

First Quarter
Financial Statement 2020-2021
(Unaudited)



SQUARE TEXTILES LIMITED
(Consolidated and Separate)

SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Financial Position (Unaudited)

As at September 30, 2020

Perticulars	Notes	30-Sep-20 Taka	30-Jun-20 Taka
ASSETS:			
Non-Current Assets		7,216,306,554	7,143,572,161
Property, Plant & Equipment- Carrying Value	02	5,764,602,494	5,584,199,044
Capital Work In Progress	03	1,395,420,300	1,503,089,357
Goodwill		56,283,760	56,283,760
Current Assets		7,711,598,398	7,798,973,675
Inventories	04	3,020,348,747	3,212,755,636
Accounts Receivable	05	3,947,465,523	4,006,190,860
Advances, Deposits & Prepayments	06	308,167,195	283,520,858
Cash & Cash Equivalents	07	435,616,933	296,506,321
TOTAL ASSETS		14,927,904,952	14,942,545,836
SHAREHOLDERS' EQUITY & LIABILITIES:			
Shareholders' Equity		7,200,202,043	7,157,580,431
Share Capital		1,972,520,000	1,972,520,000
Retained Earnings		5,227,682,043	5,185,060,431
Non controlling Interest	08	14,942,570	14,940,976
Non-Current Liabilities		381,727,142	260,567,761
Long Term Borrowings	09	118,465,791	-
Deferred Tax Liability	10	263,261,351	260,567,761
Current Liabilities & Provisions		7,331,033,197	7,509,456,668
Short Term Bank Loan (Secured)	11	4,277,625,342	3,889,798,280
Creditors & Other Payables	12	128,509,094	87,224,604
Liabilities for Others Finance	13	124,980,024	158,642,781
Short Term Loan	14	2,690,611,828	3,277,576,394
Provision for Income Tax	15	109,306,909	96,214,609
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		14,927,904,952	14,942,545,836
Net Asset Value Per Share	23	36.50	36.29

Attached notes form parts of these Financial Statements.

Tapan Chowdhury
Chairman

Ratna Patra
Vice Chairman

Samuel S Chowdhury
Managing Director

M. Habibur Rahman
Chief Financial Officer

Sanjib Baran Roy
Company Secretary

SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited) For the 1st Quarter Ended September 30, 2020

Particulars	NOTE	3 Months (Amount inTk)	
		July to September 2020-21	July to September 2019-20
Sales Revenue	16	2,609,989,603	2,554,426,549
Cost of Goods Sold	17	2,396,279,331	2,268,781,119
Gross Profit		213,710,272	285,645,430
Administrative Overhead	18	59,460,540	68,944,972
Selling and Distribution Overhead	19	4,713,514	4,416,455
Profit from Operations		149,536,218	212,284,003
Finance Cost	20	116,969,773	94,221,880
Non-Operating Income	21	28,763,106	1,270,992
Profit Before W.P.P.F & W.F		61,329,551	119,333,115
Allocation for W.P.P.F & W.F		2,920,455	5,682,529
Profit Before Tax		58,409,096	113,650,586
Provision for Tax (Current)	15	13,092,300	29,426,899
Deferred Tax Expenses (Income)	10	2,693,590	3,656,612
Profit After Tax for The Period		42,623,206	80,567,075
Non-Controlling Interest		1,594	226,597
Net Income for the Period		42,621,612	80,340,478

(Transferred to the Statement of Changes in Equity)

Earnings Per Share (EPS)	22	0.22	0.41
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SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Changes in Equity (Unaudited)

For the 1st Quarter Ended September 30, 2020

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2020	1,972,520,000	5,185,060,431	7,157,580,431
Net Profit For the 1st Quarter Ended September 30, 2020	-	42,621,612	42,621,612
Balance As at September 30, 2020	1,972,520,000	5,227,682,043	7,200,202,043

Consolidated Statement of Changes in Equity (Unaudited)

For the 1st Quarter Ended September 30, 2019

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2019	1,972,520,000	5,526,237,447	7,498,757,447
Net Profit For the 1st Quarter Ended September 30, 2019	-	80,340,478	80,340,478
Balance As at September 30, 2019	1,972,520,000	5,606,577,925	7,579,097,925

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SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Cash flows (Unaudited)

For the 1st Quarter Ended September 30, 2020

Particulars	Notes	Amount (Tk)	
		July to September 2020-21	July to September 2019-20
Cash Flows from Operating Activities:			
Receipts from Sales Revenue		2,668,714,940	2,666,467,425
Exchange Fluctuation Gain (Realization from Transection)		(516,605)	943,938
Receipts/ (Payment) from Other Income/ Expenses		29,486,486	-
Total Receipts		2,697,684,821	2,667,411,363
Payments to Suppliers		(1,490,012,284)	(1,384,765,801)
Paid for Operating & Non-operating Expenses		(619,782,362)	(575,252,188)
Interest Expenses Paid		(71,198,413)	(49,083,856)
Income Tax Paid		(13,092,300)	(37,512,097)
Total Payments		(2,194,085,359)	(2,046,613,942)
Net Cash Generated (Used in) from Operating Activities		503,599,462	620,797,421
Cash Flows from Investing Activities:			
Purchase of Property, Plant & Equipment		(220,749,879)	(336,680,520)
Sales of Property, Plant & Equipment		40,000	-
Net Cash Generated (Used in) from Investing Activities		(220,709,879)	(336,680,520)
Cash Flows from Financing Activities:			
Long Term Loan Received/ (Repaid)		118,465,791	-
Short Term Bank Loan Received/ (Repaid)		387,827,062	(53,875,412)
Short Term Loan from/ (To) Sister Company		(649,941,609)	(119,584,451)
Net Cash Generated (Used in) from Financing Activities		(143,648,756)	(173,459,863)
Increase/ (Decrease) in Cash & Cash Equivalents		139,240,827	110,657,038
Net effect of foreign currency translation		(130,215)	327,054
Opening Cash & Cash Equivalents		296,506,321	180,632,712
Closing Cash & Cash Equivalents		435,616,933	291,616,804
Net Operating Cash Flows Per Share		2.55	3.15

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SQUARE TEXTILES LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Interim Financial Statements (Unaudited) For The 1st Quarter Ended September 30, 2020

01. Basis of preparation of the Consolidated Interim Financial Statements:

These Financial Statements (They) are the unaudited consolidated interim financial statements (hereafter "The Consolidated Interim Financial Statements") of Square Textiles Limited and Square Texcom Limited, Companies incorporated in Bangladesh under Companies Act 1913 & 1994, for the 1st quarter ended September 30, 2020 (hereafter "The Interim Period"). They are prepared in accordance with the International Accounting Standard (IAS 34) "Interim Financial Reporting". These financial statements should read in conjunction with the Annual Financial Statements as on June 30, 2020, as they provide an update of previously reported information.

The accounting policies and presentation used are consistent with those used in the Annual Financial Statements, except where noted below. Where necessary, the comparatives have been reclassified or extended from the previously reported Interim Financial Statements to take into account any presentational changes made in the Annual Financial Statements or in these Interim Financial Statements.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the Interim Financial Statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

We understand that our business is growing every year that means our assets are performing according to intention of procurement and in sum up the discounted future cash flow from the operation of the assets would be positive if we dispose those assets at the date of financial reporting. But presently we have on intension to dispose these assets, so it is not required to record the impairment gain as provisions of IAS-36.

The company operates in industries where significant seasonal or cyclical variations in total sales are not experienced during the reporting period.

The Company has no reportable operating segments as per requirement of IFRS-8, "Operating Segments".

There is no significant even after the end of the interim period that has to be reflected in the Consolidated Financial Statements for the interim period except.

Figures have been rounded off to the nearest Taka.

	30-Sep-20	30-Jun-20
02. Consolidated Property, Plant & Equipment: Tk.	5,764,602,494	
'Details of Property, Plant & Equipment and Depreciation as at September 30, 2020 are as below:		
Fixed Assets at Cost		
Opening Balance	10,873,378,928	10,742,926,989
Addition during the Year	328,418,936	155,478,961
Sale/ Obsolete during the Year	(4,905,750)	(25,027,022)
Closing Balance(Cost)	11,196,892,114	10,873,378,928
Accumulated Depreciation		
Opening Balance	5,289,179,884	4,729,826,737
Charged during the Year	147,898,926	573,409,711
Adjustment for sale/Obsolete	(4,789,190)	(14,056,564)
	5,432,289,620	5,289,179,884
Carrying Value	Tk. 5,764,602,494	5,584,199,044

		30-Sep-20	30-Jun-20
03. Capital Work In Progress: Tk.	1,395,420,300		
Capital Work In Progress		1,395,420,300	1,503,089,357
	Tk.	1,395,420,300	1,503,089,357

The amount of Capital Work In Progress includes cost of Fiber Dying project at Habiganj, R&D Project and some

04. Consolidated Inventories: Tk.	3,020,348,747		
Stocks of Raw Materials		2,769,336,708	2,977,078,425
Raw Materials		2,363,444,643	2,425,754,931
Raw Materials In Transit		108,542,589	66,728,856
Packing Materials		36,560,893	15,953,264
Work - in - process		86,118,274	124,403,202
Finished Goods		174,670,309	344,238,172
Stocks of Spares		251,012,039	235,677,211
Spares at Store		249,251,644	229,837,814
Spares in Transit		1,760,395	5,839,397
	Tk.	3,020,348,747	3,212,755,636

05. Consolidated Accounts Receivable: Tk.	3,947,465,523		
Aging of the above balance is as follows:			
Below 60 days		1,703,014,074	1,625,432,952
Within 61-120 days		799,320,258	701,610,840
Above 120 days		1,445,131,191	1,679,147,068
	Tk.	3,947,465,523	4,006,190,860

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.

06. Consolidated Advances, Deposits & Prepayments: Tk.	308,167,195		
Advance		189,755,744	165,122,907
Income Tax		79,067,576	65,975,276
Salary & PF Current account		441,020	468,080
Other Expenses		22,751,276	28,644,702
Suppliers & Contractor		87,495,872	70,034,849
Deposits		118,411,451	118,397,951
Security Deposit		106,536,662	106,523,162
Margin on Bank Guarantee		11,874,789	11,874,789
	Tk.	308,167,195	283,520,858

07. Consolidated Cash & Cash Equivalents: Tk.	435,616,933		
Cash in hand		8,308,588	5,923,021
Cash at Bank		427,308,345	290,583,300
	Tk.	435,616,933	296,506,321

08. Non Controlling Interest: Tk.	14,942,570		
5,000 shares of Tk 100 at par of Square Texcom Ltd.		500,000	500,000
Shares of Accumulated Profit		14,442,570	14,440,976
		14,942,570	14,940,976

		30-Sep-20	30-Jun-20
09. Long Term Borrowings (Secured): Tk.	118,465,791		
Infrastructure Development Company (IDCOL)		118,465,791	-
Tk.		118,465,791	-

10. Consolidated Deferred Tax Liability: Tk.	263,261,351		
Opening Balance		260,567,761	279,327,185
Deferred tax Expenses/ (Income)		2,693,590	(18,759,424)
Closing Balance	Tk.	263,261,351	260,567,761

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). We don't have any other assets or liabilities except fixed assets for provision of Deferred Tax liabilities to present in details form for unused tax losses and unused tax credits.

a) Deferred Tax Liability is arrived at as follows:

Carrying Value of Depreciable Fixed Assets	5,048,678,813	4,868,275,363
Less: Tax Base Carrying Value	(3,293,603,143)	(3,131,156,951)
Taxable Temporary Difference	1,755,075,670	1,737,118,412
Tax Rate	15.00%	15.00%
Closing Deferred Tax Liability	263,261,351	260,567,761
Less: Opening Deferred Tax Liability	(260,567,761)	(279,327,185)
Deferred Tax (Income) / Expense	2,693,590	(18,759,424)

11. Consolidated Short Term Bank Loan (Secured): Tk.	4,277,625,342		
Bank Overdraft		8,903,237	64,544,195
Revolving Loan		1,980,000,000	800,000,000
Loan ag. Export Bill Discount		457,565,915	-
Deferred LC Loan		1,831,156,190	3,025,254,085
Tk.		4,277,625,342	3,889,798,280

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

12. Consolidated Creditors & Others Payable: Tk.	128,509,094		
Provision for Audit Fees		-	506,000
Provision for Utility Bill		56,127,131	60,619,289
Provision for Salary & Allowances		60,413,370	7,360,303
Others		11,968,593	18,739,012
		128,509,094	87,224,604

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.

13. Consolidated Liabilities for Other Finance: Tk.	124,980,024		
PF, WPPF & Other Fund		2,920,455	19,297,308
Provision for Gratuity		42,580,253	42,580,253
Dividend Unclaimed		53,501,252	53,581,472
Others		25,978,064	43,183,748
Tk.		124,980,024	158,642,781

14. Consolidated Short Term Loan: Tk.	(2,690,611,828)		
Loan To (From) Sqaure Pharma. Ltd.		(2,690,611,828)	(3,277,576,394)
Short Term Loan Received	Tk.	(2,690,611,828)	(3,277,576,394)

		30-Sep-20	30-Jun-20
15. Consolidated Provision for Income Tax: Tk.	109,306,909		
Opening Balance		96,214,609	78,908,344
Adjustment with Advance Tax		-	(47,214,381)
Current Year Provision		13,092,300	64,520,646
Closing Balance	Tk.	109,306,909	96,214,609
Calculation of Effective Tax Rate:			
Current Income Tax Expenses		13,092,300	29,426,899
Deferred Tax Expenses/ (Income)		2,693,590	3,656,612
Total Tax Expenses		15,785,890	33,083,511
Effective Tax Rate (Total Tax Expenses / Profit Before Tax)		27.03%	29.11%

		July-20 to Sep-20	July-19 to Sep-19
16. Consolidated Sales Revenue: Tk.	2,609,989,603		
Export Sale of Yarns		2,609,989,603	2,554,426,549
	Tk.	2,609,989,603	2,554,426,549

During the period sales increased by BDT 5.56 (2.18%) crore due to incremental production under some BMRE investment.

17. Consolidated Cost of Goods Sold: Tk.	2,396,279,331		
Raw Materials Consumed		1,738,958,272	1,674,113,354
Factory Overhead (Note: 17.01)		657,321,059	594,667,765
Cost of Goods Sold	Tk.	2,396,279,331	2,268,781,119

During the period Raw Material cost increased by BDT 6.48 (3.87%) crore due to incremental production as well as increase of cotton price in international market.

17.01. Factory Overhead: Tk.	657,321,059		
Factory Wages, Salary & Allowances		228,796,978	212,518,733
Production Workers' Free Lunch		1,221,599	1,763,333
Fuel, Petrol, Light, Diesel etc.		15,046,535	9,180,580
Electricity, Gas & Water		188,134,384	163,882,526
Factory Consumable Expense		11,323,147	13,577,802
Repairs & Maintenance of Vehicles		4,144,011	3,961,584
Industrial All Risk Insurance Premium		5,247,540	4,683,771
Govt. Tax, VAT & License Fees		419,639	252,002
Security Services		6,110,015	3,762,733
Spare Parts - Machinery		47,184,602	36,694,320
Depreciation		147,898,926	141,942,332
Other Overhead		1,793,683	2,448,049
Total	Tk.	657,321,059	594,667,765

		July-20 to Sep-20	July-19 to Sep-19
18. Consolidated Administrative Overhead: Tk.	59,460,540		
Salary and Allowances		33,897,638	31,704,720
Directors' Remuneration		12,000,000	10,778,739
Overseas Travelling		1,195,810	14,405,222
Vehicles Running & Maintenance		2,125,739	2,938,292
Fees & Subscription		2,446,217	1,619,741
Rental Expenses		3,551,929	3,082,501
Office Consumable Expense		424,550	596,520
Electricity, Gas & Water		609,125	784,508
Software & Hardware Support Expenses		546,999	743,442
Head Office Employees' Free Lunch		578,913	828,165
Annual General Meeting Expenses		132,066	-
Other Expenses		1,951,554	1,463,122
Total	Tk.	59,460,540	68,944,972

		July-20 to Sep-20	July-19 to Sep-19
19. Consolidated Selling & Distribution Overhead: Tk.	4,713,514		
Export Sale Expenses		3,152,158	3,432,855
Loading & unloading		1,561,356	983,600
Total	Tk.	4,713,514	4,416,455

20. Finance Cost: Tk.	116,969,773		
Interest on Deferred LC Loan		32,722,470	40,262,654
Interest on Loan ag. Export Bill Discount		1,073,700	3,800,583
Interest on OD		83,294	62,074
Interest on Short Term Loan		18,435,000	13,800,000
Interest on LongTerm Loan		1,678,266	-
Interest on Sister Concerns		62,977,043	36,296,569
	Tk.	116,969,773	94,221,880

During the period Finance cost increased by BDT 2.27 (24.09%) crore due to Investment for new VORTEX Yarn project at Habiganj by around BDT 200 crore and Investment for R&D with Fiber Dyeing unit and BMRE by around BDT 100 crore .

21. Non-Operating Income: Tk.	28,763,106		
Interest Income		4,863	-
Forfeited Provident Fund		29,481,623	-
Gain/Loss on Disposal of Assets		(76,560)	-
Forex Exchange Rate Fluctuation Gain/ (Loss)		(646,820)	1,270,992
	Tk.	28,763,106	1,270,992

22. Earnings Per Share (EPS):

The Computation is given below:

Earning attributable to Ordinary Shares including other income		42,621,612	80,340,478
Number of Ordinary shares		197,252,000	197,252,000
Earnings Per Share	Tk.	0.22	0.41

During the period EPS decreased by BDT 0.19 (46.34%) due to increase of Finance Cost as well as decrease of Yarn price in international market for COVID-19 pandemic.

23. Net Asset Value (NAV) Per Share:

The Computation is given below:

Equity Attributable to the Owners of the Company	Tk.	7,200,202,043	7,157,580,431
Number of Ordinary shares		197,252,000	197,252,000
Net Asset Value (NAV) Per Share	Tk.	36.50	36.29

24. Net Operating Cash flows per Share (NOCFPS):

The Computation is given below:

Net Cash Generated (Used in) from Operating	Tk.	503,599,462	620,797,421
Number of Ordinary shares		197,252,000	197,252,000
Net Operating Cash flows per Share (NOCFPS)	Tk.	2.55	3.15

July-20 to Sep-20

July-19 to Sep-19

25. Reconciliation of Net Profit with Cash Flows from Operating Activities:

The Computation is given below:

Profit After Tax	42,623,206	80,567,075
Adjustment to reconcile net profit to net cash provided by operating activities :		
Non-cash Expenses:	150,722,731	145,271,890
Depreciation	147,898,926	141,942,332
Deferred Tax	2,693,590	3,656,612
Net effect of foreign currency translation	130,215	(327,054)
Non-Operating Items:	63,053,603	36,296,569
Interest Expenses/ (Income) on Sister Company Loan	62,977,043	36,296,569
Gain/ (Loss) on Disposal of Assets	76,560	-
Changes in working Capital:	247,199,922	358,661,887
(Increase)/Decrease in Inventories	192,406,889	237,871,353
(Increase)/Decrease in Accounts Receivable	58,725,337	112,040,876
(Increase)/Decrease in Advances, Deposits & Prepayments	(24,646,337)	(30,042,277)
Increase/(Decrease) in Creditors & Other Payables	41,284,490	18,483,840
Increase/(Decrease) in Liabilities for Others Finance	(33,662,757)	(9,118,804)
Increase/(Decrease) in Income Tax Payable	13,092,300	29,426,899
Net Cash Generated (Used in) from Operating Activities	503,599,462	620,797,421

26. Regarding Consolidated Net Operating Cash Flows per Share:

The business (100% export oriented spinning industry) operation is volatile and realization from debtors (100% confirmed back to back LC) also very positively co-related with this, but all import payments should be made as per provision of UCPDC-600, resultant, the per share operating cash flows fluctuates from quarter to quarter, which is very common for the spinning business trend.

SQUARE Textiles Limited

Statement of Financial Position (Unaudited) As at September 30, 2020

Particulars	Notes	30-Sep-20 Taka	30-Jun-20 Taka
ASSETS:			
Non-Current Assets		7,003,266,799	6,917,214,940
Property, Plant & Equipment- Carrying Value	02	5,128,302,314	4,933,468,123
Capital Work In Progress	03	1,385,630,525	1,494,412,857
Investment - Long Term (At Cost)		489,333,960	489,333,960
Current Assets		7,273,280,849	7,272,822,724
Inventories	04	2,804,604,373	2,946,881,714
Accounts Receivable	05	3,646,325,696	3,693,864,711
Advances, Deposits & Prepayments	06	279,065,209	254,040,909
Short Term Loan	07	163,689,539	140,003,283
Cash & Cash Equivalents	08	379,596,032	238,032,107
TOTAL ASSETS		14,276,547,648	14,190,037,664
SHAREHOLDERS' EQUITY & LIABILITIES:			
Shareholders' Equity		6,922,520,891	6,881,279,862
Share Capital		1,972,520,000	1,972,520,000
Retained Earnings		4,950,000,891	4,908,759,862
Non-Current Liabilities		335,737,583	214,694,410
Long Term Borrowings	09	118,465,791	-
Deferred Tax Liability	10	217,271,792	214,694,410
Current Liabilities & Provisions		7,018,289,174	7,094,063,392
Short Term Bank Loan (Secured)	11	4,004,271,807	3,512,688,525
Creditors & Other Payables	12	114,832,061	78,389,484
Liabilities for Others Finance	13	113,350,272	142,087,355
Short Term Loan	14	2,690,611,828	3,277,576,394
Provision for Income Tax	15	95,223,206	83,321,634
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		14,276,547,648	14,190,037,664
Net Asset Value Per Share	27	35.09	34.89

Attached notes form parts of these Financial Statements.

Tapan Chowdhury
Chairman

Ratna Patra
Vice Chairman

Samuel S Chowdhury
Managing Director

M. Habibur Rahman
Chief Financial Officer

Sanjib Baran Roy
Company Secretary

SQUARE Textiles Limited

Statement of Profit or Loss and Other Comprehensive Income (Unaudited) For the 1st Quarter Ended September 30, 2020

Particulars	NOTE	3 Months (Amount inTk)	
		July to September 2020-21	July to September 2019-20
Sales Revenue	16	2,407,913,417	2,339,721,547
Cost of Goods Sold	17	2,204,787,252	2,077,103,808
Gross Profit		203,126,165	262,617,739
Administrative Overhead	18	54,073,243	60,968,813
Selling and Distribution Overhead	19	4,172,351	3,660,366
Profit from Operations		144,880,571	197,988,560
Finance Cost	20	114,763,924	89,304,639
Non-Operating Income	21	28,389,335	2,498,655
Profit Before W.P.P.F & W.F		58,505,982	111,182,576
Allocation for W.P.P.F & W.F		2,785,999	5,294,408
Profit Before Tax		55,719,983	105,888,168
Provision for Tax (Current)	15	11,901,572	26,375,017
Deferred Tax Expenses (Income)	10	2,577,382	3,478,016
Profit After Tax for The Period		41,241,029	76,035,135

(Transferred to the Statement of Changes in Equity)

Earnings Per Share (EPS)	26	0.21	0.39
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Attached notes form parts of these Financial Statements.

Tapan Chowdhury
Chairman

Ratna Patra
Vice Chairman

Samuel S Chowdhury
Managing Director

M. Habibur Rahman
Chief Financial Officer

Sanjib Baran Roy
Company Secretary

SQUARE Textiles Limited

Statement of Changes in Equity (Unaudited) For the 1st Quarter Ended September 30, 2020

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2020	1,972,520,000	4,908,759,862	6,881,279,862
Net Profit For the 1st Quarter Ended September 30, 2020	-	41,241,029	41,241,029
Balance As at September 30, 2020	1,972,520,000	4,950,000,891	6,922,520,891

Statement of Changes in Equity (Unaudited) For the 1st Quarter Ended September 30, 2019

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2019	1,972,520,000	5,251,902,027	7,224,422,027
Net Profit For the 1st Quarter Ended September 30, 2019	-	76,035,135	76,035,135
Balance As at September 30, 2019	1,972,520,000	5,327,937,162	7,300,457,162

Tapan Chowdhury
Chairman

Ratna Patra
Vice Chairman

Samuel S Chowdhury
Managing Director

M. Habibur Rahman
Chief Financial Officer

Sanjib Baran Roy
Company Secretary

SQUARE Textiles Limited

Statement of Cash flows (Unaudited) For the 1st Quarter Ended September 30, 2020

Particulars	Notes	Amount (Tk)	
		July to September 2020-21	July to September 2019-20
Cash Flows from Operating Activities:			
Receipts from Sales Revenue		2,455,452,432	2,413,587,909
Exchange Fluctuation Gain (Realization from Transaction)		(500,532)	810,167
Receipts/ (Payment) from Other Income/ Expenses		27,598,019	-
Total Receipts		2,482,549,919	2,414,398,076
Payments to Suppliers		(1,417,060,071)	(1,263,112,313)
Paid for Operating & Non-operating Expenses		(565,837,404)	(521,561,296)
Interest Expenses Paid		(64,379,959)	(47,229,900)
Income Tax Paid		(11,901,572)	(34,392,681)
Total Payments		(2,059,179,006)	(1,866,296,190)
Net Cash Generated (Used in) from Operating Activities		423,370,913	548,101,886
Cash Flows from Investing Activities:			
Purchase of Property, Plant & Equipment		(219,636,604)	(283,245,803)
Net Cash Generated (Used in) from Investing Activities		(219,636,604)	(283,245,803)
Cash Flows from Financing Activities:			
Long Term Loan Received/ (Repaid)		118,465,791	-
Short Term Bank Loan Received/ (Repaid)		491,583,282	(72,263,659)
Short Term Loan from/ (To) SQUARE Pharmaceuticals Ltd.		(649,941,609)	(119,584,451)
Short Term Loan from/ (To) SQUARE Texcom Ltd.		(22,153,837)	25,966,184
Net Cash Generated (Used in) from Financing Activities		(62,046,373)	(165,881,926)
Increase/ (Decrease) in Cash & Cash Equivalents		141,687,936	98,974,157
Net effect of foreign currency translation		(124,011)	299,860
Opening Cash & Cash Equivalents		238,032,107	155,346,636
Closing Cash & Cash Equivalents		379,596,032	254,620,653
Net Operating Cash flows per Share		2.15	2.78

Tapan Chowdhury
Chairman

Ratna Patra
Vice Chairman

Samuel S Chowdhury
Managing Director

M. Habibur Rahman
Chief Financial Officer

Sanjib Baran Roy
Company Secretary

SQUARE TEXTILES LIMITED

Notes to the Interim Financial Statements (Unaudited)

For The 1st Quarter Ended September 30, 2020

01. Basis of preparation of the Interim Financial Statements:

These Financial Statements (They) are the unaudited interim Financial statement (here after 'the Interim Financial Statements') of Square Textiles Ltd. , for the 1st Quarter Ended on September 30, 2020 (here after the interim period). They are prepared in accordance with the Bangladesh Accounting Standard (IAS-34) 'Interim Financial Reporting'. These financial statement should read in conjunction with the Annual Financial Statements as of June 30, 2020, as they provide an update of previous reported information.

The accounting policies and presentation used are consistent with those used in the Annual Financial Statements, except where noted below. Where necessary, the comparatives have been reclassified or extended from the previously reported Interim Financial Statements to take into account any presentational changes made in the Annual Financial Statements or in these Interim Financial Statements.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the Interim Financial Statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

We understand that our business is growing every year that means our assets are performing according to intention of procurement and in sum up the discounted future cash flow from the operation of the assets would be positive if we dispose those assets at the date of financial reporting. But presently we have on intension to dispose these assets, so it is not required to record the impairment gain as provisions of IAS-36.

The company operates in industries where significant seasonal or cyclical variations in total sales are not experienced during the reporting period.

The Company has no reportable operating segments as per requirement of IFRS-8, "Operating Segments".

Figures have been rounded off to the nearest Taka.

	30-Sep-20	30-Jun-20
02. Property, Plant & Equipment: Tk.	5,128,302,314	
'Details of Property, Plant & Equipment and Depreciation as at September 30, 2020 are as below:		
Fixed Assets at Cost		
Opening Balance	9,809,975,786	9,744,255,806
Addition during the Year	328,418,936	77,819,980
Sale/ Obsolete during the Year	(4,485,000)	(12,100,000)
Closing Balance(Cost)	10,133,909,722	9,809,975,786
Accumulated Depreciation		
Opening Balance	4,876,507,663	4,369,522,594
Charged during the Year	133,468,185	513,776,868
Adjustment for sale/Obsolete	(4,368,440)	(6,791,799)
	5,005,607,408	4,876,507,663
Carrying Value	Tk. 5,128,302,314	4,933,468,123

03. Capital Work In Progress: Tk.

1,385,630,525

Capital Work In Progress	1,385,630,525	1,494,412,857
Tk.	1,385,630,525	1,494,412,857

The amount of Capital Work In Progress includes cost of Fyber Dyeing project at Habiganj, R&D Project and some

	30-Sep-20	30-Jun-20
04. Inventories: Tk.	2,804,604,373	
Stocks of Raw Materials	2,571,731,425	2,728,036,083
Raw Materials	2,206,385,231	2,243,666,211
Raw Materials In Transit	85,348,490	57,986,482
Packing Materials	35,432,374	14,937,386
Work - in - process	82,445,677	104,774,292
Finished Goods	162,119,653	306,671,712
Stocks of Spares	232,872,948	218,845,631
Spares at Store	231,893,183	213,286,079
Spares in Transit	979,765	5,559,552
Tk.	2,804,604,373	2,946,881,714

05. Accounts Receivable: Tk.	3,646,325,696	
Aging of the above balance is as follows:		
Below 60 days	1,570,324,827	1,507,104,875
Within 61-120 days	737,952,131	659,273,663
Above 120 days	1,338,048,738	1,527,486,173
Tk.	3,646,325,696	3,693,864,711

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.

06. Advances, Deposits & Prepayments: Tk.	279,065,209	
This is made up of the followings:		
Advance	172,523,813	147,513,013
Income Tax	68,206,696	56,305,124
Salary & PF Current account	436,940	464,000
Other Expenses	18,693,212	23,214,570
Suppliers & Contractor	85,186,965	67,529,319
Deposits	106,541,396	106,527,896
Security Deposit	95,504,862	95,491,362
Margin on Bank Guarantee	11,036,534	11,036,534
Tk.	279,065,209	254,040,909

07. Short Term Loan (Unsecured): Tk.	163,689,539	
Loan To (From) Square Texcom Ltd.	163,689,539	140,003,283
Short Term Loan Given	Tk. 163,689,539	140,003,283

08. Cash & Cash Equivalents: Tk.	379,596,032	
This is made up of the followings:		
Cash in hand	7,572,239	4,945,337
Cash at Bank	372,023,793	233,086,770
Tk.	379,596,032	238,032,107

09. Long Term Borrowings (Secured): Tk.	118,465,791	
Infrastructure Development Company (IDCOL)	118,465,791	-
Tk.	118,465,791	-

		30-Sep-20	30-Jun-20
10. Deferred Tax Liability: Tk.	217,271,792		
Opening Balance		214,694,410	235,701,174
Deferred tax Income		-	(21,006,764)
Deferred tax Expenses		2,577,382	-
Closing Balance	Tk.	217,271,792	214,694,410

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). We don't have any other assets or liabilities except fixed assets for provision of Deferred Tax liabilities to present in details form for unused tax losses and unused tax credits.

a) Deferred Tax Liability is arrived at as follows:

Carrying Value of Depreciable Fixed Assets	4,452,307,497	4,257,473,306
Less: Tax Base Carrying Value	(3,003,828,884)	(2,826,177,237)
Taxable Temporary Difference	1,448,478,613	1,431,296,069
Tax Rate	15.00%	15.00%
Closing Deferred Tax Liability	217,271,792	214,694,410
Less: Opening Deferred Tax Liability	(214,694,410)	(235,701,174)
Deferred Tax (Income) / Expense	2,577,382	(21,006,764)

11. Short Term Bank Loan (Secured): Tk.	4,004,271,807		
Bank Overdraft	8,903,237	58,218,295	
Revolving Loan	1,980,000,000	800,000,000	
Loan ag. Export Bill Discount	457,565,915	-	
Deferred LC Loan	1,557,802,655	2,654,470,230	
Tk.	4,004,271,807	3,512,688,525	

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

12. Creditors & Others Payable: Tk.	114,832,061		
Provision for Audit Fees	-	460,000	
Provision for Utility Bill	52,122,579	58,283,301	
Provision for Salary & Allowances	53,372,249	7,360,303	
Others	9,337,233	12,285,880	
	114,832,061	78,389,484	

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.

13. Liabilities for Other Finance: Tk.	113,350,272		
PF, WPPF & Other Fund	2,785,999	18,849,783	
Provision for Gratuity	32,869,815	32,869,815	
Dividend Unclaimed	53,501,252	53,581,472	
Others	24,193,206	36,786,285	
Tk.	113,350,272	142,087,355	

14. Short Term Loan: Tk.	(2,690,611,828)		
Loan To (From) Sqaure Pharma. Ltd.	(2,690,611,828)	(3,277,576,394)	
Short Term Loan Received	Tk.	(2,690,611,828)	(3,277,576,394)

15. Provision for Income Tax: Tk.	95,223,206		
Opening Balance	83,321,634	70,751,117	
Adjustment with Advance Tax	-	(47,214,381)	
Provision made for the period (Note: 15.01)	11,901,572	59,784,898	
Closing Balance	Tk.	95,223,206	83,321,634

	30-Sep-20	30-Jun-20
Note: 15.01: Provision made for the period		
A) Net Current Tax Liability on Profit Basis	8,619,549	36,107,072
B) Tax Liability on Sales Revenue Basis	8,668,488	34,219,175
C) Advance Income Tax (Source Tax) Paid Under ITO-1984	11,901,572	56,305,125
Higher Amount of Tax Under Above Calculation (A:B:C)	11,901,572	56,305,125
Add/ Less: Short/ (Excess) provision for Prior period	-	3,479,773
Income Tax Provision for the period	11,901,572	59,784,898

Since the source tax deducted under Income Tax Ordinance 1984 for Tk. 11,901,572 is higher than the applicable tax on Profit before tax (Tk. 8,619,549) and minimum Tax on Revenue under ITO-1984 (Tk. 8,668,488), so the higher is provided as Tax Expense for the period ended September 30, 2020.

Calculation of Effective Tax Rate:

Current Income Tax Expenses	11,901,572	26,375,017
Deferred Tax Expenses/ (Income)	2,577,382	3,478,016
Total Tax Expenses	14,478,954	29,853,033
Effective Tax Rate (Total Tax Expenses / Profit Before Tax)	25.99%	28.19%

	July-20 to Sep-20	July-19 to Sep-19
16. Sales Revenue: Tk.	2,407,913,417	
Export Sale of Yarns	2,407,913,417	2,339,721,547
Tk.	2,407,913,417	2,339,721,547

During the period sales increased by BDT 6.82 (2.91%) crore due to incremental production under some BMRE investment.

17. Cost of Goods Sold: Tk.	2,204,787,252	
This is arrived as follows:		
Raw Materials Consumed	1,609,727,086	1,539,170,236
Factory Overhead (Note:17.01)	595,060,166	537,933,572
Cost of Goods Sold	Tk. 2,204,787,252	2,077,103,808

During the period Raw Material cost increased by BDT 7.06 (4.59%) crore due to incremental production as well as increase of cotton price in international market..

17.01. Factory Overhead: Tk.	595,060,166	
Factory Wages, Salary & Allowances	202,421,319	190,949,283
Production Workers' Free Lunch	1,113,395	1,498,170
Fuel, Petrol, Light, Diesel etc.	13,892,905	8,260,294
Electricity, Gas & Water	175,951,577	150,626,475
Factory Consumable Expense	10,183,366	12,251,087
Repairs & Maintenance of Vehicles	3,667,064	3,512,960
Industrial All Risk Insurance Premium	4,075,293	3,553,149
Govt. Tax, VAT & License Fees	37,559	190,580
Security Services	5,151,542	3,327,469
Spare Parts - Machinery	43,514,309	33,794,966
Depreciation	133,468,185	127,800,469
Other Overhead	1,583,652	2,168,670
Total	Tk. 595,060,166	537,933,572

18. Administrative Overhead: Tk.	54,073,243	
Salary and Allowances	30,365,720	26,629,295
Directors' Remuneration	12,000,000	10,778,739
Overseas Travelling	262,263	12,061,975
Vehicles Running & Maintenance	2,006,097	2,803,522
Fees & Subscription	1,953,502	1,498,723
Rental Expenses	3,551,929	3,082,501
Office Consumable Expense	405,753	569,900
Electricity, Gas & Water	609,125	784,508
Software & Hardware Support Expenses	401,786	618,814
Head Office Employees' Free Lunch	565,523	810,020
Annual General Meeting Expenses	132,066	-
Other Expenses	1,819,479	1,330,816
Total	Tk. 54,073,243	60,968,813

	July-20 to Sep-20	July-19 to Sep-19
19. Selling & Distribution Overhead: Tk.	4,172,351	
This is arrived as follows:		
Export Sale Expenses	2,736,587	2,915,566
Loading & unloading	1,435,764	744,800
Total	Tk. 4,172,351	3,660,366

20. Finance Cost: Tk.	114,763,924	
Interest on Deferred LC Loan	30,520,191	35,392,883
Interest on Loan ag. Export Bill Discount	1,073,700	3,800,583
Interest on OD	79,724	14,604
Interest on Short Term Loan	18,435,000	13,800,000
Interest on LongTerm Loan	1,678,266	-
Interest on Sister Concerns	62,977,043	36,296,569
Tk.	114,763,924	89,304,639

During the period Finance cost increased by BDT 2.55 (28.55%) crore due to Investment for new VORTEX Yarn project at Habiganj by around BDT 200 crore and Investment for R&D with Fiber Dyeing unit and BMRE by around BDT 100 crore .

21. Non-Operating Income: Tk.	28,389,335	
Interest Income	1,537,282	1,388,628
Forfeited Provident Fund	27,593,156	-
Gain/Loss on Disposal of Assets	(116,560)	-
Forex Exchange Rate Fluctuation Gain/ (Loss)	(624,543)	1,110,027
Tk.	28,389,335	2,498,655

22. 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	27,428,516	25,080,387
Post Employment Benefits	352,164	1,972,156
Other Long Term Benefits	-	-
Termination Benefits	-	-
Share Based Payment	-	-
	30-Sep-20	30-Jun-20

23. 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.

01. Transaction with Sqaure Pharma. Ltd. (SPL):

Opening Balance	(3,277,576,394)	(2,168,788,505)
Total Received	(413,035,434)	(3,274,786,839)
Total Paid	1,000,000,000	2,165,998,950
Closing Balance- Receivable/ (Payable)	Tk. (2,690,611,828)	(3,277,576,394)

02. Transaction with Square Texcom Ltd. (STcL):

Opening Balance	140,003,283	161,617,019
Total Paid	36,038,723	323,611,285
Total Received	(12,352,467)	(345,225,021)
Closing Balance- Receivable/ (Payable)	Tk. 163,689,539	140,003,283

03. Transaction with Aegis Services Ltd. (ASL):

Opening Balance	-	-
Total Service Received	(5,324,998)	(20,512,629)
Total Paid	5,313,815	20,512,629
Closing Balance- Receivable/ (Payable)	Tk. (11,183)	-

04. Transaction with Square Informatix Ltd. (SIL):

Opening Balance	-	-
Total Service Received	(960,797)	(4,359,305)
Total Paid	754,036	4,359,305
Closing Balance- Receivable/ (Payable)	Tk. (206,761)	-

05. Transaction with Square Hospitals Ltd. (SHL):

Opening Balance	(201,937)	-
Total Service Received	(676,557)	(733,945)
Total Paid	878,494	532,008
Closing Balance- Receivable/ (Payable)	Tk. -	(201,937)

06. Transaction with Square Fashions Ltd. (SFL):

Opening Balance	330,135,734	319,233,143
Total Goods Delivered	115,302,497	848,929,680
Total Received	(198,532,498)	(838,027,089)
Closing Balance- Receivable/ (Payable)	Tk. 246,905,733	330,135,734

07. Transaction with Square Denims Ltd. (SDL):

Opening Balance	157,466,237	175,953,745
Total Goods Delivered	72,635,128	416,568,106
Total Received	(98,623,157)	(435,055,614)
Closing Balance- Receivable/ (Payable)	Tk. 131,478,208	157,466,237

08. Transaction with Square Apparels Ltd. (SAPL):

Opening Balance	239,108,927	105,560,271
Total Goods Delivered	92,036,215	476,802,220
Total Received	(159,532,154)	(343,253,564)
Closing Balance- Receivable/ (Payable)	Tk. 171,612,988	239,108,927

24. Contingent Liability:

Contingent Liability of the Company was Tk. 103.99 Crore as on September 30, 2020 for opening LCs by the banks in favour of foreign suppliers for raw materials and spares.

25. Event after Balance sheet date:

There is no significant event that qualify for reporting between the end of financial year closing date and financial statement issue date other than normal business activities.

Dividend recommended for the year ended June 30, 2020 @ 10% cash by the Board of Directors in its meeting held on 22nd October 2020 subject to the approval of the shareholders in ensuing Annual General Meeting to be held on December 15, 2020.

July-20 to Sep-20

July-19 to Sep-19

26. Earnings Per Share (EPS):

The Computation is given below:

Earning attributable to Ordinary Shares		
including other income	Tk. 41,241,029	76,035,135
Number of Ordinary shares	197,252,000	197,252,000
Earnings Per Share	Tk. 0.21	0.39

During the period EPS decreased by BDT 0.18 (46.15%) due to decreased sales price of yarn for COVID-19 pandemic as well as increased of production cost and finance cost.

27. Net Asset Value (NAV) Per Share:

The Computation is given below:

Equity Attributable to the Owners of the	Tk. 6,922,520,891	6,881,279,862
Number of Ordinary shares	197,252,000	197,252,000
Net Asset Value (NAV) Per Share	Tk. 35.09	34.89

		July-20 to Sep-20	July-19 to Sep-19
28. Net Operating Cash flows per Share (NOCFPS):			
The Computation is given below:			
Net Cash Generated (Used in) from Operating Activities	Tk.	423,370,913	548,101,886
Number of Ordinary shares		197,252,000	197,252,000
Net Operating Cash flows per Share (NOCFPS)	Tk.	2.15	2.78

29. Reconciliation of Net Profit with Cash Flows from Operating Activities:

The Computation is given below:

Profit After Tax	41,241,029	76,035,135
Adjustment to reconcile net profit to net cash provided by operating activities :		
Non-cash Expenses:	136,169,578	130,978,625
Depreciation	133,468,185	127,800,469
Deferred Tax	2,577,382	3,478,016
Net effect of foreign currency translation	124,011	(299,860)
Non-Operating Items:	61,561,184	34,907,941
Interest Expenses/ (Income) on Sister Company Loan	61,444,624	34,907,941
Gain/ (Loss) on Disposal of Assets	116,560	-
Changes in working Capital:	184,399,122	306,180,185
(Increase)/Decrease in Inventories	142,277,341	233,906,517
(Increase)/Decrease in Accounts Receivable	47,539,015	73,866,362
(Increase)/Decrease in Advances, Deposits & Prepayments	(25,024,300)	(29,419,479)
Increase/(Decrease) in Creditors & Other Payables	36,442,577	12,209,507
Increase/(Decrease) in Liabilities for Others Finance	(28,737,083)	(10,757,739)
Increase/(Decrease) in Income Tax Payable	11,901,572	26,375,017
Net Cash Generated (Used in) from Operating Activities	423,370,913	548,101,886

30. Regarding Net Operating Cash Flows per Share:

The business (100% export oriented spinning industry) operation is volatile and realization from debtors (100% confirmed back to back LC) also very positively co-related with this, but all import payments should be made as per provision of UCPDC-600, resultant, the per share operating cash flows fluctuates from quarter to quarter, which is very common for the spinning business trend.