

SQUARE TEXTILES LIMITED



ANNUAL REPORT
2019-2020



At a Glance

Business 2019-2020

Standalone

SALES 6.85% 

BDT 9,505.33 million

GROSS PROFIT 28.21% 

BDT 682.94 million

NET PROFIT 85.18% 

BDT 51.36 million

EPS 85.23% 

BDT 0.26

DIVIDEND PAYOUT 50.00% 

BDT 197.25 million

NAV 4.75% 

BDT 6,881.28 million

CONTRIBUTION 21.71% 

TO NATIONAL EXCHEQUE

BDT 81.47 million

Square Tex

- ! Raw Material Price Higher than Regular Price in the International Market.
- ! Very Lower Price & Demand of yarn in the National & International Market.
- ! Material impact on the RGM Sectors for China and USA Trade War.
- ! Indian subsidized low price yarn dumping strategy.
- ! BDT 200 crore Invested in expansion unit.
- ! BMRE purpose around BDT 100 crore.
- ! Additional working capital of BDT 200 crore to support the additional capacity.
- ! Higher Finance Cost.
- ! Corona Pandemic.



ANNUAL REPORT 2019-2020

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SQUARE
Textiles Limited



CORPORATE ACHIEVEMENT

1994

Year of Establishment
(Incorporated as a Public Limited
Company)



1997

Year of Operation



2000

✓ 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

SQUARE TEXTILES LTD.



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



SQUARE
Textiles Limited



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, 2020

Dear Madam/Sir(s)

We are pleased to enclose a copy of the Annual Report containing Directors' Report, Auditors' Report alongwith the Audited Financial Statements comprising Statement of Financial Position as at June 30, 2020, Statement of Profit or Loss and other Comprehensive Income, Changes in Equity and Cash Flows for the year ended June 30, 2020 along with notes thereon, all related Consolidated and Subsidiaries Financial Statements, Corporate Governance Compliances and others for your information and records.

Yours sincerely.

Sanjib Baran Roy
Company Secretary

Dated: 30 November, 2020



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.

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.

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.





NOTICE 25TH AGM

Notice is hereby given that the 25th Annual General Meeting of the Members of Square Textiles Ltd. will be held on Tuesday the 15th December, 2020 at 11:00 a.m. under virtual platform through the link <https://bitly.com/stlagm2020> to transact the following business:

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

By order of the Board.

Sanjib Baran Roy
Company Secretary

Dated: 30 November, 2020

Notes:

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



The Founder

1925 - 2012

Never stand still
Never slow down
Never stop thinking

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

Samson H Chowdhury



THE 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



Mr. Tapan Chowdhury



Mrs. Ratna Patra



Mr. Samuel S Chowdhury



Mrs. Anita Chowdhury



Mr. Anjan Chowdhury



Mrs. Nihad Kabir



Mr. S M Rezaur Rahman

THE DIRECTORS

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.



MESSAGE FROM THE CHAIRMAN

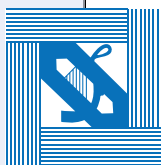
*Dear Shareholders, Colleagues, Ladies
and Gentleman*

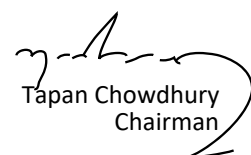
I, on behalf of the Board of Directors welcome you all to the 25th Annual General Meeting of the company. I hope you have already received a copy of the Annual Report for the year 2019-20 containing Directors' Report and Statutory Financial Statements as per laws/Regulations of the country. You must have studied the information and analyzed for future investments/divestments, as the case may be.

As you are aware of, Textiles Sector, especially its main component sub-sector-RMG (Ready Made Garments), is the prime mover of our economy and has the highest contribution to our GDP, Foreign Exchange Reserves, employment, economic/social development including health, education, poverty-alleviation, social security, food security and ethnical integration etc. Despite the sudden attack by CORONA during the Fourth Quarter of the reporting period, the total export earning had succeeded to grow despite turmoil in the main importing Countries. As the leading economics are at trade war, new opportunities are showing tings of light for new niche in the international market that offer us wide scope of a bright smile on the face of our bloody-war-won Nation.

Despite the continuous threat of CORONA on the back and front lines of Suppliers and Buyers, and likely declining level of profit in the few years ahead, I believe, in the long-term, our Shareholders, the stakeholders and our Nation shall withstand the storms and win and stay stronger.

With best wishes for a better & brighter day.




Tapan Chowdhury
Chairman

BUSINESS OPERATIONAL RESULTS



Standalone

Figures in '000

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
Turnover (Net)	9,505,326	8,896,244	6,367,125	5,020,425	4,998,758
Gross Profit	682,944	951,351	671,530	525,634	787,050
Net Profit (Before Tax)	90,140	435,911	348,045	297,592	573,967
Net Profit (After Tax)	51,362	346,462	290,914	252,494	486,236
Shareholders' Equity	6,881,280	7,224,422	5,386,034	5,452,946	5,607,074
Total Assets	14,190,038	12,954,548	9,425,480	7,511,325	6,695,189
Total Current Assets	7,272,823	6,396,837	4,430,793	3,618,295	3,547,893
Total Current Liabilities	7,094,063	5,494,425	3,910,867	1,948,729	965,544
Current Ratio	1.03	1.16	1.13	1.86	3.67
Shares Outstanding	197,252,000	197,252,000	187,859,048	178,913,379	162,648,527
Face Value per Share	10.00	10.00	10.00	10.00	10.00
Dividend (Cash)	10%	20%	20%	20%	25%
Dividend (Stock)	-	-	5%	5%	10%
Net Asset Value Per Share (NAV)	34.89	36.63	27.31	27.64	28.43
Net Operating Cash Flow per Share	-0.42	-3.48	-1.48	0.70	3.31
EPS-Earning per Share (STxL)	0.26	1.76	1.47	1.28	2.47
EPS-Earning per Share (Consolidated)	0.27	2.18	2.32	2.09	3.76
EPS on Share Issued for Cash	2.04	13.75	11.55	10.02	19.30
Quoted Price per Share - DSE	29.00	45.70	50.70	67.70	70.80
Quoted Price per Share - CSE	29.70	45.80	51.20	68.40	71.70
Price Earnings Ratio-DSE (Time)	111.54	25.97	32.71	48.01	26.02
Price Earnings Ratio-CSE (Time)	114.23	26.02	33.03	48.51	26.36
Market Capitalization-DSE (in billion)	5.72	9.01	9.52	12.11	11.51
Market Capitalization-CSE (in billion)	5.86	9.03	9.62	12.23	11.66
Shareholders :	2019-20	2018-19	2017-18	2016-17	2015-16
Sponsors/Directors	7	7	7	8	8
Financial & other Institution	240	238	219	229	226
Foreign Investors	5	5	7	11	13
General Public	16,558	17,194	17,708	18,626	20,931
Total -	16,810	17,444	17,941	18,874	21,178
Employees :	2019-20	2018-19	2017-18	2016-17	2015-16
Executives	187	178	162	145	138
Non Executives	142	130	117	71	67
Workers	3,894	3,657	2,152	2,211	1,893
Total -	4,223	3,965	2,431	2,427	2,098

Square Tex



REPORT FROM THE MANAGING DIRECTOR

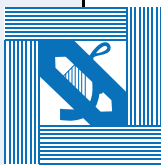
*Respected Shareholders, Ladies
and Gentleman*

I feel highly obliged to welcome you all to the 25th AGM of the company and refer your attention to the statutory financial/operating reports contained in the Annual Report for the year 2019-20 so that the concerned persons may make wise investment/divestment decisions for themselves. I hope everyone has received his copy of the Report and made necessary exercises therefor.

A study of the Directors' Report would show that despite the disorders during the Fourth Quarter of the period under report due to CORONA, the company had succeeded to increase installation/operational capacity by additional investment. As a result the output had increased alongwith production efficiency over the previous year. Management efforts, thereby, led to a reduction in unit cost including percentage of Raw material costs of total unit costs. It would also be noted that though export-sales revenue had increased over the previous year, unit export prices had fallen at a higher rate diminishing the gross profit, operating income, Net Profit (both AT/BT), and lastly the EPS. This had persuaded the Board of Directors to use a part of the Free Reserve for declaration of a Cash Dividend for the year under review.

I hope the Shareholders shall appreciate the factors affecting the decision and would work forward with an optimistic expectation for the future.

With best wishes.




Samuel S Chowdhury
Managing Director

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.

Square Tex

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 Sustain-ability 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.

SUSTAINABLE ENERGY PROGRAM

Bangladesh is an active partner with UNDP in implementing Sustainable Development Goals (SDGs) also known as the Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

SQUARE Textiles Ltd. as a Spinner, it requires 19.50 MWh electricity to run operations. Out of total requirement, 16.50 MWh electricity generated from Natural Gas & HFO and 3.00 MWh outsourced from REB and other Merchant Power Plants. Considering Environment (Our Mother Planet’s Health), Cost of Energy, SQUARE Textiles Ltd. has implemented its 1st phase for Solar Power Project. The Environmental and Fiscal benefits of this Solar Project is as follows;

- Installation Capacity : 2,646 Kwh
- Service period: 25 Years
- Energy Generating (Yearly): 4,683,420 Kwh (Daily average 6 hours @ 2,205 Kwh)
- Carbon Emission (Yearly): 3,138,818 Kg (Equivalent 1.43 Lac Matured Tree Plantation)
- Water Savings (Yearly): 43.46 Lac Liters
- Energy Cost Savings (Yearly): BDT 2.58 Crore





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. K. M. Hasan & Co.
Chartered Accountants
Hometown Apartment
8th & 9th Floor
87 Eskaton Road
Dhaka

Compliance Auditors

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





Operational Head

Mr. Md. Alamgir Hossain	Head of Operations
Mr. Anjan Kumar Paul	Head of HR & Admin
Mr. Masudul Hoque	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. Rakanuddin Mahmud Bar-at-Law Walsow Tower 21-23 Kazi Nazrul Islam Avenue Dhaka	Ms. Nazia Kabir Bar-at-Law Concord Ovilash, 1 st floor House-62, Road-11A, Dhanmondi Dhaka
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Bankers

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

Insurers

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

1. 880-2-8833047-56
880-2-9859007
2. cs@squaregroup.com
3. textile.squaregroup.com



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. Corporate Governance of Square Textiles 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 of Directors of Square Textiles met 8 (eight) times to transact various agenda. The intervening gap between the meetings was within the period prescribed under the Companies Act.

The present Board of Directors are comprised by the following owners/persons:

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 Members (shareholders) of the Company in the Annual General Meeting 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.

Board of Directors	
Constitution	Not less than 3 or more than 15 Directors.
Type of Mandate	Unitary Board of 7 Directors
Female	3 (Three)
Male	4 (Four)
Non-Executive Directors	6 (Six)
Executive Directors	1 (One)
Meeting held 2019-20	8 (Eight)

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.

Mrs. Nihad Kabir, 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, 2020 indicates that the Sponsors of the Company do not hold the required shareholdings (75%) for passing special resolutions. This allows the Public Shareholders (individuals & institutions) to play an effective role in protecting their legal corporate rights.

Shareholders Group	Holding
Sponsors/Directors	61.83%
Institutions	21.41%
General Public	13.43%
Foreigners	3.33%

The Company holds regularly as per law the Annual General Meeting [Members

(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 Affairs Division headed by Company Secretary in any company matters which is permissible.

The Board is however responsible to the Members (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/Statutory Auditors

The role of the Financial/Statutory 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 Regulations, 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 the Financial/ Statutory Auditor of Square Textiles Ltd. M/s. K. M. Hasan & Co., Chartered Accountants whose unchallenging performance has played a very trustworthy role in the protection of interest of the stakeholders of the Company.

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 (ICSB).

M/s. Chowdhury Bhattacharjee & Co., Chartered Accountants is the Compliance Auditors of Square Textiles Ltd. appointed by its Members (shareholders) in their Annual General Meeting.

Dividend Policy

The Management is committed to show a stable policy of distribution of dividend of the accretional wealth (profit) 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 Textiles 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 Textiles 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.



DIRECTORS' REPORT

2019-2020

To the Members for
the year ended 30
June, 2020

In terms of provisions of Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Bangladesh Securities and Exchange Rules 1987, 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, 2020 in the following paragraphs:

OPERATIONAL OVERVIEW

TEXTILES SECTOR

Textiles Sector produce yarn and fabrics for production of varieties of Textile goods that are used by people of World at large. However most of them suffered huge financial losses due to the sudden appearance of CORONA pandemic with its devastating effects on the Socio-economic lives of all the nationalities of the World for almost a year.

Due to CORONA pandemic, the activities of the textiles sector of the World including Bangladesh had caused a decline in GDP in major economics. USD 3.20 billion RMG order was cancelled/suspended from Bangladesh with resultant loss of export earning and financial losses by export oriented spinning and weaving mills amounting to USD 1.40 billion. It may be mentioned that during 2016-2017, total export earning by using local yarns and fabrics was USD 18,121 million which had increased to USD 21,950 million in 2018-2019 and retention was USD 12,683 million which had risen to USD 15,365 million.

Due to CORONA pandemic about 55 lac of the country's industrial employment, of which 80% are females and about 150 lakh

of peoples in support industries who depend on this trade have been suffering.

In the face of the grave situation, it is heartening to note, the Government of Bangladesh took significant steps and initiatives in time through various stimulus package to protect the textiles sector from the adverse situation caused by the COVID-19 which is appreciable indeed.

We are looking forward for the better situation which will alleviate the pains from pandemic.

FINANCIAL PERFORMANCE

During the financial year 2019-2020 the production of yarn was totally disrupted for about a month due to sudden appearance of CORONA pandemic and disorderly situation amongst the workers, Management and the Government Directives.

As a result, Textiles Sector experienced a very low demand and erosion in price of all types of exportable products from the importing countries who themselves also were fighting under the dust of Covid-19.

The Financials of Square Textiles during the year 2019-2020 depicts the devastating effect of CORONA on sales revenue and profitability in comparison the previous year of 2018-2019.

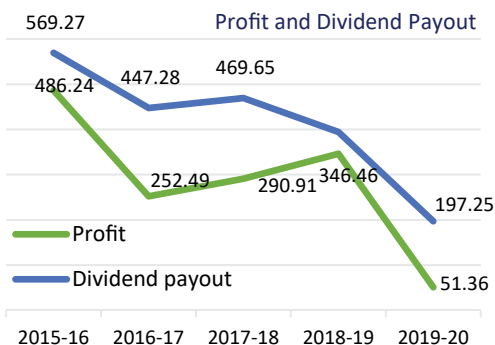
Spinning business is a backward linkage of RMG industry. So, spinners used to arrange 3 to 6 month's raw materials for stock in advance to supply yarn to their customers. During July 2019 to December 2019 the raw material price in the international market was higher than regular price. But yarn price and demand in the national & international market was lower as against higher raw material prices. On the other hand, China

and USA trade war had also material negative impact on the garments sectors. Indian subsidized low price yarn dumping strategy also had a contribution to the volatility in the yarn price.

In view of the above, profitability of Square Textiles during financial year 2019-2020 had fallen drastically over that of the previous years.

However Square Textiles attained a higher growth in Revenue by 6.85% during the year 2019-2020 at Standalone level. The Revenue from operations stood at BDT 9,505.33 million compared to BDT 8,896.24 million in the Previous Year. The Operating Profit stood lower at BDT 443.97 million than BDT 697.85 million in the Previous Year, a decrease by 36.38%. The Net Profit decreased by 85.18% to BDT 51.36 million against BDT 346.46 million earned in the previous year.

The Consolidated Revenue from operations for FY 2019-2020 had amounted to BDT 10,351.45 million as against BDT 10,562.04 million in the Previous Year. The Profit from Operation fell to BDT 476.12 million during the year as against BDT 842.18 million in the previous year. The Net Profit for the year also stood lower at BDT 53.33 million against BDT 429.02 million as reported in the previous year.



The Consolidated Revenue, Profit from Operation and Net Profit declined by 1.99%, 43.47% and 87.61% respectively during the year 2019-2020 under review over these of the previous year.

COMPANY'S OPERATIONS

Square Textiles has over 23 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 group enterprises are producing around 120 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 Textile products are internationally recognized by our valued customers for their extra-ordinary quality and committed services.

CAPACITY/PRODUCTION

Square Textiles have restated the production capacity installation criterion and actual production quantity to make them (The production data) equivalent & comparable.

Despite the pandemic disorders in the highest Foreign Currency earning sector, the installation capacity, production equivalence, actual production efficiency in each category had attained higher level during the year as against the previous year as presented and enclosed below:

Spindles/Rotors In Nos.

	2019-20	2018-19
--	---------	---------

Installation:

Spindle Installed	125,878	122,976
Rotor head Installed	3,960	3,960
Vortex head Installed	2,784	2,784

Operation:

Spindle Operated	125,878	122,976
Rotor head Operated	3,960	3,960
Vortex head Operated	2,784	2,784

Product Capacity Installed in Kg

	2019-20	2018-19
--	---------	---------

Equivalent to-

30s Count (Ring Yarn)	18,795,241	18,171,216
14s Count (O/E Yarn)	91,74,634	9,042,222
30s Count (Vortex Yarn)	103,05,628	7,927,500
Total -	38,275,503	35,140,938

Actual Production in Kg

	2019-20	2018-19
--	---------	---------

Actual Production	38,857,870	33,622,604
-------------------	------------	------------

Equivalent to-

30s Count (Ring Yarn)	18,305,990	17,617,160
14s Count (O/E Yarn)	8,810,382	8,722,390
30s Count (Vortex Yarn)	10,021,643	7,642,423
Total -	37,138,014	33,981,973

Production Efficiency in %

	2019-20	2018-19
--	---------	---------

Equivalent to-

30s Count (Ring Yarn)	97.40	96.95
14s Count (O/E Yarn)	96.03	96.46
30s Count (Vortex Yarn)	97.24	96.40
Total (Average) -	97.03	96.70

COST OF PRODUCTION

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

The level of costs and their incidences are given below:

	in Ton	
	2019-20	2018-19
Output of Yarn	38,858	33,623

Cost of Major Items in Tk. '000

	2019-20	2018-19
Raw Material	6,631,043	6,040,169
Consumed Packing Materials	89,354	85,725
Fuel/Power etc.	628,469	592,512
Spare Parts	181,561	161,055
Other Overhead	1,386,070	1,137,374
Total Cost -	8,916,497	8,016,835

Unit Cost/Kg. in Tk.

	2019-20	2018-19
Raw Material	170.65	179.64
Packing Materials	2.30	2.55
Fuel/Power etc.	16.17	17.62
Spare Parts	4.67	4.79
Other Overhead	35.67	33.83
Total Unit Cost-	229.46	238.43
Raw Material Cost % of Total Cost-	74.37%	75.34%

The above figure reveals that though the raw material cost per unit decreased by 5.00%, packing materials cost decreased by 9.80%, Fuel/Power cost decreased by 8.23%, Spare Parts cost decreased by 2.51% and other overheads increased by 5.44%, which led to

total unit cost decrease by 3.76% in 2019-20 over 2018-19.

During the year under review the price of raw cotton in the international market was significantly unstable due to the COVIT 19 pandemic.

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

	2019-20	2018-19
Export Sales	38,361	33,609
Total -	38,361	33,609

Sales Revenue (Tk.) in '000

	2019-20	2018-19
Export Sales	9,505,326	8,896,244
Total-	9,505,326	8,896,244

The above figures show that though the sales quantity increased by 14.14% during the year, sales revenue increased at lower rate of 6.85% in 2019-20 over 2018-19.

UNIT SELLING PRICES ATTAINED

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

	2019-20	2018-19
Export Sales	247.79	264.70
Total-	247.79	264.70

The above indicate that selling price decreased by 6.39% in 2019-20 over 2018-19 due to decline the export demand of cotton yarn in the international market. The price of yarn had also fallen due to the strained trade relationship between the US and China and COVID-19 pandemic.

INDUSTRY OUTLOOK

In the wake of changing world demand structure Bangladesh is on the track of progressive higher demand for garments of mid 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 rationalizes fiscal/monetary policies and provide necessary monetary support/incentives to Local as well as 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.

It is however, heartening to note that the Government recognizing the above mentioned factors is now taking various measures as a result of which Bangladesh has begun to step up its position in the "Doing Business" Index of the World Bank Ranking Hall of Progress.

CAPITAL EXPENDITURES

Square Textiles made an additional net capital expenditure of Tk. 873.28 million in order to upgrade production facilities and increase the production capacity during year 2019-2020 as follows:

	in '000	
	2019-20	2018-19
Land/Civil Construction	115,621	-
Plan & Machinery	724,867	1,277,574
Other Fixed Assets	32,793	146,010
Total -	873,281	1,423,584

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 mainly out of its internal generation of fund and partly by bank borrowing.

INVESTMENT IN SUBSIDIARIES

Square Textiles has invested Tk. 489,333,960 as equity (99.88%) in the capital of Square Texcom Limited.

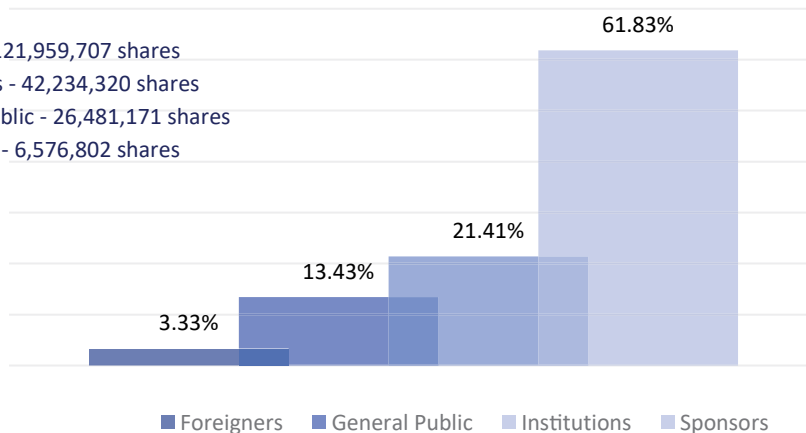
As per provision of the Company Act 1994 Square Texcom Limited is a subsidiary of Square Textiles Limited and as such Directors' Report along with Auditors Report & Audited Financial Statement have been included as part of this report.

FOREIGN EXCHANGE EARNED/SAVED

Square Textile has contributed substantial amount to the Foreign Exchange Reserve of the Country. During the year 2019-2020 an amount of Tk. 1,162.42 million was earned/saved and contributed through its export marketing operation, which is depicted below:

	in '000	
	2019-20	2018-19
Total Export Earning	8,805,045	8,164,635
Less Import Costs :		
Raw Cotton	6,717,353	6,824,907
Spare Parts	193,588	219,770
Misc. (with BMRE)	731,680	1,051,317
Net Export Earnings	1,162,424	68,641

Sponsor - 121,959,707 shares
Institutions - 42,234,320 shares
General Public - 26,481,171 shares
Foreigners - 6,576,802 shares



THE OWNERS

FINANCIAL RESULTS

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

Particulars	2019-2020	2018-2019	↑↓ in %
Turnover	9,505,326,369	8,896,244,091	6.72 ↗
Cost of Goods Sold	8,822,382,013	7,944,893,270	11.04 ↗
Gross Profit	682,944,356	951,350,821	28.21 ↘
Administrative Expenses	225,411,308	241,149,856	6.53 ↘
Selling & Dist. Expenses	13,562,392	12,351,542	9.80 ↗
Operating Income	443,970,656	697,849,423	36.38 ↘
Finance Cost	365,116,812	254,157,870	43.66 ↗
Other Income	15,793,123	14,014,592	12.69 ↗
Net profit before WPPF	94,646,967	457,706,145	79.32 ↘
Contribution WPPF	4,506,998	21,795,531	79.32 ↘
Net profit (Before Tax)	90,139,969	435,910,614	79.32 ↘
Provision for Income Tax	59,784,898	35,860,653	66.71 ↗
Provision for Deferred Tax	(21,006,764)	53,587,981	139.20 ↘
Net Profit (After Tax)	51,361,835	346,461,980	85.18 ↘
Gross Profit Margin	7.18%	10.69%	32.83 ↘
Net Profit Margin (AT)	0.54%	3.89%	86.11 ↘
EPS (Earning Per Share) in Taka	0.26	1.76	85.23 ↘

The Turnover increased by 6.72% but Gross Profit and Net Profit (After Tax) declined by 28.21% and 85.18% respectively during the year of 2019-20 in comparison to previous year.

Gross Profit Margin as well as Net Profit Margin decreased by 32.83% and 86.11% respectively.

The Financial Result of the Company for the year 2019-2020 depicts a decline in EPS mainly due to the CORONA impact unit selling price (fall) despite a marginal fall in Unit Cost of production over the previous year of 2018-2019

Moreover, during July 2019 to December 2019 the raw material price in the international market was higher than regular price. Beside this price and demand of yarn in the national & international market was lower in

comparison to higher raw material price. On the other hand, China and USA trade war had also material impact on the garments sectors. Indian subsidized low price yarn dumping strategy also had a vital role for volatile yarn price.

Furthermore, Square Textiles Ltd. invested in its expansion unit at Habiganj for about BDT 200 crore and for BMRE purpose around BDT 100 crore along with additional working capital of BDT 200 crore to support the additional capacity. So, the finance cost has significantly increased during the financial year 2019-2020 compared to previous year for additional loan of around BDT 500 crore.

As a result of this unavoidable circumstances and investments, the profitability of Square Textiles during financial year 2019-2020 drastically declined over the previous year.

CONTRIBUTION TO NATIONAL EXCHEQUER

Square Textile contributed an amount of Tk. 81.47 million during the year of 2019-2020 to the National Exchequer as against Tk. 66.94 million of the previous year.

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.

LOANS AND GUARANTEES

Detail of Loans granted and Guarantees given during the year under review are depicted in Note No. 10 and 36.4 of standalone financial statement.

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 2019-20.	4,908,759,862
b) Recommended for Cash Dividend @10%.	197,252,000
c) Net General Reserve & Surplus	4,711,507,862

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.

ELECTION OF DIRECTORS

Mrs. Ratna Patra and Mr. Anjan 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 STATUTORY AUDITORS

The existing Statutory Auditors of the Company M/s K.M. Hasan & Co., Chartered Accountants retires at this 25th Annual General Meeting and being eligible have offered themselves for reappointment as Statutory Auditors of the Company for the year 2020-2021. The Board of Directors in its meeting held on 22nd October, 2020 has recommended for their appointment.

APPOINTMENT OF COMPLIANCE AUDITORS

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

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.

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

MANAGEMENT'S DISCUSSION & ANALYSIS

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

CORPORATE GOVERNANCE COMPLIANCE REPORT

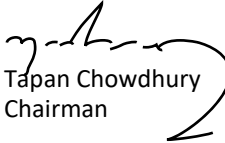
In accordance with the requirement of the Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission, a statement in pursuance to Clause 1(5), Resume of the Directors who shall be reappointed, Audit Committee Report as per clause 5(7), Certificate from the CEO and CFO to the Board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



USTERIZED
Certified

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. 10
- 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 2019-2020 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	6
Mr. Anjan Chowdhury	Director	8	8
Mrs. Nihad Kabir	Independent Director	8	8
Mr. S M Rezaur Rahman	Independent Director	8	8

- The pattern of shareholding as on 30 June 2020 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. Taslimul Hoque	Deputy 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. 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

DIRECTORS PROFILE

Who are seeking appointment

RE-APPOINTMENT OF DIRECTOR

MRS. RATNA PATRA

Mrs. Ratna Patra is a Director of Square Textiles Ltd. since inception in 1994 and has been appointed as Vice Chairman in this year of 2012. She is the daughter of late Samson H Chowdhury, Founder Chairman of the Company. She graduated from Dhaka University and has a business experience of more than 17 years in the textiles and pharmaceuticals sector.



Mrs. Ratna Patra is a sponsor director of Square Pharmaceuticals Ltd., a Listed Company, designated also as Vice Chairman.

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

MR. ANJAN CHOWDHURY

Mr. Anjan Chowdhury is a Director of Square Textiles Ltd. since inception in 1994, son of late Samson H Chowdhury, Founder Chairman of the Company. He obtained Bachelor's degree in Business Administration from the University of South Florida, USA and has a rich experience of more than 26 years in the pharmaceuticals, Pharmaceuticals, Hospitals, Textiles, RMG, IT, Healthcare, Toiletries, Food & Consumer Products, Organic Tea Plantation, Capital Market Operation & Satellite TV Broadcasting



Mr. Anjan Chowdhury also Sponsor Director in 25 other private limited company namely Square Pharmaceuticals Kenya EPZ Ltd., Square Hospitals Ltd., Square Lifesciences Ltd., Square Textiles Ltd., Square Toiletries Ltd., Square Food & Beverages Ltd., Square Fashions Ltd., Square Denims Ltd., Square Informatics Ltd., Square Securities Management Ltd., Square Agro Development and Processing Ltd., Square Air Ltd., ASTRAS Ltd., Sabazpur Tea Company Ltd. and Maasranga Communications Ltd (Maasranga Television) under the Square Group.

Beside holding directorship of 25 companies under Square Group, Mr. Anjan Chowdhury is the Chairman of Micro Industries Development Assistance and Services MIDAS, Trustee Member of Independent University of Bangladesh, Vice President of Bangladesh Olympic Association (BOA), Bangladesh Agro Processors Association (BAPA), AOAB (Airline Operators Association of Bangladesh), Councilor of Bangladesh Football Federation (BFF), Vice President of ATCO (Association of TV Company Owners), Executive Committee Member of Bangladesh Golf Federation and Director of Abahani Limited.

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

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

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

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, 2020 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	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014
Financial Performance						
Revenue	9,505,326	8,896,244	6,367,125	5,020,425	4,998,758	5,115,828
Gross Profit	682,944	951,351	671,530	525,634	787,050	868,716
Net Profit (Before Tax)	90,140	435,911	348,045	297,592	573,967	644,992
Net Profit (After Tax)	51,362	346,462	290,914	252,494	486,236	541,192
Financial Performance (Inflation Adjusted)						Base Year
Revenue	7,217,437	7,161,607	5,389,599	4,495,284	4,719,371	5,115,828
Gross Profit	518,562	765,852	568,432	470,652	743,061	868,716
Net Profit (Before Tax)	68,444	350,915	294,611	266,464	541,887	644,992
Net Profit (After Tax)	38,999	278,907	246,251	226,083	459,060	541,192
Financial Position						
Shares Outstanding	197,252,000	197,252,000	187,859,048	178,913,379	162,648,527	147,862,298
Shareholders' Equity	6,881,280	7,224,422	5,386,034	5,452,946	5,607,074	5,158,723
Total Assets	14,190,038	12,954,548	9,425,480	7,511,325	6,695,189	6,265,137
Total Liability	7,308,758	5,730,126	4,039,447	2,058,379	1,088,115	1,106,416
Current Assets	7,272,823	6,396,837	4,430,793	3,618,295	3,547,893	3,903,436
Current Liabilities	7,094,063	5,494,425	3,910,867	1,948,729	965,544	993,110
Financial Position (Inflation Adjusted)						Base Year
Shares Outstanding	149,774,337	158,790,752	159,017,597	160,198,870	153,557,899	147,862,298
Shareholders' Equity	5,224,987	5,815,766	4,559,132	4,882,563	5,293,688	5,158,723
Total Assets	10,774,560	10,428,601	7,978,414	6,725,633	6,320,987	6,265,137
Total Liability	5,549,573	4,612,835	3,419,282	1,843,071	1,027,299	1,106,416
Current Assets	5,522,287	5,149,548	3,750,546	3,239,818	3,349,597	3,903,436
Current Liabilities	5,386,554	4,423,093	3,310,443	1,744,890	911,579	993,110

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014
Cash Flow						
Net Cash Generated from Operating	(83,287)	(686,379)	(290,861)	138,081	652,153	831,462
Net Cash Used in Investing Activities	(874,167)	(1,432,871)	(1,341,726)	(913,875)	(884,274)	(332,348)
Net Cash Used in Financing Activities	1,042,556	1,771,675	1,696,880	498,970	362,874	(406,231)
Cash Flow (Inflation Adjusted)						Base Year
Net Cash Generated from Operating	(63,240)	(552,545)	(246,206)	123,638	615,703	831,462
Net Cash Used in Investing Activities	(663,759)	(1,153,482)	(1,135,735)	(818,283)	(834,851)	(332,348)
Net Cash Used in Financing Activities	791,617	1,426,224	1,436,363	446,777	342,593	(406,231)
Financial Ratio						
Current Ratio	1.03	1.16	1.13	1.86	3.67	3.93
Debt to Equity	0.94	1.26	1.33	2.65	5.15	4.66
Gross Profit Margin (In %)	7.18	10.69	10.55	10.47	15.74	16.98
Net Profit Margin (In %)	0.54	3.89	4.57	5.03	9.73	10.58
Return on Equity (In %)	0.75	4.80	5.40	4.63	8.67	10.49
Return on Assets (In %)	0.36	2.67	3.09	3.36	7.26	8.64
Ordinary Shares Information						
Shares Outstanding	197,252,000	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	10.00
Dividend-Cash (In %)	10	20	20	20	25	20
Dividend-Stock (In %)	0	0	5	5	10	10
Dividend Payout (Cash+Stock) in '000	197,252	394,504	469,648	447,283	569,270	443,587
Net Assets Value per Share	34.89	36.63	27.31	27.64	28.43	26.15
Net Operating Cash Flow per Share	-0.42	-3.48	-1.48	0.70	3.31	4.22
EPS-Earnings per Share (Standalone)	0.26	1.76	1.47	1.28	2.47	2.74
EPS-Earnings per Share (Consolidated)	0.27	2.18	2.32	2.09	3.76	4.08
EPS on Share Issued for Cash	2.04	13.75	11.55	10.02	19.30	21.48
Inflation Rate (In %)	6.02	5.52	5.78	5.44	5.92	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 for the year ended 30 June, 2019 of 5 (five) spinning companies are presented below in order of market capitalization:

Figures Tk. in '000

Particulars	Square Tex	Matin Spinning	Aman Cotton	Malek Spinning	Saiham Tex
Financial Performance					
Revenue	8,896,244	4,324,532	1,278,887	2,779,888	2,599,188
Gross Profit	951,351	375,345	326,180	241,741	334,160
Net Profit (Before Tax)	435,911	121,898	254,743	73,515	(73,579)
Net Profit (After Tax)	346,462	94,348	204,829	59,288	(87,720)
Financial Position					
Shares Outstanding	197,252,000	97,490,000	100,833,333	193,600,000	90,562,500
Shareholders' Equity	7,224,422	5,042,742	4,311,667	8,795,813	3,927,940
Total Assets	12,954,548	6,767,856	5,606,950	17,299,490	5,831,321
Total Liabilities	5,730,126	1,725,113	1,295,283	8,503,677	1,903,381
Current Assets	6,396,837	2,773,642	3,612,483	7,304,369	2,020,036
Current Liabilities	5,494,425	1,198,994	1,141,864	5,800,075	1,363,115
Cash Flow					
Net Cash Generated from Operating Activities	(686,379)	462,763	442,695	11,450	108,216
Net Cash Used in Investing Activities	(1,432,871)	(110,870)	(440,104)	200,840	127,592
Net Cash Used in Financing Activities	1,771,675	(222,568)	682,176	127,480	(226,926)
Market Capitalization (in million)	5,937.29	3,548.64	2,934.25	2,555.52	2,218.78

Annexure III

FINANCIAL AND ECONOMIC SCENARIO OF BANGLADESH
AND THE GLOBAL (IN BRIEF):

Bangladesh:

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

Bangladesh recorded one of the fastest growth rates in the world in the past few years with a stable economic performance that has helped to reduce poverty and social inequalities. GDP growth was estimated to have reached 7.9% in 2019 and is forecast to fall to 2% in 2020 due to the outbreak of the COVID-19 and pick up to 9.5% in 2021, according to the updated IMF forecasts.

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

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

One of the most densely populated economies in the world, Bangladesh has continued making impressive strides in achieving social development goals for its 165.55 million citizens. The resilience of the country's economy is commendable.

However, a sound financial and economic policy is required to be implemented to mitigate underperformance of the financial sector, diversify exports and create better employment

opportunities by increasing private investment. It also requires to mitigate the infrastructure bottlenecks, insufficient power and gas supplies, bureaucratic corruption, political instability, natural calamities and a lack of skilled workers.

The Global:

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

RISKS AND CONCERNS ISSUES RELATED TO THE
FINANCIAL STATEMENTS:

Square Tex has exposure to the Counterparty 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 3.12 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 Textiles Ltd. 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.



Samuel S Chowdhury
Managing Director

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: 11 October, 2020

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

Dear Sirs,

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

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

In this regard, we also certify that: -

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

Sincerely yours,


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, 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006 -158/207/Admin/80 Dated 3 June, 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

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

Place :Dhaka
Dated:11 October, 2020



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

STATUS OF COMPLIANCE

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

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

Condition No.	Title	Compliance Status		Remarks (If any)
		Compiled	Not Compiled	
1(5)(xviii)	Significant deviations from the last year's operation results of the issuer company shall be highlighted and the reasons there of should be explained.	√		
1(5)(xix)	Key operating and financial data of at least preceding 5 (Five) years shall be summarized.	√		
1(5)(xx)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons there of shall be given.			N/A
1(5)(xxi)	Board's statement to the effect that no bonus shares or stock dividend paid as interim dividend.			N/A
1(5)(xxii)	The number of Board meetings held during the year and attendance by each Director shall be disclosed.	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate (name wise details).	√		
1(5)(xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details).	√		
1(5)(xxiii)(b)	Directors, CEO, Company Secretary, CFO, HIAC and their spouses and minor children (name wise details).	√		
1(5)(xxiii)(c)	Executives	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1(5)(xxiv)(a)	A brief resume of the director in case of appointment or reappointment.	√		
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas.	√		
1(5)(xxiv)(c)	Names of the companies in which the person also holds the directorship 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.	√		

Annexure VI
to the Directors' Report

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

AUDIT COMMITTEE REPORT

For the year 2019-2020

Square 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 comprised by following Members of the Board of Directors:

Mrs. Nihad Kabir, Independent Director	- Chairman
Mrs. Ratna Patra, Vice Chairman	- Member
Mr. Anjan Chowdhury, Director	- Member

Mr. Sanjib Baran Roy, Company Secretary acts as the Secretary to the Committee.

The Audit Committee performs their responsibility in harmony with the Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission and ensures compliance thereon.

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.

Major activities carried out during reporting year 2019-2020:

- ❖ Examined and reviewed the fairness of the quarterly and annual financial statements and recommended to the Board for consideration.
- ❖ Overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports.
- ❖ Reviewed and recommended Related Party Transactions, Loans, Guarantees and Investments.
- ❖ Considered and made recommendation to the Board on the appointment and remuneration of Statutory Auditors.

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



Mrs. Nihad Kabir
Chairman, Audit Committee

Date: 12th October, 2020

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

২০১৯-২০২০

স্কয়ার টেক্সটাইলস্
লিমিটেড

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 ২০২০ তারিখে সমাপ্ত বছরের প্রতিবেদন সম্মানিত কোম্পানীর সদস্যবৃন্দের কাছে নিম্নোক্ত পরিচ্ছেদগুলোতে পেশ করছেনঃ

টেক্সটাইল সেক্টর

টেক্সটাইল সেক্টর বিভিন্ন ধরণের টেক্সটাইল পণ্য উৎপাদনের জন্য সুতা এবং কাপড় তৈরি করে যেগুলি বিশ্বজুড়ে ব্যবহৃত হয়। তবে প্রায় একবছর ধরে বিশ্বের সমস্ত জাতীয়তার আর্থ-সামাজিক জীবনে তার বিপর্যয়মূলক প্রভাব সহকারে করোনার মহামারীর আকস্মিক উপস্থিতির কারণে তাদের বেশিরভাগই বিশাল আর্থিক ক্ষতির সম্মুখীন হয়েছে।

করোনার মহামারীর কারণে বাংলাদেশসহ বিশ্বজুড়ে টেক্সটাইল খাত, অর্থনীতি এবং জিডিপিতে বড় রকমের পতন হয়েছে। ৩.২০ বিলিয়ন মার্কিন ডলারের তৈরি পোশাকের অর্ডার বাংলাদেশ থেকে রফতানি বাতিল বা স্থগিত করা হয়েছিল ফলে রফতানিমুখী স্পিনিং এবং বুনন কারখানাগুলির প্রায় ১.৪০ বিলিয়ন মার্কিন ডলার ক্ষতির সম্মুখীন হয়েছে। এটি উল্লেখ করা যেতে পারে যে ২০১৬-২০১৭ সালে স্থানীয় সুতা এবং কাপড় ব্যবহার করে মোট রফতানি আয় হয়েছিল ১৮,১২১ মিলিয়ন মার্কিন ডলার যা ২০১৮-২০১৯ সালে বেড়ে ২১,৯৫০ মিলিয়ন মার্কিন ডলার হয়েছিল এবং ধরে রাখা ক্ষমতা (রিটেনশন) ১২,৬৮৩ মিলিয়ন মার্কিন ডলার থেকে বেড়ে ১৫,৩৬৫ মিলিয়ন মার্কিন ডলারে হয়েছে।

করোনা মহামারীর কারণে দেশের প্রায় ৫৫ লক্ষ শিল্প কর্মসংস্থান যার মধ্যে ৮০% মহিলা এবং এই বাণিজ্যের উপর নির্ভরশীল শিল্পে প্রায় ১৫০ লাখ মানুষ ক্ষতিগ্রস্ত হয়েছে।

উল্লেখযোগ্য যে, কোভিড-১৯ এর ফলে সৃষ্ট প্রতিকূল পরিস্থিতি থেকে টেক্সটাইল সেক্টরকে রক্ষা করার জন্য বিভিন্ন আর্থিক অনুপ্রাণনা প্যাকেজের মাধ্যমে বাংলাদেশ সরকার সময়ে সময়ে উল্লেখযোগ্য পদক্ষেপ ও উদ্যোগ গ্রহণ করেছে যা প্রকৃতই প্রশংসনীয়।

আমরা আরও উন্নত পরিস্থিতির জন্য অপেক্ষা করছি যা মহামারী থেকে প্রাপ্ত যন্ত্রণা দূর করবে।

আর্থিক কার্যক্রম এবং অবস্থা

২০১৯-২০২০ অর্থবছরে হঠাৎ করোনার মহামারী এবং এ কারণে শ্রমিকদের মধ্যে, ব্যবস্থাপনায় ও সরকারী নির্দেশাবলীর মধ্যে সৃষ্ট বেসামাল পরিস্থিতি প্রায় এক মাস ধরে সুতার উত্পাদন সম্পূর্ণরূপে ব্যাহত হয়েছিল।

যেহেতু আমদানিকারক দেশগুলি থেকে নিজেরাও কোভিড-১৯ এর প্রভাবে আক্রান্ত সেহেতু টেক্সটাইলস সেক্টরের সকল প্রকার রফতানিযোগ্য পণ্যের চাহিদা ও দাম খুব কম যায়। গত বছর ২০১৮-২০১৯ এর তুলনায় আলোচ্য ২০১৯-২০২০ অর্থ বছরে স্কয়ার টেক্সটাইলস এর বিক্রয় এবং আয় লাভের উপর করোনার ধ্বংসাত্মক প্রভাব স্পষ্ট হয়ে ফুটে উঠেছে।

স্পিনিং ব্যবসা হলো তৈরি পোশাক শিল্পের একটি পশ্চাদপদ সংযোগ। এই জন্য স্পিনিং ব্যবসায়ীরা তাদের গ্রাহকদের সুতা সরবরাহ করার লক্ষ্যে আগাম ৩ থেকে ৬ মাসের কাঁচামাল স্টকে রাখত। জুলাই ২০১৯ থেকে ডিসেম্বর ২০১৯ পর্যন্ত জাতীয় ও আন্তর্জাতিক বাজারে কাঁচামালের দাম নিয়মিত দামের চেয়ে বেশি ছিল। কিন্তু কাঁচামালের উচ্চ দামের তুলনায় জাতীয় ও আন্তর্জাতিক বাজারে সুতার দাম ও চাহিদা কম ছিল। অন্যদিকে, চীন ও মার্কিন বাণিজ্য যুদ্ধের ফলে পোশাক খাতের উপরও নেতিবাচক প্রভাব পড়েছিল। এ ছাড়া ভারতের ভর্তুকিযুক্ত কম দামের সুতা ডাম্পিং কৌশলটিও সার্বিকভাবে সুতার দামের অস্থিরতায় অবদান রেখে ছিল।

উপরোক্ত বিষয়গুলির কারণে ২০১৯-২০২০ অর্থবছরে স্কয়ার টেক্সটাইলসের মুনাফা আগের বছরের তুলনায় ভীষণ ভাবে কমে গিয়েছে।

তবে স্কয়ার টেক্সটাইলস ২০১৯-২০২০ সময়ে একক ভাবে বিক্রয় গত বছরের তুলনায় ৬.৮৫% বৃদ্ধি পেয়েছে। এবছরের বিক্রয় ছিল ৯,৫০৫.৩৩ মিলিয়ন টাকা, পরিচালন মুনাফা ৩৬.৩৮% হ্রাস পেয়ে ৪৪৩.৯৭ মিলিয়ন টাকা হয়েছে যা গত বছরে ছিল ৬৯৭.৮৫ মিলিয়ন টাকার এবং নিট মুনাফাও ৮৫.১৮% হ্রাস পেয়ে ৫১.৩৬ মিলিয়ন টাকায় দাঁড়িয়েছে যা গত বছরে ছিল ৩৪৬.৪৬ মিলিয়ন টাকা।

২০১৯-২০২০ অর্থবছরের ব্যবসা কার্যক্রম থেকে কনসোলিডেটেড (একত্রিত) বিক্রয় ছিল ১০,৩৫১.৪৫ মিলিয়ন টাকা যা গত বছরের ১০,৫৬২.০৪ মিলিয়ন টাকা ছিল। পরিচালন মুনাফা গত বছরে ৮৪২.১৮ মিলিয়ন টাকার বিপরীতে ৪৭৬.১২ মিলিয়ন এবং নিট মুনাফা গত বছরের ৪২৯.০২ মিলিয়ন টাকা বিপরীতে ৫৩.৩৩ মিলিয়ন টাকা হয়েছে।

একীভূত বিক্রয়, পরিচালনা এবং নিট মুনাফা আগের বছরের তুলনায় ২০১৯-২০২০ সময়কালে যথাক্রমে ১.৯৯%, ৪৩.৪৭% এবং ৮৭.৬১% হ্রাস পেয়েছে।

কোম্পানীর ব্যবসায়িক কার্যক্রম

স্কয়ার টেক্সটাইলস্ দেশের অন্যতম বৃহত্তম নিটিং এবং উইভিং সুতা উৎপাদনকারী প্রতিষ্ঠান যা বিগত ২৩ বছর ধরে সফলতার সাথে পরিচালিত হয়ে আসছে। বর্তমানে এটি দৈনিক প্রায় ১২০টন সুতা উৎপাদন করে। টেকসই এবং ইকোবান্ধব পণ্য যেমন অর্গানিক, বিসিআই, টেনসেল, রি-সাইকেল (তুলা এবং পলিয়েস্টার) প্রভৃতিতে আলোকপাত করে থাকে। এ ছাড়াও গ্যালাক্সি, ফ্লাটার, লোরক্স, মোজক নেপি, সাইরো ইত্যাদি উচ্চ মূল্যমানের রপ্তানিযোগ্য সুতা উৎপাদন করছে।

স্কয়ার টেক্সটাইলস্ গ্রাহকদেরকে উন্নত গুণমান সম্পন্ন পণ্য এবং সেবা নিশ্চিত প্রদানে অঙ্গিকারবদ্ধ।

উৎপাদন ক্ষমতা/উৎপাদন

স্কয়ার টেক্সটাইল তার উৎপাদন ক্ষমতা ইনস্টলেশন মানদণ্ড এবং প্রকৃত উৎপাদন পরিমাণ (উৎপাদন ডেটা) সমতুল্য এবং তুলনামূলক করতে পুনর্নিবেদন করেছে।

সর্বাধিক বৈদেশিক মুদ্রা উপার্জন খাতে মহামারীজনিত ব্যাধিতে আক্রান্ত হওয়া সত্ত্বেও, প্রতিষ্ঠানের ইনস্টলেশন ক্ষমতা, উৎপাদন সমতা, প্রকৃত উৎপাদন দক্ষতা আগের বছরের তুলনায় এ বছরে উচ্চতর স্তর অর্জন করেছে যা নীচে উপস্থাপিত করা হয়েছে:

স্পিন্ডল্/রোটরস	সংখ্যা	
	২০১৯-২০	২০১৮-১৯
স্থাপিত:		
স্থাপিত স্পিন্ডল্	১২৫,৮৭৮	১২২,৯৭৬
স্থাপিত রোটর হেডস্	৩,৯৬০	৩,৯৬০
স্থাপিত ভরটেক্স হেডস্	২,৭৮৪	২,৭৮৪
সক্রিয়:		
সক্রিয়: স্পিন্ডল্	১২৫,৮৭৮	১২২,৯৭৬
সক্রিয়: রোটর হেডস্	৩,৯৬০	৩,৯৬০
সক্রিয়: ভরটেক্স হেডস্	২,৭৮৪	২,৭৮৪
স্থাপিত উৎপাদন ক্ষমতা	কেজি	
	২০১৯-২০	২০১৮-১৯
সমতুল্য উৎপাদন -		
৩০ সিঙ্গেল কাউন্ট (রিং ইয়ার্ণ)	১৮,৭৯৫,২৪১	১৮,১৭১,২১৬
১৪ সিঙ্গেল কাউন্ট (ও/ই ইয়ার্ণ)	৯১,৭৪,৬৩৪	৯,০৪২,২২২
৩০ সিঙ্গেল কাউন্ট (ভরটেক্স ইয়ার্ণ)	১০৩,০৫,৬২৮	৭,৯২৭,৫০০
মোট -	৩৮,২৭৫,৫০৩	৩৫,১৪০,৯৩৮

প্রকৃত উৎপাদন	কেজি	
	২০১৯-২০	২০১৮-১৯
প্রকৃত উৎপাদন		
সমতুল্য উৎপাদন-		
৩০ সিঙ্গেল কাউন্ট (রিং ইয়ার্ণ)	১৮,৭৯৫,২৪১	১৮,১৭১,২১৬
১৪ সিঙ্গেল কাউন্ট (ও/ই ইয়ার্ণ)	১০৩,০৫,৬২৮	৭,৯২৭,৫০০
৩০ সিঙ্গেল কাউন্ট (ভরটেক্স ইয়ার্ণ)	৩৮,২৭৫,৫০৩	৩৫,১৪০,৯৩৮
মোট -	৩৭,১৩৮,০১৪	৩৩,৯৮১,৯৭৩
উৎপাদন দক্ষতা	%	
	২০১৯-২০	২০১৮-১৯
সমতুল্য উৎপাদন-		
৩০ সিঙ্গেল কাউন্ট (রিং ইয়ার্ণ)	৯৭.৪০	৯৬.৯৫
১৪ সিঙ্গেল কাউন্ট (ও/ই ইয়ার্ণ)	৯৬.০৩	৯৬.৪৬
৩০ সিঙ্গেল কাউন্ট (ভরটেক্স ইয়ার্ণ)	৯৭.২৪	৯৬.৪০
মোট (গড়) -	৯৭.০৩	৯৬.৭০

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 আনুষঙ্গিক প্রভাব নিচে দেখানো হলো:

	টন	
	২০১৯-২০	২০১৮-১৯
সূতার উৎপাদন (কেজি)	৩৮,৮৫৮	৩৩,৬২৩
গুরুত্বপূর্ণ খাতগুলোর ব্যয় সমূহ	টাকা (,০০০)	
	২০১৯-২০	২০১৮-১৯
ব্যবহৃত কাঁচামাল	৬,৬৩১,০৪৩	৬,০৪০,১৬৯
প্যাকিং সামগ্রী	৮৯,৩৫৪	৮৫,৭২৫
জ্বালানী তেল/বিদ্যুৎ ইত্যাদি	৬২৮,৪৬৯	৫৯২,৫১২
খুচরা যন্ত্রাংশ	১৮১,৫৬১	১৬১,০৫৫
অন্যান্য খরচ সমূহ	১,৩৮৬,০৭০	১,১৩৭,৩৭৪
মোট ব্যয় -	৮,৯১৬,৪৯৭	৮,০১৬,৮৩৫
প্রতি কেজির মূল্য	টাকা (,০০০)	
	২০১৯-২০	২০১৮-১৯
ব্যবহৃত কাঁচামাল	১৭০.৬৫	১৭৯.৬৪
প্যাকিং সামগ্রী	২.৩০	২.৫৫
জ্বালানী তেল/বিদ্যুৎ ইত্যাদি	১৬.১৭	১৭.৬২
খুচরা যন্ত্রাংশ	৪.৬৭	৪.৭৯
অন্যান্য খরচ সমূহ	৩৫.৬৭	৩৩.৮৩
মোট ইউনিট ব্যয় -	২২৯.৪৬	২৩৮.৪৩
মোট শতকরা হিসাবে কাঁচামাল	৭৪.৩৭%	৭৫.৩৪%

উপরের চিত্রটি এই প্রকাশ করে যে ইউনিট প্রতি কাঁচামালের ব্যয় ৫.০০% হ্রাস পেয়েছে, প্যাকিং উপকরণের ব্যয় ৯.৮০% হ্রাস পেয়েছে, জ্বালানী/বিদ্যুতের ব্যয় ৮.২৩% কমেছে, খুচরা যন্ত্রাংশের ব্যয় ২.৫১% হ্রাস পেয়েছে এবং অন্যান্য গুণারহেড গুলি ৫.৪৪% বৃদ্ধি পেয়েছে, যা ২০১৮-২০১৯ বছরের তুলনায় ২০১৯-২০২০ সালে মোট ইউনিট ব্যয় ৩.৭৬% হ্রাস পেয়েছে।

পর্যালোচনাধীন বছরে আন্তর্জাতিক বাজারে কাঁচা তুলার দাম কোভিড ১৯ মহামারীর কারণে উল্লেখযোগ্যভাবে অস্থির ছিল

বিপণন কার্যক্রম

বাজার পরিস্থিতি

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

বিক্রয়ের পরিমাণ (কেজি)	(,০০০)	
	২০১৯-২০	২০১৮-১৯
রপ্তানি বিক্রয়	৩৮,৩৬১	৩৩,৬০৯
মোট -	৩৮,৩৬১	৩৩,৬০৯
বিক্রয়লব্ধ আয়	(,০০০)	
	২০১৯-২০	২০১৮-১৯
রপ্তানি বিক্রয়	৯,৫০৫,৩২৬	৮,৮৯৬,২৪৪
মোট -	৯,৫০৫,৩২৬	৮,৮৯৬,২৪৪

উপরের পরিসংখ্যানগুলি দেখায় আলোচ্য বছরে বিক্রয় পরিমাণ ১৪.১৪% বৃদ্ধি পেয়েছে, তবে ২০১৮-২০১৯ বছরের তুলনায় ২০১৯-২০২০ সালের তুলনায় বিক্রয় আয় ৬.৮৫% কম হারে বেড়েছে।

প্রাপ্ত একক বিক্রয় মূল্য

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

	২০১৯-২০	২০১৮-১৯
রপ্তানি বিক্রয়	২৪৭.৭৯	২৬৪.৭০
মোট -	২৪৭.৭৯	২৬৪.৭০

উপরের তথ্য থেকে এটা প্রতীয়মান হয় যে আন্তর্জাতিক বাজারে সুতির সুতার রফতানির চাহিদা হ্রাসের কারণে বিগত বছরের তুলনায় বিক্রয় মূল্য ৬.৩৯% হ্রাস পেয়েছে। এ ছাড়া মার্কিন যুক্তরাষ্ট্র ও চীন মধ্যে বৈরী বাণিজ্য সম্পর্ক এবং কোভিড-১৯ মহামারীর সুতার দামও হ্রাস পাওয়ার অন্যতম কারণ।

মূলধনী খরচ সমূহ

স্কয়ার টেক্স অতিরিক্ত মূলধনী ব্যয় হয়েছিল ১,৪২৩.৫৮ মিলিয়ন টাকা। উৎপাদনের সুবিধাগুলি উন্নীত করণে এবং ২০১৯-২০২০ সময়কালে উৎপাদনশীলতা বৃদ্ধি করার লক্ষ্যে, যা নিম্নরূপ:

	(,০০০)	
	২০১৯-২০	২০১৮-১৯
জমি/নির্মাণ কাজ	১১৫,৬২১	-
যন্ত্রপাতি	৭২৪,৮৬৭	১,২৭৭,৫৭৪
অন্যান্য স্থায়ী সম্পদ	৩২,৭৯৩	১৪৬,০১০
মোট -	৮৭৩,২৮১	১,৪২৩,৫৮৪

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

শিল্প আউটলুক

পরিবর্তিত বিশ্ব চাহিদা কাঠামোর প্রেক্ষাপটে মার্কিন যুক্তরাষ্ট্র, চীন, ইউই 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 সর্তক হয় এবং স্থানীয়/কৌশলগত বিনিয়োগকারীদের প্রয়োজনীয় আর্থিক এবং আর্থিক সহায়তা / উৎসাহ প্রদান করে।

ঝুঁকি এবং উদ্বেগ

দীর্ঘ পরিসীমা পরিকল্পনা অনুপস্থিতি, অপরিষ্কৃত 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।

তবে এটি লক্ষণীয় বিষয় যে, উপরে বর্ণিত বিষয়গুলি স্বীকৃতি দেওয়ার জন্য সরকার এখন বিভিন্ন পদক্ষেপ গ্রহণ করছে যার ফলস্বরূপ বাংলাদেশ বিশ্বব্যাংক র্যাঙ্কিং হল অফ প্রোগ্রামের “করণীয় ব্যবসা” সূচকে নিজের অবস্থান বাড়ানো শুরু করেছে।

সাবসিডিয়ারী কোম্পানীতে বিনিয়োগ

স্কয়ার টেক্সটাইলস্ লিমিটেড, স্কয়ার টেক্সকম লিমিটেড-এর মূলধনে ইকুইটি হিসাবে ৬৫,৭৮৩,৭৬০ বিনিয়োগ করেছে যা মোট মূলধনের ৯৫%।

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

অবদানসমূহ জাতীয় কোষাগারে অবদান

স্কয়ার টেক্সটাইল ২০১৯-২০২০ অর্থবছরে ৮১.৪৭ মিলিয়ন টাকা জাতীয় কোষাগারে জমা দিয়েছে, গত বছরের এটা ৬৬.৯৪ মিলিয়ন টাকা ছিল

বৈদেশিক মুদ্রার অর্জন/সঞ্চয়

স্কয়ার টেক্সটাইল দেশের বৈদেশিক এক্সচেঞ্জ রিজার্ভে যথেষ্ট পরিমাণে অবদান রাখছে। ১,১৬২.৪২ মিলিয়ন রফতানি বিপণন ক্রিয়াকলাপের মাধ্যমে অর্জিত / সংরক্ষণ এবং অবদান রেখেছে, যা নীচে চিত্রিত হয়েছে:

	(,০০০)	
	২০১৯-২০	২০১৮-১৯
মোট রপ্তানি আয়	৮,৮০৫,০৪৫	৮,১৬৪,৬৩৫
বাদ: আমদানি খরচ সমূহ:		
কাঁচা তুলা	৬,৭১৭,৩৫৩	৬,৮২৪,৯০৭
খুচরা যন্ত্রাংশ	১৯৩,৫৮৮	২১৯,৭৭০
বিবিধ (বিএমআরই)	৭৩১,৬৮০	১,০৫১,৩১৭
মোট -	১,১৬২,৪২৪	৬৮,৬৪১

আর্থিক ফলাফল

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

	(,০০০)		
বিবরণ	২০১৯-২০	২০১৮-১৯	↑↓ শতাংশে
বিক্রয়	৯,৫০৫,৩২৬,৩৬৯	৮,৮৯৬,২৪৪,০৯১	৬.৭২%
বিক্রিত পণ্যের উৎপাদন মূল্য	৮,৮২২,৩৮২,০১৩	৭,৯৪৪,৮৯৩,২৭০	১১.০৪%
মোট মুনাফা	৬৮২,৯৪৪,৩৫৬	৯৫১,৩৫০,৮২১	২৮.২১%
প্রশাসনিক ব্যয়	২২৫,৪১১,৩০৮	২৪১,১৪৯,৮৫৬	৬.৫৩%
বিক্রয় এবং বিতরণ খরচ	১৩,৫৬২,৩৯২	১২,৩৫১,৫৪২	৯.৮০%
পরিচালন মুনাফা	৪৪৩,৯৭০,৬৫৬	৬৯৭,৮৪৯,৪২৩	৩৬.৩৮%
আর্থিক খরচ সমূহ	৩৬৫,১১৬,৮১২	২৫৪,১৫৭,৮৭০	৪৩.৬৬%
অন্যান্য আয়	১৫,৭৯৩,১২৩	১৪,০১৪,৫৯২	১২.৬৯%
নীট মুনাফা (ডবিলউ.পি.পি.এফ. এর পূর্বে)	৯৪,৬৪৬,৯৬৭	৪৫৭,৭০৬,১৪৫	৭৯.৩২%
ডবিলউ.পি.পি.এফ. এ অনুদান	৪,৫০৬,৯৯৮	২১,৭৯৫,৫৩১	৭৯.৩২%
নীট মুনাফা (কর পূর্ব)	৯০,১৩৯,৯৬৯	৪৩৫,৯১০,৬১৪	৭৯.৩২%
আয়কর সঞ্চিতি	৫৯,৭৮৪,৮৯৮	৩৫,৮৬০,৬৫৩	৬৬.৭১%
বিলম্বিত আয়কর	(২১,০০৬,৭৬৪)	৫৩,৫৮৭,৯৮১	১৩৯.২০%
নীট মুনাফা (কর পরবর্তী)	৫১,৩৬৬,৩০৫	৩৪৬,৪৬১,৯৮০	৮৫.১৮%
মোট মার্জিন	৭.১৮%	১০.৬৯%	৩২.৮৩%
নীট মার্জিন	০.৫৪%	৩.৮৯%	৮৬.১১%
শেয়ার প্রতি আয়	০.২৬	১.৭৬	৮৫.২৩%

হিসাব একত্রীকরণ

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

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

ম্যানেজমেন্ট ডিসকাশন এন্ড আনালাইসিস

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

গত বছরের তুলনায় ২০১৯-২০২০ বছরে বিক্রয় ৬.৭২% বেড়েছে কিন্তু মোট মুনাফা এবং নিট মুনাফা (ট্যাক্সের পরে) যথাক্রমে ২৮.২১% এবং ৮৫.১৮% হ্রাস পেয়েছে।

মোট মুনাফার মার্জিনের পাশাপাশি নিট মুনাফার মার্জিন যথাক্রমে ৩২.৮৩% এবং ৮৬.১১% হ্রাস পেয়েছে।

মূলত করোনায় প্রভাবে ইউনিট বিক্রয় মূল্য পতন এর কারণে আগের বছরের তুলনায় ২০১৯-২০২০ সালের জন্য কোম্পানির আর্থিক ফলাফলে ইপিএস কমে গেছে।

তদুপরি, জুলাই ২০১৯ থেকে ডিসেম্বর ২০১৯ এর সময় আন্তর্জাতিক বাজারে কাঁচামালের দাম নিয়মিত দামের চেয়ে বেশি ছিল। এই মূল্য এবং জাতীয় ও আন্তর্জাতিক বাজারে সুতার চাহিদা উচ্চতর কাঁচামালের দামের তুলনায় কম ছিল। অন্যদিকে, চীন ও মার্কিন বাণিজ্য যুদ্ধের ফলে পোশাক খাতেও বৈষয়িক প্রভাব পড়েছিল। ভারতের ভূর্ভুকিয়ুক্ত স্বল্প দামের সুতা ডাম্পিং কৌশলও অস্থিতিশীল সুতার দামের জন্য গুরুত্বপূর্ণ ভূমিকা পালন করেছিল।

এ ছাড়া স্কয়ার টেক্সটাইল লিমিটেড হবিগঞ্জে তার সম্প্রসারণ ইউনিটে প্রায় ২০০ কোটি টাকা এবং বিএমআরই উদ্দেশ্যে প্রায় ১০০ কোটি টাকার জন্য অতিরিক্ত কর্মক্ষম মূলধন ২০০ কোটি টাকা অতিরিক্ত সক্ষমতা সমর্থন করে বিনিয়োগ করেছে। সুতরাং, প্রায় ৫০০ কোটি টাকা অতিরিক্ত ঋণের জন্য পূর্ববর্তী বছরের তুলনায় ২০১৯-২০২০ অর্থবছরে অর্থ ব্যয় উল্লেখযোগ্যভাবে বেড়েছে।

এই অনিবার্য পরিস্থিতি এবং বিনিয়োগের ফলস্বরূপ, ২০১৯-২০২০ অর্থবছরের সময়ে স্কয়ার টেক্সটাইলের মুনাফা আগের বছরের তুলনায় মারাত্মকভাবে হ্রাস পেয়েছে।

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।

মুনাফা বন্টন

পরিচালনা পর্ষদ নিম্নোক্ত উপায়ে ৩০ জুন ২০২০ সমাপ্ত বছরের জন্য নিট মুনাফা বন্টনের জন্য প্রস্তাব করেন:

	টাকায়
ক) মুনাফা বন্টনের জন্য ব্যবহারযোগ্য	
তহবিল ২০১৮-১৯ বছরের মুনাফাসহ	৪,৯০৮,৭৫৯,৮৬২
খ) নগদ লভ্যাংশ প্রস্তাব @ ১০%	১৯৭,২৫২,০০০
গ) নেট সাধারণ তহবিল ও উদ্ধৃত	৪,৭১১,৫০৭,৮৬২

ঋণ এবং গ্যারান্টি

অনুমোদিত ঋণের বিশদ বিবরণ এবং পর্যালোচনাধীন বছরের মধ্যে প্রদত্ত গ্যারান্টিগুলি একক আর্থিক বিবরণীতে যথাক্রমে নোট নং ১০ এবং ৩৬.৪ এ চিত্রিত হয়েছে।

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

সংঘবিধির ১২৫ ও ১২৬ অনুচ্ছেদ অনুযায়ী কোম্পানীর পরিচালক মিসেস রত্না পাত্র এবং জনাব অঞ্জন চৌধুরী অবসর গ্রহণ করেছেন এবং পুনর্নির্বাচিত হওয়ার যোগ্য বিধায় পুনর্নির্বাচিত 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।

বিধিবদ্ধ নিরীক্ষক নিয়োগ

বর্তমান কোম্পানীর নিরীক্ষক মেসার্স কে.এম. হাসান এন্ড কোং, চার্টার্ড একাউন্টেন্টস্ ২৫তম বার্ষিক সাধারণ সভায় অবসর গ্রহণ করেছেন এবং যোগ্য হয়ে নিজেদের ২০২০-২০২১ এর জন্য কোম্পানির বিধিবদ্ধ নিরীক্ষক হিসাবে নিযুক্ত হওয়ার আগ্রহ প্রকাশ করে। পরিচালনা পর্ষদ ২২ ই অক্টোবর, ২০২০ তারিখের সভায় তাদের নিয়োগের সুপারিশ করেছেন।

কমপ্লায়েন্স নিরীক্ষক নিয়োগ

মেসার্স চৌধুরী ভট্টাচার্য্য এন্ড কোং, চার্টার্ড অ্যাকাউন্ট্যান্ট এই বার্ষিক সাধারণ সভায় অবসর গ্রহণ করেছেন এবং যোগ্য হয়ে নিজেকে ২০২০-২০২১ এর জন্য কোম্পানীর কমপ্লায়েন্স অডিটর হিসাবে নিয়োগ দেওয়ার জন্য প্রস্তাব করেছেন। পরিচালনা পর্ষদ ২২ শে অক্টোবর, ২০২০ তারিখের সভায় তাদের নিয়োগের সুপারিশ করেছেন।

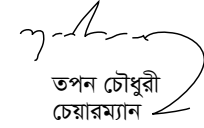
কর্পোরেট গভর্নেন্স কমপ্লায়েন্স প্রতিবেদন

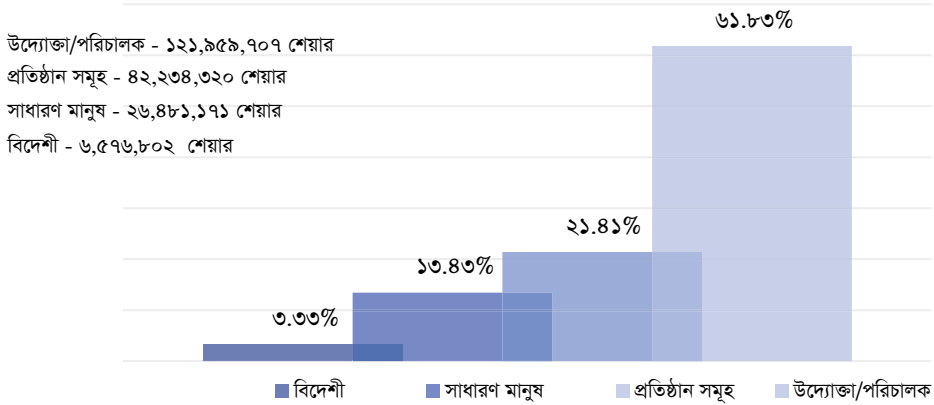
কর্পোরেট গভর্নেন্স হচ্ছে সুনামগরিকত্বের চর্চা যার মাধ্যমে পরিচালনা পর্ষদ কোম্পানীর পরিচালনা করেন, শেয়ার হোল্ডার/স্বার্থ সংশ্লিষ্ট ব্যক্তিবর্গ এবং সমাজের প্রতি জবাবদিহিতার দৃষ্টিভঙ্গি নিয়ে। বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন এর কর্পোরেট গভর্নেন্স কোড ২০১৮ এর নিরিখে একটি বিবরণ ১(৫) ধারা অনুসারে 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 -ii, iii, iv, vi ও vii-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, ষ্টক 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।

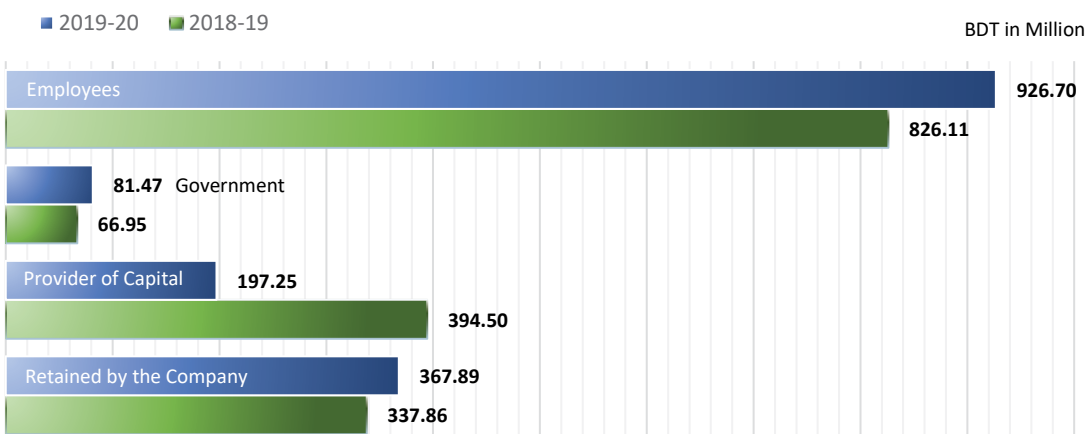

তপন চৌধুরী
চেয়ারম্যান



STATEMENT OF VALUE ADDED

For the year ended 30 June, 2020

	2019-2020	2018-2019
Source of Fund:		
Net Turnover	9,505,326,369	8,896,244,091
Less: Bought in Materials & Services	(7,947,811,620)	(7,284,834,794)
Add: Other Income	15,793,123	14,014,592
Value Added	1,573,307,872	1,625,423,889
Applied in the following Ways:		
Employees	926,696,822	826,114,579
Salaries Wages Gratuity and Other benefits	922,189,824	804,319,048
Contribution to workers profit participation & welfare fund	4,506,998	21,795,531
Government	81,472,347	66,948,261
Corporate Tax	59,784,898	43,637,491
Other Government Dues	21,687,449	23,310,770
Provider of Capital	197,252,000	394,504,000
Dividend	197,252,000	394,504,000
Retained by the Company	367,886,703	337,857,049
Depreciation	513,776,868	385,899,069
Retain Earning	(145,890,165)	(48,042,020)
	1,573,307,872	1,625,423,889

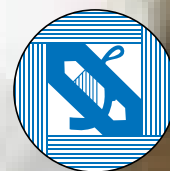


Square Tex

**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**





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Chartered Accountants

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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 consolidated financial statements of SQUARE TEXTILES LIMITED and its subsidiary (the 'Group') as well as the separate financial statements of SQUARE TEXTILES LIMITED (the 'Company') which comprise the consolidated and separate statement of financial position as at 30 June 2020 and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with 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

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



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Key audit matter description	How the scope of our audit responded to the key audit matter.	
Property, plant and Equipment		
<p>The carrying value of the PPE amounted to Tk. 5,584,199,044 as at 30 June, 2020. 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>See note no. 4 for details.</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. • 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. 	
	Revenue Recognition	
	<p>The Group reported total revenue of Tk. 10,351,450,641. 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 and control has passed.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the group 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 sale to the Group’s customers There is a risk of differences between the timing of invoicing of products and the dispatch of the products.</p> <p>See note no. 20 for details.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</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” • Tested the internal control over financial reporting. We also assessed the existence and accuracy of the sales recorded; • We performed analytical test to understand how the revenue has trended over the year among other parameters, we performed a detailed substantive testing on transactions around the year end to ensure revenues were recognized in the correct accounting period. We also tested journal entries focusing on sales transactions; • Verified VAT return with General Ledger. • We obtained supporting documents for sales, transactions recorded during the year; and • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.



Key audit matter description	How the scope of our audit responded to the key audit matter
Valuation of Receivables	
The Group has a trade receivable of Tk.4006,190,860 as at 30 June 2020.	Our substantive procedures in relation to the assessing valuation of receivable comprises the following:
Trade receivable of the group comprise mainly receivables regarding the sale of yarns which is secured by Letter of Credit (L/C).	<ul style="list-style-type: none"> • Obtained a list of outstanding receivables; • Reconciliation of receivables ageing to general ledger; • Conducting cut-off testing at the year-end; • Reviewing subsequent receipt of receivables balance.
See note no. 8 for details.	
Valuation of Inventories	
The amount of inventory is 3,212,755,636 as at 30 June, 2020 held in warehouses and across multiple product lines in factory.	We obtained assurance over relevance and appropriateness of management's assumptions applied in calculating the value of the inventories by:
Inventories are carried at the lower of cost and net realizable value. As a result, management has applied judgement in determining the appropriate values for inventories.	<ul style="list-style-type: none"> • Evaluating the design and implementation of key inventory controls operating across the factory and warehouse; • Reconciling the inventories with opening inventories, purchase, production and sales during the period and with closing inventories; • Testing, on a sample basis the stock expiry dates and the market price used in assessing the net realizable values of inventories of 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.
While excess holding of inventories could impact efficient use of working capital similarly lower level of inventories can result in stock outs or irregular supply to the market.	
See note no. 7 for details.	
Measurement of deferred tax liability	
The net deferred tax liability is Tk. 260,567,761 as at 30 June, 2020.	We carried out the following substantive testing for this item
Significant judgment is required in relation to deferred tax liabilities as it is dependent on forecasts of future profitability over a number of years.	<ul style="list-style-type: none"> • We checked deferred tax expenses and liabilities in the financial statements and compare them with the Group's calculation and records; • We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group's key controls over the recognition and measurement of deferred tax liabilities and the assumptions used in estimating the Group'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 for details.	



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Other Matter

The financial statements of the Group for the year ended 30 June 2019 were audited by Ahmed Zaker & Co., Chartered Accountants who expressed an unmodified opinion on those statements on 27 October 2019.

Other Information

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

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

In connection with our audit of the consolidated and the 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 and the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, The Securities and Exchange Rules 1987, relevant notifications issued by Bangladesh Securities and Exchange Commission and other applicable laws and regulation and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's and 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 and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an



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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 International Standards on Auditing (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 financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



কে. এম. হাসান এন্ড কোং
K. M. HASAN & CO.
Chartered Accountants

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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, we also report the following:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the Group and the Company so far as it appeared from our examination of these books;
- c) The consolidated and the separate statements of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and return; and
- d) The expenditure incurred was for the purposes of the Group's and the Company's business.

Dated: October 27, 2020
Place: Dhaka

K. M. Hasan
K. M. HASAN & CO.
Chartered Accountants

Consolidated Contents

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SQUARE
Textiles Limited
and its Subsidiary

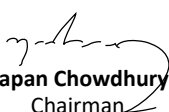


SQUARE TEXTILES LIMITED

AND IT'S SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

Particulars	Notes	30 June 2020	30 June 2019
		Taka	Taka
ASSETS:			
Non-Current Assets			
Property, Plant & Equipment- Carrying Value	04	7,143,572,161	6,794,125,077
Capital Work In Progress	05	5,584,199,044	6,013,100,252
Goodwill	06	1,503,089,357	724,741,065
		56,283,760	56,283,760
Current Assets			
Inventories	07	7,798,973,675	6,834,205,533
Accounts Receivable	08	3,212,755,636	3,108,769,448
Advances, Deposits & Prepayments	09	4,006,190,860	3,254,869,758
Cash & Cash Equivalents	10	283,520,858	289,933,615
		296,506,321	180,632,712
TOTAL ASSETS		14,942,545,836	13,628,330,610
SHAREHOLDERS' EQUITY & LIABILITIES:			
Shareholders' Equity			
Share Capital	11	7,157,580,431	7,498,757,447
Retained Earnings	12	1,972,520,000	1,972,520,000
		5,185,060,431	5,526,237,447
Non controlling Interest			
	13	14,940,976	14,938,707
Non-Current Liabilities			
Deferred Tax Liability	14	260,567,761	279,327,185
Current Liabilities & Provisions			
Short Term Bank Loan (Secured)	15	7,509,456,668	5,835,307,271
Creditors & Other Payables	16	3,889,798,280	3,370,859,633
Liabilities for Others Finance	17	87,224,604	71,576,651
Short Term Loan	18	158,642,781	145,174,138
Provision for Income Tax	19	3,277,576,394	2,168,788,505
		96,214,609	78,908,344
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		14,942,545,836	13,628,330,610
Net Asset Value Per Share	30	36.29	38.02

These financial statements should be read in conjunction with the annexed notes.


Tapan Chowdhury
Chairman


Samuel S Chowdhury
Managing Director


Sanjib Baran Roy
Company Secretary

Signed in terms of our separate report of even date annexed

Date: October 27, 2020
Place: Dhaka


K. M. HASAN & CO.
Chartered Accountants

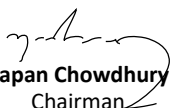
SQUARE TEXTILES LIMITED

AND ITS SUBSIDIARY

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

Particulars	Notes	2019-2020	2018-2019
		Taka	Taka
Sales Revenue	20	10,351,450,641	10,562,041,464
Cost of Goods Sold	21	(9,610,006,494)	(9,425,402,349)
Gross Profit		741,444,147	1,136,639,115
Administrative Overhead	22	(249,693,902)	(278,901,489)
Selling and Distribution Overhead	23	(15,630,283)	(15,559,867)
Profit from Operations		476,119,962	842,177,759
Finance Cost	24	(381,117,745)	(280,059,922)
Non-Operating Income	25	9,042,781	12,790,260
Profit Before W.P.P.F & W.F		104,044,998	574,908,097
Allocation for W.P.P.F & W.F	26	(4,954,523)	(27,376,576)
Profit Before Tax		99,090,475	547,531,521
Provision for Tax (Current)	27	(64,520,646)	(59,896,768)
Deferred Tax (Expenses)/ Income	28	18,759,424	(57,272,548)
Profit After Tax for The Period		53,329,253	430,362,205
Non-Controlling Interest		(2,269)	(1,338,236)
Net Income for the Period		53,326,984	429,023,969
Other Comprehensive Income		-	-
Total Comprehensive Income		53,326,984	429,023,969
Earnings Per Share (EPS)	29	0.27	2.18

These financial statements should be read in conjunction with the annexed notes.


Tapan Chowdhury
Chairman


Samuel S Chowdhury
Managing Director


Sanjib Baran Roy
Company Secretary

Signed in terms of our separate report of even date annexed

Date: October 27, 2020
Place: Dhaka


K. M. HASAN & CO.
Chartered Accountants

SQUARE TEXTILES LIMITED

AND IT'S SUBSIDIARY

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

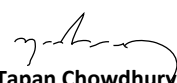
Amount in Taka

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 Year Ended June 30, 2020	-	53,326,984	53,326,984
Cash Dividend for 2018-19	-	(394,504,000)	(394,504,000)
Balance As at June 30, 2020	1,972,520,000	5,185,060,431	7,157,580,431

FOR THE YEAR ENDED JUNE 30, 2019

Amount in Taka

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	1,972,520,000	5,526,237,447	7,498,757,447


Tapan Chowdhury
Chairman


Samuel S Chowdhury
Managing Director


Sanjib Baran Roy
Company Secretary

Signed in terms of our separate report of even date annexed

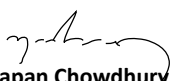
Date: October 27, 2020
Place: Dhaka


K. M. HASAN & CO.
Chartered Accountants

SQUARE TEXTILES LIMITED

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

Particulars	Note	2019-2020	2018-2019
		Taka	Taka
Cash Flows from Operating Activities:			
Receipts from Sales Revenue		9,600,129,539	9,844,558,088
Exchange Fluctuation Gain (Realization from Transaction)		12,245,683	6,599,666
Receipts/ (Payment) from Other Income/ Expenses		497,537	384,266
Total Receipts		9,612,872,759	9,851,542,020
Payments to Suppliers		(7,264,642,973)	(8,135,939,006)
Paid for Operating & Non-operating Expenses		(2,098,576,482)	(2,084,602,173)
Interest Expenses Paid		(217,219,802)	(240,448,525)
Income Tax Paid		(64,617,762)	(58,842,458)
Total Payments		(9,645,057,019)	(10,519,832,162)
Net Cash Generated (Used in) from Operating Activities		(32,184,260)	(668,290,142)
Cash Flows from Investing Activities:			
Purchase of Property, Plant & Equipment		(933,827,253)	(1,459,863,027)
Sales of Property, Plant & Equipment		10,084,257	16,862,452
Paid for Non controlling Interest for Merger of SYL		-	(9,287,050)
Net Cash Generated (Used in) from Investing Activities		(923,742,996)	(1,452,287,625)
Cash Flows from Financing Activities:			
Short Term Bank Loan Received/ (Repaid)		518,938,647	(45,828,128)
Short Term Loan from/ (To) Sister Company		950,180,456	2,124,536,378
Payment of Dividend		(394,504,000)	(375,718,096)
Net Cash Generated (Used in) from Financing Activities		1,074,615,103	1,702,990,154
Increase/ (Decrease) in Cash & Cash Equivalents		118,687,847	(417,587,613)
Net effect of foreign currency translation		(2,814,238)	2,111,603
Opening Cash & Cash Equivalents		180,632,712	596,108,722
Closing Cash & Cash Equivalents		296,506,321	180,632,712
Net Operating Cash Flows Per Share	31	(0.16)	(3.38)


Tapan Chowdhury
Chairman


Samuel S Chowdhury
Managing Director


Sanjib Baran Roy
Company Secretary

Signed in terms of our separate report of even date annexed

Date: October 27, 2020
Place: Dhaka

SQUARE TEXTILES LIMITED

AND IT'S SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED JUNE 30, 2020

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 the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. in 2002.

1.2 Address of Registered office and factory of the company:

- a) Registered Office: Square Centre 48, Mohakhali C/A, Dhaka -1212,
- b) Factory Office:
 - i. Saradaganj, Kashimpur, Gazipur
 - ii. Olipur, Habiganj ,Sylhet.
- c) Factory Office of Square Texcom Limited: 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, International Financial Reporting Standard 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:

S/N	Name of the IAS	IAS No.	Status
1	Presentation of Financial Statements	1	Applied
2	Inventories	2	Applied
3	Statement of Cash Flows	7	Applied
4	Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
5	Events after the reporting period	10	Applied
6	Construction Contracts	11	Replaced by IFRS 15
7	Income Taxes	12	Applied
8	Property, Plant and Equipment	16	Applied
9	Leases	17	Replaced by IFRS 16
10	Revenue	18	Replaced by IFRS 15
11	Employee Benefits	19	Applied

S/N	Name of the IAS	IAS No.	Status
12	Accounting for Government Grants and Disclosure of Government Assistance	20	Not Applicable
13	The Effects of Changes in Foreign Exchange Rates	21	Applied
14	Borrowing Costs	23	Applied
15	Related Party Disclosures	24	Applied
16	Accounting and Reporting by Retirement Benefit Plans	26	Not Applicable
17	Separate Financial Statements	27	Applied
18	Investment In Associates and Joint Ventures	28	Not Applicable
19	Financial Reporting in Hyperinflationary Economics	29	Not Applicable
20	Financial Instruments: Presentation	32	Applied
21	Earnings per share	33	Applied
22	Interim Financial Reporting	34	Applied
23	Impairment of Assets	36	Applied
24	Provisions, Contingent Liabilities and Contingent Assets	37	Applied
25	Intangible Assets	38	Applied
26	Financial Instruments: Recognition and Measurement	39	Replaced by IFRS 9
27	Investment Property	40	Not Applicable
28	Agriculture	41	Not Applicable

S/N	Name of the IFRS	IFRS No.	Status
1	First time adoption of Bangladesh Financial Reporting Standards	1	Not Applicable
2	Shares based Payment	2	Not Applicable
3	Business Combinations	3	Not Applicable
4	Insurance Contract	4	Not Applicable
5	Non-current Assets Held for Sale and Discontinued Operations	5	Not Applicable
6	Exploration for and Evaluation of Mineral Resources	6	Not Applicable
7	Financial Instruments: Disclosure	7	Applied
8	Operating Segments	8	Not Applicable
9	Financial Instrument	9	Applied
10	Consolidated Financial Statements	10	Applied
11	Joint Arrangement	11	Not Applicable
12	Disclosure of Interest in other entities	12	Applied
13	Fair Value Measurement	13	Applied
14	Regulatory deferral accounts	14	Not Applicable
15	Revenue from Contracts with Customers	15	Applied
16	Leases	16	Applied
17	Insurance Contracts	17	Not Applicable

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.

Covid-19 impact on Square Textiles Ltd.

During the financial year 2019-2020 the production of yarn was totally disrupted for 28 days (from 29th March to 25th April 2020) due to pandemic Covid-2019. The company experienced very low demand and price erosion of yarn in 4th Quarter 2019-2020.

The Financials of Square Textiles Ltd. for the year 2019-2020 depicts the Covid-2019 impact on sales revenue and profitability than that of financial performance of 2018-2019.

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) Consolidated Statement of Financial Position as at June 30, 2020;
- ii) Consolidated Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2020
- iii) Consolidated Statement of Changes in Equity for the year ended June 30, 2020
- iv) Consolidated Statement of Cash Flows for the year ended June 30, 2020 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, 2020.

2.7 Use of Estimates and Judgments:

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are reviewed on an ongoing basis.

The estimates and underlying assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

In particular, significant areas of estimation uncertainty and critical judgments in applying accounting policies that has the most significant effect on the amount recognized in the financial statements are income tax provision (both current and deferred tax), depreciation and gratuity provision.

2.8 Statement of Cash Flows:

Statement of cash flows has been prepared as per IAS 7: Statement of Cash Flows using Direct Method as per the requirement of Securities and Exchange Rules 1987.

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 Subsequent Costs:

The cost of replacing or upgrading part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss.

3.2 Disposal of Fixed Assets:

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

3.3 Impairment of Asset:

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

3.4 Capital Work in Progress:

Capital work in progress consists of cost incurred for acquisition of new plant and machinery, civil structure, factory shed for warehouse etc. which were not ready for use till reporting date.

3.5 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.

3.6 Employees' Benefit Scheme:

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 establish funded (defined contribution) Gratuity plan and it is approved by NBR on 21st September 2020.

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.

3.7 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.

3.8 Other Income:

It is recognized on accrual basis.

3.9 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.

3.10 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.

3.11 Advances, Deposits and Prepayments:

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory or expenses.

Deposits are measured at payment value.

3.12 Financial Instruments:

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

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.

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.

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 in 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.

3.13 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.

3.14 Lease:

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

3.15 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.

3.16 Related Party Transaction:

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

3.17 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.

3.18 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.

3.19 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.

3.20 Financial Year:

For this year financial year means, July 01, 2019 to June 30, 2020.

3.21 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.

3.22 Consolidated Financial Statements:

Consolidated Financial Statements comprise the following:

1. Square Texcom Limited

3.23 General:

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

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
4. Property, Plant & Equipment:		
Details of Property, Plant & Equipment and Depreciation as at June 30, 2020 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	10,742,926,989	8,813,079,842
Addition during the Year	155,478,961	2,160,369,578
Adjustment for Sale/ Obsolete during the Year	(25,027,022)	(230,522,431)
Closing Balance(Cost)	10,873,378,928	10,742,926,989
Accumulated Depreciation		
Opening Balance	4,729,826,737	4,443,796,175
Charged during the Year	573,409,711	501,253,590
Adjustment for sale/Obsolete during the year	(14,056,564)	(215,223,028)
	5,289,179,884	4,729,826,737
Carrying Value	5,584,199,044	6,013,100,252
5. Capital Work In Progress:		
Opening Balance	724,741,065	1,425,247,616
Addition during the Year	868,499,484	673,620,883
Transfer to Property, Plant & Equipment during the year	(90,151,192)	(1,374,127,434)
Closing Balance	1,503,089,357	724,741,065
6. Goodwill:		
Investment in share of Square Texcom Ltd. (For 4,330,502 shares of Tk. 100 each)	489,333,960	65,783,760
Less: Face Value of the Shares	433,050,200	9,500,000
	56,283,760	56,283,760
7. Inventories:		
Stocks of Raw Materials		
Raw Materials	2,425,754,931	2,345,843,023
Raw Materials In Transit	66,728,856	125,670,959
Packing Materials	15,953,264	19,545,342
Work - In - Process	124,403,202	158,585,990
Finished Goods	344,238,172	210,693,439
	2,977,078,425	2,860,338,753
Stocks of Spares		
Spares at Store	229,837,814	241,210,310
Spares in Transit	5,839,397	7,220,385
	235,677,211	248,430,695
	3,212,755,636	3,108,769,448

The basis of valuation is stated in Note -3.5. Carrying amount of inventories pledged as security. No segmentation of stock is required because of homogenous materials and process.

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
8. Accounts Receivable:		
This represents invoice value of goods delivered to customer.		
Aging of the above balance is as follows:		
Below 60 days	1,625,432,952	1,510,695,509
Within 61-120 days	701,610,840	1,269,408,592
Above 120 days	1,679,147,068	474,765,657
	<u>4,006,190,860</u>	<u>3,254,869,758</u>
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.		
9. Advances, Deposits & Prepayments:		
This is made up of the followings:		
Advance		
Income Tax	65,975,276	48,571,895
Salary & PF Current account	468,080	1,184,000
Other Expenses	28,644,702	22,817,327
Suppliers & Contractor	70,034,849	134,670,409
	<u>165,122,907</u>	<u>207,243,631</u>
Deposits		
Security Deposit	106,523,162	73,803,648
Margin on Bank Guarantee	11,874,789	8,886,336
	<u>118,397,951</u>	<u>82,689,984</u>
	<u>283,520,858</u>	<u>289,933,615</u>
(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 due by the associated undertaking.		
(c) The advances & deposits are considered good & recoverable.		
10. Cash & Cash Equivalents:		
Cash in hand	5,923,021	5,885,341
Cash at Bank (Note-10.1)	290,583,300	174,747,371
	<u>296,506,321</u>	<u>180,632,712</u>
10.1 Cash at Bank		
Standard Chartered Bank	191,679,634	64,780,241
HSBC	48,266,526	34,536,761
Prime Bank Limited	31,107,714	61,781,840
The City Bank Limited	186,151	186,991
Commercial Bank of Ceylon	13,966	-
Bank Alfalah Limited	959,161	791,236
Janata Bank Limited	3,668,856	6,179,980
Mutual Trust Bank Limited	6,214,040	3,836,120
Dutch Bangla Bank Limited	8,486,677	2,652,077
Islami Bank Bangladesh Limited	575	2,125
	<u>290,583,300</u>	<u>174,747,371</u>

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

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
11. Share Capital:		
This is made up of the followings:		
Authorized:	<u>3,000,000,000</u>	<u>3,000,000,000</u>
300,000,000 Ordinary Shares of Tk. 10.00 each		
Issued, Subscribed and Paid up:	<u>1,972,520,000</u>	<u>1,972,520,000</u>
(197,252,000 Ordinary Shares of Tk. 10.00 each fully Paid up)		
Details of Share Capital are shown in the annexed schedule-02.		
12. Retained Earnings:		
Opening Balance	5,526,237,447	5,565,823,903
Add: Profit for the Year	53,326,984	429,023,969
Adjustment of Non controlling Interest	-	1,037,191
Less: Cash Dividend paid during the Year	(394,504,000)	(375,718,096)
Less: Appropriation for stock dividend during the year	-	(93,929,520)
	<u>5,185,060,431</u>	<u>5,526,237,447</u>
13. Non Controlling Interest:		
5,000 shares of Tk 100 at par of Square Yarns Limited	-	500,000
5,000 shares of Tk 100 at par of Square Texcom Ltd.	500,000	500,000
Shares of Accumulated Profit	14,440,976	24,262,948
Adjustment of Non controlling Interest of SYL	-	(1,037,191)
Paid to NCI for Merger of SYL	-	(9,287,050)
	<u>14,940,976</u>	<u>14,938,707</u>
(a) This represents the minority share holdings in Square Texcom Limited as on June 30, 2020.		
(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.		
14. Deferred Tax Liability:		
Opening Balance	279,327,185	222,054,637
Deferred tax Expenses/ (Income)	(18,759,424)	57,272,548
Closing Balance	<u>260,567,761</u>	<u>279,327,185</u>
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	4,868,275,363	5,332,662,371
Less: Tax Base Carrying Value	(3,131,156,951)	(3,470,481,142)
Taxable Temporary Difference	<u>1,737,118,412</u>	<u>1,862,181,229</u>
Tax Rate	15.00%	15.00%
Closing Deferred Tax Liability	<u>260,567,761</u>	<u>279,327,185</u>
Less: Opening Deferred Tax Liability	(279,327,185)	(222,054,637)
Deferred Tax (Income) / Expense	<u>(18,759,424)</u>	<u>57,272,548</u>

Notes
Consolidated

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
15. Short Term Bank Loan (Secured):		
Bank Overdraft	64,544,195	72,936
Revolving Loan	800,000,000	800,000,000
Loan ag. Export Bill Discount	-	616,960,527
L/C Liabilities	3,025,254,085	1,953,826,170
	3,889,798,280	3,370,859,633
These short term loans are secured against hypothecation of Stock and Accounts Receivable.		
16. Creditors & Other Payables:		
Provision for Audit Fees	506,000	506,000
Provision for Utility Bill	60,619,289	41,885,349
Provision for Salary & Allowances	7,360,303	3,378,171
Others	18,739,012	25,807,131
	87,224,604	71,576,651
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 Others Finance:		
Retention Money	-	305,299
PF, WPPF & Other Fund	19,297,308	23,608,002
Provision for Gratuity	42,580,253	34,989,040
Dividend Payable	53,581,472	48,378,559
Others	43,183,748	37,893,238
	158,642,781	145,174,138
18. Short Term Loan:		
Loan from Square Pharmaceuticals Limited.	3,277,576,394	2,168,788,505
	3,277,576,394	2,168,788,505
19. Provision for Income Tax:		
Opening Balance	78,908,344	182,323,262
Adjustment with Advance Tax during the year	(47,214,381)	(163,311,686)
Provision made during the year (Note-19.1)	64,520,646	59,896,768
Closing Balance	96,214,609	78,908,344
19.1 Provision made during the year:		
Higher Amount of Tax Under Company-wise Calculation (Please See the Individual Company-wise Notes):		
A) For SQUARE Textiles Ltd.	56,305,125	32,026,479
B) For SQUARE Texcom Ltd.	4,735,748	3,454,421
C) For SQUARE Yarns Ltd.	-	16,126,610
Total Tax Expenses:	61,040,873	51,607,510
Add/ Less: Short/ (Excess) provision for Prior period	3,479,773	8,289,258
Income Tax Provision for the period:	64,520,646	59,896,768
Calculation of Effective Tax Rate:		
Current Income Tax Expenses	64,520,646	59,896,768
Deferred Tax Expenses/ (Income)	(18,759,424)	57,272,548
Total Tax Expenses	45,761,222	117,169,316
Effective Tax Rate (Total Tax Expenses / Profit Before Tax)	46.18%	21.40%

Notes
Consolidated

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
20. Sales Revenue:		
In Quantity (KG)		
Opening Stock	840,909	808,992
Production during the Year	42,916,326	39,856,706
Available for Sale	43,757,235	40,665,698
Closing Stock	(1,499,406)	(840,909)
Sales during the year	42,257,829	39,824,789
(To be accounted for as follows)		
Sales Accounted as follows:		
In Quantity (KG)		
Export Sale of Yarns	42,257,829	39,824,789
	KG. 42,257,829	39,824,789
In Taka		
Export Sale of Yarns	10,351,450,641	10,562,041,464
	Tk. 10,351,450,641	10,562,041,464
21. Cost of Goods Sold:		
Raw Materials Consumed (Note-21.1)	7,170,243,734	7,070,621,165
Packing Materials Consumed (Note-21.2)	97,872,377	101,236,647
Factory Overhead (Note- 21.3)	2,441,252,328	2,356,256,287
Cost of Goods Manufacturing	9,709,368,439	9,528,114,099
Work-In-Process (Opening)	158,585,990	73,007,237
Work-In-Progress (Closing)	(124,403,202)	(158,585,990)
Cost of Production	9,743,551,227	9,442,535,346
Finished Goods (Opening)	210,693,439	193,560,442
Finished Goods (Closing)	(344,238,172)	(210,693,439)
Cost of Goods Sold	9,610,006,494	9,425,402,349
21.1 Raw Materials Consumed:		
In Quantity(KG)		
Opening Stock	15,154,635	7,070,326
Purchase during the year	48,913,440	51,265,791
Raw Materials Available for Consumption	64,068,075	58,336,117
Closing Stock	(16,633,295)	(15,154,635)
Raw Materials Consumed	47,434,780	43,181,482
In Taka		
Opening Stock	2,345,843,023	1,316,945,017
Purchase during the year	7,250,155,642	8,099,519,171
Raw Materials Available for Consumption	9,595,998,665	9,416,464,188
Closing Stock	(2,425,754,931)	(2,345,843,023)
Raw Materials Consumed	7,170,243,734	7,070,621,165
Consumption Ratio on Purchase	98.90%	87.30%
21.2 Packing Materials Consumed:		
Opening Stock	19,545,342	13,842,823
Purchase during the year	94,280,299	106,939,166
Available for Consumption	113,825,641	120,781,989
Closing Stock	(15,953,264)	(19,545,342)
Packing Materials Consumed	97,872,377	101,236,647
Consumption Ratio on Purchase	103.81%	94.67%

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
21.3. Factory Overhead:		
Factory Wages, Salary & Allowances	875,610,488	858,697,343
Travelling & Conveyance	311,007	303,860
Overseas Travelling	1,634,891	430,311
Recruitment & Training Expenses	104,133	107,340
Printing Expenses	378,854	289,027
Stationery Expenses	1,461,239	1,743,673
Software & Hardware Support Expenses	2,300,010	2,817,058
Production Workers' Free Lunch	4,381,608	3,921,416
Uniform & Liveries	472,376	363,556
Fuel, Petrol, Light, Diesel etc.	45,698,470	58,514,173
Electricity, Gas & Water	634,044,261	625,396,587
Factory Consumable Expense	41,386,441	52,190,712
Medical Expenses	844,703	1,404,636
Repairs & Maintenance of Vehicles	15,372,111	15,119,637
Papers, Books and Periodicals	67,650	62,070
Industrial All Risk Insurance Premium	18,632,725	18,468,167
Postage, Telephone, Fax & Telex	387,491	352,700
Govt. Tax, VAT & License Fees	1,013,400	3,566,683
Security Services	27,232,990	18,619,132
Spare Parts - Machinery	195,104,332	191,323,654
Group Insurance	1,403,437	1,310,962
Depreciation (Schedule-01)	573,409,711	501,253,590
	2,441,252,328	2,356,256,287
22. Administrative Overhead:		
Salary and Allowances	124,415,088	127,661,897
Directors' Remuneration	43,114,956	39,316,356
Travelling & Conveyance	798,172	875,255
Overseas Travelling	34,711,433	55,286,736
Recruitment & Training Expenses	431,319	498,034
Head Office Employees' Free Lunch	1,939,232	1,472,058
Uniform & Liveries	75,940	170,150
Printing Expenses	327,493	476,287
Stationery Expenses	373,172	142,076
Software & Hardware Support Expenses	1,999,850	2,679,046
Postage, Telephone, Fax & Telex	442,313	452,586
Electricity, Gas & Water	2,763,662	3,577,711
Office Consumable Expense	1,566,881	2,484,432
Rental Expenses	13,329,664	13,212,862
Vehicles Running & Maintenance	7,927,163	10,380,545
Medical Expenses	70,796	792,936
Group Insurance	500,639	455,249
Bank Charges & Commission	2,721,579	3,399,622
Fees & Subscription	6,960,019	9,893,562
Security Service	424,125	463,185
Govt. Tax, Stamp Duty & Licence Fees	2,905,263	3,046,677
Annual General Meeting Expenses	1,331,643	1,390,277
Audit Fees	563,500	773,950
	249,693,902	278,901,489

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
<p>The Rental Expenses incurred to use two floor spaces for office with two “one-year cancellable” (both parties three months’ notice period) contracts. The Contracts don’t offer any buying option or any assurance of post use minimum market price for the used floors. Considering exemptions allowed in IFRS-16 (Shorter contract tenor and small amount of rental expenses) the rental agreements are not considered as lease.</p>		
23. Selling & Distribution Overhead:		
Export Sale Expenses	10,898,817	11,161,969
Loading & unloading	4,731,466	4,397,898
	15,630,283	15,559,867
24. Finance Cost:		
Interest on Deferred LC Loan	156,561,124	207,540,946
Interest on Loan ag. Export Bill Discount	13,042,853	5,557,564
Interest on OD	958,977	363,350
Interest on Short Term Loan	51,947,358	21,600,000
Interest on Sister Concerns	158,607,433	44,998,062
	381,117,745	280,059,922
<p>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.</p>		
25. Non-Operating Income:		
Interest Income	497,537	2,515,941
Gain/ (Loss) on Disposal of Assets	(886,201)	1,563,049
Forex Exchange Rate Fluctuation Gain/ (Loss)	9,431,445	8,711,270
	9,042,781	12,790,260
26. Allocation for W.P.P.F & W.F:		
	4,954,523	27,376,576
	4,954,523	27,376,576
<p>This represents 5% of Net Income before Tax after charging the allocation as per provisions of the Companies Profit under Labour Law 2006, amended in 2013.</p>		
27. Provision for Income Tax for the Year:		
	64,520,646	59,896,768
	64,520,646	59,896,768
<p>This represents estimated Income Tax on Net Income for the Year and adjustment any short/excess provision for prior years.</p>		
28. Provision for Deferred Tax:		
	18,759,424	(57,272,548)
	18,759,424	(57,272,548)
<p>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).</p>		
29. Earnings Per Share (EPS):		
Earning attributable to Ordinary Shares including other income	53,326,984	429,023,969
Number of Ordinary shares	197,252,000	197,252,000
Earnings Per Share	0.27	2.18

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
30. Net Asset Value (NAV) Per Share:		
The Computation is given below:		
Equity Attributable to the Owners of the Company	7,157,580,431	7,498,757,447
Number of Ordinary shares	197,252,000	197,252,000
Net Asset Value (NAV) Per Share	36.29	38.02
31. Net Operating Cash flows per Share (NOCFPS):		
The Computation is given below:		
Net Cash Generated (Used in) from Operating Activities	(32,184,260)	(668,290,142)
Number of Ordinary shares	197,252,000	197,252,000
Net Operating Cash flows per Share (NOCFPS)	(0.16)	(3.38)
32. Reconciliation of Net Profit with Cash Flows from Operating Activities:		
Profit After Tax	53,326,984	429,023,969
Adjustment to reconcile net profit to net cash provided by operating activities :		
Non-cash Expenses:		
Depreciation	573,409,711	501,253,590
Deferred Tax	(18,759,424)	57,272,548
Net effect of foreign currency translation	2,814,238	(2,111,603)
	557,464,525	556,414,535
Non-Operating Items:		
Interest Expenses/ (Income) on Sister Company Loan	158,607,433	41,829,193
Profit Ratio of Non controlling Interest	2,269	1,338,236
Adjustment of Non controlling Interest	-	1,037,191
Gain/ (Loss) on Disposal of Assets	886,201	(1,563,049)
	159,495,903	42,641,571
Changes in Working Capital:		
(Increase)/Decrease in Inventories	(103,986,188)	(991,270,113)
(Increase)/Decrease in Accounts Receivable	(751,321,102)	(717,483,376)
(Increase)/Decrease in Advances, Deposits & Prepayments	6,412,757	167,074,346
Increase/(Decrease) in Creditors & Other Payables	15,647,953	(59,826,344)
Increase/(Decrease) in Liabilities for Others Finance	13,468,643	8,550,188
Increase/(Decrease) in Income Tax Payable	17,306,265	(103,414,918)
	(802,471,672)	(1,696,370,217)
Net Cash Generated (Used in) from Operating Activities	(32,184,260)	(668,290,142)

33. Events after the Reporting period:

33.1 The Board of Directors in it's meeting held on october 22,2020 approved the financial statements for the year ended June 30,2020. The Board of Directors also authorised the same for issue.

33.2 Except above no other significant event occurred till the date of signing the financial statement.

SQUARE TEXTILES LIMITED

CONSOLIDATED SCHEDULE OF PROPERTY, PLANT & EQUIPMENT

As on June 30, 2020

Schedule-01
Amount in Taka

Particulars	Cost			Depreciation			W.D.V As At 30th June-2020
	At 01st July 2019	During the Period		At 01st July 2019	During the Period		
		Additions	Sales/ Obsolete		Charged	Adjustments	
Land & Land Development	680,437,881	35,485,800	-	-	-	-	715,923,681
Building-Factory & Utility	1,266,952,441	-	-	454,329,005	55,756,747	-	756,866,689
Building-Others	476,575,660	-	-	220,121,310	22,898,375	-	233,555,975
Sheds	23,847,688	-	-	22,610,362	742,395	-	494,931
Plant & Machinery	7,544,255,710	86,906,817	(8,224,750)	3,603,896,964	417,306,820	(2,562,493)	3,604,296,486
Laboratory Equipment	18,926,185	-	-	2,631,515	3,442,968	-	12,851,702
Electrical Installation	336,222,443	4,581,727	-	202,678,029	31,069,496	-	107,056,645
Gas Line Installation	49,145,684	-	-	27,062,662	2,454,096	-	19,628,926
Motor Vehicles	200,325,374	18,669,729	(16,750,000)	129,429,313	27,460,677	(11,441,799)	56,796,912
Office Equipment	18,684,959	2,915,175	(47,347)	13,798,877	1,870,314	(47,347)	5,930,943
Furniture & Fixture	24,606,739	207,948	(4,925)	14,630,980	1,628,740	(4,925)	8,554,967
Computer	4,869,672	-	-	3,892,657	423,114	-	553,901
Hardware & Software	2,300,000	-	-	54,762	328,571	-	1,916,667
Boundary Wall	54,687,652	-	-	19,586,160	2,733,268	-	32,368,224
Deep Tube-Well	5,050,800	-	-	3,948,852	171,439	-	930,509
Safety & Security Equipment	2,549,390	-	-	1,487,352	263,585	-	798,453
Communication and Network Equipment	4,853,919	1,568,470	-	3,905,871	650,277	-	1,866,241
Other Assets	28,634,792	5,143,295	-	5,762,066	4,208,829	-	23,807,192
As at June 30, 2020	10,742,926,989	155,478,961	(25,027,022)	4,729,826,737	573,409,711	(14,056,564)	5,289,179,884
As At June 30, 2019	8,813,079,842	2,160,369,578	(230,522,431)	4,443,796,175	501,253,590	(215,223,028)	6,013,100,252

Notes
Consolidated

SQUARE TEXTILES LIMITED

Schedule of Share Capital

As on June 30, 2020

Position of shareholding of ordinary shares as on June 30, 2020

Schedule-02

Sl. No.	Shareholder's Group	Number of Investors	Number of Shares	% of holding 2019-2020	% of holding 2018-2019
1	Sponsors/Directors	7	121,959,707	61.83	61.83
2	Foreigners	5	6,576,802	3.33	3.33
3	Institutions	240	42,234,320	21.41	21.22
4	General Public	16,558	26,481,171	13.43	13.62
	Total	16,810	197,252,000	100.00	100.00

Distribution schedule of each class of equity security setting out the number of holders and percentage as on June 30, 2020

Sl. No.	Range of Holdings	As per Folio		As per BO ID		IN %	Total Share Holding
		No. of holders	Holdings	No. of holders	Holdings		
1	Less than 500 shares	3,440	303,150	8,563	1,035,279	0.68%	1,338,429
2	500 to 5,000 shares	264	300,850	3,591	5,882,100	3.13%	6,182,950
3	5001 to 10,000 shares	8	58,847	428	3,012,513	1.56%	3,071,360
4	10,001 to 20,000 shares	4	58,452	245	3,478,370	1.79%	3,536,822
5	20,001 to 30,000 shares	2	54,478	76	1,825,826	0.95%	1,880,304
6	30,001 to 40,000 shares	2	65,762	36	1,245,150	0.66%	1,310,912
7	40,001 to 50,000 shares	3	140,791	19	842,927	.50%	983,718
8	50,001 to 100,000 shares	4	339,693	47	3,290,233	1.84%	3,629,926
9	100,001 to 1,000,000 shares	5	2,430,515	53	15,037,990	8.86%	17,468,505
10	Over 1,000,000 shares	9	63,128,875	11	94,720,199	80.02%	157,849,074
	Total	3,741	66,881,413	13,069	130,370,587	100%	197,252,000

Standalone Contents

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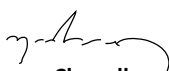


SQUARE TEXTILES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

Particulars	Notes	30 June 2020	30 June 2019
		Taka	Taka
Non-Current Assets		6,917,214,940	6,557,711,203
Property, Plant & Equipment- Carrying Value	04	4,933,468,123	5,374,733,212
Capital Work In Progress	05	1,494,412,857	693,644,112
Investment - Long Term (At Cost)	06	489,333,960	489,333,879
Current Assets		7,272,822,724	6,396,837,207
Inventories	07	2,946,881,714	2,821,819,716
Accounts Receivable	08	3,693,864,711	2,993,583,494
Advances, Deposits & Prepayments	09	254,040,909	264,470,342
Short Term Loan	10	140,003,283	161,617,019
Cash & Cash Equivalents	11	238,032,107	155,346,636
TOTAL ASSETS		14,190,037,664	12,954,548,410
SHAREHOLDERS' EQUITY & LIABILITIES:			
Shareholders' Equity		6,881,279,862	7,224,422,027
Share Capital	12	1,972,520,000	1,972,520,000
Retained Earnings	13	4,908,759,862	5,251,902,027
Non-Current Liabilities			
Deferred Tax Liability	14	214,694,410	235,701,174
Current Liabilities & Provisions		7,094,063,392	5,494,425,209
Short Term Bank Loan (Secured)	15	3,512,688,525	3,055,112,511
Creditors & Other Payables	16	78,389,484	64,229,574
Liabilities for Others Finance	17	142,087,355	135,543,502
Short Term Loan	18	3,277,576,394	2,168,788,505
Provision for Income Tax	19	83,321,634	70,751,117
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		14,190,037,664	12,954,548,410
Net Asset Value Per Share	29	34.89	36.63


Tapan Chowdhury
Chairman


Samuel S Chowdhury
Managing Director


Sanjib Baran Roy
Company Secretary

Signed in terms of our separate report of even date annexed

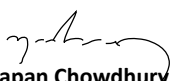
Date: October 27, 2020
Place: Dhaka


K. M. HASAN & CO.
Chartered Accountants

SQUARE TEXTILES LIMITED

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

Particulars	Notes	2019-2020	2018-2019
		Taka	Taka
Sales Revenue	20	9,505,326,369	8,896,244,091
Cost of Goods Sold	21	(8,822,382,013)	(7,944,893,270)
Gross Profit		682,944,356	951,350,821
Administrative Overhead	22	(225,411,308)	(241,149,856)
Selling and Distribution Overhead	23	(13,562,392)	(12,351,542)
Profit from Operations		443,970,656	697,849,423
Finance Cost	24	(365,116,812)	(254,157,870)
Non-Operating Income	25	15,793,123	14,014,592
Profit Before W.P.P.F & W.F		94,646,967	457,706,145
Allocation for W.P.P.F & W.F	26	(4,506,998)	(21,795,531)
Profit Before Tax		90,139,969	435,910,614
Provision for Tax (Current)	27	(59,784,898)	(35,860,653)
Deferred Tax Income/(Expenses)		21,006,764	(53,587,981)
Profit After Tax		51,361,835	346,461,980
Other Comprehensive Income		-	-
Total Comprehensive Income		51,361,835	346,461,980
Earnings Per Share (EPS)	28	0.26	1.76


Tapan Chowdhury
Chairman


Samuel S Chowdhury
Managing Director


Sanjib Baran Roy
Company Secretary

Signed in terms of our separate report of even date annexed

Date: October 27, 2020
Place: Dhaka


K. M. HASAN & CO.
Chartered Accountants

SQUARE TEXTILES LIMITED

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

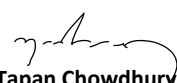
Amount in Taka

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 Year Ended June 30, 2020	-	51,361,835	51,361,835
Cash Dividend for 2018-19	-	(394,504,000)	(394,504,000)
Balance As at June 30, 2020	1,972,520,000	4,908,759,862	6,881,279,862

FOR THE YEAR ENDED JUNE 30, 2019

Amount in Taka

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	1,972,520,000	5,251,902,027	7,224,422,027


Tapan Chowdhury
Chairman


Samuel S Chowdhury
Managing Director


Sanjib Baran Roy
Company Secretary

Signed in terms of our separate report of even date annexed

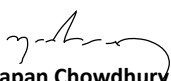
Date: October 27, 2020
Place: Dhaka


K. M. HASAN & CO.
Chartered Accountants

SQUARE TEXTILES LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

Particulars	Note	2019-2020	2018-2019
		Taka	Taka
Cash Flows from Operating Activities:			
Receipts from Sales Revenue		8,805,045,152	8,164,635,258
Exchange Fluctuation Gain (Realization from Transaction)		10,961,630	5,569,550
Receipts/ (Payment) from Other Income/ Expenses		444,450	365,163
Total Receipts		8,816,451,232	8,170,569,971
Payments to Suppliers		(6,747,347,967)	(6,883,680,753)
Paid for Operating & Non-operating Expenses		(1,887,680,281)	(1,710,317,564)
Interest Expenses Paid		(204,828,143)	(214,195,591)
Income Tax Paid		(59,882,014)	(50,318,547)
Total Payments		(8,899,738,405)	(8,858,512,455)
Net Cash Generated (Used in) from Operating Activities		(83,287,173)	(687,942,484)
Cash Flows from Investing Activities:			
Purchase of Property, Plant & Equipment		(878,588,725)	(1,427,963,754)
Sales of Property, Plant & Equipment		4,422,000	5,942,500
Paid for Non controlling Interest for Merger of SYL		-	(9,287,050)
Net Cash Generated (Used in) from Investing Activities		(874,166,725)	(1,431,308,304)
Cash Flows from Financing Activities:			
Short Term Bank Loan Received/ (Repaid)		457,576,014	(29,219,532)
Short Term Loan from/ (To) SQUARE Pharmaceuticals Ltd.		950,180,456	2,209,705,163
Short Term Loan from/ (To) SQUARE Texcom Ltd.		29,303,874	(33,091,720)
Payment of Dividend		(394,504,000)	(375,718,096)
Net Cash Generated (Used in) from Financing Activities		1,042,556,344	1,771,675,815
Increase/ (Decrease) in Cash & Cash Equivalents		85,102,446	(347,574,973)
Net effect of foreign currency translation		(2,416,975)	1,834,630
Opening Cash & Cash Equivalents		155,346,636	437,376,799
Cash Balance of SYL from Merger		-	63,710,180
Closing Cash & Cash Equivalents		238,032,107	155,346,636
Net Operating Cash Flows Per Share	30	(0.42)	(3.48)


Tapan Chowdhury
Chairman


Samuel S Chowdhury
Managing Director


Sanjib Baran Roy
Company Secretary

Signed in terms of our separate report of even date annexed

Date: October 27, 2020
Place: Dhaka

SQUARE TEXTILES LIMITED

Notes to the Separate Financial Statements
As at and for the year ended June 30, 2020

1. Establishment and Operations:

1.1 Legal Form of the Enterprises:

Square Textiles Limited (Here in after said as the company) was formed and incorporated with the Registrar of Joint Stock Companies and Firms in Bangladesh in 1994 under the Companies Act, 1913 (Now operating under Companies Act, 1994) as public company limited by shares. The company is listed with the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. in 2002.

1.2 Address of Registered office and factory of the company:

a) Registered Office: Square Centre 48, Mohakhali C/A, Dhaka -1212,

b) Factory Office:

i. Saradaganj, Kashimpur, Gazipur

ii. Olipur, Habiganj, Sylhet.

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, International Financial Reporting Standard 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:

S/N	Name of the IAS	IAS No.	Status
1	Presentation of Financial Statements	1	Applied
2	Inventories	2	Applied
3	Statement of Cash Flows	7	Applied
4	Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
5	Events after the reporting period	10	Applied
6	Construction Contracts	11	Replaced by IFRS 15
7	Income Taxes	12	Applied
8	Property, Plant and Equipment	16	Applied
9	Leases	17	Replaced by IFRS 16
10	Revenue	18	Replaced by IFRS 15
11	Employee Benefit	19	Applied

S/N	Name of the IAS	IAS No.	Status
12	Accounting for Government Grants and Disclosure of Government Assistance	20	Not Applicable
13	The Effects of Changes in Foreign Exchange Rates	21	Applied
14	Borrowing Costs	23	Applied
15	Related Party Disclosures	24	Applied
16	Accounting and Reporting by Retirement Benefit Plans	26	Not Applicable
17	Separate Financial Statements	27	Applied
18	Investment In Associates and Joint Ventures	28	Not Applicable
19	Financial Reporting in Hyperinflationary Economics	29	Not Applicable
20	Financial Instruments: Presentation	32	Applied
21	Earnings per share	33	Applied
22	Interim Financial Reporting	34	Applied
23	Impairment of Assets	36	Applied
24	Provisions, Contingent Liabilities and Contingent Assets	37	Applied
25	Intangible Assets	38	Not Applicable
26	Financial Instruments: Recognition and Measurement	39	Replaced by IFRS 9
27	Investment Property	40	Not Applicable
28	Agriculture	41	Not Applicable

S/N	Name of the IFRS	IFRS No.	Status
1	First time adoption of Bangladesh Financial Reporting Standards	1	Not Applicable
2	Shares based Payment	2	Not Applicable
3	Business Combinations	3	Not Applicable
4	Insurance Contract	4	Not Applicable
5	Non-current Assets Held for Sale and Discontinued Operations	5	Not Applicable
6	Exploration for and Evaluation of Mineral Resources	6	Not Applicable
7	Financial Instruments: Disclosure	7	Applied
8	Operating Segments	8	Not Applicable
9	Financial Instrument	9	Applied
10	Consolidated Financial Statements	10	Applied
11	Joint Arrangement	11	Not Applicable
12	Disclosure of Interest in other entities	12	Applied
13	Fair Value Measurement	13	Applied
14	Regulatory deferral accounts	14	Not Applicable
15	Revenue from Contracts with Customers	15	Applied
16	Leases	16	Applied
17	Insurance Contracts	17	Not Applicable

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.

Covid-19 impact on Square Textiles Ltd.

During the financial year 2019-2020 the production of yarn was totally disrupted for 28 days (from 29th March to 25th April 2020) due to pandemic Covid-2019. The company experienced very low demand and price erosion of yarn in 4th Quarter 2019-2020.

The Financials of Square Textiles Ltd. for the year 2019-2020 depicts the Covid-2019 impact on sales revenue and profitability than that of financial performance of 2018-2019.

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, 2020;
- ii) Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2020
- iii) Statement of Changes in Equity for the year ended June 30, 2020
- iv) Statement of Cash Flows for the year ended June 30, 2020 and
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the Financial Statements for the year ended June 30, 2020.

2.7 Use of estimates and judgments:

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are reviewed on an ongoing basis.

The estimates and underlying assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

In particular, significant areas of estimation uncertainty and critical judgments in applying accounting policies that has the most significant effect on the amount recognized in the financial statements are income tax provision (both current and deferred tax), depreciation and gratuity provision.

2.8 Statement of Cash Flows:

Statement of cash flows has been prepared as per IAS 7: Statement of Cash Flows using Direct Method as per the requirement of Securities and Exchange Rules 1987.

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 Subsequent Costs:

The cost of replacing or upgrading part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss.

3.2 Disposal of Fixed Assets:

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

3.3 Impairment of Asset:

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

3.4 Capital Work in Progress:

Capital work in progress consists of cost incurred for acquisition of new plant and machinery, civil structure, factory shed for warehouse etc. which were not ready for use till reporting date.

3.5 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.

3.6 Employees' Benefit Scheme:

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 establish funded (defined contribution) Gratuity plan and it is approved by NBR on 21st September 2020.

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.

3.7 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.

3.8 Other Income:

It is recognized on accrual basis.

3.9 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.

3.10 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.

3.11 Advances, Deposits and Prepayments:

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory or expenses.

Deposits are measured at payment value.

3.12 Due to / Due from sister concerns:

These represent balance amounts due to /from sister concerns which are derived from short term loan.

3.13 Financial Instruments:

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

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 their nominal value.

Investment In subsidiary:

This is initially stated at cost and subsequently at cost less impairment, if any.

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.

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.

3.14 Lease:

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

3.15 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.

3.16 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.

3.17 Related Party Transaction:

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

3.18 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.

3.19 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.

3.20 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.

3.21 Financial Year:

For this year financial year means, July 01, 2019 to June 30, 2020.

3.22 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.

3.23 General:

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

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
4. Property, Plant & Equipment:		
Details of Property, Plant & Equipment and Depreciation as at June 30, 2020 are shown in the annexed schedule-A. 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	9,744,255,806	7,811,616,601
Addition during the Year	77,819,980	2,142,853,713
Sale/ Obsolete during the Year	(12,100,000)	(210,214,508)
Closing Balance(Cost)	9,809,975,786	9,744,255,806
Accumulated Depreciation		
Opening Balance	4,369,522,594	4,189,458,582
Charged during the Year	513,776,868	385,899,069
Adjustment for Sale/Obsolete during the year	(6,791,799)	(205,835,057)
	4,876,507,663	4,369,522,594
Carrying Value	4,933,468,123	5,374,733,212
5. Capital Work In Progress:		
Opening Balance	693,644,112	1,408,534,071
Addition during the Year	814,465,689	648,499,835
Transfer to Property, Plant & Equipment during the year	(13,696,944)	(1,363,389,794)
Closing Balance (Cost)	1,494,412,857	693,644,112
The Capital work in progress includes Plant and Machinery (Tk.3,265,962) and other Assets (Tk. 10,430,982). 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):		
This represents investments in share of Square Texcom Ltd.		
i) Investment in share of Square Texcom Ltd. (4,330,502 shares of Tk. 100 each)	489,333,960	65,783,760
ii) Advance Against Share Money Deposit (Share Money Deposit to Square Texcom Ltd.)	-	423,550,119
	489,333,960	489,333,879
Square Texcom Limited, a private limited company incorporated under Companies Act, 1994. A subsidiary company of the company holding 99.88% shares.		
7. Inventories:		
Stocks of Raw Materials		
Raw Materials	2,243,666,211	2,157,356,247
Raw Materials In Transit	57,986,482	95,897,741
Packing Materials	14,937,386	17,022,366
Work - In - Process	104,774,292	118,430,636
Finished Goods	306,671,712	198,900,191
	2,728,036,083	2,587,607,181
Stocks of Spares		
Spares at Store	213,286,079	227,623,673
Spares in Transit	5,559,552	6,588,862
	218,845,631	234,212,535
	2,946,881,714	2,821,819,716

The basis of valuation is stated in note - 3.5. carrying amount of inventories pledged as security.

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
8. Accounts Receivable:		
This represents invoice value of goods delivered to customer.		
Aging of the above balance is as follows:		
Below 60 days	1,507,104,875	1,384,809,142
Within 61-120 days	659,273,663	1,181,647,848
Above 120 days	1,527,486,173	427,126,504
	<u>3,693,864,711</u>	<u>2,993,583,494</u>
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.		
9. Advances, Deposits & Prepayments:		
This is made up of the followings:		
Advance		
Income Tax	56,305,124	43,637,491
Salary & PF Current account	464,000	1,181,000
Other Expenses	23,214,570	17,173,605
Suppliers & Contractor	67,529,319	131,254,803
	<u>147,513,013</u>	<u>193,246,899</u>
Deposits		
Security Deposit	95,491,362	63,127,583
Margin on Bank Guarantee	11,036,534	8,095,860
	<u>106,527,896</u>	<u>71,223,443</u>
	<u>254,040,909</u>	<u>264,470,342</u>
(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 due by the associated undertaking.		
(c) The advances & deposits are considered good & recoverable.		
10. Short Term Loan:		
Loan To Square Texcom Ltd.	140,003,283	161,617,019
	<u>140,003,283</u>	<u>161,617,019</u>
The above amount is unsecured but considered good and bears interest @1% above the commercial Bank's interest rate.		
11. Cash & Cash Equivalents:		
Cash in hand	4,945,337	4,717,640
Cash at Bank (Note-11.1)	233,086,770	150,628,996
	<u>238,032,107</u>	<u>155,346,636</u>
11.1 Cash at Bank		
Standard Chartered Bank	149,101,959	52,350,665
HSBC	43,672,283	25,729,926
Prime Bank Limited	20,783,677	58,902,001
The City Bank Limited	186,151	186,991
Commercial Bank of Ceylon	13,966	-
Bank Alfalah Limited	959,161	791,236
Janata Bank Limited	3,668,856	6,179,980
Mutual Trust Bank Limited	6,214,040	3,836,120
Dutch Bangla Bank Limited	8,486,677	2,652,077
	<u>233,086,770</u>	<u>150,628,996</u>
Foreign currency account balances have been converted to Taka at the ruling rate at the reporting date.		
12. Share Capital:		
This is made up of the followings:		
Authorized:	<u>3,000,000,000</u>	<u>3,000,000,000</u>
300,000,000 Ordinary Shares of Tk. 10.00 each		
Issued, Subscribed and Paid up:		
Opening Balance	1,972,520,000	1,878,590,480
Bonus Share Issued	-	93,929,520
	<u>1,972,520,000</u>	<u>1,972,520,000</u>

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
Details of Share Capital are shown in the annexed schedule-B		
13. Retained Earnings:		
Opening Balance	5,251,902,027	3,507,443,052
Add: Net income during the Year	51,361,835	346,461,980
Less: Cash Dividend paid during the Year	(394,504,000)	(375,718,096)
Less: Appropriation for stock dividend during the Year	-	(93,929,520)
Add: Balance from Amalgamation of SQUARE Yarns Ltd.	-	1,867,644,611
	4,908,759,862	5,251,902,027
14. Deferred Tax Liability:		
Opening Balance	235,701,174	128,579,505
Deferred Tax Liabilities of SYL after Merger	-	53,533,688
Deferred Tax Income	(21,006,764)	-
Deferred Tax Expenses	-	53,587,981
Closing Balance	214,694,410	235,701,174
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	4,257,473,306	4,734,224,195
Less: Tax Base Carrying Value	(2,826,177,237)	(3,162,883,038)
Taxable Temporary Difference	1,431,296,069	1,571,341,157
Tax Rate	15%	15%
Closing Deferred Tax Liability	214,694,410	235,701,174
Less: Opening Deferred Tax Liability	(235,701,174)	(128,579,505)
Less: Deferred tax Liabilities of SYL after Merger	-	(53,533,688)
Deferred Tax (Income) / Expense	21,006,764	(53,587,981)
15. Short Term Bank Loan (Secured):		
Bank Overdraft	58,218,295	15,264
Revolving Loan	800,000,000	800,000,000
Loan ag. Export Bill Discount	-	616,960,527
L/C Liabilities	2,654,470,230	1,638,136,720
	3,512,688,525	3,055,112,511
These short term loans are secured against hypothecation of Stock and Accounts Receivable.		
16. Creditors & Other Payables:		
Provision for Audit Fees	460,000	460,000
Provision for Utility Bill	58,283,301	40,228,848
Provision for Salary & Allowances	7,360,303	3,378,171
Others	12,285,880	20,162,555
	78,389,484	64,229,574
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 Others Finance:		
Retention Money	-	238,218
PF, WPPF & Other Fund	18,849,783	21,795,531
Provision for Gratuity	32,869,815	30,026,145
Dividend Payable	53,581,472	48,378,559
Others	36,786,285	35,105,049
	142,087,355	135,543,502

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
18. Short Term Loan:		
Loan from Square Pharmaceuticals Limited.	3,277,576,394	2,168,788,505
	3,277,576,394	2,168,788,505
19. Provision for Income Tax:		
Opening Balance	70,751,117	92,031,901
Provision for tax Liabilities of SYL after Merger	-	101,744,149
Adjustment with Advance Tax during the year	(47,214,381)	(158,885,586)
Provision made for the the year (Note-19.1)	59,784,898	35,860,653
Closing Balance	83,321,634	70,751,117
19.1 Provision made for the year:		
A) Net Current Tax Liability on Profit Basis	36,107,072	13,200,070
B) Tax Liability on Sales Revenue Basis	34,219,175	32,026,479
C) Advance Income Tax (Source Tax) Paid Under ITO-1984	56,305,125	31,321,961
Higher Amount of Tax Under Above Calculation (A:B:C)	56,305,125	32,026,479
Add/Less: Short/ (Excess) Provision for Prior Period	3,479,773	3,834,174
Income Tax Provision for the period	59,784,898	35,860,653
A) Net Current Tax Liability on Profit Basis:		
Profit Before Tax	90,139,969	435,910,614
Less: Non-Operating Income	(15,793,123)	(14,014,592)
Net Operating Income Before Tax	74,346,846	421,896,022
Tax Rate on Operating Income Before Tax (as per NBR)	15.00%	15.00%
Tax Rate on Non-Operating Income (as per NBR)	25.00%	25.00%
Income Tax Liability on Operating Profit	11,152,027	63,284,403
Add: Tax Liability on Non-Operating Income	3,948,281	3,503,648
Total Tax Liability on Profit	15,100,308	66,788,051
Less: Deferred Tax Expenses (Income)	21,006,764	(53,587,981)
Net Current Tax Liability on Profit Basis	36,107,072	13,200,070
B) Tax Liability on Sales Revenue Basis:		
i) Minimum Tax Rate on Sales Revenue Under ITO-1984	0.60%	0.60%
ii) Applicable For Textiles Business as Per NBR (0.60%/25%*15%)	0.36%	0.36%
Sales Revenue	9,505,326,369	8,896,244,091
Minimum Tax Amount on Sales Revenue	34,219,175	32,026,479
C) Advance Income Tax (Source Tax) Paid Under ITO-1984:	56,305,125	31,321,961
Since the source tax deducted under Income Tax Ordinance 1984 for Tk. 56,305,125 is higher than the applicable tax on Profit before tax (Tk. 36,107,072) and minimum Tax on Revenue under ITO-1984 (Tk. 34,219,175), so the higher is provided as Tax Expense for the period ended June 30, 2020.		
Calculation of Effective Tax Rate:		
Current Income Tax Expenses	59,784,898	35,860,653
Deferred Tax Income/ (Expenses)	(21,006,764)	53,587,981
Total Tax Expenses	38,778,134	89,448,634
Effective Tax Rate (Tax Expenses / Profit Before Tax)	43.02%	20.52%
20. Sales Revenue:		
In Quantity (KG)		
Opening Stock	778,048	621,995
Balance from Square Yarns Ltd. after Merger	-	142,535
Production during the Year	38,857,870	33,622,604

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
Available for Sale	Kg. 39,635,918	34,387,134
Closing Stock	(1,274,872)	(778,048)
Sales during the year	Kg. 38,361,046	33,609,086
(To be accounted for as follows)		
Sales Accounted as follows:		
Export Sale of Yarns	38,361,046	33,609,086
	Kg. 38,361,046	33,609,086
In Taka		
Export Sale of Yarns	9,505,326,369	8,896,244,091
	Tk. 9,505,326,369	8,896,244,091
21. Cost of Goods Sold:		
Raw Materials Consumed (Note-21.1)	6,631,042,711	6,040,169,162
Packing Materials Consumed (Note-21.2)	89,354,354	85,725,202
Factory Overhead (Note- 21.3)	2,196,100,125	1,890,941,844
Cost of Goods Manufacturing	8,916,497,190	8,016,836,208
Work-In-Process (Opening)	118,430,636	42,694,518
Balance from Square Yarns Ltd. after Merger	-	21,309,456
Work-In-Progress (Closing)	(104,774,292)	(118,430,636)
Cost of Production	8,930,153,534	7,962,409,546
Finished Goods (Opening)	198,900,191	148,974,345
Balance from Square Yarns Ltd. after Merger	-	32,409,570
Finished Goods (Closing)	(306,671,712)	(198,900,191)
Cost of Goods Sold	8,822,382,013	7,944,893,270
21.1. Raw Materials Consumed:		
In Quantity (KG)		
Opening Stock	13,938,950	5,489,560
Balance from Square Yarns Ltd. after Merger	-	1,020,315
Purchase during the year	44,539,161	43,559,269
Raw Materials Available for Consumption	58,478,111	50,069,144
Closing Stock	(15,486,372)	(13,938,950)
Raw Materials Consumed	Kg. 42,991,739	36,130,194
In Taka		
Opening Stock	2,157,356,247	987,719,563
Balance from Square Yarns Ltd. after Merger	-	384,898,444
Purchase during the year	6,717,352,675	6,824,907,402
Raw Materials Available for Consumption	8,874,708,922	8,197,525,409
Closing Stock	(2,243,666,211)	(2,157,356,247)
Raw Materials Consumed	Tk. 6,631,042,711	6,040,169,162
Consumption Ratio on Purchase	98.72%	88.50%
21.2. Packing Materials Consumed:		
Opening Stock	17,022,366	10,534,616
Balance from Square Yarns Ltd. after Merger	-	1,571,692
Purchase during the year	87,269,374	90,641,260
Available for Consumption	104,291,740	102,747,568
Closing Stock	(14,937,386)	(17,022,366)
Packing Materials Consumed	89,354,354	85,725,202
Consumption Ratio on Purchase	102.39%	94.58%

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
21.3. Factory Overhead:		
Factory Wages, Salary & Allowances	772,540,146	661,387,598
Travelling & Conveyance	176,402	207,830
Overseas Travelling	1,634,891	430,311
Recruitment & Training Expenses	82,133	85,417
Printing Expenses	288,683	212,586
Stationery Expenses	1,240,862	1,413,673
Software & Hardware Support Expenses	1,933,781	2,135,815
Production Workers' Free Lunch	3,897,940	3,415,844
Uniform & Liveries	423,987	312,376
Fuel, Petrol, Light, Diesel etc.	42,307,071	50,462,674
Electricity, Gas & Water	586,162,091	542,049,700
Factory Consumable Expense	36,116,813	38,936,851
Medical Expenses	727,024	986,078
Repairs & Maintenance of Vehicles	13,691,784	12,622,607
Papers, Books and Periodicals	51,560	47,430
Industrial All Risk Insurance Premium	14,113,228	12,901,183
Postage, Telephone, Fax & Telex	368,351	322,295
Govt. Tax, VAT & License Fees	487,679	3,028,921
Security Services	23,285,024	12,022,875
Spare Parts - Machinery	181,560,647	161,055,120
Group Insurance	1,233,160	1,005,591
Depreciation (Schedule- A)	513,776,868	385,899,069
	2,196,100,125	1,890,941,844
22. Administrative Overhead:		
Salary and Allowances	106,534,722	103,615,094
Directors' Remuneration	43,114,956	39,316,356
Travelling & Conveyance	713,609	787,255
Overseas Travelling	30,620,498	45,579,569
Recruitment & Training Expenses	431,319	498,034
Head Office Employees' Free Lunch	1,905,379	1,420,763
Uniform & Liveries	72,740	144,862
Printing Expenses	312,926	457,113
Stationery Expenses	372,297	141,316
Software & Hardware Support Expenses	1,744,310	2,154,485
Postage, Telephone, Fax & Telex	442,313	446,807
Electricity, Gas & Water	2,763,662	3,155,391
Office Consumable Expense	1,475,611	2,205,529
Rental Expenses	13,329,664	13,110,862
Vehicles Running & Maintenance	7,487,347	9,536,650
Medical Expenses	70,796	648,382
Group Insurance	492,198	447,475
Bank Charges & Commission	2,533,483	3,155,465
Fees & Subscription	6,318,873	9,176,769
Security Service	424,125	463,185
Govt. Tax, Stamp Duty & Licence Fees	2,418,587	2,757,142
Annual General Meeting Expenses	1,331,643	1,390,277
Audit Fees	500,250	541,075
	225,411,308	241,149,856

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
<p>The Rental Expenses incurred to use two floor spaces for office with two “one-year cancellable” (both parties three months’ notice period) contracts. The Contracts don’t offer any buying option or any assurance of post use minimum market price for the used floors. Considering exemptions allowed in IFRS-16 (Shorter contract tenor and small amount of rental expenses) the rental agreements are not considered as lease.</p>		
23. Selling & Distribution Overhead:		
Export Sale Expenses	9,441,026	8,793,560
Loading & Unloading	4,121,366	3,557,982
	<u>13,562,392</u>	<u>12,351,542</u>
24. Finance Cost:		
Interest on Deferred LC Loan	140,633,783	182,035,214
Interest on Loan ag. Export Bill Discount	13,042,853	5,217,456
Interest on OD	885,385	307,138
Interest on Short Term Loan	51,947,358	21,600,000
Interest on Sister Concerns	158,607,433	44,998,062
	<u>365,116,812</u>	<u>254,157,870</u>
<p>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.</p>		
25. Non-Operating Income:		
Interest Income	8,134,669	5,047,362
Gain/ (Loss) on Disposal of Assets	(886,201)	1,563,049
Foreign Exchange Rate Fluctuation Gain/ (Loss)	8,544,655	7,404,181
	<u>15,793,123</u>	<u>14,014,592</u>
26. Allocation for W.P.P.F & W.F:		
	4,506,998	21,795,531
	<u>4,506,998</u>	<u>21,795,531</u>
<p>This represents 5% of Net Income before Tax after charging the allocation as per provision of the Companies Profit under Labour Law 2006, amended in 2013.</p>		
27. Provision for Income Tax for the Year:		
	59,784,898	35,860,653
	<u>59,784,898</u>	<u>35,860,653</u>
<p>This represents estimated Income Tax on Net Income for the Year and adjustment any short/excess provision for prior years.</p>		
28. Earnings Per Share (EPS):		
Earning attributable to Ordinary Shares including other income	51,361,835	346,461,980
Number of Ordinary shares	197,252,000	197,252,000
Earnings Per Share	<u>0.26</u>	<u>1.76</u>
29. Net Asset Value (NAV) Per Share:		
Equity Attributable to the Owners of the Company	6,881,279,862	7,224,422,027
Number of Ordinary shares	197,252,000	197,252,000
Net Asset Value (NAV) Per Share	<u>34.89</u>	<u>36.63</u>

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
30. Net Operating Cash flows per Share (NOCFPS):		
Net Cash Generated (Used in) from Operating Activities	(83,287,173)	(687,942,484)
Number of Ordinary Shares	197,252,000	197,252,000
Net Operating Cash flows per Share (NOCFPS)	(0.42)	(3.48)
31. Reconciliation of Net Profit with Cash Flows from Operating Activities:		
Profit After Tax	51,361,835	346,461,980
Adjustment to reconcile net profit to net cash provided by operating activities :		
Non-Cash Expenses:		
Depreciation	513,776,868	385,899,069
Deferred Tax	(21,006,764)	53,587,981
Net effect of foreign currency translation	2,416,975	(1,834,630)
	495,187,079	437,652,420
Non-Operating Items:		
Interest Expenses/ (Income) on Sister Company Loan	150,917,214	40,315,862
Gain/ (Loss) on Disposal of Assets	886,201	(1,563,049)
	151,803,415	38,752,813
Changes in Working Capital:		
(Increase)/Decrease in Inventories	(125,061,998)	(791,902,028)
(Increase)/Decrease in Accounts Receivable	(700,281,217)	(731,608,833)
(Increase)/Decrease in Advances, Deposits & Prepayments	10,429,433	172,463,124
Increase/(Decrease) in Creditors & Other Payables	14,159,910	(45,062,380)
Increase/(Decrease) in Liabilities for Others Finance	6,543,853	8,325,352
Increase/(Decrease) in Income Tax Payable	12,570,517	(123,024,932)
	(781,639,502)	(1,510,809,697)
Net Cash Generated (Used in) from Operating Activities	(83,287,173)	(687,942,484)
32. 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	4,223	3,965
	4,223	3,965
Amount in Taka		
Below Tk. 71,880.00 p.a	-	-
Tk. 71,880.00 and Above	879,074,868	765,002,692
	879,074,868	765,002,692

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

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
33. 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	110,793,701	105,681,755
Post Employment Benefits	-	7,380,189
Other Long Term Benefits	-	-
Termination Benefits	-	-
Share Based Payment	-	-
34. 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.		
35. Claim Acknowledgement:		
There was no claim against the Company not acknowledged as debt as on June 30, 2020.		
36. Contingent Liability:		
Contingent liabilities at the Balance Sheet date are as follows;		
36. 1. Guarantee Issued by Bank in favor of Vendor (Utility, Insurance etc):		
Standard Chartered Bank	7,582,032	7,582,032
HSBC	769,770	769,770
Prime Bank Limited	130,020,468	74,090,693
Bank Alfalah Limited	17,409,336	17,409,336
	155,781,606	99,851,831
36. 2. Contingent Liability under Import LC:		
Standard Chartered Bank	428,152,347	421,937,122
HSBC	316,318,995	875,283,576
	744,471,342	1,297,220,698
36. 3. Corporate Guarantees have been received from the following Associates/Sister Concern:		
Square Pharmaceuticals Ltd.;		
Standard Chartered Bank	4,131,000,000	1,890,000,000
Prime Bank Limited	5,980,000,000	5,070,000,000
Commercial Bank of Ceylon	590,000,000	590,000,000
	50,000,000	200,000,000
	10,751,000,000	7,750,000,000
36. 4. Corporate Guarantees have been issued to the following Associates/Sister Concern:		
Square Pharmaceuticals Ltd.;		
HSBC	810,000,000	2,300,000,000
Prime Bank Limited	770,000,000	770,000,000
Brac Bank Limited	240,000,000	240,000,000
Eastern Bank Limited	350,000,000	350,000,000
	2,170,000,000	3,660,000,000

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
Square Texcom Ltd.;		
Standard Chartered Bank	540,000,000	540,000,000
HSBC	936,000,000	600,000,000
Prime Bank Limited	165,000,000	165,000,000
	1,641,000,000	1,305,000,000
Square Fashion Yarns Ltd.;		
Prime Bank Limited	570,000,000	570,000,000
	570,000,000	570,000,000
37. Production Capacity and Utilization:		
Capacity Installed (In Qty):		
No. of Spindles Installed	125,878	122,976
No. of Rotor Heads Installed	3,960	3,960
No. of Vortex Heads Installed	2,784	2,784
Capacity Utilised (In Qty):		
No. of Spindles Operated	125,878	122,976
No. of Rotor Heads Operated	3,960	3,960
No. of Vortex Heads Operated	2,784	2,784
Production Target (In Kg):		
-At Equivalent 30s Count (Ring Yarn)	18,795,241	18,171,216
- At Equivalent 14s Count (O/E Yarn)	9,174,634	9,042,222
- At Equivalent 30s Count (Vortex Yarn)	10,305,628	7,927,500
	38,275,503	35,140,938
Actual Production (In Kg):		
-At Equivalent 30s Count (Ring Yarn)	18,305,990	17,617,160
- At Equivalent 14s Count (O/E Yarn)	8,810,382	8,722,390
- At Equivalent 30s Count (Vortex Yarn)	10,021,643	7,642,423
	37,138,014	33,981,973

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.

38. Dividend Paid to the Shareholders:

During the year under review total cash dividend amounting to Tk. 394,504,000 has been paid to the shareholders.

39. 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.

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
40. 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):		
Opening Balance	(2,168,788,505)	(1,385,741)
Total Received	(3,274,786,839)	(3,060,221,075)
Total Paid	2,165,998,950	892,818,311
Closing Balance- Receivable/ (Payable)	(3,277,576,394)	(2,168,788,505)
Transaction with Square Texcom Ltd. (STCL):		
Opening Balance	161,617,019	123,843,099
Total Paid	(345,225,021)	(130,056,473)
Total Received	140,003,283	161,617,019
Closing Balance- Receivable/ (Payable)		
Transaction with Aegis Services Ltd. (ASL):		
Opening Balance	-	-
Total Service Received	(20,512,629)	(14,459,802)
Total Paid	20,512,629	14,459,802
Closing Balance- Receivable/ (Payable)	-	-
Transaction with Square Informatix Ltd. (SIL):		
Opening Balance	-	-
Total Service Received	(4,359,305)	(4,634,990)
Total Paid	4,359,305	4,634,990
Closing Balance- Receivable/ (Payable)	-	-
Transaction with Square Hospitals Ltd. (SHL):		
Opening Balance	-	-
Total Service Received	(733,945)	(1,443,070)
Total Paid	532,008	1,443,070
Closing Balance- Receivable/ (Payable)	(201,937)	-

Particulars	June 30, 2020	June 30, 2019
	Taka	Taka
Transaction with Square Fashions Ltd. (SFL):		
Opening Balance	319,233,143	188,198,985
Total Goods Delivered	848,929,680	772,068,618
Total Received	(838,027,089)	(641,034,460)
Closing Balance- Receivable/ (Payable)	330,135,734	319,233,143
Transaction with Square Denims Ltd. (SDL):		
Opening Balance	175,953,745	165,897,570
Total Goods Delivered	416,568,106	361,481,737
Total Received	(435,055,614)	(351,425,562)
Closing Balance- Receivable/ (Payable)	157,466,237	175,953,745
Transaction with Square Apparels Ltd. (SApL):		
Opening Balance	105,560,271	133,407,637
Total Goods Delivered	476,802,220	96,308,921
Total Received	(343,253,564)	(124,156,287)
Closing Balance- Receivable/ (Payable)	239,108,927	105,560,271

41. Events after the Reporting period

- 41.1** The Board of Directors in its meeting held on October 22, 2020 approved the financial statements for the year ended June 30, 2020. The Board of Directors also authorised the same for issue.
- 41.2** The appropriations for the year 2018-19 have been reflected in the "Statement of Changes in Equity". The Board of Directors proposed cash dividend of Tk.1 (Taka One) only per share for the year 2019-20. 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 2019-20 is calculated at Tk. 19,72,52,000.
- 41.3** The National Board of Revenue (NBR) has recognized "Square Textiles Limited Employees Gratuity Fund" with effect from 21-09-2020.
- 41.4** Except above no other significant event occurred till the date of signing the financial statements.

SQUARE TEXTILES LIMITED

SCHEDULE OF PROPERTY, PLANT & EQUIPMENT

As on June 30, 2020

Schedule-A

Amount in Taka

Particulars	Cost			Depreciation			W.D.V As At 30th June-2020	
	At 01st July 2019	During the Period		At 01st July 2019	During the Period			At 30th June-2020
		Additions	Sales/ Obsolete		Charged	Adjustments		
Land & Land Development	640,509,017	35,485,800	-	-	-	-	675,994,817	
Building-Factory & Utility	1,146,721,449	-	-	410,092,952	50,045,821	-	686,582,676	
Building-Others	361,891,719	-	-	203,345,270	15,659,381	-	142,887,068	
Sheds	16,111,160	-	-	14,873,834	742,395	-	494,931	
Plant & Machinery	6,901,308,076	9,541,316	-	3,371,070,695	376,124,464	-	3,163,654,233	
Laboratory Equipment	18,463,719	-	-	2,169,049	3,442,968	-	12,851,702	
Electrical Installation	299,886,718	4,581,727	-	169,812,028	27,632,745	-	107,023,672	
Gas Line Installation	43,678,531	-	-	24,377,118	2,087,291	-	17,214,122	
Motor Vehicles	181,995,374	18,669,729	(12,100,000)	112,570,114	26,512,713	(6,791,799)	56,274,075	
Office Equipment	17,154,622	2,739,515	-	12,878,175	1,707,751	-	5,308,211	
Furniture & Fixture	23,475,687	200,128	-	13,937,171	1,526,592	-	8,212,052	
Computer	4,362,773	-	-	3,450,731	406,665	-	505,377	
Hardware & Software	2,300,000	-	-	54,762	328,571	-	1,916,667	
Boundary Wall	48,470,259	-	-	17,919,765	2,431,544	-	28,118,950	
Deep Tube-Well	2,730,800	-	-	2,657,840	13,133	-	59,827	
Safety & Security Equipment	2,243,507	-	-	1,181,469	263,585	-	798,453	
Communication and Network Equipment	4,762,578	1,458,470	-	3,814,530	642,420	-	1,764,098	
Other Assets	28,189,817	5,143,295	-	5,317,091	4,208,829	-	23,807,192	
As at June 30, 2020	9,744,255,806	77,819,980	(12,100,000)	4,369,522,594	513,776,868	(6,791,799)	4,876,507,663	
As at June 30, 2019	7,811,616,601	2,142,853,713	(210,214,508)	4,189,458,582	385,899,069	(205,835,057)	5,374,733,212	

Notes Standalone

SQUARE TEXTILES LIMITED

Schedule of Share Capital

As on June 30, 2020

Position of shareholding of ordinary shares as on June 30, 2020

Schedule-B

Sl. No.	Shareholder's Group	Number of Investors	Number of Shares	% of holding 2019-2020	% of holding 2018-2019
1	Sponsors/Directors	7	121,959,707	61.83	61.83
2	Foreigners	5	6,576,802	3.33	3.33
3	Institutions	240	42,234,320	21.41	21.22
4	General Public	16,558	26,481,171	13.43	13.62
	Total	16,810	197,252,000	100.00	100.00

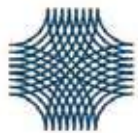
Distribution schedule of each class of equity security setting out the number of holders and percentage as on June 30, 2020

Sl. No.	Range of Holdings	As per Folio		As per BO ID		IN %	Total Share Holding
		No. of holders	Holdings	No. of holders	Holdings		
1	Less than 500 shares	3,440	303,150	8,563	1,035,279	0.68%	1,338,429
2	500 to 5,000 shares	264	300,850	3,591	5,882,100	3.13%	6,182,950
3	5001 to 10,000 shares	8	58,847	428	3,012,513	1.56%	3,071,360
4	10,001 to 20,000 shares	4	58,452	245	3,478,370	1.79%	3,536,822
5	20,001 to 30,000 shares	2	54,478	76	1,825,826	0.95%	1,880,304
6	30,001 to 40,000 shares	2	65,762	36	1,245,150	0.66%	1,310,912
7	40,001 to 50,000 shares	3	140,791	19	842,927	.50%	983,718
8	50,001 to 100,000 shares	4	339,693	47	3,290,233	1.84%	3,629,926
9	100,001 to 1,000,000 shares	5	2,430,515	53	15,037,990	8.86%	17,468,505
10	Over 1,000,000 shares	9	63,128,875	11	94,720,199	80.02%	157,849,074
	Total	3,741	66,881,413	13,069	130,370,587	100%	197,252,000

Subsidiary Contents

Financial Statement 2019-2020

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📁 Statement of Changes in Equity	- 112
📁 Statement of Cash Flows	- 113



Square Texcom Ltd.



SQUARE TEXCOM LIMITED

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

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, 2020, Statement of Profit or loss and other Comprehensive Income, Changes in Equity and Cash Flows for the year ended June 30, 2020 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 2019-2020 with comparison with 2018-2019 are as follows:

Particulars	In million	
	2019-20	2018-19
Turnover	846.12	934.72
Gross Profit	58.50	96.79
Net Profit (AT)	1.97	20.08
Gross Margin	6.91%	10.35%
Net Margin (AT)	0.23%	2.15%
Earning Per Shares	0.45	4.63
Par value Tk. 100		

The above reveals that the Turnover and Gross Profit and Net Profit (AT) decreased by 9.48%, 39.56% and 90.20% respectively during year under review.

Total business and financial result of the Company for the year 2019-2020 depicts a huge decline due to the CORONA impact.

Moreover, during July 2019 to December 2019 the raw material price in the international market was higher than

regular price. Beside this price and demand of yarn in the national & international market was lower in comparison to higher raw material price. On the other hand, China and USA trade war had also material impact on the garments sectors. Indian subsidized low price yarn dumping strategy also had a vital role for volatile yarn price

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 43,35,502 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	0.03
Mr. Tapan Chowdhury	1,166	0.03
Mr. Anjan Chowdhury	1,166	0.03
Mrs. Ratna Patra	1,166	0.03
Mrs. Anita Chowdhury	336	0.01
M/s Square Textiles Ltd.	43,30,502	98.87
Total -	43,35,502	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.)	

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

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 2019-2020.

FINANCIAL POSITION

The Statement of Financial Position as on 30 June, 2020, Statement of Profit or Loss and other Comprehensive Income, Change in Equity and Cash Flows ended at 30 June, 2020 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 2020-2021 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, 2020 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, 2020 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 objectives are to obtain reasonable assurance about whether the 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 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 Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidences that is sufficient and appropriate to provide a basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidences 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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;
- (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; and
- (iv) The expenditure incurred was for the purpose of the Company's business.

Date: September 28, 2020
Place: Dhaka



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

SQUARE TEXCOM LIMITED

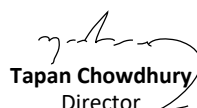
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2020

Particulars	30 June, 2020	30 June, 2019
	Taka	Taka
ASSETS		
Non Current Assets:	659,407,421	669,463,993
Property, Plant and Equipment - Carrying Value	650,730,921	638,367,040
Capital Work in Progress	8,676,500	31,096,953
Current Assets:	666,154,234	598,985,345
Inventories	265,873,922	286,949,732
Accounts Receivable	312,326,149	261,286,264
Advances, Deposits and Prepayments	29,479,949	25,463,273
Cash and Cash Equivalents	58,474,214	25,286,076
TOTAL ASSETS	1,325,561,655	1,268,449,338
SHAREHOLDERS EQUITY AND LIABILITIES		
Share Holders Equity:	724,291,745	722,324,246
Share Capital	433,550,200	10,000,000
Retained Earnings	290,741,545	288,774,127
Share Money Deposit	-	423,550,119
Non-Current Liabilities:	45,873,351	43,626,011
Deferred Tax Liability	45,873,351	43,626,011
Current Liabilities and Provisions:	555,396,559	502,499,081
Short Term Bank Loan (Secured)	377,109,755	315,747,122
Creditors and Other Payables	8,835,120	7,347,077
Liabilities for Others Finance	16,555,426	9,630,636
Short Term Loan	140,003,283	161,617,019
Provision for Income Tax	12,892,975	8,157,227
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,325,561,655	1,268,449,338
Net Assets Value Per Share	167.06	166.61

Attached notes form an integral part of these Financial Statements.



Anjan Chowdhury
Managing Director



Tapan Chowdhury
Director



Md. Kabir Reza
Executive Director (A&F)
and Company Secretary



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

Date: September 28, 2020
Place: Dhaka

SQUARE TEXCOM LIMITED


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

Particulars	2019-2020	2018-2019
	Taka	Taka
Sales Revenue	846,124,272	934,721,283
Cost of Goods Sold	(787,624,481)	(837,931,175)
Gross Profit	58,499,791	96,790,108
Administrative Overhead	(24,282,594)	(31,431,439)
Selling and Distribution Overhead	(2,067,891)	(2,329,503)
Profit from Operations	32,149,306	63,029,166
Finance Cost	(23,691,152)	(25,947,910)
Non-Operating Income	939,877	980,645
Profit before W.P.P.F and W.F	9,398,031	38,061,901
Allocation for W.P.P.F and W.F	(447,525)	(1,812,471)
Profit before Tax	8,950,506	36,249,430
Income Tax Expenses (Current)	(4,735,748)	(8,157,227)
Deferred Tax (Expenses) / Income	(2,247,340)	(8,010,011)
Net Profit After Tax for the Year	1,967,418	20,082,192
(Transferred to the Statement of Changes in Equity)		
No. of Share = 43,35,502.		
Earnings Per Share (EPS)	0.45	4.63

Attached notes form an integral part of these Financial Statements.



Anjan Chowdhury
Managing Director



Tapan Chowdhury
Director



Md. Kabir Reza
Executive Director (A&F)
and Company Secretary



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

Date: September 28, 2020
Place: Dhaka

SQUARE TEXCOM LIMITED

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

Amount in Taka

Particulars	Share Capital Taka	Retained Earnings Taka	Share Money Deposit Taka	Total
Balance as at 01 July, 2019	10,000,000	288,774,127	423,550,119	722,324,246
Net Profit for the Year Ended 30 June, 2020	-	1,967,418	-	1,967,418
Received against Share Money Deposit	-	-	81	81
Issuance of Share	423,550,200	-	(423,550,200)	-
Balance as at 30 June, 2020	433,550,200	290,741,545	-	724,291,745

FOR THE YEAR ENDED 30 JUNE, 2019

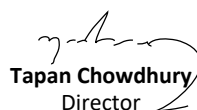
Amount in Taka

Particulars	Share Capital Taka	Retained Earnings Taka	Share Money Deposit Taka	Total
Balance as at 01 July, 2018	10,000,000	268,691,935	423,550,119	702,242,054
Net Profit for the Year Ended 30 June, 2019	-	20,082,192	-	20,082,192
Balance As at June 30, 2019	10,000,000	288,774,127	423,550,119	722,324,246

Attached notes form an integral part of these Financial Statements.



Anjan Chowdhury
Managing Director



Tapan Chowdhury
Director



Md. Kabir Reza
Executive Director (A&F)
and Company Secretary



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

Date: September 28, 2020
Place: Dhaka

SQUARE TEXCOM LIMITED


STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

Particulars	2019-2020	2018-2019
	Taka	Taka
Cash Flows from Operating Activities:		
Receipts from Sales Revenue	795,084,387	889,851,800
Exchange Fluctuation Gain (Realization from Transaction)	1,284,053	799,096
Receipts from Other Income	53,087	19,103
Total Receipts	796,421,527	890,669,999
Payments to Suppliers	(517,295,006)	(716,964,238)
Paid for Operating & Non-operating Expenses	(210,896,201)	(217,812,647)
Interest Expenses Paid	(12,391,659)	(22,272,712)
Income Tax Paid	(4,735,748)	(3,653,792)
Total Payments	(745,318,614)	(960,703,389)
Net Cash Flow From (Used in) Operating Activities	51,102,913	(70,033,390)
Cash Flows from Investing Activities:		
Purchase of Property, Plant & Equipment	(55,238,528)	(31,145,216)
Sales of Property, Plant & Equipment	5,662,257	10,919,952
Net Cash Generated (Used in) from Investing Activities	(49,576,271)	(20,225,264)
Cash Flows from Financing Activities:		
Short Term Bank Loan Received/ (Repaid)	61,362,633	30,001,068
Short Term Loan from/ (To) Sister Company	(29,303,874)	33,091,720
Net Cash Generated (Used in) from Financing Activities	32,058,759	63,092,788
Increase/ (Decrease) in Cash and Cash Equivalents	33,585,401	(27,165,866)
Net effect of Foreign Currency Translation	(397,263)	162,446
Opening Cash and Cash Equivalents	25,286,076	52,289,496
Closing Cash & Cash Equivalents	58,474,214	25,286,076
Net Operating Cash Flows Per Share	11.79	(16.15)
Footnote: Disclosure of Non-Cash Investing and Financing Activities		
Significant Non-Cash Investing and Financing Transactions		
Conversion of Share Money Deposit into Ordinary Shares	423,550,200	-
Total	423,550,200	-

Attached notes form an integral part of these Financial Statements.



Anjan Chowdhury
Managing Director



Tapan Chowdhury
Director



Md. Kabir Reza
Executive Director (A&F)
and Company Secretary



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

Date: September 28, 2020
Place: Dhaka

24TH AGM 12 DEC 2019



SQUARE TEXTILES LIMITED

Square Centre, 48, Mohakhali Commercial Area
Dhaka-1212

PROXYFORM

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 25th Annual General Meeting of the Company to be held on Tuesday the 15th December, 2020 at 11:00 am. under virtual platform through the link <https://bitly.com/stlagm2020>.

As witness my hand this day of _____ 2020.

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

Corporate Compliance

For the Financial Year 2018-2019

Dividend Recommended

22 October 2019

Record Date for 24th AGM

19 November 2019

24th Annual General Meeting

12 December 2019

Dividend Issued

05 January 2020a

For the Financial Year 2019-2020

Publication of 1st Qtr. Financial Report

14 November 2019

Publication of 2nd Qtr. Financial Report

31 January 2020

Publication of 3rd Qtr. Financial Report

09 June 2020

Dividend Recommended

22 October 2020

Audited Financial Report to

BSEC, DSE and CSE

11 November 2020

Record Date for 25th AGM

22 November 2020

Notice of 25th AGM

30 November 2020

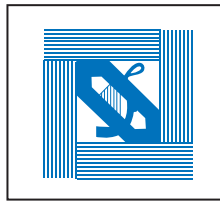
25th Annual General Meeting

15 December 2019

Dividend Payable

By 13 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