

# Directors' Report

## to the shareholders

The directors of your Company are pleased to present the Annual Report and the audited financial statements for the year ended 30th June 2024 together with the auditors' report.

### PERFORMANCE OVERVIEW

Alhamdulillah, our Company performed well in the 2023-2024 financial year. During the year, our Company was conferred with the required volume of export orders which enabled an above fifty to sixty percent capacity utilization of available capacities. As a result, the Company made a sale of BDT 7,604.62 million and a profit before tax of BDT 219.15 million separately and a sale of BDT 7,933.68 million and a profit before tax of BDT 135.03 million consolidated.

The following comparison of key figures for 2023-2024 and 2022-2023 reveals as follows

### RESULT OF OUR OPERATIONS AND STATE OF AFFAIRS

Particulars	Standalone		YoY	Consolidated		YoY
	For the year ended 30th June			For the year ended 30th June		
	2024	2023	(%)	2024	2023	(%)
Total income	7,629.42	7,532.95	1.28	7,958.58	7,997.65	(0.49)
Revenue from operations	7,604.62	7,514.77	1.20	7,933.68	7,978.75	(0.56)
Other income, net	24.8	18.18	36.41	27.90	18.90	47.62
Total expenses	6,969.48	6,937.74	0.46	7,356.27	7,387.82	(0.43)
Cost of goods sold	6,318.24	6,158.77	2.59	6,681.87	6,608.85	1.10
Office and administrative expenses	271.03	330.18	(17.91)	289.44	349.83	(17.26)
Selling and distribution expenses	380.21	448.79	(15.28)	384.96	461.33	(16.55)
Gross operating profit	635.13	577.02	10.07	577.41	558.74	3.34
Financial cost	439.15	363.55	20.79	465.64	376.73	23.60
Profit before tax	219.15	229.13	(4.36)	135.03	198.39	(31.94)
Profit before tax (% of revenue)	2.87	3.04	(5.51)	1.70	2.48	(31.59)
Tax expenses	76.93	111.35	(30.91)	79.52	114.10	(30.31)
Profit after tax	142.22	117.77	20.76	54.65	87.29	(37.39)
Profit after tax (% of revenue)	1.86	1.56	19.49	0.69	1.09	(37.00)
Total comprehensive income/loss, net of tax	142.22	117.77	20.76	54.65	83.96	(34.91)
Profit attributable to owners of the company	0	-		54.65	83.96	(34.91)
Total comprehensive income for the year attributable to the owners of the company	0	-	-	55.52	84.29	(34.13)
Non-controlling interests	0	-	-	0.87	(0.33)	(363.64)
Earning per share (EPS)			-			
Basic	1.05	0.87	20.69	0.41	0.62	(33.87)

## FINANCIAL POSITION

Amount in BDT (million)

Particulars	Standalone		YoY growth %	Consolidated		YoY growth %		
	For the year ended 30 June			2024	2023			
	2024	2023						
<b>Non-current assets</b>	<b>9,038.71</b>	<b>9,173.04</b>	<b>(1.46)</b>	<b>10,866.19</b>	<b>11,000.65</b>	<b>(1.22)</b>		
Property, plant and equipment	6,216.58	6,480.08	(4.07)	6,431.32	6,694.94	(3.94)		
Capital Work-in-progress	2,770.12	2,550.96	8.59	4,424.87	4,205.70	5.21		
Investment in shares	52	142	(63.38)	10.00	100.00	(90.00)		
<b>Current assets</b>	<b>8,284.88</b>	<b>7,181.08</b>	<b>15.37</b>	<b>6,783.72</b>	<b>5,682.42</b>	<b>19.38</b>		
Inventories	3,722.57	3,599.86	3.41	3,901.77	3,625.29	7.63		
Accounts receivables	1544.53	632.64	144.14	1,719.48	782.75	119.67		
Other receivables	81.5	38.55	111.41	71.5	38.55	85.47		
Advance, deposite and prepayments	2,374.26	2,338.92	1.51	477.78	607.31	(21.33)		
Investment	118.13	136.7	(13.58)	118.13	136.7	(13.58)		
Cash and cash equivalents	453.87	434.41	4.48	495.05	491.82	0.66		
<b>Total assets</b>	<b>17,323.59</b>	<b>16,354.12</b>	<b>5.93</b>	<b>17,649.91</b>	<b>16,683.07</b>	<b>5.80</b>		
<b>Shareholders' equity</b>	<b>8,928.08</b>	<b>8,857.40</b>	<b>0.80</b>	<b>8,793.48</b>	<b>8,809.51</b>	<b>(0.18)</b>		
Share capital	1,348.96	1,348.96	-	1,348.96	1,348.96	-		
Non-controlling interest	-	-	-	(0.93)	(0.62)	49.84		
Share premium account	1,086.65	1,086.65	-	1,086.65	1,086.65	-		
Revaluation surplus	3,739.29	3,739.29	-	3,739.29	3,739.29	-		
<b>Retained earnings</b>	<b>2,753.18</b>	<b>2,682.50</b>	<b>2.63</b>	<b>2,619.51</b>	<b>2,634.67</b>	<b>(0.58)</b>		
Opening balance	2,682.50	2,636.27	1.75	2,634.67	2,621.58	0.50		
Add: Net profit after tax for the year	142.21	117.77	20.75	56.38	84.63	(33.38)		
Less: Cash dividend	71.54	71.54	-	71.54	71.54	-		
<b>Non-current liabilities</b>	<b>2,327.23</b>	<b>2,276.18</b>	<b>2.24</b>	<b>2,334.07</b>	<b>2,280.93</b>	<b>2.33</b>		
Non-current lease liabilities	-	-	-	-	-	-		
Other non-current liabilities	2,327.23	2,276.18	2.24	2,334.07	2,280.93	2.33		
<b>Current liabilities</b>	<b>6,068.27</b>	<b>5,220.54</b>	<b>16.24</b>	<b>6,522.35</b>	<b>5,592.63</b>	<b>16.62</b>		
Short term loan	4,616.63	3,341.82	38.15	4,953.12	3,476.68	42.47		
Current portion of long-term loan	451.06	464.60	(2.91)	451.06	464.59	(2.91)		
Current portion of finance lease obligation	18.32	4.28	-	23.8	9.3	155.91		
Unclaimed Dividend	2.37	1.98	19.70	2.37	1.98	19.70		
Accounts payable	510.71	974.13	(47.57)	564.29	1,166.18	(51.61)		
Liabilities for expenses	469.15	433.73	8.17	527.68	473.89	11.35		
<b>Total equity and liabilities</b>	<b>17,323.59</b>	<b>16,354.12</b>	<b>5.93</b>	<b>17,649.91</b>	<b>16,683.07</b>	<b>5.80</b>		
<b>Net asset value per share</b>								
with revaluation reserve	66.19	65.66	0.81	65.19	65.31	(0.18)		
without revaluation reserve	38.47	37.93	1.42	37.47	37.59	(0.32)		

The above results were achieved despite huge challenges in Bangladesh and globally, continued increases in raw material prices, increases in utility prices, challenges in the logistics front, enhanced supply chain cost, and continuously growing inflation.

# Directors' Report to the shareholders

## DIVIDEND DECLARATION

The Company's Board of Directors in its meeting held on the 26th of October 2024 has recommended a 10% cash dividend for the general shareholders (excluding sponsors and directors). The payment is subject to the approval of the shareholders at the ensuing AGM of the Company to be held on 25th January 2025. The record date for the final dividend will be 2nd December 2024 and will be paid within 30 days after the AGM date.

## NOTE

The Company declares and pays dividends in Bangladeshi Taka. Companies are required to pay/distribute dividends after deducting applicable withholding income taxes. The remittance of dividends outside Bangladesh is governed by Bangladesh law on foreign exchange and is also subject to withholding applicable tax rates.

## MANAGEMENT OBJECTIVES AND STRATEGIES

Esquire Knit is one of the leading names in the Garments Industry of Bangladesh. This has been made possible only through our commitment to increasing shareholders' value and improving quality standards, technologically and creatively, while maintaining the Company's commitment to the environment and the societies, in which we operate. Our objectives and related strategies are discussed separately in detail on page ----- of the Annual Report.

Financial Performance and the State of the Company's Affairs

## STANDALONE

During the 2023-2024 financial year, the Company achieved a revenue of BDT 7,604.62 million, compared to the BDT 7,514.77 million recorded during the 2022-2023 financial year. The Company reported a 1.20 % positive growth in revenue from the 2022-2023 financial year.

The Company reports a Net Profit after tax of BDT 142.22 million for the 2023-2024 financial year as against the Net Profit after tax of BDT 117.77 million for the 2022-2023 financial year. The Company reported a 20.75 % positive growth in Net Profit after tax during the 2023-2024 financial year from the 2022-2023 financial year.



## CONSOLIDATED

During the 2023-2024 financial year, our subsidiary Company has continued its manufacturing activities on a limited scale (trial production basis) and has also exported its products. The audited financial statements of the subsidiary Company have been added to the audited financial statements of our Company since the 2021-2022 financial year. An audited consolidated financial statement is prepared and is accompanied by an annual report for your information and consideration.

During the 2023-2024 financial year, the Company achieved a revenue of BDT 7,933.68 million as compared to the BDT 7,978.75 million recorded during the 2022-2023 financial year. The Company has reported a (0.56) % negative growth in revenue during the 2023-2024 financial year from the 2022-2023 financial year.

The Company reports a Net Profit after tax of BDT 55.52 million for the 2023-2024 financial year as against the Net Profit after tax of BDT 84.30 million for the 2022-2023 financial year. The Company reported a (34.14) % negative growth in Net Profit after tax during the 2023-2024 financial year from the 2022-2023 financial year.

The Annual Reports along with the Audited Financial Statements (Consolidated and Separate) of the Company and its subsidiary are also available on the website of the Company at [www.esquireknit.com](http://www.esquireknit.com).

## FINANCIAL POSITION & EARNINGS OF THE COMPANY PER SHARE

### BASED ON CONSOLIDATED AND SEPARATE

The Earnings per Share (EPS), Net Asset Value (NAV) per Share, and Net Cash Flow per Share (NOCFPS) earned by our company during the year under review are as follows:

	2023-2024		2022-2023	
	Consolidated	Separate	Consolidated	Separate
Earnings per Share (EPS)	0.41	1.05	0.62	0.87
Net Operating Cash Flows per Share (NOCFPS)	-9.67	-8.04	-1.42	-1.7
Financial Position	As of June 2024		As of June 2023	
Net Asset Value (NAV) per Share with revaluation reserve	65.19	66.19	65.31	65.66
Net Asset Value (NAV) per Share without revaluation reserve	37.47	38.47	37.59	37.93

## REGION FOR SIGNIFICANT DEVIATION IN EPS, NAV AND NOCFPS

### BASED ON CONSOLIDATED REPORTS

The Company has also reported Consolidated EPS of Tk. 0.41, Consolidated NAV per share (with revaluation reserve) of Tk. 65.19, Consolidated NAV per share (without revaluation reserve) of Tk. 37.47 and Consolidated NOCFPS of Tk. (9.67) for the year ended 30th June 2024 as against Tk. 0.62, Tk. 65.31, Tk. 37.59 and Tk. (1.42) respectively for the year ended 30th June 2023.

### REASONS FOR DEVIATION IN EPS, NAVPS AND NOCFPS:

EPS has been decreased due to the net profit decrease; as well as revenue than last year. NAV with revaluation has been decreased due to the net profit decrease; NAV without revaluation has been decreased due to the net profit decrease. NOCFPS has been decreased due to revenue and net profit decrease.

## CHANGE IN CAPITAL STRUCTURE OF THE COMPANY

The issued, subscribed, and paid-up share capital of the Company is BDT 1,348,958,330 divided into 134,895,833 ordinary shares of Taka 10.00 each. There were no changes in the Capital Structure of the Company during the 2023-2024 financial year.

### RETAINED EARNINGS

The Company has transferred an amount of BDT 70.68 million to the Retained Earnings during the financial year ended 30th June 2024.

# Directors' Report to the shareholders

## SHARE CAPITAL

The Authorized Share Capital of our Company as of 30th June 2024 stood at BDT 2,000.00 million divided into 200,000,000 ordinary shares of BDT 10.00 each. The Issued Share Capital of our company is BDT 1,348.96 million divided into 134,895,833 ordinary shares of BDT 10.00 each and the subscribed and paid-up Share Capital is BDT 1,348.96 million into 134,895,833 ordinary shares of BDT 10.00 each, fully paid-up.

## CREDIT RATING

Credit Rating Agency of Bangladesh Limited (CRAB) has reaffirmed the AA3 rating of our Company, and the AA3 (Lr) rating of BDT 3,559.30 million long-term outstanding (LTO) availed by the Company in the Long Term. CRAB has also assigned an ST-3 rating to the BDT 2,635.00 million short-term funded limit and BDT 7,190.00 short-term non-funded limit availed by the Company.

## PARTICULARS OF LOANS, GUARANTEES, AND INVESTMENTS

Details of the Loans and Investments made by our Company have been disclosed in Notes No. 18, 19, 20, and 6 of the notes to financial statements for the financial year ended 30th June 2024, which forms part of this Annual Report. Our company has not given any guarantee or provided any security during the year under review.

## SUBSIDIARY

L' Esquire Limited is a Subsidiary Company of Esquire Knit Composite PLC, where Esquire Knit holds a 99.01% share of the total shares of the subsidiary Company and obtained the incorporation certificate on 20th June 2019 from RJSC.

The Company is specially established for the production and 100% export of Lingerie products, which are in huge demand in the global market. The Company has also established and run for the manufacturing of Activewear, Intimax, Sportswear, Knitwear, and Readymade-Garments including Knitting, Dyeing, Sewing, Printing, and Embroidery.

The Company's location is in Jamirdia, Baluka, Mymensingh. During the 2022-2023 financial year, the Company started its Operation and Export activities on a limited scale (trial basis) because we have not obtained a Compliance Certificate from RSC or Accord, other Social Audits and gas connections. Titas Gas has not yet been able to provide a gas connection to our factory to start commercial production.

In this regard, we inform you for the information that, in 2021, we got permission from Titas Gas Transmission and Distribution PLC to connect the gas line to our factory as a fuel source at our own cost. We paid the full deposit of the demand note, submitted a Bank Guarantee as per Titas' requirements and purchased all the equipment including pipes at our costs to get the gas connection. Despite such a huge expenditure on the part of the Company, Titas Gas has not yet been able to provide a gas connection in our factory due to some of Titas' complications.

In this connection, we are working with Titas on this issue regularly. We hope that we will be able to start commercial operation after the solution of these issues, Insha'Allah. Although, we informed you last year that we would be able to start commercial operation by 30th June 2024.

The Company earned reported revenue of BDT 3,29.06 million during the financial year ended 30th June 2024 and a Net Profit after tax BDT of (84.70) million. The Board of L' Esquire Limited has not declared any dividend for the 2023-2024 financial year.

The Annual Report along with the Audited Financial Statements (consolidated and separate) of the Company and its subsidiary are also available on the website of the Company at [www.esquireknit.com](http://www.esquireknit.com)

## CONSOLIDATION OF ACCOUNTS

The Audited Consolidated Financial Statements of our Company for the financial year ended 30th June 2024, prepared in compliance with applicable rules by the Institute of Chartered Accountants of Bangladesh (ICAB).

In terms of BSEC Regulations, the company has consolidated the financial statements following the codes of International Accounting Standard-28 & IFRS-10 referring to shareholders' gross benefits/value of investments.

The financial performance of L' Esquire Limited, which has been merged with Esquire Knit Composite PLC, was considered in consolidating Esquire Knit Composite PLC's financial statements.

## WITHDRAWAL OF INVESTMENT FROM ESQUIRE ICL APPAREL FUNDS

The Board of Directors of Esquire Knit Composite PLC in its 140th and 142nd Board Meetings dated 20 March 2024 and 28th

May 202 respectively has approved the withdrawal of the investment from the Esquire ICL Apparel Funds. During the 2023-2024 financial year, the Company surrendered a total 9,000,000 no. of units out of 10,000,000 no. of units of Esquire ICL Apparel Fund equivalent of the amount of BDT 100,412,290.08, which the Company invested in the units of Esquire ICL Apparel Fund. In this connection, the management of the Company decided that the amount of the Company will invest BDT 10.00 million in a subsidiary of L' Esquire Limited will meet upcoming export opportunities and secure profit and dividends for the Company, where this investment is part of a continued investment by the Company in a Subsidiary Company.

## ECONOMIC AND INDUSTRIAL OVERVIEW

### GLOBAL ECONOMY

The global economy has been in a very challenging situation. The world has not fully recovered from the fallout of the Covid 19 pandemic, the war in Ukraine and the sanctions against the Russian Federation have upended the fragile global recovery, pushing up food and commodity prices, exacerbating supply-side shocks, slowing growth globally and exacerbating inflationary pressures worldwide. Further increasing food insecurity and poverty, exacerbating inflation, contributed to tighter financial conditions, increased financial vulnerability, and heightened policy uncertainties. Higher-than-expected inflation, especially in the United States and major European economies, has triggered a tightening of global financial conditions. Inflation has also broadened in many economies, reflecting the impact of cost pressures from disrupted supply chains.

To counter inflation etc., central banks of major advanced economies have withdrawn monetary support faster than expected, while many in emerging markets and developing economies have started raising interest rates. Geopolitical and economic uncertainties damped business confidence and investment.



# Directors' Report to the shareholders

## BANGLADESH ECONOMY

Economic conditions weakened during fiscal year (FY) 2024 where an impressive GDP growth rate of almost 5.2% was overshadowed by ballooning twin fiscal and current account deficits. Political instability, high international fuel and food prices and the growing trade deficit exerted immense pressure on foreign exchange reserves resulting in a significant depreciation of BDT which in turn contributed towards higher inflation in the country.

The performance of the Bangladesh economy during the first ten months of FY2024 indicates that the remaining months of FY2024 will continue to face ongoing challenges despite some positive policy measures taken by the Bangladesh Bank. This is because it takes a while to see the outcome of any policy. However, the effectiveness of any policy also depends on complementary policies in other areas.

In the backdrop of formidable economic challenges, the Ex-Finance Minister will present the national budget for FY2025. This and the previous IRBD reports of FY2024 by CPD have made both broad and specific measures needed for the economic recovery. CPD has emphasized that while restoring macroeconomic stability should be the main focus of the policymakers, they must also offer concrete measures for providing respite to the inflation-afflicted common people with limited income.

Therefore, the macroeconomic framework for the upcoming FY2025 should continue to focus on curbing inflation and stabilising the exchange rate. Instead of GDP growth, protecting the interests of vulnerable and disadvantaged groups should be the priority of the policymakers. Issues such as enhancing fiscal space, prioritising expenditure, and prioritising foreign financing ought to guide the public finance management in FY2025. For positive outcomes of policy measures and improving macroeconomic performance, complementarity between the fiscal and monetary policies must be ensured.

Along with the immediate and short-term measures, the government should also work towards addressing the structural problems such as establishing good governance and strengthening institutions through reforms. Given that reforms are unpopular and painful, these require strong political commitment.

## GARMENT SECTOR

In line with the global and domestic challenges, the ready-made garments sector also witnessed increasing power costs and shortages. Raw material prices remained high with supply chain disruptions, and demand pressures during the year. However, despite the challenges faced during the year, Bangladesh's ready-made garments industry kept on the upward momentum. Ready-made garment (RMG) exports from Bangladesh increased by 2.86 per cent to \$43.850 billion between July 2023 and May 2024, the first eleven months of fiscal 2023-24 (July to June), according to provisional data from the Export Promotion Bureau (EPB). This figure represents an increase from \$42.630 billion in the same period of fiscal 2022-23. While knitwear exports exceeded woven garments, the overall RMG exports did not meet the \$47.474 billion target set for July-May 2024, falling short by 7.63 per cent.

In the first eleven months of the current fiscal, exports of knitwear (Chapter 61) rose by 6.15 per cent to \$24.709 billion, compared to \$23.278 billion during the corresponding period of the previous fiscal 2022-23. Woven apparel exports eased by 1.09 per cent, a total of \$19.141 billion, against \$19.352 billion in July 2023-May 2024, as per EPB.

Home textile exports experienced a significant decline, dropping by 24.29 per cent to \$776.06 million, compared to \$1,024.98 million in the same period last fiscal. Collectively, woven and knitted apparel, clothing accessories, and home textile exports constituted 85.19 per cent of Bangladesh's total exports, amounting to \$51.542 billion for the period. The exports of cotton and cotton products including yarn, waste, and fabrics (Chapter 52) jumped 34.04 per cent to \$502.88 million in the period under review. The trade was noted at \$375.16 million during the same period of the last fiscal.

Despite the global economic slowdown, Bangladesh's RMG exports demonstrated resilience, reaching \$46.991 billion in fiscal 2022-23, an increase from \$42.613 billion in fiscal 2021-22 and \$31.456 billion in fiscal 2020-21.

## ECONOMIC AND INDUSTRIAL FORECAST 2024-2025

### GLOBAL ECONOMY

## Global GDP will rise steadily through next year, but growth prospects vary by country

Global economic growth is projected to continue at its current pace through 2025, with real global GDP increasing 3.2 percent in both 2024 and 2025. However economic growth will vary in advanced economies and emerging markets. In the United States,

real GDP growth is likely to slow to a solid 2.0 percent next year from a brisk 2.8 percent in 2024 and 2.9 percent in 2023. This baseline forecast assumes that US policy continues with only modest changes, but that could shift depending on the new government policies, affecting the US and other economies around the world.

In the euro area, economic activity should increase as lower inflation supports real incomes and the European Central Bank eases interest rates. Japan's economy is likely to grow at a typical pace next year after contracting slightly this year, as earlier fears of a hawkish policy shift have eased. The United Kingdom is likely to see continued muted growth due to fiscal challenges and the lingering effects of Brexit.

India remains the strongest performer among major emerging economies, with robust growth driven by domestic reforms and foreign investment. China faces economic headwinds as fiscal and monetary stimulus have not fully offset weaker consumer demand, a sluggish real estate sector, and reduced foreign investment. Brazil and especially Russia will likely see growth constrained by inflation and monetary tightening in 2025.

Geopolitical factors, including potential US economic policy changes, pose risks to global forecasts, changes in tariffs and industrial policies in the United States, China, and Europe raise the likelihood of a global trade war, and continued conflict in the Middle East and Russia's war in Ukraine could trigger broader inflationary pressures.

### BANGLADESH ECONOMY

Bangladesh's economy is expected to grow 4 percent in the current fiscal year ending in June 2025, said the World Bank (WB) by revising its previous forecast on 'significant uncertainties around the political and economic outlook following the recent political turmoil.' The Washington-based multilateral lender had earlier projected a 5.7 percent growth for FY 2024-25. The WB also lowered its estimate for Bangladesh's economic growth in FY24 to 5.2 percent, notably lower than the government's provisional estimate of 5.82 percent for the previous fiscal year.

"The wide range of growth projections reflects the lack of reliable data in recent months, as well as the significant uncertainties surrounding the political and economic outlook following the recent political unrest," the WB said in its October 2024 South Asia Development Update released today. These revised projections for FY24 and FY25 would mark the lowest growth rates since FY20 when Bangladesh's economy expanded by only 3.45 percent due to the Covid-19 pandemic's severe impact.

The WB's forecast is considerably lower than the 6.75 percent growth target set by the previous government for FY 2024-25. "In the short term, political uncertainties are expected to suppress investment and industrial growth. Additionally, recent floods are likely to modestly affect agricultural production.

In the medium to long term, the WB expects growth to gradually recover, supported by key reforms in the financial sector,



# Directors' Report

## *to the shareholders*

increased domestic resource mobilization, an improved business climate, and expanded trade. For FY 2025-26, the WB forecasts Bangladesh's economy to grow by 5.5 percent. Bangladesh is one of two South Asian countries, along with the Maldives, for which the WB has downgraded growth projections.

The Asian Development Bank (ADB) lowered its growth forecast for Bangladesh to 5.1 percent for the current fiscal year, citing supply chain disruptions caused by political unrest in July and August 2024.

### **GARMENT SECTOR**

#### **BANGLADESH'S GARMENT INDUSTRY: FUTURE GROWTH IN A CHANGING WORLD**

Bangladesh has emerged as a significant player in the global garment industry, securing its position as the second-largest garment exporter worldwide. The country's remarkable journey from economic struggles to becoming a key player in the textile and apparel sector is a testament to its resilience and adaptability. The roots of Bangladesh's garment industry can be traced back to the 1970s, a period when the country was grappling with the aftermath of its Liberation War and the challenges of establishing a stable economy. In the early stages, the industry was primarily focused on meeting domestic demand, with limited international exposure. However, a series of economic reforms and strategic decisions paved the way for Bangladesh to enter the global market.



Despite the challenges, Bangladesh's garment industry continues to exhibit resilience and adaptability. The sector's prospects for future growth are shaped by a combination of factors, including technological advancements, sustainability initiatives, and changing consumer preferences. The adoption of Industry 4.0 technologies is poised to revolutionize the garment manufacturing process in Bangladesh. Automation, artificial intelligence, and data analytics are being integrated into production systems to enhance efficiency, reduce costs, and improve quality.

**Embracing these technological advancements will not only boost productivity but also position Bangladesh as a competitive player in the evolving landscape of smart manufacturing.**

Many global retailers and consumers scrutinize the practices of suppliers, and compliance with internationally recognised standards ensures market access and fosters trust. Bangladesh's garment industry, by prioritizing sustainability and ethics, can position itself as a responsible participant in the global supply chain. Sustainable practices and ethical manufacturing contribute to the resilience of Bangladesh's garment industry. Addressing labour rights issues and ensuring workplace safety can prevent disruptions due to strikes or accidents. Environmentally sustainable practices reduce exposure to regulatory risks and enhance the industry's adaptability in the face of a changing environment.

Despite the positives, challenges lie ahead for Bangladesh's garment industry. The first of these is sustainability. While this represents an opportunity in some ways, it also is a threat. We are seeing global concerns about clothing production and mass production centres such as Bangladesh could find themselves in the cross-hairs of these discussions.

There are also issues around climate change. Many buyers from Bangladesh now require their manufacturers to meet strict climate targets around energy use. Can garment makers meet these requirements? To do this, a coordinated approach is needed involving industry, government, and the national energy infrastructure. This issue will become paramount over the next five years as buyers seek to hit 2030 climate targets.

#### **FORWARD-LOOKING STATEMENT**

The Company's business is closely associated with economic conditions in Bangladesh and globally and its exporting-importing countries. Post-COVID-19, the landscape for international trade has further changed due to the geopolitical situation of the World, specifically in the light of the Russia and Ukraine confrontation.

Accordingly, the domestic economic conditions are fast changing with higher energy costs, supply chain disruptions, increased finance costs, higher inflation etc. In addition, the effects of recent floods in the country are likely to unfold in the short run. The management however is geared up for challenges such as uncertainties in the economic environment, fluctuation in exchange rates, higher raw material costs, higher borrowing costs, tough competition, and logistic issues including cost. Accordingly, strategies are in place and are regularly reviewed to ensure that the Company stays on the path of growth and progress.

We are optimistic that the Company's performance will sustain and further improve in the next FY Insha'Allah, in terms of revenue, profits and liquidity positions.

#### **RISK & CONCERN**

Lack of long-range planning, insufficient strategic investment policies, variable/uncertain fiscal & monetary policies, disorderly employment crises, buyers' dominance, international trade barriers, internal law, and poor structure especially in the transport sector, and lack of appropriate infrastructure, etc. offer the risk of business and investment.

#### **PROFIT AND ITS APPROPRIATION**

Directors propose the appropriation of profit as follows:

Amount in 'BDT'

# Directors' Report to the shareholders

Particulars	Esquire Knit Composite PLC (stand-alone)	
	2023-2024	2022-2023
Net Profit After Tax	142,219,184	117,770,310
Adjustment for depreciation of Revalued Assets	-	-
Profit Brought Forward	2,682,503,155	2,636,272,707
<b>Profit Available for Appropriation</b>	<b>2,824,722,339</b>	<b>2,754,043,017</b>
<b>Proposed Dividend:</b>		
Cash Dividend	71,539,863	71,539,863
Profit Carried Forward	2,753,182,476	2,682,503,155

## CONTRIBUTION TO THE NATIONAL EXCHEQUER

Esquire Knit Composite PLC contributed an amount of BDT 82.21 million during the year 2023-2024 to the national Exchequer as against BDT 103.32 million for the previous year of 2022-2023.

## COMPANY'S OPERATION

Esquire Knit Composite PLC is a 100% export-oriented Company. It produces different types of Knit garments through its six units namely, knitting, fabric, printing, embroidery, industrial laundry, and garments units. Esquire Knit Composite PLC has over twenty-four years of experience and competency in the knit garments arena. The industry is one of the largest producers of knit garments in Bangladesh. Today it has one of the most sophisticated vertically integrated set-ups by which Esquire Knit is producing around 6,316,063 Kgs of Textiles and 26,562,033 Pcs of Apparels.

## PRODUCTION CAPACITY & UTILIZATION

Details of production capacity & utilization

Particulars	Installed Capacity	Actual Production	Production Efficiency in %	Installed capacity	Actual Production	Production Efficiency In %
<b>Financial Year</b>	<b>2023-2024</b>			<b>2022-2023</b>		
Unit	Kgs	Kgs		Kgs	Kgs	
Textiles	12,775,000	6,316,063	49.44%	12,775,000	7,919,463	61.99%
Unit	Pcs	Pcs		Pcs	Pcs	
Apparels	49,920,000	265,623,033	53.31%	49,920,000	26,223,683	52.53%

## CAPITAL EXPENDITURES

Esquire Knit Composite PLC made an additional net capital expenditure of BDT 243.86 million to civil construction, import of machinery and other fixed assets under the Kanchpur and Bhaluka Project during the financial year 2023-2024 as follows:

	Figure in 'million'	
	2023-2024	2022-2023
Bhaluka Project	43.16	597.05
Machinery in work in process	-	---
Building Materials & Construction	200.70	---
<b>Total BDT</b>	<b>243.86</b>	<b>597.05</b>

The total amount was spent from the Company's source and borrowing from local commercial banks.

#### **FOREIGN EXCHANGE EARNED/SAVED**

Esquire Knit Composite PLC has contributed substantially to the Foreign Exchange Reserve of the Country. During the year BDT 472.69 million was earned/saved and contributed through its export marketing operation, which is depicted below:

	"Amount in Taka"	
	2023-2024	2022-2023
<b>Earnings from export</b>	<b>7,604,616.49</b>	<b>7,514,765,316</b>
<b>Less: Import Costs</b>	<b>2,877,718,309</b>	<b>2,627,408,956</b>
Yarn	2,277,928,904	1,863,224,750
Dyes	177,859,714	283,356,954
Chemicals	276,754,422	310,295,114
Spare Parts	145,175,269	170,532,138
Misc. (with BMRE)	--	--
<b>Net Export Earnings</b>	<b>4,726,898,178</b>	<b>4,887,356,360</b>

#### **CAPITAL MACHINERY**

During the reporting year 2023-2024, the Company spent BDT 21.96 million on purchasing capital machinery.

#### **SEGMENT INFORMATION**

Esquire Knit Composite PLC manufactures a single product 'Knit Garments' of varied specifications, compositions, colours, and qualities. Hence, the Company's 100% of its revenue is generated from its only product 'Knit Garments'. As per customers' requirements, Esquire Knit manufactures products and accordingly supplies the same customer destination.

The Company has also remarkable investments in its subsidiary companies that manufacture separate products and serve differently. Amongst the subsidiaries, newly acquired "L' Esquire Limited" manufactures "Lingerie" for its valued clients.

#### **DISCLOSURE OF EXTRA-ORDINARY GAIN OR LOSS**

Extraordinary gains or losses refer to infrequent and unusual gains or losses that are not part of the Company's ordinary day-to-day operations. There are no such gains or losses during the year under-reporting

#### **CAPITAL INFUSION**

During the financial year 2023-2024, there was no equity capital infusion in the Company. The existing Paid-up capital of the Company is BDT 1,348,958,330. The Company declared no stock/bonus dividend in the last financial year; as a result, the paid-up capital of the Company stood at BDT 1,348,958,330.

#### **DISCLOSURE REGARDING UTILIZATION OF PROCEEDS FROM PUBLIC ISSUES (IPO)**

The Company has raised BDT 150 crores from the market and as mentioned in the prospectus, it is committed to spending the funds expanding the business and equity collection cost. The IPO proceeds have been utilized in line with the condition of the commission's consent letter within the stipulated time.

In this connection, we would like to inform all concerned that, we have always been and still are vigilant in implementing all the rules approved by the Commission on the utilization of IPO proceeds. We are informing everyone that 100% utilization of IPO proceeds of our Company has been completed by 31st December 2021, which was approved and fixed by the Commission.

#### **RISK MANAGEMENT**

Risk Management refers to the practice of identifying potential risks in advance, analyzing those, and taking precautionary steps to reduce/curb the risk. In the textiles industry, various risks encompassed it.

The risk may hurt the Company's sales and profit etc. Mostly, the risk arises from falling demand for the product, shortage of

# Directors' Report to the shareholders

power, shortage of workers, worker unrest, and Raw material shortage along with other related risks such as Interest Rate Risk, Foreign Exchange Risk, Technology Risk, Market Risk, Political Risk, and other regulatory Risk, etc. The Company is aware of its risk concerns and is well prepared to meet those through systematic control.

Details of the Risk Management of the Company are disclosed Separately by the Management of the Company in Annexure-XIII.

## THE RISK MANAGEMENT PHILOSOPHY OF EKCPCL'S ARE

Esquire Knit Composite PLC believes in the principle- "A Company is only as good as the people it keeps" and we have one of the best, most devoted, and most skilled teams of personnel in the country. These are the individuals with the best aptitudes, commitments, and expertise with a combination of experience and enthusiasm. They work hard closely with the clients and are entirely devoted to providing the best results, ensuring customer satisfaction encouraged by the Esquire Knit Composite PLC.

## GOOD GOVERNANCE

I would like to restate that our Board maintains its effective role in policy formulation and discharging the best possible Corporate Governance. The Board has always remained focused on maximizing shareholders' value through formulating policies and guidelines towards ensuring sustainable profitability, minimizing risks, and establishing good governance in all spheres of the Company's operations. The Management of the Company highly prioritizes Corporate Governance. In Compliance with Bangladesh Securities and Exchange Commission (BSEC) regulations and to further strengthen our Corporate Governance. A separate report on Corporate Governance is attached to this Annual Report.

## RELATED PARTY TRANSACTIONS

During the financial year 2023-2024, all transactions with the related Parties as defined under the Act read with Rules framed thereunder, were in the ordinary course of business and at arm's length basis. Our company does not have a 'Material Subsidiary' as defined under the Regulation of the BSEC.

During the year under review, our company did not enter into any Related Party Transaction which requires prior approval of the members of the company. All Related Party Transactions entered into by our company had prior approval of the audit Committee and the Board of Directors as required under the Listing Regulations. Subsequently, the Audit Committee and the Board have also reviewed the Related party Transactions every quarter. During the year under review, there have been no materially significant Related Party Transactions having potential conflict with the interest of the Company.

Since all Related Party Transactions entered into by our company were in the ordinary course of business and also on an arm's length basis, the details required to be provided do not apply to the company. Necessary disclosures required under the applicable rules have been made in Note No. 32 of the Notes to the financial statements for the financial year ended 30th June 2024.

## MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THIS REPORT

Except for those disclosed in this Annual report, no material changes and commitments are affecting the financial position of the company between the end of the financial year ended 30th June 2024 and the date of this Report.

## MANAGEMENT

The Management of Esquire Knit tries to improve the production process and human resources by conducting R&D and internal training programs. Esquire Knit management is led by its Managing Director who has achieved multi-dimensional experiences including business policy formulation and strategic management & been rewarded with several awards & recognitions for contributing tremendously in the different business arenas.

The Managing Director keeps track records in leading the team and the Company from the beginning till the present and is responsible for overseeing the day-to-day operations of the business.

The Managing Director is the Head of the factory and head office, including day-to-day operations of the business; he also oversees the Company's merchandising, procurement and production and directly reports to the Board.

The Company has different departments to perform different activities. All department heads have significant experience in related business areas and are liable to monitor the respective operations of Esquire Knit. The Company is managed by a team of qualified and experienced professionals.

The Company formed various committees to oversee different internal issues. Esquire Knit has around 5,485 workers in the factory and 1,150 officers and staff in the head office and factory total of 6,635 employees were working in Esquire Knit Composite PLC on 30th June 2024.

## **AUDIT AND AUDITORS**

### **APPOINTMENT OF STATUTORY AUDITORS**

The existing Auditors of the Company M/S. Pinaki & Company, Chartered Accountants, AHSANDELL, 2/A, Mymensingh Road (2nd floor), Shahbag, Dhaka-1000, retire at this 24th Annual General Meeting on completion of their audit works for the year ended on 30th June 2024.

They are, however, eligible for re-appointment as per BSEC notification. M/s. Pinaki & Company, Chartered Accountants, expressed their interest to be re-appointed as Statutory Auditors of the Company for the Financial year 2024-2025 at a fee of Tk. 7,50,000/- (taka seven lac fifty thousand) plus VAT.

Following the recommendation by the Audit Committee, the Board of Members unanimously recommended M/s. Pinaki & Company, Chartered Accountants, AHSANDELL, 2/A, Mymensingh Road (2nd floor), Dhaka-1000, for the appointment as Statutory Auditors for the Audit of the financial statements of the Company for the 2024-2025 financial year at an agreed fee of Tk. 750,000/- (Taka seven lac fifty thousand) only plus VAT.

The Board requested the Shareholders to confirm the appointment of M/s. Pinaki & Company as a Statutory Auditor at their 24th Annual General Meeting.

### **APPOINTMENT OF COMPLIANCE AUDITORS**

The existing Compliance Auditors of the Company M/S. Chowdhury Bhattacharjee & Co., Chartered Accountants, retired at this 24th Annual General Meeting on completion of their audit works for the year ended on 30th June 2024.

They are, however, eligible for re-appointment as per BSEC notification. M/S. Chowdhury Bhattacharjee & Co., Chartered Accountants, expressed their interest to be re-appointed as Compliance Auditors of the Company for the Financial year 2024-2025 at a fee of Tk. 50,000/- (taka fifty thousand) plus VAT.

The Board of Members unanimously recommended M/s. Chowdhury Bhattacharjee & Co., Chartered Accountants, 47/8, Indira Road (Gr. Floor), Dhaka-12015 for the appointment as Compliance Auditors for Audit of Compliance of the Company for the 2024-2025 financial year at an agreed fee of Tk. 50,000.00 (Taka fifty thousand) only plus VAT. The matter is placed for the shareholders' approval in the 24th Annual General Meeting.

The Board requested the Shareholders to confirm the appointment of M/s. Chowdhury Bhattacharjee & Co., as a Compliance Auditor at their 24th Annual General Meeting.

The Board requested the Shareholders to confirm the appointment at their 24th Annual General Meeting.

## **AUDIT COMMITTEE**

The Board of Directors of our Company has duly constituted in compliance with the provisions of the Corporate Governance Code-2018 issued by the Bangladesh Securities and Exchange Commission. The recommendations made by the Audit Committee are accepted by our Company.

Name of the audit Committee Members, number of meetings held during the year under review, terms of reference and other requisite details have been provided in the Corporate Governance Report which forms part of this Annual Report.

## **SIGNIFICANT AND MATERIAL LITIGATIONS/ORDERS**

During the financial year under review, there were no significant material orders passed by the Regulations/Courts and no litigation was outstanding as of 30th June 2024, which would impact the ongoing concern status and future operations of our Company.

## **BOARD OF DIRECTORS, BOARD AND SUB-COMMITTEE MEETINGS, RETIREMENT AND RE-ELECTION, DIRECTOR'S FEES AND REMUNERATION, BOARD MEETING AND ATTENDANCE AND KEY MANAGERIAL PERSONNEL.**

### **COMPOSITION OF THE BOARD OF DIRECTORS**

Our Company's Board is duly constituted and complies with the requirements of the Companies Act 1994, the listing Regulations and Provisions of the Articles of Association of the Company, and the Corporate Governance Code-2018, issued by the Bangladesh Securities and Exchange Commission. Our Board has been constituted with requisite diversity, wisdom, expertise and experience commensurate to the scale of operations of our Company.

The Board comprised Six Directors including Managing Director and three Key Personnel as of 30th June 2024. Among the

# Directors' Report to the shareholders

Directors, Mr. A.K.M Shamsul Areefin and Mr. Md. Mozammel Hossain, FCA are the Independent Directors of the Company and Mr. Md. Mustafizur Rahman, Chief Financial Officer, Mr. Md. Monir Hossain, Company Secretary and Mr. Md. Rakibur Rahman, Head of Internal Audit & Compliance are the Board Member of the Company as per BSEC notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018 for three years term.

## BOARD AND SUB-COMMITTEE MEETINGS

During the year under review, a total of eleven meetings of the Board of Members, four meetings of the Audit Committee and two meetings of the NRC. Details are given below in comparison to the last three years.

Name of the Meeting	2023-2024	2022-2023	2021-2022	2020-2021
Board of Directors	11	7	8	5
Audit Committee	4	4	4	4
NRC Committee	2	1	2	2

## RETIREMENT AND RE-ELECTION

Mrs. Piara Hossain and Mr. Arifur Rahman, Directors of the Company, retire as per the Article of Association of the Company and being eligible offer themselves for re-election. A brief resume and other information of the above-mentioned Directors are depicted in the profiles of Directors page no.-----.

## DIRECTOR'S FEES AND REMUNERATION

The Director who engaged in the Company's day-to-day operations is receiving remuneration and other benefits from the Company as disclosed in the Financial Statement at note 35(B)-page no.-----. Non-Executive Directors including Independent Directors are paid only an attendance fee of BDT 10,000/- (BDT ten thousand) for attending per Board Meeting.

## BOARD MEETINGS AND ATTENDANCE

During the year 11 (eleven) Board Meetings were held. The attendance record of the Board Members is as follows:

Name of Directors and Position of the Company	Position of the Board	Meeting Held	Attended the Meeting	Percentage
<b>Sponsor Directors</b>				
<b>Mrs. Piara Hossain</b> , Non-Executive Director	Chairman	11	11	100%
<b>Mr. Md. Ehsanul Habib</b> , Managing Director	Director	11	11	100%
<b>Mr. Arifur Rahman</b> , Non-Executive Director	Director	11	11	100%
<b>Mr. Md. Muddasar Hossain</b> , Non-Executive Director	Director	11	11	100%
<b>Independent Directors</b>				
<b>Mr. A. K. M. Shamsul Areefin</b> , Independent & Non-Executive Director	Director	11	11	100%
<b>Mr. Md. Mozammel Hossain, FCA</b> , Independent & Non-Executive Director	Director	11	11	100%
<b>Key Personnel</b>				
<b>Mr. Md. Mustafizur Rahman</b> , Chief Financial Officer	Member	11	11	100%
<b>Mr. Md. Monir Hossain</b> , Company Secretary	Member	11	11	100%
<b>Mr. Md. Rakibur Rahman</b> , Head of Internal Audit & Compliance	Member	11	11	100%

## KEY MANAGERIAL PERSONNEL

As of the date of this Report, Mr. Md. Ehsanul Habib, Managing Director, Mr. Md. Mustafizur Rahman, Chief Financial Officer, Mr. Monir Hossain, Company Secretary, and Mr. Md. Rakibur Rahman, Head of Internal Audit and Compliance are the Key Managerial Personal (KMP) of our Company.

## COMMITTEES OF THE BOARD

According to various requirements under the Act, the Listing Regulations, and the Notifications of Bangladesh Securities and Exchange Commission (no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018, the Board of Directors has constituted various committees, such as the Audit Committee, Nomination, and Remuneration Committee, Internal Audit Committee, Corporate Governance Compliance Committee, Risk Management Committee and Management Committee. The details of composition, terms of reference, etc., about these committees are mentioned in the Corporate Governance Report.

## CODE OF CONDUCT

Esquire Knit has adopted Codes of Conduct for securing good business ethics and conduct in all aspects of the Company's activities. All the employees of the company are strictly required to abide by it.

## MANAGEMENT COMMITTEE

The day-to-day Management of the Company is entrusted to the Managing Director and the Management Committee. The members of the Management Committee are jointly accountable for the entire management of the Company and decide on the basic issues of business policy and corporate strategies.

## DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors of our Company have submitted requisite declarations that they continue to meet the criteria of Independence as laid down in the applicable Corporate Governance Code issued by the BSEC and there is no change in the status of their Independence and have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

The Board of Directors further confirms that the Independent Directors also meet the criteria of expertise, experience, integrity, and proficiency in terms of the applicable rules.

## COMPLIANCE WITH SECRETARIAL STANDARDS

During the year under review, the Company has duly complied with the applicable provisions of the Secretarial Standards on Meetings of the Board of Directors and General meetings issued by the Institute of Chartered Secretaries of Bangladesh.

## INFORMATION ON SHAREHOLDERS WHO HOLD ABOVE 10% OF SHARES

**In compliance with condition No. 4 of the Commission's Notification No. BSEC/CMRRCD/2009193/10/Admin/118 dated 22 March 2021.**

**Shareholding information of the Directors or Shareholders who have availed any loan or credit facility by lien or pledge of their shares to the lender(s) at the time of borrowing.**

## COMPANY INFORMATION:

As of 30th June 2024, the following directors or shareholders who hold 10% shares of our Company have taken a loan or credit facility from the following financial and non-financial institution by keeping their share in lien or pledge or have pledged to other associate company to take loans:

Name of the Shareholders	BOID Number	Number of Shareholdings	Percentage of holding	Number of Share Pledge	Pledging status	Taking credit facility
Esquire Dyeing Industries Limited	1604420062000440	29,581,343	21.93%	29,581,343	Pledged entire holding	Bank Asia Limited
Mr. Md. Mofazzal Hossain	1604420062000610	28,791,667	21.34%	10,000,000	Pledged Part Holding	Community Bank Bangladesh Limited

Shareholding information of the said Directors or Shareholders who have availed margin loan from the stockbroker or portfolio manager.

## COMPANY INFORMATION:

As of 30th June 2024, no directors or shareholders of the Company, who hold 10% shares of Esquire Knit Composite PLC has not taken any margin loan from the stockbroker or portfolio manager against his/her share.

## NOMINATION AND REMUNERATION POLICY

# Directors' Report to the shareholders

The Board of the Company has adopted a Nomination and Remuneration Policy for the identification, selection, and appointment of Directors, Key Managerial Personnel, and Senior Management personnel of our company. The policy provides criteria for fixing the remuneration of the Directors, Key Managerial Personnel, Senior Management Personnel as well as other employees of the Company. The Policy enumerates the powers, roles, and responsibilities of the Nomination and Remuneration Committee.

Our Board, on the recommendations of the Nomination and Remuneration Committee, appoints Director(s) of the Company based on his / her eligibility, experience, and qualifications and such appointment has approved the Members of the Board as well as the Members of the company at Annual General Meeting. The Policy also provides for Board Diversity criteria.

Please refer to page---of the Annual Report, where "The Policy of NRC" is annexed as Annexure X and is also uploaded on the website of the company at [www.esquireknit.com](http://www.esquireknit.com) has been provided in the Corporate Governance Report which forms part of this Annual report.

## **CONFIRMATION OF COMPLIANCE ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

Esquire Knit is committed to providing a safe and secure environment to its women employees across its functions and other women stakeholders, as they are considered an integral and important part of the organization.

In terms of the Sexual Harassment of Women at Workplace Act and Rules framed thereunder, our Company has duly adopted a Policy and has also complied with the provisions relating to the constitution of the Internal Complaints Committee.

Our Company has been conducting an awareness campaign across all its manufacturing units, warehouses, and office premises to encourage its employees to be more responsible and alert while discharging their duties.

## **GENDER EQUALITY IN THE WORKPLACE**

Workplace gender equality will be achieved when people can access and enjoy equal rewards, resources, and opportunities regardless of gender. It will require the Removal of barriers to the full and equal participation of men and women in the workforce.

Our Company complied with these issues in the workplace very sincerely, and therefore we can safely say that our employees are not victims of gender discrimination.

## **GOING CONCERNED**

The Company has adequate resources to continue its business operation for the foreseeable future and hence, the financial statements have been prepared on a going-concern basis. As per the management's assessment, there are no significant doubts about the Company's ability to continue as a going concern.

## **COMMUNICATION WITH SHAREHOLDERS**

Accountable to:	• Shareholders
	• Board of Directors
	• Management

The Company encourages communication with shareholders throughout the year and welcomes their participation at shareholders' meetings. The Company is transparent with the stakeholders, including the owners of the Company. Four times each year, EKCL reports to its shareholders regarding its business, financial position, and earnings. These include:

- Quarterly and annual financial statements
- Annual General Meeting
- Price-sensitive disclosure and other disclosure to the BSEC and Stock Exchange.

In additional information, the Company is under a legal and regulatory requirement to publish via the newspaper. Esquire Knit believes in transparency and accountability to society as a whole for the establishment of an efficient and effective Corporate Governance procedure.

## **DISCLOSURE REGARDING VARIANCE BETWEEN QUARTERLY FINANCIAL PERFORMANCE & ANNUAL FINANCIAL STATEMENTS**

Statements Quarterly Financial Statements are given separately. There were some variances in the financial results from quarter to quarter. But they are not of a very significant or material nature.

## **BOARD'S STATEMENT TO THE EFFECT THAT NO BONUS SHARES OR STOCK DIVIDEND HAS BEEN OR SHALL BE**

### DECLARED AS AN INTERIM DIVIDEND

The Board of Directors of the Company declares that the Company has not declared any interim cash dividend and bonus shares or stock dividends for the financial year under review.

### MINORITY INTERESTS

In Compliance with condition number 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.

### UNCLAIMED OR UNDISTRIBUTED OR UNSETTLED DIVIDEND

Bangladesh Securities and Exchange Commission issued a directive no. BSEC/CMRRCD/2021-386/03 dated 14 January 2021 and Bangladesh Securities and Exchange Commission (Capital Market Stabilization Fund) Rules, 2021 to transfer unclaimed or undistributed dividends to the capital market stabilization fund. In compliance with the circular, Esquire Knit deposited the unclaimed IPO subscription share and unclaimed dividend amount for the 2018-2019 and 2019-2020 financial year to the "Capital Market Stabilization Fund" on 12th June 2023 and 23th April 2024. Details of the deposited amount are given below:

Unclaimed /undistributed IPO and dividend deposited to the capital market stabilization fund.

Nature of Fund	Financial Year	Amount of Taka or Number of Shares	Pay order details	Transfer to the account or BOID number of CMSF
Unclaimed Final Dividend	2019-2020	BDT 735,776.00	P.O. No. 3253408 Dated 23rd April 2024 Dutch-Bangla Bank PLC	Capital Market Stabilization Fund
Unclaimed IPO Shares	2018-2019	100 Shares		1201530074571230
Unclaimed Final Dividend	2018-2019	BDT 1,940,529.00	P.O. No. 3166797 Dated 12th June 2023 Dutch-Bangla Bank PLC	Capital Market Stabilization Fund

The name and BOID number of Shareholders whose dividends remain unclaimed/unpaid are given on the Company's website under Price Sensitive Information dated 10th May 2023 and 4th March 2024.

### PREFERENCE SHARE

We (the Management) are informing on behalf of the Company that as per decision of the 130th Board Meeting of the Company dated 21st December 2023, the decision of the Company to issue and offer 100,000,000 preference shares at a face value of BDT 10.00 each for an amount of BDT 1,000.00 million to finance the project expansion and relevant procurement of machinery (up to BDT 650.00 million) as well as redeeming high-cost Bank borrowing (up to BDT 350.00 million) to increase the production capacity and reduce the financial cost, which is approved by the shareholders present at the 22nd Annual General Meeting of the Company as Special Business agenda.

Our Company has not yet offered and issued these preference shares in the market despite the approval given by the Shareholders in the 22nd Annual General Meeting on 25th January 2023.

### DECLARATION BY MANAGING DIRECTOR AND CFO

Please refer to page 97 of the Annual Report, where a "Declaration by the Managing Director and Chief Financial Officer (CFO) on the Company's Financial Statement is attached as Annexure-I.

Declaration by 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

The MD & CEO, CS, CFO, and HIAC of Esquire Knit Composite PLC did not hold any executive position in any other Company at the same time.

### THE PATTERN OF SHAREHOLDING

Please refer to page 98 of the Annual Report, where a statement of the "The Shareholding of Directors, Managing Director, Chief

# Directors' Report to the shareholders

Financial Officer (CFO), Company Secretary, Key Executives, and their Spouses and Children" are provided in Annexure II.

The shareholding pattern is shown as of 30th June 2024 as per BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018.

## KEY OPERATING AND FINANCIAL DATA

Please refer to page 99 of the Annual Report, where a statement of the "The summarized Key Operating and Financial Data' for 2023-2024 and the immediately preceding five years is provided in Annexure-III.

## MANAGEMENT DISCUSSION AND ANALYSIS

Please refer to page 100 of the Annual Report, where a detailed discussion on the Operating and Financial Performance of the Company along with other disclosures as required under the corporate governance Code issued by Bangladesh Securities and Exchange Commission through Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018, has been Separately reported by the Managing Director as Annexure -IV.

## STATUS OF CORPORATE GOVERNANCE COMPLIANCE REPORT

Please refer to page 110 of the Annual Report, where a detailed report on the "Corporate Governance Compliance" under the requirement of Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018, is provided in Annexure-V.

## WEBSITE

The Company maintains a website namely [www.esquireknit.com](http://www.esquireknit.com). All disclosures, audited financial statements, and annual reports are available from our Company here.

## BUSINESS CONDUCT AND ETHICS CODE

Please refer to page18 of the Annual Report, where a detailed statement of the "Business Conduct and Ethics Code" has been Separately reported by the Company as Annexure -VI.

## HEALTH SAFETY AND ENVIRONMENT (HSE)

Please refer to page 33 of the Annual Report, where a detailed statement of the "Health Safety and Environment (HSE)" has been Separately reported by the Company as Annexure -VII.

## HUMAN RESOURCE

Please refer to page 53 of the Annual Report, where a detailed statement of the "Human Resource" has been Separately reported by the Company as Annexure -VIII.

## OUTLOOK 2025 OF BANGLADESH

The outlook for Bangladesh's garment sector in the 2024-2025 financial year is optimistic, depending on the government's ability to create a favorable business environment and restore stability. The sector could see a rebound if political and economic conditions improve. The ready-made garment (RMG) sector is a major contributor to Bangladesh's economy, accounting for 83.9% of the country's national exports. In 2023-2024, the RMG sector is estimated to contribute 15-20% to the country's GDP. Non-cotton garment exports are expected to reach \$19 billion by 2024-2025.

The RMG sector faces many challenges, including unskilled workers, insufficient infrastructure, raw materials, energy crises, safety issues, political crises, and coverage of accords and alliances. The Asian Development Bank (ADB) projects that inflation in Bangladesh will rise to 10.1% by the end of the 2024-2025 financial year. The ADB revised Bangladesh's economic growth forecast down to 5.1%.

To enhance their global standing, apparel manufacturers in Bangladesh can focus on technical innovation, market diversity, and sustainability. They can also strengthen the supply chain and place greater emphasis on worker welfare.

## COMPANY'S OUTLOOK 2025

Our outlook for the 2024-2025 financial year is to reflect the continued transformation of our cost structure to minimize every single cost because we plan our production to satisfy the growing long-term commitments under our contract portfolio. With our plan to produce 8 million kgs of textiles and 30 million pcs of apparel in our factory under installed capacity, we expect strong cash flow generation. Our financial performance and the amount of cash generated will be dependent on sourcing the material

required to meet our deliveries as planned, including achieving our production

Still now, Bangladesh is facing a severe energy crisis and efforts to increase power generation are yet to fully materialize. This resulted in load-shedding and power shutdowns in all the sectors whether Industrial or Residential. Considering the importance of energy and water to cater for energy and water needs, the Company has been heavily investing in power generation and supply which includes the installation of turbines, fuel-efficient generators and the addition of energy-efficient machines to our various manufacturing units, as well as using and converting to processes and machinery that require less water consumption. Every decision of machine acquisition involves due consideration for energy savings and conservation.

### **ANNEXURES FORMING PART OF THIS REPORT**

The Annexures referred to in this Report and other information which is required to be disclosed are annexed herewith and form part of this Report:

#### **ANNEXURE**

- Particulars
- I Declaration of MD & CFO
- II Shareholding Pattern
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#### **ACKNOWLEDGEMENT**

We acknowledge and recognize the outstanding performance of our employees and the continued support of our customers, financial institutions, regulatory authorities of the Governments in Bangladesh, shareholders, and members of the Board of Directors.

May Allah SWT (Subhanahu Wa Ta'ala) bless us all.

For and on behalf of the Board

Saturday & Dhaka  
26th October 2024



**Mrs. Piara Hossain**  
Chairman



**Md. Ehsanul Habib**  
Managing Director