with Square Knit Fabrics Ltd.:		
Opening Balance	-	-
Total Paid during the Year	889,443,044	1,067,165,710
Total Realized during the Year	(889,443,044)	(1,067,165,710)
Closing Balance	Tk. -	-

	31-03-14	31-03-13
Transaction with Square Hospitals Ltd.:		
Opening Balance	953,678,685	1,075,521,388
Total Paid during the Year	250,483,597	316,929,772
Total Realized during the Year	(715,459,072)	(438,772,475)
Closing Balance	Tk. <u>488,703,210</u>	<u>953,678,685</u>
Transaction with Square InformatiX Ltd.:		
Opening Balance	155,079,229	149,641,795
Total Paid during the Year	70,555,305	108,807,197
Total Realized during the Year	(50,653,611)	(103,369,763)
Closing Balance	Tk. <u>174,980,923</u>	<u>155,079,229</u>
Transaction with Square Multi Fabrics Ltd.:		
Opening Balance	-	368,026,788
Total Paid during the Year	-	203,427,057
Total Realized during the Year	-	(571,453,845)
Closing Balance	Tk. <u>-</u>	<u>-</u>
Transaction with Square Cephalosporins Ltd.:		
Opening Balance	1,079,706,521	774,512,576
Total Realized during the Year	2,331,135,630	2,009,006,852
Total Paid during the Year	(1,896,873,630)	(1,703,812,907)
Closing Balance	Tk. <u>1,513,968,521</u>	<u>1,079,706,521</u>
Transaction with Square Formulations Ltd.:		
Opening Balance	493,238	-
Total Paid during the Year	886,306,954	475,191,846
Total Realized during the Year	-	(474,698,608)
Closing Balance	Tk. <u>886,800,192</u>	<u>493,238</u>
Transaction with Square Biotechs Ltd.:		
Opening Balance	-	66,895,979
Total Realized during the Year	-	(66,895,979)
Total Paid during the Year	-	-
Closing Balance	Tk. <u>-</u>	<u>-</u>



SQUARE PHARMACEUTICALS LTD.Property, Plant and Equipment - Carrying Value : **Tk. 11,156,871,302**

Schedule-01

PARTICULARS	COST			DEPRECIATION				Carrying Value as at 31 March 2014	Rate of Depn
	At 31 March 2013	During the year		At 31 March 2013	At 31 March 2014	During the year			
		Additions	Sales/Transfer			Charged	Sales/Transfer		
FACTORIES:									
Freehold Land	976,683,312	301,735,713	-	1,278,419,025	-	-	-	1,278,419,025	-
Factory Building	3,229,824,456	1,885,831,690	-	5,115,656,146	1,335,554,671	283,440,630	-	3,496,660,845	10%
Boundary Wall	593,903	-	-	593,903	156,096	43,781	-	394,026	10%
Building under Construction	90,217,157	261,571,849	-	351,789,006	-	-	-	351,789,006	-
Plant & Machinery	6,540,739,701	338,165,813	72,081,817	6,806,823,697	3,286,902,957	491,679,262	67,836,608	3,096,078,086	15%
Laboratory Equipment	662,307,815	108,086,342	-	770,394,157	202,898,602	48,549,631	-	518,945,924	10%
Furniture & Fixture	304,997,588	35,339,141	-	340,336,729	110,299,476	20,441,025	-	209,596,228	10%
Office Equipment	167,223,313	11,331,141	-	178,554,454	66,362,389	10,697,237	-	101,494,828	10%
Computer	40,911,831	13,512,331	-	54,424,162	13,670,402	3,651,361	-	37,102,399	10%
Motor Vehicles	206,072,731	34,145,000	10,451,275	229,766,456	107,300,341	22,767,134	8,432,677	108,131,658	20%
Motor Vehicle-Lease	2,085,000	-	-	2,085,000	1,805,156	55,969	-	223,875	20%
Plant & Machinery in Transit	658,784,834	67,077,929	658,784,834	67,077,929	26,900,347	3,946,746	-	67,077,929	-
Electrical Installation	53,164,644	80,000	-	53,244,644	15,513,438	2,407,911	-	22,397,551	15%
Gas Line Installation	31,566,179	-	-	31,566,179	15,513,438	2,407,911	-	13,644,830	15%
Total	12,965,172,464	3,056,876,949	741,317,926	15,280,731,487	5,167,363,875	887,680,687	76,269,285	9,301,956,210	
HEAD OFFICE & OTHERS:									
Land	744,227,534	3,002,398	-	747,229,932	144,851,628	17,540,115	-	747,229,932	-
Building	296,573,479	128,999,158	-	425,572,637	455,516	854,954	-	263,180,894	10%
Boundary Wall	6,855,290	3,639,103	-	10,494,393	-	-	-	9,183,923	10%
Building under Construction	89,431,910	47,418,535	129,260,658	85,796,052	39,493,943	4,751,670	8,262,857	49,813,296	10%
Furniture & Fixture	91,403,626	10,230,662	15,838,236	77,444,348	131,405,232	4,108,131	99,398,764	41,329,749	10%
Office Equipment	215,919,758	7,258,948	145,734,358	77,444,348	47,908,820	10,807,869	-	104,951,619	10%
Computer	150,610,267	13,058,041	21,815,256	163,668,308	369,274,655	84,466,430	16,967,396	379,274,037	20%
Motor Vehicle	737,099,015	100,763,967	-	816,047,726	78,938,381	7,906,732	-	31,626,927	20%
Motor Vehicle-Lease	118,472,040	-	-	118,472,040	120,892,423	33,842,295	25,118,368	150,772,845	20%
Motor Cycle	254,472,895	57,959,000	32,042,700	280,389,195	527,933	258	-	603	30%
Books & Periodicals	528,794	41,838,586	-	94,814,012	25,852,008	9,942,640	-	59,019,364	20%
SAP Software	52,975,426	-	-	7,211,700	968,652	624,305	-	5,618,743	10%
VSAT	7,211,700	-	-	7,211,700	8,156,123	939,419	-	5,323,373	15%
Electrical Installation	14,418,915	-	-	14,418,915	968,725,314	175,784,818	149,747,385	1,854,915,092	
Total	2,780,200,649	414,168,398	344,691,208	2,849,677,839	6,136,089,189	1,063,465,505	226,016,670	6,973,538,024	
Grand Total Tk.	15,745,373,113	3,471,045,347	1,086,009,134	18,130,409,326	6,136,089,189	1,063,465,505	226,016,670	11,156,871,302	
Total 2013 Tk.	14,423,535,912	2,002,553,447	680,716,246	15,745,373,113	5,471,940,068	949,443,253	285,294,132	9,609,283,924	



SQUARE
PHARMACEUTICALS LTD.
BANGLADESH

Subsidiary Profile





Square Cephalosporins Ltd.
(A Subsidiary of Square Pharma)



SQUARE CEPHALOSPORINS LIMITED

DIRECTOR'S REPORT TO THE SHAREHOLDERS

FOR THE PERIOD 2013-2014

Dear Shareholders,

In terms of the provisions of section 184 of the Companies Act 1994 and IAS codes, I am pleased to submit to you on behalf of the Board of Directors their Report along with Audited Accounts containing only Statement of Financial Position, Comprehensive Income, Change of Equity and Cash Flows for the year ended 31 March, 2014.

OPERATIONS:

The Company has commenced its production in the year 2006 and had been in profitable operations all over the years to date. As the project of Square Cephalosporins (SCL) is located within the premises of Square Pharmaceuticals Ltd. (SPL) (at kaliakoir), the separated operations of various aspects of SCL is considered uneconomic and a complex one. Since SPL holds 99.48% of the paid up capital of SCL with only 0.52% being held by the Minority shareholders, the Board of Directors had recommended for Amalgamation under provision of section 228 & 229 of the Companies Act 1994 along with a proposal to compensate the Minority shareholders in cash at a book value of shares as on 31 March, 2012. It may be mentioned that the Minority shareholders had given their written consent to the proposal of Merger and Amalgamation (Arrangement and Compromise) of the SCL with SPL and compensation to them in cash at book value of shares held by them based on the Audited Accounts as on 31st March, 2012.

The Hon'ble Court of Jurisdiction has given approval after consideration of the proposal said above which will be effective from 1st April, 2014.

SHAREHOLDING:

The present shareholding pattern of the company is as follows:

Name of the shareholders	Shareholding	% of holding
Mr. Samuel S Chowdhury	1,166	0.12
Mr. Tapan Chowdhury	1,166	0.12
Mr. Anjan Chowdhury	1,166	0.12
Mr. Charles C R Patra	1,000	0.10
Mrs. Anita Chowdhury	336	0.04
Mrs. Ratna Patra	166	0.02
M/s Square Pharmaceuticals Ltd.	950,000	99.48

COMPENSATION OF THE MINORITY SHAREHOLDERS:

The minority shareholders as per court order have been compensated as follows:

Name of the shareholders	Shareholding	Compensation
Mr. Samuel S Chowdhury	1,166	13,77,220.90
Mr. Tapan Chowdhury	1,166	13,77,220.90
Mr. Anjan Chowdhury	1,166	13,77,220.90
Mr. Charles C R Patra	1,000	11,81,150.00
Mrs. Anita Chowdhury	336	3,96,866.40
Mrs. Ratna Patra	166	1,96,070.90

ACKNOWLEDGEMENT:

The Directors record with appropriation the services rendered by all concerned.


Samuel S Chowdhury
Chairman



AUDITORS' REPORT

TO THE SHAREHOLDERS

We have audited the accompanying financial statements of Square Cephalosporins Limited, which comprises the Statement of Financial Position as at 31 March, 2014 and Comprehensive Income Statement, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements 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.

Opinion

In our opinion, the Financial Statements prepared in accordance with Bangladesh Financial Reporting Standards, give a true and fair view of the state of the company's affairs as at 31 March, 2014 and of the results of its operations and its cash flows for the year then ended and comply with the companies Act 1994 and other applicable laws and regulations.

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 Cephalosporins Limited so far as it appeared from our examination of those books;
- (iii) The company's Statement of Financial Position, Statement of Comprehensive Income and its Cash Flows dealt with by the report are in agreement with the books of account and returns;
- (iv) The expenditure incurred was for the purpose of the company's business.

Dated, Dhaka
23 July, 2014



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

SQUARE CEPHALOSPORINS LTD.

Statement of Financial Position

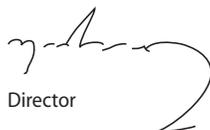
As At 31 March 2014

	31-03-2014 Taka	31-03-2013 Taka (Restated)	31-03-2012 Taka (Restated)
ASSETS			
Non Current Assets:			
Fixed Asset Less Depreciation	197,772,534	298,729,668	405,648,629
Investment in Marketable Securities (Fair Value)	113,660,019	97,671,888	103,369,975
	2,012,295,380	1,882,600,208	1,419,520,766
CURRENT ASSETS:			
Inventories	334,458,684	587,580,472	490,854,143
Accounts Receivable	1,522,846,080	1,091,472,638	785,203,495
Advance, Deposit and Prepayments	88,431,835	156,642,976	117,587,799
Cash and Cash Equivalents	66,558,781	46,904,122	25,875,329
TOTAL ASSETS	2,323,727,933	2,279,001,764	1,928,539,370
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity:			
Share Capital	95,500,000	95,500,000	95,500,000
Tax Holiday Reserve	284,928,193	284,928,193	284,928,193
Gain on Marketable Securities (Unrealized)	31,574,870	15,586,739	21,284,826
Retained Earnings	1,332,804,235	1,017,606,115	727,965,291
	1,744,807,298	1,413,621,047	1,129,678,310
NON CURRENT LIABILITIES:			
Share Money Deposit	400,000,000	400,000,000	400,000,000
	400,000,000	400,000,000	400,000,000
CURRENT LIABILITIES:			
Short Term Borrowings	6,282,075	184,604,760	220,944,831
Trade Creditors	5,936,787	643,364	5,692,500
Liabilities for Expenses	28,750	28,750	26,125
Liabilities for other Finance	166,673,023	280,103,843	172,197,604
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES:	2,323,727,933	2,279,001,764	1,928,539,370

Attached notes form an integral part of these financial statements.

Signed as per our annexed report of even date.


Chairman & Managing Director


Director


Company Secretary


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

Dated, Dhaka: 23 July, 2014



SQUARE CEPHALOSPORINS LTD.

Statement of Comprehensive Income

For the Year Ended 31 March 2014

PARTICULARS	2013-2014 Taka	2012-2013 Taka
GROSS TURNOVER	2,752,330,750	2,617,452,884
Value Added Tax	(394,691,359)	(374,936,458)
NET TURNOVER	2,357,639,391	2,242,516,426
Cost of Goods Sold	(1,232,746,011)	(1,175,182,531)
GROSS PROFIT	1,124,893,380	1,067,333,895
OPERATING EXPENSES	(597,967,285)	(587,081,919)
Selling and Distribution Overhead	(582,315,594)	(550,498,572)
Administrative Overhead	(7,701,121)	(4,712,620)
Financial Expenses	(7,950,570)	(31,870,727)
PROFIT/(LOSS) FROM OPERATIONS	526,926,095	480,251,976
Other Income	2,606,746	2,147,532
NET PROFIT BEFORE WPPF	529,532,841	482,399,508
Allocation for WPPF	(25,215,850)	(22,677,492)
NET PROFIT BEFORE TAX	504,316,991	459,722,016
Income Tax	(189,118,871)	(170,081,192)
NET PROFIT AFTER TAX	315,198,120	289,640,824
Other Comprehensive Income:		
Gain/(Loss) on Marketable Securities (Unrealized)	15,988,131	(5,698,087)
Total Comprehensive Income for the Year	331,186,251	283,942,737

Taka

Attached notes form an integral part of these financial statements.

Signed as per our annexed report of even date.



Chairman & Managing Director



Director



Company Secretary


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

Dated, Dhaka: 23 July, 2014

SQUARE CEPHALOSPORINS LTD.

Statement of Changes In Equity

For the Year Ended 31 March 2014

	Share Capital	Tax Holiday Reserve	Gain/(Loss) on Marketable Securities (Unrealized)	Retained Earnings	Total Taka
At March 31, 2013	95,500,000	84,928,193	15,586,739	1,017,606,115	1,413,621,047
Unrealized Gain/(Loss) from Marketable Securities	-	-	15,988,131	-	15,988,131
Net Profit/(Loss) during the year	-	-	-	315,198,120	315,198,120
At March 31, 2014 Taka	95,500,000	284,928,193	31,574,870	1,332,804,235	1,744,807,298

SQUARE CEPHALOSPORINS LTD.

Statement of Changes In Equity

For the Year Ended 31 March 2013

	Share Capital	Tax Holiday Reserve	Gain/(Loss) on Marketable Securities (Unrealized)	Retained Earnings	Total Taka
At March 31, 2012	95,500,000	284,928,193	21,284,826	727,965,291	1,129,678,310
Unrealized Gain/(Loss) from Marketable Securities	-	-	(5,698,087)	-	(5,698,087)
Net Profit/(Loss) during the year	-	-	-	289,640,824	289,640,824
At March 31, 2013 Taka	95,500,000	284,928,193	15,586,739	1,017,606,115	1,413,621,047

Signed as per our annexed report of even date.



Chairman & Managing Director



Director



Company Secretary



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

Dated, Dhaka: 23 July, 2014



SQUARE CEPHALOSPORINS LTD.

Statement of Cash Flows

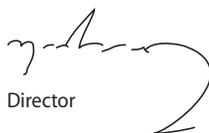
For the Year Ended 31 March 2014

	2013-2014 Taka	2012-2013 Taka
Cash Flow from Operating Activities:		
Receipts from Customers	2,320,957,308	2,311,183,741
Payment to Suppliers	(927,510,066)	(1,060,012,458)
Payment to Employees & Others	(1,351,642,144)	(1,138,157,433)
Payment of Interest on Borrowings	(7,950,570)	(31,870,727)
Net Cash Provided by Operating Activities	33,854,528	81,143,123
Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(16,806,615)	(62,261,862)
Payment of Short Term Loan	-	-
Purchase of Securities	-	-
Dividend Income	2,606,746	2,147,531
Net Cash Used by Investing Activities	(14,199,869)	(60,114,331)
Cash Flow from Financing Activities:		
Net Cash Inflow / (Outflow)	19,654,659	21,028,792
Opening Cash and Cash Equivalent	46,904,122	25,875,329
Closing Cash and Cash Equivalent	66,558,781	46,904,121
	Taka	

Signed as per our annexed report of even date.



Chairman & Managing Director



Director



Company Secretary



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

Dated, Dhaka: 23 July, 2014



Square Formulations Ltd.
(A Subsidiary of Square Pharma)



SQUARE FORMULATIONS LIMITED

Director's Report to the Shareholders

For the period 2013-2014

Dear Shareholders,

In terms of the provisions of section 184 of the Companies Act 1994 and IAS codes, 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 31 March, 2014:

IMPLEMENTATION/OPERATIONS:

The company commenced its commercial production from 1st April, 2014. The total cost of project incurred upto 31st March, 2014 stood as follows.

Assets Title	31 st March 2014
Factory Building	199,607,392
Plant & Machinery - Factory	1,116,722,211
Laboratory Equipment- Factory	283,248,264
Electromechanical Equipment Factory	539,436,086
Other Assets	583,838,673
Total Tk.	2,722,852,626

FINANCIAL POSITION:

The total investment of Tk. 2,722,852,626 upto 31st March, 2014 have been financed as follows :

Sources	31 st March 2014
Paid-up Capital	99,900,000
Share Money Deposit	376,000,000
Long Term Bank Loan	1,047,187,016
Current Liabilities	1,199,765,610
Total Tk.	2,722,852,626

SHAREHOLDING:

The Company has issued 995,000 share of Tk. 100 each to Square Pharmaceuticals Ltd. (SPL) in addition 4,000 shares of Tk. 100 each has been issued to the individual shareholder as follows:

Name of the shareholders	Shareholding	% of holding
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
M/s Square Pharmaceuticals Ltd.	995,000	99.60

On the basis of the above shareholdings, Square Formulations Ltd. has the status of subsidiary to Square Pharmaceuticals Ltd.

ACCOUNTING YEAR:

The Company's accounting year ended on 31 March, 2014. Since the commercial production commenced on 1st April, 2014 only Statement of Financial Position and Cash Flows as at 31 March, 2014 are placed herewith.

BOARD OF DIRECTORS:

The following persons are the members of the Board of Directors of the Company.

Mr. Samuel S. Chowdhury	Chairman and Managing Director
Mr. Tapan Chowdhury	Director
Mrs. Ratna Patra	Director
Mr. Anjan Chowdhury	Director
Mr. M. Sekander Ali	Director
(Nominee of Square Pharmaceuticals Ltd.)	

APPOINTMENT OF AUDITORS:

M/s. Chowdhury Bhattacharjee & Co., Chartered Accountants', Auditors of the Company, retire at this Annual General Meeting and being eligible have offered to reappointed as Auditors for the year 2014-2015.

ACKNOWLEDGEMENT:

The Directors record with appropriation the services rendered by all concerned.


Samuel S Chowdhury
Chairman



AUDITORS' REPORT

TO THE SHAREHOLDERS

We have audited the accompanying financial statements of Square Formulations Limited, which comprises the Statement of Financial Position as at 31 March 2014 and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements 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.

Opinion

In our opinion, the Financial Statements prepared in accordance with Bangladesh Financial Reporting Standards, give a true and fair view of the state of the company's affairs as at 31 March, 2014 and its cash flows for the year then ended and comply with the companies Act 1994 and other applicable laws and regulations.

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 Formulations Limited so far as it appeared from our examination of those books;
- (iii) The company's Statement of Financial Position and its Cash Flow Statement dealt with by the report are in agreement with the books of account and returns;

Dated, Dhaka
12 May, 2014



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

SQUARE FORMULATIONS LTD.

Statement of Financial Position

As At 31 March 2014

ASSETS

NON CURRENT ASSETS:

Property, Plant & Equipment
Pre-operating Expense
Capital Work in Progress

CURRENT ASSETS:

Inventory
Advance, Deposits & Prepayments
Cash and Cash Equivalents

TOTAL ASSETS

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' Equity:

Share Capital
Share Money Deposit

NON CURRENT LIABILITIES:

Long Term Bank Loan

CURRENT LIABILITIES:

Long Term Bank Loan (Current Portion)
Short Term Loan
Creditors
Liabilities for Expenses
Liabilities for other Finance

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES

	31-03-2014 Taka	31-03-2013 Taka
2,603,074,310	2,603,074,310	1,219,330,471
2,579,045,633	2,579,045,633	-
-	-	30,616,969
24,028,677	24,028,677	1,188,713,502
119,778,316	119,778,316	147,263,774
57,237,607	57,237,607	-
52,657,781	52,657,781	145,387,931
9,882,928	9,882,928	1,875,843
2,722,852,626	2,722,852,626	1,366,594,245
475,900,000	475,900,000	475,900,000
99,900,000	99,900,000	99,900,000
376,000,000	376,000,000	376,000,000
1,047,187,016	1,047,187,016	792,906,025
1,047,187,016	1,047,187,016	792,906,025
1,199,765,610	1,199,765,610	97,788,220
293,859,124	293,859,124	28,917,303
896,984,901	896,984,901	5,242,725
8,873,864	8,873,864	-
26,450	26,450	63,628,192
21,271	21,271	-
2,722,852,626	2,722,852,626	1,366,594,245

Attached notes form an integral part of these financial statements.

Signed as per our annexed report of even date.



Chairman & Managing Director



Director



Company Secretary



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

Dated, Dhaka: 12 May, 2014



SQUARE FORMULATIONS LTD.

Statement of Cash Flows

For the Year Ended 31 March 2014

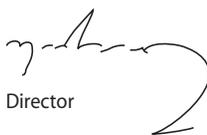
	2013-2014 Taka	2012-2013 Taka
Cash Flow from Operating Activities:	-	-
Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(669,425,237)	(473,622,765)
Payment of Short Term Loan	-	-
Purchase of Securities	-	-
Dividend Income	-	-
Net Cash Used by Investing Activities	(669,425,237)	(473,622,765)
Cash Flow from Financing Activities:		
Receipts Against Issuance of Share	-	99,400,000
Share Money Deposit Received	-	375,598,608
Short Term Loan Received	891,742,176	-
Repayment of Long Term Loan	(48,817,413)	-
Payment of Interest on Long Term Loan	(165,492,441)	-
Net Cash Provided by Financing Activities	677,432,322	474,998,608
Increase/(Decrease) in Cash & Cash Equivalents	8,007,085	1,375,843
Opening Cash and Cash Equivalents	1,875,843	500,000
Closing Cash and Cash Equivalents	9,882,928	1,875,843

Taka

Signed as per our annexed report of even date.



Chairman & Managing Director



Director



Company Secretary


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

Dated, Dhaka: 12 May, 2014





Corporate Compliance

For the Financial Year 2012-2013

Dividend Recommended
21 July, 2013

Record Date for 47th AGM
26 August, 2013

47th Annual General Meeting
25 September, 2013

Dividend Issued
6 October, 2013

For the Financial Year 2013-2014

Publication of First Qtr Financial Report
12 August, 2013

Publication of Half Yearly Financial Report
30 October, 2013

Publication of Third Qtr Financial Report
30 January, 2014

Dividend Recommended
17 July, 2014

Audited Financial Report to
BSEC, DSE & CSE
12 August, 2014

Record Date for 48th AGM
26 August, 2014

Notice of 48th AGM
3 September, 2014

48th Annual General Meeting
25 September, 2014

Dividend Payable
By 24 October, 2014

Dedicated to Advanced Technology

