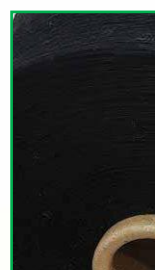


ANNUAL REPORT

2018-2019



SQUARE TEXTILES LIMITED

At a Glance

Performance 2018-2019

Square Tex
Standalone

SALES **39.72%** ↗

BDT 8,896.24 million

GROSS PROFIT **41.67%** ↗

BDT 951.35 million

NET PROFIT **19.09%** ↗

BDT 346.46 million

EPS **19.73%** ↗

BDT 1.76

DIVIDEND PAYOUT **5.00%** ↗

BDT 394.50 million

NAV **34.13%** ↗

BDT 7,224.42 million

CONTRIBUTION

TO NATIONAL EXCHEQUER **6.96%** ↗

BDT 66.94 million



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Annual Report 2018-2019

Square Textiles Ltd.

WE STRIVE FOR

We in SQUARE, strive, above all, for top quality 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 and other emergency grants & gratis.

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 & supplies 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.

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

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

We keep away from any discriminatory practices between sexes, races, religions, colors or political beliefs.

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 society in general.



Square Tex

TRANSMITTAL LETTER



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

Annual Report for the year ended June 30, 2019

Dear Sir(s)

We are pleased to enclose a copy of Annual Report containing Directors' Report, Auditors' Report alongwith the Audited Financial Statements comprising Statement of Financial Position as at June 30, 2019, Statement of Profit or Loss and other Comprehensive Income, Changes in Equity and Cash Flows for the year ended June 30, 2019 along with notes thereon and all related Consolidated and Subsidiaries Financial Statements for your information and records.

Yours sincerely.

A handwritten signature in blue ink, appearing to read 'Sanjib Baran Roy', with a horizontal line underneath.

Sanjib Baran Roy
Company Secretary

Dated: 27 November, 2019

Transmittal Letter

Square Textiles Ltd.

VISION

Our conception of business germinated from our vision which sees it as a means to the well-being of the investors, stakeholders, employees and members of the society at large by creating new wealth in the form of goods and services that go to satisfy the wants of all of them without disturbing or damaging the socio-ecological-economic balance of the Mother Earth and the process of human civilization leading to peaceful co-existence of all the living beings.

MISSION

Our mission is the polestar of our vision for maximization of production of quality products and services strictly on ethical and moral standards at minimum costs to the society ensuring optimum benefits to the consumers, the shareholders and other stakeholders.



OBJECTIVE

To strive hard to optimize profit through conduction of transparent business operations within the legal & Social framework with malice to none and justice for all in respective of gender disparity, caste, creed or religion or region.

To Increase productivity.

To create more jobs with minimum investments.

To be competitive in the internal as well as external markets.

To maximize export earning with minimum imported in-puts.

To reduce the income gap between top & bottom categories of employees.

To promote corporate social responsibilities (CSR) amongst all.

CORPORATE FOCUS

Our vision is the polestar to our mission that fulfils our objectives with emphasis on the quality of product, process and services blended with good governance that help build the image of the most venerable corporate citizenship at home and abroad.





SQUARE
Textiles Limited

Notice is hereby given that the 24th Annual General Meeting of the Members of Square Textiles Ltd. will be held on Thursday the 12th December, 2019 at 11:00 a.m. at the Samson H Chowdhury Centre, Dhaka Club Limited, Ramna, Dhaka to transact the following business:

- Agenda-1: To receive, consider and adopt the Audited Financial Statement for the year ended 30th June, 2019 together with the reports of the Directors' and the Auditors' thereon
- Agenda-2: To declare dividend for the year ended 30th June, 2019
- Agenda-3: To elect Directors in terms of the relevant provision of Articles of Association.
- Agenda-4: To appoint Statutory Auditors for the year 2019-2020 and to fix their remuneration.
- Agenda-5: To appoint Compliance Auditors for the year 2019-2020 and to fix their remuneration.
- Agenda-6: To approve appointment of the Independent Director

By order of the Board.

A handwritten signature in black ink, appearing to read 'Sanjib Baran Roy'.

Sanjib Baran Roy
Company Secretary

Dated: 27 November, 2019

Notes:

- i) The proxy form must be affixed with requisite revenue stamp and be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
- ii) Members are requested to submit to the Company's Share Office on or before 11th December 2019, their written option to receive dividend. In case of non-submission of such option with the stipulated time, the dividend will be paid off as deemed appropriate by the Company.
- iii) The Annual Report is available in the Company's web site at www.textile.squaregroup.com

The Founder

Work
hard
and
bring
success
that
would be
the
biggest
respect
to me.


Samson H Chowdhury



1925 - 2012

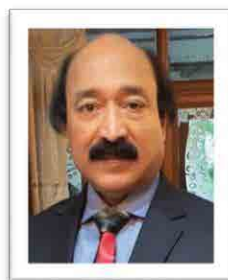
THE DIRECTORS



Mr. Tapan Chowdhury



Mrs. Ratna Patra



Mr. Samuel S Chowdhury



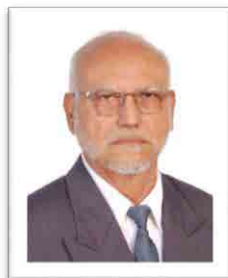
Mrs. Anita Chowdhury



Mr. Anjan Chowdhury



Mrs. Nihad Kabir



Mr. S M Rezaur Rahman

BOARD OF DIRECTORS

Chairman

Mr. Tapan Chowdhury

Vice Chairman

Mrs. Ratna Patra

Managing Director

Mr. Samuel S Chowdhury

Director

Mrs. Anita Chowdhury

Director

Mr. Anjan Chowdhury

Independent Director

Mrs. Nihad Kabir

Independent Director

Mr. S M Rezaur Rahman

Square Textiles Ltd.

MANAGEMENT APPARATUS

Management Committee

Mr. Samuel S Chowdhury Managing Director	Chairman
Mr. Anjan Chowdhury Director	Member
Mr. Md. Kabir Reza Head of Accounts & Finance	Member
Mr. Md. Alamgir Hossain Head of Operations	Member

Audit Committee

Mrs. Nihad Kabir Independent Director	Chairman
Mrs. Ratna Patra Director	Member
Mr. Anjan Chowdhury Director	Member
Mr. Sanjib Baran Roy Company Secretary	Secretary

Nomination and Remuneration Committee

Mrs. Nihad Kabir Independent Director	Chairman
Mrs. Ratna Patra Director	Member
Mr. Anjan Chowdhury Director	Member
Mr. Sanjib Baran Roy Company Secretary	Secretary

CFO, Company Secretary and HIAC

Mr. M Habibur Rahman, FCMA
Mr. Sanjib Baran Roy, ACS
Mr. Mozibur Rahman, FCA

Statutory Auditors

M/s. Ahmed Zaker & Co.
Chartered Accountants
Green City Edge, 10th Floor
89 Kakrail
Dhaka

Compliance Auditors

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



Square Textiles Ltd.



Operational Head

Mr. Md. Alamgir Hossain	Head of Operations
Mr. Anjan Kumar Paul	Head of HR & Admin
Mr. Suresh Chandra Bala	Head of Plant
Mr. Md. Abdur Rahman	Head of Engineering
Mr. Avijit Kumar Biswas	Head of Procurement
Mr. Mozibur Rahman	Head of Internal Audit and Compliance
Mr. Md. Shahid Raihan	Head of Quality Assurance
Mr. Shah Mohammad Faisal	Head of Sales & Marketing

Legal Advisor

Mr. Rokanuddin Mahmud Bar-at-Law Walsow Tower 21-23 Kazi Nazrul Islam Avenue Dhaka	Ms. Nazia Kabir Bar-at-Law Concord Ovalash, 1 st floor House-62, Road-11A, Dhanmondi Dhaka
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CORPORATE INFORMATION

Bankers

Standard Chartered Bank
HSBC Ltd., Prime Bank Ltd.
Bank Alfalah Ltd.
The City Bank Ltd.
Commercial Bank of Ceylon PLC

Insurers

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

Listing

Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.

Subsidiary Company

Square Texcom Ltd.

Registered Office

Square Centre
48 Mohakhali C.A.,
Dhaka 1212
Bangladesh

Factory

1. Sardaganj, Kashimpur
Gazipur, Bangladesh
2. Olipur, Hobigonj
Bangladesh

Phone, Email & Web

- 880-2-8833047-56
880-2-9859007
- cs@squaregroup.com
- textile.squaregroup.com



CORPORATE SUSTAINABILITY

At Square Textiles Ltd. “Corporate Sustainability” is embedded within the principles and values of the company. Through successful “triple bottom line” performance, focusing on social, environmental and financial factors, the company is able to generate increased earnings, reduce material usage, energy expenditures and wastes, and increase social contribution. The focus on Sustainability has contributed to long-term success for the company over the years.

State of the art Facility

We focus on continuous efforts to introduce innovative means of production that allows for optimum utilization of materials and energy. Our state of the art production facility is equipped with upgraded technologies and machineries that are energy efficient as well environmental friendly. In 2018, we have introduced PCW plant (fabric crushing). We are the pioneer in introducing this technology in Bangladesh.

Ready Recycling Facility

The manufacturing facility is fitted to contain dust and waste discharge to the environment. On a daily basis, 4 (four) out of 6 (six) tons of waste materials, on average, are recycled. Hard wastes are crushed and reused as raw materials in production. Our PCW plant processes garment wastages into fibers. There are no chemical applications in our manufacturing process and hence there are no environmental damage as a result of any spillovers or emissions of harmful gas.

Minimizing Occupational Hazards

We follow stringent safety measures and regularly monitor and review occupational health and safety procedures. We ensure that our factory workers always follow the safety protocols necessary to ensure a hazard free working environment and uninterrupted operations. In regards to such health and safety issue, proper training and awareness are provided to all production employees.

Creating Product Diversity

We believe in “Product Diversity” as a means of economic sustainability. The company has about 40 percent product diversification within our total product port-folio.



This Product Diversity has led to enhancement of the company’s brand image, increased profitability, and risk mitigation.

Overall, our emphasis on Corporate Sustainability has led us to create a blend of strategies where financial & non-financial aspects are perfectly integrated within the good governance and management practices of the company, as well as engage all stakeholders in an open platform where financial, social and environmental issues are shared and communicated. All these have translated to positive outcomes that is beneficial to all parties within the value chain.

Square Tex

MESSAGE FROM THE CHAIRMAN

*Dear Shareholders, Colleagues, Ladies
and Gentleman*

I deem it a great pleasure to welcome you all on behalf of the Board of Directors to this 24th AGM and thank you for taking troubles to attend the Meeting. I hope you all have received your copies of the Annual Report for the year ended 30 June, 2019 and studied with interest for providing us your valuable comments/suggestions for our future guidance.

While on the subject I would recall the mechanism which was adopted by our Late Founder Chairman after legal/professional struggles with the then Securities and Exchange Commission for offering a part of Shareholdings of Square Pharmaceuticals Ltd. in Square Textiles Ltd. as free “Specie Dividend”. Without this outstanding mechanism Square Textiles Ltd. would not have the opportunity of getting listed as a Public Limited Company. As I understand no such company has succeeded to adopt this mechanism for the benefit of the Shareholders and the Capital Market.

As you will examine the Annual Reports & the Financial Statements, you will note with satisfaction that the Company's operations during 2018-2019 had increased with satisfactory outcome despite various fiscal/ financial odds prevailing in the industrial countries involving International Trade. We hope as the global situation stabilizes, our operations and exports would seize the niche opportunities by expanding export destinations in new areas of the Government of Bangladesh offers appropriate incentives in due course of time. We await and hope our Textile Products will lead us in the World Market in not too a distant time.

With best wishes for all.


Tapan Chowdhury
Chairman



CORPORATE ACHIEVEMENT

Square Textiles Ltd.

1994

Year of Establishment
(Incorporated as a Public Limited Company)



1997

Year of Operation



✂ Awarded Oeko-Tex
Standard 100 Certificate
✂ Awarded ISO-9001:2008
Certificate

2002

✂ Listing with
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.



✂ Awarded CottonUSA
Certificate

2003



Awarded SUPIMA
license

2007

Awarded Global Organic Textiles
Standard (GOTS) Certificate

2018

Won Export Trophy
Gold



2017

✂ Awarded as Best Taxpayer
Textiles Sector
✂ Awarded "AA" rating in the long
term and "ST-1" in short term
by CRISL

2015

Won ICSB National Award Gold
for Corporate Governance
Excellence.

2012

Awarded "AA" rating in the long term
and "ST-2" in short term
by CRISL

2011

Authorized Capital BDT 3,000
million

2010

Received HSBC Export
Excellence Award.

2009

Awarded USTERIZED
Certificate



2008

Awarded Cotton made
in Africa (CmiA) Certificate



REPORT FROM THE MANAGING DIRECTOR

*Dear Respected Shareholders,
Ladies and Gentleman*

I am pleased to welcome you to the 24th AGM on behalf of the Board of Directors of the Company and present herewith the Annual Report along with Audited Statutory and Regulatory Reports pertaining to the Financial Year 2018-19 and seek your comments/suggestions for our future guidance.

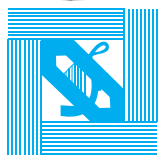
As you review the operating performance you will note that the Company's Turnover, Gross Profit, Net Profit (AT) etc. shows remarkable growth over the previous year. This had been possible due to operation of new project at Habiganj, merger of Square Yarns Ltd as well as wiser inventory management, reduction in process cost, reduction of wastages, disciplinary labour management etc. A reduced rate of increase in Administrative expenses also have had an increasing effect on profit from operations.

However, due to increase in Finance Cost by about 1.95 times, the rate of increase in Net Profit (BT) increased by a lower rate. The Bank Borrowing had increased due financing of expansion program of the company which would, when in full production be paid-off from increased earnings.

I hope the Shareholders and Stakeholders will continue to have their trust in the Board of Directors/ Management in the future as was in the past and encourage us to improve our results.

With best wishes.


Samuel S Chowdhury
Managing Director



CORPORATE OPERATIONAL RESULTS

Standalone



Figures in '000

Particulars	2018-19	2017-18	2016-17	2015-16	2014
Turnover (Net)	8,896,244	6,367,125	5,020,425	4,998,758	5,115,828
Gross Profit	951,351	671,530	525,634	787,050	868,716
Net Profit (Before Tax)	435,911	348,045	297,592	573,967	644,992
Net Profit (After Tax)	346,462	290,914	252,494	486,236	541,191
Shareholders' Equity	7,224,422	5,386,034	5,452,946	5,607,074	5,158,723
Total Assets	12,954,548	9,425,480	7,511,325	6,695,189	6,265,137
Total Current Assets	6,396,837	4,430,793	3,618,295	3,547,893	3,903,436
Total Current Liabilities	5,494,425	3,910,867	1,948,729	965,544	993,110
Current Ratio	1.16	1.13	1.86	3.67	3.93
Shares Outstanding	197,252,000	187,859,048	178,913,379	162,648,527	147,862,298
Face Value per Share	10.00	10.00	10.00	10.00	10.00
Dividend (Cash)	20%	20%	20%	25%	20%
Dividend (Stock)	-	5%	5%	10%	10%
Net Asset Value Per Share (NAV)	36.63	27.31	27.64	28.43	26.15
Net Operating Cash Flow per Share	-3.48	-1.48	0.70	3.31	4.22
EPS-Earning per Share (STxL)	1.76	1.47	1.28	2.47	2.74
EPS-Earning per Share (Consolidated)	2.18	2.32	2.09	3.76	4.08
EPS on Share Issued for Cash	13.75	11.55	10.02	19.30	21.48
Quoted Price per Share - DSE	45.70	50.70	67.70	70.80	91.00
Quoted Price per Share - CSE	45.80	51.20	68.40	71.70	90.90
Price Earnings Ratio-DSE (Time)	25.97	32.71	48.01	26.02	24.86
Price Earnings Ratio-CSE (Time)	26.02	33.03	48.51	26.36	24.84
Market Capitalization-DSE (in billion)	9.01	9.52	12.11	11.51	13.45
Market Capitalization-CSE (in billion)	9.03	9.62	12.23	11.66	13.44
Shareholders :	2018-19	2017-18	2016-17	2015-16	2014
Sponsors/Directors	7	7	8	8	9
Financial & other Institution	238	219	229	226	225
Foreign Investors	5	7	11	13	12
General Public	17,194	17,708	18,626	20,931	26,155
Total -	17,444	17,941	18,874	21,178	26,401
Employees :	2018-19	2017-18	2016-17	2015-16	2014
Executives	178	162	145	138	179
Non Executives	130	117	71	67	264
Workers	3,657	2,152	2,211	1,893	1,649
Total -	3,965	2,431	2,427	2,098	2,092



CORPORATE GOVERNANCE

Corporate Governance is a discipline by which a company is controlled and directed. Governance is the path to identify and ensure the ethics, rights and responsibilities among different participants in the Company. Good Corporate Governance is key to its successful sustenance. Our Corporate Governance is as follows:

Board of Directors

In line with the concept of good corporate management practice and the provisions of Articles of Association, The Board of Directors, The Top Management tier is responsible for overall control and supervision of the entire affairs of the Company primarily through strategic planning & budgetary control mechanisms. To this end, The Board of Directors hold periodic meetings to resolve issues of policies and strategies, recording the minutes/ decisions for implementation by the Executive Management. During the year under review the board held 8 (eight) meetings to transact various agenda.

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

Mr. Tapan Chowdhury	- Chairman
Mrs. Ratna Patra	- Vice Chairman
Mr. Samuel S Chowdhury	- Managing Director
Mrs. Anita Chowdhury	- Director
Mr. Anjan Chowdhury	- Director
Mrs. Nihad Kabir	- Independent Director
Mr. S.M. Rezaur Rahman	- Independent Director

The Board of Directors is reconstituted every year by the shareholders through retirement /re-election/ election of one- third of its members.

Members of the Board of Directors often travel abroad to bring into focus, the Company's image and acquire technological gains.

Top Management inaugurates/participates in seminars, training courses, conferences, and various cultural activities of the employees and workers which instill in them a sense of belongingness.

Separate Role of the Chairman and Managing Director

The positions of Chairman and Managing Director are held separate persons.

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

Independent Director

In compliance of the BSEC Regulations on Good Governance, the Board of Directors as empowered by the Regulations, appointed ① Mrs. Nihad Kabir, Barrister-at-Law, is an Advocate of Supreme Court of Bangladesh, legal advisor of several leading national, multinational and foreign organizations and senior partner of the Syed Ishtiaq Ahmed & Associates , a firm of legal consultants and practitioners in Bangladesh and ② Mr. S. M. Rezaur Rahman, capital market consultant and Director of United Corporate Advisory Services Ltd., a firm of financial & investment advisory and post issue management of initial public offer of securities & other related jobs in Bangladesh as the non-shareholding Independent Director of Square Textiles with an expectation that their expertise would help contribute to the further disclosure and protect the interest of the stakeholders, investors in general and smaller investors in particular.



Role & Responsibilities of the Board of Directors

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 annual financial statement, appropriation of profit and recommendation 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.

The 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.

Chief Financial Officer, Company Secretary and Head of Internal Audit and Compliance

The Company has appointed Mr. M. Habibur Rahman, FCMA as Chief Financial Officer, Mr. Sanjib Baran Roy, ACS as Company Secretary and Mr. Mozibur Rahman, FCA as Head of Internal Audit and Compliance as per requirement of Corporate Governance Code 2018 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 Non-Executive Directors namely Mrs. Nihad Kabir, Independent Director, Mrs. Ratna Patra, Vice Chairman and Anjan Chowdhury, Director. The Independent Director is the Chairman of the Committee.

The Audit Committee carries out its responsibilities as per the provisions of law and submits its report to the Board of Directors from time to time. The Audit Committee shall also co-ordinate with the internal and external auditors as and when required. The Audit Committee ensures that adequate internal checks & balances supported by adequate MIS are in place for detection of errors frauds and other deficiencies.



The other responsibilities include inter alia, not being limited to, the prevention of conflict of interest between the company and its Directors officials, customers, suppliers, government and any other interest groups and detect or remove any scope of insider trading in the company's stock. The Audit Committee also ensures compliance of requirements of BSEC and other agencies.

Nomination and Remuneration Committee of Board

The Board of Directors formed a Nomination and Remuneration Committee of the Board comprising of three Non-Executive Directors namely Mrs. Nihad Kabir, Independent Director, Mrs. Ratna Patra, Vice Chairman and Anjan Chowdhury, Director.

The Independent Director is the Chairman of the Committee.

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

Executive Management

The Managing Director, the CEO, is the head of the Executive Management Team which comprises senior executive members of the Company. Within the limits of delegated authority and responsibility by the Board of Directors, Executive Management operates through further delegation of authority at every echelon of the line management.

The Executive Management operates within the frame work of policy & Planning strategies set by the Top Management with periodic performance reporting for guidance.

The Executive Management is responsible for preparation of segment plans/sub-segment plans for every profit centers with budgetary targets for every items of goods & services and are held accountable for deficiencies, with appreciation for outstanding and exceptional performances. These operations are continuously carried out by the Executive Management through series of Committees, Sub-Committees, Adhoc Committees & Standing Committees assisting the line management.

Legal Advisers

In order to avail the best legal services for Good Corporate Governance, the company has empaneled top ranking legal professionals namely Mr. Rokonuddin Mahmud, Bar-at-Law and Ms. Nazia Kabir, Bar-at-Law. They have had long term fundamental support to the company's Good Governance efforts.

Shareholders' Relationship

Corporate Governance issues include how major policy decisions are made in business corporations, how various stakeholders can influence the process, who is held accountable for performance and what performance



standards are applied. In a nutshell power and influence are crucial in corporate governance. As shareholders belong to the most important stakeholders, ownership structure has an impact on the balance of power among shareholders. Though sponsors usually hold majority shares required for ordinary resolutions, public shareholders have a definite role and influence in the passing of special resolutions required for changes in the business object, sale of business/productive assets, merger and amalgamation, winding up or dissolution and amendments to Memorandum and Articles of Association for protection of minority interest up to 49.9% of the shareholdings.

The position of shareholders as on 30th June, 2019 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 (Shareholders 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.

All enquiries are attended by the Company Secretary, where necessary. Internal Audit

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

The Shareholders as owners are provided with material information on the Company's operation quarterly and annually. They are also provided routine services by the Company Secretary in any company matters which is permissible.

The Board is however responsible to the Shareholders as well as investors for publication of price sensitive information as per regulations of Bangladesh Securities and Exchange Commission. A qualified Chartered Secretary is in charge for all these responsibilities as Company Secretary. The Company has also a web site to provide permissible information/notices/price sensitive information/financial reports/disclosures and others for the Shareholders and interested investors.

Financial Auditors

The role of the financial auditors in certification of the financial statement is the most significant aspect of Corporate Governance and protection of interest of the investors. As evident from the Annual Reports, the company rigidly follows the Companies Act, Rules of Bangladesh Securities and Exchange Commission, listing regulation, code of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International Standard of Auditing (ISA) with legally required disclosures of Accounts and Financial Statements.



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

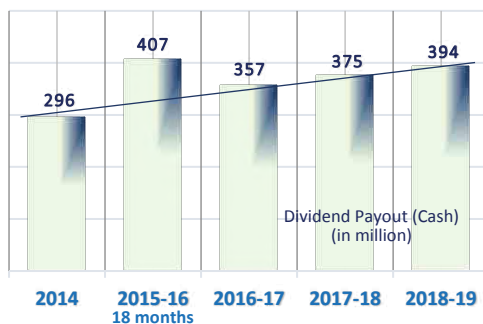
Compliance Auditors

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

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

Dividend Policy

The Management is committed to show a stable policy of distribution of dividend 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.



Segment Report

The company's operations are carried out on an aggregate basis and are managed as a single operating segment. Accordingly the company operates in one segment of developing, manufacturing and marketing of cotton/yarn for human as well as industrial use.

Risk Perception

The Company Management perceives investment risk within the national and international economic perspectives in relation to legal and moral requirements involving inter alia, intellectual property right , scientific invention, WTO Regulation, MFA etc. and monetary and fiscal investment policies and has prepared its production & marketing strategies to meet the challenges from these risks.

Secretarial Standard

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

Compliances

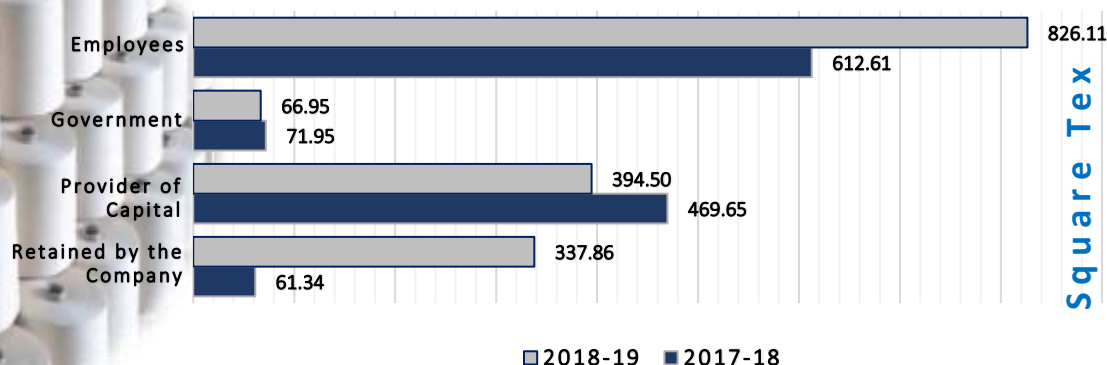
Square has an established procedures to ensure compliance with all applicable statutory and regulatory requirements. Respective officers are responsible for ensuring proper compliance with applicable laws and regulations.

STATEMENT OF VALUE ADDED

For the year ended 30 June, 2019

	2018-2019	2017-2018
Source of Fund:		
Net Turnover	8,896,244,091	6,367,124,698
Less: Bought in Materials & Services	(7,284,834,794)	(5158,927,862)
Add: Other Income	14,014,592	7,350,278
Value Added	1,625,423,889	1,215,547,114
Applied in the following Ways:		
Employees	826,114,579	612,613,848
Salaries Wages Gratuity and Other benefits	804,319,048	595,211,619
Contribution to workers profit participation & welfare fund	21,795,531	17,402,229
Government	66,948,261	71,950,230
Corporate Tax	43,637,491	57,130,653
Other Government Dues	23,310,770	14,819,577
Provider of Capital	394,504,000	469,647,616
Dividend	394,504,000	469,647,616
Retained by the Company	337,857,049	61,335,420
Depreciation	385,899,069	240,069,108
Retain Earning	(48,042,020)	(178,733,688)
	1,625,423,889	1,215,547,114

GRAPHICAL VIEW



DIRECTORS' REPORT

to the Members for the year
ended 30 June, 2019

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 on CGC dated 3rd June, 2018 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 Members of the Company for the year ended 30 June, 2019 in the following paragraphs:

TEXTILES SECTOR

The Textile and Clothing Sector is the largest manufacturing industry in Bangladesh and plays a significant role in the growth of economy, contributes more than 13% in GDP, 40% industrial value addition comes from the textile sector, generation of about 55 lac of the country's industrial employment where 80% are female, 150 lakh of peoples in support industries depend on this trade and over 86% of the export earnings. Spinning Sector is a significant part as backward linkage of textile and clothing value chain, to stabilize supply chain and control the major costs. The products of the spinning are cotton yarn, polyester, synthetic yarn, woolen yarn and blended yarn mixed of cotton with polyester of different counts. Yarns are being used by the weaving sub-sectors like specialized textiles, handlooms and knitting and hosiery.

Total demand of yarns in Bangladesh around 1.41 million ton, where the local production meet up around 1.12 million ton. In addition, almost 85% of cotton yarns and 50% demand for synthetic and blended yarn of export-oriented fabric producing mills are being met by the private sector spinning mills.

FINANCIAL PERFORMANCE

The Company reported growth in Revenue of 39.72% during the year 2018-2019 due to operation of new project at Habiganj, merger of Square Yarns Ltd. At Standalone level, the Revenue from operations stood at BDT 8,896.24 million compared with BDT 6,367.13 million in the Previous Year. The Operating Profit stood at BDT 697.85 million as against BDT 444.19 million in the Previous Year, an increase by 57.11%. The Net Profit increased by 19.09%, stood at BDT 346.46 million against BDT 290.91 million reported in the previous year.

The Consolidated Revenue from operations for FY 2018-2019 was BDT 10,562.04 million as against BDT 9,411.87 million in the Previous Year, registering a growth of 12.22%. The Profit from Operation was 842.18 million as against BDT 672.26 million in the Previous Year and Net Profit for the year stood at BDT 429.02 million against BDT 457.06 million reported in the previous year.

The Consolidated Profit from Operation increased by 25.28% but the Net Profit declined by 6.13% during 2018-2019 due to increase in a) Worker Wages and Salary as a revision took place in the wages structure as per Labour Law and b) Finance Cost against new investment for expansion.

Operating Income

Standalone

57.11% 

Tk. In million

2018-19	697.85
2017-18	444.19

COMPANY'S OPERATIONS

Square Textiles has over 22 years of experience and competency in yarn spinning arena. The industry is one of the largest producers of knitting & weaving yarns in Bangladesh. Today it has one of the most sophisticated vertically integrated set-ups by which Square Textiles are producing around 110 ton of yarns every day.

Square Textiles focus on more sustainable and eco-friendly products namely Organic, BCI, Tencel, Re-cycle (cotton and Polyester) etc. We are developing more value added product i.e. Galaxy, Flutter, Lurex, Mozaik Neppy, Snow, Siro etc. that are more fashion trendy and higher valued export earner.

Square Textiles are recognized by our valued customers through quality products with committed services.

Capacity/Production

During the last few years Square Textiles are facing huge power crisis i.e. scarcity of gas supply and competition in the domestic and international market. To cope with the situation Square Textiles have arranged alternative fuel generated power and adopted multiple product mix to attain high margin benefit as an alternative production technique. Hence, Square Textiles have restated the production capacity installation criterion and actual production quantity to make them (The production data) equivalent & comparable.

The production efficiency increased during the year 2018-19 to 96.70% from 96.26% than that of efficiency of 2017-2018.

The total installed production capacity (at average 30s Ring and 14s O/E counts) as on June 30, 2019 was as follows:

Spindles/Rotors	In Nos.	
	2018-19	2017-18
Installation:		
Spindle Installed	122,976	81,648
Rotor head Installed	3,960	3,960
Vortex head Installed	2,784	672
Operation:		
Spindle Operated	122,976	81,648
Rotor head Operated	3,960	3,960
Vortex head Operated	2,784	672

Product Capacity Installed	in Kg	
	2018-19	2017-18
Equivalent to-		
30s Count (Ring Yarn)	18,171,216	9,944,673
14s Count (O/E Yarn)	9,042,222	10,043,927
30s Count (Vortex Yarn)	7,927,500	2,450,000
Total -	35,140,938	22,438,600

Actual Production	in Kg	
	2018-19	2017-18
Actual Production	33,622,604	22,925,478
Equivalent to-		
30s Count (Ring Yarn)	17,617,160	9,400,675
14s Count (O/E Yarn)	8,722,390	9,810,863
30s Count (Vortex Yarn)	7,642,423	2,388,957
Total -	33,981,973	21,600,495

Production Efficiency	in %	
	2018-19	2017-18
Equivalent to-		
30s Count (Ring Yarn)	96.95	94.53
14s Count (O/E Yarn)	96.46	97.68
30s Count (Vortex Yarn)	96.40	97.51
Total (Average) -	96.70	96.26

Cost of Production

The cost of production has varied during the past years primarily due to wide fluctuations in the price of raw cotton, packing materials, fuel & power and spare parts which were beyond the control of the Management.

The level of costs and their incidences are given below:

	in Kg	
	2018-19	2017-18
Output of Yarn	33,623	22,925
Cost of Major Items	in Tk. '000	
	2018-19	2017-18
Raw Material	6,040,169	4,139,044
Packing Materials	85,725	60,165
Fuel/Power etc.	592,512	610,729
Spare Parts	161,055	150,006
Other Overhead	1,137,374	771,737
Total Cost -	8,016,835	5,731,681
Unit Cost/Kg.	in Tk.	
	2018-19	2017-18
Raw Material	179.64	180.55
Packing Materials	2.55	2.62
Fuel/Power etc.	17.62	26.64
Spare Parts	4.79	6.54
Other Overhead	33.83	33.66
Total Unit Cost-	238.43	250.01
Raw Material Cost % of Total Cost-	75.34%	72.22%

The above figure reveals that though the raw material cost per unit decreased by 0.50%, packing materials cost decreased by 2.67%, Fuel/ Power cost decreased by 33.86%, Spare Parts cost decreased by 26.76% and other overheads increased by 0.51%, which lead to total unit cost decreased by 4.63% in 2018-19 over 2017-18.

The production was increased by 45.65% in volume over last year.

During the year under review the price of raw cotton in the international market was stable.

MARKETING OPERATIONS

Market Exposure

The marketing operations of the Company continued its emphasis on export sales over the years, which are depicted below:

Quantity Sold (Kg)	in '000	
	2018-19	2017-18
Export Sales	33,609	22,755
Total -	33,609	22,755
Sales Revenue (Tk.)	in '000	
	2018-19	2017-18
Export Sales	8,896,244	6,367,125
Total -	8,896,244	6,367,125

The market exposure saying that there was no local sales revenue for the period under review. The export (overall) sales quantity increased by 47.70% and Sales Revenue increased by 39.72% in 2018-19 over 2017-18.

Be noted that Square Yarns Ltd. (subsidiary of Square Textiles) has merged with Square Textiles Ltd. from January 01, 2019.

Unit Selling Prices Attained

The Selling Prices (Taka/Kg) over the years varied as shown below:

	2018-19	2017-18
Export Sales	264.70	279.81
Total -	264.70	279.81

The Export Selling Prices in the year of 2018-19 over 2017-18 decreased by 5.40% due to decline the export demand and fallen the price of cotton yarn in the international market. The price of yarn has also fallen due to the trained trade relationship between the US and China.

INDUSTRY OUTLOOK

In the wake of changing world demand structure Bangladesh is on the track of progressive higher demand for garments of mind to higher quality brands due to fiscal war between the large economics such as USA, China, EU etc.

The sector offers great scope of expansion and double the foreign exchange earnings provided Government becomes alert and provide necessary fiscal and monetary support/ incentives to Local /strategic investors.

RISK & CONCERN

Absence of long range planning, inadequate strategic investment policies, variable/ uncertain fiscal & monetary policies, disorderly employment crises, Buyers' dominance, international trade barriers, internal law and order situation especially in transport sector and lack of appropriate infrastructure etc. offer risk of business and investment.

CAPITAL EXPENDITURES

Square Textiles made an additional net capital expenditure of Tk. 1,423.58 million in order to upgrade production facilities and increase the production capacity during year 2018-2019 as follows:

	in '000	
	2018-19	2017-18
Land/Civil Construction	-	78,954
Plan & Machinery	1,277,57	761,860
Other Fixed Assets	146,010	500,913
Total -	1,423,58	1,341,72

The above investments had enabled the company to sustain the rate of production efficiency at the reasonable level over the years. The entire amount has been invested out of its internal generation of fund and bank borrowing.

INVESTMENT IN SUBSIDIARIES

Square Textiles has invested Tk. 95,000,000 as equity (99.48%) in the capital of Square Yarns Limited, which has merged with Square Textiles on 01 January, 2019.

Square Textiles has also invested Tk. 65,783,760 as equity (95%) in the capital of Square Texcom Limited and has also deposited Tk. 423,550,119 as share money deposit.

As per provision of the Company Act 1994 Square Texcom Limited is subsidiary of Square Textiles Limited and as such Directors' Report along with Auditors Report & Audited Financial Statement have been included as part of this report.

FOREIGN EXCHANGE EARNED/SAVED

Square Tex has contributing substantial amount to the Foreign Exchange Reserve of the Country. During the year Tk. 68.64 million has earned/saved and contributed through its export marketing operation, which is depicted below:

	in '000	
	2018-19	2017-18
Total Export Earning	8,164,635	5,711,889
Less Import Costs :		
Raw Cotton	6,824,907	4,228,368
Spare Parts	219,770	126,773
Misc. (with BMRE)	1,051,317	1,131,055
Net Export Earnings	68,641	225,693

Net Profit (After Tax)

Standalone

19.09%

Tk. In million

2018-19	346.46
2017-18	290.91

FINANCIAL RESULTS

The Company's operating financial results, as compared to the previous year are summarized hereunder:

			in '000
Particulars	2018-19	2017-18	↑↓ in %
Turnover	8,896,244	6,367,125	39.72 ↗
Cost of Goods Sold	7,944,893	5,695,595	39.49 ↗
Gross Profit	951,351	671,530	41.67 ↗
Administrative Expenses	241,150	221,509	8.87 ↗
Selling & Dist. Expenses	12,352	5,834	111.72 ↗
Operating Income	697,849	444,187	57.11 ↗
Finance Cost	254,158	86,090	195.22 ↗
Other Income	14,015	7,350	90.67 ↗
Net profit before WPPF	457,706	365,447	25.25 ↗
Contribution WPPF	21,796	17,402	25.25 ↗
Net profit (Before Tax)	435,911	348,045	25.25 ↗
Provision for Income Tax	35,861	38,201	6.13 ↘
Provision for Deferred Tax	53,588	18,930	183.09 ↗
Net Profit (After Tax)	346,462	290,914	19.09 ↗
Gross Profit Margin	10.69%	10.55%	1.33 ↗
Net Profit Margin (AT)	3.89%	4.57%	14.88 ↘
EPS (Earning Per Share)	1.76	1.47	19.73 ↗

The Turnover, Gross Profit and Net Profit (After Tax) increased by 39.72%, 41.67% and 19.09% respectively during the year of 2018-19 in comparison to previous year due to operation of new project at Habiganj, merger of Square Yarns Ltd., incline of USD/Taka conversion rate and impact of product mix, resulting in increase in Earning Per Share (EPS) by the same level.

Gross Profit Margin increased by 1.33% and Net Profit Margin decreased by 14.88% due to increase in operating & finance cost in the year under review.

The Cost of Goods Sold has increased during the year of reporting due to increase in cost of raw materials, fuel/power and factory overheads which were beyond the control of the Management.

The Cost of Goods Sold per unit has declined by 5.56% in the current Year over previous year due to changes in cost of raw materials consumed, packing cost, Power Cost and Spare Cost in the reporting Year than previous year.

The Company however earned an extra 90.67% non-operating income (stated in Note No. 25 of standalone accounts) during the year 2018-2019 against last year due to increase of conversion rate of foreign currency (USD) as fluctuation gain.

CONTRIBUTION TO NATIONAL EXCHEQUER

Square Tex contributed an amount of Tk. 66.94 million during the year of 2018-2019 to the National Exchequer.

EXTRA-ORDINARY ACTIVITIES

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

RELATED PARTY TRANSACTION

The Company had undertaken several related party transaction detail of which are given in Note No. 39 of the standalone Accounts.

MINORITY INTERESTS

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

APPROPRIATION OF PROFIT

The Board of Directors recommended the appropriation of the net profit earned for the year ended June 30, 2019 in the following manner:

	in Taka
a) Fund available for appropriation including profit for the year 2018-19.	5,251,902,027
b) Recommended for Cash Dividend @20%.	394,504,000
c) Net General Reserve & Surplus	4,857,398,027

ELECTION OF DIRECTORS

Mrs. Anita Chowdhury and Mr. Tapan Chowdhury, Directors of the Company, retires as per article 125 & 126 of Articles of Association and being eligible offer themselves for re-election. Brief resume and other information of the above mentioned Directors are depicted in Annexure-III.

APPOINTMENT OF INDEPENDENT DIRECTOR

The Board of Directors has appointed Mr. S. M. Rezaur Rahman as an Independent Director for the in its meeting dated 1st August, 2019. Brief resume and other information of the above mentioned director is depicted in Annexure-III.

APPOINTMENT OF STATUTORY AUDITORS

The existing Statutory Auditors of the Company M/s Ahmed Zaker & Co., Chartered Accountant retires at this 24th Annual General Meeting on completion of consecutive 3 (three) years.

They are not eligible for reappointment as per Order of Bangladesh Securities and Exchange Commission.

M/s K.M. Hasan & Co., Chartered Accountant expresses their interest to be appointed as Auditors of the Company for the year 2019-2020. The Board of Directors has recommended their appointment.

APPOINTMENT OF COMPLIANCE AUDITORS

M/s Chowdhury Bhattacharjee & Co., Chartered Accountant retires at this Annual General Meeting and being eligible offered themselves for re-appointed as Compliance Auditor of the Company for the year 2019-2020.

Dividend Payout (Cash)

5.00% ↗

	Tk. In million
2018-19	394.50
2017-18	375.72

COSOLIDATION 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.

A six months (July-Dec 2018) financial performance of Square Yarns Ltd. which has been merged with Square Textiles Ltd. considered in consolidation of Financial Statement of Square Textiles Ltd.

Said Financial Statements are presented herewith in page no. 105.

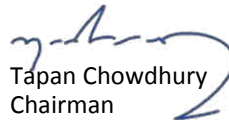
CORPORATE GOVERNANCE COMPLIANCE REPORT

In accordance with the requirement of the Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission, a statement in pursuance to Clause 1(5), Resume of the Directors who shall be reappointed, Audit Committee Report as per clause 5(7), Certificate from the CEO and CFO to the Board UNDER CONDITION No. 3(3), Certificate on Compliance of Conditions of Corporate Governance Code by the Compliance Auditors and Status of Compliance are depicted in the Annexure - I, II, III, IV, V and VI respectively.

MANAGEMENT APPRECIATION

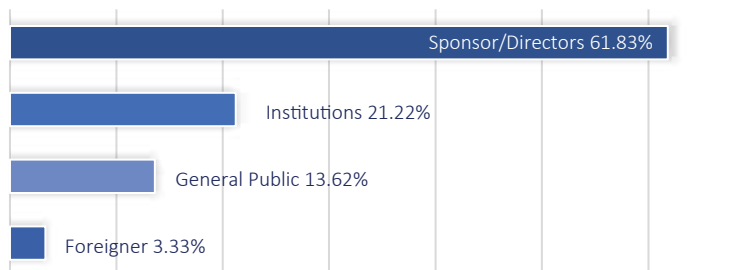
The Board of Directors record with deep appreciation the performance of the management, the officers, staff and workers whose relentless effort helped to increase the productivity as well as the net profit despite the natural and unnatural adverse factors of production and marketing throughout the country and the world. It is expected the employees and the management will continue to improve the results for the interest of shareholders whose unswerving trust in management has always been an inspiration to the Board of Directors.

The Directors humbly express its gratitude and acknowledge with keen interest the cooperation and unflinching support it has received from various agencies including Bangladesh Securities and Exchange Commission, Stock Exchanges, National Board of Revenue and other agencies of the public and the private sector. We look forward to brighter future for all of us.


Tapan Chowdhury
Chairman

In the event of conflict between English text and Bangla text of this report, English text shall be prevailed.

THE OWNERS



MANAGEMENT'S DISCUSSION & ANALYSIS

Pursuant to Condition No. 1 (5) (xxv) of the Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission, the Management's Discussion & Analysis for the year ended 30 June, 2019 are presented hereunder:

Accounting Policies and Estimation for Preparation of Financial Statements:

Square Textiles Ltd. follows International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) along with prevailing local rules and regulations applicable for preparation of financial statements. Detail description of accounting policies and estimation used for preparation of the financial statements of the Company are disclosed in the Notes No. 2 and 3 to the standalone financial statements.

Changes in Accounting Policies and Estimation:

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

Comparative Analysis of Financial and Operational Performance:

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

However, major areas of financial performance, financial position as well as cash flows with immediate preceding five years including effects of inflation are depicted here in below:

Figures Tk. in '000						
Particulars	2018-19	2017-18	2016-17	2015-16	2014	2013
Financial Performance						
Revenue	8,896,244	6,367,125	5,020,425	4,998,758	5,115,828	5,238,437
Gross Profit	951,351	671,530	525,634	787,050	868,716	948,720
Net Profit (Before Tax)	435,911	348,045	297,592	573,967	644,992	696,779
Net Profit (After Tax)	346,462	290,914	252,494	486,236	541,192	587,782
Financial Performance (Inflation Adjusted)						Base Year
Revenue	6,730,201	5,064,936	4,224,494	4,435,082	4,807,657	5,238,437
Gross Profit	719,718	534,190	442,301	698,300	816,386	948,720
Net Profit (Before Tax)	329,776	276,864	250,412	509,245	606,139	696,779
Net Profit (After Tax)	262,106	231,417	212,464	431,407	508,591	587,782
Financial Position						
Shares Outstanding	197,252,000	187,859,048	178,913,379	162,648,527	147,862,298	134,420,271
Shareholders' Equity	7,224,422	5,386,034	5,452,946	5,607,074	5,158,723	4,886,371
Total Assets	12,954,548	9,425,480	7,511,325	6,695,189	6,265,137	6,358,457
Total Liability	5,730,126	4,039,447	2,058,379	1,088,115	1,106,416	1,472,086
Current Assets	6,396,837	4,430,793	3,618,295	3,547,893	3,903,436	4,163,698
Current Liabilities	5,494,425	3,910,867	1,948,729	965,544	993,110	1,363,962
Financial Position (Inflation Adjusted)						Base Year
Shares Outstanding	149,225,404	149,438,583	150,548,699	144,307,771	138,786,108	134,420,271
Shareholders' Equity	5,465,431	4,284,496	4,588,443	4,974,803	4,847,968	4,886,371
Total Assets	9,800,396	7,497,804	6,320,490	5,940,219	5,887,733	6,358,457
Total Liability	4,334,964	3,213,309	1,732,046	965,416	1,039,767	1,472,086
Current Assets	4,839,346	3,524,618	3,044,655	3,147,822	3,668,298	4,163,698
Current Liabilities	4,156,651	3,111,026	1,639,780	856,666	933,286	1,363,962

Particulars	2018-19	2017-18	2016-17	2015-16	2014	2013
Cash Flow						
Net Cash Generated from Operating	(686,379)	(291,474)	138,081	652,153	831,462	690,506
Net Cash Used in Investing Activities	(1,432,871)	(1,341,726)	(913,875)	(884,274)	(332,348)	(528,781)
Net Cash Used in Financing Activities	1,771,675	1,696,880	498,970	362,874	(406,231)	(219,733)
Cash Flow (Inflation Adjusted)						Base Year
Net Cash Generated from Operating	(519,261)	(231,375)	116,190	578,614	781,376	690,506
Net Cash Used in Investing Activities	(1,083,998)	(1,067,320)	(768,991)	(784,592)	(312,328)	(528,781)
Net Cash Used in Financing Activities	1,340,310	1,349,838	419,864	321,968	(381,760)	(219,733)
Financial Ratio						
Current Ratio	1.16	1.13	1.86	3.67	3.93	3.05
Debt to Equity	1.26	1.33	2.65	5.15	4.66	3.32
Gross Profit Margin (In %)	10.69	10.55	10.47	15.74	16.98	18.11
Net Profit Margin (In %)	3.89	4.57	5.03	9.73	10.58	11.22
Return on Equity (In %)	4.80	5.40	4.63	8.67	10.49	12.03
Return on Assets (In %)	2.67	3.09	3.36	7.26	8.64	9.24
Ordinary Shares Information						
Shares Outstanding	197,252,000	187,859,048	178,913,379	162,648,527	147,862,298	134,420,271
Face Value per Share	10.00	10.00	10.00	10.00	10.00	10.00
Dividend-Cash (In %)	20	20	20	25	20	20
Dividend-Stock (In %)	0	5	5	10	10	10
Dividend Payout (Cash+Stock) in '000	394,504	469,648	447,283	569,270	443,587	403,261
Net Assets Value per Share	36.63	27.31	27.64	28.43	26.15	24.77
Net Operating Cash Flow per Share	-3.48	-1.48	0.70	3.31	4.22	3.50
EPS-Earnings per Share (Standalone)	1.76	1.47	1.28	2.47	2.74	2.98
EPS-Earnings per Share (Consolidated)	2.18	2.32	2.09	3.76	4.08	4.24
EPS on Share Issued for Cash	13.75	11.55	10.02	19.30	21.48	23.33
Inflation Rate (In %)	5.52	5.78	5.44	5.92	6.41	Base Year

Inflation Rate Source: Bangladesh Bureau of Statistics

Comparison of Financial Performances with peer industry scenario:

A comparison of financial performances, financial position as well as cash flows of 5 (five) spinning companies which are listed and in order of market capitalization as on 30 June, 2018 are presented below:

Figures Tk. in '000

Particulars	Square Tex	Saiham Tex	Matin Spinning	Aman Cotton	Rahim Tex
Financial Performance					
Revenue	6,367,125	2,178,120	4,050,914	1,609,936	995,951
Gross Profit	671,530	261,738	608,972	399,139	157,205
Net Profit (Before Tax)	348,045	136,110	355,748	302,961	61,945
Net Profit (After Tax)	290,914	109,176	302,605	257,278	50,781
Financial Position					
Shares Outstanding	187,859,048	90,562,500	97,490,000	80,000,000	78,179,200
Shareholders' Equity	5,386,034	2,443,445	4,253,199	3,386,614	319,828
Total Assets	9,425,480	4,964,752	6,722,247	4,628,617	1,591,881
Total Liabilities	4,039,447	2,521,307	2,469,048	1,242,003	1,272,053
Current Assets	4,430,793	3,032,529	2,488,439	2,854,217	1,006,324
Current Liabilities	3,910,867	2,268,171	1,906,173	1,100,038	978,488
Cash Flow					
Net Cash Generated from Operating	(290,861)	13,306	549,442	143,942	88,788
Net Cash Used in Investing Activities	(1,341,726)	172,528	(82,089)	55,092	(160,576)
Net Cash Used in Financing Activities	1,696,880	(186,599)	(717,380)	(120,475)	144,891
Market Capitalization (in '000)	9,014,416	4,256,438	3,704,620	3,559,417	3,448,485

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

Bangladesh is the 41st largest in the world in nominal terms and 30th largest by purchasing power parity (PPP); it is classified among the Next Eleven emerging market middle income economies and frontier market. GDP growth is accelerating gradually. Along with the current FY2018-19, the GDP growth rate of the economy of Bangladesh surpassed the 7 percent mark for consecutive four times since FY2015-16. According to Estimated Bangladesh Bureau of Statistics (BBS), the GDP growth stood at 8.13 percent in FY2018-19, which was 7.86 percent in previous fiscal year. High growth of manufacturing sector under broad industry sector has contributed significantly to achieve high GDP growth in this fiscal year.

Per capita GNI (Gross National Income) and GDP (Gross National Product) stood at US\$1,909 and US\$1,827 respectively in FY2018-19 compared to US\$1,751 and US\$1,675 respectively in FY2017-18. On the basis of PPP (Purchasing Power Parity), calculated by UNDP, the per capita GNI stood at US\$3,524. The real GDP growth for World economy stands at 3.3% (Source: IMF).

Bangladesh registered the fastest growth rate in the Asia-Pacific economies comprised of 45 countries, according to Asian Development Bank. Bangladesh will continue to be the fastest growing economy in the Asia-Pacific, the bank said in its Asian Development Outlook (ADO).

Public and private investment were important contributors to the high GDP growth rate in 2019. Real investments increased by 13.88%. Public investment to GDP ratio increased while private investment to GDP ratio decreased. However, Foreign Direct Investment (FDI) declined to USD 1.58 billion in FY 2018 from 1.65 billion in FY 2017. Bangladesh leaped up 7 places in the Global Competitiveness Index from 2017, but it ranked the lowest amongst its East and South Asian neighbors in Ease of Doing Business Ranking 2018. The country's Logistics

Performance Index has dropped over the last two years, signaling a significant concern for local and foreign investors.

One of the most densely populated economies in the world, Bangladesh has continued making impressive strides in achieving social development goals for its 165.55 million citizens. The resilience of the country's economy is commendable. However, sound economic policy must be implemented to mitigate underperformance of the financial sector, diversify exports and create better employment opportunities by increasing private investment. It also require to mitigate the infrastructure bottlenecks, insufficient power and gas supplies, bureaucratic corruption, political instability, natural calamities and a lack of skilled workers.

Risks and Concerns issues related to the financial statements:

Square Tex has exposure to the Counterpart Risk, Financial Risk, Credit Risk, Liquidity Risk and Market Risk arising from the financial statements. The detail explanation of risk and concerns are explained in the Note 3.8 to the consolidated financial statements. Square Tex having sufficient and effective measures/controls to mitigate the risk and concerns.

Future Plan or Projection or Forecast:

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

THE DIRECTORS ALSO REPORT THAT:

- The Financial Statement of the Company present true and fair view of the Company's state of affairs, result of its operation, cash flows and changes in equity.
- Proper books of accounts as required by the prevailing law have been maintained.
- Appropriate accounting policies have been followed in formulating the financial statements and accounting estimates were reasonable and prudent.
- The financial statement was prepared in accordance with IAS or IFRS.
- 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. 14
- Remuneration of Directors including Independent Director have been shown in Note no. 22 in the Notes of Account.
- The number of Board Meeting and the Attendance of Directors during the year 2018-2019 were as follows:

Name of the Directors	Position	Meeting Held	Attended
Mr. Tapan Chowdhury	Chairman	8	8
Mrs. Ratna Patra	Vice Chairman	8	8
Mr. Samuel S Chowdhury	Managing Director	8	8
Mrs. Anita Chowdhury	Director	8	5
Mr. Anjan Chowdhury	Director	8	8
Mr. Syed Afzal Hasan Uddin	Independent Director	8	*7
Mrs. Nihad Kabir	Independent Director	8	8
Mr. S M Rezaur Rahman	Independent Director	8	**0

* Tenure Expired on 8th May, 2019 ** Appointed on 1st August, 2019

- The pattern of shareholding as on 30 June 2019 are as follows:

Name of the Shareholders	Status	Shares held	%
i. Parent/Subsidiary/Associated Companies and other related	-	-	-
ii. Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their Spouses and Minor Childrens:			
Mr. Tapan Chowdhury	Chairman	6,588,167	3.34
Mrs. Ratna Patra	Vice Chairman	4,474,493	2.27
Mr. Samuel S Chowdhury	Managing Director	6,181,939	3.13
Mrs. Anita Chowdhury	Director	5,843,083	2.96
Mr. Anjan Chowdhury	Director	5,401,909	2.74
Mrs. Nihad Kabir	Independent Director	-	-
Mr. S M Rezaur Rahman	Independent Director	-	-
Mr. M Habibur Rahman	Chief Financial Officer	-	-
Mr. Sanjib Baran Roy	Company Secretary	-	-
Mr. Mozibur Rahman	Head of Internal Audit & Compl.	-	-
iv. Executives:			
Mr. Md. Alamgir Hossain	Head of Operations	-	-
Mr. Suresh Chadra Bala	Head of Plant	525	0.0003
Mr. Md. Abdur Rahman	Head of Engineering	3,215	0.0016
Mr. Avijit Kumar Biswas	Head of Procurement	-	-
Mr. Md. Shahid Raihan	Head of Quality Assurance	-	-
v. Shareholders Holding 10% or more voting interest in the company:			
Square Pharmaceuticals Ltd.	Sponsor Shareholder	91,436,679	46.36

AUDIT COMMITTEE REPORT

For the year 2018-2019

Square Textiles Limited having an Audit Committee as a subcommittee of the Board of Directors in order to assist the Board of Directors in ensuring and fulfilling its oversight responsibilities.

The Audit Committee consists of the following persons:

Mrs. Nihad Kabir, Independent Director	- Chairman
Mrs. Ratna Patra, Vice Chairman	- Member
Mr. Anjan Chowdhury, Director	- Member
Mr. Sanjib Baran Roy, Company Secretary	- Secretary

The scope of Audit Committee was defined as under:

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



Mrs. Nihad Kabir
Chairman
Audit Committee

Date: 13th October, 2019

DIRECTORS PROFILE

Who are seeking appointment

Re-appointment of Director



Mrs. Anita Chowdhury is a Director of Square Textiles Ltd., spouse of late Samson H Chowdhury, Founder Chairman of the Company. Mrs. Chowdhury is associated with the business from its inception in 1994. She is also a shareholder of Square Pharmaceuticals Ltd. (Listed Company).

Mrs. Anita Chowdhury is also Director in 3 other private limited company namely Astras Limited, Square Holdings Limited and Square Air Limited under the Square Group.



Mr. Tapan Chowdhury is a Director of Square Textiles Ltd. from its inception in 1994 and appointed as Chairman in 2018, second son of late Samson H Chowdhury, founder Chairman of the Company. Science graduate from the University of Dhaka and has completed different advanced courses on Business Management in Europe. Having a prosperous experience of more than 37 years in Pharmaceuticals, Hospitals, Textiles, RMG, IT, Healthcare, Toiletries, Food & Consumer Products, Organic Tea Plantation, Capital Market Operation & Satellite TV Broadcasting.

Mr. Chowdhury also Sponsor Director in 30 other private limited company namely Square Hospitals Ltd. Square Toiletries Ltd., Square Fashions Ltd., Square Denims Ltd., Square Food & Beverages Ltd., Square Securities Management Ltd., Square Air Ltd., Astras Ltd., Sabazpur Tea Company Ltd. Maasranga Communications Ltd (Maasranga Television) under the Square Group.

At present he is the Chairman of Bangladesh Herbal Products & Manufactures Association and Koinonia. President of United Baptist Church Trust Association, Vice President of Baptist World Alliance and Asia Pacific Baptist Federation. EC Member of International Chamber of Commerce and Kurmitola Golf Club.

He was an Advisor (Minister) to the Caretaker Government of Bangladesh in 2007. Mr. Chowdhury was also a Former President of The Metropolitan Chamber of Commerce and Industry (MCCI), Young Men's Christian Association (YMCA) and Bangladesh Baptist Church Fellowship (BBCF).

Mr. Tapan Chowdhury has been awarded several times as a highest individual taxpayer in the Country. CIP (Commercially Important Person).

Appointment of Independent Director



Mr. S. M. Rezaur Rahman, Economics Graduate, Dhaka University is a capital market consultant and Director of United Corporate Advisory Services Ltd., a firm of financial & investment advisory and post issue management of initial public offer of securities & other related jobs in Bangladesh. Mr. Reza has a rich experience of more than 35 years in capital market, issue and post issue management of initial public offering of securities and in the corporate arena. Mr. Reza was a partner in AAA Consultant & Financial Advisors from 1994 to 2004, served as Managing Director of SofSys Computing & Data Processing Ltd. from 1994 to 2011.

He was inducted as Nominated Director in the Board of Aramit Cement Limited and Aramit Limited for three years. Mr. Reza was also the Independent Director of CVO Petrochemical Refinery Ltd., Aramit Cement Limited & Aramit Limited and Chairman of the Audit Committee of Aramit Cement Limited and Aramit Limited.

DECLARATION BY CEO AND CFO

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

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

Date: 13 October, 2019

Subject: Declaration on Financial Statements for the year ended on 30th June, 2019.

Dear Sirs,

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

1. The Financial Statements of Square Textiles Ltd. for the year ended on 30th June, 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

- (i) We have reviewed the financial statements for the year ended on 30th June, 2019 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,


Samuel S Chowdhury
Managing Director


M Habibur Rahman
Chief Financial Officer

CERTIFICATE OF COMPLIANCE

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

Report to the Shareholders of Square Textiles Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Square Textiles Limited for the year ended on 30th June, 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006 -158/207/Admin/80 Dated 3 June, 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

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

Place : Dhaka
Dated : 14 October, 2019



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

STATUS OF COMPLIANCE

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

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

Annexure VI
to the Directors' Report

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

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

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

NRC SQUARE TEXTILES

Under Condition # 6(5)(c)

A. Nomination and Remuneration Policy

1.00 Introduction

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

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

2.00 Definitions

“NRC or the Committee” means Nomination and Remuneration Committee

“the Company” means Square Textiles Ltd.

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

“Director” means Member of the Board.

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

3.00 Nomination and Remuneration Committee

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

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

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

Name of the Members	Position in the Committee
Mrs. Nihad Kabir Independent Director	- Chairman
Mrs. Ratna Patra Director	- Member
Mr. Anjan Chowdhury Director	- Member

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

4.00 Objective

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

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

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

5.00 Nomination and Appointment of Directors and Top Level Executives

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

6.00 Remuneration for Directors and Top Level Executives

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

7.00 Validation of the Policy

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

8.00 Amendments to the Policy

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

B. Evaluation of Performance

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

C. Activities of the NRC carried out during the reporting period

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

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

পরিচালনা পর্ষদের প্রতিবেদন

২০১৮-২০১৯

পরিচালনা পর্ষদ আনন্দের সাথে কোম্পানী আইন ১৯৯৪ এর ১৮৪ নং পরিচ্ছেদ, সিকিউরিটিজ এন্ড এক্সচেঞ্জ রুলস্ ১৯৮৭ এর ১২নং বিধির (এবং তফসিল অনুযায়ী) শর্তানুসারে, ৩রা জুন ২০১৮ তারিখে বি.এস.ই.সি এর নোটিফিকেশন এবং আই.এ. এস.-১ (আন্তর্জাতিক হিসাব মানদণ্ড-১) অনুসারে ৩০ জুন ২০১৯ তারিখে সমাপ্ত বছরের প্রতিবেদন সম্মানিত কোম্পানীর সদস্যবৃন্দের কাছে নিম্নোক্ত পরিচ্ছেদগুলোতে পেশ করছেনঃ

টেক্সটাইল সেক্টর

বাংলাদেশের টেক্সটাইল এবং পোশাক সেক্টর দেশের একটি বৃহত্তম উৎপাদন শিল্প যা দেশের অর্থনীতির প্রবৃদ্ধিতে একটি গুরুত্বপূর্ণ ভূমিকা পালন করে এবং জিডিপিতে ১৩ শতাংশেরও বেশি, ৪০% শিল্প মূল্য সংযোজন আসে এই সেক্টর থেকে, দেশের শিল্প কর্মসংস্থানের প্রায় ৫৫ লাখ, যেখানে ৮০ শতাংশ মহিলা, ১৫০ লাখ মানুষ এই খাতের উপর নির্ভরশীল এবং রপ্তানি আয়ের ৮৩.৪৯ শতাংশের বেশী আয় আসে। স্পিনিং সেক্টর একটি অত্যন্ত গুরুত্বপূর্ণ অংশ যা টেক্সটাইল এবং তৈরি পোশাক শিল্পের ব্যাকওয়ার্ড লিঙ্কেজ হিসেবে কাঁচামাল সরবরাহ স্থিতিশীল করতে এবং উক্ত শিল্পের প্রধান খরচ হ্রাস করতে সহযোগিতা করে।

স্পিনিংয়ের পণ্যগুলি যথাক্রমে তুলার সুতা, পলিয়েস্টার, সিনথেটিক, উলের, মিশ্র পরিমাপের মিশ্রিত সুতা এবং বিভিন্ন পরিমাপের লিয়েস্টার সুতা। এই সুতা বিশেষত বস্ত্র, হ্যাডলুম, বুনন এবং হোসিয়ারের মতো উপ-ক্ষেত্রগুলিতে ব্যবহার করা হচ্ছে।

বাংলাদেশে প্রায় ১.৪১ মিলিয়ন টন সুতার চাহিদা রয়েছে, যার সর্বোপরি ১.১২ মিলিয়ন টন আভ্যন্তরীণ প্রর্যায়ের চাহিদা পূরণ করতে পারে। উপরন্তু, প্রায় ৮৫% তুলার সুতা এবং ৫০% রপ্তানি-ভিত্তিক ফ্যাব্রিক উৎপাদনকারী মিলের সিঙ্গেটিক এবং মিশ্র সুতার চাহিদা বেসরকারী খাতের স্পিনিং মিলের দ্বারা পূরণ করা হচ্ছে।

আর্থিক কার্যক্রম এবং অবস্থা

২০১৮-২০১৯ অর্থবছরে স্কার টেক্সটাইলস এর হবিগঞ্জে নতুন প্রকল্পের কার্যক্রম শুরু এবং কোম্পানী সঙ্গে স্কার ইয়ার্নস লিমিটেড একীভূত হওয়ায় ৩৯.৭২% ব্যবসায়িক প্রবৃদ্ধি হয়েছে। স্বতন্ত্র হিসাব অনুযায়ী আলোচ্য অর্থবছরে ব্যবসা থেকে আয় হয়েছে ৮,৮৬৬.২৪ মিলিয়ন টাকা যা গত বছর ছিল ৬,৩৬৭.১৩ মিলিয়ন টাকা। পরিচালন মুনাফা গত বছরে ৪৪৪.১৯ মিলিয়ন টাকা বিপরীতে ৬৯৭.৮৫ মিলিয়ন টাকা হয়েছে ফলে ৫৭.১১% বৃদ্ধি পেয়েছে। নিট মুনাফা ১৯.০৯% বৃদ্ধি পেয়ে ৩৪৬.৪৬

মিলিয়ন টাকা হয়েছে যা আগের বছরের প্রকাশিত ২৯০.৯১ মিলিয়ন টাকার বিপরীতে।

২০১৮-১৯ অর্থবছরের ব্যবসা কার্যক্রম থেকে কনসোলিডেটেড (একত্রিত) বিক্রয় ছিল ১০,৫৬২.০৪ মিলিয়ন টাকা যা গত বছরের ৯,৪১১.৮৭ মিলিয়ন টাকা ছিল, ফলে ১২.২২% ব্যবসা বৃদ্ধি পেয়েছে। পরিচালন মুনাফা গত বছরে ৬৭২.২৬ মিলিয়ন টাকার বিপরীতে ৮৪২.১৮ মিলিয়ন এবং নিট মুনাফা গত বছরের ৪৫৭.০৬ মিলিয়ন টাকা বিপরীতে ৪২৯.০২ মিলিয়ন টাকা হয়েছে।

শ্রম আইন অনুসারে বেতন মজুরি কার্টামোয় সংশোধন হিসাবে শ্রমিকের বেতন মজুরি বর্ধিত করণ এবং ব্যবসা সম্প্রসারণের জন্য নতুন আর্থিক বিনিয়োগের ফলে কনসোলিডেটেড (একত্রিত) মুনাফা ২৫.২৮% বৃদ্ধি পেয়েছে তবে ২০১৮-২০১৯ অর্থবছরের নিট মুনাফা ৬.১৩% হ্রাস পেয়েছে

কোম্পানীর ব্যবসায়িক কার্যক্রম

স্কার টেক্সটাইলস দেশের অন্যতম বৃহত্তম নিটিং এবং উইভিং সুতা উৎপাদনকারী প্রতিষ্ঠান যা বিগত ২২ বছর ধরে সফলতার সাথে পরিচালিত হয়ে আসছে। বর্তমানে এটি দৈনিক প্রায় ১১০টন সুতা উৎপাদন করে। টেকসই এবং ইকোবান্ধব পণ্য যেমন অর্গানিক, বিসিআই, টেনসেল, রি-সাইকেল (তুলা এবং পলিয়েস্টার) প্রভৃতিতে আলোকপাত করে থাকে। এ ছাড়াও গ্যালাক্সি, ফ্লাটার, লোরস্ক, মোজক নেপি, সাইরো ইত্যাদি উচ্চ মূল্যমানের রপ্তানিযোগ্য সুতা উৎপাদন করছে।

স্কার টেক্সটাইলস গ্রাহকদেরকে উন্নত গুণমান সম্পন্ন পণ্য এবং সেবা নিশ্চিত প্রদানে অঙ্গিকারবদ্ধ।

উৎপাদন ক্ষমতা/উৎপাদন

গত কয়েক বছর ধরে আমাদেরকে বিদ্যুৎ সরবরাহ সংকট (অপ্রতুল গ্যাস সরবরাহ) এবং আভ্যন্তরীণ ও আন্তর্জাতিক বাজারে কঠিন প্রতিযোগিতার সম্মুখীন/মোকাবেলা করতে হচ্ছে।

এই পরিস্থিতি মোকাবেলা করার জন্য আমরা গুণগত মানসম্পন্ন ভিন্নধর্মী সুতা উৎপাদন ব্যবস্থা গ্রহণ করেছে যাতে বিকল্প উৎপাদন কৌশল হিসেবে সর্বোচ্চ মুনাফা অর্জিত হয়। এ ছাড়া, স্কার টেক্সটাইল তাদের উৎপাদন ক্ষমতা, ইনস্টলেশন মাপদণ্ড এবং প্রকৃত উৎপাদন পরিমাণ যাচাই এবং তুলনা করার ব্যবস্থা নিয়েছে।

উৎপাদন দক্ষতা ২০১৭-২০১৮ তুলনায় আলোচ্য ২০১৮-১৯ বছরে ৯৬.১৬% থেকে বেড়ে ৯৬.৭০% হয়েছে।

৩০ জুন ২০১৯ তারিখে মোট স্থাপিত উৎপাদন ক্ষমতা (গড়ে ৩০ সিঙ্গেল রিং, ১৪ সিঙ্গেল ও/ই এবং ৩০ সিঙ্গেল ভরটেক্স) ছিল নিম্নরূপ:

স্পিন্ডলস/রোটরস	সংখ্যায়	২০১৮-১৯	২০১৭-১৮
স্থাপিত:			
স্থাপিত স্পিন্ডলস্		১২২,৯৭	৮১,৬৪৮
স্থাপিত রোটর হেডস্		৩,৯৬০	৩,৯৬০
স্থাপিত ভরটেক্স হেডস্		২,৭৮৪	৬৭২
সক্রিয়:			
সক্রিয় স্পিন্ডলস্		১২২,৯৭	৮১,৬৪৮
সক্রিয় রোটর হেডস্		৩,৯৬০	৩,৯৬০
সক্রিয় ভরটেক্স হেডস্		২,৭৮৪	৬৭২

স্থাপিত উৎপাদন ক্ষমতা	কেজি	২০১৮-১৯	২০১৭-১৮
সমতুল্য উৎপাদন -			
৩০ সিঙ্গেল কাউন্ট (রিং ইয়ার্ণ)		১৮,১৭১,২১৬	৯,৯৪৪,৬৭৩
১৪ সিঙ্গেল কাউন্ট (ও/ই ইয়ার্ণ)		৯,০৪২,২২২	১০,০৪৩,৯২
৩০ সিঙ্গেল কাউন্ট (ভরটেক্স ইয়ার্ণ)		৭,৯২৭,৫০০	২,৪৫০,০০০
মোট -		৩৫,১৪০,৯৩৮	২২,৪৩৮,৬০

প্রকৃত উৎপাদন	কেজি	২০১৮-১৯	২০১৭-১৮
প্রকৃত উৎপাদন		৩৩,৬২২,৬০৪	২২,৯২৫,৪৭৮
সমতুল্য উৎপাদন-			
৩০ সিঙ্গেল কাউন্ট (রিং ইয়ার্ণ)		১৭,৬১৭,১৬০	৯,৪০০,৬৭৫
১৪ সিঙ্গেল কাউন্ট (ও/ই ইয়ার্ণ)		৮,৭২২,৩৯০	৯,৮১০,৮৬৩
৩০ সিঙ্গেল কাউন্ট (ভরটেক্স ইয়ার্ণ)		৭,৬৪২,৪২৩	২,৩৮৮,৯৫৭
মোট -		৩৩,৯৮১,৯৭৩	২১,৬০০,৪৯৫

উৎপাদন দক্ষতা	(%)	২০১৮-১৯	২০১৭-১৮
সমতুল্য উৎপাদন-			
৩০ সিঙ্গেল কাউন্ট (রিং ইয়ার্ণ)		৯৫.৯৫	৯৪.৫৩
১৪ সিঙ্গেল কাউন্ট (ও/ই ইয়ার্ণ)		৯৬.৪৬	৯৭.৬৮
৩০ সিঙ্গেল কাউন্ট (ভরটেক্স ইয়ার্ণ)		৯৬.৪০	৯৭.৫১
মোট (গড়) -		৯৬.৭০	৯৬.২৬

শিল্প আউটলুক

পরিবর্তিত বিশ্ব চাহিদা কাঠামোর প্রেক্ষাপটে মার্কিন যুক্তরাষ্ট্র, চীন, ইইউ ইত্যাদির মতো বৃহৎ অর্থনীতির মধ্যকার আর্থিক যুদ্ধের ফলে বাংলাদেশ উচ্চ মানের ব্যান্ড গার্মেন্টসের প্রগতিশীল উচ্চতর চাহিদা রয়েছে।

এই সেক্টর বিস্তারের বিস্তৃত সুযোগ করে দেয় এবং বৈদেশিক মুদ্রা আয়ের দ্বিগুণ করে সরকার যদি সর্বক হয় এবং স্থানীয়/কৌশলগত বিনিয়োগকারীদের প্রয়োজনীয় আর্থিক এবং আর্থিক সহায়তা / উৎসাহ প্রদান করে।

উৎপাদন ব্যয়

বিগত বছরগুলোতে কাঁচা তুলা, প্যাকিং দ্রব্যসামগ্রী, বিদ্যুৎ ও জ্বালানী তেল এবং মেশিনের খুচরা যন্ত্রাংশের ক্রয়মূল্যের হ্রাস/বৃদ্ধির ফলে উৎপাদন ব্যয় বেড়েছে যা ছিল ব্যবস্থাপনা কর্তৃপক্ষের নিয়ন্ত্রণের বাইরে।

খাতওয়ারী ব্যয়ের পরিমাণ এবং তাদের আনুমানিক প্রভাব নিচে দেখানো হলো:

	২০১৮-১৯	২০১৭-১৮
সূতার উৎপাদন (কেজি)	৩৩,৬২৩	২২,৯২৫
গুরুত্বপূর্ণ খাতগুলোর ব্যয় সমূহ	টাকা (,০০০)	
	২০১৮ -১৯	২০১৭-১৮
ব্যবহৃত কাঁচামাল	৬,০৪০,১৬৯	৪,১৩৯,০৪৪
প্যাকিং সামগ্রী	৮৫,৭২৫	৬০,১৬৫
জ্বালানী তেল/বিদ্যুৎ ইত্যাদি	৫৯২,৫১২	৬১০,৭২৯
খুচরা যন্ত্রাংশ	১৬১,০৫৫	১৫০,০০৬
অন্যান্য খরচ সমূহ	১,১৩৭,৩৭৪	৭৭১,৭৩৭
মোট ব্যয় -	৮,০১৬,৮৩	৫,৭৩১,৬৮

প্রতি কেজির মূল্য	টাকা (,০০০)	২০১৮-১৯	২০১৭-১৮
ব্যবহৃত কাঁচামাল		১৭৯.৬৪	১৮০.৫৫
প্যাকিং সামগ্রী		২.৫৫	২.৬২
জ্বালানী তেল/বিদ্যুৎ ইত্যাদি		১৭.৬২	২৬.৬৪
খুচরা যন্ত্রাংশ		৪.৭৯	৬.৫৪
অন্যান্য খরচ সমূহ		৩৩.৮৩	৩৩.৬৬
মোট ইউনিট ব্যয় -		২৩৮.৪৩	২৫০.০১
মোট শতকরা হিসাবে কাঁচামাল		৭৫.৩৪%	৭২.২২%

উপরোক্ত বিবরণ হতে প্রতীয়মান হয় যে, ২০১৭-২০১৮ সালের তুলনায় ২০১৮-২০১৯ সালে কাঁচামালের প্রতি ইউনিট ব্যয় কমেছে ০.৫০%, প্যাকিং সামগ্রী ব্যয় কমেছে ২.৬৭%, জ্বালানী তেল/বিদ্যুৎ ব্যয় কমেছে ৩৩.৮৬% খুচরা যন্ত্রাংশের ব্যয় কমেছে ২৬.৬৭% এবং অন্যান্য খাতে ব্যয় ০.৫১% ফলশ্রুতিতে মোট ইউনিট ব্যয় বেড়েছে ৪.৬৩%।

পর্যালোচিত বছরের আন্তর্জাতিক বাজারে কাঁচা তুলার মূল্য স্থিতিশীল ছিল।

নীট মনাফা (কর পরবর্তী)

একক হিসাব	২০১৮-১৯	২০১৭-১৮
২০১৮-১৯	৩৪৬.৪৬	
২০১৭-১৮	২৯০.৯১	

বিপণন কার্যক্রম

বাজার পরিস্থিতি

গত বছরের মত এ বছরও কোম্পানী রপ্তানি বিক্রয়ের উপর প্রাধান্য দেয়ার ধারাবাহিকতা বজায় রেখেছে, যা নিম্নরূপঃ

বিক্রয়ের পরিমাণ (কেজি)	(,০০০)	২০১৮-১৯	২০১৭-১৮
রপ্তানি বিক্রয়		৩৩,৬০৯	২২,৭৫৫
মোট -		৩৩,৬০৯	২২,৭৫৫
বিক্রয়লব্ধ আয়	(,০০০)	২০১৮-১৯	২০১৭-১৮
রপ্তানি বিক্রয়		৮,৮৯৬,২৪৪	৬,৩৬৭,১২৫
মোট -		৮,৮৯৬,২৪৪	৬,৩৬৭,১২৫

উপরোক্ত চিত্র থেকে বুঝা যায় যে, পর্যালোচিত ২০১৮-২০১৯ বছরে কোন স্থানীয় বিক্রয় রাজস্ব ছিল না এবং ২০১৮-২০১৯ বছরে রপ্তানি বিক্রয় সামগ্রিক ভাবে ৪৭.৭০% এবং বিক্রয়লব্ধ আয় ৩৯.৭২% বেড়েছে। উল্লেখ্য যে, স্কার ইয়ার্নস লিমিটেড (স্কার টেক্সটাইলের সাবসিডিয়ারি) স্কার টেক্সটাইল লিমিটেডের সাথে ০১ জানুয়ারী, ২০১৯ থেকে একীভূত হয়েছে।

প্রাপ্ত একক বিক্রয় মূল্য

পূর্ববর্তী বছরের তুলনায় এ বছরে বিক্রয় মূল্য টাকা/কেজি উল্লেখযোগ্য ভাবে তারতম্য ঘটেছে যা নীচে দেখানো হলো:

	২০১৮-১৯	২০১৭-১৮
রপ্তানি বিক্রয়	২৬৪.৭০	২৭৯.৮১
মোট -	২৬৪.৭০	২৭৯.৮১

আন্তর্জাতিক বাজারে রফতানির চাহিদা হ্রাস এবং তুলার সুতার দাম হ্রাসের কারণে ২০১৭-১৮ সালের তুলনায় ২০১৮-১৯ সালে রফতানি বিক্রয়মূল্য ৫.৪০% হ্রাস পেয়েছে। মার্কিন যুক্তরাষ্ট্র এবং চীনের মধ্যে বৈরী বাণিজ্য সম্পর্কের কারণে সুতার দামও হ্রাস পেয়েছে।

মূলধনী খরচ সমূহ

স্কার টেক্স অতিরিক্ত মূলধনী ব্যয় হয়েছিল ১,৪৩৩.৫৮ মিলিয়ন টাকা। উৎপাদনের সুবিধাগুলি উন্নীত করণে এবং ২০১৮-২০১৯ সময়কালে উৎপাদনশীলতা বৃদ্ধি করার লক্ষ্যে, যা নিম্নরূপ:

	(,০০০)	২০১৮-১৯	২০১৭-১৮
জমি/নির্মাণ কাজ		-	৭৮,৯৫৪
যন্ত্রপাতি		১,২৭৭,৫৭৪	৭৬১,৮৬০
অন্যান্য স্থায়ী সম্পদ		১৪৬,০১০	৫০০,৯১৩
মোট -		১,৪২৩,৫৮৪	১,৩৪১,৭২৭

উপরোক্ত বিনিয়োগ বর্তমান উৎপাদন ক্ষমতা বজায় রাখতে সহায়তা করেছে। পুরো বিনিয়োগ নিজস্ব উৎস এবং ব্যাংক ঋণ এর মাধ্যমে করা হয়েছে।

সাবসিডিয়ারী কোম্পানীতে বিনিয়োগ

স্কার টেক্সটাইলস লিমিটেড ৯৫,০০০,০০০ টাকা স্কার ইয়ার্নস লিমিটেড এ মূলধন হিসাবে (৯৯.৪৮%) বিনিয়োগ করেছে। এছাড়াও ৬৫,৭৮৩,৭৬০ টাকা স্কার টেক্সকম লিমিটেড-এ মূলধন হিসাবে (৯৫%) বিনিয়োগ করেছে এবং ৪২৩,৫৫০,১১৯ টাকা শেয়ার মানি ডিপোজিট হিসাবে দিয়েছে।

১৯৯৪ সালের কোম্পানী আইন অনুসারে স্কার ইয়ার্নস লিমিটেড এবং স্কার টেক্সকম লিমিটেড কোম্পানিদ্বয় স্কার টেক্সটাইলস লিমিটেড-এর সাবসিডিয়ারী কোম্পানী বিধায় পরিচালনা পর্ষদের প্রতিবেদন এবং নিরীক্ষিত হিসাব এই প্রতিবেদনের সাথে সংযুক্ত করা হয়েছে।

অবদানসমূহ জাতীয় কোষাগারে অবদান

স্কার টেক্স ২০১৮-২০১৯ সালে ৬৬.৯৪ মিলিয়ন টাকা জাতীয় কোষাগারে জমা দিয়েছে।

বৈদেশিক মুদ্রার অর্জন/সঞ্চয়

স্কার টেক্স দেশের বৈদেশিক এক্সচেঞ্জ রিজার্ভে যথেষ্ট পরিমাণে অবদান রাখছে। ৬৮.৬৪ মিলিয়ন রফতানি বিপণন ক্রিয়াকলাপের মাধ্যমে অর্জিত / সংরক্ষণ এবং অবদান রেখেছে, যা নীচে চিত্রিত হয়েছে:

	(,০০০)	২০১৮-১৯	২০১৭-১৮
মোট রপ্তানি আয়		৮,১৬৪,৬৩৫	৫,৭১১,৮৮৯
বাদ: আমদানি খরচ সমূহ:			
কাঁচা তুলা		৬,৮২৪,৯০৭	৪,২২৮,৩৬৮
খুচরা যন্ত্রাংশ		২১৯,৭৭০	১২৬,৭৭৩
বিবিধ (বিএমআরই)		১,০৫১,৩১৭	৪১,২৬৫
মোট -		৬৮,৬৪১	১,৩১৫,৪৮৩

অসাধারণ কার্যক্রম

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

রিলেটেড পার্টি লেনদেন

কোম্পানি বিভিন্ন রিলেটেড পার্টি লেনদেন করেছে, এর বিস্তারিত একক হিসেবের নোট নং ৩৯ এ দেওয়া হয়েছে।

আর্থিক ফলাফল

পূর্ববর্তী বৎসরের তুলনায় আলোচ্য বৎসরে কোম্পানীর আর্থিক ব্যবস্থাপনার ফলাফল নিম্নে আলোচনা করা হলো:

(,০০০)

বিবরণ	২০১৮-১৯	২০১৭-১৮	↑ ↓ শতাংশে
বিক্রয়	৮,৮৯৬,২৪৪	৬,৩৬৭,১২৫	৩৯.৭২%
বিক্রিত পণ্যের উৎপাদন মূল্য	৭,৯৪৪,৮৯৩	৫,৬৯৫,৫৯৫	৩৯.৪৯%
মোট মুনাফা	৯৫১,৩৫১	৬৭১,৫৩০	৪১.৬৭%
প্রশাসনিক ব্যয়	২৪১,১৫০	২২১,৫০৯	৮.৮৭%
বিক্রয় এবং বিতরণ খরচ	১২,৩৫২	৫,৮৩৪	১১১.৭২%
পরিচালন মুনাফা	৬৯৭,৮৪৯	৪৪৪,১৮৭	৫৭.১১%
আর্থিক খরচ সমূহ	২৫৪,১৫৮	৮৬,০৯০	১৯৫.২২%
অন্যান্য আয়	১৪,০১৫	৭,৩৫০	৯০.৬৭%
নীট মুনাফা (ডবিলিউ.পি.পি.এফ. এর পূর্বে)	৪৫৭,৭০৬	৩৬৫,৪৪৭	২৫.২৫%
ডবিলিউ.পি.পি.এফ. এ অনুদান	২১,৭৯৬	১৭,৪০২	২৫.২৫%
নীট মুনাফা (কর পূর্ব)	৪৩৫,৯১১	৩৪৮,০৪৫	২৫.২৫%
আয়কর সঞ্চিতি	৩৫,৮৬১	৩৮,২০১	৬.১৩%
বিলম্বিত আয়কর	৫৩,৫৮৮	১৮,৯৩০	১৮৩.০৯%
নীট মুনাফা (কর পরবর্তী)	৩৪৬,৪৬২	২৯০,৯১৪	১৯.০৯%
মোট মার্জিন	১০.৬৯%	১০.৫৫%	১.৩৩%
নীট মার্জিন	৩.৮৯%	৪.৫৭%	১৪.৮৮%
শেয়ার প্রতি আয়	১.৭৬	১.৪৭	১৯.৭৩%

হবিগঞ্জে নতুন প্রকল্প পরিচালনার কারণে, স্কয়ার ইয়ার্নস লিমিটেডের একীভূত হয়ে ২০১৮-১৯ অর্থবছরে পূর্ববর্তী বছরের তুলনায় বিক্রয়, মোট মুনাফা এবং নীট মুনাফা (কর পরবর্তী) যথাক্রমে ৩৯.৭২%, ৪১.৬৭% এবং ১৯.০৯% বৃদ্ধি পেয়েছে। ডলার / টাকার রূপান্তর হার এবং পণ্য মিশ্রণের প্রভাবের ঝুঁকির ফলে শেয়ার প্রতি আয় (ইপিএস) বৃদ্ধি পায়। পর্যালোচনাধীন বছরে পরিচালন মুনাফা ও আর্থিক খরচ সমূহের বৃদ্ধির কারণে মোট মুনাফা প্রাপ্তিক হার ১.৩৩% বৃদ্ধি পেয়েছে এবং পরিচালন মুনাফা মার্জিন কমেছে ১৪.৮৮%।

আলোচ্য বছরে কাঁচামাল, জ্বালানী/বিদ্যুৎ ও কারখানার ওভারহেডগুলির ব্যয় বৃদ্ধির কারণে ব্যবসা পরিচালনা নিয়ন্ত্রণের বাইরে ছিল।

কাঁচা কাঁচামালের খরচ, প্যাকিং খরচ এবং বিদ্যুৎ খরচ, অতিরিক্ত খরচ আগের বছরের তুলনায় বেড়েছে ফলে গত বছরের তুলনায় আলোচ্য বছরে বিক্রিত পণ্যের একক প্রতি ব্যয় বেড়েছে ৫.৫৬%।

তবে কোম্পানি গত বছরের তুলনায় আলোচ্য ২০১৮-২০১৯ বছরে বৈদেশিক মুদ্রার রূপান্তর হার বৃদ্ধি হওয়ায় ৯০.৬৭%

অতিরিক্ত আয় করেছে (স্বতন্ত্র হিসাবের ২৫ নোটে উল্লেখ করা হয়েছে)।

মুনাফা বন্টন

পরিচালনা পর্ষদ নিম্নোক্ত উপায়ে ৩০ জুন ২০১৯ সমাপ্ত বছরের জন্য নীট মুনাফা বণ্টনের জন্য প্রস্তাব করেন:

টাকায়

ক) মুনাফা বন্টনের জন্য ব্যবহারযোগ্য তহবিল ২০১৮-১৯ বছরের মুনাফা সহ	৫,২৫১,৯০২,০২৭
খ) নগদ লভ্যাংশ প্রস্তাব ২০%	৩৯৪,৫০৪,০০০
গ) নেট সাধারণ তহবিল ও উদ্বৃত্ত	৪,৮৫৭,৩৯৮,০২৭

ঝুঁকি এবং উদ্বেগ

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

মাইনোরিটির স্বার্থ

কর্পোরেট গভর্নেন্স কোডের কোড ১(৫)(xvi) এর সাথে সঙ্গতি রেখে কোম্পানির বোর্ড এর মাধ্যমে নিশ্চিত করে যে মাইনোরিটি শেয়ারহোল্ডারদের স্বার্থ কোম্পানিতে যথাযথভাবে সুরক্ষিত হয়েছে।

পরিচালক নির্বাচন

সংঘর্ষবিধির ১২৫ ও ১২৬ অনুচ্ছেদ অনুযায়ী কোম্পানীর পরিচালক জনাবা অনিতা চৌধুরী এবং জনাব তপন চৌধুরী অবসর গ্রহণ করেছেন এবং পুনঃনির্বাচিত হওয়ার যোগ্য বিধায় পুনঃনির্বাচিত হওয়ার ইচ্ছা প্রকাশ করেছেন। উপরে উল্লিখিত পরিচালকবৃন্দের জীবনবৃত্তান্ত এবং অন্যান্য তথ্য বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের ৩ জুন, ২০১৮ তারিখে প্রজ্ঞাপনের ১.৫ (xxii) সংযুক্তি-iii তে বর্ণিত হয়েছে।

স্বতন্ত্র পরিচালকের নিয়োগ

পরিচালনা পর্ষদ ১ লা আগস্ট, ২০১৮ তারিখে তার সভায় জনাব এস এম রেজাউর রহমানকে স্বতন্ত্র পরিচালক হিসাবে নিযুক্ত করেছেন। উল্লিখিত পরিচালকের সংক্ষিপ্ত জীবনবৃত্তান্ত এবং অন্যান্য তথ্য সংযুক্তি - iii তে বর্ণিত হয়েছে।

হিসাব একত্রীকরণ

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

স্কার ইয়ার্নস লিমিটেডের ছয় মাসের (জুলাই-ডিসেম্বর ২০১৮) আর্থিক প্রতিপাদন, স্কার টেক্সটাইল লিমিটেডের কনসলিডেটেড আর্থিক প্রতিপাদনে বিবেচনায় আনা হয়েছে যেহেতু স্কার ইয়ার্নস, স্কার টেক্সটাইল লিমিটেডের সাথে একীভূত হয়েছে।

বিধিবদ্ধ নিরীক্ষক নিয়োগ

বর্তমান কোম্পানীর নিরীক্ষক মেসার্স আহমদ জাকের এন্ড কোং, চার্টার্ড একাউন্টেন্টস্ ২৪তম বার্ষিক সাধারণ সভায় অবসর গ্রহণ করছেন টানা ৩ (তিন) বছর পূর্ণ হওয়ার পরে। বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের আদেশ অনুসারে তারা পুনরায় নিয়োগের যোগ্য নয়।

মেসার্স কে.এম. হাসান অ্যান্ড কোং, চার্টার্ড অ্যাকাউন্ট্যান্ট ২০১৯-২০২০ সালের জন্য কোম্পানির নিরীক্ষক হিসাবে নিযুক্ত হওয়ার আত্ম প্রকাশ করে। পরিচালনা পর্ষদ তাদের নিয়োগের সুপারিশ করেছেন।

কমপ্লায়েন্স নিরীক্ষক নিয়োগ

মেসার্স চৌধুরী ভট্টাচার্য এন্ড কোং, চার্টার্ড অ্যাকাউন্ট্যান্ট এই বার্ষিক সাধারণ সভায় অবসর গ্রহণ করেছেন এবং যোগ্য হয়ে নিজেদের ২০১৯-২০২০ এর জন্য কোম্পানির কমপ্লায়েন্স অডিটর হিসাবে নিয়োগ দেওয়ার জন্য প্রস্তাব করেছেন।

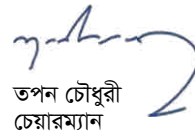
কর্পোরেট গভর্নেন্স কমপ্লায়েন্স প্রতিবেদন

কর্পোরেট গভর্নেন্স হচ্ছে সুনামগরিকত্বের চর্চা যার মাধ্যমে পরিচালনা পর্ষদ কোম্পানীর পরিচালনা করেন, শেয়ার হোল্ডার/স্বার্থ সংশ্লিষ্ট ব্যক্তিবর্গ এবং সমাজের প্রতি জবাবদিহিতার দৃষ্টিভঙ্গি নিয়ে। বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন এর কর্পোরেট গভর্নেন্স কোড ২০১৮ এর নিরিখে একটি বিবরণ ১(৫) ধারা অনুসারে প্রতিপালন প্রতিবেদন, পরিচালক যারা পুনর্নির্বাচিত হইবে তাদের জীবন বৃত্তান্ত, অডিট কমিটি প্রতিবেদন ধারা ৫ (৭) অনুসারে, সিইও এবং সিএফও থেকে সার্টিফিকেট শর্ত নং ৩ (৩) এর অধীনে, কর্পোরেট গভর্নেন্স-এর শর্ত মেনে চলার সার্টিফিকেট এবং কর্পোরেট গভর্নেন্স প্রতিপালন এর সার্টিফিকেট কমপ্লায়েন্স অডিটর দ্বারা এবং প্রতিপালন এর অবস্থা যথাক্রমে সংযুক্তি - i, ii, iii, iv, v ও vi এর মধ্যে বর্ণনা/প্রকাশ করা হলো।

ব্যবস্থাপনা কর্তৃপক্ষের স্বীকৃতি

পরিচালনা পর্ষদ ব্যবসায়িক কার্যক্রমে নির্বাহী ব্যবস্থাপনা, কর্মকর্তা ও শ্রমিক কর্মচারীদের অবদানকে গভীরভাবে মূল্যায়ন করেছে। সারা বিশ্বে বাণিজ্য ও উৎপাদনে বিভিন্ন বৈরী প্রভাব থাকা সত্ত্বেও তাদের নিরলস প্রচেষ্টা কোম্পানীকে উৎপাদনের ধারা অব্যাহত রাখতে সাহায্য করেছে। সম্মানিত শেয়ার-হোল্ডারগণ যে আস্থা পরিচালনা পর্ষদের উপর রেখেছেন তা পরিচালনা পর্ষদকে অনুপ্রাণিত করে আসছে এবং ব্যবস্থাপনা কর্তৃপক্ষ, নির্বাহী কর্মকর্তা ও কর্মচারীগণ তা ধরে রাখতে সচেষ্ট হবেন।

পরিচালনা পর্ষদ বিনীতভাবে বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন, স্টক এক্সচেঞ্জ, জাতীয় রাজস্ব বোর্ড এবং অন্যান্য সরকারি ও বেসরকারি এজেন্সিগুলোকে প্রতিষ্ঠান এর কার্যক্রম পরিচালনায় সহযোগিতা দেয়ার জন্য কৃতজ্ঞতা জানাচ্ছেন। আমরা সকলের ভবিষ্যৎ উন্নয়ন কামনা করি।


তপন চৌধুরী
চেয়ারম্যান



Square Textiles Ltd.

And its Subsidiary

Consolidated

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Financial Statement 2018-2019

INDEPENDENT AUDITORS' REPORT

To the shareholders of SQUARE TEXTILES LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS.

Opinion

We have audited the Consolidate financial statements of SQUARE TEXTILES LIMITED & its subsidiary (the "Group"), as well as the separate financial statements of SQUARE TEXTILES LIMITED (the "Company") which comprise the Consolidated & Separate Statement of Financial Position as at 30 June 2019, and Consolidated & Separate Statement of profit or loss & other Comprehensive Income, Consolidated & Separate Statement of Changes in Equity and Consolidated & Separate Statement of Cash Flows for the year then ended, and notes to the Consolidated & Separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group & separate financial statement of the company give a true and fair view, in all material respects, of the Consolidated & Separate financial position of the company as at 30 June 2019, and its Consolidated & Separate financial profit or loss & other Comprehensive Income and its Consolidated & Separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Opinion

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

Key Audit Matters

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

Risk	Our response to the risk
Revenue Recognition	
<p>Revenue recognition has significant and wide influence on financial statements. Revenue is recognized when the amounts and the related costs are reliably measured, and the performance obligation is complete through passing of control to the customers. Revenue from the sale of goods is recognized at the time when the goods are transferred to the buyer the significant risks and rewards of ownership of the goods.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>We focused on the proper cut-off of sales to the Company's customers. There is a risk of differences between the timing of invoicing of products and the dispatch of the products.</p>	<ul style="list-style-type: none"> ➤ We assessed the appropriateness of revenue recognition accounting policy in line with IFRS 15 Revenue from contracts with customers, ➤ Performed walkthroughs to understand the adequacy and the design of the revenue cycle, ➤ Tested the internal control over financial reporting, we also assessed the existence and accuracy of the sales recorded.
See note no. 20.00 to the Separate financial statements	

Valuation of inventory	
<p>The inventory of Tk. 2,821,819,716 at 30 June, 2019 held in warehouses and across multiple product lines in factory.</p> <p>In order to carry inventory at the lower of cost and net realizable value, management has identified slow moving, obsolete and damaged inventories and made adjustments to the carrying value of these items, the calculation of which requires certain estimates and assumptions.</p>	<p>Our procedures included the following to assess inventory Valuation.</p> <ul style="list-style-type: none"> ➤ Evaluating the design and implementation of key inventory controls operating across the factory and warehouse. ➤ Testing, on a sample basis, the stock aging profile, expiry dates and the market price used in assessing the net realizable values of inventories to the related supporting documents. ➤ Comparing the net realizable value obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories.
See note no. 7.00 to the Separate financial statements	

Risk	Our response to the risk
<p>Revenue Recognition</p> <p>The net deferred tax liability totaling Tk. 235,701,174 as at 30 June, 2019.</p> <p>Significant judgment is required in relation to deferred tax liabilities as it is dependent on forecasts of future profitability over a number of years.</p>	<p>We additionally carried out the following substantive testing for this item.</p> <ul style="list-style-type: none"> ➤ We checked deferred tax expenses and liabilities in the financial statements and compare them with the Company's calculation and records; ➤ We obtained an understanding, evaluated the design and tested the operational effectiveness of the company's key controls over the recognition and measurement of deferred tax liabilities and the assumptions used in estimating the company's future taxable income. ➤ We involved tax specialists to assess key assumptions, controls, recognition and measurement of deferred tax liabilities. ➤ We also assessed the appropriateness of presentation of disclosures against IAS-12 income tax.
See note no.14.00 to the Separate financial statements	

Valuation of Property, Plant and Equipment	
<p>The carrying value of the PPE amounted to Tk. 5,374,733,212 at 30 June, 2019. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements.</p> <p>Expenditures are capitalized if they create new or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of the expenditures involves judgment. The useful lives of PPE items are based on management's estimates regarding the period during which the asset or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.</p>	<p>Our audit included the following procedures.</p> <ul style="list-style-type: none"> ➤ We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent. ➤ We obtained a listing of capital expenditures incurred during the year and, on a sample basis, checked whether the items were procured based on internal purchase order that had been properly approved by the responsible individuals. ➤ We inspected a sample of invoices and L/C documents to determine whether the classification between capital and operating expenditure was appropriate.

Risk	Our response to the risk
Revenue Recognition	
	<ul style="list-style-type: none"> ➤ We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice. ➤ We checked whether the depreciation of PPE items was commenced timely, by comparing the date of the reclassification from capital in progress to ready for use, with the date of the act of completion of the work.
See note no.14.00 to the Separate financial statements	
Merger with Square Yarns Limited	
As per verdict of High Court, company matter no. 165 of 2018, Square Yarns Limited, a private limited company incorporated under Companies Act 1994, has merged with Square Textiles Ltd. from January 01, 2019.	<ul style="list-style-type: none"> ➤ We obtained the order of Honorable High Court & the Scheme of amalgamation approved by the High Court for this merger. <p>We obtained the audited financial statements of Square Yarns Limited for the period ended December 31, 2018.</p> <p>We checked whether the carrying amount of Square Yarns Limited has merged with the financial statement of SQUARE TEXTILES LIMITED as at June 30, 2019.</p>
See note no. 3.14 to the Separate financial statements	

Other Matter

Our opinion have been made on the consolidated financial statement of Square Textiles Limited and subsidiary company Square Texcom Limited as at and for the year ended June 30, 2019 is audited by Chowdhury Bhattacharjee & Co. Chartered Accountant on October 01, 2019 and provided un qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated & separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated & separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of the Consolidated & Separate financial statements of the Group & also separate financial statement of the Company in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of Consolidated & Separate financial statements that are free from material misstatement, whether due to fraud or error. The companies Act, 1994 require the management to ensure effective internal audit, internal control and risk management factions of the company.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, and the Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report that

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- c) The statement of Consolidated & Separate Financial Position, Consolidated & Separate Statement of profit or loss & other Comprehensive Income and Consolidated & Separate Statement of Changes in Equity and Consolidated & Separate Statement of Cash Flows of the Company dealt with by the report are in agreement with the books of account and returns;
- d) The expenditure was incurred for the purpose of the Company's business.

Place: Dhaka
Dated: October 27, 2019



Ahmed Zaker & Co.
Chartered Accountants
AKM Mohitul Haq. FCA
Senior Partner

SQUARE TEXTILES LIMITED

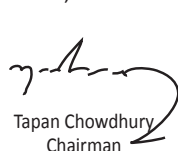
Consolidated Statement of Financial Position

As at June 30, 2019

Particulars	Note	June 30,2019 Taka	June 30,2018 Taka
ASSETS:			
NON-CURRENT ASSETS:			
		6,794,125,077	5,850,815,043
Property, Plant & Equipment- Carrying Value	4.00	6,013,100,252	4,369,283,667
Capital Work In Progress	5.00	724,741,065	1,425,247,616
Goodwill	6.00	56,283,760	56,283,760
CURRENT ASSETS:			
		6,834,205,533	5,708,002,400
Inventories	7.00	3,108,769,448	2,117,499,335
Accounts Receivable	8.00	3,254,869,758	2,537,386,382
Advances, Deposits & Prepayments	9.00	289,933,615	457,007,961
Cash & Cash Equivalents	10.00	180,632,712	596,108,722
TOTAL ASSETS		13,628,330,610	11,558,817,443
SHAREHOLDERS' EQUITY & LIABILITIES			
Shareholders' Equity:		7,498,757,447	7,444,414,383
Share Capital	11.00	1,972,520,000	1,878,590,480
Retained Earnings	12.00	5,526,237,447	5,565,823,903
NON CONTROLLING INTEREST:	13.00	14,938,707	23,924,714
NON-CURRENT LIABILITIES:			
Deferred Tax Liability	14.00	279,327,185	222,054,637
CURRENT LIABILITIES & PROVISIONS:		5,835,307,271	3,868,423,709
Short Term Bank Loan (Secured)	15.00	3,370,859,633	3,416,687,761
Creditors & Other Payables	16.00	71,576,651	131,402,995
Liabilities for Others Finance	17.00	145,174,138	136,623,950
Short Term Loan	18.00	2,168,788,505	1,385,741
Provision for Income Tax	19.00	78,908,344	182,323,262
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		13,628,330,610	11,558,817,443
NET ASSET VALUE PER SHARE (RESTATED)		38.02	37.74

Attached notes form part of these financial statements .
Dated, Dhaka: October 27, 2019

As per our annexed report of even date.


Tapan Chowdhury
Chairman


Samuel S Chowdhury
Managing Director


Sanjib Baran Roy
Company Secretary


Ahmed Zaker & Co.
Chartered Accountants

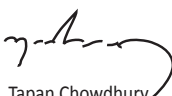
SQUARE TEXTILES LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended June 30, 2019

Particulars	Note	2018-2019	2017-2018
		Taka	Taka
SALES REVENUE	20.00	10,562,041,464	9,411,869,563
Cost of Goods Sold	21.00	(9,425,402,349)	(8,443,275,210)
GROSS PROFIT		1,136,639,115	968,594,353
Administrative Overhead	22.00	(278,901,489)	(286,279,858)
Selling and Distribution Overhead	23.00	(15,559,867)	(10,055,542)
PROFIT FROM OPERATIONS		842,177,759	672,258,953
Finance Cost	24.00	(280,059,922)	(107,733,800)
Non-Operating Income		12,790,260	5,181,890
PROFIT BEFORE W.P.P.F & W.F		574,908,097	569,707,043
Allocation for W.P.P.F & W.F	25.00	(27,376,576)	(27,128,907)
PROFIT BEFORE TAX		547,531,521	542,578,136
Provision for Tax (Current)	26.00	(59,896,768)	(64,328,453)
Provision for Tax (Deferred)	27.00	(57,272,548)	(18,777,387)
Profit After Tax for The Period		430,362,205	459,472,296
Non-Controlling Interest		(1,338,236)	(2,416,813)
Net Income for the Period		429,023,969	457,055,483
EARNINGS PER SHARE (EPS)- RESTATED	28.00	2.18	2.32

Attached notes form part of these financial statements .
Dated, Dhaka: October 27, 2019

As per our annexed report of even date.


Tapan Chowdhury
Chairman


Samuel S Chowdhury
Managing Director


Sanjib Baran Roy
Company Secretary


Ahmed Zaker & Co.
Chartered Accountants

SQUARE TEXTILES LIMITED

Consolidated Statement of Changes in Equity For the Year Ended June 30, 2019

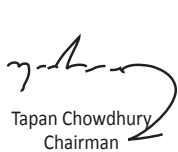
Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2018	1,878,590,480	5,565,823,903	7,444,414,383
Net Profit for the Year Ended June 30, 2019	-	429,023,969	429,023,969
Adjustment of Non controlling Interest	-	1,037,191	1,037,191
Cash Dividend for 2017-18	-	(375,718,096)	(375,718,096)
Stock Dividend for 2017-18	93,929,520	(93,929,520)	-
Balance As at June 30, 2019 Tk.	1,972,520,000	5,526,237,447	7,498,757,447

For the Year Ended June 30, 2018

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2017	1,789,133,790	5,556,051,868	7,345,185,658
Net Profit for the Year Ended June 30, 2018	-	457,055,483	457,055,483
Cash Dividend for 2016-17	-	(357,826,758)	(357,826,758)
Stock Dividend for 2016-17	89,456,690	(89,456,690)	-
Balance As at June 30, 2018 Tk.	1,878,590,480	5,565,823,903	7,444,414,383

Attached notes form part of these financial statements .
Dated, Dhaka: October 27, 2019

As per our annexed report of even date.


Tapan Chowdhury
Chairman


Samuel S Chowdhury
Managing Director


Sanjib Baran Roy
Company Secretary


Ahmed Zaker & Co.
Chartered Accountants

SQUARE TEXTILES LIMITED

Consolidated Statement of Cash Flows For the Year Ended June 30, 2019

Particulars	2018-2019	2017-2018
	Taka	Taka
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Sales Revenue	9,844,558,088	8,805,485,201
Exchange Fluctuation Gain (Realization from Transaction)	6,599,666	3,498,975
Receipts from Other Income	1,947,315	597,793
Total Receipts	9,853,105,069	8,809,581,969
Payments to Suppliers	(8,135,939,006)	(6,378,230,512)
Paid for Operating & Non-operating Expenses	(2,084,602,173)	(2,194,327,758)
Interest Expenses Paid	(240,448,525)	(83,330,142)
Income Tax Paid	(58,842,458)	(101,025,851)
Total Payments	(10,519,832,162)	(8,756,914,263)
Net Cash Generated (Used in) from Operating Activities	(666,727,093)	52,667,706
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales (Purchase) of Property, Plant & Equipment	(1,444,563,624)	(1,418,810,057)
Paid for Non controlling Interest for Merger of SYL	(9,287,050)	-
Net Cash Generated (Used in) from Investing Activities	(1,453,850,674)	(1,418,810,057)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short Term Bank Loan Received/ (Repaid)	(45,828,128)	1,477,139,998
Short Term Loan from/ (To) Sister Company	2,124,536,378	(21,069,052)
Payment of Dividend	(375,718,096)	(357,826,758)
Net Cash Generated (Used in) from Financing Activities	1,702,990,154	1,098,244,188
Increase/ (Decrease) in Cash & Cash Equivalents	(417,587,613)	(267,898,163)
Net effect of foreign currency translation	2,111,603	1,085,122
Opening Cash & Cash Equivalents	596,108,722	862,921,763
CLOSING CASH & CASH EQUIVALENTS	180,632,712	596,108,722
Net Operating Cash Flows Per Share(Restated)	(3.38)	0.27

Attached notes form part of these financial statements .
Dated, Dhaka: October 27, 2019

As per our annexed report of even date.


Tapan Chowdhury
Chairman


Samuel S Chowdhury
Managing Director


Sanjib Baran Roy
Company Secretary


Ahmed Zaker & Co.
Chartered Accountants

SQUARE TEXTILES LIMITED

Notes to the Consolidated Financial Statements

As at and for the year ended June 30, 2019

1. ESTABLISHMENT AND OPERATIONS:

1.1 LEGAL FORM OF THE ENTERPRISES:

Square Textiles Limited (Here in after said as the company) is a public limited company and its subsidiary, Square Texcom Limited incorporated with the Registrar of Joint Stock Companies and Firms, Dhaka, Bangladesh under Companies Act 1913 and Companies Act 1994 respectively. The Company is listed with Dhaka Stock Exchange (DSE) & Chittagong Stock Exchange (CSE).

1.2 ADDRESS OF REGISTERED OFFICE AND FACTORY OF THE COMPANY:

The address of the registered office at Square Centre 48, Mohakhali C/A, Dhaka -1212, Factory at 1) Saradaganj, Kashimpur, Gazipur; 2) Olipur, Habiganj; 3) Kathali, Valuka, Mymensingh.

1.3 NATURE OF BUSINESS:

The company owns Six (6) units of spinning mills, and a twisting mill. Its activities and operations are related with manufacturing and marketing of Yarns.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION:

2.1 STATEMENT OF COMPLIANCE:

The financial statements have been prepared in conformity with the provisions of the Companies Act 1994, The Securities and Exchanges Rules 1987 and other relevant rules and regulations.

2.2 BASIS OF PREPARATION:

The financial statements have been prepared in accordance with the going concern principle and historical cost convention. The significant accounting policies are set out below.

2.3 STATEMENT ON COMPLIANCE OF INTERNATIONAL ACCOUNTING STANDARDS

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

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Statement of Cash Flows
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Reporting Period
IAS 12	Income Taxes
IAS 16	Property, Plant and Equipment
IAS 19	Employee Benefits
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 23	Borrowing Costs
IAS 24	Related Party Disclosures
IAS 33	Earnings per Share
IAS 34	Interim Financial Reporting
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IFRS 3	Business Combination
IFRS 5	Non-Current Assets Held for Sale & Discontinued Operations
IFRS 7	Financial Instruments: Disclosure
IFRS 8	Operating Segments
IFRS 10	Consolidated Financial Statements
IFRS 12	Disclosures of interests in Other Entities
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases

2.4 GOING CONCERN:

As per IAS-1 a company is required to make assessment at the end of each year to assess its capability to continue as going concern. The management of the Company makes such assessment each year. The company has adequate resources to continue in operation for the foreseeable future and has wide coverage of its liabilities. For this reason, the Directors continue to adopt the going concern assumption while the financial statements have been prepared.

2.5 ACCRUAL BASIS:

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

2.6 STRUCTURE CONTENTS AND PRESENTATION OF FINANCIAL STATEMENTS:

The presentation of the financial statements is in accordance with the guidelines provided by IAS-1: "Presentation of Financial Statements". A complete set of financial statements comprise:

- i) Statement of Consolidated Financial Position as at June 30, 2019;
- ii) Statement of Consolidated Profit or Loss and other Comprehensive Income for the year ended June 30, 2019;
- iii) Statement of Consolidated Changes in Equity for the year ended June 30, 2019;
- iv) Statement of Consolidated Cash Flows for the year ended June 30, 2019 and
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the Consolidated Financial Statements for the year ended June 30, 2019.

2.7 STATEMENT OF CASH FLOWS:

The Statement of Cash Flows is prepared using the direct method as stipulated in International Accounting Standards IAS-7, "Statement of Cash Flows"

3.0 PROPERTY, PLANT AND EQUIPMENT:

As per IAS-16, Property, Plant and Equipment are stated at their historical cost less accumulated depreciation. No depreciation has been charged on the Freehold Land and on the Capital work in progress. Depreciation is charged on all other assets on straight-line method. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date that the assets are derecognized.

Depreciation is computed on the straight-line basis over the estimated useful lives as follows:

Particulars	Useful Life (Years)
Factory Building and other Construction	20
Plant & Machinery	10-15
Laboratory & other Equipment	5-8
Furniture & Fixture	5-8
Motor Vehicles	5
Electrical Installation	5-8

3.1 IMPAIRMENT OF ASSET:

As per IAS-36, Revenue and Profitability of the company is Consistent and net worth of the company is growing every year, that indicates our assets are performing at their highest as per our intended procurement and the summation of the discounted future cash flow from the operation of the assets would be positive if we dispose off those assets at the date of financial reporting. But presently we have no intension to dispose off these assets; As such we did not consider to recording the impairment loss/gain.

3.2 INVENTORIES:

As per IAS-2, Inventories comprises of Raw Materials, Raw Materials in transit, Packing Materials, Work in Progress, Finished Goods, Comber Noil, and Spare & Spare Parts in transit. Inventories are valued at the lower of cost and net realizable value. Cost comprises invoice value plus applicable handling charges. Net realizable value is based on estimated selling price less estimated cost to completion and selling expenses.

3.3 EMPLOYEES' SEPARATION PLAN:

Provident Fund:

The company has established an approved contributory provident fund scheme. A board of trustees wholly administers the fund. No part of the fund is included in the asset of the group.

Gratuity Fund:

The Company operates an unfunded gratuity scheme. The Company has applied for recognition of the gratuity fund from National Board of Revenue (NBR).

Group Insurance:

The group has two group insurance schemes for its permanent employees, premium for which is being charged to statement of comprehensive Income.

Worker's Profit & Participation Fund:

The company makes a regular allocation of 5% on net profit before tax to these funds and payment is made to the worker's as per provision of Labor Law 2006 chapter-15.

3.4 REVENUE RECOGNITION:

As per IFRS-15, Revenue is recognized as control is passed, either over time or at a point in time. An entity recognizes revenue over time if one of the following criteria is met: the customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs; the entity's performance creates or enhances an asset that the customer controls as the asset is created; or the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Income refers to increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in an increase in equity, other than those relating to contributions from equity participants.

3.5 OTHER INCOME:

It is recognized when received.

3.6 FOREIGN CURRENCY TRANSACTIONS:

As per IAS-21 Transactions in Foreign Currencies are translated into BDT at the rate of exchange ruling on date of transaction. Monetary assets and liabilities expressed in foreign currencies are translated into BDT at the rate of exchange ruling at the date of Statement of Financial position.

3.7 BORROWING COSTS:

As per IAS-23 Borrowing costs are recognized as expenses in the period in which they incurred and capitalized the same that incurred before commencement of commercial operation.

3.8 FINANCIAL INSTRUMENTS:

As per IFRS-7, Financial assets and liabilities are recognized on the Statement of Financial Position when the company has become a party to a contractual provision of the instrument.

Receivables:

Trade Receivables are stated at their nominal value and considered good. No provision has been made for doubtful debt and no amount was written off as bad.

Payables:

Trade Payables are stated at their nominal value.

Due to/ Due from Related Parties:

Due to/ Due from related parties are stated at nominal value.

Borrowings:

Interest bearing bank loans and overdrafts are recorded at the proceeds received net of direct issue costs. Finance charges are accounted for on an accrual basis.

Financial Risk Management:

The company has exposures to the following risks its use of financial statements:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the group. The Board is assisted in its oversight role by Audit Committee. Internal audit, under the purview of Audit Committee, undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit Risk:

Credit risk is the risk of financial loss to the Company if a buyer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivable from customers and investment securities. The Company's sales are made to renowned RMG Exporting Company. Sales made to the entity are fully secured by Letters of Credit issued by local scheduled banks.

Liquidity Risk:

Liquidity risk is the risk that the Company will unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. In general, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment.

The requirement is determined in advance through cash flows projections and credit lines facilities with banks are negotiated accordingly.

Seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Board also monitors dividend trend to ordinary shareholders.

Market Risk:

Market Risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Capital Risk Management:

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Board also monitors dividend trend to ordinary shareholders.

Money Laundering:

The company considers prevention of money laundering risk not only as a compliance requirement imposed by the law of the country but also as one of its ethical business values.

3.9 LEASE:

As per IFRS-16, The entity has no lease. So, there will be no implication regarding IFRS 16 in this financial year.

3.10 CASH AND CASH EQUIVALENTS:

Cash and cash equivalents comprises cash in hand, bank current accounts, other bank deposits free of encumbrance and having maturity dates of three months or less from respective dates of deposit.

3.11 TAXATION:

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of Comprehensive Income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted on date of Statement of Financial Position.

Deferred Tax:

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted by the date of Statement of Financial Position.

3.12 CONTINGENT LIABILITIES AND ASSETS:

Current or possible obligations or assets arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain events which are not within the control of the company.

3.13 RELATED PARTY TRANSACTION:

The company has some related party transactions in arm length transactions with its sister concern.

3.14 MERGED WITH SQUARE YARNS LIMITED:

As the project of Square Yarns Limited (SYL) is located within the premises of Square Textiles Limited (STxL) at Saradaganj, Kashimpur, Gazipur, the separated operations of various aspects of SYL is a complex one. Since STxL holds 99.48% of the paid-up capital of SYL with only 0.52% being held by the minority shareholders. Board of Directors have recommended for amalgamation under provision of section 228 & 229 of the Companies Act 1994.

The Process of Merger:

After approval of Board of Directors and consent of minority shareholders, the Hon'ble High Court Division of the Supreme Court of Bangladesh has sanctioned the scheme of amalgamation of Square Yarns Ltd. (SYL) share with Square Textiles Ltd. (STxL) on 29th October, 2018. The merger has been executed with effect from January 01, 2019.

Purchase Consideration:

Square Textiles Limited holds 99.48% of the paid-up capital of SYL with only 0.52% being held by the minority shareholders. Compensation of the minority shareholders is based on cash at a book value of shares as on 30 June, 2017 subject to approval by the Court of Jurisdiction, Hon'ble High Court Division of the Supreme Court of Bangladesh.

IFRS Followed for The Business Combination:

IFRS-3 (Business Combinations) is mainly followed for the amalgamation of Square Yarns Ltd. with Square Textiles Ltd. on the basis of equity.

As Per Paragraph 5 of ifrs-3: "Applying The Acquisition Method Requires:

- (a) Identify the acquirer;
- (b) Determining the acquisition date;
- (c) Recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquire; and
- (d) Recognizing and measuring goodwill or a gain from a bargain purchase."

3.15 SEGMENT REPORTING:

As per IFRS-8, As there is a single business and geographic segment within which the company operates as such no segment reporting is felt necessary.

3.16 EARNINGS PER SHARE:

As per IAS-33, Basis Earning per Share (EPS) has been computed dividing the earnings attributable to the weighted average number of the ordinary shares during the period.

3.17 COMPARATIVE FIGURE:

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

3.18 FINANCIAL YEAR:

For this year financial year means, July 01, 2018 to June 30, 2019.

3.19 EVENTS AFTER THE REPORTING PERIOD:

As per IAS-10 "Events after the Reporting Period" are those events favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. There are no events after the end of the reporting period.

3.20 CONSOLIDATED FINANCIAL STATEMENTS:

Consolidated Financial Statements comprise the following:

1. Square Texcom Limited

3.21 GENERAL:

Figures have been rounded off to the nearest taka, as it the reporting currency of these financials.

Particulars	June 30,2019	June 30,2018
	Taka	Taka

4. PROPERTY, PLANT & EQUIPMENT: TK. 6,013,100,252

Details of Property, Plant & Equipment and Depreciation as at June 30, 2019 are shown in the annexed schedule-01. Depreciation for the year charged to Factory Overhead (Note-21.3). The break-up of the balances are depicted below:

Fixed Assets at Cost:

Opening Balance	8,813,079,842	8,561,946,086
Addition during the Year	2,160,369,578	265,969,327
Sale/ Obsolete during the Year	(230,522,431)	(14,835,571)
Closing Balance(Cost)	10,742,926,989	8,813,079,842

Accumulated Depreciation:

Opening Balance	4,443,796,175	4,047,294,966
Charged during the Year	501,253,590	409,249,836
Adjustment for sale/Obsolete	(215,223,028)	(12,748,627)
	4,729,826,737	4,443,796,175

Carrying Value

6,013,100,252	4,369,283,667
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5. CAPITAL WORK IN PROGRESS: TK. 724,741,065

Opening Balance	1,425,247,616	270,319,942
Addition during the Year	673,620,883	1,379,859,210
Transfer to Property, Plant & Equipment	(1,374,127,434)	(224,931,536)
Closing Balance (Cost)	724,741,065	1,425,247,616

Tk.

6. GOODWILL: TK. 56,283,760

Investment in Square Texcom Ltd. (For 95,000 shares of Square Texcom Ltd.)	65,783,760	65,783,760
Less: Face Value of the Shares	9,500,000	9,500,000
	56,283,760	56,283,760

Tk.

7. INVENTORIES: TK. 3,108,769,448

Stocks of Raw Materials

Raw Materials	2,345,843,023	1,316,945,017
Raw Materials In Transit	125,670,959	253,946,100
Packing Materials	19,545,342	13,842,823
Work - in - process	158,585,990	73,007,237
Finished Goods	210,693,439	193,560,442

Stocks of Spares

Spares at Store	241,210,310	239,896,287
Spares in Transit	7,220,385	26,301,429

Tk.

3,108,769,448	2,117,499,335
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The basis of valuation is stated in Note -3(2). Carrying amount of inventories pledged as security. No segmentation of stock is required because of homogenous materials and process.

Particulars	June 30,2019	June 30,2018
	Taka	Taka

8. ACCOUNTS RECEIVABLES: TK. 3,254,869,758

This represents invoice value of goods delivered to customer. This is considered good and collectible.

Aging of the above balance is as follows:

Below 60 days	1,510,695,509	1,043,624,024
Within 61-120 days	1,269,408,592	1,194,206,454
Above 120 days	474,765,657	299,555,904
Tk.	3,254,869,758	2,537,386,382

a) There was no amount due from the Directors (Including Managing Director), Managing Agent, Manager and other Officers of the Company and any of them severally or jointly with any other person.

b) The carrying amount of Trade Debtors pledged as security.

c) Accounts Receivable is secured, considered as good and is falling due within one year. Classification schedule as required by Schedule XI of Companies Act 1994.

9. ADVANCES, DEPOSITS & PREPAYMENTS: TK. 289,933,615

This is made up of the followings:

Advances and Prepayments:	207,243,631	375,973,570
Income Tax	48,571,895	153,041,124
Salary & PF Current account	1,184,000	2,244,602
Other Expenses	22,817,327	21,702,776
Contractor & Suppliers	134,670,409	198,985,068
Deposits:	82,689,984	81,034,391
Security Deposit	73,803,648	70,924,398
Margin on Bank Guarantee	8,886,336	10,109,993
Tk.	289,933,615	457,007,961

(a) There was no amount due from the Directors (Including Managing Director), Managing Agent, Manager and other Officers of the Company and any of them severally or jointly with any other person.

(b) There was no amount was due by the associated undertaking.

(c) The advances & deposits considered good & recoverable.

10. CASH & CASH EQUIVALENTS: TK. 180,632,712

This is made up of the followings:

Cash in Hand	5,885,341	7,535,794
Cash at Bank	174,747,371	588,572,928
Tk.	180,632,712	596,108,722

Foreign currency account balances have been converted to Taka at the ruling rate at the reporting date.

11. SHARE CAPITAL: TK. 1,972,520,000

This is made up of the followings:

Authorized:		
300,000,000 Ordinary Shares of Tk. 10.00 each	3,000,000,000	3,000,000,000
Issued, Subscribed and Paid up:	1,972,520,000	1,878,590,480
(197,252,000 Ordinary Shares of Tk. 10.00 each fully Paid up)		

Particulars	June 30,2019	June 30,2018
	Taka	Taka

The position of shareholders as on June 30, 2019 is as follows:

Shareholders Group	Number of Investors	Number of Shares	Percentage of Share Holding 2018-2019	Percentage of Share Holding 2017-2018
Sponsors/Directors	7	121,959,707	62%	62%
Foreign Investors	5	6,572,330	3%	6%
Institutions	238	41,857,739	21%	19%
General Public	17,194	26,862,224	14%	13%
Total	17,444	197,252,000	100%	100 %

Distribution schedule of each class of equity security setting out the number of holders and percentage as on June 30, 2019.

Range of Holdings	As per Folio		As per BO ID		Total share Holding	In %
	No. of holders	Holdings	No. of holders	Holdings		
Less than 500 shares	3464	306,054	8970	1,081,471	1,387,525	0.70%
500 to 5,000 shares	268	305,466	3762	6,162,011	6,467,477	3.28%
5001 to 10,000 shares	8	58,847	439	3,060,520	3,119,367	1.58%
10,001 to 20,000 shares	4	58,452	255	3,543,547	3,601,999	1.83%
20,001 to 30,000 shares	2	54,478	78	1,871,659	1,926,137	0.98%
30,001 to 40,000 shares	2	65,762	43	1,468,145	1,533,907	0.78%
40,001 to 50,000 shares	3	140,791	20	898,718	1,039,509	0.53%
50,001 to 100,000 shares	4	339,693	45	3,076,833	3,416,526	1.73%
100,001 to 1,000,000 shares	5	2,430,515	52	14,476,740	16,907,255	8.57%
Over 1,000,000 shares	9	63,128,875	11	94,723,423	157,852,298	80.03%
Total	3,769	66,888,933	13,675	130,363,067	197,252,000	100.00

12. RETAINED EARNINGS: TK. 5,526,237,447

Opening Balance

Add: Surplus for the Year

Adjustment of Non controlling Interest

Less: Cash Dividend paid during the Year

Less: Appropriation for stock dividend

5,565,823,903

429,023,969

1,037,191

(375,718,096)

(93,929,520)

5,526,237,447

5,556,051,868

457,055,483

-

(357,826,758)

(89,456,690)

5,565,823,903

13. NON CONTROLLING INTEREST: TK. 14,938,707

5,000 shares of Tk 100 at par of Square Yarns Limited

5,000 shares of Tk 100 at par of Square Texcom Ltd.

Shares of Accumulated Profit

Adjustment of Non controlling Interest of SYL

Paid to NCI for Merger of SYL

500,000

500,000

24,262,948

(1,037,191)

(9,287,050)

14,938,707

500,000

500,000

22,924,714

-

-

23,924,714

(a) This represents the minority share holdings in Square Yarns Limited and Square Texcom Ltd as on June 30, 2019.

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

Particulars	June 30,2019	June 30,2018
	Taka	Taka

14. DEFERRED TAX LIABILITY: TK. 279,327,185

Opening Balance	222,054,637	203,277,250
Deferred tax Liabilities	57,272,548	18,777,387
Closing Balance	Tk. 279,327,185	222,054,637

This represents tax liability payable in future due to accumulated taxable temporary differences (Above deferred tax balance create only from difference between accounting basis depreciation and tax basis depreciation on fixed assets).

A) Deferred Tax Liability is Arrived at as Follows:

Carrying Value of Depreciable Fixed Assets	5,332,662,371	3,692,397,786
Less: Tax Base Carrying Value	(3,470,481,142)	(2,212,033,539)
Taxable Temporary Difference	1,862,181,229	1,480,364,247
Tax Rate	15.00%	15.00%
Closing Deferred Tax Liability	279,327,185	222,054,637
Less: Opening Deferred Tax Liability	(222,054,637)	(203,277,250)
Deferred Tax (Income) / Expense	57,272,548	18,777,387

15. SHORT TERM BANK LOAN (SECURED): TK. 3,370,859,633

Bank Overdraft	72,936	5,569,544
Revolving Loan	800,000,000	-
Loan ag. Export Bill Discount	616,960,527	-
L/C Liabilities	1,953,826,170	3,411,118,217
Tk.	3,370,859,633	3,416,687,761

These short term loans are secured against hypothecation of Stock and Accounts Receivable.

16. CREDITORS & OTHER PAYABLES: TK. 71,576,651

Creditors & Other Payables	71,576,651	131,402,995
Tk.	71,576,651	131,402,995

This represents amount payable to regular suppliers of packing materials, utilities, and other services rendered to the company. All suppliers were paid on a regular basis.

17. LIABILITIES FOR OTHER FINANCE: TK. 145,174,138

This is made up of the followings:

Retention Money	305,299	1,781,837
WPPF & Other Fund	23,608,002	27,128,907
Provision for Gratuity	34,989,040	-
Others	86,271,797	107,713,206
Tk.	145,174,138	136,623,950

18. SHORT TERM LOAN: TK. 2,168,788,505

Loan from Square Pharma. Ltd.	2,168,788,505	1,385,741
Tk.	2,168,788,505	1,385,741

19. PROVISION FOR INCOME TAX TK. 78,908,344

Opening Balance	182,323,262	368,938,056
Adjustment with Advance Tax	(163,311,686)	(250,943,247)
Current Year Provision	59,896,768	64,328,453
Closing Balance	Tk. 78,908,344	182,323,262

Particulars	June 30,2019	June 30,2018
	Taka	Taka

20. SALES: TK. 10,562,041,464

Sales Comprises the following:

In Quantity(KG)

Opening Stock	808,992	666,112
Production during the Year	39,856,706	31,481,902
Available for Sale	40,665,698	32,148,014
Closing Stock	(840,909)	(808,992)
Sales during the year	39,824,789	31,339,022
(To be accounted for as follows)		

Sales Accounted as follows:

In Quantity(KG)

Export Sale of Yarns	39,824,789	31,339,022
	39,824,789	31,339,022

In Taka

Export Sale of Yarns	10,562,041,464	9,411,869,563
	10,562,041,464	9,411,869,563

21. COST OF GOODS SOLD TK. 9,425,402,349

This is arrived as follows:

Raw Materials Consumed (Note-21.1)	7,070,621,165	6,171,179,917
Packing Materials Consumed (Note-21.2)	101,236,647	85,274,192
Factory Overhead (Note- 21.3)	2,356,256,287	2,221,310,872
Cost of Goods Manufactured	9,528,114,099	8,477,764,981
Work-In-Process (Opening)	73,007,237	86,734,976
Work-In-Process (Closing)	(158,585,990)	(73,007,237)
Cost of Production	9,442,535,346	8,491,492,720
Finished Goods (Opening)	193,560,442	145,342,932
Finished Goods (Closing)	(210,693,439)	(193,560,442)
Cost of Goods Sold	9,425,402,349	8,443,275,210

21.1 RAW MATERIAL CONSUMED: Tk. 7,070,621,165

This is arrived as follows:

In Quantity(KG)

Opening Stock	7,070,326	6,531,416
Purchase during the year	51,265,791	35,080,079
Raw Materials Available for Consumption	58,336,117	41,611,495
Closing Stock	(15,154,635)	(7,070,326)
Raw Materials Consumed	43,181,482	34,541,169

In Taka

Opening Stock	1,316,945,017	1,244,686,448
Purchase during the year	8,099,519,171	6,243,438,486
Raw Materials Available for Consumption	9,416,464,188	7,488,124,934
Closing Stock	(2,345,843,023)	(1,316,945,017)
Raw Materials Consumed	7,070,621,165	6,171,179,917

21.2. PACKING MATERIAL CONSUMED: TK. 101,236,647

This is arrived as follows:

Opening Stock	13,842,823	12,055,558
Purchase during the Year	106,939,166	87,061,457
Available for Production	120,781,989	99,117,015
Closing Stock	(19,545,342)	(13,842,823)
Packing Material Consumed	101,236,647	85,274,192

Particulars	June 30,2019	June 30,2018
	Taka	Taka
21.3. FACTORY OVERHEAD: TK. 2,356,256,287		
Factory Wages, Salary & Allowances	858,697,343	721,061,616
Travelling & Conveyance	303,860	168,814
Overseas Travelling	430,311	82,096
Recruitment & Training Expenses	107,340	60,669
Printing Expenses	289,027	257,551
Stationery Expenses	1,743,673	1,556,240
Software & Hardware Support Expenses	2,817,058	3,358,793
Production Workers' Free Lunch	3,921,416	4,370,361
Uniform & Liveries	363,556	256,197
Fuel, Petrol, Light, Diesel etc.	58,514,173	137,707,049
Electricity, Gas & Water	625,396,587	606,226,179
Factory Consumable Expense	52,190,712	63,676,776
Medical Expenses	1,404,636	815,060
Repairs & Maintenance of Vehicles	15,119,637	16,962,558
Papers, Books and Periodicals	62,070	22,790
Industrial All Risk Insurance Premium	18,468,167	12,565,314
Postage, Telephone, Fax & Telex	352,700	219,889
Govt.Tax, VAT & License Fees	3,566,683	3,668,859
Security Services	18,619,132	19,165,867
Spare Parts - Machinery	191,323,654	218,588,963
Group Insurance	1,310,962	1,269,395
Depreciation (Schedule-1)	501,253,590	409,249,836
Total	2,356,256,287	2,221,310,872

22. ADMINISTRATIVE OVERHEAD: TK. 278,901,489

Salary and Allowances	127,661,897	141,801,588
Directors' Remuneration	39,316,356	35,765,796
Travelling & Conveyance	875,255	930,008
Overseas Travelling	55,286,736	51,503,344
Recruitment & Training Expenses	498,034	548,760
Head Office Employees' Free Lunch	1,472,058	1,778,361
Uniform & Liveries	170,150	168,681
Printing Expenses	476,287	379,397
Stationery Expenses	142,076	634,027
Software & Hardware Support Expenses	2,679,046	2,847,923
Postage, Telephone, Fax & Telex	452,586	407,523
Electricity, Gas & Water	3,577,711	2,951,569
Office Consumable Expense	2,484,432	3,200,268
Rental Expenses	13,212,862	11,635,064
Vehicles Running & Maintenance	10,380,545	13,418,692
Medical Expenses	792,936	485,121
Group Insurance	455,249	427,134
Bank Charges & Commission	3,399,622	1,278,364
Fees & Subscription	9,893,562	12,610,740
Security Service	463,185	537,654
Govt. Tax, Stamp Duty & Licence Fees	3,046,677	1,015,306
Annual General Meeting Expenses	1,390,277	1,536,628
Audit Fees	773,950	417,910
Total	278,901,489	286,279,858

a) Audit Fees represent auditors' remuneration for audit of the Company's Financial Statements for the Year ended.

Particulars	June 30,2019	June 30,2018
	Taka	Taka

23. SELLING & DISTRIBUTION OVERHEAD: TK. 15,559,867

This is arrived as follows:

Export Sale Expenses	11,161,969	8,229,821
Loading & Unloading	4,397,898	1,825,721
Total	Tk. 15,559,867	10,055,542

24. FINANCE COST: TK. 280,059,922

This is arrived as follows:

Interest on Short Term Loan	280,059,922	107,733,800
Tk.	280,059,922	107,733,800

Interest expenses is derived from short-term loan and is recognized on an accrual basis. The finance cost includes no interest on any sort of borrowing from directors including managing director and managers.

25. ALLOCATION FOR W.P.P.F & W.F: Tk. 27,376,576 27,128,907

This represents 5% of Net Income before Tax after charging the allocation as per provisions of the Labour Law 2016.

26. PROVISION FOR INCOME TAX: Tk. 59,896,768 64,328,453

This represents estimated Income Tax on Net Profit for the year and adjustment any short/excess provision for prior years.

27. PROVISION FOR DEFERRED TAX: Tk. 57,272,548 18,777,387

This represents tax liability payable in future due to accumulated taxable temporary differences (Above deferred tax balance create only from difference between accounting basis depreciation and tax basis depreciation on fixed assets).

28. EARNING PER SHARE (EPS):

The Computation is given below:

Earning attributable to Ordinary Shares including other income	429,023,969	457,055,483
Number of Ordinary shares	197,252,000	197,252,000
Earnings Per Share	2.18	2.32

28.1 NET ASSET VALUE (NAV) PER SHARE:

The Computation is given below:

Equity Attributable to the Owners of the Company	7,498,757,447	7,444,414,383
Number of Ordinary shares	197,252,000	197,252,000
Net Asset Value (NAV) Per Share	38.02	37.74

Particulars	June 30,2019	June 30,2018
	Taka	Taka

28.2. NET OPERATING CASH FLOWS PER SHARE (NOCFPS):

The Computation is given below:

Net Cash Generated (Used in) from Operating Activities	(666,727,093)	52,667,706
Number of Ordinary shares	197,252,000	197,252,000
Net Operating Cash flows per Share (NOCFPS)	(3.38)	0.27

28.3 RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES:

The Computation is given below:

Profit After Tax	429,023,969	457,055,483
Adjustment to reconcile net profit to net cash provided by operating activities :		
Non-cash Expenses:	558,526,138	428,027,223
Depreciation	501,253,590	409,249,836
Deferred Tax	57,272,548	18,777,387
Non-Operating Items:	42,093,017	2,400,194
Interest Expenses/ (Income) on Sister Company Loan	41,829,193	1,068,503
Net effect of foreign currency translation	(2,111,603)	(1,085,122)
Profit Ratio of Non controlling Interest	1,338,236	2,416,813
Adjustment of Non controlling Interest	1,037,191	-
Changes in working Capital:	(1,696,370,217)	(834,815,194)
(Increase)/Decrease in Inventories	(991,270,113)	(153,594,840)
(Increase)/Decrease in Accounts Receivable	(717,483,376)	(606,384,362)
(Increase)/Decrease in Advances, Deposits & Prepayments	167,074,346	126,066,301
Increase/(Decrease) in Creditors & Other Payables	(59,826,344)	14,323,924
Increase/(Decrease) in Liabilities for Others Finance	8,550,188	(28,611,423)
Increase/(Decrease) in Income Tax Payable	(103,414,918)	(186,614,794)
Net Cash Generated (Used in) from Operating Activities	(666,727,093)	52,667,706

SQUARE TEXTILES LIMITED

Consolidated Schedule of Property, Plant and Equipment

Property, Plant and Equipment - Tk. 6,013,100,252

Schedule-01

PARTICULARS	Balance as at July 01, 2018	COST			Balance as at June 30, 2019	DEPRECIATION				Written Down Value as at June 30, 2019
		During the Period		Balance as at July 01, 2018		During the Period		Balance as at June 30, 2019		
		Additions	Sales/Obsoletes			Charged	Adjustments			
Land & Land Development	676,885,881	3,552,000	-	680,437,881	-	-	-	-	680,437,881	
Building-Factory & Utility	947,278,812	319,673,629	-	1,266,952,441	411,891,992	42,437,013	-	454,329,005	812,623,436	
Building-Others	474,427,325	2,148,335	-	476,575,660	197,202,766	22,918,544	-	220,121,310	256,454,350	
Sheds	23,847,688	-	-	23,847,688	21,867,967	742,395	-	22,610,362	1,237,326	
Plant & Machinery	6,088,776,531	1,669,654,628	(214,175,449)	7,544,255,710	3,434,303,749	372,857,657	(203,264,442)	3,603,896,964	3,940,358,746	
Laboratory Equipment	3,117,910	15,808,275	-	18,926,185	2,354,935	276,580	-	2,631,515	16,294,670	
Electrical Installation	256,408,646	79,813,797	-	336,222,443	180,577,954	22,100,075	-	202,678,029	133,544,414	
Gas Line Installation	49,145,684	-	-	49,145,684	24,608,566	2,454,096	-	27,062,662	22,083,022	
Motor Vehicles	188,592,441	27,947,933	(16,215,000)	200,325,374	113,191,068	28,064,849	(11,826,604)	129,429,313	70,896,061	
Office Equipment	16,149,171	2,667,770	(131,982)	18,684,959	12,168,578	1,762,281	(131,982)	13,798,877	4,886,082	
Furniture & Fixture	15,921,414	8,685,325	-	24,606,739	14,050,049	580,931	-	14,630,980	9,975,759	
Computer	4,593,161	276,511	-	4,869,672	3,267,225	625,432	-	3,892,657	977,015	
Software	-	2,300,000	-	2,300,000	-	54,762	-	54,762	2,245,238	
Boundary Wall	53,472,006	1,215,646	-	54,687,652	16,905,977	2,680,183	-	19,586,160	35,101,492	
Deep Tube-Well	5,050,800	-	-	5,050,800	3,774,494	174,358	-	3,948,852	1,101,948	
Safety & Security Equipment	1,316,308	1,233,082	-	2,549,390	1,248,411	238,941	-	1,487,352	1,062,038	
Communication and Network Equipment	4,293,919	560,000	-	4,853,919	3,513,906	391,965	-	3,905,871	948,048	
Other Assets	3,802,145	24,832,647	-	28,634,792	2,868,538	2,893,528	-	5,762,066	22,872,726	
As at June 30, 2019	8,813,079,842	2,160,369,578	(230,522,431)	10,742,926,989	4,443,796,175	501,253,590	(215,223,028)	4,729,826,737	6,013,100,252	
As at June 30, 2018	8,561,946,086	265,969,327	(14,835,571)	8,813,079,842	4,047,294,966	409,249,836	(12,748,627)	4,443,796,175	4,369,283,667	



Square Textiles Ltd.

Standalone



Financial Statement 2018-2019

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SQUARE TEXTILES LIMITED

Statement of Financial Position As at June 30, 2019

Particulars	Note	June 30,2019 Taka	June 30,2018 Taka
ASSETS:			
Non-Current Assets		6,557,711,203	4,994,687,046
Property, Plant & Equipment- Carrying Value	04	5,374,733,212	3,001,819,096
Capital Work In Progress	05	693,644,112	1,408,534,071
Investment - Long Term (At Cost)	06	489,333,879	584,333,879
Current Assets		6,396,837,207	4,430,793,243
Inventories	07	2,821,819,716	1,478,552,169
Accounts Receivable	08	2,993,583,494	1,999,834,667
Advances, Deposits & Prepayments	09	264,470,342	391,186,509
Short Term Loan	10	161,617,019	123,843,099
Cash & Cash Equivalents	11	155,346,636	437,376,799
TOTAL ASSETS		12,954,548,410	9,425,480,289
SHAREHOLDERS' EQUITY & LIABILITIES:			
Shareholders' Equity		7,224,422,027	5,386,033,532
Share Capital	12	1,972,520,000	1,878,590,480
Retained Earnings	13	5,251,902,027	3,507,443,052
Non-Current Liabilities		235,701,174	128,579,505
Deferred Tax Liability	14	235,701,174	128,579,505
Current Liabilities & Provisions		5,494,425,209	3,910,867,252
Short Term Bank Loan (Secured)	15	3,055,112,511	2,897,754,665
Creditors & Others Payable	16	64,229,574	79,467,584
Liabilities for Other Finance	17	135,543,502	116,974,941
Short Term Loan	18	2,168,788,505	724,638,161
Provision for Income Tax	19	70,751,117	92,031,901
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		12,954,548,410	9,425,480,289
Net Asset Value Per Share (Restated)		36.63	27.31

Attached notes form part of these financial statements .
Dated, Dhaka: October 27, 2019

As per our annexed report of even date.


Tapan Chowdhury
Chairman


Samuel S Chowdhury
Managing Director


Sanjib Baran Roy
Company Secretary


Ahmed Zaker & Co.
Chartered Accountants


SQUARE TEXTILES LIMITED

Statement of Profit or Loss and other Comprehensive Income For the Year Ended June 30, 2019

Particulars	Notes	2018-2019	2017-2018
		Taka	Taka
SALES REVENUE	20	8,896,244,091	6,367,124,698
Cost of Goods Sold	21	(7,944,893,270)	(5,695,595,049)
GROSS PROFIT		951,350,821	671,529,649
Administrative Expenses	22	(241,149,856)	(221,509,044)
Selling and Distribution Expenses	23	(12,351,542)	(5,834,014)
PROFIT FROM OPERATIONS		697,849,423	444,186,591
Finance Cost	24	(254,157,870)	(86,090,059)
Non-Operating Income	25	14,014,592	7,350,278
PROFIT BEFORE W.P.P.F & W.F		457,706,145	365,446,810
Allocation for W.P.P.F & W.F	26	(21,795,531)	(17,402,229)
PROFIT BEFORE TAX		435,910,614	348,044,581
Provision for Tax (Current)	27	(35,860,653)	(38,200,677)
Provision for Tax (Deferred)		(53,587,981)	(18,929,976)
PROFIT AFTER TAX FOR THE YEAR		346,461,980	290,913,928
(Transferred to the Statement of Changes Equity)			
Earning Per Share (EPS)-Restated	28	1.76	1.47

Attached notes form part of these financial statements .
Dated, Dhaka: October 27, 2019

As per our annexed report of even date.


Tapan Chowdhury
Chairman


Samuel S Chowdhury
Managing Director


Sanjib Baran Roy
Company Secretary


Ahmed Zaker & Co.
Chartered Accountants

SQUARE TEXTILES LIMITED

Statement of Changes in Equity For the Year Ended June 30, 2019

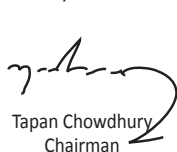
Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2018	1,878,590,480	3,507,443,052	5,386,033,532
Net Profit for the Year Ended June 30, 2019	-	346,461,980	346,461,980
Cash Dividend for 2017-18	-	(375,718,096)	(375,718,096)
Stock Dividend for 2017-18	93,929,520	(93,929,520)	-
Balance from Amalgamation of SQUARE Yarns Ltd.	-	1,867,644,611	1,867,644,611
Balance As at June 30, 2019 Tk.	1,972,520,000	5,251,902,027	7,224,422,027

For the Year Ended June 30, 2018

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2017	1,789,133,790	3,663,812,572	5,452,946,362
Net Profit for the Year ended June 30, 2018	-	290,913,928	290,913,928
Cash Dividend for the Year 2016-17	-	(357,826,758)	(357,826,758)
Stock Dividend for the Year 2016-17	89,456,690	(89,456,690)	-
Balance As at June 30, 2018 Tk.	1,878,590,480	3,507,443,052	5,386,033,532

Attached notes form part of these financial statements .
Dated, Dhaka: October 27, 2019

As per our annexed report of even date.


Tapan Chowdhury
Chairman


Samuel S Chowdhury
Managing Director


Sanjib Baran Roy
Company Secretary


Ahmed Zaker & Co.
Chartered Accountants

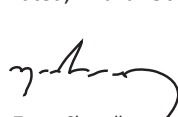
SQUARE TEXTILES LIMITED

Statement of Cash Flows For the Year Ended June 30, 2019

Particulars	2018-2019 Taka	2017-2018 Taka
CASH FLOWS FROM OPERATING ACTIVITIES:		
RECEIPTS:		
Receipts from Sales Revenue	8,164,635,258	5,711,888,809
Exchange Fluctuation Gain (Realization from Transaction)	5,569,550	2,793,756
Receipts from Other Income	1,928,212	523,971
Total Receipts	8,172,133,020	5,715,206,536
PAYMENTS:		
Payments to Suppliers	(6,883,680,753)	(4,333,405,344)
Paid for Operating and Non-operating Expenses	(1,710,317,564)	(1,569,169,828)
Interest Expenses	(214,195,591)	(60,997,318)
Income Tax	(50,318,547)	(43,108,098)
Total Payments	(8,858,512,455)	(6,006,680,588)
Net Cash Generated (Used in) from Operating Activities	(686,379,435)	(291,474,052)
CASH FLOW FROM INVESTING ACTIVITIES:		
Sales (Purchase) of Property, Plant & Equipment	(1,423,584,303)	(1,341,726,034)
Paid for Non controlling Interest for Merger of SYL	(9,287,050)	-
Net Cash Generated (Used in) from Investing Activities	(1,432,871,353)	(1,341,726,034)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short Term Bank Loan Received/ (Repaid)	(29,219,532)	1,367,067,706
Short Term Loan from/ (To) Sister Company	2,176,613,443	687,639,278
Payment of Dividend	(375,718,096)	(357,826,758)
Net Cash Generated (Used in) from Financing Activities	1,771,675,815	1,696,880,226
Increase/ (Decrease) in Cash & Cash Equivalents	(347,574,973)	63,680,140
Net effect of foreign currency translation	1,834,630	613,204
Opening Cash & Cash Equivalents	437,376,799	373,083,455
Cash Balance of SYL from Merger	63,710,180	-
CLOSING CASH & CASH EQUIVALENTS	Tk. 155,346,636	437,376,799
Net Operating Cash flows per Share (Restated)	(3.48)	(1.48)

Attached notes form part of these financial statements .
Dated, Dhaka: October 27, 2019

As per our annexed report of even date.


Tapan Chowdhury
Chairman


Samuel S Chowdhury
Managing Director


Sanjib Baran Roy
Company Secretary


Ahmed Zaker & Co.
Chartered Accountants

SQUARE TEXTILES LIMITED

Notes to the Separate Financial Statements

As at and for the year ended June 30, 2019

1. ESTABLISHMENT AND OPERATIONS:

1.1 LEGAL FORM OF THE ENTERPRISES:

Square Textiles Limited (Here in after said as the company) is a public limited company incorporated with the Registrar of Joint Stock Companies and Firms, Dhaka, Bangladesh under Companies Act 1913. The principal activities of the company are described in notes 1.3.

1.2 ADDRESS OF REGISTERED OFFICE AND FACTORY OF THE COMPANY:

The address of the registered office at Square Centre 48, Mohakhali C/A, Dhaka -1212, Factory at Saradaganj, Kashimpur, Gazipur and Olipur, Habiganj.

1.3 NATURE OF BUSINESS:

The company owns Five (5) units of spinning mills, and a twisting mill. Its activities and operations are related with manufacturing and marketing of Yarns.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION:

2.1 STATEMENT OF COMPLIANCE:

The financial statements have been prepared in conformity with the provisions of the Companies Act 1994, The Securities and Exchanges Rules 1987 and other relevant rules and regulations.

2.2 BASIS OF PREPARATION:

The financial statements have been prepared in accordance with the going concern principle and historical cost convention. The significant accounting policies are set out below.

2.3 STATEMENT ON COMPLIANCE OF INTERNATIONAL ACCOUNTING STANDARDS:

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

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Statement of Cash Flows
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Reporting Period
IAS 12	Income Taxes
IAS 16	Property, Plant and Equipment
IAS 19	Employee Benefits
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 23	Borrowing Costs
IAS 24	Related Party Disclosures
IAS 33	Earnings per Share
IAS 34	Interim Financial Reporting
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IFRS 3	Business Combination
IFRS 5	Non-Current Assets Held for Sale & Discontinued Operations
IFRS 7	Financial Instruments: Disclosure
IFRS 8	Operating Segments
IFRS 12	Disclosures of interests in Other Entities
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases

2.4 GOING CONCERN:

As per IAS-1 a company is required to make assessment at the end of each year to assess its capability to continue as going concern. The management of the Company makes such assessment each year. The company has adequate resources to continue in operation for the foreseeable future and has wide coverage of its liabilities. For this reason, the Directors continue to adopt the going concern assumption while the financial statements have been prepared.

2.5 ACCRUAL BASIS:

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

2.6 STRUCTURE CONTENTS AND PRESENTATION OF FINANCIAL STATEMENTS:

The presentation of the financial statements is in accordance with the guidelines provided by IAS-1: "Presentation of Financial Statements". A complete set of financial statements comprise:

- i) Statement of Financial Position as at June 30, 2019;
- ii) Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2019;
- iii) Statement of Changes in Equity for the year ended June 30, 2019;
- iv) Statement of Cash Flows for the year ended June 30, 2019 and
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the Financial Statements for the year ended June 30, 2019.

2.7 STATEMENT OF CASH FLOWS:

The Statement of Cash Flows is prepared using the direct method as stipulated in International Accounting Standards IAS-7, "Statement of Cash Flows"

3.0 PROPERTY, PLANT AND EQUIPMENT:

As per IAS-16, Property, Plant and Equipment are stated at their historical cost less accumulated depreciation. No depreciation has been charged on the Freehold Land and on the Capital work in progress. Depreciation is charged on all other assets on straight-line method. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date that the assets are derecognized.

Depreciation is computed on the straight-line basis over the estimated useful lives as follows:

Particulars	Useful Life (Years)
Factory Building and other Construction	20
Plant & Machinery	10-15
Laboratory & other Equipment	5-8
Furniture & Fixture	5-8
Motor Vehicles	5
Electrical Installation	5-8

3.1 IMPAIRMENT OF ASSET:

As per IAS-36, Revenue and Profitability of the company is Consistent and net worth of the company is growing every year, that indicates our assets are performing at their highest as per our intended procurement and the summation of the discounted future cash flow from the operation of the assets would be positive if we dispose off those assets at the date of financial reporting. But presently we have no intension to dispose off these assets; As such we did not consider to recording the impairment loss/gain.

3.2 INVENTORIES:

As per IAS-2, Inventories comprises of Raw Materials, Raw Materials in transit, Packing Materials, Work in Progress, Finished Goods, Comber Noil, and Spare & Spare Parts in transit. Inventories are valued at the lower of cost and net realizable value. Cost comprises invoice value plus applicable handling charges. Net realizable value is based on estimated selling price less estimated cost to completion and selling expenses.

3.3 EMPLOYEES' SEPARATION PLAN:

Provident Fund:

The company has established an approved contributory provident fund scheme. A board of trustees wholly administers the fund. No part of the fund is included in the asset of the group.

Gratuity Fund:

The Company operates an unfunded gratuity scheme. The Company has applied for recognition of the gratuity fund from National Board of Revenue (NBR).

Group Insurance:

The group has two group insurance schemes for its permanent employees, premium for which is being charged to statement of comprehensive Income.

Worker's Profit & Participation Fund:

The company makes a regular allocation of 5% on net profit before tax to these funds and payment is made to the worker's as per provision of Labor Law 2006 chapter-15.

3.4 REVENUE RECOGNITION:

As per IFRS-15, Revenue is recognized as control is passed, either over time or at a point in time. An entity recognizes revenue over time if one of the following criteria is met: the customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs; the entity's performance creates or enhances an asset that the customer controls as the asset is created; or the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Income refers to increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in an increase in equity, other than those relating to contributions from equity participants.

3.5 OTHER INCOME:

It is recognized when received.

3.6 FOREIGN CURRENCY TRANSACTIONS:

As per IAS-21 Transactions in Foreign Currencies are translated into BDT at the rate of exchange ruling on date of transaction. Monetary assets and liabilities expressed in foreign currencies are translated into BDT at the rate of exchange ruling at the date of Statement of Financial position.

3.7 BORROWING COSTS:

As per IAS-23 Borrowing costs are recognized as expenses in the period in which they incurred and capitalized the same that incurred before commencement of commercial operation.

3.8 FINANCIAL INSTRUMENTS:

As per IFRS-7, Financial assets and liabilities are recognized on the Statement of Financial Position when the company has become a party to a contractual provision of the instrument.

Receivables:

Trade Receivables are stated at their nominal value and considered good. No provision has been made for doubtful debt and no amount was written off as bad.

Payables:

Trade Payables are stated at their nominal value.

Due to/ Due from related parties:

Due to/ Due from related parties are stated at nominal value.

Borrowings:

Interest bearing bank loans and overdrafts are recorded at the proceeds received net of direct issue costs. Finance charges are accounted for on an accrual basis.

Financial Risk Management:

The company has exposures to the following risks its use of financial statements:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the group. The Board is assisted in its oversight role by Audit Committee. Internal audit, under the purview of Audit Committee, undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit Risk:

Credit risk is the risk of financial loss to the Company if a buyer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivable from customers and investment securities. The Company's sales are made to renowned RMG Exporting Company. Sales made to the entity are fully secured by Letters of Credit issued by local scheduled banks.

Liquidity Risk:

Liquidity risk is the risk that the Company will unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. In general, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment.

The requirement is determined in advance through cash flows projections and credit lines facilities with banks are negotiated accordingly.

Seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Board also monitors dividend trend to ordinary shareholders.

Market Risk:

Market Risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Capital Risk Management:

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Board also monitors dividend trend to ordinary shareholders.

Money Laundering:

The company considers prevention of money laundering risk not only as a compliance requirement imposed by the law of the country but also as one of its ethical business values.

3.9 LEASE:

As per IFRS-16, The entity has no lease. So, there will be no implication regarding IFRS 16 in this financial year.

3.10 CASH AND CASH EQUIVALENTS:

Cash and cash equivalents comprises cash in hand, bank current accounts, other bank deposits free of encumbrance and having maturity dates of three months or less from respective dates of deposit.

3.11 TAXATION:

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of Comprehensive Income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted on date of Statement of Financial Position.

Deferred Tax:

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted by the date of Statement of Financial Position.

3.12 CONTINGENT LIABILITIES AND ASSETS:

Current or possible obligations or assets arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain events which are not within the control of the company.

3.13 RELATED PARTY TRANSACTION:

The company has some related party transactions in arm length transactions with its sister concern.

3.14 MERGED WITH SQUARE YEARN'S LIMITED

As the project of Square Yarns Limited (SYL) is located within the premises of Square Textiles Limited (STxL) at Saradaganj, Kashimpur, Gazipur, the separated operations of various aspects of SYL is a complex one. Since STxL holds 99.48% of the paid-up capital of SYL with only 0.52% being held by the minority shareholders. Board of Directors have recommended for amalgamation under provision of section 228 & 229 of the Companies Act 1994.

The process of merger:

After approval of Board of Directors and consent of minority shareholders, the Hon'ble High Court Division of the Supreme Court of Bangladesh has sanctioned the scheme of amalgamation of Square Yarns Ltd. (SYL) share with Square Textiles Ltd. (STxL) on 29th October, 2018. The merger has been executed with effect from January 01, 2019.

Purchase consideration:

Square Textiles Limited holds 99.48% of the paid-up capital of SYL with only 0.52% being held by the minority shareholders. Compensation of the minority shareholders is based on cash at a book value of shares as on 30 June, 2017 subject to approval by the Court of Jurisdiction, Hon'ble High Court Division of the Supreme Court of Bangladesh.

IFRS Followed for the Business Combination:

IFRS-3 (Business Combinations) is mainly followed for the amalgamation of Square Yarns Ltd. with Square Textiles Ltd. on the basis of equity.

AS per paragraph 5 of IFRS-3: "Applying the acquisition method requires:

- (a) Identify the acquirer;
- (b) Determining the acquisition date;
- (c) Recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquire; and
- (d) Recognizing and measuring goodwill or a gain from a bargain purchase."

3.15 SEGMENT REPORTING:

As per IFRS-8, As there is a single business and geographic segment within which the company operates as such no segment reporting is felt necessary.

3.16 EARNINGS PER SHARE:

As per IAS-33, Basis Earning per Share (EPS) has been computed dividing the earnings attributable to the weighted average number of the ordinary shares during the period.

3.17 COMPARATIVE FIGURE:

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

3.18 FINANCIAL YEAR:

For this year financial year means, July 01, 2018 to June 30, 2019.

3.19 EVENTS AFTER THE REPORTING PERIOD:

As per IAS-10 "Events after the Reporting Period" are those events favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. There are no events after the end of the reporting period.

3.20 GENERAL:

Figures have been rounded off to the nearest taka, as it the reporting currency of these financials.

Particulars	June 30,2019	June 30,2018
	Taka	Taka

4. PROPERTY PLANT & EQUIPMENT: TK. 5,374,733,212

Details of Property, Plant & Equipment and Depreciation as at June 30, 2019 are shown in the annexed schedule-02. Depreciation for the year charged to Factory Overhead (Note-21.3). The break-up of the balances are depicted below:

Fixed Assets at Cost

Opening Balance	5,985,889,409	5,808,792,102
Balance of SYL after Merger	1,825,727,192	-
Addition during the Year	2,142,853,713	183,407,307
Sale/ Obsolete during the Year	(210,214,508)	(6,310,000)
Closing Balance(Cost)	9,744,255,806	5,985,889,409

Accumulated Depreciation

Opening Balance	2,984,070,313	2,750,311,205
Balance of SYL after Merger	1,205,388,269	-
Charged during the Year	385,899,069	240,069,108
Adjustment for sale/Obsolete	(205,835,057)	(6,310,000)
Closing Balance	4,369,522,594	2,984,070,313
Carrying Value	Tk. 5,374,733,212	3,001,819,096

5. CAPITAL WORK IN PROGRESS: TK. 693,644,112

Opening Balance	1,408,534,071	250,215,344
Addition during the Year	648,499,835	1,339,861,443
Transfer to Property, Plant & Equipment	(1,363,389,794)	(181,542,716)
Closing Balance(Cost)	Tk. 693,644,112	1,408,534,071

The Capital work in progress includes Civil construction (Tk/ 265,571,949), Plant and Machinery (Tk/ 1,024,773,048) and other Assets (Tk/ 73,044,797). This year it has been transferred to Non-current assets is completed and ready for use as per management intention.

6. INVESTMENT- LONG TERM (AT COST): TK. 489,333,879

This represents investments in shares of Square Yarns Ltd & Square Texcom Ltd.

a) Investment in Share of Square Yarns Limited (950,000 Shares of Tk. 100 each)	-	95,000,000
b) Investment in Shares of Square Texcom Limited (95,000 Shares of Tk. 100 each)	65,783,760	65,783,760
c) Advance against Share Money Deposit of Square Texcom Limited (95,000 Shares of Tk. 100 each)	423,550,119	423,550,119
Tk.	489,333,879	584,333,879

1) Square Yarns Limited, a Private limited company incorporated under Companies Act 1994, has Merged with Square Textiles Ltd. from January 01, 2019.

2) Square Texcom Limited, a private limited company incorporated under Companies Act 1994. a

Particulars	June 30,2019 Taka	June 30,2018 Taka
7. INVENTORIES: TK. 2,821,819,716		
Stocks of Raw Materials	2,587,607,181	1,267,037,971
Raw Materials	2,157,356,247	987,719,563
Raw Materials In Transit	95,897,741	77,114,929
Packing Materials	17,022,366	10,534,616
Work - in - process	118,430,636	42,694,518
Finished Goods	198,900,191	148,974,345
Stocks of Spares	234,212,535	211,514,198
Spares at Store	227,623,673	194,217,841
Spares in Transit	6,588,862	17,296,357
Tk.	2,821,819,716	1,478,552,169

The basis of valuation is stated in Note -3.2, carrying amount of inventories pledged as security.

8. ACCOUNTS RECEIVABLE: TK. 2,993,583,494

This represents invoice value of goods delivered to customer. This is considered good and collectible.

Aging of the above balance is as follows:

Below 60 days	1,384,809,142	864,286,947
Within 61-120 days	1,181,647,848	902,795,356
Above 120 days	427,126,504	232,752,364
Tk.	2,993,583,494	1,999,834,667

- There was no amount due from the Directors (Including Managing Director), Managing Agent, Manager and other Officers of the Company and any of them severally or jointly with any other person.
- The carrying amount of Trade Debtors pledged as security.
- Accounts Receivable is secured, considered as good and is falling due within one year. Classification schedule as required by Schedule XI of Companies Act 1994.

9. ADVANCES, DEPOSITS & PREPAYMENTS: TK. 264,470,342

This is made up of the followings:

Advances:	193,246,899	334,833,685
Income Tax	43,637,491	125,021,010
Salary & PF Current account	1,181,000	1,995,000
Other Expenses	17,173,605	14,458,064
Suppliers & Contractor	131,254,803	193,359,611
Deposits:	71,223,443	56,352,824
Security Deposit	63,127,583	49,539,729
Margin of Bank Guarantee	8,095,860	6,813,095
Tk.	264,470,342	391,186,509

- There was no amount due from the Directors (Including Managing Director), Managing Agent, Manager and other Officers of the Company and any of them severally or jointly with any other person.
- There was no amount was due by the associated undertaking.
- The advances & deposits considered good & recoverable.

10. SHORT TERM LOAN: TK. 161,617,019

Loan To Square Texcom Limited	161,617,019	123,843,099
Short Term Loan Given	161,617,019	123,843,099

The above amount is unsecured but considered good and bears interest @1% above the commercial Bank's interest rate.

Particulars	June 30,2019	June 30,2018
	Taka	Taka

11. CASH & CASH EQUIVALENTS: TK. 155,346,636

This is made up of the followings:

Cash in Hand	4,717,640	5,619,110
Cash at Bank	150,628,996	431,757,689
Tk.	155,346,636	437,376,799

Foreign currency account balances have been converted to Taka at the ruling rate at the reporting date.

12.SHARE CAPITAL: TK. 1,972,520,000

This is made up of the followings:

Authorized:

300,000,000 Ordinary Shares of Tk. 10.00 each	3,000,000,000	3,000,000,000
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Issued, Subscribed and Paid up:

Opening Balance	1,878,590,480	1,789,133,790
Bonus Share Issued	93,929,520	89,456,690
(9,392,952 Ordinary Shares of Tk. 10.00 each fully Paid up)	1,972,520,000	1,878,590,480

The position of shareholders as on June 30, 2019 is as follows:

Shareholders Group	Number of Investors	Number of Shares	Percentage of Share Holding 2018-2019	Percentage of Share Holding 2017-2018
Sponsors/Directors	7	121,959,707	62 %	62%
Foreigners	5	6,572,330	3 %	6 %
Institutions	238	41,857,739	21 %	19 %
General Public	17,194	26,862,224	14%	13%
Total	17,444	197,252,100	100 %	100 %

Distribution schedule of each class of equity security setting out the number of holders and percentage as on June 30, 2019.

Range of Holdings	As per Folio		As per BO ID		Total share Holding	In %
	No. of holders	Holdings	No. of holders	Holdings		
Less than 500 shares	3464	306,054	8970	1,081,471	1,387,525	0.70%
500 to 5,000 shares	268	305,466	3762	6,162,011	6,467,477	3.28%
5001 to 10,000 shares	8	58,847	439	3,060,520	3,119,367	1.58%
10,001 to 20,000 shares	4	58,452	255	3,543,547	3,601,999	1.83%
20,001 to 30,000 shares	2	54,478	78	1,871,659	1,926,137	0.98%
30,001 to 40,000 shares	2	65,762	43	1,468,145	1,533,907	0.78%
40,001 to 50,000 shares	3	140,791	20	898,718	1,039,509	0.53%
50,001 to 100,000 shares	4	339,693	45	3,076,833	3,416,526	1.73%
100,001 to 1,000,000 shares	5	2,430,515	52	14,476,740	16,907,255	8.57%
Over 1,000,000 shares	9	63,128,875	11	94,723,423	157,852,298	80.03%
Total	3,769	66,888,933	13,675	130,363,067	197,252,000	100.00%

Particulars	June 30,2019	June 30,2018
	Taka	Taka
13. RETAINED EARNINGS: TK. 5,251,902,027		
Opening Balance	3,507,443,052	3,663,812,572
Add: Net income during the Year	346,461,980	290,913,928
Less: Cash Dividend paid during the Year	(375,718,096)	(357,826,758)
Less: Appropriation for stock dividend during the Year	(93,929,520)	(89,456,690)
Add: Balance from Amalgamation of SQUARE Yarns Ltd.	1,867,644,611	-
Tk.	5,251,902,027	3,507,443,052
14. DEFERRED TAX LIABILITY: TK. 235,701,174		
Opening Balance	128,579,505	109,649,529
Deferred Tax Liabilities of SYL after Merger	53,533,688	-
Deferred Tax Liabilities	53,587,981	18,929,976
Closing Balance	235,701,174	128,579,505
This represents tax liability payable in future due to accumulated taxable temporary differences (Above deferred tax balance create only from difference between accounting basis depreciation and tax basis depreciation on fixed assets).		
a) Deferred Tax Liability is arrived at as follows:		
Carrying Value of Depreciable Fixed Assets	4,734,224,195	2,367,972,537
Less: Tax Base Carrying Value	(3,162,883,038)	(1,510,775,836)
Taxable Temporary Difference	1,571,341,157	857,196,701
Tax Rate	15.00%	15.00%
Closing Deferred Tax Liability	235,701,174	128,579,505
Less: Opening Deferred Tax Liability	(128,579,505)	(109,649,529)
Less: Deferred tax Liabilities of SYL after Merger	(53,533,688)	-
Deferred Tax (Income) / Expense	53,587,981	18,929,976
15. SHORT TERM BANK LOAN (SECURED): TK. 3,055,112,511		
Bank Overdraft	15,264	5,569,544
Revolving Loan	800,000,000	-
Loan ag. Export Bill Discount	616,960,527	-
Deferred LC Loan	1,638,136,720	2,892,185,121
	3,055,112,511	2,897,754,665
These short term loans are secured against hypothecation of Stock and Accounts Receivable.		
16. CREDITORS & OTHERS PAYABLE: TK. 64,229,574		
Creditors & Others Payable	64,229,574	79,467,584
	64,229,574	79,467,584
This represents amount payable to regular suppliers of packing materials, utilities, and other services rendered to the company. All suppliers were paid on a regular basis.		
17. LIABILITIES FOR OTHER FINANCE: TK. 135,543,502		
Retention Money	238,218	1,714,756
WPPF & Other Fund	21,795,531	17,402,229
Provision for Gratuity	30,026,145	-
Others	83,483,608	97,857,956
	135,543,502	116,974,941
18. SHORT TERM LOAN: TK. 2,168,788,505		
This is made up as follows:		
Loan From Sqaure Pharma. Ltd.	2,168,788,505	1,385,741
Loan from Square Yarns Ltd.	-	723,252,420
Short Term Loan Received	2,168,788,505	724,638,161

Particulars	June 30,2019	June 30,2018
	Taka	Taka
19. PROVISION FOR INCOME TAX: TK. 70,751,117		
Opening Balance	92,031,901	182,829,429
Provision for tax Liabilities of SYL after Merger	101,744,149	-
Adjustment with Advance Tax	(158,885,586)	(128,998,205)
Provision made for the period	35,860,653	38,200,677
Closing Balance	70,751,117	92,031,901
20. SALES: TK. 8,896,244,091		
Sales Comprises the following: In Quantity (KG)		
Opening Stock	621,995	451,690
Balance from Square Yarns Ltd. after Merger	142,535	-
Production during the Year	33,622,604	22,925,478
Available for Sale	34,387,134	23,377,168
Closing Stock	(778,048)	(621,995)
Sales during the year	33,609,086	22,755,173
(To be accounted for as follows)		
Sales Accounted as follows:		
Export Sale of Yarns	33,609,086	22,755,173
In Taka		
Export Sale of Yarns	8,896,244,091	6,367,124,698
Tk.	8,896,244,091	6,367,124,698
21. COST OF GOODS SOLD: TK. 7,944,893,270		
This is arrived as follows:		
Raw Materials Consumed (Note-21.1)	6,040,169,162	4,139,044,400
Packing Materials Consumed (Note-21.2)	85,725,202	60,165,053
Factory Overhead (Note- 21.3)	1,890,941,844	1,532,471,751
Cost of Goods Manufactured	8,016,836,208	5,731,681,204
Work-In-Process (Opening)	42,694,518	59,965,200
Balance from Square Yarns Ltd. after Merger	21,309,456	-
Work-In-Process (Closing)	(118,430,636)	(42,694,518)
Cost of Production	7,962,409,546	5,748,951,886
Finished Goods (Opening)	148,974,345	95,617,508
Balance from Square Yarns Ltd. after Merger	32,409,570	-
Finished Goods (Closing)	(198,900,191)	(148,974,345)
Cost of Goods Sold	7,944,893,270	5,695,595,049
21.1 RAW MATERIALS CONSUMED: TK. 6,040,169,162		
This is arrived as follows:		
In Quantity(KG)		
Opening Stock	5,489,560	4,944,183
Balance from Square Yarns Ltd. after Merger	1,020,315	-
Purchase during the year	43,559,269	25,293,343
Raw Materials Available for Consumption	50,069,144	30,237,526
Closing Stock	(13,938,950)	(5,489,560)
Raw Materials Consumed	36,130,194	24,747,966
In Taka		
Opening Stock	987,719,563	898,396,232
Balance from Square Yarns Ltd. after Merger	384,898,444	-
Purchase during the year	6,824,907,402	4,228,367,731
Raw Materials Available for Consumption	8,197,525,409	5,126,763,963
Closing Stock	(2,157,356,247)	(987,719,563)
Raw Materials Consumed	6,040,169,162	4,139,044,400

Particulars	June 30,2019	June 30,2018
	Taka	Taka
21.2. PACKING MATERIALS CONSUMED: TK. 85,725,202		
This is arrived as follows:		
Opening Stock	10,534,616	5,547,666
Balance from Square Yarns Ltd. after Merger	1,571,692	-
Purchase during the Year	90,641,260	65,152,003
Available for production	102,747,568	70,699,669
Closing Stock	(17,022,366)	(10,534,616)
Packing Materials Consumed	85,725,202	60,165,053
Tk.		

21.3. FACTORY OVERHEAD: TK. 1,890,941,844

Factory Wages, Salary & Allowances	661,387,598	450,721,594
Travelling & Conveyance	207,830	44,614
Overseas Travelling	430,311	74,089
Recruitment & Training Expenses	85,417	54,128
Printing Expenses	212,586	134,378
Stationery Expenses	1,413,673	1,053,633
Software & Hardware Support Expenses	2,135,815	2,706,564
Production Workers' Free Lunch	3,415,844	3,015,008
Uniform & Liveries	312,376	196,760
Fuel, Petrol, Light, Diesel etc.	50,462,674	128,243,449
Electricity, Gas & Water	542,049,700	482,485,291
Factory Consumable Expense	38,936,851	38,931,107
Medical Expenses	986,078	546,904
Repairs & Maintenance of Vehicles	12,622,607	13,433,252
Papers, Books and Periodicals	47,430	14,810
Industrial All Risk Insurance Premium	12,901,183	8,018,556
Postage, Telephone, Fax & Telex	322,295	172,732
Govt.Tax, VAT & License Fees	3,028,921	2,265,498
Security Services	12,022,875	9,480,475
Spare Parts - Machinery	161,055,120	150,006,480
Group Insurance	1,005,591	803,321
Depreciation (Schedule-1)	385,899,069	240,069,108
Total	1,890,941,844	1,532,471,751
Tk.		

22. ADMINISTRATIVE OVERHEAD: TK. 241,149,856

Salary and Allowances	103,615,094	108,724,229
Directors' Remuneration	39,316,356	35,765,796
Travelling & Conveyance	787,255	742,403
Overseas Travelling	45,579,569	29,503,189
Recruitment & Training Expenses	498,034	537,760
Head Office Employees' Free Lunch	1,420,763	1,704,421
Uniform & Liveries	144,862	127,474
Printing Expenses	457,113	373,937
Stationery Expenses	141,316	602,440
Software & Hardware Support Expenses	2,154,485	1,788,846
Postage, Telephone, Fax & Telex	446,807	401,380
Electricity, Gas & Water	3,155,391	2,080,483
Office Consumable Expense	2,205,529	2,733,279
Rental Expenses	13,110,862	9,080,468
Vehicles Running & Maintenance	9,536,650	12,259,975
Medical Expenses	648,382	364,123
Group Insurance	447,475	396,097
Bank Charges & Commission	3,155,465	607,384
Fees & Subscription	9,176,769	10,798,087
Security Service	463,185	468,840
Govt. Tax, Stamp Duty & Licence Fees	2,757,142	581,295
Annual General Meeting Expenses	1,390,277	1,536,628
Audit Fees	541,075	330,510
Total	241,149,856	221,509,044
Tk.		

a) Audit Fees represent auditors' remuneration for audit of the Company's Financial Statements for the Year ended.

Particulars	June 30,2019	June 30,2018
	Taka	Taka

23. SELLING & DISTRIBUTION OVERHEAD: TK. 12,351,542

This is arrived as follows:

Export Sale Expenses	8,793,560	4,852,662
Loading & unloading	3,557,982	981,352
Total	Tk. 12,351,542	5,834,014

24. FINANCE COST: TK. 254,157,870

Interest on Short Term Loan	254,157,870	86,090,059
Tk.	254,157,870	86,090,059

Interest expenses is derived from short-term loan and is recognized on an accrual basis. The finance cost includes no interest on any sort of borrowing from directors including managing director and managers.

25. NON-OPERATING INCOME: TK. 14,014,592

This is made up as follows:

Interest Income	5,047,362	3,943,318
Gain/Loss on Disposal of Assets	1,563,049	-
Forex Exchange Rate Fluctuation Gain/ (Loss)	7,404,181	3,406,960
Tk.	14,014,592	7,350,278

26. ALLOCATION FOR W.P.P.F & W.F : TK. 21,795,531

Tk.	21,795,531	17,402,229
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This represents 5% of Net Income before Tax after charging the allocation as per provisions of the Companies Profit under Labour Law 2016.

27. PROVISION FOR INCOME TAX FOR THE YEAR: TK. 35,860,653

Tk.	35,860,653	38,200,677
------------	-------------------	-------------------

This represents estimated Income Tax on Net Income for the year and adjustment any short/excess provision for prior years.

28. EARNINGS PER SHARE (EPS):

The Computation is given below:

Earning attributable to Ordinary Shares including other income	346,461,980	290,913,928
Number of Ordinary shares	197,252,000	197,252,000
Earnings Per Share (EPS)	Tk. 1.76	1.47

Particulars	June 30,2019	June 30,2018
	Taka	Taka

28.01 NET ASSET VALUE (NAV) PER SHARE:

The Computation is given below:

Equity Attributable to the Owners of the Company	7,224,422,027	5,386,033,532
Number of Ordinary shares	197,252,000	197,252,000
Net Asset Value (NAV) Per Share	36.63	27.31

28.02 NET OPERATING CASH FLOWS PER SHARE (NOCFPS):

The Computation is given below:

Net Cash Generated (Used in) from Operating Activities	(686,379,435)	(291,474,052)
Number of Ordinary shares	197,252,000	197,252,000
Net Operating Cash flows per Share (NOCFPS)	(3.48)	(1.48)

28.03 RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES:

The Computation is given below:

Profit After Tax	346,461,980	290,913,928
-------------------------	--------------------	--------------------

ADJUSTMENT TO RECONCILE NET PROFIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES :

Non-cash Expenses:	439,487,050	258,999,084
Depreciation	385,899,069	240,069,108
Deferred Tax	53,587,981	18,929,976
Non-Operating Items:	38,481,232	(181,591)
Interest Expenses/ (Income) on Sister Company Loan	40,315,862	431,613
Net effect of foreign currency translation	(1,834,630)	(613,204)
Changes in working Capital:	(1,510,809,697)	(841,205,473)
(Increase)/Decrease in Inventories	(791,902,028)	(151,858,905)
(Increase)/Decrease in Accounts Receivable	(731,608,833)	(655,235,889)
(Increase)/Decrease in Advances, Deposits & Prepayments	172,463,124	74,070,702
Increase/(Decrease) in Creditors & Others Payable	(45,062,380)	14,083,073
Increase/(Decrease) in Liabilities for Other Finance	8,325,352	(31,466,926)
Increase/(Decrease) in Income Tax Payable	(123,024,932)	(90,797,528)
Net Cash Generated (Used in) from Operating Activities	(686,379,435)	(291,474,052)

Particulars	June 30,2019	June 30,2018
	Taka	Taka

29. APPROPRIATION DURING THE YEAR

The appropriations for the year 2017-18 have been reflected in the " Statement of Changes in Equity". The Board of Directors proposed cash dividend of Tk. 2 (Taka Two) only per share for the year 2018-19. It will be recognized as liability in the accounts as and when the proposal approved by the shareholders in the Annual General Meeting (AGM). The total amount of Proposed Cash Dividend for the year 2018-19 is calculated at Tk. 394,504,000

30. NUMBER OF EMPLOYEES:

The Number of employees and expenses incurred for employees during the year as follows:

No. of Employees:

Below Tk. 71,880.00 p.a

Tk. 71,880.00 and Above

-	-
3,965	2,427
3,965	2,427

Amount in Taka

Below Tk. 71,880.00 p.a

Tk. 71,880.00 and Above

-	-
765,002,692	559,445,823
Tk. 765,002,692	559,445,823

There is no Salary/Wages/Remuneration below Tk.5,990/- per month with w.e.f May 2018.

31. KEY MANAGEMENT PERSONNEL COMPENSATION:

During the year, the amount of compensation paid to Key Management Personnel including Board of Directors is as under (As para 17 of IAS 24):

Short Term Employee Benefits

Post Employment Benefits

Other Long Term Benefits

Termination Benefits

Share Based Payment

105,681,755	102,961,001
7,380,189	5,544,772
-	-
-	-
-	-

32. CAPITAL EXPENDITURE COMMITMENT:

Contract for capital expenditure are being executed by the Contractors and running bills are accounted for but the unfinished contracts has not been reflected in this Financial Statements.

33. CLAIM ACKNOWLEDGEMENT:

There was no claim against the Company not acknowledged as debt as on June 30, 2019.

34. CONTINGENT LIABILITY:

34.1 Contingent Liability of the Company was Tk. 1,297,220,698/- as on June 30, 2019 for opening LCs by the banks in favour of foreign suppliers for raw materials and spares.

34.2 There was no facts and figures for which the company has contingent liability to any party other than to Banks as on June 30, 2019.

Particulars	June 30,2019	June 30,2018
	Taka	Taka

35. PRODUCTION CAPACITY AND UTILIZATION:

Capacity Installed:

No. of Spindles Installed	122,976	81,648
No. of Rotor Heads Installed	3,960	3,960
No. of Vortex Heads Installed	2,784	672

Capacity Utilised:

No. of Spindles Operated	122,976	81,648
No. of Rotor Heads Operated	3,960	3,960
No. of Vortex Heads Operated	2,784	672

Production Target (In Kg):

-At Equivalent 30s Count (Ring Yarn)	18,171,216	9,944,673
- At Equivalent 14s Count (O/E Yarn)	9,042,222	10,043,927
- At Equivalent 30s Count (Vortex Yarn)	7,927,500	2,450,000
	35,140,938	22,438,600

Actual Production (In Kg):

-At Equivalent 30s Count (Ring Yarn)	17,617,160	9,400,675
- At Equivalent 14s Count (O/E Yarn)	8,722,390	9,810,863
- At Equivalent 30s Count (Vortex Yarn)	7,642,423	2,388,957
	33,981,973	21,600,495

During the last few years we had to face hard competition in the national & international market. To cope with the situation we have adopted multiple product mix to attain high margin as strategy of value addition through product differentiation. Hence, we have restated the production capacity installation criterion and actual production quantity to make them (The production data) equivalent & comparable.

36. DIVIDEND PAID TO THE SHAREHOLDERS:

During the year under review total cash dividend amounting to Tk. 375,718,096 has been paid to the shareholders.

37. CREDIT FACILITY:

There was no credit facility available to the Company under any contract other than bank credit facility and trade credit available in the ordinary course of business.

38. EVENT AFTER THE BALANCE SHEET DATE:

Events after the reporting date that provide additional information about the Company's position at the reporting date are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.

Particulars	June 30,2019	June 30,2018
	Taka	Taka

39. RELATED PARTY TRANSACTION:

During the year, the Company carried out a number of transactions with related parties in the normal course of business and on an arms' length basis. The name of related parties, nature of relationship and their total value have been set out in accordance with the provisions of IAS 24 : Related Party Disclosure.

Transaction with Sqaure Pharma. Ltd. (SPL):

Total Received during the year	(3,061,606,816)	(93,100,563)
Total Paid during the year	892,818,311	91,714,822
Closing Balance- Receivable/ (Payable)	Tk. (2,168,788,505)	(1,385,741)

Transaction with Square Yarns Ltd. (SYL):

Total Received during the year	(876,285,713)	(798,264,528)
Total Paid during the year	876,285,713	75,012,108
Closing Balance- Receivable/ (Payable)	Tk. -	(723,252,420)

Transaction with Square Texcom Ltd. (STCL):

Total Received during the year	(130,056,473)	(64,625,981)
Total Paid during the year	291,673,492	188,469,080
Closing Balance- Receivable/ (Payable)	Tk. 161,617,019	123,843,099

Transaction with Aegis Services Ltd.(ASL):

Total Service Received during the year	(14,459,802)	(9,648,537)
Total Paid during the year	14,459,802	9,648,537
Closing Balance- Receivable/ (Payable)	Tk. -	-

Transaction with Square Informatix Ltd.(SIL):

Total Service Received during the year	(4,634,990)	(9,716,257)
Total Paid during the year	4,634,990	9,716,257
Closing Balance- Receivable/ (Payable)	Tk. -	-

Transaction with Square Hospitals Ltd.(SHL):

Total Service Received during the year	(1,443,070)	(423,274)
Total Paid during the year	1,443,070	423,274
Closing Balance- Receivable/ (Payable)	Tk. -	-

Transaction with Square Fashions Ltd.(SFL):

Total Received during the year	(641,034,460)	(975,593,483)
Total Goods Delivered during the year	960,267,603	1,163,792,468
Closing Balance- Receivable/ (Payable)	Tk. 319,233,143	188,198,985

Transaction with Square Denims Ltd. (SDL):

Total Received during the year	(351,425,562)	(293,316,287)
Total Goods Delivered during the year	527,379,307	459,213,857
Closing Balance- Receivable/ (Payable)	Tk. 175,953,745	165,897,570

Transaction with Square Apparels Ltd.(SAPL):

Total Received during the year	(124,156,287)	(165,245,535)
Total Goods Delivered during the year	229,716,558	298,653,172
Closing Balance- Receivable/ (Payable)	Tk. 105,560,271	133,407,637

40. APPROVAL OF ACCOUNTS

These financial statements have been approved by the board on October 22, 2019.

SQUARE TEXTILES LIMITED

Schedule of Property, Plant and Equipment

Property, Plant and Equipment - Tk. 5,374,733,212

Schedule-02

PARTICULARS	At 01st July 2018	Balance of SYL Amalgamation January 1, 2019	COST		At 30th June 2019	DEPRECIATION				Written Down Value as at 30th June 2019	
			During the period			At 01st July 2018	Balance of SYL Amalgamation January 1, 2019	During the Period			At 30th June 2019
			Additions	Sales/Obsoletes				Charged	Adjustments		
Land & Land Development	633,846,559	6,662,458	-	-	640,509,017	-	-	-	-	640,509,017	
Building-Factory & Utility	647,787,352	179,260,468	319,673,629	-	1,146,721,449	287,630,822	90,801,244	31,660,886	-	410,092,952	
Building-Others	254,718,884	107,172,835	-	-	361,891,719	125,883,158	64,277,447	13,184,665	-	203,345,270	
Sheds	16,111,160	-	-	-	16,111,160	14,131,439	-	742,395	-	14,873,834	
Plant & Machinery	3,991,309,204	1,449,829,467	1,658,226,931	(198,057,526)	6,901,308,076	2,305,549,733	974,618,773	287,856,421	(196,954,232)	3,371,070,695	
Laboratory Equipment	2,210,444	445,000	15,808,275	-	18,463,719	1,447,469	445,000	276,580	-	2,169,049	
Electrical Installation	177,494,249	42,578,672	79,813,797	-	299,886,718	108,723,775	42,578,672	18,509,581	-	169,812,028	
Gas Line Installation	42,317,459	1,361,072	-	-	43,678,531	20,928,755	1,361,072	2,087,291	-	24,377,118	
Motor Vehicles	137,827,441	28,245,000	27,947,933	(12,025,000)	181,995,374	74,919,550	22,922,196	23,477,211	(8,748,843)	112,570,114	
Office Equipment	12,299,264	2,627,836	2,359,504	(131,982)	17,154,622	10,356,940	1,396,797	1,256,420	(131,982)	12,878,175	
Furniture & Fixture	10,000,952	4,804,977	8,669,758	-	23,475,687	8,671,431	4,787,086	478,654	-	13,937,171	
Computer	3,317,912	768,350	276,511	-	4,362,773	2,496,604	521,088	433,039	-	3,450,731	
Software	-	-	2,300,000	-	2,300,000	-	-	54,762	-	54,762	
Boundary Wall	47,254,613	-	1,215,646	-	48,470,259	15,541,306	-	2,378,459	-	17,919,765	
Deep Tube-Well	2,506,125	224,675	-	-	2,730,800	2,506,125	143,689	8,026	-	2,657,840	
Safety & Security Equipment	595,325	415,100	1,233,082	-	2,243,507	539,664	404,938	236,867	-	1,181,469	
Communication and Network Equipment	3,966,578	236,000	560,000	-	4,762,578	3,333,574	112,608	368,348	-	3,814,530	
Other Assets	2,325,888	1,095,282	24,768,647	-	28,189,817	1,409,968	1,017,659	2,889,464	-	5,317,091	
As at June 30, 2019	5,985,889,409	1,825,727,192	2,142,853,713	(210,214,508)	9,744,255,806	2,984,070,313	1,205,388,269	385,899,069	(205,835,057)	4,369,522,594	
As at June 30, 2018	5,808,792,102	-	183,407,307	(6,310,000)	5,985,889,409	2,750,311,205	-	240,069,108	(6,310,000)	2,984,070,313	
										3,001,819,096	

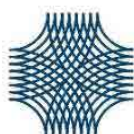
Notes Standalone



Square Texcom Ltd.

Subsidiary

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Financial Statement 2018-2019

SQUARE TEXCOM LIMITED

Directors' Report to the Members for the year ended 30 June, 2019.

I have the pleasure on behalf of the Board of Directors to submit to you its Report along with its audited accounts containing the Statement of Financial Position as of June 30, 2019, Statement of Profit or loss and other Comprehensive Income, Changes in Equity and Cash Flows for the year ended June 30, 2019 and the Auditors Report thereon in terms of the provisions of section 184 of the Companies Act 1994 and IAS codes:

OPERATIONAL RESULTS

The operational performance during the years 2017-2018 and 2018-2019 are as follows:

Particulars	In million	
	2018-19	2017-18
Turnover	934.72	879.64
Gross Profit	96.79	96.65
Net Profit (AT)	20.08	34.28
Gross Margin	10.35%	10.99%
Net Margin (AT)	2.15%	3.90%
Earning Per Shares	200.82	342.75
Par value Tk. 100		

The above reveals that the Turnover and Gross Profit increased by 6.26%, 0.15% respectively but Net Profit (AT) decreased by 41.41% during year under review.

MARKET OPERATIONS

Similar to the Square Textiles Limited, Square Texcom Limited has been also based on exports at almost 100% level with less than significant local sales. This is in line with the group's policy of export production in the greater interest of the Company.

SHAREHOLDING

The Company has issued total of 1,00,000 share of Tk. 100 each. The present shareholding pattern of the company is as follows:

Name of the Shareholders	Shareholding (shares)	(%)
Mr. Samuel S Chowdhury	1,166	1.166
Mr. Tapan Chowdhury	1,166	1.166
Mr. Anjan Chowdhury	1,166	1.166
Mrs. Ratna Patra	1,166	1.166
Mrs. Anita Chowdhury	336	0.336
M/s Square Textiles Ltd.	95,000	95.00
Total -	1,00,000	100.00

On the basis of the above shareholdings, Square Texcom Ltd. has the status of subsidiary to Square Textiles Limited.

BOARD OF DIRECTORS

The following persons are the Members of the Board of Directors of the Company:

Mr. Samuel S Chowdhury	Chairman
Mrs. Ratna Patra	Vice-Chairman
Mr. Anjan Chowdhury	Managing Director
Mr. Tapan Chowdhury	Director
Mrs. Nihad Kabir	Director
(Nominee of Square Textiles Ltd.)	

● Assets ● Turnover ● Profit Tk. in million



CAPITAL EXPENDITURE

A contract for capital expenditure are being executed by the Contractors and running bills are accounted for but the unfinished contracts has not been reflected in this Financial Statements.

APPROPRIATION OF PROFIT

Though the Company earned a respectable level of profit Tk. 200.82 per share the Board of Directors decided to transfer the entire profit to the General Reserve for ploughing back in the long term interest of the shareholders. As such the Board of Directors did not recommend for declaration of any dividend for the year 2018-2019.

FINANCIAL POSITION

The Statement of Financial Position as on 30 June, 2019, Statement of Profit or Loss and other Comprehensive Income, Change in Equity and Cash Flows ended at 30 June, 2019 are place herewith.

APPOINTMENT OF AUDITORS

M/s. Chowdhury Bhattacharjee & Co., Chartered Accountants', Auditors of the Company, retire at this Annual General Meeting and being eligible have offer themselves for appointment as Auditors for the year 2019-2020 and re-fixation of their remuneration.

ACKNOWLEDGEMENT

The Board of Directors thankfully acknowledge the devotion and dedication of all the workers, employees and officers without which the Company's operation could not have attained the successes as reported above.

The Board also record with appreciation the support, service and co-operation rendered by all concerned.



Samuel S Chowdhury
Chairman

Independent Auditors' Report to the Shareholders of Square Texcom Limited

Opinion

We have audited the accompanying Financial Statements of Square Texcom Limited, which comprises the Statement of Financial Position as at 30 June, 2019 Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS), give a true and fair view of the state of the company's affairs as at 30 June, 2019 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our Responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to Going Concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

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

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

Further to our opinion in the above paragraph, we state that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) In our opinion, proper books of account as required by law have been kept by "Square Texcom Limited" so far as it appeared from our examination of those books; and
- (iii) The Company's Statement of Financial Position, Statement of Comprehensive Income and its Statement of Cash Flows dealt with by the report are in agreement with the books of account.



Chowdhury Bhattacharjee & Co.
Chartered Accountants

Place: Dhaka
Dated: October 01, 2019

SQUARE TEXCOM LIMITED

Statement of Financial Position As at June 30, 2019

Particulars	June 30,2019	June 30,2018
	Taka	Taka
ASSETS:		
NON-CURRENT ASSETS	669,463,993	707,305,663
Property, Plant & Equipment- Carrying Value	638,367,040	690,592,118
Capital Work In Progress	31,096,953	16,713,545
CURRENT ASSETS	598,985,345	460,008,024
Inventories	286,949,732	166,614,746
Accounts Receivable	261,286,264	216,416,781
Advances, Deposits & Prepayments	25,463,273	24,687,001
Cash & Cash Equivalents	25,286,076	52,289,496
TOTAL ASSETS	Tk. 1,268,449,338	1,167,313,687
SHAREHOLDERS' EQUITY & LIABILITIES:		
Shareholders' Equity	298,774,127	278,691,935
Share Capital	10,000,000	10,000,000
Retained Earnings	288,774,127	268,691,935
NON-CURRENT LIABILITIES	467,176,130	459,166,119
Share Money Deposit	423,550,119	423,550,119
Deferred Tax Liability	43,626,011	35,616,000
CURRENT LIABILITIES & PROVISIONS	502,499,081	429,455,633
Short Term Bank Loan (Secured)	315,747,122	285,746,054
Creditors & Others Payable	7,347,077	8,830,192
Liabilities for Other Finance	9,630,636	6,610,187
Short Term Loan	161,617,019	123,843,099
Provision for Income Tax	8,157,227	4,426,101
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	Tk. 1,268,449,338	1,167,313,687
Net Asset Value Per Share	2,987.74	2,786.92

Dated, Dhaka: October 01, 2019



Anjan Chowdhury
Managing Director



Tapan Chowdhury
Director

As per our annexed report of even



Chowdhury Bhattacharjee & Co.
Chartered Accountants

SQUARE TEXCOM LIMITED

Statement of Profit or Loss and Other Comprehensive Income For the Year ended June 30, 2019

Particulars	2018-2019	2017-2018
	Taka	Taka
SALES REVENUE	934,721,283	879,640,842
Cost of Goods Sold	(837,931,175)	(782,995,713)
GROSS PROFIT	96,790,108	96,645,129
Administrative Expenses	(31,431,439)	(37,124,155)
Selling & Distribution Expenses	(2,329,503)	(1,767,531)
PROFIT FROM OPERATION	63,029,166	57,753,443
Finance Cost	(25,947,910)	(14,474,368)
Non-operating Income	980,645	374,424
PROFIT BEFORE W.P.P.F & W.F	38,061,901	43,653,499
Allocation for W.P.P.F & W.F	(1,812,471)	(2,078,738)
PROFIT BEFORE TAX	36,249,430	41,574,761
Provision for Tax (Current)	(8,157,227)	(2,105,611)
Provision for Tax (Deferred)	(8,010,011)	(5,193,958)
PROFIT AFTER TAX FOR THE PERIOD	Tk. 20,082,192	34,275,192
(Transferred to the Statement of Changes in Equity)		
No. of Share=100,000		
Earnings Per Share(EPS)	200.82	342.75

Dated, Dhaka: October 01, 2019


Anjan Chowdhury
Managing Director


Tapan Chowdhury
Director

As per our annexed report of even


Chowdhury Bhattacharjee & Co.
Chartered Accountants

SQUARE TEXCOM LIMITED

Statement of Changes in Equity For the Year Ended June 30, 2019

Particulars	Share Capital	Retained Earnings	Total Tk.
Balance as at June 30, 2018	10,000,000	268,691,935	278,691,935
Net Profit for the Year ended June 30, 2019	-	20,082,192	20,082,192
Balance as at June 30, 2019	10,000,000	288,774,127	298,774,127

For the Year Ended June 30, 2018

Particulars	Share Capital	Retained Earnings	Total Tk.
Balance as at June 30, 2017	10,000,000	234,416,743	244,416,743
Net Profit for the Year ended June 30, 2018	-	34,275,192	34,275,192
Balance as at June 30, 2018	10,000,000	268,691,935	278,691,935

Dated, Dhaka: October 01, 2019

As per our annexed report of even


Anjan Chowdhury
Managing Director


Tapan Chowdhury
Director

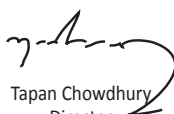

Chowdhury Bhattacharjee & Co.
Chartered Accountants

SQUARE TEXCOM LIMITED

Statement of Cash Flows For The Year Ended June 30, 2019

Particulars	2018-2019	2017-2018
	Taka	Taka
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Sales Revenue	889,851,800	799,539,946
Exchange Fluctuation Gain (Realization from Transection)	799,096	128,559
Receipts from Other Income	19,103	47,474
Total Receipts	890,669,999	799,715,979
Payments to Suppliers	(716,964,238)	(616,770,814)
Paid for Operating & Non-operating Expenses	(217,812,647)	(244,384,347)
Interest Expenses Paid	(22,272,712)	(7,260,070)
Income Tax Paid	(3,653,792)	(5,706,713)
Total Payments	(960,703,389)	(874,121,944)
Net Cash Flow From (Used in) Operating Activities	(70,033,390)	(74,405,965)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales (Purchase) of Property, Plant and Equipment	(20,225,264)	(40,424,867)
Net Cash Generated (Used in) from Investing Activities	(20,225,264)	(40,424,867)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short Term Bank Loan Received/ (Repaid)	30,001,068	48,131,629
Short Term Loan from/ (To) Sister Company	33,091,720	20,746,350
Net Cash Generated (Used in) from Financing Activities	63,092,788	68,877,979
Increase/ (Decrease) in Cash & Cash Equivalents	(27,165,866)	(45,952,853)
Net effect of foreign currency translation	162,446	198,391
Opening Cash & Cash Equivalents	52,289,496	98,043,958
CLOSING CASH & CASH EQUIVALENTS	25,286,076	52,289,496
Net Operating Cash Flows Per Share	(700.33)	(744.06)

Dated, Dhaka: October 01, 2019


Anjan Chowdhury
Managing Director

Tapan Chowdhury
Director

As per our annexed report of even


Chowdhury Bhattacharjee & Co.
Chartered Accountants

Products of Square Tex

Yarn

**100% Viscose & Blended
100% Tencel & Blended
100% Modal & Blended
100% Cotton Combed
100% Cotton Karded
Duo Core Spun
Open end Slub
Core Spun
OpenEnd
Compact
Organic
Vortex
Neppy
Inject
Pima
Cmia
Siro
Slub
Flex**



**Independent Auditors' Report to the Shareholders of
Square Yarns Limited****Opinion**

We have audited the accompanying Financial Statements of Square Yarns Limited, which comprises the Statement of Financial Position as at 31 December, 2018 Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS), give a true and fair view of the state of the company's affairs as at 31 December, 2018 and of the results of its operations and its Cash Flows for the period then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We draw attention to Note: 2 (p) to the Financial Statements which describes that the company is under process for amalgamation with Square Textile Limited under provision of Section: 228 & 229 of the Companies Act 1994. Our opinion is not qualified in respect of these matters.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to Going Concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

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

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

Further to our opinion in the above paragraph, we state that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) In our opinion, proper books of account as required by law have been kept by "Square Yarns Limited" so far as it appeared from our examination of those books; and
- (iii) The Company's Statement of Financial Position, Statement of Comprehensive Income and its Statement of Cash Flows dealt with by the report are in agreement with the books of account.

Place: Dhaka
Dated: February 10, 2019


Chowdhury Bhattacharjee & Co.
Chartered Accountants

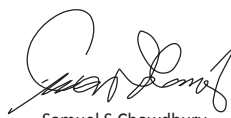
SQUARE YARNS LIMITED

Statement of Financial Position As at December 31, 2018

Particulars	Dec 31, 2018	June 30, 2018
	Taka	Taka
ASSETS:		
Non-Current Assets	620,338,923	676,872,453
Property, Plant & Equipment- Carrying Value	620,338,923	676,872,453
Current Assets	1,733,515,533	1,664,296,652
Inventories	551,365,521	472,332,420
Accounts Receivable	262,139,994	321,134,934
Advances, Deposits & Prepayments	45,746,957	41,134,451
Short Term Loan	810,552,881	723,252,420
Cash & Cash Equivalents	63,710,180	106,442,427
TOTAL ASSETS	Tk. 2,353,854,456	2,341,169,105
SHAREHOLDERS' EQUITY & LIABILITIES:		
Shareholders' Equity	1,971,931,663	1,908,113,630
Share Capital	95,500,000	95,500,000
Retained Earnings	1,876,431,663	1,812,613,630
Non-Current Liabilities		
Deferred Tax Liability	53,533,688	57,859,132
Current Liabilities & Provisions	328,389,105	375,196,343
Short Term Bank Loan (Secured)	186,577,378	233,187,042
Creditors & Others Payable	29,824,370	43,105,219
Liabilities for Other Finance	10,243,209	13,038,822
Provision for Income Tax	101,744,148	85,865,260
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES:	Tk. 2,353,854,456	2,341,169,105
Net Asset Value Per Share	2,064.85	1,998.02

Dated, Dhaka: February 10, 2019

As per our annexed report of even


Samuel S Chowdhury
Chairman


Charles C. R. Patra
Director


Chowdhury Bhattacharjee & Co.
Chartered Accountants


SQUARE YARNS LIMITED

Statement of Profit or Loss and Other Comprehensive Income For the Period (Six Months) ended December 31, 2018

Particulars	July-Dec, 2018	Unaudited July-Dec, 2017
	Taka	Taka
SALES REVENUE	731,076,090	987,208,292
Cost of Goods Sold	(642,577,904)	(892,864,246)
GROSS PROFIT	88,498,186	94,344,046
Administrative Expenses	(6,320,194)	(12,371,998)
Selling & Distribution Expenses	(878,822)	(872,835)
PROFIT FROM OPERATION	81,299,170	81,099,213
Finance Cost	(4,636,342)	(4,561,024)
Other Income	2,477,223	138,309
PROFIT BEFORE W.P.P.F & W.F	79,140,051	76,676,498
Allocation for W.P.P.F & W.F	(3,768,574)	(3,651,262)
PROFIT BEFORE TAX	75,371,477	73,025,236
Provision for Tax (Current)	(15,878,888)	(14,566,204)
Provision for Tax (Deferred)	4,325,444	3,584,757
PROFIT AFTER TAX FOR THE PERIOD	63,818,033	62,043,789
(Transferred to the Statement of Changes in Equity)		
No. of Share=9,55,000		
Earnings Per Share (EPS)	66.83	64.97

Dated, Dhaka: February 10, 2019

As per our annexed report of even



Samuel S Chowdhury
Chairman



Charles C. R. Patra
Director



Chowdhury Bhattacharjee & Co.
Chartered Accountants

SQUARE YARNS LIMITED

Statement of Changes in Equity For the Period (Six Months) ended December 31, 2018

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2018	95,500,000	1,812,613,630	1,908,113,630
Net Profit for the Six Months Ended Dec 31, 2018	-	63,818,033	63,818,033
Balance As at Dec 31, 2018	95,500,000	1,876,431,663	1,971,931,663

For the Period (Six Months) ended December 31, 2017

Unaudited

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2017	95,500,000	1,678,330,454	1,773,830,454
Net Profit for the Six Months Ended Dec 31, 2017	-	62,043,789	62,043,789
Balance As at Dec 31, 2017	95,500,000	1,740,374,243	1,835,874,243

Dated, Dhaka: February 10, 2019

As per our annexed report of even


Samuel S Chowdhury
Chairman


Charles C. R. Patra
Director


Chowdhury Bhattacharjee & Co.
Chartered Accountants

SQUARE YARNS LIMITED

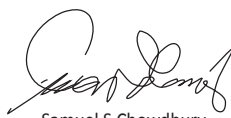
Statement of Cash Flows

For the Period (Six Months) ended December 31, 2018

Particulars	Unaudited	
	July-Dec, 2018	July-Dec, 2017
	Taka	Taka
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Sales Revenue	790,071,030	1,048,969,414
Exchange Fluctuation Gain	345,547	138,309
Total Receipts	790,416,577	1,049,107,723
Payments to Suppliers	(535,294,015)	(673,001,715)
Paid for Operating & Non-operating Expenses	(156,471,962)	(174,588,096)
Interest Expenses Paid	(3,980,222)	(7,507,593)
Income Tax Paid	(4,870,119)	(9,983,664)
Total Payments	(700,616,318)	(865,081,068)
Net Cash Flow From (Used in) Operating Activities	89,800,259	184,026,655
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales (Purchase) of Property, Plant & Equipment	(754,057)	-
Net Cash Generated (Used in) from Investing Activities	(754,057)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short Term Bank Loan Received/ (Repaid)	(46,609,664)	32,966,810
Short Term Loan from/ (To) Sister Company	(85,168,785)	(464,990,904)
Net Cash Generated (Used in) from Financing Activities	(131,778,449)	(432,024,094)
Increase/ (Decrease) in Cash & Cash Equivalents	(42,732,247)	(247,997,439)
Opening Cash & Cash Equivalents	106,442,427	391,794,350
CLOSING CASH & CASH EQUIVALENTS	63,710,180	143,796,911
Net Operating Cash Flows Per Share	94.03	192.70

Dated, Dhaka: February 10, 2019

As per our annexed report of even


Samuel S Chowdhury
Chairman


Charles C. R. Patra
Director


Chowdhury Bhattacharjee & Co.
Chartered Accountants



SQUARE TEXTILES LIMITED

Square Centre, 48, Mohakhali Commercial Area
Dhaka-1212

PROXY FORM

I/We _____

of _____

being a member of Square Textiles Ltd., do hereby appoint

Mr./Mrs./Miss _____

of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the 24th Annual General Meeting of the Company to be held on Thursday the 12th December, 2019 at 11:00 a.m. at Samson H Chowdhury Centre, Dhaka Club Ltd., Ramna, Dhaka.

As witness my hand this day of _____ 2019.

Affix
Revenue
Stamp

Signature of the Proxy

Dated:

Signature of the Member

Dated:

Folio/BOID

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Note: A member entitled to attend and vote at the Annual General Meeting may appoint proxy to attend and vote in his/her stead. The proxy form should reach at the Registered Office of their Company not less than 48 hours before the time fixed for the meeting.

Signature Verified

Authorized Signatory
Square Textiles Limited

স্কয়ার টেক্সটাইলস্ লিমিটেড

স্কয়ার সেন্টার, ৪৮ মহাখালী বাণিজ্যিক এলাকা, ঢাকা-১২১২

প্রস্তুতি ফর্ম

আমি/আমরা _____

ঠিকানা _____

স্কয়ার টেক্সটাইলস্ লিমিটেড এর সদস্য হিসেবে

জনাব/বেগম _____

ঠিকানা _____

আমরা/আমাদের প্রতিনিধি হিসেবে আগামী রোজ বৃহস্পতিবার, ১২ই ডিসেম্বর, ২০১৯ সকাল ১১:০০ ঘটিকায় স্যামসন এইচ টোথুরী সেন্টার, ঢাকা ক্লাব লিঃ, রমনা, ঢাকা'য় অনুষ্ঠিতব্য কোম্পানীর ২৪তম বার্ষিক সাধারণ সভায় এবং এর মূলতবী ঘোষিত সভায় আমার/আমাদের পক্ষে উপস্থিত থাকিবার এবং ভোট প্রদান করিবার জন্য নিযুক্ত করিলাম।

স্বাক্ষর হিসেবে অদ্য, ২০১৯ তারিখে আমি/আমরা এই দলিলে সজ্ঞানে স্বাক্ষর করিলাম।

প্রতিনিধির স্বাক্ষর
তারিখ:

সদস্যের স্বাক্ষর
তারিখ:

ফলিও/বিওআইডি নম্বর

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বিঃ দ্রঃ বার্ষিক সাধারণ সভায় যোগদানের অধিকারী শেয়ার হোল্ডার তার পরিবর্তে বার্ষিক সাধারণ সভায় যোগদানের জন্য একজন প্রক্সি নিয়োগ করতে পারেন। প্রক্সি ফরম যথাযথ পূরণের পর সভা অনুষ্ঠানের ৪৮ ঘন্টা পূর্বে কোম্পানীর রেজিস্টার্ড অফিসে জমা দিতে হইবে

স্বাক্ষর পরীক্ষিত

অনুমোদনকারীর স্বাক্ষর
স্কয়ার টেক্সটাইলস্ লিমিটেড

Corporate Compliance

For the Financial Year 2017-2018

Dividend Recommended
21 October 2018

Record Date for 23rd AGM
27 November 2018

23rd Annual General Meeting
20 December 2018

Dividend Issued
14 January 2019

For the Financial Year 2018-2019

Publication of 1st Qtr. Financial Report
14 November 2018

Publication of 2nd Qtr. Financial Report
31 January 2019

Publication of 3rd Qtr. Financial Report
30 April 2019

Dividend Recommended
22 October 2019

**Audited Financial Report to
BSEC, DSE and CSE**
11 November 2019

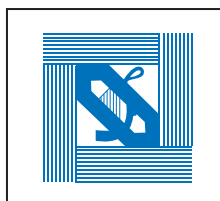
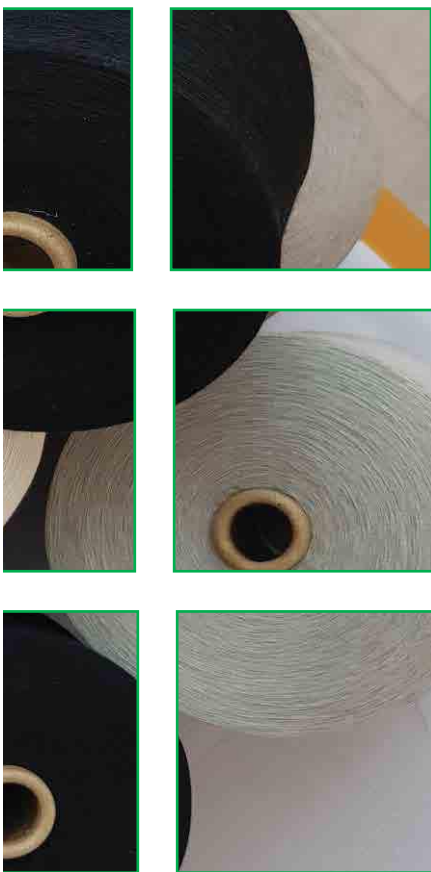
Record Date for 24th AGM
19 November 2019

Notice of 24th AGM
27 November 2019

24th Annual General Meeting
12 December 2019

Dividend Payable
By 10 January 2020





Registered Address

Corporate Headquarters
Square Centre
48 Mohakhali Commercial Area, Dhaka, Bangladesh
Phone: +88-02-9859007, 8833047-56
Fax: +88-02-8834941, 8828768
www.textile.squaregroup.com