



ANNUAL REPORT 2018-2019

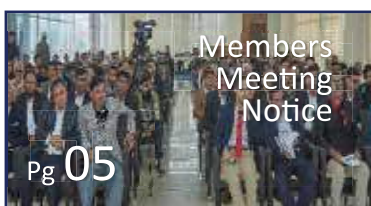


SQUARE

SQUARE PHARMACEUTICALS LIMITED

Annual Report 2018-2019

Year ended 30 June 2019



Square Pharmaceuticals Ltd.

Square Centre
48 Mohakhali Commercial Area
Dhaka, Bangladesh

INSIDE THIS REPORT

- 05: 53rd AGM Notice
- 06: Ten Principles of Global Compact (UN)
- 08: The Founder
- 09: Board of Directors
- 10: Value Added Statement
- 11: Message from the Chairman
- 12: 5 years Operational Result
- 13: Statement from the MD
- 14: Together we are Strong
- 16: Milestone of Excellence
- 18: Corporate Governance
- 26: We Export to
- 28: Directors' Report (English)
- 36: Management Discussion & Analysis
- 45: Status of CGC Compliance
- 51: Directors' Report (Bangla)
- 59: Financial Profile
- 60: Auditors' Report
- 64-83: Consolidated Financial Statement
Statement of Financial Position
Statement of Profit or Loss and other Comprehensive Income
Statement of Changes in Equity
Statement of Cash Flows
- 84-114: Standalone Financial Statement
Statement of Financial Position
Statement of Profit or Loss and other Comprehensive Income
Statement of Changes in Equity
Statement of Cash Flows
- 115: Subsidiary Profile
- 128: Glimpse of 52nd AGM
- 129: Proxy Form
- 131: Corporate Info. & Compliance

SQUARE



Square Pharmaceuticals Ltd.



ABOUT US

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

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

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

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

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

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

Since 1958



www.squarepharma.com.bd



Key Highlights

of the operations

Square Pharma

Consolidated

10.85% ↗

Sales
BDT 50.87 Billion

Consist of 646 Pharma, 26 Herbal,
130 Agrovet, 34 Pesticide,
14 Pellet Products and
8 Basic Chemicals.

11.12% ↗

Domestic Sales
BDT 49.38 Billion

Market Share 16.95%

2.76% ↗

Export Sales
BDT 1.49 Billion

Market Covers 42 Countries

2018-2019

9.01% ↗

Profit

2018-19: BDT 12.65 Billion
2017-18: BDT 11.61 Billion

9.07% ↗

EPS Earning per share

2018-19: BDT 16.03
2017-18: BDT 14.69

24.83% ↗

Dividend Payout (Cash)

2018-19: BDT 3.31 Billion
2017-18: BDT 2.65 Billion

17.41% ↗

NAV Net Asset Value

2018-19: BDT 67.88 Billion
2017-18: BDT 57.82 Billion

Won



President's Award for Industrial
Development. **1st place** as a successful
Enterprise in the category of
Large Scale Industry.



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

Annual Report for the year ended June 30, 2019

Dear Sir(s)

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

With best regards.



Khandaker Habibuzzaman
Company Secretary

Dated: 27 November, 2019

TRANSMITTAL LETTER



WE STRIVE FOR

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

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

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

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

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

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

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



Square Pharmaceuticals Ltd.

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

We strive for an environment free from pollution and poisoning.

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



Notice is hereby given that the 53rd Annual General Meeting of the Members of Square Pharmaceuticals Ltd. will be held on Thursday the 12th December, 2019 at 10:00 a.m. at the Samson H Chowdhury Centre, Dhaka Club Limited, Ramna, Dhaka to transact the following business:

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

By order of the Board



Khandaker Habibuzzaman
Company Secretary

27 November, 2019

Notes:

- i) The proxy form must be affixed with requisite revenue stamp and be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
- ii) Members are requested to submit to the Company's Share Office on or before 17th December 2019, their written option to receive dividend. In case of non-submission of such option with the stipulated time, the dividend will be paid off as deemed appropriate by the Company.
- iii) The Annual Report is available in the Company's web site at www.squarepharma.com.bd

THE TEN PRINCIPLES OF GLOBAL COMPACT (UN)



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

HUMAN RIGHTS:

Principle 1

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

Principle 2

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

LABOR STANDARDS:

Principle 3

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

Principle 4

The elimination of all forms of forced and compulsory labor.

Principle 5

The effective abolition of child labor and

Principle 6

Eliminate discrimination in respect of employment and occupation.

ENVIRONMENT:

Principle 7

Business should support a precautionary approach to environmental challenges.

Principle 8

Undertake initiatives to promote greater environmental responsibility; and

Principle 9

Encourage the development and diffusion of environmentally friendly technologies.

ETHICAL STANDARDS:

Principle 10

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



VISION
MISSION

OBJECTIVES
CORPORATE FOCUS

Square Pharma

VISION

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

MISSION

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

OBJECTIVES

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

CORPORATE FOCUS

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



THE FOUNDER

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


Samson H Chowdhury



1925-2012

THE AUTHORITY



Mr. Tapan Chowdhury



Mrs. Ratna Patra



Mr. Samuel S Chowdhury



Mr. Kazi Iqbal Harun



Mr. Anjan Chowdhury



Mr. Syed Afzal Hasan Uddin



Mr. S M Rezaur Rahman

BOARD OF DIRECTORS

Chairman
Mr. Samuel S Chowdhury

Vice Chairman
Mrs. Ratna Patra

Managing Director
Mr. Tapan Chowdhury

Director
Mr. Anjan Chowdhury

Director
Mr. Kazi Iqbal Harun

Independent Director
Mr. Syed Afzal Hasan Uddin

Independent Director
Mr. S M Rezaur Rahman



Square Pharmaceuticals Ltd.

STATEMENT OF VALUE ADDED

For the period ended 30 June 2019

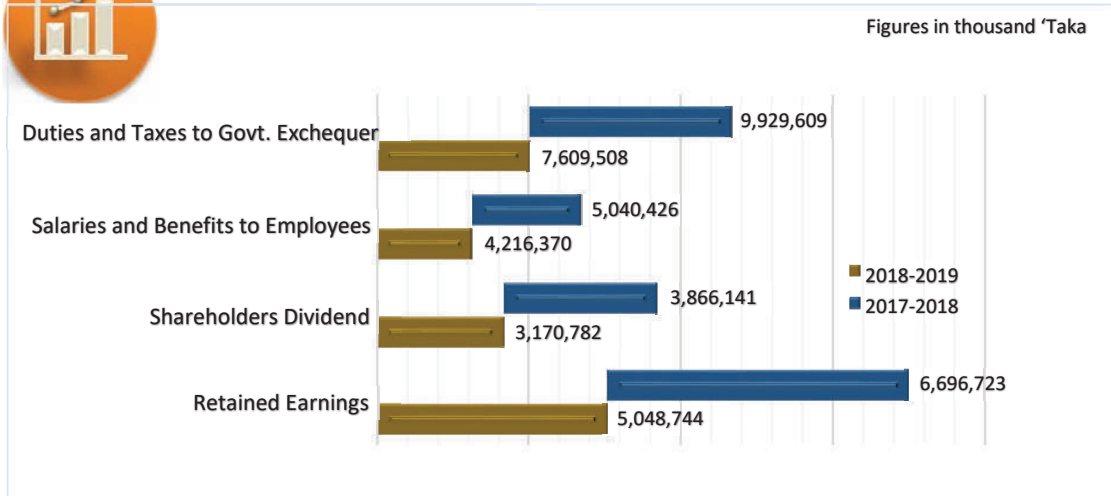


Figures in thousand 'Taka

	2018-2019		2017-2018	
	(Jul'2018-Jun'2019)		(Jul'2017-Jun'2018)	
	Amount	%	Amount	%
Value Added:				
Turnover & Other Income	48,033,759		38,217,652	
Less: Bought in Materials & Services	22,500,860		18,172,248	
	25,532,899	100.00	20,045,404	100.00
Application:				
Duties and Taxes to Govt. Exchequer	9,929,609	38.89	7,609,508	37.96
Salaries and Benefits to Employees	5,040,426	19.74	4,216,370	21.03
Shareholders Dividend	3,866,141	15.14	3,170,782	15.82
Retained Earnings	6,696,723	26.23	5,048,744	25.19
	25,532,899	100.00	20,045,404	100.00



GRAPHICAL VIEW



MESSAGE FROM THE CHAIRMAN

Dear Shareholders, Colleagues,
Ladies and Gentlemen

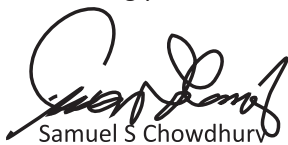
With deep appreciation and respect, I on behalf of the Board of Directors welcome you all at this 53rd Annual General Meeting of the Shareholders and thank you for taking the trouble for attending the august gathering which is being held as part of Compliance of the Regulations of the Companies Act, Bangladesh Securities and Exchange Commission and other provisions of Corporate Culture. As required, the Audited Financial Statements pertaining to the FY 2018-2019 alongwith Independent Auditor's Report and related report from the Audit Committee of the Board which is Chaired by an Independent Director, Report of the Directors on the operation and management of the affairs of the Company, proposals of the Management/Board of Directors on statutory requirement as well as future outlook etc, as embodied therein, have been sent to you in advance, which I hope, has offered you the scope of screening of the performance of the Company.

I feel your review of the activities, operations and the resultant effect on the operating/financial results will present a picture of unbroken growth line in income and investment values as the efforts given by the Management, officers, employees and workers have greatly contributed to the success in this regard.

I hope all the shareholders/stakeholders will continue to be with the Company and enjoy the fruits of the "Tree" alongwith the people of the Country. The plant which was sown by our Late Founder Chairman Samson H Chowdhury over 60 years ago has now taken deep roots as protector of the health and wealth of its owners and as a contributor to the National Economy.

Let us all remember him of this august occasion and pray to the Almighty for his rest in peace in Heaven.

Thanking you all with best wishes.


Samuel S Chowdhury
Chairman

#1 in
Bangladesh
Pharma Market

16 Brands
in Top 50 Bangladesh
Pharma Brands

53 Products
Launched in 2018-
2019

+14%
Employment
Increased

Won
President Award
for Industrial
Development



CORPORATE OPERATIONAL RESULTS

Square Pharmaceuticals Ltd. (Standalone)



Figures in '000

Particulars	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Gross Revenue	44,595,486	34,573,391	33,299,672	33,611,741	36,191,595
Value Added Tax	5,909,831	4,568,416	4,413,733	4,553,391	4,892,907
Net Revenue	38,685,656	30,004,975	28,885,939	29,058,349	31,298,688
Gross Profit	18,974,590	14,406,366	14,061,586	14,056,482	13,827,274
Net Profit (Before Tax)	13,965,289	10,825,055	10,366,856	9,943,836	8,597,457
Net Profit (After Tax)	10,562,864	8,219,526	7,792,498	7,510,265	6,523,933
Net Assets Value (NAV)	60,806,055	46,662,876	41,201,962	35,597,063	28,031,892
Total Assets	65,061,673	53,329,313	45,763,246	39,174,686	31,354,182
Total Bank Borrowings	-	-	-	-	121,599
Total Current Assets	38,291,545	27,196,589	22,268,597	17,053,295	9,739,782
Total Current Liabilities	2,961,271	5,539,791	3,505,604	2,581,822	2,390,848
Current Ratio	12.93	4.91	6.35	6.61	4.07
Shares Outstanding	789,008,466	737,391,090	685,945,200	623,586,546	554,299,152
Face Value per Share	10.00	10.00	10.00	10.00	10.00
Dividend (Cash)	42.00%	36.00%	35.00%	40.00%	30.00%
Dividend (Stock)	7.00%	7.00%	7.50%	10.00%	12.50%
Net Assets Value per Share (NAV)	77.07	59.14	52.22	45.12	35.53
Net Operating Cash Flow per Share	15.96	12.02	10.48	10.30	8.96
EPS-Earnings per Share (SPL)	13.39	10.42	9.88	9.52	7.28
EPS-Earnings per Share (Consolidated)	16.03	14.69	13.50	11.66	7.58
EPS at Original Capital at IPO	1056.29	821.95	779.25	751.03	574.36
Quoted Price per Share - DSE	264.30	293.10	290.10	265.70	258.70
Quoted Price per Share - CSE	264.90	292.80	290.60	265.60	262.90
Price Earnings Ratio-DSE (Time)	23.70	26.29	25.53	24.26	30.90
Price Earnings Ratio-CSE (Time)	23.76	26.26	25.58	24.25	31.40
Market Capitalization-DSE (in billion)	208.53	216.13	198.99	165.69	143.40
Market Capitalization-CSE (in billion)	209.00	215.91	199.33	165.62	145.73
Shareholders:	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Sponsors/Directors	5	5	6	6	17
Financial & Other Institution	927	825	655	793	809
Foreign Investors	118	107	103	75	63
General Public	56,570	54,925	51,807	62,283	70,013
Total -	57,620	55,863	52,571	63,157	70,902
Employees:	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Executives	4,350	3,833	3,486	3,354	3,197
Non Executives	2,099	2,108	1,983	1,975	1,882
Workers	2,785	2,191	1,921	1,845	1,631
Total -	9,234	8,132	7,390	7,174	6,710

MANAGING DIRECTOR'S REPORT

Dear Respected Shareholders,
Ladies and Gentlemen

I am pleased to welcome you all at this 53rd Annual General Meeting of the Company and present the Report of the Directors containing Statutory Audited Accounts and Report, Report of the Audit Committee of the Board and other statutory compliance requirement as per BSEC regulations/Companies Act for your kind review and observations, if any.

While industrial performance have had to face some kinds of oddities due to often frequently introduced fiscal/monetary regulation, the pharmaceuticals sector, had however, felt such things in the minimum level. As a result the growth-line for most of the leading manufacturers had continued more or less in the smooth way as the previous year.

The Company's performance during the FY 2018-2019 shows growth in turnover, gross profit & profit from operation due to effective measures taken by the Management in purchases, inventory management, operating expenses and Finance cost. Resultant the consolidated net profit after tax increased at 9.01% resulting in increase in EPS by the same level.

The Company's short term as well as long term financial position is simply outstanding. The current ratio stands at 12.93:1. There being no long term loan outstanding, the company operates on its own long-term sources- shareholders equity only which is an unparalleled characteristic feature to be reckoned with by the shareholders and stakeholders alike.

I feel Square shall succeed in its future investment plans as it goes ahead and have the support of the shareholders as ever.

Thanking you all.


Tapan Chowdhury
Managing Director

10.85%

Rise in Sales
Consolidated
BDT 50.87 Billion

9.01%

Increase in Profit
Consolidated

₹ 188 Billion

Market
Capitalization
In BDT

BDT 16.03

Earning Per Share
EPS Consolidated

Won Gold

National Export
Trophy



TOGETHER WE ARE STRONGER

“ Management Committee

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

“ Audit Committee

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

“ Nomination and Remuneration Committee

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

“ CFO, Company Secretary and HIAC

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

“ Statutory Auditors

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



TOGETHER
WE ARE STRONGER

“ Operational Management Team

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

“ Compliance Auditors

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

“ Legal Advisor

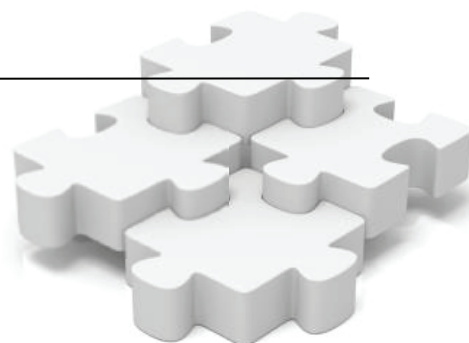
Mr. Rafique-ul Huq, Bar-at-Law
Mr. Rokanuddin Mahmud, Bar-at-Law
Ms. Nazia Kabir, Bar-at-Law

“ Bankers

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

“ Insurers

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



1958-2019

1991

Converted into Public Limited Company.



1987

Pioneer in pharmaceutical export from Bangladesh



1985

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



1974

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



1964

Incorporated as a Private Limited Company.



1958

Year of Establishment (As Partnership Firm)



2009



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

2007



Dhaka Unit Gets the UK MHRA approval.

2006



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

2002



Enlisted as UNICEF's global suppliers.

2001



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

1997



Awarded National Export Trophy for exporting pharmaceuticals.

1995



- Production of pharmaceuticals bulk (API) product by Chemical Division.
- Listing with Dhaka and Chittagong Stock Exchange.

1994



Initial Public Offer (IPO) of Ordinary Shares

SQUARE

MILESTONE OF EXCELLENCE

Square Pharma

2018

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

2017

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

2016

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

2015

- Received USFDA's approval.

2013

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

2012

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

2019

- Won the "President's Award for Industrial Development" as a successful Enterprise in the category of Large Scale Industry.
- Won the Occupational Health and Safety Good Practice Award.
- Awarded National Export Trophy (Gold).



President's Award for Industrial Development.

CORPORATE GOVERNANCE



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

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

BOARD OF DIRECTORS

❖ Constitution

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

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

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

During the year under review the board held 13 (thirteen) meetings to transact various agenda.

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



Constitution

Not less than 3 or more than 11 Directors

Type of Mandate

Unitary Board of 7 Directors



6 Male

1 Female



5

Non-Executive Directors including Chairman

2

Executive Directors

Independent Directors

2

13

Board Meeting during the year of 2018-2019



❖ Role & Responsibilities

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

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

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

❖ Relationship with Shareholders & and Public

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

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

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

❖ Relationship with Government

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

❖ Relationship with Financers/Bankers

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

❖ Relationship with Suppliers:

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



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

❖ Corporate Social Responsibilities (CSR)

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

SEPARATE ROLE OF THE CHAIRMAN AND MANAGING DIRECTOR

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

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

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

BOARD COMMITTEE

❖ Audit Committee

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

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

❖ Nomination and Remuneration Committee

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



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

EXECUTIVE MANAGEMENT

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

The Managing Director is supported by professional, well educated, trained and experienced team consisting of Executive Directors, Directors, General Managers and a host of Senior Executives in the hierarchy of management. The Board has approved an organogram with modern features ensuring clear lines of delegation of authority and reporting for accountability for effective decision making evaluation of performance on merit for both rewarding and disciplinary action.

The Executive Management is responsible for preparation of budgetary segment plans/ sub-segment plans for every cost/profit centers and are held accountable for performance

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

OTHER GOVERNANCE APPARATUS

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

❖ Independent Director

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

❖ Financial Auditors

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



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

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

❖ Compliance Auditors

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

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

❖ Legal Advisers

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

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

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

❖ Bankers

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

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

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

❖ Insurer

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



SHAREHOLDERS' RELATIONSHIP

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

The position of shareholders as on 30th June, 2019 indicates that the sponsors of the company do not hold the required shareholdings (75%) for passing special resolutions. This allows the public shareholders (individuals & institutions) to play an effective role in protecting their legal corporate rights.

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

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

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

The Shareholders as owners are provided with material information on the Company's operation quarterly and annually. They are also provided routine services by the Company Secretary in any company matters which is permissible. The Board is however responsible to the Shareholders as well as investors for publication of price sensitive information as per regulations of Bangladesh Securities and Exchange Commission.



The Owners

30 June 2019

Total Owners

57,620

General Public

35.30%

278,499,514 shares

Sponsor & Director

34.43%

271,635,920 shares

Foreigners

20.36%

160,644,201 shares

Institutions

9.91%

78,228,831 shares



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

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

DIVIDEND POLICY

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

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

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

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

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

BEYOND THE BORDER

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

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

CORPORATE SOCIALIZATION

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

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

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



RESEARCH AND NEW PRODUCTS DEVELOPMENT

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

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

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



Total Products

858

Pharmaceuticals

646

Agrovet Pesticide Herbal

130 34 26

Pellet Basic Chemical

14 8

Products Launched

53

SEGMENT REPORT

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

RISK PERCEPTION

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

SECRETARIAL STANDARD

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

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

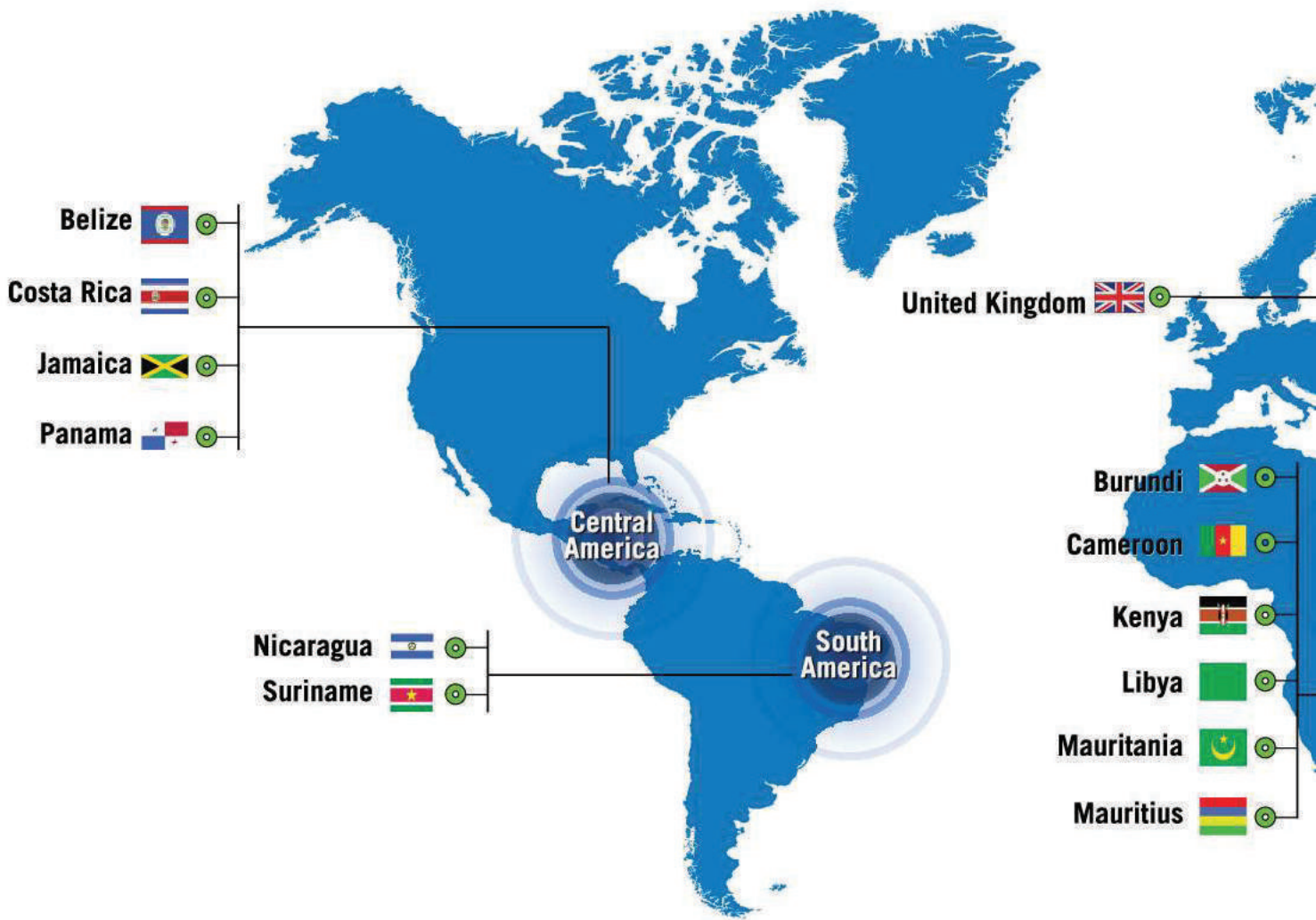
COMPLIANCES

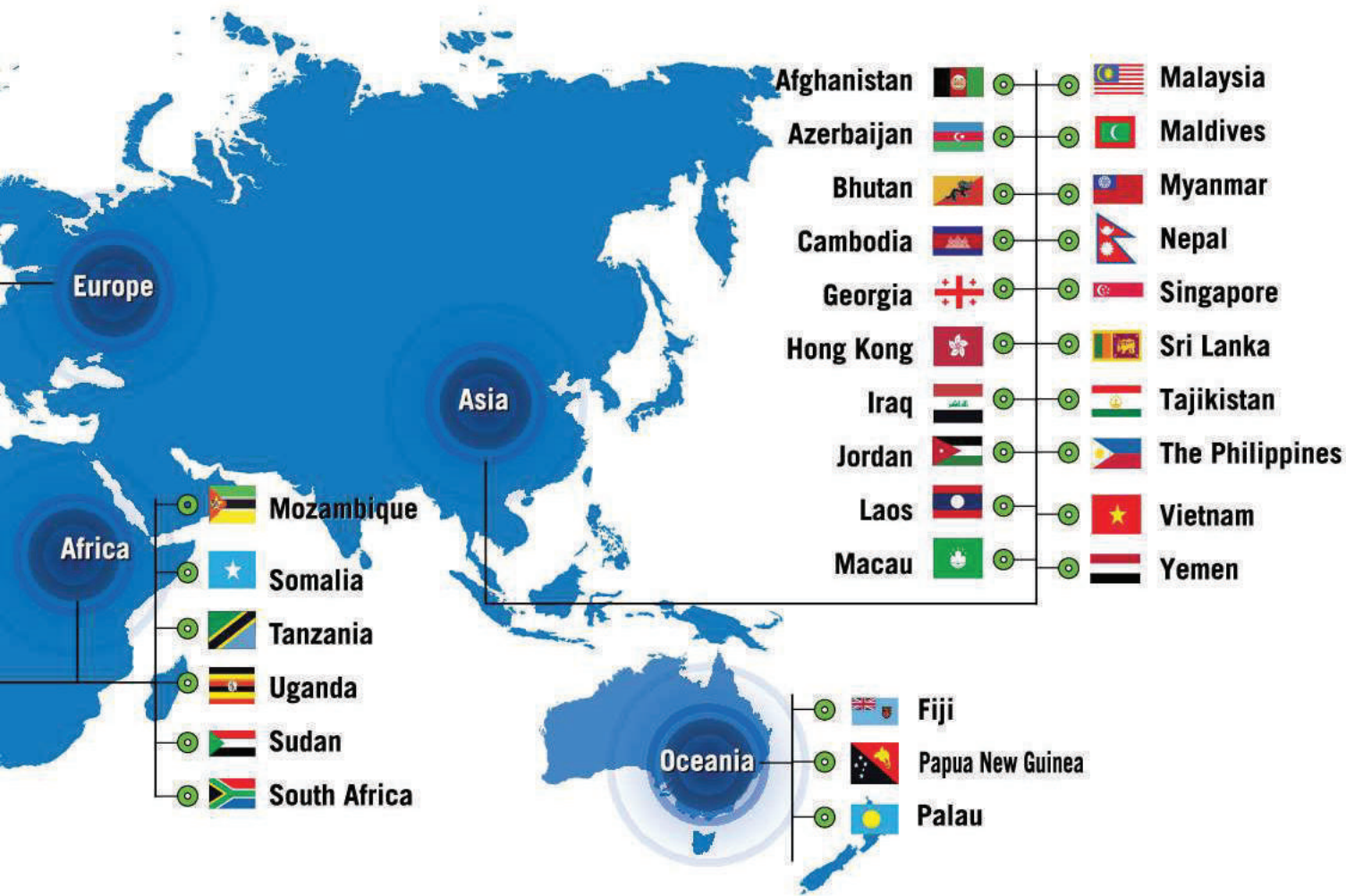
Square has an established procedures to ensure compliance with all applicable statutory and regulatory requirements. Respective officers are responsible for ensuring proper compliance with applicable laws and regulations.



Square Pharmaceuticals Ltd.

We Export to ...





Since 1958



SQUARE

**PHARMACEUTICALS LTD.
BANGLADESH**



In terms of provisions of Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Bangladesh Securities and Exchange Rules 1987, Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission and International Accounting Standards-1 codes as adopted by The Institute of Chartered Accountants of Bangladesh, it is the pleasure of the Board of Directors to submit its Report to the Share-holders for the year ended 30 June, 2019 in the following paragraphs:

OPERATIONS AND STATE OF AFFAIRS OF SQUARE PHARMA

The Square Pharma's Standalone Revenues from Operations were Tk. 44,595.49 million for the year ended 30th June, 2019 as compared to Tk. 34,573.39 million for the previous year, an increase by 29%.

Net Profit after tax increases 28.51% to Tk. 10,562.83 million on standalone basis for the year under review as compared to Tk. 8,219.53 million for the previous year. Earning Per Share (EPS) stood at Tk. 13.39 against Tk. 10.42.

Above mentioned higher growth in Revenue, Profit and EPS has arrived because of adding six months business result of Square Formulations Ltd. and Square Herbal & Nutraceuticals Ltd, as they have merged with Square Pharma from 1st January 2019.

However, Square Pharma has registered consolidated Revenue from Operations of Tk. 50,866.86 million for the year under review as compared to Tk. 45,886.96 million for the previous year, an increase by 10.85%.

Consolidated Net Profit after tax increases 9.01% to Tk. 12,652.40 million for the year under review as compared to Tk. 11,606.19 million for the previous year. Earning Per Share (EPS) stood at BDT 16.03 against Tk. 14.69.

The continuous growing performance in operational, financial and profitability has enabled Square Pharma to hold the Top Position in the industry for over several decades.

PHARMA PLANT

The production plants at Pabna and Kaliakoir had continued to improve their operational efficiency both qualitatively and quantitatively by upgrading technological process, research and training.

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

Assets Title	Taka in million	
	2018-19	2017-18
Land	412.50	743.28
Building	594.57	175.17
Plant & Machinery	308.53	921.18
Laboratory Equipment	135.63	202.74
Others	119.42	143.61
Total -	1,570.65	2,185.98

The investments were made from internal generation of funds.

CHEMICAL PLANT

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

Particulars	2018-19	2017-18
No. of Products	22	22
Production (MT)	831	761
Own use (MT)	541.10	291.33
Sales (MT)	262.90	470.76
Own use (%)	67.30	38.28
Revenue (Million Tk.)	302.73	511.80

(MT-Metric Ton)

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



QUALITY CONTROL

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

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

TECHNOLOGY

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

During the year 2018-2019 Square Pharma invested an amount of Tk. 135.63 million in improving its laboratory facilities.

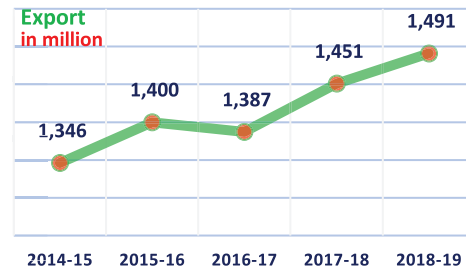
EXPORT

During the year under review, the exports amounted to Tk. 1,490.56 million as against Tk. 1,450.53 million in previous year, a 2.76% increase. Presently Square Pharma export market covers over 42 Countries and has taken all sorts of possible thrust for increasing the export within the current capacity and expected to rise more in the coming years.

Square Pharma has received approval of first ANDA in last April and the second in October 2019. Square is working on submission of other ANDAs to USFDA for approval. It has also focused on contract manufacturing

options for USA and UK to increase volume of annual export.

Square Pharma has been awarded **Export Trophy Gold** for the year 2016-2017 in this December 2018 as largest exporter of pharmaceuticals from Bangladesh, this is 4 consecutive times and total of 7 times, which is the record in pharma sector.



SECTORAL GROWTH

The domestic pharmaceutical market size stood at Tk. 22,352 crore with 16.71% Compound Annual Growth Rate (CAGR) for the last five years (2015-2019), National Market Growth Rate and Square Pharma's Growth Rate was 10.65% and 10% respectively for the year under review as per report of IMS Plus (MAT), 4Q 2019.

The pharmaceuticals sector providing about 98% of the total medicine requirement of the domestic market and exports to more than 147 countries. The local companies are holding 90% market shares and 10% by multinationals. The contribution of domestic pharma sector was about 1% to the gross domestic product (GDP).

Pharma sector of Bangladesh has the potential to grow at 15 percent for the next five years riding on the expanded domestic market as well as new export frontiers, according to a new research.

The growth of the economy at 8.13% during FY 2018-19 against 7.83% of the previous year offers scope for further growth in investment for expansion in pharmaceuticals sector.



PRODUCT DEVELOPMENT

The product development status of Square Pharma as on 30th June, 2019 alongwith addition and discontinuation position of the products are hereby depicted hereunder:

Sl. No.	Products Categories	Position 01 July 2018	Added During the period	Discarded	Position 30 June 2019
01	Tablet	307	8	24	291
02	Capsule	66	2	7	61
03	Liquid	79	4	1	82
04	Injectable (Vial & Ampoule)	60	1	4	57
05	Infusion	15	2	-	17
06	ENT Opthal Preparation	31	2	2	31
07	Cream, Ointment, Spray, Gel & others	62	1	-	63
08	Powder for Suspension	20	2	1	21
09	Tropical Powder	1	-	-	1
10	Suppository	6	-	-	6
11	Inhaler & Nebulizer	8	-	-	8
12	Insulin	9	-	1	8
13	Basic Chemical & Pellet	22	-	-	22
14	Tablet, Powder, Liquid, Injection, Granular - AgroVet Local	74	-	-	74
15	Tablet, Powder, Liquid, Injection, Granular - AgroVet Imported Product	55	3	2	56
16	Powder, Liquid, Granular - Crop Care Product	32	2	-	34
17	Tablet, Powder, Liquid, Injection, Granular - Herbal & Neutraceuticals Products		26		26
Total -		847	53	42	858

During the period under review 42 products has been discarded due to better alternative generic, small market size & meet the regulatory compliance, however new 53 new products have been added which are well received by the medical professionals and the market.

OUTPUT/CAPACITY UTILIZATION

The overall capacity utilization of the plant operation during the year 2018-2019 has been presented hereunder:

Sl. #	Product Categories	Unit	Production in thousand		Production ↑↓ in %	Capacity Utilization	
			2018-19	2017-18		2018-19	2017-18
1	Tablet	Pic	5,009,006	4,622,412	8.36↗	70%	58%
2	Capsule	Pic	1,187,328	531,403	123.43↗	80%	41%
3	Liquid	Bottle	101,522	104,639	2.98↘	61%	44%
4	Injectable	Pic	42,028	56,265	25.30↘	55%	49%
5	Infusion	Bag	4,450	2,820	57.80↗	29%	22%
6	ENT & Opthal Preparation	Phial	23,276	23,601	1.38↘	67%	38%
7	Cream, Ointment, Spray, Gel & Others	Phial	38,978	39,261	0.72↘	36%	53%
8	Powder for Suspension	Bottle	16,925	15,878	6.59↗	76%	49%
9	Powder	Phial	9,869	8,996	9.70↗	41%	61%
10	Suppository	Pic	49,697	60,395	17.71↘	54%	82%
11	Inhaler	Can	34,087	34,287	0.58↘	32%	29%
12	Insulin	Pic	1,508	1,350	11.70↗	12%	23%
13	Basic Chemical & Pellet	Kg	831	761	9.20↗	92%	88%

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



FINANCIAL RESULT

The standalone operating financial result of the Company for the year ended 30 June 2019 as compared to previous year are summarized hereunder:

Particulars	2018-2019 Taka	2017-2018 Taka	% ↑↓
Gross Revenue	44,595,486,334	34,573,390,809	28.99 ↗
Net Revenue	38,685,655,814	30,004,974,891	28.93 ↗
Cost of Goods Sold	19,711,065,988	15,598,608,803	26.36 ↗
Gross Profit	18,974,589,826	14,406,366,088	31.71 ↗
Net Profit (Before Tax)	13,965,288,785	10,825,054,727	29.01 ↗
Provision for Taxation	3,356,746,041	2,534,562,419	32.44 ↗
Net Profit (After Tax)	10,562,863,531	8,219,525,804	28.51 ↗
Gross Profit Margin	49.05%	48.01%	2.17 ↗
Net Profit Margin (Before Tax)	36.10%	36.08%	0.06 ↗
Net Profit Margin (After Tax)	27.30%	27.39%	0.33 ↘
EPS (Earning Per Share) Tk.	13.39	10.42	28.50 ↗
EPS Consolidated Tk.	16.03	14.69	9.12 ↗
EPS on IPO Paid-up Capital Tk.	1,056.29	821.95	28.51 ↗

The Gross Revenue, Net Profit (BT) and Net Profit (AT) increased by 28.99%, 29.01% and 28.51% during the FY 2018-19 over the previous year.

Above mentioned higher growth in Revenue and Profit has arrived because of adding six months business result of Square Formulation Ltd. and Square Herbal & Nutraceuticals Ltd, as they have merged with Square Pharma from 1st January 2019.

However, the Company earned an other income of Tk. 3,438.27 million (depicted in Note 21 of standalone accounts) during the year 2018-2019 and Net Profit Margin (After Tax) has been decreased by 0.33% against the previous year.

The EPS for the year under review is Tk. 13.39, a 28.50% increase over the previous year. EPS calculation took place on the basis of present outstanding 789,008,466 shares of Tk. 10 each. And the consolidated EPS increased by 9.12% which is Tk. 16.03 in the year 2018-2019 as against Tk. 14.69 of 2017-2018.

RISK AND CONCERN

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

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

EXTRA-ORDINARY ACTIVITIES

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

RELATED PARTY TRANSACTION

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



SUBSIDIARY OPERATION

SQUARE PHARMACEUTICALS KENYA EPZ LTD. (SPL KENYA)

Square Pharma subscribed 8,000,000 shares of KSH 100 each (KHS=Kenyan Shilling) out of total issued 8,000,000 shares and has invested Tk. 216,263,887 as share money deposit.

The Directors' Report for the year ended 30 June, 2019 of the SPL Kenya together with Audited Accounts containing Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Cash Flows and Auditors Report thereon are included in this Annual Report.

INVESTMENT PORTFOLIO

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

A. LONG TERM INVESTMENT

Long Term Investment for an amount of total Tk. 2,996,252,356 both in Majority and Minority Investments in Ordinary Shares, Preference Shares, Advance as Share Money Deposit and Non-Convertible/ Convertible Zero Coupon Bonds in 14 (fourteen) different companies are described hereinafter:

A.1. Majority Investment (Subsidiary)

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

Square Pharma subscribed 8,000,000 shares of KSH 100 each (KHS=Kenyan Shilling) out of total issued 8,000,000 shares and has

invested Tk. 216,263,887 as share money deposit. The financial position and status of business operation are contained in the Director's Report of SPL Kenya.

A.2. Minority Investments

A.2.1. Square Textiles Ltd. (STxL)

As on 30 June, 2019 investment in STxL stands at Tk. 225,129,795 (at cost) for 91,436,679 ordinary shares of Tk. 10/- each including Bonus Shares.

The market value as on 30 June, 2019 stood at Tk. 4,178,656,230.30 (at Tk. 45.70 per share). STxL is in full operation and declared cash dividend @20% for the year 2018-2019.

A.2.2. Square Hospitals Ltd. (SHL)

Square Pharma holds 199,750 ordinary shares of Tk. 1,000 each. The project has been put to operation as a Modern Hospital with 300 beds and diversified medical services with special emphasis on cardio-vascular remedies. Square Pharma hold 49.94% of SHL and has also advanced a share money of Tk. 1.54 billion for 1,537,500 shares of Tk. 1,000 each. As SHL is not listed, the market value cannot be easily ascertained.

SHL earned a Revenue and Net Profit of Tk. 3,969,766,556 and 164,008,294 respectively for the year ended 30 June, 2019. SHL did not declare any dividend

A.2.3. Square Fashions Ltd. (SFL)

Square Pharma holds 252,000 ordinary shares of Tk. 100 each, 48.46% in the capital of SFL.

SFL earned a Net Profit of Tk. 1,417,188,833 during the year 2018-2019.

Since SFL is not a public listed one, the market value cannot be assessed readily. The NAV per share of SFL stands at Tk. 11,923.24 as on 30 June 2019 and SFL did not declare any dividend in the year under review.



A.2.4. United Hospital Ltd. (UHL)

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

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

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

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

CDBL has been formed under the Central Depository Act 1999 and Depositories Regulations 2000 for fungible and dematerialized shareholding/trading, which has done away with the physical possession of share scripts (share certificate) and primarily prevent fraudulent/fake share trading forever.

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

A.2.6. Square Informatix Ltd. (SIL)

Square Pharma invested an amount of Tk. 100,000,000.00 in SIL as advance against Share Money Deposit for 1,000,000 ordinary shares of Tk. 100.00 each.

A.2.7. Lanka Bangla Finance Ltd.

Square Pharma holds 250,002 Zero Coupon Bonds amounting to Tk. 104,032,523.00 of Lanka Bangla Finance Ltd.

A.2.8. IDLC Finance Limited (IDLC)

Square Pharma holds 250,000 Zero Coupon Bonds amounting to Tk. 89,688,142.00 of IDLC Finance Ltd.

A.2.9. Bangladesh Steels Re-Rolling Mills Ltd.

Square Pharma holds 200,000 Zero Coupon Bonds amounting to Tk. 46,650,453.00 of Bangladesh Steels Re-Rolling Mills Ltd.

A.2.10. Raj Lanka Power Company Ltd.

Square Pharma holds 150,000 preference shares amounting to Tk. 87,272,730.00 of Raj Lanka Power Company Ltd.

A.2.11. Shanta Holdings Ltd.

Square Pharma holds 5 (five) Non-Convertible Zero Coupon Bonds amounting to Tk. 81,618,169.00 of Shanta Holdings Ltd.

A.2.12. Durable Plastics Ltd.

Square Pharma holds 5 (five) Non-Convertible Zero Coupon Bonds amounting to Tk. 29,143,864.00 of Durable Plastics Ltd.

Performance
2018-2019
In Taka

Turnover

44.60
Billion

Bank Loan

Zero

Divisible Profit

10.56
Billion

Square Pharma, Standalone, In BDT

NAV per Share

77.07

EPS

13.39

NOCF per Share

15.96



A.2.13. Flamingo Fashions Ltd.

Square Pharma holds 100,000 Non-Convertible Zero Coupon Bonds amounting to Tk. 53,606,386.00 of Flamingo Fashions Ltd.

A.2.14. Envoy Textiles Ltd.

Square Pharma holds 40 Non-Convertible Zero Coupon Bonds amounting to Tk. 35,701,977.00 of Envoy Textiles Ltd.

B. MARKETABLE SECURITIES INVESTMENT

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

The portfolio shows an unrealized capital gain of Tk. 145,585,283 as on 30 June 2019.

APPROPRIATION OF PROFIT

Board of Directors in its meeting held on 22nd October, 2019 has recommended the appropriation of the Net Profit earned during the year 2018-2019 in the following manner:

		In Taka
✧ Net Profit for the year (2018-2019)		10,562,863,531
✧ Appropriation proposed:		
Cash Dividend @42% (Tk. 10 per share)	3,313,835,557	
Stock Dividend @7%, face value of Stock Dividend (Bonus Share)	552,305,920	3,866,141,477
✧ Net Un Appropriate Profit		6,696,722,054

CONSOLIDATION OF ACCOUNTS

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

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

Said Financial Statements are presented herewith in page no. 122

MINORITY SHAREHOLDERS INTEREST

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

CONTRIBUTION TO NATIONAL EXCHEQUER

Square Pharma contributed an amount of Tk. 10,002,407,603 (including Tk. 72,798,247 as contribution as duty/taxes towards machinery & spare parts imports) to National Exchequer as against Tk. 7,687,489,973 in the previous year.

The contribution constitutes 25.86% of the sales revenue (net) in 2018-2019 as against 25.62% in the previous year of 2017-2018.



HUMAN RESOURCES DEVELOPMENT

In order to improve productivity of human input, Square Pharma continuously provides formal and informal training to its employees at every echelon of operation and management.

During the year under review 6,679 persons received in-house/in-operation /on the job training at home and abroad which will ultimately make great contribution to the company's profitability as well their own remuneration in due course.

ENVIRONMENTAL ROLE

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

ELECTION OF DIRECTORS

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

APPOINTMENT OF INDEPENDENT DIRECTOR

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

APPOINTMENT OF STATUTORY AUDITORS

The existing Auditors of the company M/s Mahfel Huq & Co., Chartered Accountants retires at this Annual General Meeting and being eligible, have offered themselves for reappointment as statutory auditors of the company for the year 2019-2020.

APPOINTMENT OF COMPLIANCE AUDITORS

The existing Auditors of the company M/s Chowdhury Bhattacharjee & Co., Chartered Accountants retires at this Annual General Meeting and being eligible, have offered themselves for reappointment as Compliance Auditors of the company for the year 2019-2020.

CORPORATE GOVERNANCE COMPLIANCE REPORT

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

MANAGEMENT APPRECIATION

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



Samuel S Chowdhury
Chairman

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

MANAGEMENT'S DISCUSSION & ANALYSIS



Pursuant to the Corporate Governance Code 2018 [Condition # 1 (5) (xxv)] of the Bangladesh Securities and Exchange Commission, the Management's Discussion & Analysis for the year ended 30 June, 2019 has been depicted hereunder:

Accounting Policies and Estimation for preparation of Financial Statements:

Square Pharmaceuticals Ltd. follows International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) along with prevailing local rules and regulations applicable for preparation of financial statements. Detail description of accounting policies and estimation used for preparation of the financial statements of Square Pharma are disclosed in the Notes No. 1.4, 1.5 and 1.6 to the Standalone Financial Statements (Page No. 67).

Changes in Accounting Policies and Estimation:

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

Comparative Analysis of Financial and Operational Performance:

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

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

Figures Tk. in '000

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Financial Performance						
Gross Revenue	44,595,486	34,573,391	33,299,672	33,611,741	36,191,595	24,193,357
Net Revenue	38,685,656	30,004,975	28,885,939	29,058,349	31,298,688	20,910,774
Gross Profit	18,974,590	14,406,366	14,061,586	14,056,482	13,827,274	9,182,781
Net Profit (Before Tax)	13,965,289	10,825,055	10,366,856	9,943,836	8,597,457	5,504,460
Net Profit (After Tax)	10,562,864	8,219,526	7,792,498	7,510,265	6,523,933	4,031,811
Financial Performance (Inflation Adjusted)						
						Base Year
Gross Revenue	33,737,45	27,502,527	28,020,388	29,821,576	34,011,460	24,193,357
Net Revenue	29,266,53	23,868,432	24,306,402	25,781,639	29,413,296	20,910,774
Gross Profit	14,354,68	11,460,012	11,832,282	12,471,429	12,994,337	9,182,781
Net Profit (Before Tax)	10,565,04	8,611,142	8,723,309	8,822,538	8,079,557	5,504,460
Net Profit (After Tax)	7,991,035	6,538,489	6,557,086	6,663,384	6,130,940	4,031,811

**MANAGEMENT'S
DISCUSSION & ANALYSIS**

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Financial Position						
Shares Outstanding	789,008,466	737,391,090	685,945,200	623,586,546	554,299,152	481,999,263
Shareholders' Equity	60,806,055	46,662,876	41,201,962	35,597,063	28,031,892	22,277,517
Total Assets	65,061,673	53,329,313	45,763,246	39,174,686	31,354,182	26,549,535
Total Liabilities	4,255,618	6,666,437	4,561,284	3,577,623	3,322,290	4,272,018
Current Assets	38,291,545	27,196,589	22,268,597	17,053,295	9,739,782	7,768,068
Current Liabilities	2,961,271	5,539,791	3,505,604	2,581,822	2,390,848	3,416,620
Financial Position (Inflation Adjusted)						Base Year
Shares Outstanding	596,901,968	586,581,701	577,196,394	553,268,980	520,908,892	481,999,263
Shareholders' Equity	46,001,096	37,119,501	34,669,860	31,583,027	26,343,287	22,277,517
Total Assets	49,220,563	42,422,535	38,508,004	34,757,226	29,465,447	26,549,535
Total Liabilities	3,219,467	5,303,034	3,838,144	3,174,199	3,122,160	4,272,018
Current Assets	28,968,382	21,634,410	18,738,164	15,130,312	9,153,070	7,768,068
Current Liabilities	2,240,266	4,406,807	2,949,830	2,290,688	2,246,826	3,416,620
Cash Flow						
Net Cash Generated from Operating	12,590,714	9,486,298	8,274,277	8,126,675	7,068,510	6,219,761
Net Cash Used in Investing Activities	38,936	(6,147,315)	1,464,003	(2,365,995)	(3,662,533)	(2,620,006)
Net Cash Used in Financing Activities	(2,654,608)	(2,400,808)	(2,494,346)	(1,758,845)	(1,749,335)	(2,445,887)
Cash Flow (Inflation Adjusted)						Base Year
Net Cash Generated from Operating	9,525,147	7,606,812	6,962,485	7,210,286	6,642,712	6,219,761
Net Cash Used in Investing Activities	29,455	(4,890,081)	1,231,902	(2,099,198)	(3,441,907)	(2,620,005)
Net Cash Used in Financing Activities	(2,008,268)	(1,909,801)	(2,098,896)	(1,560,512)	(1,643,956)	(2,445,887)
Financial Ratio						
Current Ratio	12.93	4.91	6.35	6.61	4.07	2.27
Debt to Equity	0.07	0.14	0.11	0.10	0.12	0.19
Gross Profit Margin	49.05%	48.01%	48.68%	48.37%	44.18%	43.91%
Net Profit Margin	27.30%	27.39%	26.98%	25.85%	20.84%	19.28%
Return on Equity	17.37%	17.61%	18.91%	21.10%	23.27%	18.10%
Return on Assets	16.24%	15.41%	17.03%	19.17%	20.81%	15.19%
Ordinary Shares Information						
Shares Outstanding	789,008,466	737,391,090	685,945,200	623,586,546	554,299,152	481,999,263
Face Value per Share	10.00	10.00	10.00	10.00	10.00	10.00
Dividend-Cash (In %)	42.00	36.00	35.00	40.00	30.00	30.00
Dividend-Stock (In %)	7.00	7.00	7.50	10.00	12.50	15.00
Dividend Payout (Cash+Stock) in '000	3,866,141	3,170,782	2,915,267	3,117,951	2,355,771	2,168,997
Net Asset Value per Share	77.07	59.14	52.22	45.12	35.53	28.23
Net Operating Cash Flow per Share	15.96	12.02	10.48	10.30	8.96	7.88
EPS-Earnings per Share (Standalone)	13.39	10.42	9.88	9.52	7.28	5.11
EPS-Earnings per Share (Consolidated)	16.03	14.69	13.50	11.66	7.58	6.27
EPS at Original Capital at IPO	1056.29	821.95	779.25	751.03	574.36	403.18
Inflation Rate (In %)	5.52	5.78	5.44	5.92	6.41	Base Year

Inflation Rate Source: Bangladesh Bureau of Statistics

Comparison of Financial Performances with peer industry scenario:

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

Figures Tk. in '000

Particulars	Square	Beximco	Renata	ACI	ACME
Financial Performance					
Revenue	30,004,975	17,380,728	18,603,709	21,387,105	14,813,914
Gross Profit	14,406,366	8,125,223	9,346,470	9,242,226	5,871,516
Net Profit (Before Tax)	10,825,055	3,366,166	4,333,061	1,658,050	1,954,844
Net Profit (After Tax)	8,219,526	2,558,971	3,196,951	1,317,432	1,426,571
Financial Position					
Shares Outstanding	737,391,090	405,556,445	70,031,022	48,202,441	211,601,700
Shareholders' Equity	46,662,876	27,104,390	15,127,164	14,299,506	17,645,035
Total Assets	53,329,313	42,165,015	20,811,679	35,686,620	32,624,246
Total Liabilities	6,666,437	15,060,626	5,684,515	21,387,114	14,979,211
Current Assets	27,196,589	10,832,522	9,921,903	23,887,595	11,462,209
Current Liabilities	5,539,791	8,096,861	4,475,306	20,317,403	10,363,697
Cash Flow					
Net Cash Generated from Operating	9,562,513	1,848,067	2,628,752	13,676	1,578,319
Net Cash Used in Investing Activities	(6,147,315)	(6,629,985)	(1,906,126)	(1,221,717)	(2,670,552)
Net Cash Used in Financing Activities	(2,400,808)	4,875,998	(282,509)	(247,691)	844,425
Market Share (in %)	17.73	8.39	4.97	4.43	3.91

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

Bangladesh is the 41st largest in the world in nominal terms and 30th largest by purchasing power parity (PPP); it is classified among the Next Eleven emerging market middle income economies and frontier market. GDP growth is accelerating gradually. Along with the current FY2018-19, the GDP growth rate of the economy of Bangladesh surpassed the 7 percent mark for consecutive four times since FY2015-16.

According to Estimated Bangladesh Bureau of Statistics (BBS), the GDP growth stood at 8.13 percent in FY2018-19, which was 7.86 percent in previous fiscal year. High growth of manufacturing sector under broad industry sector has contributed significantly to achieve high GDP growth in this fiscal year.

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

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

Public and private investment were important contributors to the high GDP growth rate in 2019. Real investments increased by 13.88%. Public investment to GDP ratio increased while private investment to GDP ratio decreased.

According to the UNCTAD's 2019 World Investment Report, Foreign Direct Investment (FDI) inflows to Bangladesh closed at USD 3.61 billion in 2018 (an increase compared to USD 2.15 billion in 2017). The main investors in the country are China, South Korea, India, Egypt, the United Kingdom, the United Arab Emirates and Malaysia. Total FDI stock was estimated USD 17 billion (5.9% of the country's GDP) in 2018 by the UNCTAD.

The country ranked 176th out of 190 economies in the World Bank's 2019 Doing Business ranking, rising one point compared to last year. The country's Logistics Performance Index has dropped over the last two years, signaling a significant concern for local and foreign investors.

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

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

Risks and Concerns issues related to the financial statements:

Square Pharma has exposure to the Counterpart Risk, Financial Risk, Credit Risk, Liquidity Risk and Market Risk arising from the financial statements. The detail explanation of risk and concerns are explained in the Note 1.19 and 41 to the standalone financial statements. Square Pharma having sufficient and effective measures/controls to mitigate the risk and concerns.

Future plan or projection or forecast:

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



THE DIRECTORS ALSO REPORT THAT:

- The Financial Statement of the Company present true and fair view of the Company's state of affairs, result of its operation, cash flows and changes in equity.
- Proper books of accounts as required by the prevailing law have been maintained.
- Appropriate accounting policies have been followed in formulating the financial statements and accounting estimates were reasonable and prudent.
- The financial statement was prepared in accordance with IAS/BAS/IFRS/BFRS.
- The internal control system is sound in design and is effectively implemented and monitored.
- There is no significant doubt about the company's ability to continue as a going concern.
- There is no significant deviation from the operating result of the last year.
- Remuneration of Directors including Independent Director have been shown in Note No. 19 in the Notes of standalone Account.
- Key operating and financial data of last 5 (five) years have been presented in summarized form in Page No. 12.

- Total Board Meeting and Attendance during the year 2018-2019 by each Director:

Name of the Directors	Position	Meeting held	Attended
Mr. Samuel S Chowdhury	Chairman	13	13
Mrs. Ratna Patra	Vice Chairman	13	12
Mr. Tapan Chowdhury	Managing Director	13	13
Mr. Anjan Chowdhury	Director	13	12
Mr. Kazi Iqbal Harun	Director	13	10
Mrs. Nihad Kabir	Independent Director	13	*10
Mr. Syed Afzal Hasan Uddin	Independent Director	13	12
Mr. S M Rezaur Rahman	Independent Director	13	**0

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

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

Name of the Shareholders	Status	Shares held	%
i. Parent or Subsidiary or Associated Companies and other related parties.			
		-	-
ii. Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children:			
Mr. Samuel S Chowdhury	Chairman	55,727,653	7.06
Mrs. Ratna Patra	Vice Chairman	53,409,856	6.77
Mr. Tapan Chowdhury	Managing Director	56,940,980	7.22
Mr. Anjan Chowdhury	Director	57,661,959	7.31
Mr. Kazi Iqbal Harun	Director	47,895,472	6.07
Mrs. Nihad Kabir	Independent Director	-	-
Mr. Syed Afzal Hasan Uddin	Independent Director	-	-
Mr. Muhammad Zahangir Alam	Chief Financial Officer	9,202	0.0012
Mr. Khandaker Habibuzzaman	Company Secretary	409	-
Mrs. Nasrin Akter	Head of Internal Audit & Compliance	-	-
Mrs. Bula Chowdhury	W/o Tapan Chowdhury	1,987,901	0.25
Mr. Charles C R Patra	H/o Mrs. Ratna Patra	1,990,727	0.25
iii. Executives:			
Mr. Md. Kabir Reza	Head of Accounts & Finance	10,017	0.0013
Mr. Md. Mizanur Rahman	Head of Operations	-	-
Mr. M Nawabur Rahman	Head of Production - Dhaka Unit	-	-
Mr. Ahmed Kamrul Alam	Head of Marketing	3,400	0.0004
Mr. Anjan Kumar Paul	Head of Human Resource	1,13,076	0.015
vi. Shareholders Holding 10% or more voting interest in the company.			
		-	-

DIRECTORS PROFILE

Who are seeking appointment

Annexure II
to the Directors' Report

RE-APPOINTMENT OF DIRECTORS

MR. SAMUEL S CHOWDHURY is a Non-Executive Director of Square Pharma since 1991 and has been appointed as Chairman in year of 2012. He is the eldest son of late Samson H Chowdhury, Founder Chairman of Square Pharma. He obtained Bachelor's degree from the



Rajshahi University and Masters in Business Administration from the Trinity University, USA and has a rich experience of more than 37 years in the pharmaceuticals, textiles, toiletries, media & communication sector including capital market operations.

Mr. S Chowdhury is also a Sponsor Director as well as Managing Director of Square Textiles Limited (Listed Company) and Chairman in 23 other private limited company namely Square Hospitals Limited, Square Toiletries Limited, Square Fashions Ltd., Square Denims Ltd., Square Apparels Ltd., Square Food & Beverages Ltd., Square Securities Management Ltd. Sabazpur Tea Company Ltd. and Maasranga Television under the Square Group.

Mr. S Chowdhury has been awarded by the Government several times as Highest Individual Taxpayer and CIP (Commercially Important Person).

MR. KAZI IQBAL HARUN is a Non-Executive Director of the Company since 1991, son of late Dr. Kazi Harunar Rashid, one of the Founder/Sponsor Director of the Square Pharma.



Mr. Harun obtained Master's degree in Applied Chemistry from the Rajshahi University, Bangladesh and has an experience of more than 21 years in the pharmaceuticals and textiles sector.

Mr. Harun is a sponsor shareholder of Square Textiles Ltd. (Listed Company) and he is a Director in Square Toiletries Limited, a private limited company under the Square Group. He is also a member of the Audit Committee and Nomination and Remuneration Committee of the Square Pharma.

APPOINTMENT OF INDEPENDENT DIRECTOR

MR. S. M. REZAU RAHMAN, Economics Graduate, Dhaka University is a capital market consultant and Director of United Corporate Advisory Services Ltd., a firm of financial & investment advisory and post issue management of initial public offer of securities & other

related jobs in Bangladesh. Mr. Reza has a rich experience of more than 35 years in capital market, issue and post issue management of initial public offering of securities and in the corporate arena.

Mr. Reza was a partner in AAA Consultant & Financial Advisors from 1994 to 2004, served as Managing Director of SofSys Computing & Data Processing Ltd. from 1994 to 2011.

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



Square Pharmaceuticals Ltd.

AUDIT COMMITTEE REPORT

For the year 2018-2019

Annexure III
to the Directors' Report

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

The Audit Committee consists of the following persons:

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

The scope of Audit Committee was defined as under:

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

Major activities carried out during the year of 2018-2019:

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

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

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

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



Syed Afzal Hasan Uddin
Chairman, Audit Committee

10th October, 2019

DECLARATION BY CEO AND CFO

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

Annexure IV
to the Directors' Report

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

10 October, 2019

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

Dear Sirs,

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

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

In this regard, we also certify that: -

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

Sincerely yours,


Tapan Chowdhury
Managing Director


Muhammad Zahangir Alam
Chief Financial Officer

CERTIFICATE OF COMPLIANCE

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

Annexure V
to the Directors' Report

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

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

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

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

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

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

Place : Dhaka
Dated : 13 October, 2019



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

STATUS OF COMPLIANCE

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

Annexure VI to the Directors' Report

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

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

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

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

A. NOMINATION AND REMUNERATION POLICY

1.00 Introduction

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

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

2.00 Definitions

“NRC or the Committee” means Nomination and Remuneration Committee

“the Company” means Square Pharmaceuticals Ltd.

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

“Director” means Member of the Board.

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

3.00 Nomination and Remuneration Committee

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

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

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

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

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

4.00 Objective

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

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

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

5.00 Nomination and Appointment of Directors and Top Level Executives

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

6.00 Remuneration for Directors and Top Level Executives

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

7.00 Validation of the Policy

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

8.00 Amendments to the Policy

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

B. EVALUATION OF PERFORMANCE

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

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

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

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

পরিচালনা পর্ষদের প্রতিবেদন

২০১৮-২০১৯

পরিচালনা পর্ষদ আনন্দের সাথে কোম্পানী আইন ১৯৯৪ এর ১৮৪ নং পরিচ্ছেদ, বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ রুলস্ ১৯৮৭ এর ১২নং বিধির (এবং তফসিল অনুযায়ী) শর্তানুসারে, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের কর্পোরেট গভর্নেন্স কোড ২০১৮, দি ইনস্টিটিউট অব চার্টার্ড একাউন্ট্যান্টস অব বাংলাদেশ কর্তৃক গৃহীত আইএস-১ (আন্তর্জাতিক হিসাব মানদণ্ড-১) অনুসারে ৩০ জুন ২০১৯ তারিখে সমাপ্ত বছরের প্রতিবেদন সম্মানিত কোম্পানীর সদস্যবৃন্দের কাছে নিম্নোক্ত পরিচ্ছেদগুলোতে পেশ করছেনঃ

কোম্পানির কার্যক্রম এবং সার্বিক অবস্থা

আলোচ্য বছরে কোম্পানির একক ভাবে মোট বিক্রয় হয়েছিল ৪৪,৫৯৫.৪৯ মিলিয়ন টাকা, বিগত বছরে ছিল ৩৪,৫৭৩.৩৯ মিলিয়ন টাকা যা বিগত বছরের তুলনায় ২৯% বেশি।

২৮.৫১% বৃদ্ধির মাধ্যমে কোম্পানি একক ভাবে ১০,৫৬২.৮৩ মিলিয়ন টাকা কর পরবর্তী মুনাফা করেছে, যা বিগত বছরে ছিল ৮,২১৯.৫৩ মিলিয়ন টাকা। শেয়ার প্রতি আয় (ইপিএস) ১৪.৬৯ টাকা

স্কয়ার ফর্মুলেশন লিমিটেড এবং স্কয়ার হারবাল অ্যান্ড নিউট্রাসিউটিক্যালস লিমিটেডের ছয় মাসের ব্যবসায়িক ফলাফল যুক্ত করায় রাজস্ব, লাভ এবং ইপিএসের উপরে উল্লিখিত উচ্চ প্রবৃদ্ধি এসেছে।

আলোচ্য বছরে কোম্পানির সমন্বিত মোট বিক্রয় ছিল ৫০,৮৬৬.৮৬ মিলিয়ন টাকা, বিগত বছরে ছিল ৪৫,৮৮৬.৯৬ মিলিয়ন টাকা যা বিগত বছরের তুলনায় ১০.৮৫% বেশি।

৯.০১% বৃদ্ধির মাধ্যমে কোম্পানির সমন্বিত কর পরবর্তী মুনাফা হয়েছে ১২,৬৫২.৪০ মিলিয়ন টাকা। বিগত বছরে ছিল ১১,৬০৬.১৯ মিলিয়ন। শেয়ার প্রতি আয় (ইপিএস) ১৬.০৩ টাকা যা বিগত বছরে ১৪.৬৯ টাকা ছিল।

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

ফার্মা প্লান্ট

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

মিলিয়ন টাকায়		
সম্পদের বিবরণ	২০১৮-২০১৯	২০১৭-২০১৮
জমি	৪১২.৫০	৭৪৩.২৮
ভবন	৫৯৪.৫৭	১৭৫.১৭
প্লান্ট এবং যন্ত্রপাতি	৩০৮.৫৩	৯২১.১৮
গবেষণার যন্ত্রপাতি	১৩৫.৬৩	২০২.৭৪
অন্যান্য যন্ত্রপাতি/সম্পদ	১১৯.৪২	১৪৩.৬১
মোট টাকা -	১,৫৭০.৬৫	২,১৮৫.৯৮

মূলধনী ব্যয়ের অধিকাংশ অর্থ আভ্যন্তরীণ উৎস হতে সংগ্রহ করা হয়েছে।

কেমিক্যাল প্লান্ট

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

বিবরণ	২০১৮-১৯	২০১৭-১৮
পণ্যের সংখ্যা	২২	২২
উৎপাদনের পরিমাণ (মেঃ টন)	৮৩১	৭৬১
নিজস্ব ব্যবহার (মেঃ টন)	৫৪১.১০	২৯১.৩৩
বিক্রয় (মেঃ টন)	২৬২.৯০	৪৭০.৭৬
নিজস্ব ব্যবহার (%)	৬৭.৩০	৩৮.২৮
বাৎসরিক বিক্রয় (মিলিয়ন)	৩০২.৭৩	৫১১.৮০

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

মান নিয়ন্ত্রণ

ফার্মাসিউটিক্যালস্ পণ্যের অপর নাম জীবন রক্ষাকারী পণ্য। তাই এই পণ্যের সর্বোচ্চ মান নিশ্চিত করতে এবং উন্নয়ন সাধনে পণ্যের উৎপাদন সহ সকল স্তরে বিশ্ব স্বাস্থ্য সংস্থা প্রদত্ত গুড ম্যানুফ্যাকচারিং প্রাক্টিস এর নীতিমালা কঠোরভাবে অনুসরণে

কোম্পানী সম্পূর্ণ গুরুত্ব আরোপ করেছে। পুংখানুপুংখরূপে অনুসন্ধান এর মাধ্যমে মেয়াদোত্তীর্ণ ঔষধ মার্কেট হতে ফেরত নেয়ার ক্ষেত্রে কোম্পানী প্রতিনিয়ত যত্নশীল। কোম্পানীর মান নিয়ন্ত্রণ সুবিধাদীর মধ্যে রয়েছে অত্যাধুনিক মান সম্পন্ন ল্যাবরেটরী বিল্ডিং, কম্পিউটারাইজড যন্ত্রপাতি এবং সর্বোব্যাপী উচ্চশিক্ষিত এবং আধুনিক প্রশিক্ষণপ্রাপ্ত কর্মচারী ও কর্মকর্তা যারা পণ্যের সর্বোচ্চ মান নিয়ন্ত্রণকে তাদের নৈতিক দায়িত্ব হিসাবে গ্রহন করে গবেষণা কার্যক্রমে ব্রতী হয়েছেন। আমরা তাঁদের জন্য গর্বিত।

প্রযুক্তি

পণ্য উৎপাদন, মান নিয়ন্ত্রণ, বিতরণ এবং সর্বোপরি রোগীর কাছে এই পণ্য পৌছানো পর্যন্ত সকল স্তরে আধুনিক প্রযুক্তি প্রয়োগে কোম্পানী অগ্রণী ভূমিকা পালন করছে। এই লক্ষ্যে ২০১৮-২০১৯ অর্থ বছরে কোম্পানী ল্যাবরেটরী আধুনিকায়নে ১৩৫.৬৩ মিলিয়ন টাকা বিনিয়োগ করেছে।

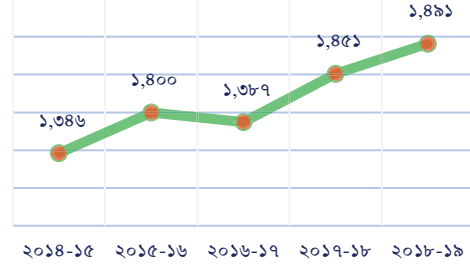
রপ্তানি

স্কার ফার্মা প্রতিনিয়তই রপ্তানি বাজার সম্প্রসারণে সর্বাত্মক প্রচেষ্টা চালাচ্ছে। পর্যালোচিত বছরে কোম্পানীর মোট রপ্তানির পরিমাণ ১,৪৯০.৫৬ মিলিয়ন টাকা যেখানে গত বছর ছিল ১,৪৫০.৫৩ মিলিয়ন টাকা যা বিগত বছরের তুলনায় ২.৭৬ শতাংশ বৃদ্ধি পেয়েছে। আমরা আশা করছি আগামী বছরগুলোতে রপ্তানির পরিমাণ উত্তরোত্তর বৃদ্ধি পাবে। বর্তমানে ৪২টির অধিক দেশে কোম্পানীর পণ্য রপ্তানী হচ্ছে। এই অনুমোদন রপ্তানী বাজার সম্প্রসারণ ক্ষেত্রে নতুন দিগন্তের সূচনা করবে।

স্কার ফার্মা গত এপ্রিলে প্রথম এ.এন.ডি.এর অনুমোদন পেয়েছে এবং দ্বিতীয়টি অক্টোবরে ২০১৯. স্কার ফার্মা অন্যান্য এ.এন.ডি.এ অনুমোদনের জন্য ইউ.এস.এফ.ডি.এ.তে জমা দেওয়ার বিষয়ে কাজ করছে। এটি মার্কিন যুক্তরাষ্ট্র এবং যুক্তরাজ্যে চুক্তি উৎপাদন বিকল্পগুলিতেও মনোনিবেশ সহ বার্ষিক রফতানির পরিমাণ বাড়াবে।

স্কার ফার্মাকে বৃহত্তম রফতানিকারী (ফার্মাসিউটিক্যালস) হিসাবে এই ডিসেম্বর ২০১৮-এ ২০১৬-২০১৭ সালের জন্য রফতানি ট্রিফি স্বর্ণের পুরস্কার দেওয়া হয়েছে, এটি টানা ৪ বার এবং মোট ৭ বার, যা ফার্মা খাতের রেকর্ড।

রপ্তানি



সেক্টরাল বৃদ্ধি

আইএমএস প্লাস (ম্যাট) ২০১৯ ৪র্থ ত্রৈমাসিক রিপোর্ট অনুসারে বিগত পাঁচ বছরে (২০১৫-২০১৯) ১৬.৭১% যৌগিক বার্ষিক প্রবৃদ্ধি হার (সিএজিআর) সহ দেশীয় ওষুধের বাজারের আকার দাঁড়িয়েছে ২২,৩৫২ কোটি টাকায়। জাতীয় বাজার বৃদ্ধির হার এবং স্কার ফার্মার বৃদ্ধির হার যথাক্রমে ১০.৬৫ এবং ১০ শতাংশ।

ফার্মা সেক্টর দেশীয় বাজারের মোট ওষুধের প্রায় ৯৮ শতাংশ সরবরাহ করে এবং ১৪৭ টিরও বেশি দেশে রফতানি করে। স্থানীয় কোম্পানীগুলি ৯০ শতাংশ এবং বহুজাতিক কোম্পানীগুলি দ্বারা ১০ শতাংশ মার্কেট শেয়ার ধরে রয়েছে। মোট জিডিপিতে দেশীয় ফার্মা সেক্টর-এর অবদান ১.৮৩ শতাংশ।

নতুন গবেষণা অনুযায়ী, বাংলাদেশের ফার্মাসিউটিক্যাল সেক্টরটি আগামী পাঁচ বছরের স্থানীয় বাজারে পাশাপাশি নতুন রপ্তানি ১৫ শতাংশ বৃদ্ধির সম্ভাবনা রয়েছে।

২০১৮-২০১৯ অর্থবছরে দেশের অর্থনীতি প্রবৃদ্ধি শতকরা ৮.১৩% বৃদ্ধি পেয়েছে। উল্লেখিত বৃদ্ধি প্রবণতা এই সেক্টরে পুনরায় বিনিয়োগের সুযোগ সৃষ্টির মাধ্যমে বিস্তৃত করার ইতিবাচক ইঙ্গিত প্রদান করেছে।

লভ্যাংশ প্রদান

মিলিয়ন টাকায়



নতুন ঔষধ সম্প্রসারণ

আলোচ্য ২০১৮-২০১৯ সালে বিদ্যমান, নতুন সংযোজিত এবং বাতিলকৃত ঔষধের বিবরণ নিম্নের সারণীতে উপস্থাপন করা হলো:

ক্রমিক	পণ্যের শ্রেণীবিন্যাস	বর্তমান	নতুন সংযোজন	বাতিলকৃত	মোট পণ্য
		০১-০৭-২০১৮			৩০-০৬-২০১৯
১	ট্যাবলেট	৩০৭	৮	২৪	২৯১
২	ক্যাপসুল	৬৬	২	৭	৬১
৩	লিকুইড	৭৯	৪	১	৮২
৪	ইনজেক্টেবল (ভায়াল ও আম্পুল)	৬০	১	৪	৫৭
৫	ইনফিউশন	১৫	২	-	১৭
৬	ইএনটি অপথাল প্রিপারেশন	৩১	২	২	৩১
৭	ক্রিম, অয়েন্টমেন্ট, স্প্রে, জেল, এবং অন্যান্য	৬২	১	-	৬৩
৮	সাসপেনশন পাউডার	২০	২	১	২১
৯	ট্রপিকাল পাউডার	১	-	-	১
১০	সাপোজিটরি	৬	-	-	৬
১১	ইনহেলার ও নিবুলাইজার	৮	-	-	৮
১২	ইনসুলিন	৯	-	১	৮
১৩	বেসিক ক্যামিকেল ও পিলেট	২২	-	-	২২
১৪	ট্যাবলেট, পাউডার, লিকুইড, ইনজেকশন, গ্রানুলার- এথ্রোভেট লোকাল	৭৪	-	-	৭৪
১৫	ট্যাবলেট, পাউডার, লিকুইড, ইনজেক্টেবলস, গ্রানুলার- এথ্রোভেট আমদানিকৃত পণ্য	৫৫	৩	২	৫৬
১৬	পাউডার, লিকুইড, গ্রানুলার- শস্য যন্ত্র পণ্য	৩২	২	-	৩৪
১৭	ট্যাবলেট, পাউডার, লিকুইড, ইনজেক্টেবলস, - হারবাল অ্যান্ড নিউট্রাসিউটিক্যালস পণ্য	-	২৬	-	২৬
মোট -		৮৪৭	৫৩	৪২	৮৫৮

আলোচ্য বছরে ৪২ টি পণ্য বন্ধ করা হয়েছে যার কারণ ছিল ভাল বিকল্প জেনেরিক, বাজারের আকার ছোট এবং নিয়ন্ত্রক এর আদেশ প্রতিপালন, তবে নতুন ৫৩ টি পণ্য যুক্ত হয়েছে যা চিকিৎসা পেশাদাররা এবং বাজারে ভালভাবে গ্রহণ করেছে।

উৎপাদন/উৎপাদন ক্ষমতা ব্যবহার

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

ক্রমিক	পণ্যের শ্রেণীবিন্যাস	একক	উৎপাদন (হাজার)		শতকরা বৃদ্ধি/হ্রাস	উৎপাদন ক্ষমতার ব্যবহার	
			২০১৮-১৯	২০১৭-১৮		২০১৮-১৯	২০১৭-১৮
১	ট্যাবলেট	প্রতিটি	৫,০০৯,০০৬	৪,৬২২,৪১২	৮.৩৬%	৭০%	৫৮%
২	ক্যাপসুল	প্রতিটি	১,১৮৭,৩২৮	৫৩১,৪০৩	১২৩.৪৩%	৮০%	৪১%
৩	লিকুইড	বোতল	১০১,৫২২	১০৪,৬৩৯	২.৯৮%	৬১%	৪৪%
৪	ইনজেক্টেবল	বোতল	৪২,০২৮	৫৬,২৬৫	২৫.৩০%	৫৫%	৪৯%
৫	ইনফিউশন	ব্যাগ	৪,৪৫০	২,৮২০	৫৭.৮০%	২৯%	২২%
৬	ইএনটি অপথাল প্রিপারেশন	ফাইল	২৩,২৭৬	২৩,৬০১	১.৩৮%	৬৭%	৩৮%
৭	ক্রিম, অয়েন্টমেন্ট, স্প্রে, জেল ও অন্যান্য	ফাইল	৩৮,৯৭৮	৩৯,২৬১	০.৭২%	৩৬%	৫৩%
৮	সাসপেনশন পাউডার	বোতল	১৬,৯২৫	১৫,৮৭৮	৬.৫৯%	৭৬%	৪৯%
৯	পাউডার	ফাইল	৯,৮৬৯	৮,৯৯৬	৯.৭০%	৪১%	৬১%
১০	সাপোজিটরি	প্রতিটি	৪৯,৬৯৭	৬০,৩৯৫	১৭.৭১%	৫৪%	৮২%
১১	ইনহেলার	ক্যান	৩৪,০৮৭	৩৪,২৮৭	০.৫৮%	৩২%	২৯%
১২	ইনসুলিন	প্রতিটি	১,৫০৮	১,৩৫০	১১.৭০%	১২%	২৩%
১৩	বেসিক ক্যামিকেল ও পিলেট	কেজি	৮৩১	৭৬১	৯.২০%	৯২%	৮৮%

বিগত বছরের তুলনায় ২০১৮-২০১৯ সালে সার্বিক উৎপাদন ক্ষমতার ব্যবহার বৃদ্ধি পেয়েছে।

আর্থিক ফলাফল

পূর্ববর্তী বছরের সাথে তুলনা করে ৩০শে জুন ২০১৯ বছরের আর্থিক ফলাফল নিম্নে উপস্থাপন করা হলো:

বিবরণ	২০১৮-২০১৯ (টাকায়)	২০১৭-২০১৮ (টাকায়)	↑↓ %
মোট বিক্রয়	৪৪,৫৯৫,৪৮৬,৩৩৪	৩৪,৫৭৩,৩৯০,৮০৯	২৮.৯৯ ↗
নীট বিক্রয়	৩৮,৬৮৫,৬৫৫,৮১৪	৩০,০০৪,৯৭৪,৮৯১	২৮.৯৩ ↗
বিক্রিত পণ্যের উপর ব্যয়	১৯,৭১১,০৬৫,৯৮৮	১৫,৫৯৮,৬০৮,৮০৩	২৬.৩৬ ↗
মোট মুনাফা	১৮,৯৭৪,৫৮৯,৮২৬	১৪,৪০৬,৩৬৬,০৮৮	৩১.৭১ ↗
নীট মুনাফা (করপূর্ব)	১৩,৯৬৫,২৮৮,৭৮৫	১০,৮২৫,০৫৪,৭২৭	২৯.০১ ↗
আয়কর সঞ্চিতি	৩,৩৫৫,৭৪৬,০৪১	২,৫৩৪,৫৬২,৪১৯	৩২.৪৪ ↗
নীট মুনাফা (কর পরবর্তী)	১০,৫৬২,৮৬৩,৫৩১	৮,২৯০,৫২৫,৮০৮	২৮.৫১ ↗
নীট আয়ের হার	৪৯.০৫%	৪৮.০১%	২.১৭ ↗
নীট আয়ের হার (কর পূর্ব)	৩৬.১০%	৩৬.০৮%	০.০৬ ↗
নীট আয়ের হার (কর পরবর্তী)	২৭.৩০%	২৭.৩৯%	০.৩৩ ↘
শেয়ার প্রতি আয় (টাকা)	১৩.৩৯	১০.৪২	২৮.৫০ ↗
একত্রীকৃত প্রতিটি শেয়ারের আয় (টাকা)	১৬.০৩	১৪.৬৯	৯.১২ ↗
শেয়ার প্রতি আয় (আইপিও পরিশোধিত মূলধন অনুসারে)	১০৫৬.২৯	৮২১.৯৫	২৮.৫১ ↗

গত বছরের তুলনায় ২০১৮-২০১৯ অর্থবছরে নীট মুনাফা (আয়কর পূর্ববর্তী) এবং নীট মুনাফা (আয়কর পরবর্তী) ২৯.০১% এবং ২৮.৫১% বৃদ্ধি পেয়েছে।

স্কার ফর্মুলেশন লিমিটেড এবং স্কার হারবাল অ্যান্ড নিউট্রাসিউটিক্যালস লিমিটেডের ছয় মাসের ব্যবসায়িক ফলাফল যুক্ত করায় রাজস্ব, লাভ এবং ইপিএসের উপরে বর্ণিত উচ্চ প্রবৃদ্ধি এসেছে।

তবে আলোচ্য বছরে কোম্পানী অতিরিক্ত সাধারণ আয় করেছে ৩,৪৩৮.২৭ টাকা (একক অ্যাকাউন্টের নোট নম্বর ২১ এ বর্ণিত আছে)। নেট লাভের মার্জিন (কর পরবর্তী) আগের বছরের তুলনায় ০.৩৩% হ্রাস পেয়েছে।

প্রতিটি ১০ টাকা মূল্যমানের ৭৮৯,০০৮,৪৬৬ টি শেয়ারের উপর ভিত্তি করে শেয়ার প্রতি আয় (ইপিএস) হয়েছে ১৩.৩৯ টাকা, পূর্ববর্তী বছরের চেয়ে ২৮.৫০ ভাগ বৃদ্ধি হয়েছে এবং সমন্বিত ইপিএস ৯.১২% বৃদ্ধি পেয়েছে। ২০১৮-২০১৯ অর্থবছরে সমন্বিত ইপিএস হয়েছে ১৬.০৩ টাকা যা ২০১৭-২০১৮ অর্থবছরে ১৪.৬৯ ছিল।

ঝুঁকি এবং উদ্বেগ

দীর্ঘ পরিসীমা পরিকল্পনা অনুপস্থিতি, অপরিষ্কার 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।

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

সাবসিডিয়ারি প্রতিষ্ঠানের কার্যক্রম

**স্কার ফার্মাসিউটিক্যালস কেনিয়া ইপিজেড লিঃ।
(এসপিএল কেনিয়া)**

স্কার ফার্মা প্রতিটি ১০০ কেনিয়া সিলিং মূল্যমানের ৮,০০০,০০০ টি শেয়ারের মধ্যে ৮,০০০,০০০ টি শেয়ারের মালিক। এ ছাড়া স্কার ফার্মা ২১৬,২৬৩,৮৮৭ টাকা শেয়ার মানি ডিপোজিট হিসাবে অর্থ প্রদান করেছে।

৩০শে জুন ২০১৯ বছরের আর্থিক অবস্থার বিবরণী, সমন্বিত আয়ের বিবরণী মূলধনী পরিবর্তনের, নগদ তহবিল প্রবাহ এবং নিরীক্ষকের প্রতিবেদনসহ পরিচালনা পর্ষদের প্রতিবেদনের সাথে সন্নিবেশিত করা হয়েছে।

বিনিয়োগসমূহ

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

ক. দীর্ঘমেয়াদী বিনিয়োগ

উল্লেখিত ২,৯৯৬,২৫২,৩৫৬ টাকার ক্ষুদ্র ও বৃহৎ বিনিয়োগ ১৪টি বিভিন্ন কোম্পানীর সাধারণ শেয়ার/শেয়ার মানি ডিপোজিট অগ্রিম হিসাবে বিনিয়োগ করা হয়েছে যার বিবরণ নিম্নে উপস্থাপন করা হলো:

ক.১. মেজোরিটি বিনিয়োগ (সাবসিডিয়ারি)

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

স্কার ফার্মা প্রতিটি ১০০ কেনিয়া সিলিং মূল্যমানের ৮,০০০,০০০ টি শেয়ারের মধ্যে ৮,০০০,০০০ টি শেয়ারের মালিক। এ ছাড়া স্কার ফার্মা ২১৬,২৬৩,৮৮৭ টাকা শেয়ার মানি ডিপোজিট হিসাবে অর্থ প্রদান করেছে। পরিচালনা পর্ষদের প্রতিবেদনের সাথে আর্থিক বিবরণী সংযুক্ত করা হলো।

ক.২. মাইনরিটি বিনিয়োগ

ক.২.১. স্কার টেক্সটাইলস্ লিঃ

৩০-০৬-২০১৯ তারিখে ১০ টাকা অভিহিত মূল্যের ৯১,৪৩৬,৬৭৯ টি শেয়ারের বিপরীতে (ব্যয় হিসাব অনুযায়ী) ২২৫,১২৯,৭৯৫ টাকা বিনিয়োগ করা হয়েছে।

৩০ জুন ২০১৯ তারিখে উক্ত শেয়ারের বাজার মূল্য ছিল ৪,১৭৮,৬৫৬,২৩০.৩০ টাকা (প্রতিটি শেয়ার ৪৫.৭০ হিসাবে)। কোম্পানীটি পুরোদমে উৎপাদন কার্যক্রমে সক্রিয় আছে। ২০১৮-১৯ অর্থ বছরে ২০% ক্যাশ ডিভিডেন্ড ঘোষণা করেছে।

ক.২.২. স্কার হসপিটালস্ লিঃ

স্কার ফার্মাসিউটিক্যালস্ লিঃ প্রতিটি ১,০০০ টাকা মূল্যমানের ১৯৯,৭৫০টি সাধারণ শেয়ারের মালিক। প্রকল্পটি বর্তমানে ৩০০ শয্যা বিশিষ্ট আধুনিক হাসপাতাল হিসাবে চালু আছে। মূলত: হার্টের রোগ নিরাময়ে গুরুত্ব দেয়া সহ এতে আরও আছে বহুমুখী চিকিৎসা সেবা ব্যবস্থা। স্কার ফার্মা এই প্রতিষ্ঠানের ৪৯.৯৪% শেয়ারের মালিক এবং ১,০০০ টাকা মূল্যমানের ১,৫৩৭,৫০০ শেয়ারের জন্য ১.৫৪ বিলিয়ন টাকা শেয়ার মানি ডিপোজিট হিসাবে অগ্রিম প্রদান করেছে। যেহেতু স্কার হসপিটালস্-এর শেয়ার তালিকাভুক্ত নয় সেহেতু এর বাজার দর মূল্যায়ন করা যায়নি।

স্কার হসপিটালস্ ২০১৯ সালের ৩০শে জুন সমাপ্ত বছরে মোট ব্যবসা করেছে ৩,৯৬৯,৭৬৬,৫৫৬ টাকা এবং নীট মুনাফা হয়েছে ১৬৪,০০৮,২৯৪ টাকা। স্কার হসপিটালস্ কোন লভ্যাংশ ঘোষণা করেনি।

ক.২.৩. স্কার ফ্যাশনস্ লিঃ

স্কার ফার্মাসিউটিক্যালস্ লিঃ প্রতিটি ১০০ টাকা মূল্যমানের ২৫২,০০০ টি শেয়ারের (৪৮.৪৬%) মালিক। স্কার ফ্যাশনস্ ২০১৮-১৯ আর্থিক বছরে নীট মুনাফা অর্জিত হয়েছে ১,৪১৭,১৮৮,৮৩৩ টাকা।

যেহেতু স্কার ফ্যাশনস্ এর শেয়ারগুলি তালিকাভুক্ত নয় সেহেতু শেয়ারগুলোর বাজার দর যাচাই করা সম্ভব নয়। ৩০-০৬-২০১৯ তারিখে স্কার ফ্যাশনস্-এর শেয়ার প্রতি নীট সম্পদের মূল্য দাঁড়িয়েছে ১১,৯২৩.২৪ টাকা। স্কার ফ্যাশনস্ কোন লভ্যাংশ ঘোষণা করেনি।

ক.২.৪. ইউনাইটেড হস্পিটাল লিঃ

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

ক.২.৫. সেন্ট্রাল ডিপোজিটরী বাংলাদেশ লিঃ

সেন্ট্রাল ডিপোজিটরী ১৯৯৯ সালের বিধি অনুযায়ী গঠিত। স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ প্রতিটি ১০ টাকা মূল্যমানের ৫,৭১১,৮০৪টি শেয়ারের মালিক। সেন্ট্রাল ডিপোজিটরী বাংলাদেশ লিঃ গঠন করা হয়েছে মূলত প্রতারণামূলক/জাল শেয়ার ট্রেডিং প্রতিরোধ করা, কাগজের শেয়ার ছাড়াই ট্রেডিং এবং শেয়ার ধরনের সমস্যা সমাধানের জন্য।

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

ক.২.৬. স্কয়ার ইনফরমেটিক্স লিঃ

স্কয়ার ফার্মা প্রতিটি ১০০ টাকা মূল্যমানের ১,০০০,০০০ সাধারণ শেয়ারের বিপরীতে শেয়ার মানি ডিপোজিট হিসাবে ১০০,০০০,০০০ টাকা অগ্রিম প্রদান করা হয়েছে।

ক.২.৭. লংকাবাংলা ফাইন্যান্স লিঃ

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ মোট ১০৪,০৩২,৫২৩ টাকা মূল্যমানের ২৫০, ০০২ টি জিরো কুপন বন্ডের মালিক।

ক.২.৮. আইডিএলসি

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ মোট ৮৯,৬৮৮,১৪২ টাকা মূল্যমানের ২৫০,০০০ টি জিরো কুপন বন্ডের মালিক।

ক.২.৯. বাংলাদেশ স্টীলস রি-রোলিং মিলস লিঃ

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ ৪৬,৬৫০,৪৫৩ টাকা মূল্যমানের ২০০,০০০ টি জিরো কুপন বন্ডের মালিক।

ক.২.১০. রাজ লংকা পাওয়ার কোম্পানি লিমিটেড

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ ৮৭,২৭২,৭৩০ টাকা মূল্যমানের ১৫০,০০০ টি প্রেফারেন্স শেয়ারের মালিক।

ক.২.১১. সান্তা হোল্ডিং লিমিটেড

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ ৮১,৬১৮,১৬৯ টাকা মূল্যমানের ৫টি নন- কনভার্টিবল জিরো কুপন বন্ডের মালিক।

ক.২.১২. ডিউরেবল প্লাস্টিক লিমিটেড

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ ২৯,১৪৩,৮৬৪ টাকা মূল্যমানের ৫টি নন- কনভার্টিবল জিরো কুপন বন্ডের মালিক।

ক.২.১৩. ফ্লুমিংগো ফ্যানসনস লিমিটেড

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ ৫৩,৬০৬,৩৮৬ টাকা মূল্যমানের ১০০,০০০ টি নন- কনভার্টিবল জিরো কুপন বন্ডের মালিক।

ক.২.১৮. এনভয় টেক্সটাইলস লিমিটেড

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ ৩৫,৭০১,৯৭৭ টাকা মূল্যমানের ৪০ টি নন- কনভার্টিবল জিরো কুপন বন্ডের মালিক।

খ. বিক্রয়যোগ্য শেয়ারে বিনিয়োগ

স্বতন্ত্র হিসাবের নোট নম্বর ৪ এর একটি বিবরণীতে বিক্রয়যোগ্য শেয়ারসমূহের বর্ণনা উপস্থাপন করা হয়েছে এবং কস্ট প্রাইজে বিনিয়োগের পরিমাণ ৩,০১৩,৪৩৯,৭৩৪ টাকা। আলোচ্য বছরে বিনিয়োগের বিপরীতে মূলধনী লাভ ১৪৫,৮৫৮,২৮৩ টাকা হয়েছে।

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

স্কয়ার ফর্মুলেশনের আর্থিক বিবরণী ১২২ নং পৃষ্ঠায় উপস্থাপন করা হয়েছে।

মুনাফা বন্টন

পরিচালনা পর্ষদ তার ২২-১০-২০১৯ তারিখের সভায় নিম্নোক্ত উপায়ে ২০১৮-২০১৯ হিসাব বছরের নীট মুনাফা বন্টনের সুপারিশ করেছেন: টাকায়

▶ চলতি বছরের মুনাফা (২০১৮-২০১৯)	১০,৫৬২,৮৬৩,৫৩১
▶ প্রস্তাবিত বন্টনঃ	
(১) নগদ লভ্যাংশ ৪২% (টাকা ৪.২০ শেয়ার প্রতি)	৩,৩১৩,৮৩৫,৫৫৭
(২) স্টক লভ্যাংশ (বোনাস শেয়ার) ৭%	৫৫২,৩০৫,৯২০
বোনাস শেয়ারের লিখিত মূল্য	৩,৮৬৬,১৪১,৪৭৭
▶ নীট অবন্টনকৃত মুনাফাঃ	৬,৬৯৬,৭২২,০৫৪

সংখ্যালঘু শেয়ারহোল্ডারদের স্বার্থ

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

জাতীয় কোষাগারে অবদান

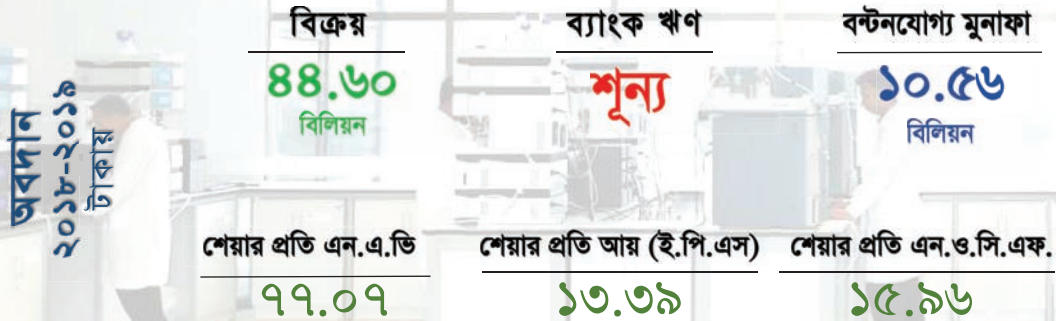
জাতীয় কোষাগারে কোম্পানীর এ বছরের অবদান ১০,০০২,৪০৭,৬০৩ টাকা (যন্ত্রপাতি ও খুচরা যন্ত্রাংশ আমদানী শুল্ক ৭২,৭৯৮,২৪৭ টাকা সহ) যা গত বছর ছিল ৭,৬৮৭,৪৮৯,৯৭৩ টাকা। এই অবদান ২০১৮-২০১৯ সালের বিক্রয়ের শতকরা ২৫.৮৬ ভাগ যা গত বছর (২০১৬-২০১৭) ছিল শতকরা ২৫.৬২ ভাগ।

মানব সম্পদ উন্নয়ন

মানব সম্পদ উন্নয়নের জন্য কোম্পানী প্রতিটি স্তরের নির্বাহী ও শ্রমিক কর্মচারীদের আনুষ্ঠানিক ও অনানুষ্ঠানিক প্রশিক্ষণ দিয়ে যাচ্ছে। এ বছর ৬,৬৭৯ জন দেশে এবং বিদেশে প্রশিক্ষণ পেয়েছে। ফলে প্রশিক্ষণ প্রাপ্তরা কোম্পানীকে লাভজনক অবস্থায় রাখতে অবদান রেখেছে। সাথে সাথে তাদের পারিশ্রমিকও বৃদ্ধি পেয়েছে।

পরিবেশগত ভূমিকা

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



পরিচালক নির্বাচন

কোম্পানীর সংঘবিধির ৯৯ অনুচ্ছেদ অনুযায়ী জনাব স্যামুয়েল এস চৌধুরী এবং জনাব কাজী ইকবাল হাবুন অবসর গ্রহণ করছেন এবং অনুচ্ছেদ ১০০ অনুসারে তাঁরা পুনঃ নির্বাচিত হওয়ার যোগ্য বিষয় পুনঃ নির্বাচিত হওয়ার ইচ্ছা পোষন করেছেন।

উপরের উল্লিখিত পরিচালকবৃন্দের সংক্ষিপ্ত জীবনবৃত্তান্ত এবং অন্যান্য তথ্য সংযুক্তি - II তে বর্ণিত হয়েছে।

স্বতন্ত্র পরিচালকের নিয়োগ

পরিচালনা পর্ষদ ১ লা আগস্ট, ২০১৮ তারিখে তার সভায় জনাব এস এম রেজাউর রহমানকে স্বতন্ত্র পরিচালক হিসাবে নিযুক্ত করেছেন।

উল্লিখিত পরিচালকের সংক্ষিপ্ত জীবনবৃত্তান্ত এবং অন্যান্য তথ্য সংযুক্তি - II তে বর্ণিত হয়েছে।

সংবিধিবদ্ধ নিরীক্ষক নিয়োগ

বর্তমান কোম্পানীর সংবিধিবদ্ধ নিরীক্ষক মেসার্স মাহফেল হক এন্ড কোং, চার্টার্ড একাউন্টেন্টস এই বার্ষিক সাধারণ সভায় অবসর গ্রহণ করছেন এবং যোগ্য বিষয় ২০১৯-২০২০ সালের জন্য নিরীক্ষক হিসেবে পুনরায় নিয়োগের ইচ্ছা প্রকাশ করেছেন।

কমপ্লায়েন্স নিরীক্ষক নিয়োগ

কোম্পানির কমপ্লায়েন্স নিরীক্ষক মেসার্স চৌধুরী ভট্টাচার্জি অ্যান্ড কোং, চার্টার্ড অ্যাকাউন্ট্যান্টস এই বার্ষিক সাধারণ সভায় অবসর গ্রহণ করেছেন এবং যোগ্য হওয়ার কারণে, ২০১৯-২০২০ সালের জন্য কমপ্লায়েন্স নিরীক্ষক হিসাবে নিজেকে পুনরায় নিয়োগের জন্য ইচ্ছা প্রকাশ করেছেন।

কর্পোরেট গভর্নেন্স

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

ব্যবস্থাপনা কর্তৃপক্ষের স্বীকৃতি

পরিচালনা পর্ষদ ব্যবসায়িক কার্যক্রমে আন্তরিকভাবে অবদান রাখার জন্য ব্যবস্থাপনা কর্মকর্তা, কর্মচারী, শ্রমিক, ক্রেতা সবাইকে আন্তরিক ধন্যবাদ জ্ঞাপন করেছেন।

তা ছাড়াও ব্যাংক, বিএসইসি, ডিএসই, সিএসই, সিডিবিএল এবং বিশেষ ভাবে সরকারকে কোম্পানীর প্রতিটি কার্যক্রমে সহযোগিতার জন্য আন্তরিক ধন্যবাদ জানাচ্ছেন।

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



স্যামুয়েল এস চৌধুরী
চেয়ারম্যান

Annual Report 2018-2019

Year ended 30 June 2019

Financial Profile Contents



Square Pharmaceuticals Ltd.

Financial Profile

60: Auditor's Report 2018-2019

Consolidated Financial Statement

64: Statement of Financial Position

65: Statement of Profit or Loss and
other Comprehensive Income

66: Statement of Changes in Equity

67: Statement of Cash Flows

68: Basis of Preparation and Presentation

69: Application of IAS

71: Employees Benefit Plan

75: List of Associate Undertakings

83: Property, Plants and Equipment

Standalone Financial Statement

84: Statement of Financial Position

85: Statement of Profit or Loss and
other Comprehensive Income

86: Statement of Changes in Equity

87: Statement of Cash Flows

98: Basis of Preparation and Presentation

89: Application of IAS

91: Employees Benefit Plan

93: Segment Report

98: Composition of Shareholding

107: Related Party Transaction

109: Financial Risk Management

114: Property, Plants and Equipment



SQUARE



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Square Pharmaceuticals Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Square Pharmaceuticals Limited and its subsidiary (the "Group") as well as the separate financial statements of Square Pharmaceuticals Limited (the "Company"), which comprise the consolidated and separate statement of financial position as at 30 June 2019; and the consolidated and separate statement of financial performance, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Company give a true and fair view of the consolidated financial position of the group and the separate financial position of the Company as at 30 June 2019, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

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



Risks	Our responses to the risks
Revenue	
<p>of revenue being misstated as a result of faulty estimations over discounts, incentives and rebates. There is also a risk that revenue may be overstated due to fraud through manipulation of the discounts, incentives and rebates recognized resulting from the pressure, management may feel to achieve performance targets.</p>	<p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> ● Obtaining supporting documentation for sales transactions recorded either side of year end to determine whether revenue was recognized in the correct period; ● Critically assessing manual journals posted to revenue to identify unusual or irregular items; ● Cross match sales order, sales invoices and dispatch carefully; and <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</p>
See note no. 19 in the consolidated financial statements	
Carrying value of investments in subsidiary	
<p>The company has invested in equity shares of its subsidiary Square Pharmaceuticals Kenya EPZ Ltd. As at 30th June, 2019 the carrying value of the investment is BDT 216,263,887.</p> <p>At the time of audit of our separate financial statements of the company, we have considered the recoverable value of the company's investment in the Square Pharmaceuticals Kenya EPZ Ltd.</p>	<p>We have reviewed management's analysis of impairment assessment and recoverable value of subsidiary in accordance with IAS-36.</p> <p>In particular, our discussions with management was focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.</p> <p>We also checked the mathematical accuracy of the valuation model, challenged the discount rate used within the model, inputs used in the determination of assumptions within the model were challenged and corroborating information was obtained in reference to third party sources.</p>
See note no. 3 in the separate financial statements	

Emphasis of Matter

We draw attention to Note 1.28 to the financial statements which describe the amalgamation of the fully owned subsidiary Square Formulations Ltd. and the Square Herbal and Nutraceuticals Ltd. with the Company. The Board of Directors of the Company in its meeting held on 16th October, 2017, approved the amalgamation of the Company with the Subsidiary and with the Square Herbal and Nutraceuticals Ltd. whereby the Subsidiary and the Square Herbal and Nutraceuticals Ltd. will merge with the Company, and the Company shall be the surviving entity. Our opinion is not modified in respect of this matter. The financial statements reflects financial result of the amalgamated entity.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated and separate financial statements and our auditors' report

thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. The directors are responsible for the other information.

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other Legal and Regulatory Requirements

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

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- d) the expenditures incurred were for the purpose of the Company's business for the year;

Howlader Mahfel Huq, FCA
for and on behalf of Mahfel Huq & Co
Chartered Accountants

Dhaka, 27 October, 2019

SQUARE PHARMACEUTICALS LTD.

AND ITS SUBSIDIARY


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

Particulars	Notes	Amount in Taka	
		30 June 2019	30 June 2018
ASSETS:			
Non-Current Assets:			
		33,734,410,538	32,831,465,294
Property, Plant and Equipment-Carrying Value	2	20,853,956,270	20,545,437,633
Investment - Long Term (at Cost)	3	655,408,674	940,754,391
Investment - Associates Undertaking	4	9,211,605,860	8,454,064,733
Investment in Marketable Securities (Fair Value)	5	3,013,439,734	2,891,208,537
Current Assets:			
		38,411,642,036	28,441,536,241
Inventories	6	4,596,512,673	4,432,935,118
Trade Debtors	7	1,561,818,167	1,615,544,248
Advances, Deposits and Prepayments	8	2,312,201,184	2,280,668,747
Short Term Loan	9	2,937,071,066	3,131,975,363
Cash and Cash Equivalents	10	27,004,038,946	16,980,412,765
TOTAL ASSETS		72,146,052,574	61,273,001,535
SHAREHOLDERS' EQUITY AND LIABILITIES:			
Shareholders' Equity:			
		67,880,617,172	57,816,566,831
Share Capital	11	7,890,084,660	7,373,910,900
Share Premium	12	2,035,465,000	2,035,465,000
General Reserve		105,878,200	105,878,200
Tax Exemption Reserve	13	2,211,743,936	1,949,557,722
Gain on Marketable Securities (Unrealized)		145,585,283	192,272,252
Cumulative Translation Adjustment		(939,072)	-
Retained Earnings		55,492,799,165	46,159,482,757
Non Controlling Interest	14	-	24,901,060
Non-Current Liabilities:			
		1,294,346,873	1,231,133,152
Deferred Tax Liability	15	1,294,346,873	1,231,133,152
Current Liabilities:			
		2,971,088,529	2,200,400,492
Trade Creditors	16	716,988,428	524,676,136
Liabilities for Expenses	17	239,913,331	89,665,092
Liabilities for Other Finance	18	2,014,186,770	1,586,059,264
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		72,146,052,574	61,273,001,535
Net Assets Value per Share (NAV)	31	86.03	73.28
Number of Shares used to compute NAV		789,008,466	789,008,466

The annexed notes (1-33) form an integral part of these financial statements.

Signed as per our annexed report on even date.



Samuel S Chowdhury
Chairman

Dhaka, 27 October, 2019



Tapan Chowdhury
Managing Director



Khandaker Habibuzzaman
Company Secretary



Mahfel Huq & Co.
Chartered Accountants

SQUARE PHARMACEUTICALS LTD.


AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

Particulars	Notes	Amount in Taka	
		2018-2019	2017-2018
GROSS REVENUE	19	50,866,867,352	45,886,959,303
Value Added Tax		(6,833,233,083)	(6,233,127,665)
NET REVENUE		44,033,634,269	39,653,831,638
Cost of Goods Sold	20	(22,091,384,351)	(20,089,819,913)
GROSS PROFIT		21,942,249,918	19,564,011,725
OPERATING EXPENSES:		(7,799,800,561)	(6,783,069,126)
Selling & Distribution Expenses	21	(6,603,747,456)	(5,751,408,276)
Administrative Expenses	22	(1,195,957,909)	(1,031,567,251)
Finance Cost	23	(95,196)	(93,599)
PROFIT FROM OPERATIONS		14,142,449,357	12,780,942,599
Other Income	24	2,310,360,094	1,768,094,011
PROFIT BEFORE WPPF		16,452,809,451	14,549,036,610
Allocation for WPPF	25	(791,921,561)	(701,097,850)
PROFIT BEFORE TAX		15,660,887,890	13,847,938,760
Income Tax Expenses-Current	26	(3,876,979,330)	(3,255,148,172)
Income Tax Expenses-Deferred		(63,213,721)	(101,899,306)
PROFIT AFTER TAX		11,720,694,839	10,490,891,282
Profit/(Loss) from Associate Undertakings	27	931,706,302	1,115,299,919
PROFIT AFTER TAX		12,652,401,141	11,606,191,201
Other Comprehensive Income:			
Gain/(Loss) on Marketable Securities (Unrealized)	28	(46,686,969)	(404,289,461)
Cumulative Translation Adjustment		(939,072)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		12,604,775,100	11,201,901,740
Profit Attributable to:			
Owners of the Company		12,645,724,268	11,593,964,282
Non Controlling Interest		6,676,873	12,226,919
		12,652,401,141	11,606,191,201
Total Comprehensive Income Attributable to:			
Owners of the Company		12,598,199,525	11,189,674,821
Non Controlling Interest		6,575,575	12,226,919
		12,604,775,100	11,201,901,740
Earnings Per Share (EPS)	29	16.03	14.69
Number of Shares used to compute EPS		789,008,466	789,008,466

The annexed notes (1-33) form an integral part of these financial statements.

Signed as per our annexed report on even date.


Samuel S Chowdhury
Chairman

Dhaka, 27 October, 2019


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


Mahfel Huq & Co.
Chartered Accountants

SQUARE PHARMACEUTICALS LTD.

AND ITS SUBSIDIARY


CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

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

FOR THE YEAR ENDED JUNE 30 2018

Particulars	Share Capital Taka	Share Premium Taka	General Reserve Taka	Tax Exemption Reserve Taka	Gain/(Loss) on Marketable Securities (Unrealized) Taka	Retained Earnings Taka	Non Controlling Interest Taka	Total Taka
Opening Balance	6,859,452,000	2,035,465,000	105,878,200	852,508,043	596,561,713	38,577,835,254	12,674,141	49,040,374,351
Total Comprehensive Income (Jul'17-Jun'18)	-	-	-	-	(404,289,461)	11,593,964,282	12,226,919	11,201,901,740
Transfer to Tax Exemption Reserve	-	-	-	1,097,049,679	-	(1,097,049,679)	-	-
Cash Dividend (2016-2017)	-	-	-	-	-	(2,400,808,200)	-	(2,400,808,200)
Stock Dividend (2016-2017)	514,458,900	-	-	-	-	(514,458,900)	-	-
Closing Balance	7,373,910,900	2,035,465,000	105,878,200	1,949,557,722	192,272,252	46,159,482,757	24,901,060	57,841,467,891



Samuel S Chowdhury
Chairman

Dhaka, 27 October, 2019



Tapan Chowdhury
Managing Director



Khandaker Habibuzzaman
Company Secretary


SQUARE PHARMACEUTICALS LTD.

AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

Particulars	Notes	Amount in Taka	
		2018-2019	2017-2018
Cash Flows From Operating Activities:			
RECEIPTS:			
Collections from Sales		51,074,051,570	46,204,518,885
Exchange Fluctuation Gain		4,868,172	1,026,292
Others		82,804,049	113,636,535
		51,161,723,791	46,319,181,712
PAYMENTS:			
Purchase of Raw and Packing Materials		15,619,769,171	14,895,596,440
Manufacturing and Operating Expenses		11,773,729,181	11,222,587,268
Value Added Tax		6,833,233,083	6,233,127,665
Finance Cost		95,196	93,599
Income Tax Expense		3,565,244,457	3,480,574,440
Workers Profit Participation Fund		867,481,244	526,322,070
Others		110,378,188	55,472,332
		38,769,930,520	36,413,773,814
		12,391,793,271	9,905,407,898
Net cash provided by operating activities (A)			
Cash Flows From Investing Activities:			
Purchase of Fixed Assets		(2,048,539,921)	(3,167,173,807)
Disposal of Fixed Assets		66,594,884	49,109,965
Investment		116,427,551	(1,709,234,747)
Non Controlling Interest (Payments)		(209,054,502)	-
Short Term Loan		376,808,344	(3,110,589,073)
Gain on Sale of Marketable Securities		99,860,413	291,936,032
Interest Received		1,407,175,500	983,068,564
Dividend Received		360,040,347	295,896,484
		169,312,616	(6,366,986,582)
Net cash used/provided by investing activities (B)			
Cash Flows From Financing Activities:			
Dividend Paid		(2,654,607,924)	(2,400,808,200)
		(2,654,607,924)	(2,400,808,200)
Net cash provided by financing activities (C)			
Increase in Cash and Cash Equivalents (A+B+C)			
Net Effect of Foreign Currency Translation on Cash and Cash Equivalent		9,906,497,963	1,137,613,116
Cash and Cash Equivalents at the Opening		32,442,654	74,115,795
Cash and Cash Equivalents at the Opening of SHNL		16,980,412,765	15,768,683,854
		84,685,564	-
		27,004,038,946	16,980,412,765
Cash and Cash Equivalents at the Closing		27,004,038,946	16,980,412,765
Net Operating Cash Flow per Share (NOCF)	33	15.71	12.55
Number of Shares used to compute NOCF		789,008,466	789,008,466


Samuel S Chowdhury
 Chairman

Dhaka, 27 October, 2019


Tapan Chowdhury
 Managing Director


Khandaker Habibuzzaman
 Company Secretary

SQUARE PHARMACEUTICALS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 30 JUNE 2019

1. SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION

1.1 Legal Form of the Company:

(a) Reporting Company

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

(b) Subsidiary Company

(i) Square Formulations Ltd.:

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

1.2 Address of Registered Office and Factories:

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

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

1.3 Nature of Business Activities:

(a) Reporting Company:

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

(b) Subsidiary Company:

Square Pharmaceuticals Kenya EPZ Ltd.

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

1.4 Basis of Preparation and Presentation of Financial Statements:

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

1.5 Principal Accounting Policies:

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

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

1.6 Application of International Accounting Standards (IAS):

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

IAS - 1	Presentation of Financial Statements
IAS - 2	Inventories
IAS - 7	Statement of Cash Flows
IAS - 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS - 10	Events after the Reporting Period
IAS - 12	Income Taxes
IAS - 16	Property, Plant and Equipment
IAS - 19	Employee Benefits
IAS - 21	The effects of Changes in Foreign Exchange Rates
IAS - 23	Borrowing Costs
IAS - 24	Related Party Disclosures
IAS - 26	Accounting and Reporting by Retirement Benefit Plans
IAS - 28	Investment in Associates and Joint Ventures
IAS - 32	Financial Instruments: Presentation
IAS - 33	Earnings Per Share
IAS - 36	Impairment of Assets
IAS - 37	Provisions, Contingent Liabilities and Contingent Assets
IFRS-3	Business Combination
IFRS-7	Financial Instruments: Disclosure
IFRS-9	Financial Instruments: Subsequent Measurement
IFRS-10	Consolidated Financial Statements
IFRS-12	Disclosure of Interests in Other Entities
IFRS-13	Fair Value Measurement
IFRS-15	Revenue from Contracts with Customers
IFRS-16	Leases

1.7 Property, Plant and Equipment:

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

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

Impairment of Non-Current Assets (ISA-36):

The carrying values of all non-current assets are reviewed for impairment, either on a stand-alone basis or as part of a larger cash generating unit, when there is an indication that the assets might be impaired. Any provision for impairment is charged to the Income Statement in the year concerned.

1.8 Depreciation:

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

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

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

1.9 Financial Instruments:

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

Financial Assets:

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

Cash and Cash Equivalents:

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

Available for Sale of Financial Assets:

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

Trade Receivable (IFRS 9):

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

Financial Liabilities:

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

1.10 Inventories:

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

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

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

1.11 Income Tax Expenses:

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

Current Income Tax

Current income tax is expected tax payable on the taxable income for the year and any short fall of provision for previous years. The company (SPL) is a "Publicly Traded Company"; hence Tax Rate is applicable @25%. **The applicable Tax Rate of subsidiary company (SFRL) was @ 28% from July, 2018 to December, 2018.**

Deferred Tax

Deferred tax expenses is considered for taxable temporary differences may arise for the reporting year, adjustments for prior years accumulated differences and changed in tax rate.

1.12 Employees Separation Plans:

Provident Fund

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

Gratuity

The company has operates an unfunded gratuity scheme, the company has applied for recognition of the gratuity fund from National Board of Revenue.

Group Insurance

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

Workers Profit Participation Fund and Welfare Fund

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

1.13 Revenue: (IFRS-15)

(a) Sales of Goods:

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

(b) Dividend income is recognized when the company has actually received the dividend in cash.

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

1.14 Adoption of new IFRS:

The Company has initially applied IFRS 15 and IFRS 9 from 1 July 2018. A number of other new standards are also effective from 1 July 2018 but they do not have a material effect on the Company's financial statements. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards. Except for separately presenting impairment loss on trade receivables and contract liabilities.

A. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control-at a point in time or over time-requires judgement.

B. IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 financial Instruments: Recognition and Measurement. As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI.

1.15 Foreign Currency Transactions:

Foreign currencies are translated into taka at the exchange rates ruling on the date of transactions in accordance with IAS-21 "The Effects of Changes in Foreign Exchange Rates". Bank deposit in foreign currency for retention quota account has been translated into taka at the year end at the rate of exchange ruling on that date and gain/(loss) have been accounted for as other income/(loss) in the Income Statement. Conversion Rate USD 1 = BDT 83.50.

1.16 Statement of Cash Flows:

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

1.17 Earnings per Share (EPS):

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

Earnings per Share

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

Weighted Average Number of Ordinary Shares Outstanding during the year

The Bonus Shares issued during the year 2017-2018 were treated as if they had been in issue in previous years also. Hence, in computing the Earnings per Share (EPS) of 2018-2019, the total number of shares including the said bonus shares has been considered as the Weighted Average Number of Shares Outstanding during the year 2017-2018.

Diluted Earnings per Share

Earnings per share of the previous year has been restated from 15.72 to 10.42.

1.18 Basis of Consolidation:

Percentage of Holding Share on Subsidiary Company:

Subsidiary Company	Holding of Share	Percentage of Holding
Square Pharmaceuticals Kenya EPZ Ltd.	100% Share Capital	100.00%

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

1.19 Consolidation of Accounts:

Inconformity with IFRS-10, Consolidation of accounts has been made as follows:

Subsidiary Company	Year Ending	Remarks
Square Pharmaceuticals Kenya EPZ Ltd.	30 June 2019	Financial Statements

1.20 Borrowing Cost:

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

1.21 Concentration of Counterparty Risk:

As of June 30, 2019 the company does not have any significant concentration of business transacted with a particular customer, supplier or lender that could, if suddenly eliminated, have severe impact the company's operations. The company also does not have any concentration of available source of labour, service or licenses or other rights that could, if suddenly eliminated, have severe impact of the operations of the company.

1.22 Net Profit before Tax:

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

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

1.23 Segment Reporting:

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

1.24 Share Premium:

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

1.25 Gain/(Loss) on Marketable Securities (Unrealized) under Note-5 and 28:

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

1.26 Provisions, Contingent Liabilities and Contingent Assets:

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

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

1.27 Research, Development and Experimental Costs:

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

1.28 General:

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

1.29 Merger with Square Formulations Ltd. and Square Herbal and Nutraceuticals Ltd.:

As the project of Square Formulations Ltd. (SFRL) is located within the premises of Square Pharmaceuticals Ltd. (SPL) at Kaliakoir, the separated operations of various aspects of SFRL is a complex one. Since SPL holds 99.50% of the Paid-up Capital of SFRL with only 0.50% being held by the minority shareholders, Board of Directors have recommended for amalgamation under provision of section 228 & 229 of the Companies Act 1994. Reason of merger between Square Herbal & Nutraceuticals Ltd. and Square Pharmaceuticals Ltd. is to reform Square Pharmaceuticals Ltd. into a diversified high performance and value added company, Board of Directors considered a proposal for amalgamation of Square Herbal & Nutraceuticals Ltd. with Square Pharmaceuticals Ltd. under provision of section 228 & 229 of the Companies Act 1994.

The Process of Merger:

After approval of Board of Directors and consent of minority shareholders, the Hon'ble High Court Division of the Supreme Court of Bangladesh has sanctioned the scheme of amalgamation of Square Formulations Ltd. with Square Pharmaceuticals Ltd. on 29th October, 2018. After approval of Board of Directors and consent of shareholders, the Hon'ble High Court Division of the Supreme Court of Bangladesh has sanctioned the scheme of amalgamation of Square Herbal & Nutraceuticals with Square Pharmaceuticals Ltd. on 29th October, 2018. The merger have been executed with effect from January 01, 2019.

Purchase Consideration:

Square Pharmaceuticals Ltd. holds 99.50% of the Paid-up Capital of Square Formulations Ltd. with only 0.50% being held by the minority shareholders. Compensation of the minority shareholders is based on cash at a book value shares as on 30 June, 2017 subject to approval by the Court of Jurisdiction, Hon'ble High Court Division of the Supreme Court of Bangladesh. Compensation of shareholders of Square Herbal & Nutraceuticals Ltd. is based on cash at a book value shares as on 30 June, 2017 subject to approval by the Court of Jurisdiction, Hon'ble High Court Division of the Supreme Court of Bangladesh.

IFRS Followed for the Business Combination:

The Company accounts for business combinations using the acquisition method when control is transferred to the Company. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. As the consideration transferred in the acquisition date is equals to net assets acquired at acquisition date, there is no goodwill or gain on bargain purchase arises as per para-9 of IFRS-3.

Particulars	Amount in Taka	
	30 June 2019	30 June 2018

2. CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT: Tk. 20,853,956,270

Details of property, plant and equipment and depreciation as at 30 June 2019 are shown in the annexed schedule - 01. This is arrived at as follows:

Fixed Assets at Cost:

Opening Balance	36,634,171,899	33,470,077,571
Add: Amount of Square Formulations Ltd. due to Merger	5,710,600	-
Add: Amount of Square Herbal & Nutraceuticals Ltd. due to Merger	460,443,540	-
Net Addition during the Year	2,943,453,689	4,863,597,930
	40,043,779,728	38,333,675,501
Sales/Transfer during the Year	(1,031,762,418)	(1,699,503,602)
Closing Balance	39,012,017,310	36,634,171,899

Accumulated Depreciation:

Opening Balance	16,088,734,266	14,146,509,407
Add: Amount of Square Formulations Ltd. due to Merger	152,211,708	-
Add: Amount of Square Herbal & Nutraceuticals Ltd. due to Merger	119,892,548	-
Charged during the Year	1,875,504,706	1,997,935,652
	18,236,343,228	16,144,445,059
Sales/Transfer during the Year	(78,282,188)	(55,710,793)
	18,158,061,040	16,088,734,266
Carrying Value	20,853,956,270	20,545,437,633

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
Allocation of depreciation charge for the year has been made in the accounts as follows:		
Factory Overhead	1,723,019,183	1,733,096,800
Selling and Distribution Expenses	194,779,298	164,768,982
Administrative Expenses	109,917,933	100,069,870
	2,027,716,414	1,997,935,652

3. CONSOLIDATED INVESTMENT-Long Term (at Cost): Tk. 655,408,674

This consists of the following:

(a) 120,000 Ordinary Shares of Tk.100/- each in United Hospital Ltd.	12,000,000	12,000,000
(b) 5,711,804 Ordinary Shares of Tk. 10/- each including Bonus Shares in Central Depository Bangladesh Ltd.	15,694,430	15,694,430
(c) Advance against Share Money with Square InformatiX Ltd. for 1,000,000 Shares of Tk. 100/- each	100,000,000	100,000,000
(d) 250,002 Zero Coupon Bond in Lanka Bangla Finance Ltd.	104,032,523	180,052,115
(e) 250,000 Zero Coupon Bond in IDLC Finance Ltd.	89,688,142	128,946,811
(f) 200,000 Zero Coupon Bond in Bangladesh Steel Re-Rolling Mills Ltd.	46,650,453	87,695,154
(g) 150,000 Preference Share in Raj Lanka Power Company Ltd.	87,272,730	116,363,640
(h) 5 Non-Convertible Zero Coupon Bond in Shanta Holdings Ltd.	81,618,169	127,701,118
(i) 5 Non-Convertible Zero Coupon Bond in Durable Plastics Ltd.	29,143,864	40,806,477
(j) 100,000 Non-Convertible Zero Coupon Bond in Flamingo Fashions Ltd.	53,606,386	84,596,560
(k) 40 Non-Convertible Zero Coupon Bond in Envoy Textiles Ltd.	35,701,977	46,898,086
	655,408,674	940,754,391

4. INVESTMENT-Associate Undertakings: Tk. 9,211,605,860

This is arrived at as follows:

Opening Balance	8,454,064,733	7,504,636,420
Add: Profit/(Loss) during the Year (Note-27)	931,706,302	1,115,299,919
Less: Dividend during the Year	(174,165,175)	(165,871,606)
Closing Balance	9,211,605,860	8,454,064,733

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

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

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

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

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
Square Textlies Ltd. :		
Current Assets	6,394,997,503	4,430,793,243
Non-Current Assets	6,557,711,203	4,994,687,046
Current Liabilities	5,494,337,604	3,910,867,252
Non-Current Liabilities	233,949,076	128,579,505
Revenue (Net)	8,896,244,091	6,367,124,698
Profit from Operations	696,009,719	444,186,591
Profit after Tax	346,461,979	290,913,928
Other Comprehensive Income	-	-
Total Comprehensive Income	346,461,979	290,913,928
Square Fashions Ltd. :		
Current Assets	2,763,226,273	2,675,112,328
Non-Current Assets	11,991,007,449	10,337,343,608
Current Liabilities	3,424,304,924	3,079,652,580
Non-Current Liabilities	-	20,063,391
Revenue (Net)	12,845,303,055	12,136,675,718
Profit from Operations	1,399,862,219	1,560,411,954
Profit after Tax	1,417,188,833	1,689,611,825
Other Comprehensive Income	-	-
Total Comprehensive Income	1,417,188,833	1,689,611,825
Square Hospitas Ltd. :		
Current Assets	387,601,203	390,886,397
Non-Current Assets	3,412,166,565	2,991,362,079
Current Liabilities	939,404,385	844,761,104
Non-Current Liabilities	-	-
Revenue (Net)	3,962,668,764	3,831,340,521
Profit from Operations	508,577,404	489,557,485
Profit after Tax	164,008,294	317,919,597
Other Comprehensive Income	-	-
Total Comprehensive Income	164,008,294	317,919,597

5. CONSOLIDATED INVESTMENT IN MARKETABLE SECURITIES (Fair Value): Tk. 3,013,439,734

Particulars	Position of 2018-2019			Position of 2017-2018		
	Total Cost	Total Market Value	Realized/Unrealized Gain	Total Cost	Total Market Value	Realized/Unrealized Gain
Opening Balance	2,698,936,285	2,891,208,537	192,272,252	1,341,647,365	1,938,209,078	596,561,713
Add: Investment made during the year	322,503,330	357,676,774	53,173,444	1,678,754,283	1,566,400,854	(112,353,429)
Less: Sold/Disposed off during the year	(153,585,164)	(253,445,577)	(99,860,413)	(321,465,363)	(613,401,395)	(291,936,032)
Closing Balance	2,867,854,451	3,013,439,734	145,585,283	2,698,936,285	2,891,208,537	192,272,252

6. CONSOLIDATED INVENTORIES: Tk. 4,596,512,673

The break-up is as under:

Raw Materials	1,531,223,724	1,389,487,814
Packing Materials	609,472,347	548,723,855
Work-in-Process	274,303,768	258,840,704
Finished Goods	1,226,561,623	1,195,194,484
Spares & Accessories	551,889,224	488,349,575
Goods- in-Transit	403,061,987	552,338,686
	4,596,512,673	4,432,935,118

The basis of valuation is stated in Note-1 (1.10)

7. CONSOLIDATED TRADE DEBTORS:

	1,561,818,167	1,615,544,248
--	----------------------	----------------------

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
8. CONSOLIDATED ADVANCES, DEPOSITS & PREPAYMENTS (Considered Good): Tk. 2,312,201,184		
This consists of as follows:		
Advances:	628,767,658	1,037,087,589
Employees	189,352,951	190,480,656
Land Purchase	136,907,630	114,804,755
Suppliers	302,507,077	531,802,178
Income Tax	-	200,000,000
Deposits:	1,635,409,050	1,200,845,735
Value Added Tax	391,426,436	544,027,259
Earnest Money and Security Deposit	269,148,763	158,770,575
Interest on Fixed Deposit Receipts	966,890,119	488,240,998
Others	7,943,732	9,806,903
Prepayments:	48,024,476	42,735,423
Office Rent	11,390,890	6,385,565
Insurance Premium	36,633,586	36,349,858
	2,312,201,184	2,280,668,747
9. CONSOLIDATED SHORT TERM LOAN (Un-secured): Tk. 2,937,071,066		
This consists of as follows:		
(a) Square Textiles Ltd.	2,168,788,505	1,385,741
(b) Square Fashions Ltd.	672,588,614	79,314
(c) Square Hospitals Ltd.	95,693,947	-
(d) Square Denims Ltd.	-	2,168,142,032
(e) Square Apparels Ltd.	-	780,464,229
(f) Square Herbal & Nutraceuticals Ltd.	-	181,904,047
	2,937,071,066	3,131,975,363
10. CONSOLIDATED CASH AND CASH EQUIVALENTS: Tk. 27,004,038,946		
This is made up as follows:		
(a) Cash in Hand	6,866,061	5,939,209
(b) Cash at Bank:	26,997,172,885	16,974,473,556
* Current Account	936,817,212	1,683,199,425
* STD Account	2,131,200,472	214,854,684
* Fixed Deposit Account (BD Taka)	20,853,809,226	12,713,244,578
* Fixed Deposit Account (USD)	2,283,903,416	1,936,582,928
* Export Retention Quota Account	702,111,670	399,067,138
* Margin Held Account	89,330,889	27,524,803
	27,004,038,946	16,980,412,765
11. SHARE CAPITAL:	7,890,084,660	7,373,910,900
12. SHARE PREMIUM:	2,035,465,000	2,035,465,000
13. CONSOLIDATED TAX EXEMPTION RESERVE: Tk. 2,211,743,936		
This has been provided as per provisions of section 46B (1) (a) and 46B (2)(a) (i) of the Income Tax Ordinance 1984 which is arrived as follows:		
Opening Balance	1,949,557,722	852,508,043
Privision made during the Year	262,186,214	1,097,049,679
Closing Balance	2,211,743,936	1,949,557,722

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
14. NON CONTROLLING INTEREST: Tk. Nil		
This represents non controlling interest of Square Formulations Ltd. is as follows:		
Paid-up Capital (Investment)	-	500,000
Retained Earnings	-	24,401,060
	<u>-</u>	<u>24,901,060</u>
List of Subsidiary (As per IFRS-3):		
Name of Company	Country of Incorporation	Proportion of Ownership Interest
Square Pharmaceuticals Kenya EPZ Ltd.	Kenya	100%
Voting power is not different with proportion of ownership interest. The company is using both consolidation and equity method of accounting in preparation of consolidated financial statements.		
15. CONSOLIDATED DEFERRED TAX LIABILITY: Tk. 1,294,346,873		
This represents provision is made for deferred income tax to pay future income tax liability for temporary differences which is arrived at as follows:		
Opening Balance	1,231,133,152	1,129,233,846
Addition during the Year	63,213,721	101,899,306
Closing Balance	<u>1,294,346,873</u>	<u>1,231,133,152</u>
Computation of Deferred Tax for the Year Ended 30 June, 2019:		
A. Property, Plant and Equipments excluding Cost of Land (Carrying Amount)	16,495,267,592	14,708,596,085
B. Property, Plant and Equipments excluding Cost of Land (Tax Base)	11,255,256,856	10,065,663,511
C. Taxable/(Deductable) Temporary Difference (A-B)	5,240,010,736	4,642,932,574
D. Deferred Tax Liabilities as on 30 June, 2019	1,294,346,873	1,231,133,152
E. Deferred Tax Liabilities as on 30 June, 2018	1,231,133,152	1,129,233,846
F. Current Year's Deferred Tax Liabilities (D-E)	<u>63,213,721</u>	<u>101,899,306</u>
16. CONSOLIDATED TRADE CREDITORS:	<u>716,988,428</u>	<u>524,676,136</u>
This represents amount payable to regular suppliers of raw materials, packing materials, promotional materials etc. All suppliers were paid on a regular basis.		
17. CONSOLIDATED LIABILITIES FOR EXPENSES: Tk. 239,913,331		
This consists of as follows:		
Accrued Expenses	130,754,244	89,334,542
Provision for Gratuity	108,551,041	-
Audit Fees	608,046	330,550
	<u>239,913,331</u>	<u>89,665,092</u>
18. CONSOLIDATED LIABILITIES FOR OTHER FINANCE: Tk. 2,014,186,770		
This consists of as follows:		
Sundry Creditors	641,736,368	446,877,055
Income Tax (Deduction at Source)	8,948,030	56,596,629
Retention Money	2,819,514	3,619,330
Workers' Profit Participation Fund	802,781,404	863,266,490
Income Tax Payable (Note-18.1)	557,901,454	215,699,760
	<u>2,014,186,770</u>	<u>1,586,059,264</u>
18.1. CONSOLIDATED INCOME TAX PAYABLE: Tk. 557,901,454		
This is arrived at as follows:		
Opening balance	215,699,760	241,126,028
Add: Amount of Square Herbal & Nutraceuticals Ltd. due to Merger	30,466,821	-
Provision made for the Year (Note-26)	3,876,979,330	3,255,148,172
Tax Paid (Including Advance Income Tax during the Year)	(3,565,244,457)	(3,280,574,440)
	<u>557,901,454</u>	<u>215,699,760</u>

Particulars	Notes	Amount in Taka	
		30 June 2019	30 June 2018
19. CONSOLIDATED GROSS REVENUE: Tk. 50,866,867,352			
This consists of as follows:			
Square Pharmaceuticals Ltd.		44,595,486,334	34,573,390,809
Square Formulations Ltd. (Jul'2018-Dec'2018)		6,271,381,018	11,313,568,494
		50,866,867,352	45,886,959,303
20. CONSOLIDATED COST OF GOODS SOLD: Tk. 22,091,384,351			
This is arrived at as follows:			
Raw Materials Consumed	20.1	10,055,691,168	9,025,405,434
Packing Materials Consumed	20.2	4,722,238,942	4,109,048,221
		14,777,930,110	13,134,453,655
Work-in-Process (Opening)		258,840,704	229,724,895
Opening Work-in-Process of Square Herbal & Nutraceuticals Ltd.		4,947,065	-
Work-in-Process (Closing)		(274,303,768)	(258,840,704)
TOTAL CONSUMPTION		14,767,414,111	13,105,337,846
Factory Overhead	20.3	6,301,726,817	6,095,936,693
COST OF PRODUCTION		21,069,140,928	19,201,274,539
Purchase of Finished Goods		1,200,039,922	1,114,476,247
Finished Goods (Opening)		1,195,194,484	1,117,324,819
Opening Finished Goods of Square Herbal & Nutraceuticals Ltd.		17,037,811	-
Finished Goods (Closing)		(1,226,561,623)	(1,195,194,484)
		22,254,851,522	20,237,881,121
Cost of Physician Sample		(163,467,171)	(148,061,208)
		22,091,384,351	20,089,819,913
20.1. CONSOLIDATED RAW MATERIALS CONSUMED: Tk. 10,055,691,168			
This is arrived at as follows:			
Opening Stock		1,389,487,814	1,302,801,676
Opening Stock of Square Herbal & Nutraceuticals Ltd.		49,030,640	-
Purchase		10,148,396,438	9,112,091,572
Closing Stock		(1,531,223,724)	(1,389,487,814)
		10,055,691,168	9,025,405,434
20.2. CONSOLIDATED PACKING MATERIALS CONSUMED: Tk. 4,722,238,942			
This is arrived at as follows:			
Opening Stock		548,723,855	480,770,796
Opening Stock of Square Herbal & Nutraceuticals Ltd.		16,295,522	-
Purchase		4,766,691,912	4,177,001,280
Closing Stock		(609,472,347)	(548,723,855)
		4,722,238,942	4,109,048,221

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
20.3. CONSOLIDATED FACTORY OVERHEAD: Tk. 6,301,726,817		
This is made up as follows:		
Salaries, Allowances and Wages	1,837,277,497	1,561,153,791
Factory Employees Free Lunch	122,222,783	118,669,726
Factory Staff Uniform	63,100,504	55,102,916
Travelling & Conveyance	42,483,265	38,935,899
Printing & Stationery	59,753,163	53,466,936
Postage, Telephone & Fax	8,033,508	6,798,306
Repairs & Maintenance	969,736,269	1,060,251,345
Laboratory Consumable Stores	345,367,449	360,410,178
Fuel, Petrol, Light Diesel etc.	240,762,140	266,097,349
Electricity, Gas & Water	538,516,989	498,637,616
Rental Expense	12,997,304	18,549,716
Municipal & Other Tax	9,696,652	9,417,359
Insurance Premium	22,743,754	25,514,825
Factory Sanitation Expenses	57,238,110	60,225,471
Depreciation	1,723,019,183	1,733,096,800
Security Services	52,232,133	58,489,258
Research & Development	122,590,710	101,170,048
Software & Hardware Support Services	62,892,852	60,893,026
Toll Charges	9,640,705	5,709,253
Other Expenses	1,421,847	3,346,875
	6,301,726,817	6,095,936,693
21. CONSOLIDATED SELLING & DISTRIBUTION EXPENSES: Tk. 6,603,747,456		
This is made up as follows:		
Salaries and Allowances	1,194,607,091	1,022,411,149
Travelling and Conveyance	110,388,860	96,658,323
Training Expenses	3,268,850	2,608,502
Printing and Stationery	65,200,041	57,032,773
Postage, Telephone, Fax & Telex	62,684,478	43,224,424
Electricity, Gas and Water	28,812,996	27,622,946
Tiffin and Refreshment	25,578,471	23,878,053
Staff Uniform	5,139,460	3,875,130
Sanitation Expenses	8,296,629	-
Office and Godown Rent	24,055,899	24,653,163
Bank Charges	12,370,206	11,473,588
Repairs and Maintenance including car maintenance	393,003,642	347,271,541
Govt. Taxes and Licence Fees	35,696,734	26,116,013
Field Staff Salaries, Allowances, TA and DA	1,747,280,719	1,525,704,048
Marketing and Promotional Expenses	1,093,686,651	995,510,073
Advertisement	697,500	726,070
Delivery and Packing Expenses	107,727,671	99,153,239
Export Expenses	135,510,161	123,667,329
Special Discount	967,666,913	837,183,408
Sample Expenses	220,474,725	198,549,988
Security Services	72,588,237	71,023,552
Depreciation	194,779,298	164,768,982
Software, Hardware Support & VSAT Services	37,390,961	31,784,460
Insurance Premium	4,113,237	12,087,192
Faulty & Obsolete Goods	51,943,116	-
Other Expenses	784,910	4,424,330
	6,603,747,456	5,751,408,276

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
22. CONSOLIDATED ADMINISTRATIVE EXPENSES: Tk. 1,195,957,909		
This consists of as follows:		
Salaries and Allowances	379,458,433	333,417,542
Directors' Remuneration	69,946,924	73,431,268
Travelling and Conveyance	146,156,670	124,414,844
Training Expenses	10,357,791	9,077,594
Printing and Stationery	16,132,527	14,267,100
Postage, Telephone, Internet	10,436,143	10,439,245
Electricity, Gas & Water	27,560,121	20,261,368
Tiffin and Refreshment	59,594,013	51,693,203
Staff Uniform	2,376,294	2,076,125
Office Rent	19,199,766	18,790,360
Sanitation Expenses	5,149,271	2,404,250
Books and Periodicals	603,951	326,751
Subscription and Donation	10,510,435	6,176,352
Advertisement	5,426,524	2,278,617
Repairs and Maintenance	160,153,704	140,767,347
Bank Charges	17,144,529	24,183,882
Insurance Premium	13,909,598	12,260,031
Govt. Taxes, Stamp Duty & Licence Fee	9,619,699	10,064,128
Security Services	45,677,125	37,670,238
Management Consultant Fees	267,500	627,976
Legal Charges	3,522,850	2,788,129
Audit Fees	618,103	330,550
Depreciation	109,917,933	100,069,870
Annual General Meeting Expenses	729,584	2,933,924
Software & Hardware Support Services	65,447,155	19,690,635
Share Demat, Remat & Transfer Fees	4,763,980	8,895,950
Other Expenses	1,277,286	2,229,972
	1,195,957,909	1,031,567,251
23. CONSOLIDATED FINANCE COST: Tk. 95,196		
This is made up as follows:		
Interest on Cash Credit	-	58,546
Interest on Overdraft	95,196	35,053
	95,196	93,599
24. CONSOLIDATED OTHER INCOME: Tk. 2,310,360,094		
This is arrived at as follows:		
Bank Interest	1,666,963,756	1,031,252,228
Interest on Loan to Sister Concern	183,947,672	68,391,438
Rental Income	1,322,544	1,301,967
Sale of Scrap	30,331,300	26,978,784
Dividend	185,875,172	130,024,878
Foreign Exchange Fluctuation Gain	37,310,826	83,957,932
Commission Received	51,150,205	85,355,784
Gain on Redemption of Zero Coupon Bond	34,913,193	27,488,416
Gain on Marketable Securities (Realized)	99,860,413	291,936,032
	2,291,675,081	1,746,687,459
Consolidated Profit on Sale of Property, Plant & Equipment (Note-30)	18,685,013	21,406,552
	2,310,360,094	1,768,094,011
25. CONSOLIDATED ALLOCATION FOR WPPF AND WF	791,921,561	701,097,850
This represents 5% of Net Profit before Tax after charging the allocation as per provisions of the Companies Profit under Labour Law 2006, Chapter-15.		
26. CONSOLIDATED INCOME TAX EXPENSES-Current: Tk. 3,876,979,330		
Current Tax (Provision for the Year)	3,876,979,330	3,255,148,172

Particulars	Amount in Taka				
	30 June 2019	30 June 2018			
27. PROFIT FROM ASSOCIATES UNDERTAKING: Tk. 931,706,302					
This is arrived at as follows:					
a) Square Textiles Ltd.	160,603,354	134,853,911			
b) Square Fashions Ltd.	689,201,306	821,684,909			
c) Square Hospitals Ltd.	81,901,642	158,761,099			
	931,706,302	1,115,299,919			
28. CONSOLIDATED GAIN/(LOSS) ON MARKETABLE SECURITIES (UNREALIZED): Tk. (46,686,969)					
Unrealized Gain/(Loss) Position (Closing)	145,585,283	192,272,252			
(-) Unrealized Gain/(Loss) Position (Opening)	192,272,252	596,561,713			
Gain/(Loss) on Marketable Securities during the Year	(46,686,969)	(404,289,461)			
29. CONSOLIDATED EARNINGS PER SHARE (EPS): Tk. 16.03					
The computation is given below:					
Surplus for the year attributable to Shareholders (Net Profit After Tax)	12,645,724,268	11,593,964,282			
Weighted average number of Shares outstanding during the year	789,008,466	789,008,466			
Earnings per Share	16.03	14.69			
30. CONSOLIDATED PARTICULARS OF DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR 2018-2019:					
	Cost	Acc. Depreciation Upto 30-06-2019	Written Down Value as on 30-06-2019	Sales Price	Profit/(Loss)
Land & Land Development	4,839,554	-	4,839,554	6,571,604	1,732,050
Plant & Machinery	31,507,905	16,164,376	15,343,529	13,894,176	(1,449,353)
Motor Vehicle	61,540,000	41,682,155	19,857,845	31,077,526	11,219,681
Motor Cycle	28,304,600	20,435,657	7,868,943	15,051,578	7,182,635
	Tk. 126,192,059	78,282,188	47,909,871	66,594,884	18,685,013
31. CONSOLIDATED NET ASSET VALUE PER SHARE (NAV): Tk. 86.03					
The computation is given below:					
Equity Attributable to the Ordinary Shareholders	67,880,617,172	57,816,566,831			
Weighted average number of Shares outstanding during the year	789,008,466	789,008,466			
Net Asset Value Per Share (NAV)	86.03	73.28			
32. CONSOLIDATED RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES:					
Profit after Tax	11,720,694,839	10,490,891,282			
Adjustment to Reconcile Net Profit to Net Cash Provided by Operating Activities:					
Non-Cash Expenses:	2,058,487,481	2,025,719,163			
Depreciation	2,027,716,414	1,997,935,652			
Exchange Gain/Loss	(32,442,654)	(74,115,795)			
Deferred Tax	63,213,721	101,899,306			
Non-Operating Items:	(2,190,245,218)	(1,570,499,543)			
Dividend Income	(185,875,172)	(130,024,878)			
Others	(2,004,370,046)	(1,440,474,665)			
Changes in Working Capital:	802,856,169	(1,040,703,004)			
(Increase)/Decrease in Inventories	(39,425,556)	(702,126,875)			
(Increase)/Decrease in Trade Debtors	54,583,395	588,470,652			
(Increase)/Decrease in Advances, Deposits and Prepayments	271,280,093	(766,003,221)			
Increase/(Decrease) in Trade Creditors	168,025,634	(319,261,141)			
Increase/(Decrease) in Liabilities for Expenses	150,248,239	62,088,550			
Increase/(Decrease) in Liabilities for Other Finance	198,144,364	96,129,031			
Net Cash Generated from Operating Activities	12,391,793,271	9,905,407,898			
33. CONSOLIDATED NET OPERATING CASH FLOW PER SHARE (NOCF): Tk. 15.71					
The computation is given below:					
Net Cash Generated from Operating Activities	12,391,793,271	9,905,407,898			
Weighted average number of Shares outstanding during the year	789,008,466	789,008,466			
Net Operating Cash Flow Per Share (NOCF)	15.71	12.55			

SQUARE PHARMACEUTICALS LTD.

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

Schedule-01

PARTICULARS	COST				DEPRECIATION				Net Book Value as at 30 June 2019	Rate of Dep.
	At 30 June 2018	During the year		At 30 June 2019	At 30 June 2018	During the year		At 30 June 2019		
		Additions due to Merger	Additions			Sales/Transfer	Additions due to Merger			
FACTORIES:										
Land	2,934,341,392	182,666,012	412,504,425	4,839,554	3,524,672,275	-	-	-	3,524,672,275	-
Building	7,311,973,691	305,647,705	594,567,432	-	8,212,188,828	3,499,639,241	116,458,787	439,906,749	4,156,184,051	10%
Boundary Wall	593,903	-	-	-	593,903	341,845	-	25,206	367,051	10%
Plant & Machinery	12,288,505,463	2,167,691,056	308,531,442	31,507,905	14,733,220,056	7,398,164,920	961,067,776	848,581,450	5,541,570,286	15%
Laboratory Equipment	1,690,183,085	345,635,209	135,628,636	-	2,171,446,930	682,378,788	126,247,674	116,360,577	1,246,459,891	10%
Furniture & Fixture	609,037,542	248,065,204	51,846,797	-	908,949,543	261,214,015	79,290,404	45,436,458	523,008,666	10%
Office Equipment	375,638,008	226,486,249	40,168,855	-	642,293,112	152,768,701	82,695,597	31,155,666	375,673,148	10%
Computer	163,697,273	10,925,966	28,129,023	-	202,752,262	53,310,106	3,846,559	14,297,312	131,298,285	10%
Motor Vehicles	411,987,902	9,310,000	46,282,500	18,185,000	449,395,402	239,397,477	4,322,347	40,990,846	177,383,611	20%
Motor Vehicle-Lease	2,085,000	-	-	-	2,085,000	1,997,886	-	17,423	69,691	20%
Electromechanical Equipments	560,310,601	539,436,086	-	-	1,099,746,687	537,070,833	288,733,872	22,288,632	251,653,350	15%
Electrical Installation	84,425,119	125,821,782	7,520,000	-	217,766,901	60,309,758	62,617,468	9,351,128	85,488,547	15%
Gas Line Installation	38,873,810	13,262,986	-	-	52,136,796	26,607,579	5,848,395	2,396,028	17,284,794	15%
Sub-Total	26,471,652,789	4,174,948,255	1,625,179,110	54,532,459	32,217,247,695	12,913,201,149	1,731,128,879	1,570,807,475	16,186,274,248	
HEAD OFFICE & OTHERS:										
Land	1,849,062,530	-	31,092,473	-	1,880,155,003	-	-	-	1,880,155,003	-
Building	885,216,580	-	7,357,267	-	892,573,847	291,180,594	-	59,850,065	541,543,188	10%
Boundary Wall	10,855,163	-	-	-	10,855,163	4,747,971	-	610,719	5,358,690	10%
Furniture & Fixture	150,163,114	377,102	10,036,385	-	160,576,601	63,495,367	250,131	9,282,538	87,548,565	10%
Office Equipment	93,273,411	59,000	556,014	-	93,888,425	53,795,428	36,527	3,973,728	36,082,742	10%
Computer	317,046,833	-	25,709,124	-	342,755,957	115,351,310	-	20,607,156	206,797,491	10%
Motor Vehicle	1,333,340,109	8,469,586	235,679,391	43,355,000	1,534,134,086	752,723,044	6,817,467	146,242,081	657,334,770	20%
Motor Vehicle-Lease	118,472,040	-	-	-	118,472,040	106,165,370	-	2,461,334	9,845,336	20%
Motor Cycle	430,657,905	-	75,073,400	28,304,600	477,426,705	219,165,807	-	47,127,480	231,569,075	20%
Books & Periodicals	528,794	-	-	-	528,794	528,660	-	40	94	30%
SAP Software	153,438,714	300,000	3,600,000	-	157,338,714	86,421,422	156,000	13,496,762	57,264,530	20%
VSAT	7,559,700	-	-	-	7,559,700	3,730,592	-	382,911	3,446,197	10%
Electrical Installation	16,358,915	-	-	-	16,358,915	11,942,804	-	662,417	3,753,694	15%
Sub-Total	5,365,973,808	9,205,688	389,104,054	71,659,600	5,692,623,950	1,709,248,369	7,260,125	304,697,231	1,971,786,792	
Grand Total Tk.	31,837,626,597	4,184,153,943	2,014,283,164	126,192,059	37,909,871,645	14,622,449,518	1,738,389,004	1,875,504,706	18,158,061,040	
Assets in Transit	70,698,212	-	504,883,454	305,917,408	269,664,258	-	-	-	269,664,258	-
Building under Construction	985,682,670	-	352,931,282	599,652,951	738,961,001	-	-	-	738,961,001	-
Capital Work in Progress	22,164,617	-	71,355,789	-	93,520,406	-	-	-	93,520,406	-
Carrying Value as on June 30, 2019	32,916,172,096	4,184,153,943	2,943,453,689	1,031,762,418	39,012,017,310	14,622,449,518	1,738,389,004	1,875,504,706	18,158,061,040	
									20,853,956,270	


SQUARE PHARMACEUTICALS LTD.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

Particulars	Notes	Amount in Taka	
		30 June 2019	30 June 2018
ASSETS:			
Non-Current Assets:			
		26,770,127,954	26,132,724,160
Property, Plant and Equipment-Carrying Value	2	20,760,435,864	18,271,557,962
Investment - Long Term (at Cost)	3	2,996,252,356	5,381,098,073
Investment in Marketable Securities (Fair Value)	4	3,013,439,734	2,480,068,125
Current Assets:			
		38,291,544,874	27,196,589,272
Inventories	5	4,596,512,673	3,642,090,783
Trade Debtors	6	1,561,818,167	1,587,211,300
Advances, Deposits and Prepayments	7	2,272,974,744	2,131,347,122
Short Term Loan	8	2,937,071,066	3,131,975,363
Cash and Cash Equivalents	9	26,923,168,224	16,703,964,704
TOTAL ASSETS		65,061,672,828	53,329,313,432
SHAREHOLDERS' EQUITY AND LIABILITIES:			
Shareholders' Equity:			
		60,806,054,977	46,662,876,378
Share Capital	10	7,890,084,660	7,373,910,900
Share Premium	11	2,035,465,000	2,035,465,000
General Reserve		105,878,200	105,878,200
Tax Exemption Reserve		2,211,743,936	-
Gain on Marketable Securities (Unrealized)		145,585,283	215,730,933
Retained Earnings		48,417,297,898	36,931,891,345
Non-Current Liabilities:			
		1,294,346,873	1,126,645,973
Deferred Tax Liability			
	12	1,294,346,873	1,126,645,973
Current Liabilities:			
		2,961,270,978	5,539,791,081
Trade Creditors	13	708,882,266	4,414,979,709
Liabilities for Expenses	14	238,201,942	89,622,042
Liabilities for Other Finance	15	2,014,186,770	1,035,189,330
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		65,061,672,828	53,329,313,432
Net Assets Value per Share (NAV)	25	77.07	59.14
Number of Shares used to compute NAV		789,008,466	789,008,466

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

Signed as per our annexed report on even date.


Samuel S Chowdhury
Chairman

Dhaka: 27 October, 2019


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary



Mahfel Huq & Co.
Chartered Accountants

SQUARE PHARMACEUTICALS LTD.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

Particulars	Notes	Amount in Taka	
		2018-2019	2017-2018
GROSS REVENUE	16	44,595,486,334	34,573,390,809
Less: Value Added Tax		5,909,830,520	4,568,415,918
NET REVENUE		38,685,655,814	30,004,974,891
COST OF GOODS SOLD	17	(19,711,065,988)	(15,598,608,803)
GROSS PROFIT		18,974,589,826	14,406,366,088
OPERATING EXPENSES:		(7,749,309,449)	(6,684,319,753)
Selling & Distribution Expenses	18	(6,559,717,827)	(5,661,467,912)
Administrative Expenses	19	(1,189,514,648)	(1,022,766,391)
Finance Cost	20	(76,974)	(85,450)
PROFIT FROM OPERATIONS		11,225,280,377	7,722,046,335
Other Income	21	3,438,272,847	3,644,261,128
PROFIT BEFORE WPPF & WF		14,663,553,224	11,366,307,463
Allocation for WPPF & WF	22	(698,264,439)	(541,252,736)
PROFIT BEFORE TAX		13,965,288,785	10,825,054,727
Income Tax Expenses-Current	23	(3,356,746,041)	(2,534,562,419)
Income Tax Expenses-Deferred		(45,679,213)	(70,966,504)
PROFIT AFTER TAX		10,562,863,531	8,219,525,804
Other Comprehensive Income:			
Gain/(Loss) on Marketable Securities (Unrealized)	24	(26,427,408)	(357,803,537)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		10,536,436,123	7,861,722,267
Earnings Per Share (EPS)	26	13.39	10.42
Number of Shares used to compute EPS		789,008,466	789,008,466

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

Signed as per our annexed report on even date.


Samuel S Chowdhury
Chairman

Dhaka: 27 October, 2019


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


Mahfel Huq & Co.
Chartered Accountants

SQUARE PHARMACEUTICALS LTD.


STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

Particulars	Share Capital	Share Premium	General Reserve	Tax Exemption Reserve	Gain/(Loss) on Marketable Securities (Unrealized)	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Opening Balance	7,373,910,900	2,035,465,000	105,878,200	-	215,730,933	36,931,891,345	46,662,876,378
Transfer for Merger of Square Formulation Ltd.	-	-	-	2,211,743,936	(43,718,242)	3,991,553,351	6,159,579,045
Transfer for Merger of Square Herbal & Nutraceuticals Ltd.	-	-	-	-	-	101,771,355	101,771,355
Total Comprehensive Income (Jul'18-Jun'19)	-	-	-	-	(26,427,408)	10,562,863,531	10,536,436,123
Cash Dividend (2017-2018)	-	-	-	-	-	(2,654,607,924)	(2,654,607,924)
Stock Dividend (2017-2018)	516,173,760	-	-	-	-	(516,173,760)	-
Closing Balance	7,890,084,660	2,035,465,000	105,878,200	2,211,743,936	145,585,283	48,417,297,898	60,806,054,977

FOR THE YEAR ENDED 30 JUNE 2018

Particulars	Share Capital	Share Premium	General Reserve	Tax Exemption Reserve	Gain/(Loss) on Marketable Securities (Unrealized)	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Opening Balance	6,859,452,000	2,035,465,000	105,878,200	-	573,534,470	31,627,632,641	41,201,962,311
Total Comprehensive Income (Jul'17-Jun'18)	-	-	-	-	(357,803,537)	8,219,525,804	7,861,722,267
Cash Dividend (2016-2017)	-	-	-	-	-	(2,400,808,200)	(2,400,808,200)
Stock Dividend (2016-2017)	514,458,900	-	-	-	-	(514,458,900)	-
Closing Balance	7,373,910,900	2,035,465,000	105,878,200	-	215,730,933	36,931,891,345	46,662,876,378


Samuel S Chowdhury
Chairman

Dhaka: 27 October, 2019



Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary

SQUARE PHARMACEUTICALS LTD.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

Particulars	Notes	Amount in Taka	
		2018-2019	2017-2018
Cash Flows From Operating Activities:			
RECEIPTS:			
Collections from Sales		46,430,571,626	34,963,996,963
Exchange Fluctuation Gain/(Loss)		4,868,172	1,026,292
Others		1,061,812,219	1,884,307,253
		47,497,252,017	36,849,330,508
PAYMENTS:			
Purchase of Raw and Packing Materials		13,624,279,051	9,041,567,738
Manufacturing and Operating Expenses		11,231,977,915	10,452,627,005
Value Added Tax		5,909,830,520	4,568,415,918
Finance Cost		76,974	85,450
Income Tax Expenses		3,173,411,708	2,728,132,899
Workers Profit Participation Fund		856,551,384	518,342,840
Others		110,410,713	53,861,023
		34,906,538,265	27,363,032,873
Net cash Generated from operating activities (A)		12,590,713,752	9,486,297,635
Cash Flows From Investing Activities			
Purchase of Fixed Assets		(1,988,630,413)	(3,033,214,978)
Disposal of Fixed Assets		66,594,884	49,109,965
Investment		132,488,925	(1,561,047,761)
Non Controlling Interest (Payment)		(209,054,502)	-
Short Term Loan		194,904,297	(3,110,589,073)
Gain on Sale of Marketable Securities		76,949,340	242,021,406
Interest Received		1,407,175,500	983,068,564
Dividend Received		358,507,847	283,336,484
		38,935,878	(6,147,315,393)
Net cash used/provided by investing activities (B)			
Cash Flows From Financing Activities			
Dividend Paid		(2,654,607,924)	(2,400,808,200)
		(2,654,607,924)	(2,400,808,200)
Net cash used by financing activities (C)			
Increase in Cash and Cash Equivalents (A+B+C)		9,975,041,706	938,174,042
Net Effect of Foreign Currency Translation on Cash and Cash Equivalents		31,625,635	76,215,214
Cash and Cash Equivalents at the Opening of SFRL		127,850,615	-
Cash and Cash Equivalents at the Opening of SHNL		84,685,564	-
Cash and Cash Equivalents at the Opening		16,703,964,704	15,689,575,448
Cash and Cash Equivalents at the Closing		26,923,168,224	16,703,964,704
Net Operating Cash Flow per Share (NOCF)	37	15.96	12.02
Number of Shares used to compute NOCF		789,008,466	789,008,466


Samuel S Chowdhury
Chairman

Dhaka: 27 October, 2019


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary

SQUARE PHARMACEUTICALS LTD.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 30 JUNE 2019

1. SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION

1.1 Legal Form Of The Company:

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

1.2 Address Of Registered Office And Factories:

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

Square Pharmaceuticals Ltd.:

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

1.3 Nature Of Business Activities:

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

1.4 Basis Of Preparation And Presentation Of Financial Statements:

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

1.5 Principal Accounting Policies:

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

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

1.6 Application Of International Accounting Standards (Ias):

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

IAS - 1	Presentation of Financial Statements
IAS - 2	Inventories
IAS - 7	Statement of Cash Flows
IAS - 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS - 10	Events after the Reporting Period
IAS - 12	Income Taxes
IAS - 16	Property, Plant and Equipment
IAS - 19	Employee Benefits
IAS - 21	The effects of Changes in Foreign Exchange Rates
IAS - 23	Borrowing Costs
IAS - 24	Related Party Disclosures
IAS - 26	Accounting and Reporting by Retirement Benefit Plans
IAS - 28	Investment in Associates and Joint Ventures
IAS - 32	Financial Instruments: Presentation
IAS - 33	Earnings Per Share
IAS - 36	Impairment of Assets
IAS - 37	Provisions, Contingent Liabilities and Contingent Assets
IFRS-7	Financial Instruments: Disclosure
IFRS-9	Financial Instruments: Subsequent Measurement
IFRS-13	Fair Value Measurement
IFRS-15	Revenue from Contracts with Customers
IFRS-16	Leases

1.7 Property, Plant And Equipment (Ias-16):

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

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

Impairment of Non-Current Assets (IAS-36):

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

1.8 Depreciation:

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

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

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

1.9 Financial Instruments:

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

Financial Assets:

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

Cash and Cash Equivalents:

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

Available for Sale of Financial Assets:

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

Trade Receivable (IFRS 9):

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

Financial Liabilities

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

1.10 Inventories:

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

Types of Stock

Raw Materials, Packing Materials and Work-in-Process

Finished Goods

Spares & Accessories

Goods-in-Transit

Basis of Valuation

Weighted Average Cost

At lower of cost or net estimated realizable value

Weighted Average Cost

At Cost

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

1.11 Income Taxes Expenses (IAS-12):

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

Current Income Tax

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

Deferred Tax

Deferred tax expenses is considered for the taxable income difference may arise for the reporting period, adjustments for prior years accumulated differences and changed in tax rate.

1.12 Employees Benefit Plans (IAS-19):

Provident Fund Benefit

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

Gratuity

The company has also a group insurance scheme, the company has applied for recognition to the gratuity fund from National Board of Revenue.

Group Insurance

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

Workers Profit Participation Fund and Welfare Fund

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

1.13 Revenue (IFRS-15)**(a) Sales of Goods:**

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

(b) Dividend income is recognized when the company has actually received the dividend in cash.

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

1.14 Adoption Of New IFRS:

The Company has initially applied IFRS 15 and IFRS 9 from 1 July 2018. A number of other new standards are also effective from 1 July 2018 but they do not have a material effect on the Company's financial statements. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards. Except for separately presenting impairment loss on trade receivables and contract liabilities.

A. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control-at a point in time or over time-requires judgment.

B. IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non- financial items. This standard replaces IAS 39 financial Instruments: Recognition and Measurement. As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI.

1.15 Foreign Currency Transactions:

Foreign currencies are translated into taka at the exchange rates ruling on the date of transactions in accordance with IAS-21 "The Effects of Changes in Foreign Exchange Rates". Bank deposit in foreign currency for retention quota account has been translated into taka at the year end at the rate of exchange ruling on that date and gain/(loss) have been accounted for as other income/(loss) in the Income Statement. Conversion Rate USD 1 = BDT 83.50.

1.16 Statement Of Cash Flows:

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

1.17 Earnings Per Share (EPS):

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

Weighted Average Number of Ordinary Shares Outstanding during the year

The Bonus Shares issued during the year 2017-2018 were treated as if they had been in issue in previous years also. Hence, in computing the Earnings per Share (EPS) of 2018-2019, the total number of shares including the said bonus shares has been considered as the Weighted Average Number of Shares Outstanding during the year 2017-2018.

Diluted Earnings per Share

Earnings per share of the previous year has been restated from 15.72 to 10.42.

1.18 Borrowing Cost (IAS-23):

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

1.19 Concentration Of Counterparty Risk:

As of June 30, 2019, the company does not have any significant concentration of business transacted with a particular customer, supplier or lender that could, if suddenly eliminated, have severe impact the company's operations. The company also does not have any concentration of available source of labour, service or licenses or other rights that could, if suddenly eliminated, have severe impact of the operations of the company.

1.20 Net Profit Before Tax:

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

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

1.21 Segment Reporting (IFRS-8):

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

1.22 Share Premium:

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

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

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

1.24 Provisions, Contingent Liabilities And Contingent Assets:

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

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

1.25 Research, Development And Experimental Costs:

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

1.26 General:

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

1.27 Comparative Information:

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

1.28 Merger With Square Formulations Ltd. And Square Herbal And Nutraceuticals Ltd.:

As the project of Square Formulations Ltd. (SFRL) is located within the premises of Square Pharmaceuticals Ltd. (SPL) at Kaliakoir, the separated operations of various aspects of SFRL is a complex one. Since SPL holds 99.50% of the Paid-up Capital of SFRL with only 0.50% being held by the minority shareholders, Board of Directors have recommended for amalgamation under provision of section 228 and 229 of the Companies Act 1994. Reason of merger between Square Herbal and Nutraceuticals Ltd. and Square Pharmaceuticals Ltd. is to reform Square Pharmaceuticals Ltd. into a diversified high performance and value added company, Board of Directors considered a proposal for amalgamation of Square Herbal and Nutraceuticals Ltd. with Square Pharmaceuticals Ltd. under provision of section 228 and 229 of the Companies Act 1994.

The Process of Merger:

After approval of Board of Directors and consent of minority shareholders, the Hon'ble High Court Division of the Supreme Court of Bangladesh has sanctioned the scheme of amalgamation of Square Formulations Ltd. with Square Pharmaceuticals Ltd. on 29th October, 2018. After approval of Board of Directors and consent of shareholders, the Hon'ble High Court Division of the Supreme Court of Bangladesh has sanctioned the scheme of amalgamation of Square Herbal & Nutraceuticals with Square Pharmaceuticals Ltd. on 29th October, 2018. The merger have been executed with effect from January 01, 2019.

Purchase Consideration:

Square Pharmaceuticals Ltd. holds 99.50% of the Paid-up Capital of Square Formulations Ltd. with only 0.50% being held by the minority shareholders. Compensation of the minority shareholders is based on cash at a book value shares as on 30 June, 2017 subject to approval by the Court of Jurisdiction, Hon'ble High Court Division of the Supreme Court of Bangladesh. Compensation of shareholders of Square Herbal & Nutraceuticals Ltd. is based on cash at a book value shares as on 30 June, 2017 subject to approval by the Court of Jurisdiction, Hon'ble High Court Division of the Supreme Court of Bangladesh.

IFRS Followed for the Business Combination:

The Company accounts for business combinations using the acquisition method when control is transferred to the Company. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. As the consideration transferred in the acquisition date is equals to net assets acquired at acquisition date, there is no goodwill or gain on bargain purchase arises as per para-9 of IFRS 3.

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
2. PROPERTY, PLANT AND EQUIPMENT: Tk. 20,760,435,864		
Details of property, plant and equipment and depreciation as at 30 June 2019 are shown in the annexed schedule - A. This is arrived at as follows:		
Fixed Assets at Cost:		
Opening Balance	32,894,007,480	29,863,871,981
Add: Amount of Square Formulations Ltd. due to Merger	3,723,710,402	-
Add: Amount of Square Herbal and Nutraceuticals Ltd. due to Merger	460,443,540	-
Addition during the Year	2,872,097,900	4,729,639,101
	39,950,259,322	34,593,511,082
Sales/Transfer during the year	(1,031,762,418)	(1,699,503,602)
Closing Balance	38,918,496,904	32,894,007,480
Accumulated Depreciation:		
Opening Balance	14,622,449,518	13,017,303,686
Add: Amount of Square Formulations Ltd. due to Merger	1,618,496,456	-
Add: Amount of Square Herbal and Nutraceuticals Ltd due to Merger	119,892,548	-
Charged during the Year	1,875,504,706	1,660,856,625
	18,236,343,228	14,678,160,311
Sales/Transfer during the Year	(78,282,188)	(55,710,793)
	18,158,061,040	14,622,449,518
Carrying Value	20,760,435,864	18,271,557,962
Allocation of depreciation charged for the year has been made in the accounts as follows:		
Factory Overhead	1,570,807,475	1,396,017,773
Selling and Distribution Expenses	194,779,298	164,768,982
Administrative Expenses	109,917,933	100,069,870
	1,875,504,706	1,660,856,625
3. INVESTMENT-Long Term (At Cost): Tk. 2,996,252,356		
This consists of the following:		
Subsidiary:		
(a) 995,000 Ordinary Shares of Tk. 100/- each in Square Formulations Ltd.	-	99,500,000
(b) Advance against Share Money with Square Formulations Ltd. for 20,000,000 Shares of Tk. 100/- each	-	2,000,000,000
(c) USD 2,555,000 has Invested in the Share of Square Pharmaceuticals Kenya EPZ Ltd.	216,263,887	216,263,887
	216,263,887	2,315,763,887
Associates:		
(a) 91,436,679 Ordinary Shares of Tk. 10/- each including Bonus Shares in Square Textiles Ltd.	225,129,795	225,129,795
(b) 199,750 Ordinary Shares of Tk. 1,000/- each in Square Hospitals Ltd.	210,750,000	210,750,000
(c) Advance against Share Money with Square Hospitals Ltd. for 1,537,500 Shares of Tk. 1,000/- each	1,537,500,000	1,537,500,000
(d) Investment in Square Fashions Ltd: - 252,000 Ordinary Shares of Tk. 100/- each - 210,000 Ordinary Shares of Tk. 600/- each *	151,200,000	151,200,000
	2,124,579,795	2,124,579,795

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
Others:		
(a) 120,000 Ordinary Shares of Tk.100/- each in United Hospital Ltd.	12,000,000	12,000,000
(b) 5,711,804 Ordinary Shares of Tk. 10/- each including Bonus Shares in Central Depository Bangladesh Ltd.	15,694,430	15,694,430
(c) Advance against Share Money with Square InformatiX Ltd. for 1,000,000 Shares of Tk. 100/- each.	100,000,000	100,000,000
(d) 250,002 Zero Coupon Bond in Lanka Bangla Finance Ltd.	104,032,523	180,052,115
(e) 250,000 Zero Coupon Bond in IDLC Finance Ltd.	89,688,142	128,946,811
(f) 200,000 Zero Coupon Bond in Bangladesh Steel Re-Rolling Mills Ltd.	46,650,453	87,695,154
(g) 150,000 Preference Share in Raj Lanka Power Company Ltd.	87,272,730	116,363,640
(h) 5 Non-Convertible Zero Coupon Bond in Shanta Holdings Ltd.	81,618,169	127,701,118
(i) 5 Non-Convertible Zero Coupon Bond in Durable Plastics Ltd.	29,143,864	40,806,477
(j) 100,000 Non-Convertible Zero Coupon Bond in Flamingo Fashions Ltd.	53,606,386	84,596,560
(k) 40 Non-Convertible Zero Coupon Bond in Envoy Textiles Ltd.	35,701,977	46,898,086
	655,408,674	940,754,391
	2,996,252,356	5,381,098,073

4. INVESTMENT IN MARKETABLE SECURITIES (Fair Value): Tk. 3,013,439,734

Particulars	Position of 2018-2019			Position of 2017-2018		
	Total Cost	Total Market Value	Realized/Unrealized Gain	Total Cost	Total Market Value	Realized/Unrealized Gain
Opening Balance	2,264,337,192	2,480,068,125	215,730,933	1,261,657,008	1,835,191,478	573,534,470
Add: Amount of Square Formulations	450,660,467	406,942,225	(43,718,242)	-	-	-
Add: Investment made during the year	276,026,580	326,548,512	50,521,932	1,288,460,847	1,172,678,716	(115,782,131)
Less: Disposed off during the year	(123,169,788)	(200,119,128)	(76,949,340)	(285,780,663)	(527,802,069)	(242,021,406)
Closing Balance	2,867,854,451	3,013,439,734	145,585,283	2,264,337,192	2,480,068,125	215,730,933

5. INVENTORIES: Tk. 4,596,512,673

The break-up is as under:

Raw Materials	1,531,223,724	1,121,094,686
Packing Materials	609,472,347	469,946,615
Work-in-Process	274,303,768	204,086,317
Finished Goods	1,226,561,623	941,732,136
Spares & Accessories	551,889,224	444,000,926
Goods- in-Transit	403,061,987	461,230,103
	4,596,512,673	3,642,090,783

The basis of valuation is stated in Note-1 (1.10)

6. TRADE DEBTORS: Tk. 1,561,818,167

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

Below 30 days	1,155,819,299	1,212,896,164
Within 31-60 days	139,437,374	151,314,845
Within 61-90 days	103,711,628	52,143,511
Above 90 days	162,849,866	170,856,780
	1,561,818,167	1,587,211,300

(ii) Debtors include Tk. 496,720,273 due from export sales of which Tk. 291,855,681 has since been realised.

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

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

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
7. ADVANCES, DEPOSITS & PREPAYMENTS: Tk. 2,272,974,744		
This consists of as follows:		
Advances:	591,120,002	1,023,773,655
Employees	189,352,951	177,166,722
Land Purchase	136,907,630	114,804,755
Suppliers	264,859,421	531,802,178
Income Tax	-	200,000,000
Deposits:	1,633,830,266	1,069,017,289
Value Added Tax	391,426,436	429,137,122
Earnest Money & Security Deposit	267,569,979	141,832,266
Interest on Fixed Deposit Receipts	966,890,119	488,240,998
Others	7,943,732	9,806,903
Prepayments:	48,024,476	38,556,178
Office Rent	11,390,890	6,385,565
Insurance Premium	36,633,586	32,170,613
	2,272,974,744	2,131,347,122

(a) Employees advances of Tk. 189,352,951 includes advance to officers Tk. 95,545,995.

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

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

8. SHORT TERM LOAN (Unsecured): Tk. 2,937,071,066

This consists of as follows:

(a) Square Textiles Ltd.	2,168,788,505	1,385,741
(b) Square Fashions Ltd.	672,588,614	79,314
(c) Square Denims Ltd.	-	2,168,142,032
(d) Square Apparels Ltd.	-	780,464,229
(e) Square Herbal & Nutraceuticals Ltd.	-	181,904,047
(f) Square Hospitals Ltd.	95,693,947	-
	2,937,071,066	3,131,975,363

9. CASH AND CASH EQUIVALENTS: Tk. 26,923,168,224

This is made up as follows:

(a) Cash in Hand	6,866,061	4,347,122
(b) Cash at Bank:	26,916,302,163	16,699,617,582
* Current Account	855,946,490	1,413,887,145
* STD Account	2,131,200,472	214,854,684
* Fixed Deposit Account (BD Taka)	20,853,809,226	12,713,244,578
* Fixed Deposit Account (USD)	2,283,903,416	1,936,582,928
* Export Retention Quota Account (USD)	702,111,670	393,523,444
* Margin Held Account (USD)	89,330,889	27,524,803
	26,923,168,224	16,703,964,704

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
10. SHARE CAPITAL: Tk. 7,890,084,660		
This is made up as follows:		
Authorised:		
1,000,000,000 Ordinary Shares of Tk.10/- each issued, subscribed and paid-up:	<u>10,000,000,000</u>	<u>10,000,000,000</u>
(a) By Cash:		
10,092,300 Ordinary Shares of Tk.10/- each fully paid-up in cash	100,923,000	100,923,000
(b) Other than Cash:		
40,020 Ordinary Shares of Tk.10/- each fully paid-up for consideration other than cash	400,200	400,200
(c) By issue of Bonus Share:		
778,876,146 Ordinary Shares of Tk.10/- each fully paid-up as Bonus Shares	7,788,761,460	7,272,587,700
	<u>7,890,084,660</u>	<u>7,373,910,900</u>

Composition of Shareholding of Ordinary Shares:

	2018-2019		2017-2018	
	No. of Shares	%	No. of Shares	%
Sponsors/Directors	271,635,920	34.43	253,865,349	34.43
Foreign Investors	160,644,201	20.36	146,401,066	19.85
Financial and Other Institutions	78,228,831	9.91	74,652,754	10.12
General Public	278,499,514	35.30	262,471,921	35.60
	789,008,466	100.00	737,391,090	100.00

The Distribution Schedule of each class of Equity Security setting out the number of holders and percentage as on 30 June 2019

Range of Holdings	As per Folio		As per BOID		Total Shareholding	%
	No. of Holders	Holdings	No. of Holders	Holdings		
Less than 500 Shares	645	100,192	33,142	4,224,794	4,324,986	0.55
501 to 5,000 Shares	852	1,438,564	17,868	29,101,422	30,539,986	3.87
5,001 to 10,000 Shares	178	1,145,551	2,364	16,521,984	17,667,535	2.24
10,001 to 20,000 Shares	57	801,001	1,173	16,124,941	16,925,942	2.15
20,001 to 30,000 Shares	13	316,033	428	10,495,791	10,811,824	1.37
30,001 to 40,000 Shares	8	270,267	184	6,342,484	6,612,751	0.84
40,001 to 50,000 Shares	7	332,597	143	6,337,519	6,670,116	0.85
50,001 to 100,000 Shares	9	629,499	214	14,632,797	15,262,296	1.93
100,001 to 1,000,000 Shares	9	4,505,684	251	69,479,179	73,984,863	9.38
Over 1,000,000 Shares	14	414,434,767	61	191,773,400	606,208,167	76.83
	1,792	423,974,155	55,828	365,034,311	789,008,466	100.01

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
11. SHARE PREMIUM:	2,035,465,000	2,035,465,000
12. DEFERRED TAX LIABILITY: Tk. 1,294,346,873		
This represents provision is made for deferred income tax to pay future income tax liability for temporary differences which is arrived at as follows:		
Opening Balance	1,126,645,973	1,055,679,469
Amount of Square Formulations Ltd. due to Merger	122,021,687	-
Addition during the Year	45,679,213	70,966,504
Closing Balance	1,294,346,873	1,126,645,973
Computation of Deferred Tax for the Year Ended 30 June, 2019:		
A. Property, Plant and Equipments excluding Cost of Land (Carrying Amount)	14,390,053,646	12,456,881,031
B. Property, Plant and Equipments excluding Cost of Land (Tax Base)	9,212,666,153	7,950,297,139
C. Taxable/(Deductible) Temporary Difference (A-B)	5,177,387,493	4,506,583,892
D. Deferred Tax Liabilities as on 30 June, 2019	1,294,346,873	1,126,645,973
E. Deferred Tax Liabilities as on 30 June, 2018	1,126,645,973	1,055,679,469
F. Deferred Tax Liabilities of Square Formulations Ltd. as on 31 December, 2018	122,021,687	-
G. Current Year's Deferred Tax Liabilities (D-E-F)	45,679,213	70,966,504
	708,882,266	4,414,979,709
13. TRADE CREDITORS:		
This represents amount payable to regular suppliers of raw materials, packing materials, promotional materials etc. All suppliers were paid on a regular basis.		
14. LIABILITIES FOR EXPENSES: Tk. 238,201,942		
This consists of as follows:		
Accrued Expenses	129,075,901	89,334,542
Provision for Gratuity	108,551,041	-
Audit Fees	575,000	287,500
	238,201,942	89,622,042
15. LIABILITIES FOR OTHER FINANCE: Tk. 2,014,186,770		
This consists of as follows:		
Sundry Creditors	641,736,368	442,013,565
Income Tax (Deduction at Source)	8,948,030	11,457,165
Retention Money	2,819,514	3,319,330
Workers' Profit Participation Fund and Welfare Fund	802,781,404	541,252,736
Income Tax Payable (Note-15.1)	557,901,454	37,146,534
	2,014,186,770	1,035,189,330
15.1. INCOME TAX PAYABLE: Tk. 557,901,454		
This is arrived at as follows:		
Opening balance	37,146,534	30,717,014
Add: Amount of Square Formulations Ltd. due to Merger	306,953,766	-
Add: Amount of Square Herbal and Nutraceuticals Ltd. due to Merger	30,466,821	-
Provision made for the Year (Note-23)	3,356,746,041	2,534,562,419
Tax Paid (Including Advance Income Tax during the Year)	(3,173,411,708)	(2,528,132,899)
	557,901,454	37,146,534

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
16. GROSS REVENUE: Tk. 44,595,486,334		
This is made up as follows:		
Local Sales	43,104,924,782	33,122,860,868
Export Sales Equivalent in US \$ 17,773,706 (FY 2017-2018 US \$ 17,130,884)	1,490,561,552	1,450,529,941
	44,595,486,334	34,573,390,809

(i) Revenue consists 646 Pharmaceuticals Products, 22 Basic Chemicals & Pellet Products, 74 (Locally Produced) AgroVet Products & 56 (Imported) AgroVet Products, 34 Corp Care Product and 26 Herbal & Nutraceuticals Products. The summarised quantities are as under:

(Quantity in thousand)

Category	Unit	Opening	Purchase/ Production	Sales/Transfer	(30-06-2019)
Tablet	Pcs	533,477	5,009,006	5,060,827	481,656
Capsule	Pcs	132,363	1,187,328	1,207,232	112,459
Liquid	Bottles	9,940	101,522	105,428	6,034
Injectable (Vial & Ampoule)	Pcs	4,378	42,028	39,021	7,385
Infusion (LVPO)	Bags	510	4,450	4,639	321
ENT & Opthal Preparation	Phials	2,881	23,276	24,600	1,557
Cream,Ointment,Spray,Gel & Others	Phials	3,304	38,978	39,631	2,651
Powder for Suspension	Bottles	2,055	16,925	17,953	1,027
Powder	Phials	717	9,869	9,591	995
Suppository	Pcs	8,562	49,697	56,145	2,114
Inhaler	Cans	5,154	34,087	35,726	3,515
Insulin	Pcs	188	1,508	1,520	176
Basic Chemical & Pellet	Kg	64	831	804	91
Pesticide-Liquid	Litre	95	703	648	150
Pesticide-Powder	Kg	655	2,931	3,017	569
Pesticide-Granuler	Kg	139	1,118	1,064	193

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

Items	Jul'2018-Jun'2019		Jul'2017-Jun'2018	
	Metric Ton	Amount (Taka)	Metric Ton	Amount (Taka)
1) Basic Chemicals	360.09	413,344,813	238.32	338,507,052
2) Pellet	181.01	302,890,160	53.01	128,555,132
		716,234,973		467,062,184

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

Particulars	Notes	Amount in Taka	
		30 June 2019	30 June 2018
17. COST OF GOODS SOLD: Tk. 19,711,065,988			
This is arrived at as follows:			
Raw Materials Consumed	17.1	8,382,162,956	6,153,549,385
Packing Materials Consumed	17.2	4,425,480,330	3,423,114,588
		12,807,643,286	9,576,663,973
Work-in-Process (Opening)		204,086,317	202,282,486
Opening Stock of Square Formulations Ltd. due to Merger		51,038,844	-
Opening Stock of Square Herbal and Nutraceuticals Ltd. due to Merger		4,947,065	-
Work-in-Process (Closing)		(274,303,768)	(204,086,317)
TOTAL CONSUMPTION		12,793,411,744	9,574,860,142
Factory Overhead	17.3	5,873,955,014	5,118,955,065
COST OF PRODUCTION		18,667,366,758	14,693,815,207
Purchase of Finished Goods		1,200,039,922	1,114,476,247
Finished Goods (Opening)		941,732,136	843,915,800
Opening Stock of Square Formulations Ltd. due to Merger		254,940,793	-
Opening Stock of Square Herbal and Nutraceuticals Ltd. due to Merger		17,037,811	-
Finished Goods (Closing)		(1,226,561,623)	(941,732,136)
		19,854,555,797	15,710,475,118
Cost of Physician Sample		(143,489,809)	(111,866,315)
		19,711,065,988	15,598,608,803

17.1. RAW MATERIALS CONSUMED: Tk. 8,382,162,956

This is arrived at as follows:

Opening Stock	1,121,094,686	1,068,908,054
Opening Stock of Square Formulations Ltd. due to Merger	336,520,834	-
Opening Stock of Square Herbal and Nutraceuticals Ltd. due to Merger	49,030,640	-
Purchase	8,406,740,520	6,205,736,017
Closing Stock	(1,531,223,724)	(1,121,094,686)
	8,382,162,956	6,153,549,385

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

Particulars	PCs		Quantity (Kg)				Total Value (Taka)
	Cap-shell	Active	Excepients	Colour	Flavour	Total	
Opening Balance	477,585,040	2,218,503	1,550,016	171,547	15,283	3,955,349	1,121,094,686
Opening Balance of Merger	-	-	-	-	-	-	385,551,474
Purchase	1,401,371,576	14,903,839	11,074,943	553,885	39,222	26,571,889	8,406,740,520
Available for use	1,878,956,616	17,122,342	12,624,959	725,432	54,505	30,527,238	9,913,386,680
Closing Balance	600,071,749	2,882,241	1,649,402	144,047	18,741	4,694,431	1,531,223,724
Consumption	1,278,884,867	14,240,101	10,975,557	581,385	35,764	25,832,807	8,382,162,956

Raw Materials consists of 1,267 items of which 78.94% (in value) are imported.

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
17.2. PACKING MATERIALS CONSUMED: Tk. 4,425,480,330		
This is arrived at as follows:		
Opening Stock	469,946,615	412,272,384
Opening Stock of Square Formulations Ltd. due to Merger	102,514,307	-
Opening Stock of Square Herbal and Nutraceuticals Ltd. due to Merger		
Purchase	16,295,522	-
Closing Stock	4,446,196,233	3,480,788,819
	(609,472,347)	(469,946,615)
	4,425,480,330	3,423,114,588

Summarised quantity of Packing Materials are stated as under:

(Quantity in thousand)

Category	Unit	Opening	Purchase	Consumption	Closing (30-06-19)
Inner Carton	Pcs	42,062	188,733	182,854	47,941
Shipper's Carton	Pcs	1,123	6,434	6,329	1,228
Label	Pcs	62,018	189,985	176,453	75,550
Direction Slip	Pcs	35,399	169,322	171,293	33,428
Container	Pcs	8,545	34,669	33,630	9,584
Blister Foil/Alu Lid Foil	Kg	76	279	233	122
Strip Foil	Kg	16	253	229	40
PVC/PVDC/PE Film	Kg	250	741	680	311
Auto Bottom Foil	Kg	131	384	347	168
Bottle (PET/HDPE/Glass)	Pcs	10,338	153,126	142,328	21,136
Ampoule	Pcs	11,873	51,260	53,301	9,832
Vial	Pcs	4,462	13,783	14,947	3,298
HDPE/LDPE Bag	Pcs	408	1,642	1,673	377
Flip Off Seal & Tear off Seal	Pcs	3,561	15,384	15,569	3,376
P.P Cap/Plastic Clousers & Others	Pcs	32,836	204,672	194,079	43,429
Tube	Pcs	6,716	45,140	40,969	10,887
Can	Pcs	2,143	4,540	5,422	1,261
Actuator	Pcs	1,300	1,784	1,884	1,200
Metered Valves	Pcs	733	11,410	9,444	2,699
Sachet	Kg	305	939	834	410
Syringe, Needle, Infusion Set	Pcs	1,755	4,706	4,860	1,601
Water for Injection	Pcs	1,548	19,218	19,223	1,543
Shrink Wrapping	Kg	858	4,309	4,251	916
Silica Gel, Gum Tape, Adhesive Tape	Pcs	1,533	23,201	21,301	3,433
Cup, Spoon, Dropper, Rubber Stopper	Pcs	18,552	182,545	171,861	29,236
Honey Comb	Pcs	148	443	454	137
Plastic Applicator	Pcs	532	3,614	2,921	1,225
Neck Lock & Zip Lock Bag	Pcs	736	4,082	4,378	440
Poly Pack, Poly Bag & Pouch Pack	Pcs	2,609	10,902	10,993	2,518

Packing Materials consists of 6,902 items of which 31.64% (in value) are imported.

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
17.3. FACTORY OVERHEAD: Tk. 5,873,955,014		
This is made up as follows:		
Salaries, Allowances and Wages	1,733,263,959	1,364,537,513
Factory Employees Free Lunch	116,581,293	105,286,194
Factory Staff Uniform	58,786,574	47,946,965
Travelling & Conveyance	42,022,844	37,947,623
Printing & Stationery	58,394,103	50,859,509
Postage, Telephone & Fax	8,033,508	6,798,306
Repairs & Maintenance	907,188,315	862,410,185
Laboratory Consumable Stores	322,446,944	295,476,430
Fuel, Petrol, Light Diesel etc.	226,558,990	225,922,494
Electricity, Gas & Water	501,661,993	427,151,187
Rental Expense	12,997,304	18,549,716
Municipal & Other Tax	9,646,652	9,417,359
Insurance Premium	20,654,132	19,263,816
Factory Sanitation Expenses	45,562,338	39,643,104
Depreciation	1,570,807,475	1,396,017,773
Security Services	49,238,023	52,920,554
Research & Development	122,590,710	101,170,048
Software & Hardware Support Services	56,693,782	49,133,143
Toll Charges	9,640,705	5,709,253
Other Expenses	1,185,370	2,793,893
	5,873,955,014	5,118,955,065
18. SELLING & DISTRIBUTION EXPENSES: Tk. 6,559,717,827		
This consists of as follows:		
Salaries and Allowances	1,194,607,091	1,022,411,149
Travelling and Conveyance	110,388,860	96,658,323
Training Expenses	3,268,850	2,608,502
Printing and Stationery	65,200,041	57,032,773
Postage, Telephone, Fax & Telex	62,684,478	43,224,424
Electricity, Gas and Water	28,812,996	27,622,946
Tiffin and Refreshment	25,578,471	23,878,053
Staff Uniform	5,139,460	3,875,130
Sanitation Expenses	8,296,629	-
Office and Godown Rent	24,055,899	24,653,163
Bank Charges	12,370,206	11,473,588
Repairs and Maintenance including car maintenance	393,003,642	347,271,541
Govt. Taxes and Licence Fees	35,696,734	26,116,013
Field Staff Salaries, Allowances, TA and DA	1,733,096,954	1,496,004,166
Marketing and Promotional Expenses	1,093,686,651	995,510,073
Advertisement	697,500	726,070
Delivery and Packing Expenses	105,990,231	91,421,612
Export Expenses	135,141,629	120,402,757
Special Discount	967,666,913	837,183,408
Sample Expenses	192,734,833	149,305,705
Security Services	72,588,237	71,023,552
Depreciation	194,779,298	164,768,982
Software, Hardware Support & VSAT Services	37,390,961	31,784,460
Insurance Premium	4,113,237	12,087,192
Faulty & Obsolete Goods	51,943,116	-
Other Expenses	784,910	4,424,330
	6,559,717,827	5,661,467,912

Audit fees of Tk. 287,500 represents fees for audit of the financial statements of the company for the year 2017-2018.

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
19. ADMINISTRATIVE EXPENSES: Tk. 1,189,514,648		
This consists of as follows:		
Salaries and Allowances	379,458,433	333,417,542
Directors' Remuneration	69,946,924	73,431,268
Travelling and Conveyance	146,156,670	124,414,844
Training Expenses	10,357,791	9,077,594
Printing and Stationery	16,132,527	14,267,100
Postage, Telephone, Internet	10,436,143	10,439,245
Electricity, Gas & Water	27,560,121	20,261,368
Tiffin and Refreshment	59,594,013	51,693,203
Staff Uniform	2,376,294	2,076,125
Office Rent	15,201,375	15,203,271
Sanitation Expenses	5,149,271	2,383,500
Books and Periodicals	603,951	326,751
Subscription and Donation	10,350,018	5,577,709
Advertisement	5,303,439	2,278,617
Repairs and Maintenance	160,153,704	139,651,444
Bank Charges	15,349,410	22,952,287
Insurance Premium	13,909,598	12,260,031
Govt. Taxes, Stamp Duty & Licence Fee	9,296,553	9,074,385
Security Services	45,677,125	37,670,238
Management Consultant Fees	267,500	627,976
Legal Charges	3,522,850	2,238,125
Audit Fees	575,000	287,500
Depreciation	109,917,933	100,069,870
Annual General Meeting Expenses	729,584	2,933,924
Software & Hardware Support Services	65,447,155	19,690,635
Share Demat, Remat & Transfer Fees	4,763,980	8,895,950
Other Expenses	1,277,286	1,565,889
	1,189,514,648	1,022,766,391
Audit fees of Tk. 575,000 represents fees for audit of the financial statements of the company for the year 2018-2019.		
20. FINANCE COST: Tk. 76,974		
This is made up as follows:		
Interest on Cash Credit	-	58,546
Interest on Overdraft	76,974	26,904
	76,974	85,450
21. OTHER INCOME: Tk. 3,438,272,847		
This is made up as follows:		
Bank Interest	1,666,963,756	1,031,252,228
Interest on Loan to Sister Concern	183,947,672	68,391,438
Rental Income	12,722,544	24,101,967
Sale of Scrap	30,331,300	26,978,784
Dividend	358,507,847	283,336,484
Foreign Exchange Fluctuation Gain	36,493,807	86,057,351
Commission Received	1,018,758,375	1,833,226,502
Gain on Redemption of Zero Coupon Bond	34,913,193	27,488,416
Gain on Marketable Securities (Realized)	76,949,340	242,021,406
	3,419,587,834	3,622,854,576
Profit on Sale of Property, Plant & Equipment (Note-28)	18,685,013	21,406,552
	3,438,272,847	3,644,261,128

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
22. ALLOCATION FOR WPPF & WF:	698,264,439	541,252,736
This represents 5% of Net Profit before Tax after charging the allocation as per provisions of the Companies Profit under Labour Law 2016, Chapter-15.		
23. INCOME TAX EXPENSES-Current: Tk. 3,356,746,041		
Current Tax (Provision for the Year)	3,356,746,041	2,534,562,419
24. GAIN/(LOSS) ON MARKETABLE SECURITIES (UNREALIZED): Tk. (26,427,408)		
Unrealized Gain/(Loss) Position (Closing)	145,585,283	215,730,933
(-) Unrealized Gain/(Loss) Position (Opening)	215,730,933	573,534,470
Gain/(Loss) on Marketable Securities during the Year	(70,145,650)	(357,803,537)
Less: Loss Amount of Square Formulations Ltd. due to Merger	(43,718,242)	-
	(26,427,408)	(357,803,537)

25. NET ASSET VALUE PER SHARE (NAV) - Tk. 77.07

The computation is given below:

Equity Attributable to the Ordinary Shareholders	60,806,054,977	46,662,876,378
Weighted average number of Shares outstanding during the year	789,008,466	789,008,466
Net Asset Value Per Share (NAV)	77.07	59.14

26. EARNINGS PER SHARE (EPS) - Tk. 13.39

The computation is given below:

Surplus for the year attributable to Shareholders (Net Profit after Tax)	10,562,863,531	8,219,525,804
Weighted average number of Shares outstanding during the year	789,008,466	789,008,466
Earnings per Share	13.39	10.42

27. APPROPRIATION DURING THE PERIOD:

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

Balance of Net Profit though carried forward in the Statement of Financial Position will be applied for payment of this year's cash dividend proposed by the Board of Directors @ Tk. 4.20 per share and will be recognised as liability in the accounts as and when approved by the Shareholders in the Annual General Meeting. The total amount of Proposed Cash Dividend for the year 2018-2019 is calculated at Tk. 3,313,835,557.

The Board of Directors also proposed Bonus Shares (Stock Dividend) @ 7% per Share and total amount of proposed Bonus Share (Stock Dividend) for the year is calculated at Tk.552,305,902.

28. PARTICULARS OF DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR JUL'2018-JUN'2019:

Particulars of Assets	Cost	Acc. Depreciation Upto 30-06-2019	W.D.V as on 30-06-2019	Sales Price	Profit/(Loss)
Land & Land Development	4,839,554	-	4,839,554	6,571,604	1,732,050
Plant & Machinery	31,507,905	16,164,376	15,343,529	13,894,176	(1,449,353)
Motor Vehicle	61,540,000	41,682,155	19,857,845	31,077,526	11,219,681
Motor Cycle	28,304,600	20,435,657	7,868,943	15,051,578	7,182,635
Tk.	126,192,059	78,282,188	47,909,871	66,594,884	18,685,013

Particulars	Amount in Taka	
	30 June 2019	30 June 2018

29. PRODUCTION CAPACITY AND UTILISATION:

(Quantity in thousand)

Category	Unit	Rated Capacity as on 30-06-2019	Actual Production	Capacity Utilisation (%)
Tablet	Piece	7,184,288	5,009,006	70%
Capsule	Piece	1,489,251	1,187,328	80%
Liquid	Bottle	165,815	101,522	61%
Injectable (Vial & Ampoule)	Piece	76,185	42,028	55%
Infusion (LVPO)	Bag	15,473	4,450	29%
ENT & Opthal Preparation	Phial	34,542	23,276	67%
Cream,Ointment,Spray,Gel & Others	Phial	107,327	38,978	36%
Powder for Suspension	Bottle	22,292	16,925	76%
Powder	Phial	24,351	9,869	41%
Suppository	Piece	92,282	49,697	54%
Inhaler	Can	107,803	34,087	32%
Insulin & Insulin Cartridge	Piece	12,614	1,508	12%
Basic Chemical & Pellet	Kg	908	831	92%

30. NUMBER OF EMPLOYEES

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

31. CAPITAL EXPENDITURE COMMITMENT

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

There was no material capital expenditure authorised by the Board but not contracted for at 30, June 2019.

32. DIVIDEND PAID TO THE SHAREHOLDERS:

During the year under review total cash dividend for 2017-2018 amounting to Tk. 2,654,607,924 has been paid to the Shareholders and also bonus shares amounting to Tk. 516,173,760 for the year 2017-2018 have been accounted for. Dividend were paid in local currency to the local custodian bank of the shareholders as such no dividend was remitted in foreign currency.

33. CLAIM NOT ACKNOWLEDGED AS DEBT:

There was no claim against the company not acknowledged as debt as on 30-06-2019.

34. UN-AVAILED CREDIT FACILITIES:

There was no credit facility available to the company under any contract but not availed of as on 30-06-2019 other than bank credit facility and trade credit available in the ordinary course of business.

35. EVENTS AFTER THE REPORTING PERIOD:

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

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
36. RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit after Tax	10,562,863,531	8,219,525,804
Adjustment to Reconcile Net Profit to Net Cash Provided by Operating Activities:		
Non-Cash Expenses:	1,889,558,284	1,645,765,779
Depreciation	1,875,504,706	1,660,856,625
Exchange Rate Fluctuation	(31,625,635)	(86,057,350)
Deferred Tax	45,679,213	70,966,504
Non-Operating Items:	(2,339,966,821)	(1,673,896,524)
Dividend Income	(358,507,847)	(283,336,484)
Others	(1,981,458,974)	(1,390,560,040)
Changes in Working Capital:	2,478,258,758	1,294,902,576
(Increase)/Decrease in Inventories	18,265,388	(653,969,179)
(Increase)/Decrease in Trade Debtors	1,690,877,428	601,236,420
(Increase)/Decrease in Advances, Deposits and Prepayments	506,792,242	(686,551,475)
Increase/(Decrease) in Trade Creditors	134,210,189	1,994,399,077
Increase/(Decrease) in Liabilities for Expenses	148,553,450	67,684,856
Increase/(Decrease) in Liabilities for Other Finance	(20,439,939)	(27,897,123)
Net Cash Generated from Operating Activities	12,590,713,752	9,486,297,635
37. NET OPERATING CASH FLOW PER SHARE (NOCF) - Tk. 15.96		
The computation is given below:		
Net Cash Generated from Operating Activities	12,590,713,752	9,486,297,635
Weighted average number of Shares outstanding during the year	789,008,466	789,008,466
Net Operating Cash Flow Per Share (NOCF)	15.96	12.02
38.1 RELATED PARTY TRANSACTIONS:		
The company did not do any related transactions with its sister concern other than its subsidiary/associates undertaking viz Square Textiles Ltd., Square Fashions Ltd., Square Hospitals Ltd., Square InformatiX Ltd., Square Formulations Ltd., Square Denims Ltd. & Square Apparels Ltd., Square Securities Manament Ltd., Square Herbal & Nutraceuticals Ltd., Pharma Packages (Pvt) Ltd. and AEGIS Services Ltd. during the year reporting. The summary is as follows:		
Transaction with Square Textiles Ltd:		
Opening Balance	1,385,741	21,386,290
Total Paid during the Year	3,060,221,075	71,714,273
Total Realized during the Year	(892,818,311)	(91,714,822)
Closing Balance (Receivable)	2,168,788,505	1,385,741
Transaction with Square Fashions Ltd.:		
Opening Balance	79,314	-
Total Paid during the Year	5,584,103,377	374,717,405
Total Realized during the Year	(4,911,594,077)	(374,638,091)
Closing Balance (Receivable)	672,588,614	79,314

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
Transaction with Square Hospitals Ltd.:		
Opening Balance	-	-
Total Paid during the Year	401,810,175	415,658,564
Total Realized during the Year	(306,116,228)	(415,658,564)
Closing Balance (Receivable)	95,693,947	-
Transaction with Square InformatiX Ltd.:		
Opening Balance	(3,667,348)	-
Total Paid during the Year	51,643,602	62,242,881
Total Realized during the Year	(50,190,586)	(65,910,229)
Closing Balance (Payable)	(2,214,332)	(3,667,348)
Transaction with Square Formulations Ltd.:		
Opening Balance	(3,957,792,509)	(1,700,295,979)
Total Paid during the Year	10,410,802,882	8,075,724,157
Total Realized during the Year	(6,453,010,373)	(10,333,220,687)
Closing Balance (Payable)	-	(3,957,792,509)
Transaction with Square Denims Ltd.:		
Opening Balance	2,168,142,032	-
Total Paid during the Year	1,128,865,661	2,909,268,236
Total Realized during the Year	(3,297,007,693)	(741,126,204)
Closing Balance (Receivable)	-	2,168,142,032
Transaction with Square Apparels Ltd.:		
Opening Balance	780,464,229	-
Total Paid during the Year	456,626,345	1,012,546,469
Total Realized during the Year	(1,237,090,574)	(232,082,240)
Closing Balance (Receivable)	-	780,464,229
Transaction with Square Securities Management Ltd.:		
Opening Balance	33,628,743	94,288,022
Total Paid during the Year	262,282,369	1,227,802,069
Total Realized during the Year	(276,027,080)	(1,288,461,348)
Closing Balance (Receivable)	19,884,032	33,628,743
Transaction with Square Herbal & Nutraceuticals Ltd.:		
Opening Balance	477,903,193	197,046,660
Total Paid during the Year	38,429,241	671,018,806
Total Realized during the Year	(516,332,434)	(390,162,273)
Closing Balance (Receivable)	-	477,903,193
Transaction with Pharma Packages (Pvt.) Ltd.:		
Opening Balance	100,200,000	-
Total Paid during the Year	367,330,215	450,200,000
Total Realized during the Year	(350,027,450)	(350,000,000)
Closing Balance (Receivable)	117,502,765	100,200,000
Transaction with AEGIS Services Ltd.:		
Opening Balance	-	11,009
Total Received during the Year	47,261,357	49,226,916
Total Paid during the Year	(46,961,357)	(49,237,925)
Closing Balance (Receivable)	300,000	-

Particulars	Amount in Taka	
	30 June 2019	30 June 2018

38.2 KEY MANAGEMENT PERSONNEL COMPENSATION:

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

Short-Term Employee Benefits	390,123,367	311,313,523
Post-Employment Benefits	49,139,108	7,792,010
Other Long-Term Benefits	-	-
Termination Benefits	-	-
Share-Based Payment	-	-

39 CONTINGENT LIABILITIES:

Bank Guarantee	124,303,303	58,762,118
Letter of Credit (L.C) Liabilities	2,140,016,542	1,500,255,266
	2,264,319,845	1,559,017,384

Contingent Liabilities at the Balance Sheet date are as follows:

39.1 Bank Guarantee:

Shahjalal Islami Bank Ltd.	79,461,601	44,245,114
Standard Chartered Bank	43,209,870	14,517,004
Prime Bank Ltd.	1,631,832	-
	124,303,303	58,762,118

39.2 Letter Of Credit (L.c) Liabilities:

Standard Chartered Bank	574,167,291	221,451,912
HSBC Ltd.	312,120,292	303,031,532
Citibank N.A	82,866,441	377,705,483
Commercial Bank of Cylon PLC	22,071,251	48,977,137
Prime Bank Ltd.	246,077,911	38,486,406
Mercantile Bank Ltd.	561,053,110	170,293,690
Bank Asia Ltd.	251,285,532	70,425,765
Brac Bank Ltd.	-	8,118,250
Eastern Bank Ltd.	34,101,101	60,839,502
Shahjalal Islami Bank Ltd.	54,976,714	33,891,418
Bank Alfalah Ltd.	1,296,899	167,034,171
	2,140,016,542	1,500,255,266

39.3 There were no claims legal or otherwise, not acknowledged as debt, outstanding as of the end of the reporting period. There was no unprovided committed expenditure as at June 30, 2019.

40. FINANCIAL RISK MANAGEMENT:

International Financial Reporting Standard (IFRS) 7 - Financial instruments: Disclosures - requires disclosure of information relating to: both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information- the Company's policies for controlling risks and exposures.

International Financial Reporting Standard (IFRS) 7 - Financial instruments: Disclosures - requires disclosure of information relating to: both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information- the Company's policies for controlling risks and exposures.

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

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

40.1. CREDIT RISK:

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

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

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

a) Exposure of Credit Risk

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

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
Trade Debtors (Local & Export)	1,561,818,167	1,587,211,300
Advances, Deposits and Prepayments	2,272,924,744	2,131,347,122
Cash and Bank Balances	26,923,168,224	16,703,964,704
	30,757,911,135	20,422,523,126
b) Ageing of Receivables		
Dues up to 3 months	1,398,968,301	1,364,211,009
Dues over 3 months	162,849,866	223,000,291
	1,561,818,167	1,587,211,300

c) Credit Exposure by Credit Rating

	Credit Rating	As on 30-06-2019 Amount (Taka)	As on 30-06-2018 Amount (Taka)
	Trade Debtors (Local & Export)	NR	1,561,818,167
Advances, Deposits and Prepayments	NR	2,272,924,744	2,131,347,122
Cash and Bank Balances:			
- Cash in Hand	NR	6,866,061	4,347,122
- Cash at Bank:		26,916,302,163	16,699,617,582
Bank Asia Ltd.	AA2	21,558,445	45,785,739
Bank Alfalah Ltd.	AA	1,332,366	35,577,954
Brac Bank Ltd.	AA+	2,263,703,867	819,367,293
Citibank N.A	A1	13,345,052	82,010,501
Commercial Bank of Ceylon Ltd.	AAA	252,604,300	36,300,318
Dutch-Bangla Bank Ltd.	AA+	1,905,233	1,909,803
Eastern Bank Ltd.	AA+	34,963,591	72,692,160
HSBC Ltd.	AAA	1,517,200,350	627,876,157
Janata Bank Ltd.	AAA	354,252,714	309,097,867
Mercantile Bank Ltd.	AA	1,840,372,159	1,040,354,016
Mutual Trust Bank Ltd.	AA	1,286,432,154	934,639,395
Prime Bank Ltd.	AA	3,457,474,264	3,215,199,838
Standard Chartered Bank	AAA	1,504,404,829	1,020,374,614
Shahjalal Islami Bank Ltd.	AA2	1,259,687,767	1,130,141,706
Sonali Bank Ltd.	AAA	137,105,458	279,824,966
Shimanto Bank Ltd.	-	498,675	-
Trust Bank Ltd.	AA2	65,513	138,182
The City Bank Ltd.	AA2	1,999,511,394	1,000,000,000
IDLC Finance Ltd.	AAA	1,800,000,000	774,929,218
National Housing Finance And Investments Ltd.	A1	2,700,000,000	882,684,112
IPDC Finance Ltd.	AA1	2,000,000,000	667,085,000
LankaBangla Finance Ltd.	AA3	1,050,000,000	940,000,000
Social Islami Bank Ltd.	AA	-	100,000,000
Industrial and Infrastructure Development Company Ltd.	AA+	700,000,000	450,000,000
Delta Brac Housing Finance Corporation Ltd.	AAA	1,000,000,000	600,000,000
Southeast Bank Ltd.	AA	1,500,000,000	200,000,000
Square Securities Management Ltd.	-	19,884,032	33,628,743
Dhaka Bank Ltd.	AA	-	700,000,000
Al-Arafah Islami Bank Ltd.	AA	200,000,000	500,000,000
AB Bank Ltd.	A2	-	200,000,000

40.2 LIQUIDITY RISK:

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity (Cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or jeopardizing to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time.

line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

The following are the contractual maturities of financial liabilities:

Category of Liabilities	Carrying Amount Taka	Maturity Period	Contractual Cash Flow Taka	Amount in Taka	
				30 June 2019	30 June 2018
Creditors and Accruals	2,961,270,979		2,961,270,979	Within 6 Months or less Taka	Within 6-12 Months Taka
					2,961,270,979

40.3 MARKET RISK

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

a) Currency Risk

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

(i) Exposure to Currency Risk

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

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

	30-06-2019	30-06-2018
Exchange Rate of US Dollar	83.50	82.75

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

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

b) Interest Rate Risk

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

(i) Profile

As at 30 June, 2019 the interest rate risk profile of the company's interest bearing financial instruments was:

	30-06-2019	30-06-2018
Fixed Rate Instrument		
- Financial Asset	23,137,712,642	14,649,827,506
- Financial Liability	Nil	Nil
Variable Rate Instrument		
- Financial Asset	Nil	Nil
- Financial Liability	Nil	Nil

(ii) Cash Flow Sensitivity Analysis for Variable Rate Instruments

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

40.4 ACCOUNTING CLASSIFICATION AND FAIR VALUE

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

Particulars	Carrying Amount as on 30-06-2019 Taka	Fair Value as on 30-06-2019 Taka	Carrying Amount as on 30-06-2018 Taka	Fair Value as on 30-06-2018 Taka
Assets Carried at Fair Value through Statement of Comprehensive Income	2,867,854,451	3,013,439,734	2,264,337,192	2,480,068,125
(Investment in Marketable Securities)				
Held to Maturity Assets				
FDR with Banks and Financial Institutions	23,137,712,642	23,137,712,642	14,649,827,506	14,649,827,506
Loans on Receivables:				
Trade Receivables	1,561,818,167	1,561,818,167	1,587,211,300	1,587,211,300
Security Deposit	267,569,979	267,569,979	141,832,266	141,832,266
Cash and Bank Balances	26,923,168,224	26,923,168,224	16,703,964,704	16,703,964,704
Available for Sale of Financial Assets	3,075,345,976	3,075,345,976	2,357,631,175	2,357,631,175

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

SQUARE PHARMACEUTICALS LTD.

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

Schedule-01

PARTICULARS	COST				DEPRECIATION				Net Book Value as at 30 June 2019	Rate of Dep.
	At 30 June 2018	During the year		At 30 June 2019	At 30 June 2018	During the year		At 30 June 2019		
		Additions due to Merger	Additions			Sales/Transfer	Additions due to Merger			
FACTORIES:										
Land	2,934,341,392	182,666,012	412,504,425	3,524,672,275	-	-	-	-	3,524,672,275	-
Building	7,311,973,692	305,647,704	594,567,432	8,212,188,828	3,499,639,241	116,458,787	439,906,749	4,056,004,777	4,156,184,051	10%
Boundary Wall	593,903	-	-	593,903	341,845	-	25,206	367,051	226,852	10%
Plant & Machinery	12,288,505,463	2,167,691,056	308,531,442	14,733,220,056	7,398,164,919	961,067,776	848,581,450	9,191,649,769	5,541,570,287	15%
Laboratory Equipment	1,690,183,085	345,635,209	135,628,636	2,171,446,930	682,378,788	126,247,674	116,360,577	924,987,039	1,246,459,891	10%
Furniture & Fixture	609,037,542	248,065,204	51,846,797	908,949,543	261,214,015	79,290,404	45,436,458	385,940,877	523,008,666	10%
Office Equipment	375,638,008	226,486,249	40,168,855	642,293,112	152,768,701	82,695,597	31,155,666	266,619,964	375,673,148	10%
Computer	163,697,273	10,925,966	28,129,023	202,752,262	53,310,107	3,846,559	14,297,312	71,453,978	131,298,284	10%
Motor Vehicles	411,987,902	9,310,000	46,282,500	449,395,402	239,397,477	4,322,347	40,990,846	272,011,791	177,383,611	20%
Motor Vehicle-Lease	2,085,000	-	-	2,085,000	1,997,886	-	17,423	2,015,309	69,691	20%
Electromechanical Equipments	560,310,601	539,436,086	-	1,099,746,687	537,070,833	288,733,872	22,288,632	848,093,337	251,653,350	15%
Electrical Installation	84,425,119	125,821,782	7,520,000	217,766,901	60,309,758	62,617,468	9,351,128	132,278,354	85,488,547	15%
Gas Line Installation	38,873,810	13,262,986	-	52,136,796	26,607,579	5,848,395	2,396,028	34,852,002	17,284,794	15%
Sub-Total	26,471,652,790	4,174,948,254	1,625,179,110	32,217,247,695	12,913,201,149	1,731,128,879	1,570,807,475	16,186,274,248	16,030,973,447	
HEAD OFFICE & OTHERS:										
Land	1,849,062,530	-	31,092,473	1,880,155,003	-	-	-	-	1,880,155,003	-
Building	885,216,580	-	7,357,267	892,573,847	291,180,594	-	59,850,065	351,030,659	541,543,188	10%
Boundary Wall	10,855,163	-	-	10,855,163	4,747,971	-	610,719	5,358,690	5,496,473	10%
Furniture & Fixture	150,163,114	377,102	10,036,385	160,576,601	63,495,367	250,131	9,282,538	73,028,036	87,548,565	10%
Office Equipment	93,273,411	59,000	556,014	93,888,425	53,795,428	36,527	3,973,728	57,805,683	36,082,742	10%
Computer	322,761,383	-	29,309,124	352,070,507	115,750,505	-	21,749,131	137,499,636	214,570,871	10%
Motor Vehicle	1,341,809,695	-	235,679,391	1,577,489,086	759,540,511	-	146,242,081	876,799,316	657,334,770	20%
Motor Vehicle-Lease	118,472,040	-	-	118,472,040	106,165,370	-	2,461,334	108,626,704	9,845,336	20%
Motor Cycle	422,188,319	8,469,586	75,073,400	477,426,705	212,348,340	6,817,467	47,127,480	245,857,630	231,569,075	20%
Books & Periodicals	528,794	-	-	528,794	528,660	-	40	528,700	94	30%
SAP Software	147,724,164	300,000	-	148,024,164	86,022,227	156,000	12,354,787	98,533,014	49,491,150	20%
VSAT	7,559,700	-	-	7,559,700	3,730,592	-	382,911	4,113,503	3,446,197	10%
Electrical Installation	16,358,915	-	-	16,358,915	11,942,804	-	662,417	12,605,221	3,753,694	15%
Sub-Total	5,365,973,808	9,205,688	389,104,054	5,699,627,350	1,709,248,369	7,260,125	304,697,231	49,418,933	3,720,837,158	
Grand Total Tk.	31,837,626,598	4,184,153,942	2,014,283,164	37,909,871,695	14,622,449,518	1,738,389,004	1,875,504,706	18,158,061,040	19,751,810,605	
Plant & Machinery in Transit	70,698,212	-	504,883,454	269,664,258	-	-	-	-	269,664,258	-
Building under Construction	985,682,670	-	352,931,282	599,652,951	-	-	-	-	738,961,001	-
Carrying Value as on June 30, 2019	32,894,007,480	4,184,153,942	2,872,097,900	38,918,496,904	14,622,449,518	1,738,389,004	1,875,504,706	18,158,061,040	20,760,435,864	



Annual Report 2018-2019

Year ended 30 June 2019

Subsidiary Profile

Contents



Subsidiary Profile

Square Pharmaceuticals Kenya EPZ Ltd.

- 116: Directors Report
- 117: Auditors' Report
- 118: Statement of Financial Position
- 119: Statement of Profit or Loss and
other Comprehensive Income
- 120: Statement of Changes in Equity
- 121: Statement of Cash Flows



SQUARE

Square Pharmaceuticals Kenya EPZ Ltd.

DIRECTORS' REPORT to the Members for the year ended 30 June, 2019

Square Pharmaceuticals Kenya EPZ Ltd. (SPL Kenya) incorporated as a pharmaceuticals manufacturing company under the Companies Act 2015 of Kenya as a Private Company Limited by shares on 7th June 2017 with a nominal share capital of KSH 800,000,000 (equivalent to USD 7,750 million) divided into 800,000 shares of KSH 100 each.

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

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

PRINCIPLE ACTIVITIES

The principle activity of SPL Kenya is to manufacture and sell generic pharmaceutical medicines in Kenya and in the East African Community (EAC).

SHAREHOLDING

Square Pharmaceuticals Ltd., Dhaka, Bangladesh holds 100% nominal share capital of KSH 800,000,000 divided into 800,000 shares of KSH 100 each.

BOARD OF DIRECTORS

The Board of Director of SPL Kenya consists of the following persons. Except Dr. Iruki Mwithali Kailemia, all are nominees of Square Pharmaceuticals Ltd., Dhaka, Bangladesh:

Mr. Samuel S Chowdhury	Chairman
Mrs. Ratna Patra	Vice Chairman
Mr. Tapan Chowdhury	Managing Director
Mr. Anjan Chowdhury	Director
Dr. Iruki Mwithali Kailemia	Director
Mrs. Nihad Kabir	Director

IMPLEMENTATION/OPERATION

The formulation plant of SPL Kenya with a capacity to manufacture 2 billion tablets and capsules and 30 million bottles of liquid formulation each year, with an estimated total project cost is USD 21 million and working capital requirement of USD 4 million is actively underway.

The project cost will be financed by following:

Equity Investment	- USD 8 million
Loan finance	- USD 9 million

An amount of USD 855,793 has already been incurred upto 30 June, 2019 as Capital Work in Progress, which as follows:

Boundary Wall	- USD 114,743
Factory Building	- USD 312,250
Consultancy Fees	- USD 428,800

The project is expected to be completed in 2020, the trial and commercial production are estimated to be commenced by June and September, 2020 respectively.

FINANCIAL STATEMENT


Auditors Report on the Financial Statement for the year ended 30 June 2019 is placed herewith.

INDEPENDENT AUDITOR

Messrs. Shariff and Associates, Certified Public Accountants (Kenya) being eligible have expressed their willingness to continue the office for the year 2019-2020.

ACKNOWLEDGEMENT

The Directors record with appreciation support, services and co-operation rendered by all concern.


Samuel S Chowdhury
Chairman

SHARIFF & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS (KENYA)

East End Plaza - Nairobi West
3rd Floor, Muthaiti Ave/Rukani Road
Nairobi

AUDITORS' REPORT

To the Shareholders of Square Pharmaceuticals Kenya EPZ Ltd.

We have audited the financial statements set out on pages 4 to 7 which have been prepared on the basis of accounting policies set out on pages 8 to 13. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and to provide a reasonable basis for the opinion. The financial statements are in agreement with the books of account.

Respective responsibilities of the Directors and auditors

As stated at page (2) the directors are responsible for the preparation of financial statements which give a true and fair view of the Company's state of affairs and its operating results. Our responsibility is to express an independent opinion on the Financial Statements based on our audit.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform our audit to obtain reasonable assurance that the Financial Statements are free from material misstatement. An audit includes an examination on a test basis of evidence supporting the amounts and disclosures in the accounts. It also includes an assessment of the accounting policies used and significant estimates made by the directors as well as an evaluation of the overall presentation of the accounts.

Opinion

In our opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of the Company's financial affairs as at 30th June, 2019 and of the loss and cash flows for the year then ended and comply with International Accounting Standards and the Companies Act (Cap 486).

Dated, Nairobi:
July 15, 2019



Shariff and Associates
Certified Public Accountants (K)

SQUARE PHARMACEUTICALS KENYA EPZ LTD.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

Particulars	2019	2018
	KSHS	KSHS
ASSETS:		
Non-Current Assets	113,200,274	26,704,358
Property, Plant & Equipment, net	113,200,274	26,704,358
Current Assets	145,369,681	229,557,661
Advances, Deposits & Prepayments	47,481,014	1,941,336
Cash and Cash Equivalents	97,888,667	227,616,325
Total Assets	258,569,955	256,262,019
EQUITY AND LIABILITIES:		
Shareholders' Equity	246,686,458	250,743,672
Share Capital	-	-
Share Money Deposits	260,558,900	260,558,900
Retained Earnings	(13,872,442)	(9,815,228)
Non-current liabilities	-	-
Current Liabilities	11,883,497	5,518,347
Trade and Other Payables	9,811,974	5,498,347
Provision and Accrued expenses	2,071,523	20,000
Total Equity and Liabilities	258,569,955	256,262,019

The notes (1-13) are integral part of the Financial Statements.

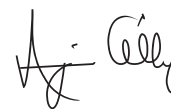
Approved and authorized for issue by the board of directors on 15 July 2019 and signed for and on behalf of the Board :



Samuel S Chowdhury
Chairman



Tapan Chowdhury
Managing Director



Anjan Chowdhury
Director

As per our even date annexed.



Sharif and Associates
Certified Public Accountants (K)

Nairobi, 15 July 2019

SQUARE PHARMACEUTICALS KENYA EPZ LTD.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

Particulars	2019	2018
	KSHS	KSHS
Revenue	-	-
Cost of Sales	-	-
Gross Profit /(Loss)	-	-
Operating expenses		
Administrative Expenses	(5,025,878)	(7,275,990)
Profit /(Loss) from Operations	(5,025,878)	(7,275,990)
Finance Expenses	(12,587)	(9,818)
Foreign Exchange Loss, Net	981,251	(2,529,420)
Profit / (Loss) before Tax	(4,057,214)	(9,815,228)
Income Tax Expense	-	-
Profit after Tax for the Year	(4,057,214)	(9,815,228)
Other Comprehensive Income	-	-
Total Comprehensive Income for the year	(4,057,214)	(9,815,228)

The notes (1-13) are integral part of the Financial Statements.

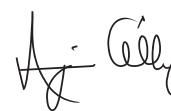
Approved and authorized for issue by the board of directors on 15 July 2019 and signed for and on behalf of the Board :



Samuel S Chowdhury
Chairman



Tapan Chowdhury
Managing Director



Anjan Chowdhury
Director

As per our even date annexed.



Sharif and Associates
Certified Public Accountants (K)

Nairobi, 15 July 2019

SQUARE PHARMACEUTICALS KENYA EPZ LTD.

CASH FLOW STATEMENTS
AS AT 30 JUNE 2019

Particulars	2019	2018
	KSHS	KSHS
Cash flows from operating activities		
Cash receipts from customers and others	-	-
Cash paid to suppliers and employees	(44,200,406)	(6,150,108)
Cash generated from operations	(44,200,406)	(6,150,108)
Income Tax paid	-	-
Bank charges Paid	(12,587)	(9,818)
Net cash from / (used in) operating activities	(44,212,993)	(6,159,926)
Cash flows from investing activities		
Purchase of property, plant and equipment	(86,495,916)	(24,253,229)
Purchase of intangible assets	-	-
	-	-
Net cash from / (used in) investing activities	(86,495,916)	(24,253,229)
Cash flows from financing activities		
Proceeds from the issue of share capital	-	-
Proceeds from share money deposits	-	260,558,900
Proceeds from shareholders' loan	-	-
Net cash Generated from financing activities	-	260,558,900
Net increase in cash and cash equivalents	(130,708,909)	230,145,745
Cash and cash equivalents at beginning of the year	227,616,325	-
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies	981,251	(2,529,420)
Cash and cash equivalents at end of the year	97,888,667	227,616,325

The notes (1-13) are integral part of the Financial Statements.


Approved and authorized for issue by the board of directors on 15 July 2019 and signed for and on behalf of the Board :



Samuel S Chowdhury
Chairman



Tapan Chowdhury
Managing Director



Anjan Chowdhury
Director

As per our even date annexed.



Sharif and Associates
Certified Public Accountants (K)

Nairobi, 15 July 2019

SQUARE PHARMACEUTICALS KENYA EPZ LTD.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

Amount in KES

Particulars	Share Capital	Share Money Deposit	Retained Earnings	Total
	1	2	3	4 (1+2+3)
Balance as at 01 July 2017	-	-	-	-
Transactions with the equity holders:				
Shares issued during the year	-	-	-	-
Share money deposits received / (adjusted) during the year	-	260,558,900	-	260,558,900
Total comprehensive income:				
Net Loss for the year	-	-	(9,815,228)	(9,815,228)
Other comprehensive income	-	-	-	-
Balance as at 30 June 2018	-	260,558,900	(9,815,228)	250,743,672
Balance as at 01 July 2018	-	260,558,900	(9,815,228)	250,743,672
Transactions with the equity holders:				
Shares issued during the year	-	-	-	-
Share money deposits received / (adjusted) during the year	-	-	-	-
Total comprehensive income:				
Net Loss for the year	-	-	(4,057,214)	(4,057,214)
Other comprehensive income	-	-	-	-
Balance as at 30 June 2019	-	260,558,900	(13,872,442)	246,686,458

The notes (1-13) are integral part of the Financial Statements.

Approved and authorized for issue by the board of directors on 15 July 2019 and signed for and on behalf of the Board :


Samuel S Chowdhury
Chairman


Tapan Chowdhury
Managing Director


Anjan Chowdhury
Director

As per our even date annexed.



Sharif and Associates
Certified Public Accountants (K)

Nairobi, 15 July 2019

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS' OF SQUARE FORMULATIONS LIMITED

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

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

Basis for Opinion

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

Key Audit Matters

We draw attention to **Note : 1 (15)** to the Financial Statements which describes that the company is under process for amalgamation with “Square Pharmaceuticals Limited” under provision of **Section: 228 & 229** of the Companies Act 1994. Our opinion is not qualified in respect of these matters.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements.

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

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

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

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

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

Dated, Dhaka:
23 January, 2019



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

SQUARE FORMULATIONS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

Particulars	Notes	31 Dec-2018	30-June-2018
		Taka	Taka
ASSETS:			
Non-Current Assets :		2,512,156,171	2,662,855,466
Property Plant and Equipment (Carrying Value)	02.00	2,105,213,946	2,251,715,054
Investment in Marketable Securities (Fair Value)	03.00	406,942,225	411,140,412
Current Assets:		6,744,412,718	5,012,206,618
Inventories	04.00	848,535,279	790,844,335
Trade Debtors	05.00	5,622,419,490	3,986,125,456
Advances, Deposits and Prepayments	06.00	145,607,334	147,710,316
Cash and Cash Equivalents	07.00	127,850,615	87,526,511
TOTAL ASSETS		9,256,568,889	7,675,062,084
SHAREHOLDERS' EQUITY AND LIABILITIES:			
Shareholders' Equity:		6,271,868,295	4,956,753,214
Share Capital	08.00	100,000,000	100,000,000
Tax Exemption Reserve	09.00	2,211,743,936	1,949,557,722
Gain/(Loss) on Marketable Securities (Unrealized)		(43,718,242)	(23,458,681)
Retained Earnings		4,003,842,601	2,930,654,173
Non-Current Liabilities:		2,122,021,687	2,104,487,179
Share Money Deposits	10.00	2,000,000,000	2,000,000,000
Deferred Tax Liability	11.00	122,021,687	104,487,179
Current Liabilities:		862,678,907	613,821,691
Trade Creditors	12.00	93,198,219	62,925,307
Liabilities for Expenses	13.00	26,450	26,450
Liabilities for Other Finance	14.00	769,454,238	550,869,934
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		9,256,568,889	7,675,062,084

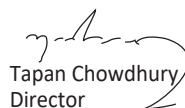
Attached notes form the part of these Financial Statements.

Signed as per our separate report on same date.



Samuel S Chowdhury
Chairman

Dhaka: 23 January, 2019



Tapan Chowdhury
Director



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

SQUARE FORMULATIONS LIMITED

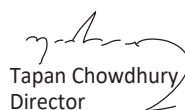
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2018


Particulars	Notes	Un-audited	
		01-July-2018 to	01-July-2017 to
		31-Dec-2018	31-Dec-2017
		Taka	Taka
GROSS REVENUE:	15.00	6,271,381,018	5,730,838,229
Less : Value Added Tax		923,402,563	844,508,256
NET REVENUE		5,347,978,455	4,886,329,973
Cost of Goods Sold	16.00	(2,391,718,363)	(2,332,614,644)
GROSS PROFIT		2,956,260,092	2,553,715,329
OPERATING EXPENSES:		(1,013,904,104)	(929,757,014)
Selling and Distribution Expenses	17.00	(1,011,637,799)	(928,299,364)
Administrative Expenses	18.00	(2,258,563)	(1,457,650)
Financial Cost	19.00	(7,742)	-
PROFIT FROM OPERATIONS		1,942,355,988	1,623,958,315
Other Income	20.00	24,443,573	31,312,457
PROFIT BEFORE WPPF & WF		1,966,799,561	1,655,270,772
Allocation for WPPF & WF		(93,657,122)	(78,822,418)
NET PROFIT BEFORE TAX		1,873,142,439	1,576,448,354
Income Tax Expenses-Current		(520,233,289)	(324,878,538)
Income Tax Expenses-Deferred		(17,534,508)	(14,459,276)
PROFIT AFTER TAX		1,335,374,642	1,237,110,540
Gain/(Loss) on Marketable Securities (Unrealized)	21.00	(20,259,561)	39,527,237
Total Comprehensive Income during the period		1,315,115,081	1,276,637,777
Number of Shares used to compute EPS		1,000,000	1,000,000
Earning per Share (EPS)		1,335.37	1,237.11

Attached notes form the part of these Financial Statements.

Signed as per our separate report on same date.


Samuel S Chowdhury
Chairman


Tapan Chowdhury
Director


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

Dhaka: 23 January, 2019

SQUARE FORMULATIONS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2018

Particulars	Share Capital Taka	Tax Exemption Reserve Taka	Gain/(Loss) on Marketable Securities (Unrealised)	Retained Earnings Taka	Total Taka
Balance as at 01 July, 2018	100,000,000	1,949,557,722	(23,458,681)	2,930,654,173	4,956,753,214
Total Comprehensive Income (July'2018 - Dec'2018)	-	-	(20,259,561)	1,335,374,642	1,315,115,081
Transfer to Tax Exemption Reserve	-	262,186,214	-	(262,186,214)	-
As at 31 December, 2018	100,000,000	2,211,743,936	(43,718,242)	4,003,842,601	6,271,868,295

FOR THE YEAR ENDED 30 JUNE 2018

Particulars	Share Capital Taka	Tax Exemption Reserve Taka	Gain/(Loss) on Marketable Securities (Unrealised)	Retained Earnings Taka	Total Taka
Balance as at 01 July, 2017	100,000,000	852,508,043	39,527,237	1,582,320,128	2,557,855,414
Total Comprehensive Income (July'2017 - June'2018)	-	-	(46,485,924)	2,445,383,724	2,398,897,800
Transfer to Tax Exemption Reserve	-	1,097,049,679	-	(1,097,049,679)	-
As at 30 June, 2018	100,000,000	1,949,557,722	(23,458,681)	2,930,654,173	4,956,753,214

FOR THE PERIOD ENDED 31 DECEMBER 2017

Un-audited

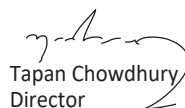
Particulars	Share Capital Taka	Tax Exemption Reserve Taka	Gain/(Loss) on Marketable Securities (Unrealised)	Retained Earnings Taka	Total Taka
Balance as at 01 July, 2017	100,000,000	852,508,043	23,027,243	1,582,320,128	2,557,855,414
Total Comprehensive Income (July'2017 - Dec'2017)	-	-	39,527,237	1,237,110,540	1,276,637,777
Transfer to Tax Exemption Reserve	-	482,319,233	-	(482,319,233)	-
As at 31 December, 2017	100,000,000	1,334,827,276	62,554,480	2,337,111,435	3,834,493,191

Signed as per our separate report on same date.



Samuel S Chowdhury
Chairman

Dhaka: 23 January, 2019



Tapan Chowdhury
Director



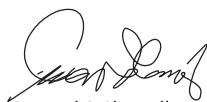
B. K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
(Chartered Accountants)

SQUARE FORMULATIONS LIMITED

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2018

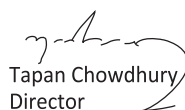
Particulars	01-July-2018 to 31-Dec-2018 Taka	01-July-2017 to 31-Dec-2017 Taka
CASH FLOWS FROM OPERATING ACTIVITIES:		
RECEIPTS:		
	4,643,479,943	4,542,895,804
Receipts from Customers	4,643,479,943	4,542,895,804
PAYMENTS:		
	(4,605,827,438)	(4,312,541,546)
Purchase Raw and Packing Materials	(1,979,964,593)	(1,790,391,618)
Manufacturing and Operating Expenses	(1,299,689,931)	(1,257,267,220)
Value Added Tax	(923,402,563)	(865,732,580)
Income Tax Expense	(391,832,749)	(391,170,898)
Interest	(7,742)	-
Worker Profit Participation Fund	(10,929,860)	(7,979,230)
Net cash provided by Operating Activities	37,652,505	230,354,258
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(5,710,600)	(9,178,782)
Investment in Marketable Securities	(16,061,374)	(180,708,405)
Payment of Short Term Loan	22,911,073	29,312,457
Gain on Sale of Marketable Securities	1,532,500	2,000,000
Dividend Received	12,560,000	3,592,000
Net cash used in Investing Activities	2,671,599	(158,574,730)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided by Financing Activities		
Increase/(Decrease) in Cash and Cash Equivalents	40,324,104	71,779,528
Opening Cash and Cash Equivalents	87,526,511	79,108,406
Closing Cash and Cash Equivalents	127,850,615	150,887,934

Signed as per our separate report on same date.



Samuel S Chowdhury
Chairman

Dhaka: 23 January, 2019



Tapan Chowdhury
Director



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

MEMBERS MEETING 2018



Square Pharmaceuticals Ltd.



Square Pharmaceuticals Limited

Square Centre, 48, Mohakhali Commercial Area
Dhaka-1212

PROXY FORM

I/We _____

of _____

being a member of **Square Pharmaceuticals Ltd.** , do hereby appoint

Mr./Mrs./Miss _____

of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the **53rd Annual General Meeting** of the Company to be held on **Thursday the 12th December, 2019** at 10:00 a.m. at Samson H Chowdhury Centre, Dhaka Club Ltd., Ramna, Dhaka.

As witness my hand this day of _____ 2019.

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 Pharmaceuticals Ltd.

স্কয়ার ফার্মাসিউটিক্যালস্ লিমিটেড

স্কয়ার সেন্টার, ৪৮ মহাখালী বাণিজ্যিক এলাকা, ঢাকা-১২১২

প্রস্তুতি ফর্ম

আমি/আমরা _____

ঠিকানা _____

স্কয়ার ফার্মাসিউটিক্যালস্ লিমিটেড এর সদস্য হিসেবে

জনাব/বেগম _____

ঠিকানা _____

আমরা/আমাদের প্রতিনিধি হিসেবে আগামী রোজ বৃহস্পতিবার, ১২ ডিসেম্বর, ২০১৯ সকাল ১০:০০ ঘটিকায় স্যামসন এইচ চৌধুরী সেন্টার, ঢাকা ক্লাব লিঃ, রমনা, ঢাকা'য় অনুষ্ঠিতব্য কোম্পানীর ৫৩তম বার্ষিক সাধারণ সভায় এবং এর মূলতবী সভায় আমার/আমাদের পক্ষে উপস্থিত থাকিবার এবং ভোট প্রদান করিবার জন্য নিযুক্তি করিলাম।

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

প্রতিনিধির স্বাক্ষর

তারিখ:

সদস্যের স্বাক্ষর

তারিখ:

ফলিও/বিওআইডি নম্বর

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

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

রাজস্ব
স্ট্যাম্প
সংযুক্ত
করণ

স্বাক্ষর পরীক্ষিত

অনুমোদনকারীর স্বাক্ষর

স্কয়ার ফার্মাসিউটিক্যালস্ লিমিটেড

Corporate INFORMATION

Date of Incorporation
10 November 1964

Authorized Capital
BDT 10,000 million

Paid-up Capital
BDT 7,890.08 million

Registered Office
Square Centre
48, Mohakhali C.A.
Dhaka-1212
Bangladesh

Factories
Pabna Unit
Square Road, Salgaria, Pabna
Bangladesh

Dhaka Unit
Board Ghar Bazar, Kaliakoir
Gazipur, Bangladesh

Listing
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.

Subsidiary Company
Square Pharmaceuticals Kenya EPZ Ltd.

Associate Company
Square Textiles Limited
Square Fashions Limited
Square Hospitals Limited

Phone
880-2-8833047-56, 9859007-16
Ext-229, 585

Website
www.squarepharma.com.bd

Email
cs@squaregroup.com

For the Financial Year 2017-2018

Dividend Recommended
21 October 2018

Record Date for 52nd AGM
27 November 2018

52nd Annual General Meeting
20 December 2018

Dividend Issued
14 January 2019

For the Financial Year 2018-2019

Publication of 1st Qtr. Financial Report
14 November 2018

Publication of 2nd Qtr. Financial Report
31 January 2019

Publication of 3rd Qtr. Financial Report
30 April 2019

Dividend Recommended
22 October 2019

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

Record Date for 53rd AGM
19 November 2019

Notice of 53rd AGM
27 November 2019

53rd Annual General Meeting
12 December 2019

Dividend Payable
By 10 January 2020

Corporate COMPLIANCE



Square Pharmaceuticals Ltd.





Registered Address

Corporate Headquarters
Square Centre

48 Mohakhali Commercial Area, Dhaka, Bangladesh

Phone: +88-02-9859007, 8833047-56

Fax: +88-02-8834941, 8828768

www.squarepharma.com.bd