



ANNUAL REPORT  
**2019-20**



**Esquire Knit Composite Limited**





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# OVERVIEW

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# Notice of the 20<sup>th</sup> Annual General Meeting

Notice is hereby given to all the Shareholders of Esquire Knit Composite Ltd. that the 20th ANNUAL GENERAL MEETING of the Company will be held on 11 February 2021 at 11:00 a.m at Digital Platform using virtual link:

## AGENDA

01. To receive and adopt the Audited Financial Statements for the year ended on 30 June 2020 together with the reports of the directors' and the Auditors' thereon;
02. To declare dividend for the year ended on 30 June 2020'
03. To elect Directors in place of those who shall retire by rotation in accordance with the provision of Articles of Association of the Company;
04. To appoint Statutory Auditors for the year 2020-2021 and fix their remuneration; and
05. To appoint the Compliance Auditor to provide the certificate on compliance on the Corporate Governance Code of BSEC for the year 2020-2021 and fix their remuneration;
06. To transact any other business with the permission of the chair.

By order of the Board



**Md. Saidur Rahman**  
Company Secretary

Dated: Dhaka  
25 January 2021

## NOTES:

1. Shareholders whose names would appear in the Share Register/ Depository Register on the record date on 10 December 2020 will be eligible to attend/participate and vote at the 20th Annual General Meeting through Digital Platform and entitled to receive the Dividend.
2. Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/ Admin/81 dated 20 June, 2018, soft copy of the Annual Report 2019-2020 will be emailed to respective Shareholder's email ID available in their BOA/C. The Annual Report 2019-2020 will also be available in the Company's website at [www.esquireknit.com](http://www.esquireknit.com)
3. A shareholder eligible to attend and vote at the 20th AGM may appoint a Proxy to attend and vote on his/her behalf. Scanned copy of the proxy form duly signed and stamped shall be sent through E-mail at [info@esquirebd.com](mailto:info@esquirebd.com) not later than 72 hours before the AGM.
4. The Shareholders can log into the link <https://esquireknit.bdvirtualagm.com> by using their BO A/C number and will be able to submit their queries or comments and vote electronically 24 hours before the meeting.
5. The concerned Brokerage House/DPs are requested to provide us the statement (both of hard copy & soft copy) on or before 31 January 2021 with detail of their margin loan holders entitled to Dividend for the year ended on 30 June 2020. The statements should include Shareholders Name, BOID Number, Client-wise shareholding position, contact person name & mobile number etc. The record date was 10 December 2020.
6. In compliance with the circular No.: SEC/CMRRCD/2009-193/154 dated 24 October 2013 issued by BSEC, no benefit in cash or kind shall be offered to the members during the Annual General Meeting.



# Explanatory

## Notes to the Agenda

### TO THE AGENDA FOR THE 20TH ANNUAL GENERAL MEETING OF SHAREHOLDERS OF ESQUIRE KNIT COMPOSITE LTD.

*[The following Explanatory Statement sets out material facts relating to the business to be at the 20th Annual General Meeting of the Company scheduled for 11 February 2021]*

#### **Agenda No. 1: To receive and adopt the Audited Financial Statements of the Company for the year ended on 30 June 2020 together with the reports of the directors' and the Auditors' thereon;**

The Annual Report for the year ended on 30 June 2020 contains the Annual Financial Statements for the year ended 30 June 2020 together with the Reports of the Auditors' thereon and the report from the Board of Directors.

The Audited Annual Financial Statements for the financial year 2019-2020 have been executed by the members of the Board and duly approved by the Audit Committee. MD and CFO of the company before submission to the audit committee have appropriately reviewed these Financial Statements. M/S Mahfel Huq & Co., Chartered Accountants, external auditors of the Company, has issued an unqualified audit opinion, which has been included in the Annual Financial Statements for the financial year ended 30 June 2020.

Pursuant to the section 183 and 184 of the Companies Act, 199, the directors are required to present to the shareholders at the Annual General Meeting, the Directors' Report and Annual Audited Financial Statements including Auditors Report thereon.

It is proposed to adopt the Annual Accounts for the financial year ended on 30 June 2020 together with the Reports of the Directors' and the Auditors' thereon

#### **Agenda No. 2: To approve dividend for the year ended on 30 June 2020 as recommended by the Board of Directors;**

Net income attributable to Shareholders amounted to Taka 266.00 million, Earnings Per Share (EPS) consequently amounted to Taka 1.97 in Financial Year ended on 30 June 2020. The Board of Directors recommended 15% Cash Dividend i.e.; Tk. 1.50 for every share of Tk. 10.00 each for the financial year ended 30 June 2020 in its Meeting held on 03 November 2020 to the General Meeting of Shareholders to be held on 11 February 2021. Payment of dividend for the year ended 30 June 2020 as recommended by the Board, if approved at the General Meeting, will be payable on or before 13 March 2021 after the Annual General Meeting according to Bangladesh Securities and Exchange Commission (BSEC) notification No. BSEC/CMRRCD/2009-193/18/Admin/ dated 09 February 2010 in respect of shares held to those members whose names appear in the statement of beneficial owners to be furnished by Central Depository Bangladesh Limited (CDBL) at Record Date on 10 December 2020.

#### **Agenda No. 3: To elect Directors in place of those who shall retire by rotation in accordance with the provisions of Articles of Association of the Company;**

In accordance with Article No. 93 and 94 of the Articles of Association of Esquire Knit Composite Ltd. Mr. Md. Mofazzal Hossain and Mr. Md. Ehsanul Habib, Directors of the Company to be retired from office of Directorship and being eligible, they offered themselves for re-election.

As the Board of Directors greatly values the contribution of Mr. Md. Mofazzal Hossain and Mr. Md. Ehsanul Habib for development of the Company and their commitment shown in their responsibilities as the members of the Board, it is proposed to re-elect Mr. Md. Mofazzal Hossain and Mr. Md. Ehsanul Habib as member of the Board of the Company for a period until retired by rotation as per section 91 of the Company Act, 1994 and relevant provision of the Articles of Association.

**Agenda No. 4: To appoint Statutory Auditors for the term until the completion of 20th Annual General Meeting and fixation of their remuneration;**

M/S Mahfel Huq, Chartered Accountants has carried out the audit of the Company for the year 2019-2020 and completed 1st year of audit after appointment.

They are eligible to continue in accordance with the provision of BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018 and Regulation No. 15(3) of Stock Exchanges (Listing) Regulations, 2015 and they have expressed their intention to be re-appointment for the next term at an increased fee.

The Board at a Meeting held on 24 June 2020 proposed for appointment of M/S Mahfel Huq, Chartered Accountants to hold office for the period until conclusion of 21th Annual General Meeting of the Company for auditing for the year ended 30 June 2021.

It is noted that M/S Mahfel Huq, Chartered Accountants is in the panel Auditors by BSEC.

It is proposed to appoint M/S Mahfel Huq, Chartered accountants, in compliance with the section 210 of the Companies act, 1994 & BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018 as external auditors of the Company charged with the auditing of the Annual Financial Statements for the financial year 2020-2021 at such amount of remuneration to be fixed at 20th Annual General Meeting.

**Agenda No. 5: To appoint the Compliance Auditor to provide the certificate on compliance on the Corporate Governance Code of BSEC for the year 2020-2021 and fix their remuneration; and;**

It is required to appoint a practicing Professional Accountant/Secretary for the year 2020-2021 for conducting compliance audit on corporate governance code by Bangladesh Securities and Exchange Commission (BSEC) in compliance with the provision of 9(1) of BSEC Notification in this regard dated 3 June 2018, Ref. No. # BSEC/CMRRCD/2006-158/207/Admin/80 in order to obtain a certificate on compliance of the said Corporate Governance Code of the Commission.

The Board proposed the name of M/S Chowdhury Bhattacharjee & Co., Chartered Accountants of 47/8 Indira Road (Gr. Floor), Dhaka-1215 for appointment to conduct the compliance audit for the year 2020-2021 at a remuneration to be fixed at 20th Annual General Meeting.

**Agenda No. 6: To transact any other business with the permission of the chair**



# Letter of Transmittal

All esteemed Shareholders,  
Bangladesh Securities and Exchange Commission (BSEC),  
Registrar of Joint Stock Companies & Firms (RJSC),  
Dhaka Stock Exchange Limited (DSE),  
Chittagong Stock Exchange Limited (CSE).

**SUBJECT: ANNUAL REPORT ON ESQUIRE KNIT COMPOSITE LTD. FOR THE YEAR ENDED 30 JUNE 2020.**

Dear Sir (s),

We have the pleasure in submitting the Annual Report of Esquire Knit Composite Ltd. for the year ended 30 June 2020 containing the Directors' Report along with Audited Financial Statements as required by and prepared in compliance with the provision of the Companies Act, 1994, Securities and Exchange Ordinance 1969, Securities and Exchange Rules 1987, Notification of Bangladesh Securities & Exchange Commission, Dhaka Stock Exchange (Listing) Regulations, 2015.

Thank you

Best Regards



**Md. Saidur Rahman**  
Company Secretary

Monday, 25 January 2021  
Dhaka

# Corporate information

**NAME OF THE COMPANY**

Esquire Knit Composite Ltd.

**LEGAL STATUS**

Public Limited Company

**TRADE CODE**

esquirenit

**NATURE OF BUSINESS**

Textile

**LISTED STOCK EXCHANGE**

Dhaka Stock Exchange Ltd.  
Chittagong Stock Exchange Ltd.

**COMPANY INCORPORATION NO.**

C-396633 (1631)/2000

**DATE OF INCORPORATION AS  
PRIVATE LIMITED COMPANY**

February 16, 2000

**CONVERSION DATE FROM PRIVATE  
LIMITED COMPANY TO PUBLIC  
LIMITED COMPANY**

January 22, 2015

**COMMENCED COMMERCIAL  
OPERATION**

2001

**TAX IDENTIFICATION NUMBER (TIN)**

885533988064

**BIN NUMBER**

000216288-0304

**AUTHORIZED CAPITAL**

Tk. 2,000,000,000 divided into  
200,000,000 Ordinary shares of Tk.10  
each

**PAID UP CAPITAL**

Tk. 1,348,958,330 divided into  
134,895,833 Ordinary shares of Tk.10  
each

**STATUTORY AUDITOR**

Mahfel Huq & Co.  
Chartered Accountants  
BGIC Tower (4th Floor)  
34, Topkhana Road, Dhaka -1000

**CORPORATE GOVERNANCE AUDITOR**

Chowdhury Bhattacharjee & Co.  
Chartered Accountants  
47/8, Indira Road (Gr. Floor),  
Dhaka-1215

**MEMBERSHIP**

- Bangladesh Garment Manufacturers & Exporters Association (BGMEA)
- Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)
- Bangladesh German Chamber of Commerce & Industry -BGCCI
- Spain Bangladesh Chamber of Commerce and Industry
- Bangladesh Association of Publicly Listed Company (BAPLC)

**LEGAL ADVISOR**

Mr. Md. Sameer Sattar, Barrister  
Unit E3, House 1/A, Road 35, Gulshan-2,  
Dhaka-1212

**REGISTERED & CORPORATE OFFICE**

Esquire Tower, 21 Shaheed Tajuddin  
Ahmed Sarani (Old 30 Tejgaon  
Industrial Area)  
Tejgaon, Dhaka-1208  
IP Phone: +88 09612443322

**FACTORY ADDRESS**

- 22/58, Kanchpur, Sonargaon,  
Narayanganj
- Jamirdia, Valuka, Mymensingh



**WEB ADDRESS**

[www.esquireknit.com](http://www.esquireknit.com)

**E-MAIL ADDRESS**

[info@esquirebd.com](mailto:info@esquirebd.com),  
[ekcl@esquirebd.com](mailto:ekcl@esquirebd.com)

**LEAD BANKERS**

**Dutch-Bangla Bank Ltd.**  
1, Dilkusha C/A, Dhaka-1000

**Eastern Bank Ltd.**  
10, Dilkusha C/A, Dhaka-1000

**LEAD INSURERS**

**Progati Insurance Ltd.**  
69/1 Purana Paltan Lane, Dhaka

# Overview of the Company

Esquire Knit Composite Ltd. was incorporated as a Private Limited Company on 16 February 2000 under the Companies Act, 1994. The Company commenced commercial operation in 2001. The Company converted in to Public Limited Company on 22 January 2015.

Esquire Group went for the expansion in RMG by establishing a new venture named Esquire Knit Composite Limited (EKCL) in 2001. It has expanded gradually to become a conglomerate with knitting, fabric dyeing and finishing, cutting, sewing, industrial laundry, embroidery, printing, washing facilities under one roof. Using state-of-the-art-technology, focused business policies and maintaining business ethics over the years helped us successfully establish the name as a world-class garment manufacturer in the knit garments arena.

The Company currently employs approximate 11,000 people, serving customer in Europe & American chain store, fashion brands and super markets. The company is the active member of BGMEA, BKMEA.

The existing factory of Esquire Knit Composite Ltd. is located in 22/58, Kanchpur, Sonargaon, Narayanganj.

As a part of the expansion, EKCL has started a new 'Green' project at its own premises located in Valuka, Mumensingh for BDT 576 crore. Construction is underway for the new Esquire Campus. The new campus has been designed, engineered and is being constructed to excel in all building standards not only in Bangladesh, but also in the world.

**A standalone industrial park, Esquire Campus will host vertically integrated manufacturing facilities, extending over an area of 20 acres and comprising of the following building and infrastructure facilities:**

- » 10-story Building for Garments Manufacturing
- » Fabric Park, including ETP Facilities
- » Employees Service building, including Canteen Facilities and Welfare facilities
- » Apartment Building for Management and Visitors Residence Facilities
- » Utility infrastructure area for Electric Stream, Gas and Air Power Generation
- » Worker dormitory
- >> Internal Road Construction

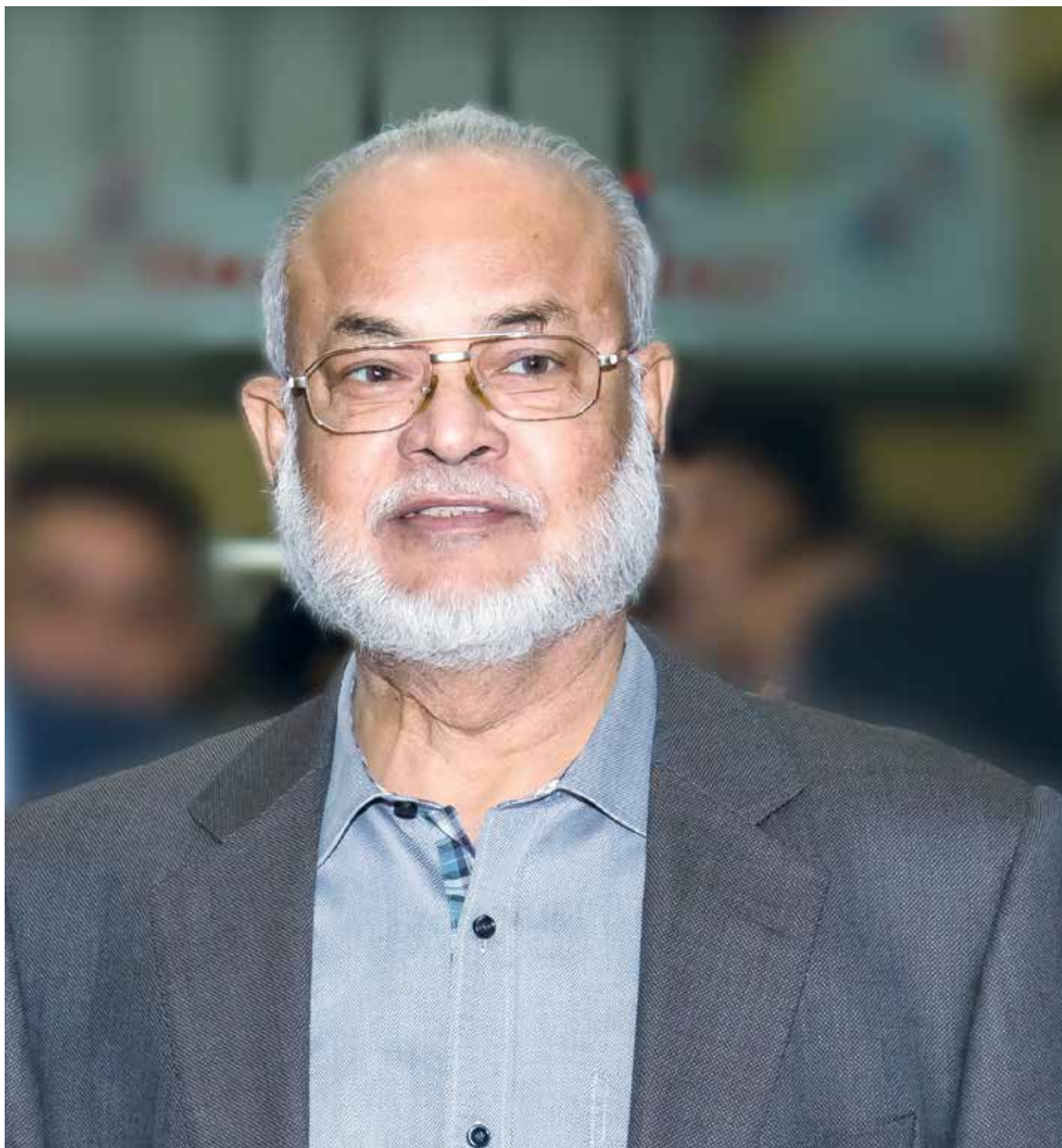




# Awards

Awarded <b>ISO 9000 Series</b> <b>(Quality Management System)</b>	2002 - Certified to ISO 9002:1994
	2005 - Certified to ISO 9001:2000
	2012 - Certified to ISO 9001:2008
	2015 - Certified to ISO 9001:2015
	Validity 11.08.2021
Awarded OHSAS 18001:2007 Certificate (Occupational Health & Safety Management System)	2016 Validity 12.03.2021
Awarded ISO 14001: 2015 Certificate <b>(Environmental Management System)</b>	2016 - Certified to ISO 14001:2004
	2016 - Certified to ISO 14001:2015
	Validity 15.06.2022
Awarded Oeko-Tex Garments Product Class 1 Certificate	Validity 31.10.2021
Awarded Oeko-Tex Garments Product Class 2 Certificate	Validity 31.05.2021
Awarded GOTS	Validity 04.11.2021
Awarded OCS-IN	Validity 12.03.2021
Awarded RCS	Validity 04.11.2021
Awarded Amfori BSCI	Validity 10.04.2021
Awarded C-TPAT	Validity 04.09.2021
Awarded SCOPE Certificate	Validity 02.12.2021
Awarded HiGG for environment	N/A
Awarded Clean Chain	N/A
Awarded Better Work	N/A
Awarded IPE	N/A
Awarded ZDHC	N/A
Awarded PURE	N/A
Listed with Dhaka Stock Exchange Limited	3-Mar-19
Listed with Chittagong Stock Exchange Limited	27-Feb-19
Trading of Shares at Dhaka and Chittagong Stock Exchanges	9-Apr-19
Credit Rating by Credit Rating Agency of Bangladesh	Entity A1
	Long Term Loan A1 (Lr)
	Short Term Loan ST 3
	Validity : October 25, 2021

# Message From **Chairman**



## Dear Valued Shareholders,

As-salamu alaykum,

Bismillahir Rahmanir Rahim

It is my proud privilege by the grace of Almighty Allah (SWT) to extend a hearty welcome to you all to the 20th Annual General Meeting of the Company. While this was a year of extreme economic challenges for the world, a situation worse almost beyond measure by the unprecedented COVID-19 pandemic, your Company continued to play on its strengths and posted a moderate financial performance.

The COVID-19 pandemic has been a human, health, and economic crisis that has deeply affected the lives of many people around the world, including members of our Esquire family, their relatives and friends. Our heartfelt condolences go out to all those who have lost loved ones during this difficult time.

The macro-economic factors that caused a slowdown in FY 2019-20 will continue in FY 2020-21, with the first half of Calendar Year (CY) 2020 completely dominated by the pandemic and the consequent lockdowns of the globe.

The year under review has presented a variety of challenges with economic growth in Bangladesh weakening quarter-on-quarter amidst a severe liquidity slump, falling consumption trends, and the outbreak of COVID-19 in March, which has not only elevated the economic challenges, but also adversely affected the society, at large.

This has proven to be the most challenging year in Esquire's history, as we faced a convergence of intensified competition across our businesses and an unprecedented public health crisis that has sent economies around the world reeling. Against this backdrop, our net profit for FY 2020 declined 30.66%. The net profit after tax stands at Tk.266 million against revenue at Tk. 5,000 million. Despite of major setback we are trying our best to ensure sustainability, continued growth and financial strength. My heartfelt congratulations to the Managing Director for his guiding leadership and the Management team for excellent performance.

As the global economy has slowed, so too has demand for some services and, like for many businesses, the next 12 months are going to be difficult. This is a time for business to reflect, in some cases repair, and evolve to support stakeholders and this applies to us, too.

I am proud of what we have done over the last year and the way my colleagues adapted quickly to a huge amount of change. While at the same time continuing to connect, collaborate and innovate for the benefit of our stakeholders.

I would like to extend my thanks and the thanks of the Board to all our frontliners and employees for holding the fort these past months. Knowing the Esquire I have every confidence they will see the company through this crisis to recovery very soon, Insha Allah.

May Allah Bless Us



**Md. Mofazzal Hossain**  
Chairman of the Board





# Corporate Operational Results

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
<b>Revenue</b>	5,000,518,624	5,919,576,583	4,841,134,840	4,453,547,322	4,426,364,400
<b>Year to Year Changes in Revenue (%)</b>	(15.53)	22.28	8.7	0.61	0.93
<b>Cost of Goods Sold (COGS)</b>	3,905,145,664	4,679,188,088	3,804,060,878	3,531,651,776	3,414,907,891
<b>COGS to revenue (%)</b>	78.09	79.05	78.58	79.3	77.15
<b>Gross profit</b>	1,095,372,960	1,240,388,495	1,037,073,961	921,895,546	1,011,456,509
<b>GP to revenue (%)</b>	21.9	20.95	21.42	20.7	22.85
<b>Operating Expenses</b>	536,456,752	573,634,105	468,592,261	405,838,990	499,365,014
<b>Operating Expenses to revenue (%)</b>	10.72	9.69	9.68	9.11	11.28
<b>Financial Expenses</b>	274,661,889	224,224,327	142,100,620	118,269,530	139,731,151
<b>Financial Expenses to revenue (%)</b>	5.49	3.79	2.94	2.66	3.16
<b>Non Operation Income</b>	55,885,930	24,197,256	5,776,336	5,484,304	5,994,498
<b>Provision for contribution to WPPF &amp; WF</b>	17,007,012	23,336,366	21,607,871	20,163,566	18,016,897
<b>Profit Before Tax for the year</b>	323,133,237	4,443,390,953	410,549,546	383,17,764	360,337,945
<b>Income tax expenses</b>	57,129,934	59,783,735	66,580,971	70,961,069	63,576,771
<b>Net Profit After Tax</b>	266,003,303	383,607,218	343,968,575	312,146,695	296,761,174
<b>Net profit after tax to revenue (%)</b>	5.31	6.48	7.11	7.01	6.7
<b>Share Capital</b>	1,348,958,330	1,348,958,330	1,000,000,000	1,000,000,000	600,000,000
<b>Earnings Per Share [EPS] - Basic *</b>	1.97	3.37	3.44	3.12	4.95
<b>Net operating Cash Flow Per Share (NOCFPS)</b>	2.13	2.03	5.21	0.99	2.37

\* EPS reduce because of new share issue through IPO

# Message From **Managing Director**





## Dear Valued Shareholders,

As-salamu alaykum,  
Bismillahir Rahmanir Rahim

It is my great pleasure to welcome you all at the 20th Annual General Meeting (AGM) of Esquire Knit Composite Ltd. I would like to express my thanks and gratitude to you all for your kind support to the company during the financial year 2019-2020. On behalf of the Board of Directors, I take this privilege to present the Annual Report and Audited Financial Statement of Esquire Knit Composite Ltd. for the financial year ended on 30 June 2020.

2021 is going to be a crucial year for the Bangladesh garments and textile industry. As the industry is going through a transformation phase some major organizational changes are on the card in the upcoming days.

### OVERVIEW

The corona virus is dramatically impacting all most all the countries of the globe. The stores, shopping centers, and entire country were closed down which already having a significant damaging impact in economy and businesses.

The RMG sector is on the edge of an unprecedented humanitarian and business catastrophe. To flatten the coronavirus spread curve, the government declared nation-wide holidays up to 25 April 2020 and business and industrial activities have come to a grinding halt except emergency services. Many international buyers cancelled or postponed confirmed procurement orders as their retail outlets were closed. According to Bangladesh Garment Manufacturers and Exporters Association (BGMEA), international buyers have either cancelled or suspended \$3.16 billion worth of shipments involving 1,142 factories affecting 2.26 million workers as of 18 April 2020. 7 Millions of workers stare at joblessness as new orders dried up given the collapse in global demand for apparels.

The impact on the RMG industry will not be limited to itself and might have grave consequences on other industrial, consumer and service sectors. The first wave of the pandemic swamped the industry through the cancellation of orders, deferred payments/discounts by buyers, cash crunch hitting the backbone of the industry to maintain regular operations of the industry.

Thanks to our Honorable Prime Minister for her gracious and visionary steps which helped the industry to stay afloat during the peak hour of Covid-19. Extension of wage assistance loan and other vital stimulus packages for this industry, especially the easing off and enhancement of the export development fund, retention of foreign currency in a single pool for Back-to-Back import payments, extending the tenure of realization of export proceeds, and most importantly suspension of loan classification enabled us to withstand the effect of the first wave.

While we were trying to recover from the shock caused by the first wave of the pandemic during July-September of 2020, the second wave marked its beginning during the final quarter of 2020 and has worsened the situation. On this backdrop, it is difficult to project 2021 since there is a number of uncertainties around us.

Recovery from the virus, as well as the recovery of the global economy, trade and business is still ambiguous to a great extent. Based on the current trend and scenario it appears that the global apparel market may continue to experience a slowdown till May/June 2021.

### Major challenges for the industry in 2021:

- Slowdown in export due to 2nd wave
- Changing buying behavior
- Decline in price
- Financial vulnerability and support to reconstruct the industry

## FINANCIAL RESULTS

We had faced request from buyers to put on hold for the orders, cancelation and price reduction of some of the orders. In April to June quarter we lost some orders. This was ever-biggest challenge we have face since the inception of the company since 2000.

We have the wholehearted ambition of securing a successful business on the other side of this difficult situation, however in order to get there we need to manage the current crisis and take timely action.

I like to inform you that, due to COVID-19 impact on the comparative in the revenue earning in the current financial year compared to previous financial year 2018-2019 is decreased 18.32%.

We have achieved BDT 500 crore in 2019-20 which was BDT 591.95 crore in 2018-19. Until 3rd Quarter we have achieved BDT 463 crore against last year BDT 438 same period. Due to COVID-19, we lost our some business in 4th Quarter which impact in annual revenue.

Revenue increased over BDT 100 crore in 2018-19 over 2017-18 due to increase its capacity through installation of new machineries. Such machineries used for production of new product line of upcoming expansion project of Valuka as a pilot project at existing project and after completion of building at Valuka the said machineries will be transferred to new project.

The year was very challenging across the industry. All the financial indicators show negative compared to previous year impacting one quarter business.

The key highlights for the year were as follows:

- Revenue for the year of BDT 500.05 crore
- Operating profit for the year of BDT 28.42 crore
- Net profit for the year of BDT 26.60 crore

## MARKETING STRATEGY

Bangladesh's market share in global RMG is 6.5%, and the country consistently remained the second largest exporter after the People's Republic of China. Bangladesh primarily exports to the European Union (62%) and the United States of America and Canada (21%). Over the last three decades, the RMG exports have registered a cumulative average growth of 14.8% per annum reaching \$34.2 billion in FY2019 which is 84.2% of the country's total exports. The growth of the RMG industry since 1990 defying all regional and international crises, however, the industry is now at the crossroads due to COVID- 19 fallouts.

Major global fashion brands have taken prompt responses to help in flattening the Coronavirus curve and this has left significant impacts on worker employment, revenues and overall operations.

EKCL is committed to search for excellence and innovation in technology with the aim of serving the global markets with competitive products to maintain our leading position in the country and worldwide.

In our relentless pursuit of becoming a world leader in the Apparel industry, Esquire is continuously developing its core strengths in applied technology, innovation and vertical integration of all processes, from research & development, to product conceptualization & design, to manufacturing and delivery to our customers.

Launching a new Product Development and Innovation Center, Esquire is expanding its product capabilities, integrating technologies like molding, bonding, and seamless knitting to expand its product offerings to higher valued products, while increasing its product capabilities in knitting beyond weft knitting, allowing Esquire to grow in new markets with a long term sustainable business model.

We are building a strong and diversified customer base across the world, with strategic product positioning with different brands, which coupled with the infrastructure investment already begun in buildings, machinery and people, is laying our foundations for a continued growth year on year for the next 5 years, where we project to add USD100Mn in sales by 2024 through our expansion, and become an even more dominant player in the apparel industry.

## SUSTAINABILITY :

Beyond helping curb those global challenges, sustainability can drive business success. Several investors today use

Environmental, Social, and Governance (ESG) metrics to analyze an organization's ethical impact and sustainability practices. Investors look at factors such as a company's carbon footprint, water usage, community development efforts, and board diversity.

Research shows that companies with high ESG ratings have a lower cost of debt and equity, and that sustainability initiatives can help improve financial performance while fostering public support. According to McKinsey, nearly 3,000 employees said the strongest motivating factors to adopting a sustainable mindset are to: align with a company's goals, missions, or values; build, maintain, or improve reputation; meet customer's expectations; and develop new growth opportunities.

Rather, "doing good" can have a direct impact on our company's ability to do well.

## GOVERNANCE

We committed to the highest standards of corporate governance, with accountability and transparency being key guiding principles in all business activities conducted. We continue to apply appropriate levels of thinking to governance execution, thereby enhancing value for all stakeholders.

## CAPITAL INVESTMENT

Esquire Knit Composite Ltd. invested infrastructure and machineries to build capacity. We established new capacity in existing project at Kanchpur, Narayangonj.

The new project of EKCL at Jamirdia, Valuka, Mymensing is under way. The Campus has been designed, engineered, and is being constructed to excel in all building standards.

The ground breaking of the project start from August 2018 and subsequently the work start in full phase. But while pandemic COVID-19 start on March 2020, the construction work freeze for few months. Now the construction work starts to aim start the production by 2nd half of 2021.

The Company has utilized Tk. 64.16 crore in total as of December 31, 2020 out of schedule committed expenditures at Valuka, Mymensing. Esquire Knit Composite Ltd. imported machineries of Tk. 40 crore for new project, which initially installed at existing factory premises at Kanchpur, Narayangonj as a pilot project to produce the products planned and designed for Valuka project. Production of the new installed machineries started immediately for development of new buyers and exported thereon which reflects in financial statement of June 30, 2019.





## **The Project completion report as of December 2020:**

### **Main Building :**

Basement 62000 SFT area - Finishing work in progress  
Ground floor 66000 SFT area - Finishing Work in Progress  
Mezzanine 15000 SFT area - Finishing Work in progress  
1st floor 66000 SFT area - Finishing Work in progress  
2nd floor 66000 SFT area - Finishing Work in progress  
3rd floor 66000 SFT area - Finishing Work in progress  
4th floor 66000 SFT area - Finishing Work in progress

### **Utility Building:**

Soil excavation - 25000 sqft  
Foundation matt casting - 25000 sqft  
Retaining wall work - 21000 sqft  
Basement slab - 21000 sqft

The management has applied to BSEC for extending the time of IPO proceeds utilization. A resolution in board meeting dated July 29, 2020 has also been passed in this regard. A Extra Ordinary General meeting (EGM) was held on September 14, 2020 and permission has been taken from the honorable shareholders of the company complying with the Clause no. 6 (Part C) of the BSEC consent letter.

## **BOARD OF DIRECTORS**

Board of Directors of the company consists of 7 (seven) directors. Out of the seven directors, five are sponsor directors and two independent directors. During the year, the board of directors has considered and approved different important business proposal of the company to ensure sustainable business growth.

## **RETURN TO THE SHAREHOLDERS**

The Board of Directors of Esquire Knit Composite Ltd. recommended 15% cash dividend which has been placed in the 20th Annual General Meeting for approval of the honorable shareholders.

## **ACKNOWLEDGEMENTS**


I would like to thank and sincere appreciation to my fellow Directors on the Board for their continued support, guidance and valuable suggestions throughout the year. I also express my sincere thanks and appreciations to all our customers, suppliers, shareholders, bankers, Members of the Board, Employees of the Company for their confidence in us and valuable contribution to the Company throughout the year 2019-2020.

I would also like to thanks the different departments of GOB, the Bangladesh Securities & Exchange Commission (BSEC), Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE) and other statutory bodies for their support for the various activities of the Company.

During this time of uncertainty, we will do everything we can to support our community around the world. Should global conditions shift, we are confident we can quickly respond to changing market dynamics, minimizing impacts to our business and disruptions to our customers and partners.

These are challenging and uncertain times, but we feel confident that as a company and community, we can get through this together.

Thanks once again.



**Md. Ehsanul Habib**  
Managing Director

# Best Practices at Esquire Knit Composite Ltd.

**FAIR PRICE SHOP:** A one-stop grocery solution for all our employees, namely 'Apon Shongshar' was launched in 2019 that provides at least a 10% discount in all their products. Employees may also buy products in arrear and the due amount may be adjusted with their salary. Also, when employees shop for 2000-2500 taka worth of products for consecutive three months from the shop, they are eligible for a health insurance worth 15000 taka. Pregnant shoppers may also enjoy extra healthcare facilities.

Periodic medical and blood donation camp At EKCL, we take our associates' health very seriously. Thus, our employees are periodically offered with free health check-ups and blood donation camps within the premises. This sessions surely add value to our celebration of occupational health & safety day at work.

**NEWBORN BABY GIFT HAMPER :** Workplace is the second home for all of us as we spend nearly half the day together. Hence, it is almost like an extension to our big family when we hear the news of pregnancy of our employees. Since 2019, to celebrate this beautiful journey of all our expectant employees, we started providing a baby kit consisting newborn essentials to all the new mothers and fathers so that we can be part of their joy.

**EMPLOYEE BIRTHDAY CELEBRATION:** To be the seamlessly integral part of our employees' lives, we choose to celebrate their birthdays with our EKCL family. This not only makes feel more associate with the company but also becomes a moment of gratification, shared with the team.

**VARIOUS DAY CELEBRATION:** Starting right from the beginning of the year with new year celebration, we hardly miss to rejoice any of the special days at work, namely Bengali new year, women's day, mother's day, children day etc.

**PROVIDING SANITARY NAPKIN DISCOUNT:** Over 50% of our EXCL population is women; thus their health and hygiene is immensely vital for our business. We provide high quality sanitary napkins to all our female employees where the company provides 50% of the total cost, and the employee pays the rest. it is mandatory for all our female colleagues to participate in the scheme so that their menstrual hygiene is secured.

**POST-EID RAFFLE DRAW :** EKCL employees are entertained

with magnificent raffle draws after Eid vacations. However, not everyone can enter for the draw. They are entitled to join in, provided that they have been present on time for three consecutive days at work post Eid holidays. This ensures their motivation in coming back to work right after the long vacations.

**PLASTIC HOUSEHOLD IN DISCOUNTED PRICE:** Being the sister concern of Esquire Plastics Ltd., we offer all our employees with considerable amount of discount on all the plastics products that is produces by Esquire plastics.

**ELECTRONIC ITEMS AT DISCOUNTED PRICE:** Alongside, being the sister concern of Esquire Electronics Ltd. has earned us this price reduction privilege too. All the EKCL employees are offered certain amount of year long discount on electronic products as well as are presented with specially discounted fridges, TVs and washing machines for purchase right before the Eid- UI-Azha.

**DISCOUNTED SKINCARE PTODUCTS OF UNILEVER:** Through collaboration with Unilever, EKCL employees can also obtain discounted skincare merchandises available in the premises supermarket.

**NANO DYE TECHNOLOGY:** The Nano Dye technology is another initiative taken by Esquire Knit Composite Ltd. to ensure less hazardous, water efficient and environment friendly fabric dyeing process.

**BANGLADESH PACT (PARTNERSHIP FOR CLEANER TEXTILES):** Esquire Unit Composite Ltd. is an IFC-PACT advisory services client since 2016. The factory underwent a Cleaner Production assessment, had invested in low cost and no cost resource efficiency measures including condensate recovery, insulation, energy efficient lighting, and trigger nozzles for water and compressed air lines. Esquire has been a front runner in the PaCT Program, displaying enthusiasm for utilizing cutting edge technology, actively par ticipatin9 in user group meetings and panel discussions at various workshops and events.

In 2018, Esquire signed up with IFC PaCT to conduct rooftop solar prefeasibility study to diversify energy source. We are playing leading role with support from IFC-PaCT to promote cluster based industrial solar solutions.

# Certificates











# CORPORATE PROFILE

Vision, Mission and Values  
Shareholding Structure  
Boards Composition & Board Committees  
Director's Profile



# Corporate **Ethos**

# VISION

**Our vision is to work for continuous self-improvement to serve our customers with the best possible products and services and emerge as one of the most admired companies in the textile arena.**

# MISSION

Our mission is to ensure quality products and services to the customers within the shortest possible lead time based on optimum utilization of the resources to achieve sustainable growth. We want to make sure that the overall purpose and scope of the business is meeting stakeholders' expectations through maintaining business ethics and caring for the environment and exertion towards green planet.

# VALUES

- ✓ Customer satisfaction
- ✓ Business Ethics
- ✓ Reliability
- ✓ Innovation
- ✓ Green Environment

# SHAREHOLDING STRUCTURE

As on 30 June 2020

## Authorized capital:

200,000,000 Ordinary Shares of Tk. 10.00 each

2,000,000,000

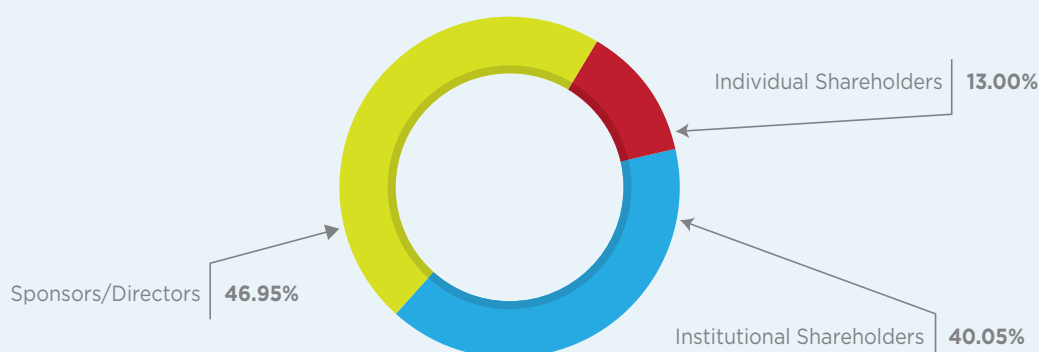
## Issued, Subscribed and Paid up Share Capital:

134,895,833 Ordinary Shares of Tk. 10.00 each

1348,958,330

Shareholdings Category	Number of Shares	In %
Sponsors/Directors	63,355,970.00	46.95
Individual Shareholders	17,532,756.00	13.00
<b>Institutional Shareholders</b>	<b>54,007,107.00</b>	<b>40.05</b>
Esquire Group	36,644,030.00	27.17
Others	17,363,077.00	12.88
Foreign Shareholders	-	-
<b>Total</b>	<b>134,895,833.00</b>	<b>100.00</b>

Shareholding structure by category in graph as on 30 June 2020



## SHAREHOLDERS POSITION:

Shareholders position as on 30 June 2020 is as follows:

Share Holding Range	Number of Shareholders	Total Shares Holding	Ownership (%)
Upto 500	26,760	2,793,077	2.07%
501-5000	1,377	2,569,624	1.90%
5001-10000	261	1,986,613	1.47%
10001-20000	181	2,512,608	1.86%
20001-30000	243	5,400,177	4.00%
30001-40000	47	1,623,688	1.20%
40001-50000	73	3,152,057	2.34%
50001-100000	53	3,712,641	2.75%
100001-1000000	36	8,717,653	6.46%
1000001-1000000000	10	102,427,695	75.93%
<b>Total</b>	<b>29,041</b>	<b>134,895,833</b>	<b>100.00%</b>



# BOARD COMPOSITION

## AND BOARD COMMITTEES

### BOARD OF DIRECTORS

Mr. Md. Mofazzal Hossain	<i>Chairman</i>
Mr. Md. Ehsanul Habib	<i>Managing Director</i>
Mr. Md. Arifur Rahman	<i>Director</i>
Mr. Md. Muddasar Hossain	<i>Director</i>
Mrs. Peara Begum	<i>Director</i>
Mr. Swapan Kumar Sarkar	<i>Independent Director</i>
Mr. Palcid Gomes, FCA	<i>Independent Director</i>

### CHIEF FINANCIAL OFFICER:

Mr. Md. Mustafizur Rahman

### COMPANY SECRETARY:

Mr. Md. Saidur Rahman

### BOARD AUDIT COMMITTEE:

Name	Designation	Position in the Committee
Mr. Palcid Gomes, FCA	Independent Director	Chairman
Mr. Swapan Kumar Sarkar	Independent Director	Member
Mrs. Peara Begum	Director	Member
Mr. Md. Saidur Rahman	Company Secretary	Member Secretary

### BOARD NOMINATION AND REMUNERATION COMMITTEE:

Name	Designation	Position in the Committee
Mr. Swapan Kumar Sarkar	Independent Director	Chairman
Mr. Palcid Gomes, FCA	Independent Director	Member
Mrs. Peara Begum	Director	Member
Mr. Md. Saidur Rahman	Company Secretary	Member Secretary

# Director's Profile



**MR. MD. MOFAZZAL HOSSAIN**

*Chairman*

Mr. Md. Mofazzal Hossain is the Chairperson of the Group and has been in business for more than 30 years. He has a long experience in managing the export-oriented readymade garments industry, textile dyeing industry, trading of electronics goods, and many other businesses. He has successfully started his journey by Esquire Electronics Ltd. in July 1989 for the trading of electronics goods. Moreover, he is also the pioneer and leader in the electronics product marketing and textile dyeing industry. Mr. Hossain is a visionary entrepreneur and founder of the Esquire Group.



**MR. MD. EHSANUL HABIB**

*Managing Director*

Mr. Md. Ehsanul Habib is the Managing Director of Esquire Knit Composite Ltd. He is one among new generation entrepreneurs those who have nourished and successfully flourished the export-oriented RMG industry of the country. After successfully completing his education in Business Administration from the USA, Mr. Habib joined Esquire Group. By virtue of his own merit and dynamic decision-making capacity, he has been able to materialize a number of successful ventures. He has a keen interest in the latest developments in the textile sector and gathered advanced knowledge in management, marketing, and technical know-how. Mr. Habib is entrusted with the responsibility of overall management of the textile division who is assisted by other directors, professional managers, local and foreign specialists, and technologists in the respective functional areas of the Company.

He is also director of Esquire Electronics Limited, Esquire Dyeing Industries Limited, Esquire Accessories Ltd., Esquire Plastics Ltd., Thakral Information System (Pvt.) Limited, Sharp Media Ltd.

He keeps social attachments with renowned professional and socio-cultural associations.



**MR. ARIFUR RAHMAN**

*Director*

Mr. Arifur Rahman is the Managing Director of Esquire Electronics Ltd., Esquire Plastics Ltd., and director of Esquire Dyeing Industries Ltd., Esquire Knit Composite Ltd. and Esquire Accessories Ltd. After completing his graduation in Business Administration from the UK, he joined Esquire The group with a focus on implementing strategic business planning and corporate management practices in the organizations. He played a pivotal role in establishing successful export-oriented industry in the country as he gathered a lot of experience in the textile and electronics field.

He is also director of Esquire Knit Composite Limited, Esquire Dyeing Industries Limited, Esquire Plastics Ltd., Thakral Information System (Pvt.) Limited, Sharp Media Ltd.,



**MR. MD. MUDDASAR HOSSAIN**

**Director**

Mr. Md. Muddasar Hossain is the Director of Esquire Knit Composite Limited, Esquire Electronics Limited, Esquire Dyeing Industries Limited and Managing Director of Esquire Accessories Limited. After his graduation, he engaged himself in the electronics & garment business and quickly acquired the required knack to run the overall business.



**MS. PEARA BEGUM**

**Director**

Ms. Peara Begum has a long experience running industrial units successfully. She has contributed to the Group through her leadership skill and acumen in managerial decision making. She has a successful track record of managing a business. She has been contributing a lot to the development of the Group.



**MR. SWAPAN KUMAR SARKAR**

**Independent director**

Mr. Swapan Kumar Sarkar was the Additional Secretary of the Government of the People's Republic of Bangladesh. Mr. Sarkar is a member of the University of Bradford Alumni Association. He is also a member of the Dhaka University Economics Department Alumni Association (DUEDDA), Bangladesh Economic Association (BEA), JICA Alumni Association. He completed his M.S in Economics in the year of 1978 from the University of Dhaka. He completed a Diploma in Government financial Management from the University of ULSTER of North Ireland in the year 2004. He joined the Board of Directors of Esquire Knit Composite Ltd. as an Independent Director as on 30 June 2016.



**MR. PLACID GOMES FCA**

**Independent director**

Mr. Placid Gomes, FCA is a fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB). He obtained a Master's degree in Accounting from the University of Dhaka. Currently, he is working in a large group as Group CFO. He joined in the Board of Directors of Esquire Knit Composite Ltd. as an Independent Director on 30 June 2016. Previously he served at Khulna Power Company Ltd. a renowned listed company as a Head of Finance & Accounts. He has extensive experience in Finance & Accounts arena around 16 years.







# CORPORATE GOVERNANCE

Director's Report to the Shareholders  
Management discussion and analysis  
Director's Declaration  
Corporate Governance Statement  
Audit Committee Report  
Nomination & Remuneration Committee Report  
Declaration by MD And CFO  
Certificate of Compliance  
Status of Compliance  
Risk Management & Internal Control  
Statement of Value Added



# Director's report to the Shareholders

DEAR SHAREHOLDERS:

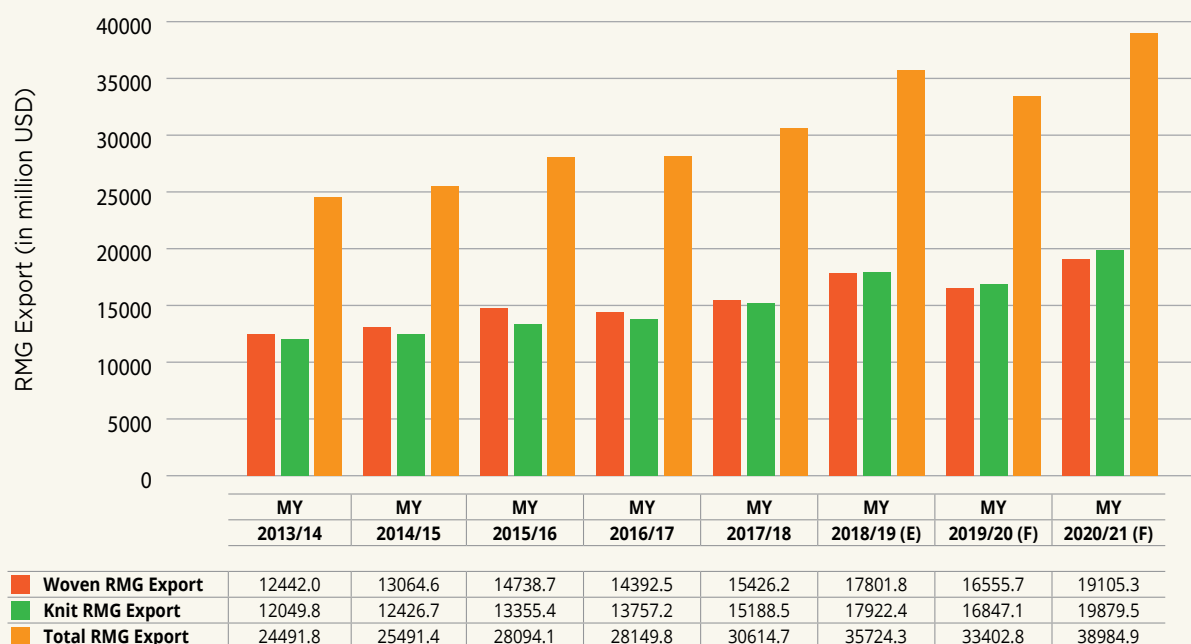
In terms of provisions of section 184 of the companies Act 1994, Rule 12 (and the schedule thereunder) of Bangladesh Securities and Exchange Rules 1987, BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 on compliance of corporate governance code, it is the pleasure of the Members of the company for the year ended 30 June, 2020 in the followings paragraphs:

## INDUSTRY OUTLOOK

Bangladesh's export earnings began to dip in March 2020, with RMG export dropping to \$2.25 billion that from \$2.82 billion in the same month last year, after the pandemic began in China in late 2019.

Since the detection of the first corona infection in the country on March 8 last, apparel exports recorded the highest negative growth of over 82 per cent in April, as production in most apparel units remained suspended due to the pandemic-induced lockdown.

Bangladesh RMG Export Market, by Process Type



MY : Market year

During this period, China closed its shipment of raw materials, as a result some factories were forced to shut down their operations. It is noted that most of the Bangladeshi garments factories are dependent on China for their raw materials and other necessary accessories for production of garments. As the customers also banned shipments or cancelled orders, the factory owners faced problems from both supply side and demand side. In fact, the whole apparel supply chain was disrupted from top to bottom. Brands and retailers cancelled or postponed order as well as deferred payments. Primark, Arcadia Group, M&S, H&M, Nordstrom, American Eagle, VF Corporation, PVH Corp, Levi's, Target and similar high-end brands either cancelled or paused new orders.

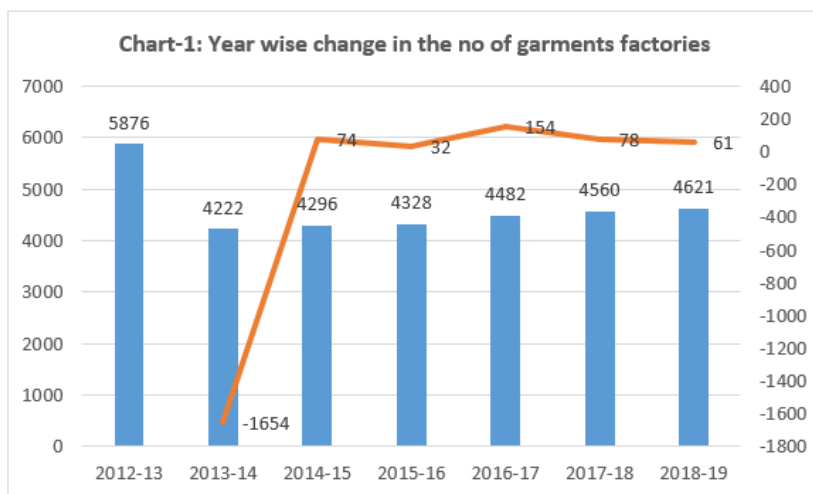
Banhladesh fetched \$2.25 billion, \$374.67 million, \$1.23 billion, \$2.24 billion and \$3.24 billion in March, April, May, June and July respectively of this year, representing a decline of 20.14 per cent, 85.25 per cent, 62.06 per cent, 6.63 per cent and 1.98 per cent during the months between March and July of this year over the corresponding months of last year, according to the BGMEA data.

The sector slowly began to turn around when the factories started to reopen following an improvement in the pandemic situation in Europe. Bangladesh exported garments worth \$1.23 billion in May and \$2.24 billion in June cushioning the economic crisis.

The apparel sector posted growth in export in August and September after several months but returned to the negative zone in October.

Bangladesh's forex-fetching readymade garment industry had begun to show signs of revival with expectations of a surge in foreign orders before the Christmas after a huge slump in export. But it is now staring at loss again as a second wave of coronavirus infection has hit the US and Europe.

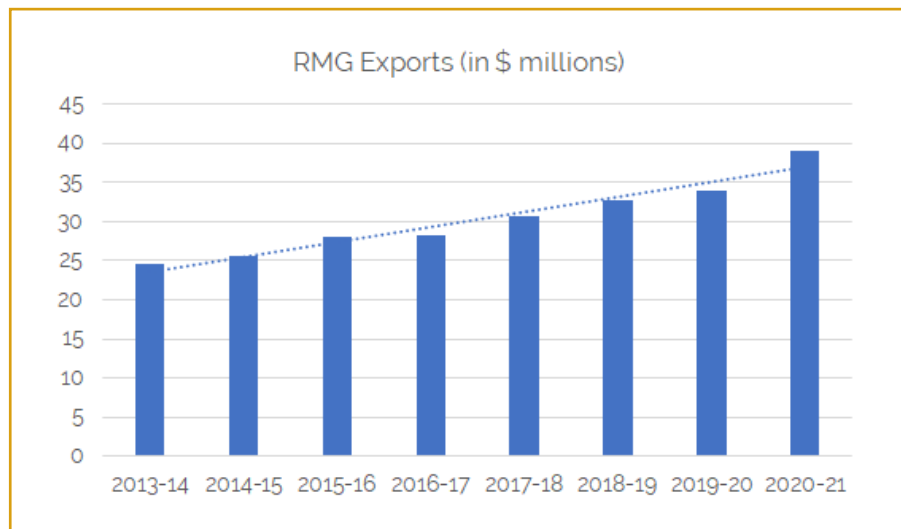
A drop in the product price against rising production costs has also hit the industry. New work orders dropped in November and December in comparison with the same period last year





The sector profile shows that the total no. of garments factories registered under BGMEA is 4621 now. The number of new factories being added every year is decreasing. There was a big drop in the number of industries in 2013-14 when accord and alliance came in to action. After that every year the on average around 75 new industries being added in total. Furthermore, around 200 industries has been shut down in the recent times which indicated the newly added industries fully compliance and they are here to stay. So, though the number of new industries every year is decreasing

but the quality of the newly launched industries are far better taking Bangladesh in the next level as a role model of green industries and sustainable practices. Overall, the total number of LEED-certified garment factories in Bangladesh is 90 now, including the 24 platinum rated buildings, according to the USGBC. Although the buyers are not paying any extra money for green buildings, such initiative still helps a lot in branding and it is necessary for our own survival.



## BUSINESS OUTLOOK

The RMG industry has played a central role in the revitalization of Bangladesh's economy, making a crucial contribution to GDP, export growth, and employment. Today, the sector accounts for over 80% of total export earnings, contributes around 12% to GDP, and employs around four million workers, of whom the vast majority are female.

In the first half of 2019, apparel exports from Bangladesh to the US rose 11.5% to reach US\$3.57 billion. Bangladesh is ranked sixth as a supplier of textiles and apparel to the U.S., after China, India, Vietnam, Pakistan and Mexico. However, Bangladesh's market share has been growing in double digits, while China's is sliding.

The recovery of this industry is critical for the revival of our economy. The Covid-19 pandemic has provided an enormous challenge to the RMG industry.

To make the \$50bn target, Bangladesh will have to grow exports by 10.9% annually. Over the past six years the garment industry has grown by an average of 13.9% annually – which makes \$50bn by 2021 seem within reach.

## SNAPSHOT: BANGLADESH GARMENTS AND TEXTILE INDUSTRY

- World's second-largest apparel manufacturing economy
- Exports apparel goods to around 160 countries worldwide
- Accounts for 80% of total national export earnings
- Contributes approximately 12% of national GDP
- Employs approximately four million workers

Source: *Dragon Sourcing Nov 2019, Forbes, The Financial Express*

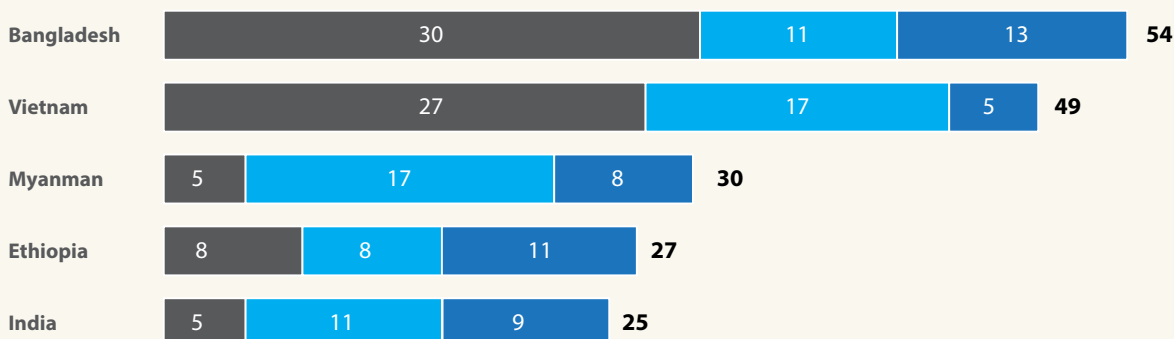
## GOALS: THE BANGLADESH GARMENTS AND TEXTILE INDUSTRY

- Achieve US\$50 billion in apparel exports by 2021 – representing up to 10% of global apparel exports, up from approximately 7% today
- Maintain upwards value-chain movement, raising per-piece prices and adding greater value at design and manufacturing stages
- Capture a growing share of supply chain diversification and trade redirection in the U.S.-China “trade cold war” and post COVID-19 environment

**Bangladesh still seen as most interesting destination, but gap of Vietnam is closing**

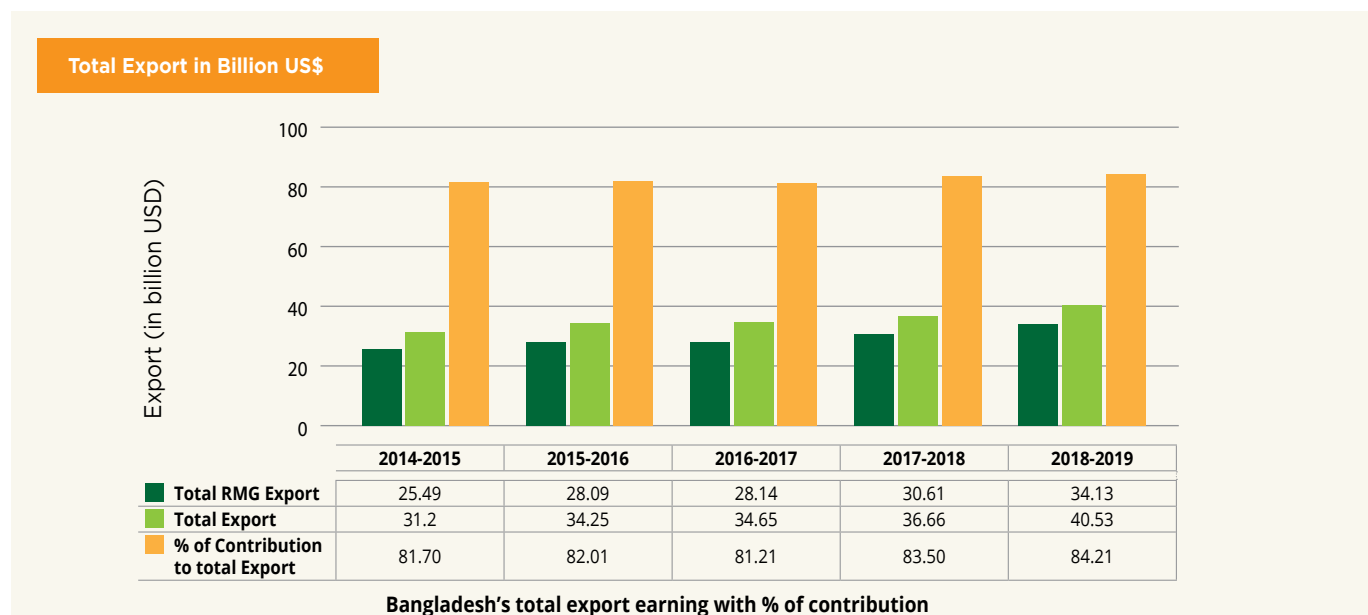
“What do you see as the top 3 country hot spots up to 2025?”

Percentage of respondents, n=64



SOURCE: McKinsey Apparel CPO Survey 2019

The threat to Bangladesh's future prosperity is real. First the next two three years when the industry will be recovering from the shock of the sudden drop of demand. Then to look forward at the longer term.



The technology of the industry will have completely changed within few years and the current comparative advantage of Bangladesh's low-cost labor force will be largely irrelevant. To prosper for the next decade will require major change starting immediately to maintain a competitive edge.

The central bank of Bangladesh and the government seem to have a view that everything will come back quickly and we can expect full recovery by 2021.

For the garment sector, prosperity rests completely on the behavior of the North American and European economies. The IMF forecasts for the advanced economies conclude that the GDP in 2022 will be the same as 2018.

### Bangladesh is predicted to see the biggest economic rise by 2030

#### Projected ranking changes by 2030 compared with 2018

Biggest economies (in 2030)				Biggest risers			Biggest fallers		
Country	Ranking change			Country	Ranking change		Country	Ranking change	
1. China	+1	(2 to 1)		Bangladesh	+16	(42 to 26)	Norway	-10	(27 to 37)
2. US	-1	(1 to 2)		Philippines	+11	(38 to 27)	Denmark	-9	(33 to 42)
3. India	+4	(7 to 3)		Pakistan	+10	(40 to 30)	Finland	-7	(41 to 48)
4. Japan	-1	(3 to 4)		Vietnam	+8	(47 to 39)	Austria	-5	(26 to 31)
5. Germany	-1	(4 to 5)		Malaysia	+5	(34 to 29)	Portugal	-4	(45 to 49)

**Source:** HSBC estimates and projections. The full ranking of 75 countries by GDP and by population can be found on page 11

Source: HSBC



The prospects for Bangladesh's RMG industry look good. From a first shipment of shirts in 1978 to an industrial engine driving an economy expected to become the world's 26th largest in a decade's time, RMG businesses are proud to say **"Made in Bangladesh."**

#### THE STATE OF THE COMPANY COMPANY'S AFFAIRS

Esquire Knit Composite Limited is a cent percent export oriented Company. It produces different types of Knit garments through its six units namely, knitting units, fabric dyeing unit, printing, embroidery, industrial laundry and garments units and sells the same to foreign buyers.

The company earned certificate for confidence in Textile by Oeko-Tex Standard 100 for usage of Environmental dyes stuffs 1st in Bangladesh. Since inception Esquire Knit Composite Limited has commenced its business with a view to developing high quality and sophisticated products to the international market. The company's accessible optimum running capacity in Textile 8,030 MT (Kg) and in Apparels 24.96 million (pcs)





## CAPACITY AND UTILIZATION

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Textile (Kg)	8,030,000	8,030,000	8,030,000	8,030,000	8,030,000
Actual Production (Kg)	5,485,972	5,969,502	5,969,502	5,969,502	5,959,501
Capacity utilization (%)	68.32	74.34	74.34	74.34	74.22
Apparels (Pcs)	24,960,000	24,960,000	24,960,000	24,960,000	24,960,000
Actual Production (Pcs)	18,126,428	22,464,000	17,808,384	17,808,384	18,264,192
Capacity utilization (%)	72.62	90	71.35	71.35	73.17

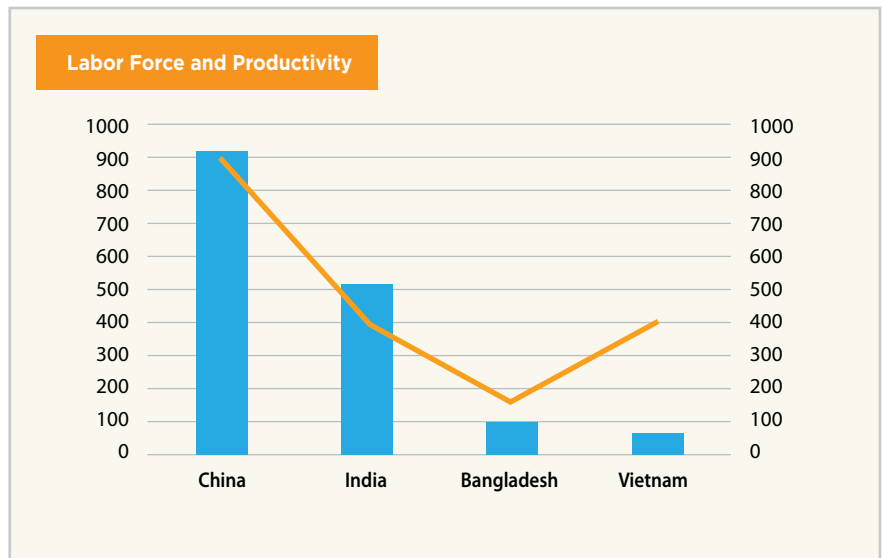
## RISK AND CONCERN

Since the Bangladesh's garments industry is a cent percent export-oriented, its growth is always dependent on importing country preferences and standards. Bangladesh will graduate to middle-income country status in 2024, which means it could lose EU trade preferences if it does not continue on the path of legislative reforms in compliance with international standards.

The company is concern and ready to take up- coming challenges and aware of its various following risks.

**Industry Market Risk-** Bangladesh needs to ward off competition. As the garments industry keeps searching for competitive production hubs worldwide, countries like Cambodia, Vietnam, Myanmar and now Ethiopia present new challenges for the local industries.

**BUSINESS RISK-** Managing Compliance – Currently RMG buyers specially the large buyers are very demanding and constantly tightening the compliance criteria. EKCL has been in the forefront of compliance among the RMG exporters in the county. They have compliant plants with effluent water treatment facility, childcare facility, adequate ventilation, spacious infrastructure lay out, etc. Till now they were able to meet all the compliance challenge in their 30 year plus business experience and is likely to do so in the coming years. EKCL mitigates compliance risk since it is WRAP certified and passed other audits from Department of Environment (DOE) and overseas buyers.



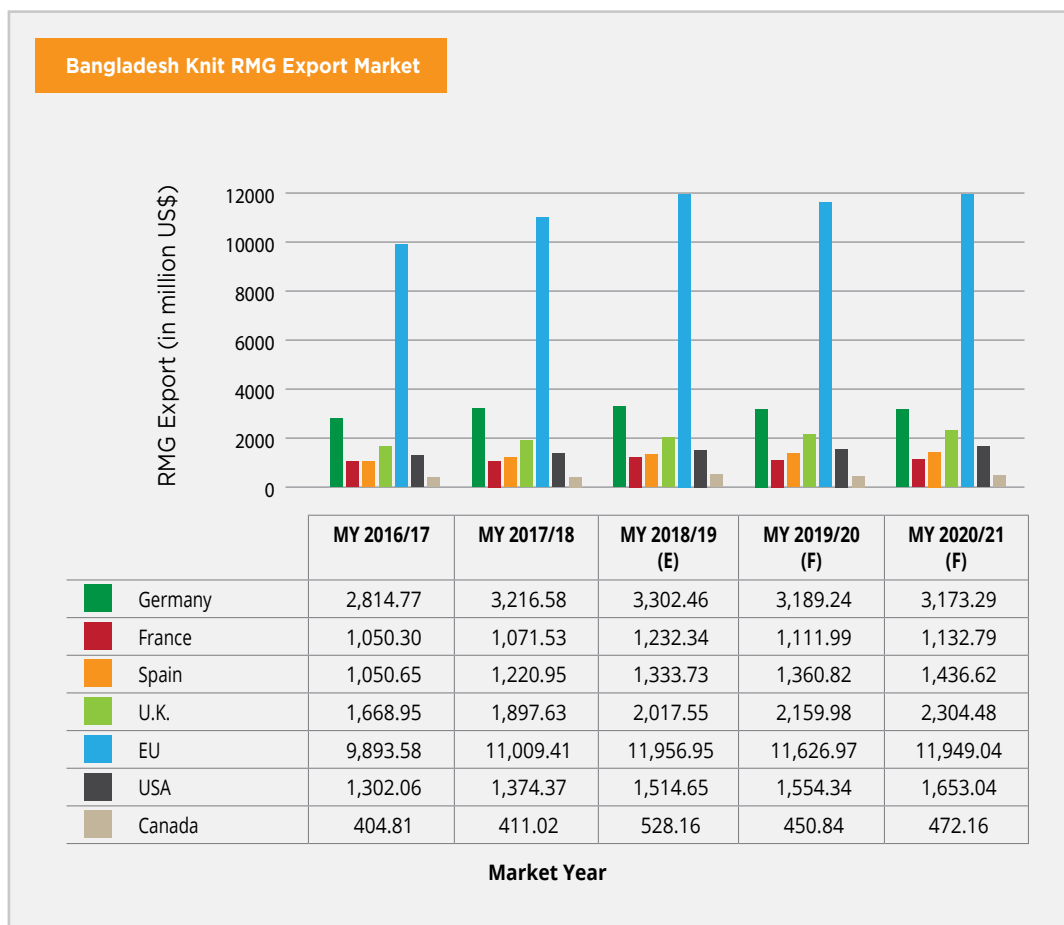
**Financial Risk-** the Company's risk management policies have been established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risks from its use of financial instruments.

**Raw Material Risk-** yarn price in the Local and World market is unstable. The company receives yarn, dyes & chemicals both from local as well as foreign suppliers. Import based supplies are likely to be affected by any uncontrollable event or country risk to transaction or political barrier. Since inception the company did not face any such uncontrollable events so far because of maintaining good supply chain relationship with the suppliers of raw materials and in exceptional cases, it is confident to make alternative arrangement at shorter notice.

**Foreign Exchange Risk-** Exchange rate risk arises from currency fluctuation in international trade. If Bangladeshi Taka is devalued and/or foreign currency revalued than the price of imported raw materials will go up which will decrease the overall profit margin. As the company is dependent upon the import for yarn, dyes, chemicals & accessories and in future it will be the same, volatility of exchange rate will have an impact on profitability of the company. For last couple of years, Bangladeshi Taka found carrying floated value and expected to follow the same which expose the company to significant exchange rate risk.

### Power Generation

**Risk-** The industrial bases of Bangladesh are mainly aided by natural gas-driven power generation which causes disruption occasionally and the weaving industry is not an exception. Smooth availability of gas will ensure the maximum functioning of the machineries. EKCL uses natural gas to produce power from captive power plant. Currently a circular from government has emerged to arrange alternate of gas due to recent acute gas crisis. The company is connected with 15 PSI gas line and currently does not any problem of gas pressure. So other things being constant, EKCL does not foresee significant risk for power generation.



**Interest Risk-** The Company is enjoying banks finance in the form of working capital as well as term loan. As a bank fund borrower, the entity has to pay a significant amount of loan interests and charges. Bangladesh Bank has moved to remove the interest rate ceiling on lending in the wake of a massive liquidity crisis in the financial market letting the price to be determined by functioning of demand-supply interaction. This measure may invite interest rate instability, which may create volatility in the profitability of business like EKCL. It is the company risk of gain or losses on assets and liabilities due to changes in interest rates.

## CONTINUITY OF EXTRAORDINARY GAIN OR LOSS

There was no any extraordinary gain or loss in the Financial Statements.

## RELATED PARTY TRANSACTIONS

Related party transactions are depicted in note-31 in the notes to the Financial Statements.

## UTILIZATION OF PROCEEDS RAISED THROUGH PUBLIC ISSUE (IPO)

The Company has raised taka 150 crores from the market and as mentioned in the prospectus, it is committed to spend the fund for expansion the business and equity collection cost. The IPO proceeds has been utilized in line with the condition of the commission's consent letter. As of November 2020, the Company has utilized the IPO proceeds as follows:

Sl. No.	Purpose Mentioned in the Prospectus	Status of Utilization		Status of Un-tilization		Remarks
		Upto this month	Utilized (%)	Total Un-utilized Amount	Un-utilized (%)	
1	Building and civil construction	502,636,443	50.05	501,579,057	49.95	
2	Machineries	58,600,000	13.58	372,796,000	86.42	
3	IPO Expenses	64,388,500	100	-	-	
	<b>Total</b>	<b>625,624,943</b>		<b>874,375,057</b>		

Explanation if the financial result deteriorate after the Company goes for Initial Public Offering (IPO)

The Company's financial performance did not deteriorate after IPO listing; however, recent past years performances are quite consistent.

Explanation of significant variance occurs between Quarterly Financial Performance and Annual Financial Statements

No significant variance between Quarterly Financial Performances and Annual Financial Statements has been arisen.

## REMUNERATION TO DIRECTORS INCLUDING INDEPENDENT DIRECTORS

Remuneration of Directors has been shown in Note-34 in the notes to the financial statements. No such remuneration is given to the Independent Directors.

## FAIR PRESENTATION OF FINANCIAL STATEMENT

The financial statements prepared by the management of the Company present fairly its state of affairs, result of its operations, cash flows, and changes in equity.

## MAINTENANCE OF PROPER BOOKS OF ACCOUNT

Proper books of account of the Company have been maintained.

## ADOPTION OF APPROPRIATE ACCOUNTING POLICIES AND ESTIMATES

Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

## IAS AND IFRS IN PREPARATION OF FINANCIAL STATEMENTS

International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.

## INTERNAL CONTROL SYSTEM

The Board of Directors assures the shareholders that the Company has a risk management process to ensure that the system of internal control is sound in design and has been effectively implemented and monitored. Although it is possible

that all risks to the business are not known at present, the Company takes reasonable steps to identify material risks that may hamper business results and systematically reviews these risks in light of the changing internal and external environment in order to assess that the controls in place are adequate to address these risks.

### MINORITY SHAREHOLDER INTEREST

As being the Company's has no any subsidiary or associate so that there has no activities to protect the interest of minority shareholders.

### GOING CONCERN

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

### DIVIDEND

The Board of Directors have recommended 15% Cash Dividend per share for the year ended 30 June 2020 for shareholders' subject to approval by the shareholders in the 20th Annual General Meeting.

### INTERIM DIVIDEND

No bonus or stock dividend was declared during the period under review as interim dividend

### BOARD MEETINGS

During the period from 01.07.2019 to 30.06.2020 five board meetings were held. The attendance status of all the meetings is as follows:

Name of Directors	Position	Meeting Held	Attended
Md. Mofazzal Hossain	Chairman	5	5
Md. Ehsanul Habib	Managing Director	5	2
Arifur Rahman	Director	5	2
Md. Muddasar Hossain	Director	5	5
Mrs. Peara Begum	Director	5	5
Swapan Kumar Sarkar	Independent Director	5	5
Placid Gomes, FCA	Independent Director	5	5

### SHAREHOLDING PATTERN

Pattern of Shareholding as on 30 June 2020:

Shareholdings Category	Number of Shares	In %
Sponsors/Directors	63,355,970.00	46.95
Individual Shareholders	17,532,756.00	13.00
<b>Institutional Shareholders</b>	<b>54,007,107.00</b>	<b>40.05</b>
Esquire Group	36,644,030.00	27.17
Others	17,363,077.00	12.88
Foreign Shareholders	-	-
<b>Total</b>	<b>134,895,833.00</b>	<b>100.00</b>



## DIRECTORS' APPOINTMENT AND RE-APPOINTMENT

With regard to the appointment, retirement and re-appointment of Directors, the company is governed by its Articles of Association, the Company Act 1994 and other related legislation. Md. Mofazzal Hossain and Md. Ehsanul Habib, will retire and re-elected by rotation at the 20th Annual General Meeting (AGM).

### Md. Mofazzal Hossain

*Chairman*

Mr. Md. Mofazzal Hossain has business experience for more than 30 years. He has a long experience in managing export oriented readymade garments industry, textile dyeing industry, trading of electronics goods and many other business. He has successfully started journey by Esquire Electronics Ltd. in July 1989 for trading of electronics goods. Moreover, he is also the pioneer and leading in electronics product marketing and textile dyeing industry. Mr. Hossain is a visionary entrepreneur and founder of the Esquire Group. His particulars of Directorship are narrated in note-31 (ii) at notes to the Financial Statements.

### Md. Ehsanul Habib

*Managing Director*

Mr. Md. Ehsanul Habib is the Managing Director of Esquire Knit Composite Ltd. He is one among new generation entrepreneurs those who have nourished and successfully flourished the export oriented RMG industry of the country. After successfully completing his education in Business Administration from USA, Mr. Habib joined Esquire Group. By virtue of his own merit and dynamic decision making capacity, he has been able to materialize a number of successful ventures. He has a keen interest in latest developments in textile sector and gathered advanced knowledge in management, marketing and technical knowhow. Mr. Habib is entrusted with the responsibility of overall management of textile division who is assisted by other directors, professional managers, local and foreign specialists and technologists in the respective functional areas of the Company. His particulars of Directorship are narrated in note-31 (ii) at notes to the Financial Statements.



## STATUTORY AUDITORS

The existing auditor's M/S ACNABIN, Chartered Accountants, BDDL Bhaban (Level 13-14) 12 Karwan Bazar C/A, Dhaka-1215 regret to conduct audit and M/S Mahfel Huq & Co. Chartered Accountants was accepted appointment to conduct audit. The Board of Directors recommended to appoint M/S Mahfel Huq & Co. Chartered Accountants as Auditor of the Company for the year ended 30 June 2020 at a remuneration as per rules of ICAB plus VAT and to continue till conclusion of the 20th AGM.

## COMPLIANCE AUDITOR

M/S Chowdhury Bhattacharjee & Co., Chartered Accountants, the present compliance auditor of the company, retired at this Annual General Meeting, being eligible, offered themselves for re-appointment. The Board in its meeting held on 03 November 2020 recommended to re-appoint M/S Chowdhury Bhattacharjee & Co., Chartered Accountants as the compliance auditor of the Company for the year 2020-2021 at such remuneration fix in the Annual General Meeting.

## REPORT ON COMPLIANCE OF THE CORPORATE GOVERNANCE CODE

Corporate Governance practices described on page no. 58 to 64 of the Annual Report.

In compliance with the BSEC notification dated 3 June 2018, Chowdhury Bhattacharjee & Co., Chartered Accountants in practice issued the Corporate Governance Compliance Certificate which is shown on page no. 57 of this report.

## ACKNOWLEDGMENT

The Board of Directors express their heartfelt appreciation and gratitude for the continued support and patronage of the valued shareholders to run the Company. The Board also extends its appreciation to the regulators, government agencies and stakeholders especially Bangladesh Securities and Exchange Commission, Bangladesh Bank, Central Depository Bangladesh, Dhaka Stock Exchange, Chittagong Stock Exchange, Department of Customs, Income Tax, Bankers, Insurers, Vendors, press and media and customers. The Board also extends felicitations to the management and employees for their dedication and working hard despite all adversity. We look forward to continue support of all concerned for marching towards better performance.



**Mrs. Peara Begum**  
Chairman of the Board

# Management discussion and analysis

As per condition no. 1(5) (xxv) of the Corporate Governance Code 2018 issued by Bangladesh Securities and Exchange Commission, the Management's Discussion & Analysis are as follows:

## ACCOUNTING POLICIES AND ESTIMATION FOR PREPARATION OF FINANCIAL STATEMENTS

The Company follows International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) along with local regulations applicable for preparation of financial statements. Detail description of accounting policies and estimation used for preparation of the financial statements of the Company are disclosed in the notes no. 2 and 3 of the financial statements.

## CHANGES IN ACCOUNTING POLICIES AND ESTIMATION

The Company has been following consistent policies and estimation. There is no such change in accounting policies or estimation, which has material impact on financial statements.

## COMPARATIVE ANALYSIS

Major areas of financial performances and financial position as well as cash flows with immediately preceding five years are as follows:

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Revenue	5,000,518,624	5,919,576,583	4,841,134,840	4,453,547,322	4,426,364,400
Year to Year Changes in Revenue (%)	-15.53	22.28	8.7	0.61	0.93
Cost of Goods Sold (COGS)	3,905,145,664	4,679,188,088	3,804,060,878	3,531,651,776	3,414,907,891
COGS to revenue (%)	78.09	79.05	78.58	79.3	77.15
Gross profit	1,095,372,960	1,240,388,495	1,037,073,961	921,895,546	1,011,456,509
GP to revenue (%)	21.9	20.95	21.42	20.7	22.85
Operating Expenses	536,456,752	573,634,105	468,592,261	405,838,990	499,365,014
Operating Expenses to revenue (%)	10.72	9.69	9.68	9.11	11.28
Financial Expenses	274,661,889	224,224,327	142,100,620	118,269,530	139,731,151
Financial Expenses to revenue (%)	5.49	3.79	2.94	2.66	3.16
Non Operation Income	55,885,930	24,197,256	5,776,336	5,484,304	5,994,498
Provision for contribution to WPPF & WF	17,007,012	23,336,366	21,607,871	20,163,566	18,016,897
Profit Before Tax for the year	323,133,237	4,443,390,953	410,549,546	383,17,764	360,337,945
Income tax expenses	57,129,934	59,783,735	66,580,971	70,961,069	63,576,771
Net Profit After Tax	266,003,303	383,607,218	343,968,575	312,146,695	296,761,174
Net profit after tax to revenue (%)	5.31	6.48	7.11	7.01	6.7
Share Capital	1,348,958,330	1,348,958,330	1,000,000,000	1,000,000,000	600,000,000
Earnings Per Share [EPS] - Basic	1.97	3.37	3.44	3.12	4.95
Net operating Cash Flow Per Share (NOCFPS)	2.13	2.03	5.21	0.99	2.37

Revenue of the company has decreased over the year. The gross profit margin and the net profit margin of the company for the current year decreased by 11.69% and 30.65% respectively as compared to the previous year. Sales volume downward trend causes of COVID-2019 impact, effective cost management and productivity initiative assist the company to be sustain the business. Nevertheless, Earning per Share (EPS) has declined to 1.97 down trend from Tk. 3.37 in last year.

Moreover, the company's current asset ratio has increased from 2.42 to 2.26 comparing the last year. So, the current ratio of Esquire Knit Composite Ltd. is quite healthy and sound which is favorable for the investors.

#### **FUTURE FOR COMPANY'S OPERATION PERFORMANCE AND FINANCIAL POSITION**

The Company has taken all sorts viable plans, strategy and vision to continue the operations of the company for foreseeable future. This is relevant to share that company maintains a periodic action plans along with mid-term and long-term strategies to maintain the sustainability in its performances and financial position.



**Md. Ehsanul Habib**  
Managing Director



# Directors Declaration

## DIRECTORS RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors are responsible for preparing the annual report and financial statements in accordance with the Companies Act 1994, Securities and Exchange Commission Rules 1987, International Financial Reporting Standards (IFRS) and other applicable laws and regulations. In addition to the Directors' report, the Directors are declaring following additional statements to the best of their knowledge as complied and maintained for the current financial year under review:

- » The financial statements prepared by the management of the Company present a true and fair view of the Company state of affairs, result of its operation, cash flows and changes in equity;
- » Proper books of accounts as required by law have been maintained.
- » Appropriate accounting policies have been followed in formulating the Financial Statements and Accounting estimates are reasonable and prudent.
- » The Financial Statements were prepared and presented in accordance with International Accounting Standards (IAS), International Financial Reporting Standards (IFRS).
- » The whole business operation is being conducted in accordance with the rules, regulations, laws, agreements standards and guidelines governing in the country.
- » There are no doubts upon the company's ability to continue as a going concern and the annual accounts have been prepared as a going concern basis.
- » All the judgments and decisions taken by management are rational and prudent.

Sd/- <b>Md. Mofazzal Hossain</b> Chairman	Sd/- <b>Md. Ehsanul Habib</b> Managing Director
Sd/- <b>Arifur Rahman</b> Director	Sd/- <b>Md. Muddasar Hossain</b> Director
Sd/- <b>Mrs. Peara Begum</b> Director	Sd/- <b>Swapan Kumar Sarkar</b> Independent Director
Sd/- <b>Placid Gomes, FCA</b> Independent Director	

# Corporate Governance Statement: 2019-2020

The Board Directors are collectively responsible to shareholders of the Company for its performance and for the organization's governance frameworks, its value system and its strategies. The Company believes in adopting the best practices in the area of Corporate Governance and follows the principles of transparency and accountability, thereby protecting the interests of its shareholders. Corporate Governance is a system by which companies are directed and controlled. The principal characteristics of corporate governance are transparency, independence, responsibility, fairness and responsibility for the society.

Esquire Knit Composite Ltd. is always conscious about the corporate governance which ultimately helps to catch stakeholders' faith.

The good governance process provides transparency of corporate policies, strategies and the decision-making process. It is also strengthening internal control systems and helps in building relationships with all stakeholders. The Board ensures the integrity and commitment of its employees, supported by a comprehensive framework of policies, guidelines and internal controls. In this Statement of Corporate Governance, we believe to provide insights to the shareholders, investors and other stakeholders on the corporate governance initiatives in the Company.

## **BOARD GOVERNANCE**

The Company is managed and operated under the direction of the Board of Directors. The Board of Directors of Esquire Knit Composite Ltd. being the supreme authority in the Company, believes in ensuring the highest standards of Corporate Governance as it will serve to reinforce the Company's sustainability, organizational effectiveness and foster a high-performance culture within the organization. The Board also includes Independent Directors, who are enlightened members of the society. The Board of Directors of the Company remains committed to high standards of governance in harnessing a responsible organization, that adopts and practices in accordance with the principles and recommendations of the Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC) and the Company's own governing Principles. The Board recognizes that maintaining good corporate ethics is critical to business integrity and performance, and key to delivering shareholders' value. The corporate governance is essential for the long-term performance and sustainability of our Company, and to protect and enhance the interests of our shareholders and other stakeholders.

Our governance framework plays an integral role in supporting our businesses and helping us to deliver on our strategy. It provides the structure through which our strategy and business objectives are set, our performance is monitored, and the risks we face are managed. It includes a clear framework for decision making and accountability across our business and provides guidance on the standards of behavior we expect from our people. The Company is dedicated and committed to managing its business responsibly amongst a challenging environment for the textile and clothing industry.

## CORPORATE GOVERNANCE FRAMEWORKS

Esquire Knit Composite Ltd. Corporate Governance Frameworks has been developed and enhanced based on the basic principles and best practices outlined in the following:

- » Bangladesh Securities and Exchange Commission (BSEC) Notification on Corporate Governance;
- » The Companies Act 1994 and other applicable regulations of Bangladesh;
- » Dhaka and Chittagong Stock Exchanges Listing Regulations
- » Laws of the land;
- » Factory Rules and Regulation
- » Fire and Safety Policy;
- » Environmental Policy;
- » Labour Law;
- » Risk Management Internal Control of the Company;
- » Delegated Authorities of the Company; and
- » Quality compliance policy.

The Board also continuously reviews its corporate governance frameworks to ensure its relevance, effectiveness and sustain ability in addressing future business challenges.

The corporate governance framework of Esquire Knit Composite Ltd. is directed towards achieving the Company's business objectives in a responsible manner. Therefore, in order to comply with the laws, rules, regulations, corporate governance codes, articles of association, policies and procedures, the Company constantly exercises good Board practices, effective control processes, transparent disclosures and Board commitments.

## BUSINESS COMPLIANCE

The Board of Esquire Knit Composite Ltd. believes that good governance is essential in pursuing its business objectives. The fundamentals of good governance are corporate compliance to the various laws, rules and regulations. Compliance helps build trust among the Board Members, Shareholders, Customers and other stakeholders including the regulators. As leaders of a compliant company, the Management Team of Esquire Knit Composite Ltd. adopted strategies that assure compliance with all relevant legal and regulatory requirements. This ensures that good governance cascades right throughout the company. Esquire Knit Composite Ltd. is subject to close monitoring process of regulatory bodies that focus on transparency and require that Esquire Knit Composite Ltd. provides accurate and periodic reporting of issues/events and certification where necessary. In this context, the Company regularly provides a complete set of financial statements and relevant documents to the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd., National Board of Revenue (NBR), Registrar of Joint Stock Companies & Firms (RJSC) and all other relevant bodies and authorities. The Company also takes various initiatives to conduct awareness sessions on existing and proposed laws to ensure compliance throughout the company. Overall, Esquire Knit Composite Ltd. has always tried to remain a fully compliant company accommodating every possible way and strategy to ensure the same.

## STRUCTURE OF THE BOARD

The Board of Directors of the Company consists of 7 (Seven) Directors. Out of 7 (Seven) Directors, four are sponsor namely, Md. Mofazzal Hossain, Md. Ehsanul Habib, Arifur Rahman, and Md. Muddasar Hossain, 01(One) Director namely, Mrs. Peara Begum, and 02(two) Independent Director namely, Swapan Kumar Sarkar and Placid Gomes,FCA.

## PRACTICES OF THE BOARD

The responsibilities of the Board of Directors are mainly related to evaluation and development of strategy. The Board is Responsible to the shareholders for overall success of the Company for its strategic directions, its values and its governance. It provides the leadership necessary for the Company to meet its business objectives within the framework of its internal controls, while also discharging the Company's obligations to its shareholders. The Board shall determine the vision, mission of the Company and also determine the strategy and work planning for enhancement of effectiveness and efficiency. The composition of the Board complies with the requirements outlined in the BSEC Guidelines on Corporate Code, the Listing Regulations and those of the generally applied codes of the best practices.

## POLICY ON APPOINTMENT OF DIRECTORS

The Company always complies with the regulations of the regulatory authorities regarding appointment of directors. BSEC notifications and Companies Act are strictly followed in this regard. Esquire Knit Composite Ltd. does not have its own and separate policy on appointment of Directors, except for the very first Board. As per the Companies Act, 1994, Directors are subject to retirement. At least one-third of the

Directors shall retire by rotation in every AGM. The term of an Independent Director is three years and may be extended by another three years. The Company shall follow all relevant rules and regulations of the respective regulatory bodies in case of nomination, removal and casual vacancy of the directors.

#### **APPOINTMENT OF CFO, CS & HIAC**

The management of the Company has adopted appointment strategies that ensures the compliance with all relevant legal and regulatory requirements. In compliance with Corporate Governance Code, the Board of the Company appointed separate individuals for the post of CFO, CS & HIAC. They are not engaged with any other companies.

#### **CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER**

The positions of the Chairman of the Board and the Chief Executive Officer or Managing Director of Esquire Knit Composite Ltd. were filled by different individuals. The Chairman was elected from among the directors of the Company. The Managing Director and CEO was also appointed by the Board which was done at the of formation of the Company. The Board of Directors has clearly defined respective roles and responsibilities of the Chairman and Managing Director & Chief Executive Officer.

#### **CHAIRMAN OF THE BOARD**

The Chairman of the company shall be elected by the Board of Directors from among the directors of the company and the Board considers the Chairman being independent.

#### **ROLES AND RESPONSIBILITIES OF THE CHAIRMAN**

- » The Chairman's responsibility is defined by the Board as directed by BSEC's notification on Corporate Governance Code.
- » The Chairman presides over meetings of the Board and Company (AGM) and ensures good Corporate Governance in the conducts of the Board and Company.





- » As Chairman of the Board of Directors (or Chairman of any Committee formed by the Board), does not personally possess the jurisdiction to apply policy making or executive authority, he does not participate in or interfere into the administration or operational and routine affairs of the Company.
- » The Chairman ensures that the Board is functioning in accordance with the Memorandum and Articles of Association of the Company as well as other applicable laws.
- » The Chairman maintains relations with the relevant stakeholders in consultation with the Board as well as the Managing Director, representing the Company as a good/responsible corporate citizen.
- » The Chairman may assume any responsibility if the Board assigns within the purview of the relevant Rules, Regulations, Acts and Articles.

### PRIMARY ROLES AND REPOSSIBILITIES OF THE MANAGING DIRECTOR

The position of a Managing Director in a company is crucial as this position will involve the most senior level responsibilities of the organization. Managing directors are the head of the business group and they are the decision-making body of the company. He has the responsibility of running the entire organization and also taking all important decisions for the company. Hence the managing director of a company should be experienced, confident and skilled professional who has good leadership qualities.

- » A managing director strives to chart blueprint policies for the company and implements them for the betterment of the employees and the company.
- » The Managing Director is responsible for driving business operations, leading the development and execution of the Company's long-term strategies with a view to creating shareholder value.
- » The Managing Director's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short-term plans.
- » The Managing Director acts as a direct liaison between the Board and Management of the Company and communicates to the Board on behalf of the Management.
- » The Managing Director also communicates on behalf of the Company to the shareholders, employees, Government authorities, other stakeholders and the public.
- » Develop strategies to boost sales and profits of the company and plan the future prospects of the company.

### INDEPENEDNT DIRECTOR

Mr. Swapan Kumar Sarkar and Mr. Placid Gomes, FCA has re-appointed by the Board of Directors as Independent Directors. The re-appointment of Mr. Swapan Kumar Sarkar and Mr. Placid Gomes, FCA, Independent Director confirmed and approved by the shareholders in the 19th Annual General Meeting 2019.

### BOARD RESPONSIBILITIES AND AUTHORITIES

The Board of Directors is appointed to act on behalf of the shareholders to run the day to day affairs of the business. The board are directly accountable to the shareholders and each year the company will hold an annual general meeting (AGM) at which the directors must provide a report to shareholders on the performance of the company, what its future plans and strategies are and also submit themselves for re-election to the board.

- » Determine the company's vision and mission to guide and set the pace for its current operations and future development.
- » Formulating the long-term strategies of the Company and setting the goals and direction for the Company.
- » Review and evaluate present and future opportunities, threats and risks in the external environment and current and future strengths, weaknesses and risks relating to the company
- » Reviewing and approving the ud-audited quarterly financial statements.
- » Reviewing Company's risk assessment and ensures implementation of appropriate systems to manage those risks.
- » Overseeing the conduct and performance of the Company.
- » Providing the leadership necessary to ensure that the business objectives set out by the Board are met within the framework of internal controls, as described in this Statement.
- » Other key duties for the Board includes approving financial statements, appropriation of profit, reviewing the adequacy and

integrity of the Company's internal control systems and ensuring compliance with applicable laws, rules, regulations, directives and guidelines of various regulators.

- » Ensure that communications both to and from shareholders and relevant stakeholders are effective.
- » Understand and take into account the interests of shareholders and relevant stakeholders.
- » Monitor relations with shareholders and relevant stakeholders by gathering and evaluation of appropriate information.
- » Promote the goodwill and support of shareholders and relevant stakeholders.

In discharging its responsibilities, the Board is guided by the regulations contained in the Memorandum and Articles of Association of the Company, the Companies Act, 1994 ;relevant applicable regulations, BSEC Codes of Corporate Governance, Listing Regulations, Company's Standards of Business Conduct Business Principles, Statement of Delegated Authorities, and other generally accepted corporate best practices.

## BOARD COMMITTEES

The Board has also constituted a few Committees for quicker and efficient flow of information and thereby exercising effective governance and has delegated certain responsibilities to the Committees to assist the Board in discharging of its responsibilities. There are four such Committees, to which the Board has delegated certain responsibilities. These are:

01. Board Audit Committee and
02. Board Nomination and Remuneration Committee.

Each of the above-mentioned committee strictly adheres to a set of Terms of Reference (TOR) approved by the Board. Their roles, operating procedures and authorities are clearly defined in the TOR which is regularly reviewed by the Board. There is an evaluation process regarding performance of Audit and CSR committees which facilitates in achieving certain governance objectives.

# Audit Committee report

FOR THE YEAR ENDED 30 JUNE 2020

The Audit Committee of EKCL comprises of the following Members:

1. Mr. Placid Gomes, FCA - Chairperson
2. Mr. Swapan Kumar Sarkar - Member
3. Mrs. Peara Begum - Member

Company Secretary acts as the Member Secretary to the Committee. The Audit Committee has met four times during the year under reporting.

## ROLE OF THE COMMITTEE

The Audit Committee's authorities, duties and responsibilities flow from the Board's oversight function. The major responsibilities of the Committee, among others, include:

- › Reviewing the quarterly, half-yearly and annual financial statements and other financial results of the company and, upon its satisfaction of the review, recommend them to the board for approval.
- › Monitoring and reviewing the adequacy and effectiveness of the Company's financial reporting process, internal control and risk management system.
- › Monitoring and reviewing the arrangements to ensure objectivity and effectiveness of the external and internal audit functions. Examine audit findings and material weaknesses in the system and monitor implementation of audit action plans.
- › Recommending to the Board the appointment, re-appointment or removal of external auditors.
- › Reviewing and monitoring the Company's ethical standards and procedures to ensure compliance with the regulatory and financial reporting requirements.

## ACTIVITIES OF THE COMMITTEE ON COMPANY'S AFFAIRS FOR THE PERIOD UNDER REPORT

The Committee during the period under reporting met every Quarter and its activities include:

- › Reviewing the audited financial statements of the Company and being satisfied that the critical accounting policies, significant judgments and practices used by the Company are compliant with the required laws and regulations, also confirmed by the external auditor in their independent report, thereafter recommending to the Board for adoption.
- › Reviewing the quarterly financial statements of the Company and recommending the same to the Board for adoption and circulation as per the requirement of Bangladesh Securities & Exchange Commission (BSEC).
- › Reviewing the external auditors' findings arising from audit, particularly comments and responses given by the management.
- › Reviewing the matters as per requirement from the Bangladesh Securities and Exchange Commission (BSEC).
- › Review of Internal audit report on periodical basis
- › Review of the financial statements of the subsidiary company

The Committee is of the opinion that reasonable controls and procedures are in place to provide assurance that the Company's assets are safeguarded and the financial position of the Company is adequately managed

On behalf of the Committee



**Placid Gomes, FCA**  
Chairman

# Nomination & Remuneration Committee (NRC) Report

FOR THE YEAR ENDED 30 JUNE 2020

The NRC Committee of EKCL comprises of the following Members:

1. Mr. Swapan Kumar Sarkar - Chairperson
2. Mr. Placid Gomes, FCA - Member
3. Mrs. Peara Begum — Member

Company Secretary acts as the Member Secretary to the Committee. NRC has met four times during the year under reporting.

## ROLE OF THE NRC

- a. NRC shall be independent and responsible or accountable to the Board and to the shareholders.
- b. NRC shall oversee, among others, the following matters and make report with recommendation to the Board:
  - (i) formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
    - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
    - (b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    - (c) remuneration to directors, 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;
  - (ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
  - (iii) identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
  - (iv) formulating the criteria for evaluation of performance of independent directors and the Board;
  - (v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
  - (vi) developing, recommending and reviewing annually the company's human resources and training policies;

**Activity report:** Committee submitted an assessment report to the board for future guidance.

FIRST Meeting of the Committee focused on the review of the specific areas of existing status, policies and processes with regard to the following and agreeing on the likely actions -

Independent Director	Eligibility, qualification, experience etc Performance review perspective
Directors and top-level executives	Remuneration policies, basis etc
Diversity of the Board	Need for devising a policy
Employment	Qualification, eligibility, experience etc
Training	Training policy



**Sawpan Kumar Sarkar**  
Chairperson



# Declaration by MD and CFO

November 29, 2020

The Board of Directors  
Esquire Knit Composite Ltd.  
30 Tejgaon Industrial Area, Dhaka-1208

## **SUBJECT: DECLARATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 30 JUNE 2020.**

Dear Sir,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

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

In this regard, we also certify that: -

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

Sincerely yours,



**Md. Ehsanul Habib**  
Managing Director



**M. Mustafizur Rahman**  
Chief Financial Officer

# Certificate Of Compliance

চৌধুরী ভট্টাচার্য্য এন্ড কোং  
CHOWDHURY BHATTACHARJEE & CO.  
CHARTERED ACCOUNTANTS

DHAKA OFFICE : 47/B, Indira Road, (Gr. Floor), Dhaka-1215  
Phone: +88 02 48110567, Fax: +88 02 48110567  
Mob: 01711-832387, 01711-115171, 01819-227413  
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**Esquire Knit Composite Limited**  
**Certificate of Compliance**  
Under Condition # 1(5) (xxvii) of CGC

## **Report to the Shareholders' of Esquire Knit Composite Limited on compliance on the Corporate Governance Code**

We have examined the compliance status to the Corporate Governance Code by **Esquire Knit Composite Limited** for the year ended on 30<sup>th</sup> June, 2020. This Code relates to the Notification No. BSEC/ CMRRCD/2006-158/207/Admin/80 Dated 3 June, 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

- The Company has complied except condition no: 1(4)(c), 1(7)(a), 1(7)(b), 5(2) (b) and 6(2)(b) with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- 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;
- 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
- The governance of the company is satisfactory.

Place: Dhaka  
Dated: 29 November, 2020

  
Saptam Biswas, FCA  
Chartered Accountants  
Partner  
Chowdhury Bhattacharjee & Co.



E-mail: bimalcbc@gmail.com, saptamcbc@gmail.com, kskch57@gmail.com

# Status of Compliance

( Under condition No. 1(5)(xxvii) of CGC)

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
<b>1</b>	<b>Board of Directors</b>			
1.1	Board Size (minimum - 5 and maximum - 20)	√		Board of Directors comprises of 7 Directors including 02 Independent Directors
<b>1.2</b>	<b>Independent Directors</b>			
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	√		Does not hold any share of the Company.
1.2 (b) (ii)	Not a Sponsor of the Company	√		Independent Directors have declared their compliances.
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.			N/A
1.3(b)(ii)	Should be a Corporate Leader/Business Leader.			N/A
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.			N/A
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.			No such deviation occurred.
<b>1.4</b>	<b>Quality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer</b>			
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.	√		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1(4)(c)	The Chairperson shall be elected from among the non-executive directors.		√	The Board elected the Chairperson from among the non-executive directors on 112th Board meetings dated 29 July 2020.
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.	√		
<b>1.5 The Directors' Report to Shareholders</b>				
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.			No such event arose.
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.	√		
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.			No such event arose.
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) or International Financial Reporting standard (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any	√		
	Departure there-from has been adequately disclosed.			
1(5)(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.	√		
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.			No such event arose.
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.			Company has declared 15% Cash Dividend.
1(5)(xxi)	Board's statement to the effect that no bonus shares or stock dividend paid as interim dividend.	√		



## Status of Compliance

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
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)0	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 the memberships of committees of the board.	√		
<b>1(5)(xxv)</b>	<b>Management discussion and analysis signed by CEO/MD presenting detail analysis of the company's position and</b>			
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.			N/A
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.	√		
<b>1(6)</b>	<b>Meeting of the Board of Directors</b>			
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...		√	
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company</b>			
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.			N/A
2(b)	Independent Director of holding company also in the subsidiary company.			N/A
2(c)	Minutes of subsidiary to be placed in the meeting of holding company.			N/A
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.			N/A

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
2(e)	The Audit Committee of the holding company shall also review the financial statements in particular the investments made by the subsidiary company.			N/A
<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer, Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary</b>			
<b>3.1</b>	<b>Appointment</b>			
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.	√		
<b>3.2</b>	<b>Requirement to attend Board of Directors' Meetings</b>			
3 (2)	MD or CEO, CS, CFO and HIAC shall attend the meetings of the Board.	√		
<b>3.3</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
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.	√		
3(3) (c)	The certification of the MD/CEO and CFO shall be disclosed in the Annual Report.	√		
<b>4</b>	<b>Board of Directors' Committee</b>			
4 (i)	Audit Committee	√		
4 (ii)	Nomination and Remuneration Committee	√		
<b>5</b>	<b>Audit Committee</b>			
<b>5.1</b>	<b>Responsibility to the Board of Directors</b>			
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.	√		
<b>5.2</b>	<b>Constitution of the Audit committee</b>			
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.		√	The Board reformed the audit committee by the non-executive directors on 112th Board meetings dated 29 July 2020.
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.	√		

## Status of Compliance

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
<b>5.3</b>	<b>Chairperson of the Audit Committee</b>			
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.	√		
<b>5.4</b>	<b>Meeting of the Audit Committee</b>			
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.	√		
<b>5.5</b>	<b>Role of the Audit Committee</b>			
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.	√		
<b>5.6</b>	<b>Reporting of the Audit Committee</b>			
<b>5.6 (a)</b>	<b>Reporting to the Board of Directors</b>			
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.			No such incidence arose.
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process.			No such incidence arose.
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliance including securities related laws, relies and regulation.			No such incidence arose.
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately.			No such incidence arose.
<b>5.6 (b)</b>	<b>Reporting to the Authorities</b>			
<b>5.7</b>	<b>Reporting to the Shareholders and General Investors</b>			
5(7)	Reporting to the Shareholders and General Investors	√		
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)</b>			
<b>6.1</b>	<b>Responsibility to the Board of Directors</b>			
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	√		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
6(1)(c)	The Terms of Reference of the NRC shall be clearly set forth in writing.	√		
<b>6.2</b>	<b>Constitution of the NRC</b>			
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.		√	The Board reformed the NRC committee by the non-executive directors on 112th Board meetings dated 29 July 2020.
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board.	√		
6(2)(d)	Board have authority to remove and appoint any member of the committee.	√		
6(2)(e)	Board shall fill the vacancy within 180 days of such vacancy in the Committee.	√		
6(2)(f)	The Chairperson of the Committee may appoint/co-opt any external expert.	√		
6(2)(g)	The company secretary shall act as the secretary of the committee.	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director.	√		
6(2)(i)	No member of the NRC shall receive any remuneration/advisory, other than Director's fees or honorarium form the company.	√		
<b>6.3</b>	<b>Chairperson of the NRC</b>			
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.	√		
<b>6.4</b>	<b>Meeting of the NRC</b>			
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.			To be complied if necessary.
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.	√		
<b>6.5</b>	<b>Role of NRC</b>			
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.	√		



## Status of Compliance

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
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.	√		
<b>7 External or Statutory Auditors</b>				
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 as required under condition No 9(1).	√		
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.	√		
<b>8 Maintaining a website by the company</b>				
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.	√		
<b>9 Reporting and Compliance of Corporate Governance</b>				
9(1)	The company shall obtain a certificate from a practicing professional firm on yearly basis regarding compliance of conditions of Corporate Governance and such certificate shall be disclosed in the Annual Report	√		
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 or not.	√		

# Risk Management & Internal Control

**T**he risk identification and mitigation of the risk is the main task of the risk management committee. The Risk Management Committee at management level is headed by the head of finance and consists of knowledgeable cross functional managers including internal auditors who drive an effective risk management framework in the Company. The risk management committee reviews the business risk and ensures that adequate action plans are in place to mitigate the risks. The key risks of the Company are then endorsed by the Executive Committee and then ratified by the Audit Committee as far as effective risk management is concerned.

The internal control system of the Company is considered at Board and Management levels to provide reasonable assurance regarding the achievement of the Company's objectives in respect of effectiveness and efficiency of operations, reliability of financial reporting and management information, compliance with applicable laws, regulations and the Company's policies. The Company has its own internal auditors who are accountable to the Audit Committee. The policies and guidelines of internal control process of the Company are as follows:

- Establish Standards of Business Conduct
- Make accounts and finance policy.
- Provide policy for procurement.
- IT Security Policy
- Sales and Marketing policy
- Records Management Policy
- Human resource management policy.
- Other policies and guidelines as required by the board.

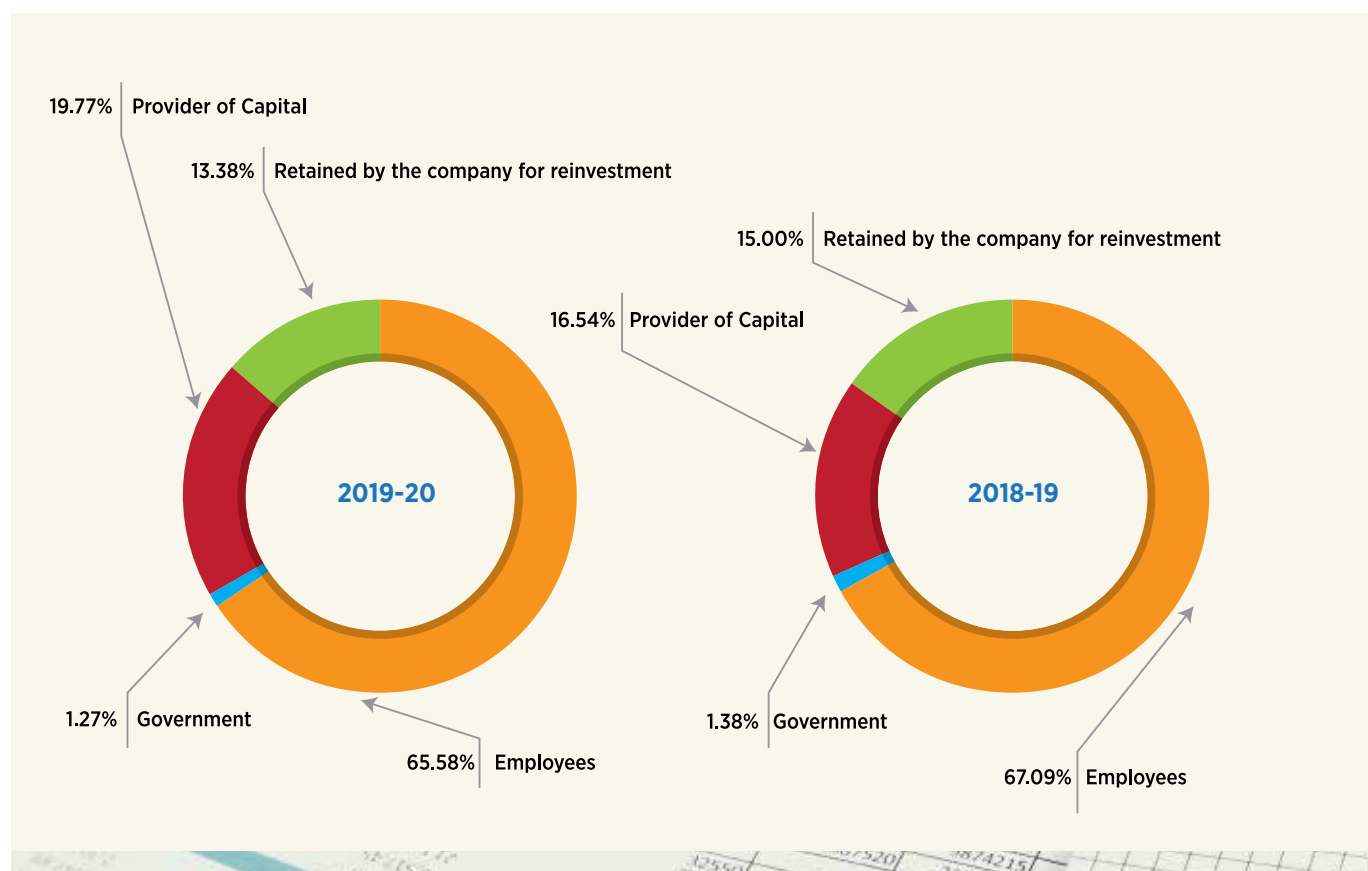




# Statement of Value added

For the year ended 30 June ,2020

Source of Fund:	2019-20	2018-19
Net Turnover	5,000,518,624	5,919,576,583
Other Income	55,885,930	24,197,255
Less: Cost bought in Materials & Service	2,643,989,727	3,364,235,994
Value added ( Available for distribution to stakeholders)	2,412,414,828	2,579,537,844
<b>Application of Value added :</b>		
Employees:	1,582,037,699	1,730,489,549
Salary and other benefits	1,582,037,699	1,730,489,549
Government:	30,664,224	35,517,460
Income Tax	30,664,224	35,517,460
Provider of Capital:	477,005,639	426,568,077
Interest	274,661,889	224,224,327
Dividend	202,343,750	202,343,750
Retained by the company for reinvestment:	322,707,266	386,962,759
Depreciation	232,582,003	181,433,016
Retained earning	90,125,263	205,529,743





# Financials



# Independent Auditor's Report

To the Shareholders' of Esquire Knit Composite Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Esquire Knit Composite Limited (the "Company"), which comprise the Statement of Financial Position as at 30 June 2020 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements is present fairly, in all material respects, the financial position of the Company as at 30 June 2020, and of its financial performance and its 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 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), Bangladesh Securities and Exchange Commission (BSEC) 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.

### Emphasis of Matter Paragraphs

We draw attention to the following notes of the financial statements

- In note no. 3.17 (Employee benefit) the company presented that they comply the WPPF rules in accordance with Bangladesh Labour Law 2013, but as per our observation the company had yet to comply with section 234 (a), (b) of Bangladesh Labour Law 2006 (amendment 2013).
- In note no. 31.00, which states that, the company had significant related party transaction with Pinnacle Construction Management Ltd., Esquire Accessories Limited and Esquire Dyeing Industries Limited which is material.
- In note no. 7.00 Inventories, amount of Tk 3,099,843,476 for which we were unable to perform physical verification on 30 June 2020 due to the coronavirus outbreak in Bangladesh.

### Key Audit Matters

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

## Notes to the Financial Statements

For the year ended 30 June 2020

**1. Revenue****Risk**

The company reported total revenue of BDT 5,000,518,624 as at 30 June 2020.

Revenue decreased by BDT. 919,057,959 which shows 15.53% lower revenue compared to last year. The company is 100% export oriented., which includes deemed export. In addition, revenue is measured including cash incentives upon receipt of Proceed Realization Certificate (PRC) from the bank. Revenue recognition therefore is a material and judgmental issue. We focus on the risk of material misstatement in the recognition of revenue, as a result of both fraud and error, because revenue is material and is an important determinant of the company's profitability, which has a consequent impact on its share price performance.

**Our response to the risk**

We have tested the design and operating effectiveness of key controls focusing on the following:

- ◆ Calculation of each revenue as per VAT Return and L/C documents on a sample basis;
- ◆ segregation of duties in invoice creation and modification; and
- ◆ Timing of revenue recognition.

Our substantive procedures in relation to the revenue recognition comprises the following:

- ◆ Obtaining supporting documentation for sales transactions recorded at the year-end date to determine whether revenue was recognized in the current period;
- ◆ Critically assessing manual journals posted to revenue to identify unusual or irregular items; and

Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.

**[See note 23.00 to the financial statements]**

**2. Accounts Receivables****Risk**

The company has BDT. 470,602,348 of trade receivables as at 30 June 2020.

The company had 100% foreign buyers; therefore, the accounts receivable balance confirmation is a material issue.

**Our response to the risk**

For accounts receivables our key audit procedures included the following:

- ◆ We sent accounts receivable balance confirmations to the customers on a sample basis;
- ◆ We analysed the aging of trade receivables; and
- ◆ We obtained a list of total outstanding receivables and assessed the recoverability of these through inquiry with management and by obtaining sufficient corroborative evidence to support the conclusions.

**[See note 8.00 to the financial statements]**

**3. Capital work in progress****Risk**

The Company's assets held under capital work in progress as on the closing date are amounted to BDT. 71.53 Crore, equivalent to 13% of total Non-Current assets. Due to the high volume of transactions, utilization of IPO proceeds, terms and valuation of these assets, it was considered significant to our audit.

**Our response to the risk**

Our audit procedures to address the risk of material misstatement relating to capital work in progress includes obtaining an understanding of the internal control over capital work in progress, assessing the risks of material misstatement. Our audit procedures to address the risk of material misstatement relating to Capital work in progress to the financial statements included:

- ◆ Obtaining and assessing the movement of the capital work in progress;
- ◆ Verifying the records to ensure that the assets under construction or pending installation and not yet ready for intended use are classified as work-in-progress;
- ◆ Verifying the supporting documents with reference to the underlying contractor bills, work orders, certification of work performed by expert personnel, comparison of the progress and the costs incurred up-to-date with the budgets, policy and plan;
- ◆ Reconciling the movement of capital work in progress from opening to closing, specifically verifying additions during the year and transferred to Property, Plant and Equipment during the year;
- ◆ Verifying the dates on which the assets are moved from the capital work-in-progress account to the fixed assets so that the depreciation on fixed assets may be computed correctly, and;
- ◆ Site visit and physical observations of the work on-going for capital work in progress.

**[See note 5.00 to the financial statements]**

## Notes to the Financial Statements

For the year ended 30 June 2020

## 4. Related party transaction

Risk	Our response to the risk
The Company has related party transactions as described in notes to the financial statements.	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>· Evaluated the design and tested the operating effectiveness of controls over identification and disclosure of related party transactions.</li> <li>· Evaluated the transactions among the related parties and tested material accounts balances.</li> <li>· Evaluated the disclosures in the financial statements in compliance with IAS 24.</li> </ul>

*[See note 31.00 to the financial statements]*

## Management's consideration of the potential impact of COVID-19

Management has made estimates and judgements that there was basically no adverse impact of COVID-19 on the company.

In doing so, management have made estimates and judgements that are critical to the outcomes of these considerations with particular focus on the company's ability to continue as a going concern for a period of at least 12 months from the date of the signing of the financial statements.

As a result of the impact of COVID-19 on the wider financial markets we have determined management's consideration of the potential impact of COVID-19 (including their associated estimates and judgements) to be a key audit matter.

- We obtained management's most recent financial results forecasts and liquidity analysis underlying their going concern assessment and tested the integrity of the forecasts, including mathematical accuracy.
- We challenged management on the key assumptions included in the scenarios and we subjected management's most recent forecasts to additional stress testing to confirm that both management and the Board have considered a balanced range of outcomes in their assessment of the potential impact of COVID-19.

Based on our procedures, we have not identified any matters to report with respect to both management's and the Board's considerations of the potential impact of COVID-19 on the current and future operations of the company.

## Other Matter

Previous year was audited by ACNABIN Chartered Accountants, who expressed an unmodified report.

## Reporting on Other Information

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

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

In connection with our audit of the 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.

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

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



## Notes to the Financial Statements

For the year ended 30 June 2020

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 and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

### Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, we also report 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 the Company so far as it appeared from our examination of those books;
- (iii) the statement of financial position and statement of profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account and returns; and
- (iv) the expenditure incurred, except as noted above, were to the purpose of company business



**Md. Abdus Satter Sarkar, FCA (1522)**  
For and on behalf of Mahfel Huq & Co.  
Chartered Accountants

Dhaka, 26 November 2020

## Statement of Financial Position

As at 30 June 2020

Particulars	Notes	Amount in Taka	
		30-Jun-2020	30-Jun-2019
<b>Assets</b>			
<b>Non-Current Assets</b>		<b>5,538,701,226</b>	<b>5,326,047,982</b>
Property, plant and equipment	4.00	4,675,599,621	4,487,335,605
Capital work in progress	5.00	715,326,604	690,937,377
Investment in shares	6.00	147,775,000	147,775,000
<b>Current Assets</b>		<b>6,429,251,222</b>	<b>4,970,526,758</b>
Inventories	7.00	3,099,843,476	2,669,649,923
Accounts receivables	8.00	470,602,348	534,955,129
Other receivables	9.00	13,504,400	1,871,871
Advance, deposit and prepayments	10.00	858,868,308	806,256,844
Investment	11.00	260,034,065	89,297,144
Cash and bank balances	12.00	1,726,398,625	868,495,847
<b>TOTAL ASSETS</b>		<b>11,967,952,448</b>	<b>10,296,574,740</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' Equity</b>		<b>6,827,436,987</b>	<b>6,763,777,435</b>
Share capital	13.00	1,348,958,330	1,348,958,330
Share Premium Account	14.00	1,104,070,338	1,104,070,338
Revaluation surplus	15.00	1,986,590,489	1,986,590,489
Retained earnings	16.00	2,387,817,831	2,324,158,278
<b>Non Current Liabilities</b>		<b>2,480,390,347</b>	<b>1,336,766,795</b>
Deferred Tax liabilities	17.00	191,187,753	164,722,043
Long term loan net of current maturity	18.00	2,275,685,650	1,162,262,297
Finance lease obligation net of current maturity	19.00	13,516,944	9,782,456
<b>Current Liabilities</b>		<b>2,660,125,114</b>	<b>2,196,030,510</b>
Short term loan	20.00	984,070,652	898,998,063
Current portion of long term loan	18.00	465,013,712	184,459,567
Current portion of finance lease obligation	19.00	28,370,223	8,797,815
Accounts payable	21.00	866,491,799	916,507,610
Liabilities for expenses	22.00	316,178,726	187,267,456
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>11,967,952,448</b>	<b>10,296,574,740</b>
<b>Net Asset Value (NAV) per share with revaluation reserve</b>		<b>50.61</b>	<b>50.14</b>
<b>Net Asset Value (NAV) per share without revaluation reserve</b>		<b>35.88</b>	<b>35.41</b>

The annexed notes form an integral part of these financial statements

 Chairman
  Managing Director
  Director
  Company Secretary
  Chief Financial Officer

Signed as per our annexed report of even date

  
**Mahfel Huq & Co.**  
 Chartered Accountants

Dhaka, 26 November 2020

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

Particulars	Notes	Amount in Taka	
		30-Jun-2020	30-Jun-2019
Revenue	23	5,000,518,624	5,919,576,583
Less: Cost of Goods Sold	24	3,905,145,664	4,679,188,088
<b>Gross profit</b>		<b>1,095,372,960</b>	<b>1,240,388,495</b>
Less: Operating expenses	25	536,456,752	573,634,104
<b>Gross operating profit for the year</b>		<b>558,916,208</b>	<b>666,754,391</b>
Less: Financial expenses	26	274,661,889	224,224,327
<b>Net operating profit for the year</b>		<b>284,254,319</b>	<b>442,530,063</b>
Add: Non operating income	27	55,885,930	24,197,255
<b>Profit before WPPF &amp; WF for the year</b>		<b>340,140,249</b>	<b>466,727,319</b>
Less: Provision for contribution to WPPF & WF	22.1	17,007,012	23,336,366
<b>Profit before tax for the year</b>		<b>323,133,237</b>	<b>443,390,953</b>
Less: Income tax expenses		57,129,934	59,783,735
Current Tax	22.2	30,664,224	35,517,460
Deferred Tax	17.2	26,465,710	24,266,276
<b>Net profit after tax for the year</b>		<b>266,003,303</b>	<b>383,607,218</b>
Add: Other comprehensive income, net of tax		-	-
<b>Total comprehensive income</b>		<b>266,003,303</b>	<b>383,607,218</b>
<b>Earnings Per Share (EPS) - Basic</b>	<b>28.1</b>	<b>1.97</b>	<b>3.37</b>

The annexed notes form an integral part of these financial statements



Chairman



Managing Director



Director



Company Secretary



Chief Financial Officer

Signed as per our annexed report of even date

Dhaka, 26 November 2020



**Mahfel Huq & Co.**  
Chartered Accountants

## Statement of Changes in Equity

For the year ended 30 June 2020

Particulars	Share Capital	Share premium	Revaluation Surplus	Retained Earnings	Total Equity
<b>Balance at 01 July 2019</b>	1,348,958,330	1,104,070,338	1,986,590,489	2,324,158,278	6,763,777,434
Net profit for the year	-	-	-	266,003,303	266,003,303
Dividend paid				(202,343,750)	(202,343,750)
<b>Balance at 30 June 2020</b>	<b>1,348,958,330</b>	<b>1,104,070,338</b>	<b>1,986,590,489</b>	<b>2,387,817,831</b>	<b>6,827,436,987</b>
<b>Balance at 01 July 2018</b>	1,000,000,000		1,986,590,489	1,940,551,060	4,927,141,549
Issuance of share	348,958,330	1,104,070,338	-	-	1,453,028,668
Net profit for the year	-	-	-	383,607,218	383,607,218
<b>Balance at 30 June 2019</b>	<b>1,348,958,330</b>	<b>1,104,070,338</b>	<b>1,986,590,489</b>	<b>2,324,158,278</b>	<b>6,763,777,434</b>



Chairman



Managing Director



Director



Company Secretary



Chief Financial Officer

Dhaka, 26 November 2020



## Statement of Cash Flows

For the year ended 30 June 2020

Particulars	Notes	Amount in Taka	
		30-Jun-2020	30-Jun-2019
<b>A. Cash flows from operating activities</b>			
Cash receipts from customers		5,06,48,71,405	5,94,28,70,543
Cash receipt from other income		4,42,53,401	2,46,89,956
Payment to suppliers		(2,48,66,34,878)	(2,96,55,32,346)
Payment to others		(2,09,63,09,509)	(2,51,73,57,847)
Interest paid		(19,89,82,939)	(21,03,99,620)
Income tax paid		(3,67,67,770)	(2,86,38,309)
<b>Net cash flow from operating activities</b>		<b>29,04,29,710</b>	<b>24,56,32,377</b>
<b>B. Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(42,08,46,019)	(58,53,02,319)
Investment in capital work in progress		(2,43,89,228)	(60,81,20,923)
Advance paid to Valuka project		(11,55,12,474)	(40,02,04,801)
Advance paid for BGMEA Flat		-	(1,32,52,000)
Investment in shares		(0)	(10,00,00,000)
Investment in FDR		(17,07,36,921)	(37,07,465)
<b>Net cash used in investing activities</b>		<b>(73,14,84,644)</b>	<b>(1,71,05,87,509)</b>
<b>C. Cash flows from financing activities</b>			
Proceed from share issue			39,59,29,642
Share premium received			1,10,40,70,338
Dividend paid		(20,23,43,750)	
Receipt of Long Term Loan		1,41,72,84,395	63,98,28,163
Receipt/(Repayment) of Short Term Loan		8,50,72,590	13,04,30,575
<b>Net cash flow from/(used in) financing activities</b>		<b>1,30,00,13,236</b>	<b>2,27,02,58,719</b>
<b>D. Net cash surplus during the year (A+B+C)</b>		<b>85,89,58,302</b>	<b>80,53,03,587</b>
<b>E. Cash and bank balances at beginning of the year</b>		<b>86,84,95,847</b>	<b>7,80,06,978</b>
<b>Effect of movements in exchange rates on cash held</b>		<b>(10,55,526)</b>	<b>(1,48,14,717)</b>
<b>F. Cash and bank balances at the end of the year</b>		<b>1,72,63,98,623</b>	<b>86,84,95,848</b>
<b>Cash and bank balances</b>			
Cash in hand		25,90,007	18,22,567
Cash at bank		1,72,38,08,618	86,66,73,280
<b>Total</b>		<b>1,72,63,98,625</b>	<b>86,84,95,847</b>
<b>Net Operating Cash Flow Per Share (NOCFPS)</b>	<b>29</b>	<b>2.13</b>	<b>2.16</b>



Chairman



Managing Director



Director



Company Secretary



Chief Financial Officer

Dhaka, 26 November 2020

## Notes to the Financial Statements

For the year ended 30 June 2020

**1. Incorporation and Business Activities****Reporting entity**

Esquire Knit Composite Limited (EKCL) (herein after referred to as EKCL or the Company) was incorporated as a Private Limited Company on 16 February 2000 under the Companies Act 1994 and the company commenced commercial operation in 2001. The company has its registered office at 21 Shaheed Tajuddin Ahmed Sarani, (old: 30, Tejgaon I/A) Dhaka and its Factory is located at 22/58, Kanchpur, Sonargaon, Narayanganj.

The company was converted into a public limited company on 22 January 2015

**Nature of business**

Esquire Knit Composite Limited is a cent percent export oriented Company. It produces different types of Knit garments through its six units namely, knitting units, fabric dyeing unit, printing, embroidery, industrial laundry and garments units and sells the same to foreign buyers including C&A buying KG, Best seller, Mascot, Tchibo, Esprit, Tee Jays, Celio, Next, etc.

**2. Basis of Preparation of Financial Statements****2.1 Statement of compliance**

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

**2.2 Other regulatory compliance**

In addition to the above, EKCL is also required to comply and has complied with the following laws and regulations:

- The Income Tax Ordinance 1984;
- The Income Tax Rules 1984;
- The Value Added Tax Act 1991;
- The Value Added Tax Rules 1991;
- The Bangladesh Labor (Amendment) Act 2013;
- Customs Act 1969;
- Sale of Goods Act 1930;
- Negotiable Instrument Act 1881; and
- Other applicable rules and regulations.

**2.3 Basis of measurement**

These financial statements have been prepared under the historical cost convention applying accrual basis of accounting in accordance with International Financial Reporting Standards (IFRSs).

**2.4 Components of financial statements**

The financial statements of the Company consist of the following components:

- Statement of Financial Position;
- Statement of Profit or Loss and Other Comprehensive Income;
- Statement of Changes in Equity;
- Statement of Cash Flows and
- Notes to the Financial Statements.

**2.5 Use of estimates and judgments**

The preparation of the financial statements of the Company requires management to make and apply consistently the judgments, estimates and assumptions for records and balances that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

**2.6 Functional and presentation currency**

These financial statements are presented in Bangladeshi Taka (Tk/BDT) which is the functional currency of the company. The amounts in these financial statements have been rounded off to the nearest integer.

**2.7 Reporting period**

These financial statements of the company cover a period of twelve months from 01 July 2019 to 30 June 2020.

## Notes to the Financial Statements

For the year ended 30 June 2020

**3. Significant Accounting Policies****3.1 Property, plant and equipment (PPE)****3.1.1 Recognition and measurement**

Property, plant and equipment are stated at cost or revalued amount, if any, less accumulated depreciation in compliance with International Accounting Standard (IAS)-16: Property Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any direct attributable cost of bringing the assets to its working condition for its intended use.

**3.1.2 Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they incurred.

**3.1.3 Depreciation**

Depreciation is charged on property (except land), plant and equipment using 'straight line method' over the estimated useful life of each item of property, plant and equipment. Depreciation on addition to property, plant and equipment is charged from the date when the asset is put into use for commercial operation. Knit Composite Limited, considering the useful lives, decided to charge depreciation at 15% p.a. No depreciation is charged on the assets from the month in which such assets are disposed. The rates of depreciation varies from 5% to 13% p.a. based on useful lives and nature of the assets. Rates of depreciation are:

Particulars	Rate
Building	5.00% p.a.
Plant and Machinery	7.00% p.a.
Furniture and Fixtures	10.00% p.a.
Office Equipment	10.00% p.a.
Motor Vehicle	13.00% p.a.
Software & IT	10.00% p.a.

**3.2 Inventories****3.2.1 Nature of inventories**

Inventories consist of yarn, dyes, chemical, packing materials, accessories, sewing thread, printing & embroidery materials, stores and spare parts, etc.

**3.2.2 Valuation of inventory**

Inventories are valued in accordance with IAS- 2: Inventories i.e. at cost or estimated net realizable value whichever is lower. The cost of inventories includes expenditure for acquiring the inventories and bringing them to their existing location and condition. Net realizable value is estimated upon selling price in the ordinary course of business less estimated cost of completion of the sale. When the inventories are used, the carrying amount of those inventories are recognized as expenses in the period in which the related revenue is recognized.

**3.3 Advance, deposit and prepayments**

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions or adjustments. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to Statement of Profit or Loss and Other Comprehensive Income.

**3.4 Cash and bank balances**

Cash and bank balances comprise cash in hand and cash at bank which are held and available for use by the company without any restriction.

**3.5 Accounts receivable and other receivables**

Accounts receivables are carried at original invoice amount. EKCL is a 100% export oriented company and all the sales/ exports are done through L/C by banks. Receivables are considered as good and realizable. Other receivable represents accrued interest on FDR.



## Notes to the Financial Statements

For the year ended 30 June 2020

**3.6 Accounts payable and other payables**

These liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company.

**3.7 Loans and borrowings**

Borrowings repayable after twelve months from the date of statement of financial position are classified as non-current liabilities whereas the portion of borrowings repayable within twelve months from the date of statement of financial position, unpaid interest and other charges are classified as current liabilities.

**3.8 Income tax expense**

Income tax expenses comprise current tax and deferred tax. Income taxes are recognized in statement of profit or loss and other comprehensive income except to the extent that relates to items recognized directly in equity or in other comprehensive income.

**3.8.1 Current Tax**

Taxation is provided in accordance with fiscal regulations applicable. The company taxation is under final settlement of tax liability under section 82C of the Income Tax Ordinance 1984 except other income. Income tax has been deducted at source under section 53BB of the Income Tax Ordinance 1984 on export from 1 July 2019 to June 30, 2020.

**3.8.2 Deferred Tax**

Deferred tax has been recognized in accordance with the provision of IAS 12: Income Taxes, based on the deductible or taxable temporary difference between the carrying amount of assets / liabilities and its tax base. Deferred tax asset or liability is the amount of income tax recoverable or payable in the future periods recognized in the current period. Deferred tax asset or liability does not create a legal recoverability or liability from or to tax authority. Related deferred tax income / expense is recognized in the statement of profit or loss and other comprehensive income. Deferred tax assets and liabilities are offsetted if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each date of statement of financial position and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**3.9 Revenue recognition****i. Export Revenue**

In accordance with the provisions of the IFRS-15 "Revenue from Contracts with Customers"; revenue from contracts with customers represents the amount that reflects the considerations to which entity expects to be entitled in exchange for goods supplied and service provided to customers during the period. Revenue from contracts with customers is recognized in the statement of Profit or Loss and Other comprehensive income when the performance obligation (supply of promised goods and services) is satisfied. Performance obligation is satisfied at a point in time when customer obtains the control of goods and services. Revenue from export is recognized at ex-factory date.

**ii. Cash Incentive**

Cash incentive income is recognized when Proceed Relialization Certificate (PRC) received from the bank against realization of cash incentive.

**3.10 Financial expenses**

Financial expenses comprise interest expense on long term loan, short term loan, finance lease and other borrowings, bank commission and charges etc. All such costs are recognized in the statement of profit or loss and other Comprehensive Income except those are capitalized in accordance with IAS 23.

**3.11 Statement of Cash flows**

Statement of cash flows is prepared principally in accordance with IAS-7: Cash Flow Statement and the cash flows from operating activities are presented under direct method.



## Notes to the Financial Statements

For the year ended 30 June 2020

**3.12 Foreign currency transactions**

The financial statements are presented in Bangladeshi Taka (Tk./BDT), which is the company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Assets and liabilities in foreign currencies as on the reporting date are converted into Bangladeshi taka at the closing rate. Exchange gain or loss is recognised in Statement of Profit or Loss and Other Comprehensive Income as per IAS 21: The Effects of Changes in Foreign Exchange Rates.

**3.13 Leases**

Leases in terms of which the company assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. The interest rate implicit in the lease has been used to calculate the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

**3.14 Earnings Per Share (EPS)**

The company presents basic and diluted (when dilution is applicable) Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for the effect of change in number of shares for bonus issue, share split and reverse split. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding and for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for this financial statements as there was no dilutive potential ordinary shares during the relevant periods.

**3.15 Events after the reporting period**

Events after the reporting period that provide additional information about the Company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. There are no material events that had occurred after the reporting period to the date of issue of these financial statements, which could affect the figures presented in the financial statements.

**3.16 Provision**

A provision is recognized on the date of financial position if, as a result of past events, the company has a present legal obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

**3.17 Employee Benefit****i. Workers' profit participation fund and welfare fund**

This represent 5% of net profit before tax contributed by the company as per provisions of the Bangladesh Labour (Amendments)- Act 2013 (Bangladesh Labour Law, 2006) and is payable to workers as defined in the said law.

**ii. Gratuity**

Regular confirmed employee of the company who have completed minimum 5 (five) years of continuous service from the date of joining are eligible to gratuity payment at the time of separation of employment with the company

**3.18 Interest Income**

Interest income is accrued at the applicable interest rate on bank deposits in the period in which it is incurred.

**3.19 Finance costs**

Finance costs comprise interest expenses on bank loan and other borrowings and are recognised as expenses in the period in which they are incurred using applicable interest rate.

**3.20 Revaluation surplus**

This represents the difference between book value and revalued amount of land and land development. As per IAS 16: Property, Plant and Equipment, revaluation is done with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The fair value of land was determined from market-based evidence by an appraisal as on 31 December 2013 by S.F. Ahmed & Co. which is a professionally qualified valuer.

**3.21 Impairment****(a) Financial assets**

## Notes to the Financial Statements

For the year ended 30 June 2020

Accounts receivable and other receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effects on the estimated future cash flows of that asset, that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, etc.

**(b) Non-financial assets**

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Carrying amount of the assets is reduced to its recoverable amount by recognizing an impairment loss if, and only if, the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognized immediately in profit or loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

**3.22 Comparative information**

Comparative information has been disclosed in respect of year 2018-19 for all numerical information of the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements. Last year figures have been rearranged where considered necessary to conform to current years presentation.

**3.23 Compliance with Financial Reporting Standards as applicable in Bangladesh:**

IAS	Title	Remarks
1	Presentation of Financial Statements	Complied
2	Inventories	Complied
7	Statement of Cash Flows	Complied
8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
10	Events after the Reporting Period	Complied
12	Income Taxes	Complied
16	Property, Plant & Equipment	Complied
19	Employee Benefits	Complied
21	The Effects of Changes in Foreign Exchange Rates	Complied
23	Borrowing Costs	Complied
24	Related Party Disclosures	Complied
32	Financial Instruments: Presentation	Complied
33	Earnings per Share (EPS)	Complied
34	Interim Financial Reporting	Complied
36	Impairment of Assets	Complied
37	Provisions, Contingent Liabilities and Contingent Assets	Complied
38	Intangible Assets	Complied

IFRS	Title	Remarks
7	Financial Instruments: Disclosures	Complied
9	Financial Instruments	Complied
12	Disclosure of Interests in Other Entities	Complied
13	Fair Value Measurement	Complied
15	Revenue from Contracts with Customer	Complied
16	Leases	Complied

**3.24 General**

- Figures have been rounded off to the nearest Taka.
- Previous year's figures have been rearranged wherever considered necessary to conform to the current year's presentation.

## Notes to the Financial Statements

For the year ended 30 June 2020

	Notes	Amount in Taka	
		30-Jun-2020	30-Jun-2019
<b>4. Property, plant and equipment</b>			
<b>(A) Cost/ Revaluation</b>			
i) Freehold assets			
Opening balance		6,416,669,154	5,852,379,778
Add: Addition during the year		420,846,019	564,289,375
		<u>6,837,515,173</u>	<u>6,416,669,153</u>
ii) Leasehold assets			
Opening balance		99,420,368	78,407,424
Add: Addition during the year		-	21,012,944
		<u>99,420,368</u>	<u>99,420,368</u>
Total (A)		<u>6,936,935,541</u>	<u>6,516,089,521</u>
<b>(B) Accumulated depreciation</b>			
i) Freehold assets			
Opening balance		1,993,885,990	1,821,531,215
Add: Charged during the year		220,154,457	172,354,775
		<u>2,214,040,447</u>	<u>1,993,885,990</u>
ii) Leasehold assets			
Opening balance		34,867,926	25,789,685
Add: Charged during the year		12,427,546	9,078,240
		<u>47,295,472</u>	<u>34,867,926</u>
Total (B)		<u>2,261,335,919</u>	<u>2,028,753,916</u>
<b>(C) Written Down Value (A-B)</b>		<u><b>4,675,599,621</b></u>	<u><b>4,487,335,605</b></u>
A schedule of property, plant and equipment is given in Annexure-A.			
<b>5. Capital work in progress</b>			
Opening balance		690,937,377	82,216,454
Add: Addition during the year	( Note: 5.1)	225,606,345	686,019,184
		<u>916,543,721</u>	<u>768,235,638</u>
Less: Transferred to Property, Plant & Equipment		<u>201,217,117</u>	<u>77,298,261</u>
		<u><b>715,326,604</b></u>	<u><b>690,937,377</b></u>
<b>5.1 Addition during the year</b>			
BSCIC-Doom project		-	-
Advance for construction -Valuka project		-	-
Valuka Project		206,987,526	424,018,375
Machineries in work in process-Unit-7		600,000	-
Machineries in work in process		18,018,819	201,217,117
Warehouse- SFM		-	5,079,395
Warehouse- Kunchpur		-	55,704,297
		<u><b>225,606,345</b></u>	<u><b>686,019,184</b></u>
A schedule of capital work in progress addition during the year is given in Annexure-B.			
<b>6. Investment in shares</b>			
Esquire Accessories Limited		10,275,000	10,275,000
Esquire Electronics Limited		37,500,000	37,500,000
Investment in ICL Unit Fund		100,000,000	100,000,000
		<u><b>147,775,000</b></u>	<u><b>147,775,000</b></u>



## Notes to the Financial Statements

For the year ended 30 June 2020

## 7. Inventories

	Quantity		30.06.2020	30.06.2019
	30.06.2020	30.06.2019	Taka	Taka
Yarn (kg)	2,649,002	2,644,818	850,671,540	812,210,449
Dyes (kg)	210,191	179,426	246,474,278	210,632,661
Chemical (kg)	1,418,353	1,090,520	152,827,600	115,204,020
Finishing Materials (Note: 7.1)	-	-	719,805,656	582,798,489
Materials in transit (Note: 7.2)	-	-	93,448,584	66,520,321
Spare parts and consumable items (Note: 7.3)	-	-	159,905,869	105,574,034
Work in process (Note: 7.4)	-	-	679,717,479	629,717,479
Finished goods (pcs.) (Note: 7.5)	1,021,663	979,950	196,992,470	146,992,470
			<b>3,099,843,476</b>	<b>2,669,649,923</b>

A schedule of inventories is given in **Annexure-C**.

## 7.1 Finishing Materials

Packing materials	307,681,222	208,017,047
Accessories	319,207,604	287,571,888
Sewing Thread	65,892,910	44,714,378
Printing & Embroidery materials	27,023,920	42,495,176
	<b>719,805,656</b>	<b>582,798,489</b>

A schedule of finishing materials is given in **Annexure-C**.

## 7.2 Materials in transit

	Quantity			
	30.06.2020	30.06.2019		
Yarn (kg)	11,679	10,715	36,423,974	25,927,995
Dyes (kg)	8,779	8,282	5,014,245	3,569,334
Chemical (kg)	12,181	11,601	4,201,668	2,990,910
Machine	-	-	36,301,748	25,840,990
Finishing Materials	-	-	8,159,222	5,808,050
Spare Parts	-	-	3,347,727	2,383,042
			<b>93,448,584</b>	<b>66,520,321</b>

## 7.3 Spare parts and consumable items

Spareparts & Consumable items	159,905,869	105,574,034
	<b>159,905,869</b>	<b>105,574,034</b>

A schedule of spare parts and consumable items is given in **Annexure-D**.

## 7.4 Work in Process

	Quantity			
	30.06.2020	30.06.2019		
Knitting (kg)	77,869	557,255	23,474,718	97,693,995
Finished Fabric (kg)	1,296,392	1,000,890	437,679,725	257,799,760
Cutting (Pcs)	3,395,162	3,892,789	119,322,308	174,008,958
Embroidery (Pcs)	3,770	43,770	1,531,864	1,445,737
Printing (Pcs)	6,798	173,511	3,083,613	2,444,292
Sewing (Pcs)	1,038,240	979,950	94,625,250	96,324,736
			<b>679,717,479</b>	<b>629,717,479</b>

A schedule of work in process is given in **Annexure-E**.



## Notes to the Financial Statements

For the year ended 30 June 2020

## 7.5 Finished Goods (pcs.)

	Quantity		30.06.2020	30.06.2019
	30.06.2020	30.06.2019	Taka	Taka
Opening	979,950	386,627	146,992,471	116,992,470
Add: Production during the year	28,118,402	22,105,400	5,715,106,439	4,684,513,475
	29,098,352	22,492,027	5,862,098,910	4,801,505,945
Less: Delivered during the year	28,076,689	21,512,077	5,665,106,439	4,654,513,475
	<b>1,021,663</b>	<b>979,950</b>	<b>196,992,470</b>	<b>146,992,470</b>
			<b>470,602,348</b>	<b>534,955,129</b>

## 8. Accounts receivables

A schedule of account receivable is given in **Annexure-F**.

Disclosure as per Schedule XI, Part I, Para (F) of the Companies Act 1994:

**I. Debt considered good in respect of which the company is fully secured**

The debtors occurred in the ordinary course of business are considered good and secured against confirmed L/C.

**II. Debt considered good for which the company hold no security other than the debtors' personal security**

There is no such debt in this respect as on 30 June 2020.

**III. Debt considered doubtful or bad**

The company does not make any provision for doubtful debts as on 30 June 2020, because of the fact that sales/export are being made on 100% confirmed L/C basis with fixed maturity dates.

**IV. Debt due by directors or other officers of the company**

There is no such debt in this respect as on 30 June 2020.

**V. Debt due by Common Management**

There are no amount due from sister company under common management as on 30 June 2020.

**VI. The maximum amount due by directors or other officers of the company**

There is no such debt in this respect as on 30 June 2020.

**Aging of accounts receivable**

The aging of gross trade receivables as at the statement of financial position date was:

Past due 0-90 days	470,602,348	534,955,129
Past due 91-180 days	-	-
Past due 181 -365 days	-	-
Past due more than 365 days	-	-
	<b>470,602,348</b>	<b>534,955,129</b>

## 9. Other receivables

Cash incentive  
Accrued interest on FDR

12,480,200	
1,024,200	
<b>13,504,400</b>	<b>1,871,871</b>

## 10. Advance, deposit and prepayments

Advance (Note: 10.1)  
Deposit (Note: 10.2)  
Prepayments (Note: 10.3)

794,679,821	646,671,386
54,682,360	152,848,632
9,506,127	6,736,826
<b>858,868,308</b>	<b>806,256,844</b>

## Notes to the Financial Statements

For the year ended 30 June 2020

	Notes	Amount in Taka	
		30-Jun-2020	30-Jun-2019
<b>10.1 Advance</b>			
Advance against Land		2,500,000	-
Advance to creditors		631,029,047	535,394,460
Advance against salaries		3,200,941	3,346,863
Advance for commercial Flat -BGMEA COMPLEX		53,806,000	40,554,000
Advance Income Tax	(Note: 10.1.1)	104,143,833	67,376,063
		<b>794,679,821</b>	<b>646,671,386</b>
A schedule of advance given to creditors is given in <b>Annexure-G</b> .			
<b>10.1.1 Advance Income Tax</b>			
Opening balance		67,376,063	38,737,754
Add: Addition during the year	(Note: 10.1.1.1)	36,767,770	28,638,309
		104,143,833	67,376,063
Less: Adjustment for assessment year-2016-17		-	-
Less: Adjustment for assessment year-2016-17		-	-
Less: Adjustment for assessment year-2017-18		-	-
		<b>104,143,833</b>	<b>67,376,063</b>
<b>10.1.1.1 Advance Income Tax addition</b>			
Advance Income Tax on Car		1,470,500	1,523,000
Advance Income Tax on FDR Interest		5,464,873	2,232,537
TDS on Import Stage		2,387,804	586,522
TDS on Export Proceeds		27,444,594	24,296,250
		<b>36,767,770</b>	<b>28,638,309</b>
<b>10.2 Deposit</b>			
Guarantee margin & LC margin		2,062,456	885,530
Security deposit	(Note: 10.2.1)	12,691,354	9,762,781
FBPAR & margin account	(Note: 10.2.2)	39,928,549	142,200,320
		<b>54,682,360</b>	<b>152,848,632</b>
<b>10.2.1 Security deposit</b>			
Rural Electrification Board (REB) for electricity		7,295,517	4,366,944
Security Deposit-BSCIC		1,455,000	1,455,000
PIL Bangladesh Ltd		400,000	400,000
Mobile phone		60,000	60,000
Lease rental		691,260	691,260
Titas Gas Transmission & Distribution Company Limited for gas		2,789,577	2,789,577
		<b>12,691,354</b>	<b>9,762,781</b>
<b>10.2.2 FBPAR &amp; margin account</b>			
FBPAR A/C with DBBL -in Dollar (78)		17,687,939	132,002,344
FBPAR A/C with DBBL -in Dollar (63)		21,126,550	
FBPAR A/C with DBBL -in EURO		136,804	156,288
Margin A/C with EBL -in Dollar		904,800	9,968,635
Margin A/C with EBL -in EURO		72,456	73,053
		<b>39,928,549</b>	<b>142,200,320</b>
<b>10.3 Prepayments</b>			
Insurance premium		<b>9,506,127</b>	<b>6,736,826</b>

## Notes to the Financial Statements

For the year ended 30 June 2020

	Notes	Amount in Taka	
		30-Jun-2020	30-Jun-2019
<b>10.4 Aging of advance, deposit &amp; prepayment</b>			
The aging of advance, deposit & prepayment as at the statement of financial position date was as follows:			
Past due 0-90 days		794,679,821	646,671,386
Past due 91-180 days		36,767,770	28,638,309
Past due 181 -365 days		14,729,363	121,184,368
Past due more than 365 days		12,691,354	9,762,781
		<b>858,868,308</b>	<b>806,256,844</b>

**10.5 The details breakup of advance, deposit and prepayment as per requirement of Schedule XI, part I, para (j) of the Companies Act, 1994 stated below:**

Advance, deposit and prepayments exceeding 6 months	27,420,717	130,947,149
Advance, deposit and prepayments not exceeding 6 months	36,767,770	28,638,309
Other advance, deposit and prepayments less provision	54,682,360	152,848,632
Advance, deposit and prepayments considered good and secured	736,796,521	490,475,892
Advance, deposit and prepayments due by Other Officers (against Salary)	3,200,941	3,346,863

**11. Investment**

Investment in FDR	(Note: 11.1)	<b>260,034,065</b>	<b>89,297,144</b>
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**11.1 Investment in FDR**

Bank Name	A/C No	Principle	Term (Months)	Maturity Date		
Dutch Bangla Bank Limited	506.0001926	2,923,858	12	29.12.2020	3,315,102	3,179,192
	504.0017552	2,793,573	12	28.02.2021	3,161,047	3,017,670
	504.0019071	10,865,251	12	06.07.2020	12,396,987	11,711,845
	504.0019148	21,730,503	12	14.07.2020	24,793,975	23,423,689
	504.0020915	21,228,452	12	10.03.2021	24,118,620	22,981,058
	504.0021052	10,592,585	12	19.03.2021	12,034,721	11,467,100
	504.0008214	10,332,957	12	28.06.2020	11,840,419	11,281,962
	504.0025965	2,051,913	12	15.06.2020	2,340,215	2,234,628
					<b>94,001,085</b>	<b>89,297,144</b>
Uttara Finance and Investment Limited	11724/19	50,000,000	11.5	28.07.2020	54,778,014	
	11725/19	50,000,000	11.5	28.07.2020	54,778,014	
	11842/19	30,000,000	11	19.09.2020	32,310,905	
	11858/19	22,500,000	11	30.09.2020	24,166,048	
					<b>166,032,980</b>	
					<b>260,034,065</b>	<b>89,297,144</b>

These FDRs have been liened with Dutch Bangla Bank Limited for maintenance of margin for L/C liabilities and bank guarantees.

**12. Cash and bank balances**

Cash in hand	(Note: 12.1)	2,590,007	1,822,567
Cash at bank	(Note: 12.2)	1,723,808,618	866,673,280
		<b>1,726,398,625</b>	<b>868,495,847</b>

**12.1 Cash in hand**

Head Office	905,000	800,000
Factory	1,685,007	1,022,567
	<b>2,590,007</b>	<b>1,822,567</b>

## Notes to the Financial Statements

For the year ended 30 June 2020

				Amount in Taka	
				30-Jun-2020	30-Jun-2019
<b>12.2 Cash at bank</b>					
Bank Name	Branch	A/C Type	A/C No.		
Dutch Bangla Bank Ltd.	Local office	FCAD(\$)	101.117.163	11,954,248	27,824,761
Dutch Bangla Bank Ltd.	Local office	FCAD(€)	101.119.20	5,298	5,334
Dutch Bangla Bank Ltd.	Local office	FCAD(\$)	101.110.0006900	1,187,900,000	-
Dutch Bangla Bank Ltd.	Kawran Bazar	CD	101.110.36941	108,185	42,548
Dutch Bangla Bank Ltd.	Kawran Bazar	CD	101.120.5645	25,705,564	26,945,952
Dutch Bangla Bank Ltd.	Kawran Bazar	CD	101.120.5692	85,808	23,174
Eastern Bank Ltd.	Principal	FCAD(\$)	101.305.3310	75,071	347,192
Dutch Bangla Bank Ltd.	Kawran Bazar	CD	107.120.484	849,071	1,015,420
BRAC Bank Ltd.		CD	1505203551787001	475,843,305	810,000,357
Jamuna Bank Ltd.	Mohakhali	CD	102.100.15098	999,755	131,005
NCC Bank CD A/C	Baridhara	CD	107.021.000.1597	23,667	24,942
One Bank Ltd.	Agrabad, Ctg.	CD	003.105.0001366	204,619	300,000
Mutual Trust Bank Ltd.	Progati Sarani	CD	0210017599		5,000
HSBC		CD	001-011576-011	41,415	
Dutch Bangla Bank Ltd.			31497	2,305,611	
One Bank Ltd.		CD	0031020009947	15,758	
Dutch Bangla Bank Ltd.	Local office, Dilkusha	FC ( USD)	101.111.00000783	17,687,939	
One Bank Ltd.	Mirpur		110039901005	3,306	7,596
				<b>1,723,808,618</b>	<b>866,673,280</b>

**13. Share capital****Authorized capital**

200,000,000 Ordinary shares of Tk.10 each

**2,000,000,000** **2,000,000,000****Issued, subscribed and paid-up capital**

134,895,833 Ordinary shares of Tk.10 each fully paid

**1,348,958,330** **1,348,958,330**

Details of the shareholdings are as under:

Name of Shareholders	% held	No. of shares		30.06.2020	30.06.2019
		30.06.2020	30.06.2019	Taka	Taka
Md. Mofazzal Hossain	21.34%	28,791,667	28,791,667	287,916,670	287,916,670
Md. Ehsanul Habib	11.14%	15,032,960	15,032,960	150,329,600	150,329,600
Arifur Rahman	5.87%	7,925,000	7,925,000	79,250,000	79,250,000
Md. Muddasar Hossain	5.87%	7,925,000	7,925,000	79,250,000	79,250,000
Mrs. Peara Begum	2.73%	3,681,343	3,681,343	36,813,430	36,813,430
Esquire Dyeing Industries Ltd.	21.93%	29,581,343	29,581,343	295,813,430	295,813,430
Esquire Accessories Ltd.	0.90%	1,214,677	1,214,677	12,146,770	12,146,770
Esquire Electronics Ltd.	4.34%	5,848,010	5,848,010	58,480,100	58,480,100
General Public and Institution	25.87%	34,895,833	34,895,833	348,958,330	348,958,330
	<b>100%</b>	<b>134,895,833</b>	<b>134,895,833</b>	<b>1,348,958,330</b>	<b>1,348,958,330</b>

The company increased its authorised capital from 1,500 million to 2,000 million by passing a special resolution in the company's Extra Ordinary General Meeting (EGM) held on 22 December 2016.



## Notes to the Financial Statements

For the year ended 30 June 2020

		Amount in Taka	
		30-Jun-2020	30-Jun-2019
<b>14. Share premium</b>			
Share premium		1,151,041,650	1,151,041,650
Less: IPO Expense*		46,971,312	46,971,312
		<b>1,104,070,338</b>	<b>1,104,070,338</b>
In 2018-19, total amount of share share premium tk 1,151,041,650 (20,833,332 shares @ Tk 35 premium for Eligible Investor & 14,962,501 shares @ Tk 30 premium for General Public) was received as share premium in respect of issued to share holder through IPO			
* Total IPO expense of TK 46,971,312 was disbursed from IPO Preceed			
<b>15. Revaluation surplus</b>		<b>1,986,590,489</b>	<b>1,986,590,489</b>
<b>16. Retained earnings</b>			
Opening balance		2,324,158,278	1,940,551,060
Add: Net profit after tax for the year		266,003,303	383,607,218
Less: Cash dividend		202,343,750	
		<b>2,387,817,831</b>	<b>2,324,158,278</b>
<b>17. Deferred Tax liabilities</b>			
Deferred tax liabilities have been recognized and measured in accordance with the provisions of IAS 12: Income Taxes.			
Deferred tax liabilities related to Profit and Loss A/C	(Note: 17.1)	108,413,149	81,947,439
Deferred tax Liabilities related to other comprehensive income		82,774,604	82,774,604
		<b>191,187,753</b>	<b>164,722,043</b>

**17.1 Deferred tax liabilities****As at 30 June 2020****Deferred tax liabilities related to Profit and Loss A/C**

Carrying amount	Tax base	Taxable temporary difference
Taka	Taka	Taka
Property, plant and equipment excluding land	2,482,781,377	1,579,338,469
Applicable tax rate		903,442,908
Deferred tax liability		12.00%
		<b>108,413,149</b>

**Deferred tax Liabilities related to other comprehensive income**

Revaluation reserve for land	2,069,365,092	Nil	2,069,365,092
Applicable tax rate			4.00%
Deferred tax liability			<b>82,774,604</b>

**As at 30 June 2019****Deferred tax liabilities related to Profit and Loss A/C**

Property, plant and equipment excluding land	2,294,517,360	1,611,622,038	682,895,322
Applicable tax rate			12%
Deferred tax liability			<b>81,947,439</b>

**Deferred tax Liabilities related to other comprehensive income**

Revaluation reserve for land	2,069,365,092	Nil	2,069,365,092
Applicable tax rate			4.00%
Deferred tax liability			<b>82,774,603</b>

## Notes to the Financial Statements

For the year ended 30 June 2020

		Amount in Taka	
		30-Jun-2020	30-Jun-2019
<b>17.2 Deferred Tax Expenses</b>			
Deferred Liabilities at the end of the period		108,413,149	81,947,439
Deferred Liabilities at the beginning of the period		81,947,439	57,681,163
Deferred Tax expenses		<b>26,465,710</b>	<b>24,266,276</b>
<b>18. Long term loan net of current maturity</b>			
Deutsche Investitions- und Entwicklungsgesellschaft MbH	(Note: 18.1)	-	63,375,000
International Finance Corporation	(Note: 18.2)	1,180,900,000	
Jamuna Bank Limited	(Note: 18.3)	27,634,414	27,047,387
Dutch Bangla Bank Limited-Term Loan	(Note: 18.4)	1,532,164,948	1,212,196,567
IDLC Finance Limited			44,102,910
		2,740,699,362	1,346,721,863
Less: Current portion of long term loan		465,013,712	184,459,567
Deutsche Investitions- und Entwicklungsgesellschaft MbH			39,450,000
Dutch Bangla Bank Limited		450,265,712	119,465,723
Jamuna Bank Limited		14,748,000	5,471,564
IDLC Finance Limited			20,072,280
		<b>2,275,685,650</b>	<b>1,162,262,297</b>
<b>18.1 Deutsche Investitions- und Entwicklungsgesellschaft MbH</b>		-	<b>63,375,000</b>

Particulars of the term loans are given below.

(Amount in USD)

Bank Name	Loan Account	Particulars	Outstanding as on 30.06.2019
<b>Deutsche Investitions- und Entwicklungsgesellschaft MbH</b>	<b>DEG Loan</b>	Limit: 7,500,000 Tenor: 5 period/years Interest Rate: 4.4706 (LIBOR+Margin)	63,375,000

Collateral: A first ranking registered Mortgage on all land and Buildings of the Company. A first ranking hypothecation on all present and future movable assets (other than current assets and stocks) of the Company by executing a deed of the hypothecation. Personal joint and several first demand payment guarantee from the Sponsors. Joint and several first demand payment guarantee from the Companies.

**18.2 International Finance Corporation****1,180,900,000**

-

Particulars of the term loans are given below.

(Amount in USD)

Bank Name	Loan Account	Particulars	Outstanding as on 30.06.2020
International Finance Corporation	IFC	Loan term loan for Expansion project	Limit: 14000000 Tenor: 8 period/years Interest Rate: 4.4706 (LIBOR+Margin)

Collateral: A first ranking registered Mortgage on all land and Buildings of the Company. A first ranking hypothecation on all present and future movable assets (other than current assets and stocks) of the Company by executing a deed of the hypothecation. Personal joint and several first demand payment guarantee from the Sponsors. Joint and several first demand payment guarantee from the Companies.

**18.3 Jamuna Bank Limited****27,634,414****27,047,387**

Details of the term loan with Jamuna Bank Limited are as under:

Bank Name	Facilities	Particulars
Jamuna Bank Limited	Term Loan	Limit: 30,000,000 Tenor: 60 months Pricing: 14.00% p.a.
Jamuna Bank Limited	Term Loan	Limit: 20,000,000 Tenor: 60 months Pricing: 14.00% p.a.

## Notes to the Financial Statements

For the year ended 30 June 2020

Collateral: Security cheque covering the Term Loan amount with letter of approach duly signed by the authorized person. Personal Guarantee of all the Directors of the company, supported by duly signed individual personal net worth statement. Corporate Guarantee of Shah Garments Limited, supported by MOA, AOA and Board resolution.

	Amount in Taka	
	30-Jun-2020	30-Jun-2019
<b>18.4 Dutch-Bangla Bank Limited</b>	<b>1,532,164,948</b>	<b>1,212,196,567</b>

Details of the banking facilities with Dutch Bangla Bank Limited are as under:

Bank Name	Facilities	Particulars
Dutch-Bangla Bank Limited	Back to Back LC (Usance/sight under EDF Including acceptance liability)	Limit: 1750,000,000 Tenor: 120 days (Usance) Pricing: 0.45% 1st Qtr. & 0.30% Subs Qtr. PAD @ 10.50% p.a. EDF interest As per Bangladesh Bank Circular
	Export Cash Credit	Limit: 80,000,000 Tenor: 180 days Pricing: 7.00% p.a.
	Overdraft (OD)	Limit: 270,000,000 Pricing: 10.50% p.a.
	Letter of Credit(Sight/Usance/UPAS)	Limit: 600,000,000 Sub Limit 150,000,000 Pricing: 0.50% 1st Qtr. & 0.30% Subs Qtr. PAD @ 10.50% p.a.
	Letter of Credit(Sight/Usance/UPAS)-Machinery	Limit: 250,000,000 Pricing: 0.50% 1st Qtr. & 0.30% Subs Qtr. PAD @ 10.50% p.a.
	Term Loan - Specific	Limit: 220,000,000, Tenor: 04 Years from the date of 1st disbursement excluding grace period. Pricing: 10.50% p.a.
	Term Loan - Specific	Limit: 88,820,000, Tenor: 04 Years from the date of 1st disbursement excluding grace period. Pricing: 10.50% p.a.
	Loan against trust receipt (LTR)	Limit: 100,000,000 Tenor: 120 days Pricing: 10.50% p.a.
	Letter of Guarantee	Limit: 10,000,000 Pricing: 0.40% per quarter.
	Loan against Cash Incentive-Renewal	Limit: 40,000,000 Tenor: 180 days Pricing: 10.50% p.a.
	Short Term Loan	Limit: 75,000,000 Tenor: 90 days Pricing: 10.50% p.a.
	Bill of Discount	Limit: 500,000,000 Tenor: 120 days Pricing: 12.00% p.a.
	Term Loan	Limit: 175,000,000 Tenor: 04 Years Pricing: 10.50% p.a.
	Term Loan	Limit: 108,800,000 Tenor: 04 Years from the date of 1st disbursement excluding grace period. Pricing: 10.50% p.a.
	Term Loan	Limit: 25,000,000 Tenor: 04 Years Pricing: 10.50% p.a.

## Notes to the Financial Statements

For the year ended 30 June 2020

Collateral: Registered mortgage of 94 decimal land, building thereon at kanchpur, Narayanganj (Note: among 94 decimal land 60 decimal land is in the name of New Dhaka Ceramic Industries Limited and mortgage to the Dutch Bangla Bank Limited). Charge created with RJSC shall continue. Registered Hypothecation on Pari-Passu basis with Eastern Bank Limited on all current assets and stocks both present and future, belonging to the borrower duly insured with Bank's mortgage clause. Registered Hypothecation on Pari-Passu basis among Dutch Bangla Bank Limited and Eastern Bank Limited over listed plant, machinery, spare parts, accessories, electrical equipment's etc. (present and future) excluding the listed machinery under DEG financed. Registered Hypothecation of 1st priority fixed and floating charge with RJSC against registered hypothecation on pari-passu basis with Eastern Bank Limited and DEG over all movable assets both present and future of the borrower, including but not limited to the plant, machinery and equipment's of the company duly insured with Bank's mortgage clause. Personal Guarantee jointly and severally of the directors of the company. Personal Guarantee of all the directors of Fashion Paradise Ltd., Esquire Dyeing Industries Ltd. Corporate Guarantee of Fashion Paradise Limited, Esquire Electronics Limited and Esquire Dyeing Industries Limited with duly adopted board resolution.

	Amount in Taka	
	30-Jun-2020	30-Jun-2019
<b>19. Finance lease obligation net of current maturity</b>		
IDLC Finance Limited	34,528,703	10,058,419
IPDC Finance Limited	7,358,464	8,521,851
	41,887,167	18,580,271
Less: Current portion of finance lease obligation-IDLC	25,376,679	7,170,457
Less: Current portion of finance lease obligation-IPDC	2,993,544	2,611,999
	28,370,223	9,782,456
	<b>13,516,944</b>	<b>8,797,815</b>

**IDLC Finance Limited**

Esquire Knit Composite Limited entered into lease agreement with IDLC Finance Limited from the year 2016 to 2021 for vehicles. Esquire Knit Composite Limited pays fixed monthly installments which comprise principal and interest in return.

IPDC Finance Limited

Particulars of the above lease finance(vehicle) are given below.

Name of the lender	Name of Facilities	Particulars
IPDC Finance Limited	Lease Finance	Limit: 8,700,000 Tenor: 60 months Pricing: 14.00% p.a.
IPDC Finance Limited	Lease Finance	Limit: 2,750,000 Tenor: 60 months Pricing: 14.00% p.a.

**Collateral:** The Security arrangements will include but are not limited to:

1. Registration & Comprehensive Insurance of the vehicles in favor of IPDC. 2. Personal Guarantee of all sponsor Directors of the Lessee(s). 3. Cross Corporate Guarantee of the Lessee(s) (Supported by Board Resolution and undertaking to amend MEMART by incorporating the clause empowering to provide corporate guarantee, if not Legally enforceable by MEMART). 4. Security cheque. 5. Post-Dated cheques (PDCs) for monthly rental payment. 6. Demand Promissory Note along with Letter of Continuation. 7. Other usual charge documents.

**Details of Lease Agreement**

(Amount in Taka)

Lease From	Purpose	Finance Amount	Lease Term	Monthly Rental	Rental Paid	Future Payment
IDLC	Vehicle	29,000,000	5 Years	565,310	25,727,528	3,272,472
IPDC	Vehicle	10,550,000	5 Years	249,462	3,191,536	7,358,464
		<b>39,550,000</b>		<b>814,772</b>	<b>28,919,064</b>	<b>10,630,936</b>



## Notes to the Financial Statements

For the year ended 30 June 2020

		Amount in Taka	
		30-Jun-2020	30-Jun-2019
<b>20. Short term loan</b>			
Dutch Bangla Bank Limited	(Note: 20.1)	722,657,856	758,861,391
Eastern Bank Limited	(Note: 20.2)	3,212,628	22,466,005
IDLC Finance Limited			16,666,666
Uttara Finance Limited		153,758,501	
IPDC Finance Limited		104,441,667	101,004,001
		<b>984,070,652</b>	<b>898,998,063</b>
<b>20.1 Short Term Loan Dutch Bangla Bank Limited</b>			
Export cash credit		91,153,720	73,900,430
Loan Trust Receipts (LTR)		20,660,035	14,059,747
Forced loan		-	
Loan against EDF		165,768,648	260,652,892
Overdraft	(Note: 20.1.1)	279,585,708	282,525,523
PAD-Foreign cash			38,760,798
Bills purchase			6,496,000
Short term loan-EMI		165,489,745	75,000,000
Other loans			7,466,000
		<b>722,657,856</b>	<b>758,861,391</b>

**20.1.1 Overdraft**

Name of the Bank	Branch	Account #	30.06.2020	30.06.2019
			Taka	Taka
Dutch Bangla Bank Ltd.	Kawran Bazar	101.110.36941		-
Dutch Bangla Bank Ltd.	Kawran Bazar	954.440.1000.000.37	279,583,708	276,854,344
Dutch Bangla Bank Ltd.	Kawran Bazar	101.120.5645		-
Dutch Bangla Bank Ltd.	Dilkusha	1014010000262	2,000	5,071,179
One Bank Ltd.	Agrabad, Ctg.	003.102.000.9947		600,000
			<b>279,585,708</b>	<b>282,525,523</b>

Particulars such as the terms &amp; conditions of the above short term loans are same as stated under Note # 17.3.

**20.2 Eastern Bank Limited**

Overdraft	(1,685,973)	19,070,746
Time loan normal	4,155,705	
Loan against EDF	742,896	3,395,258
	<b>3,212,628</b>	<b>22,466,005</b>

## Notes to the Financial Statements

For the year ended 30 June 2020

Particulars of the above banking facilities are given below:

Bank Name	Facilities	Particulars
Eastern Bank Limited	Back to Back LC (Usance/sight under EDF Including acceptance liability)	Limit: 200,000,000 Tenor: 180 days Pricing: 0.20% PQ.
	Acceptance [Within Line # 1]	Limit: 200,000,000 Tenor: 180 days Pricing: 0.20% PQ.
	Sight Letter of Credit-I (Financed through EDF) [Within Line # 1]	Limit: (100,000,000) Tenor: 180 days Pricing: 0.20% PQ.
	EDF Loan [Within Line # 1]	Limit: (100,000,000), As per Bangladesh Bank Circular
	Sight Letter of Credit-II [Within Line # 1]	Limit: (30,000,000) Tenor: 180 days Pricing: 0.20% PQ.
	Import Loan	Limit: (24,000,000) Tenor: 180 days Pricing: 13.00% p.a.
	Sight Letter of Credit-III [Within Line # 1]	Limit: (10,000,000) Tenor: 180 days Pricing: 0.20% PQ.
	Time Loan	Limit: (8,000,000) Tenor: 360 days Pricing: 13.00% p.a.
	Packing Credit	Limit: 20,000,000 Tenor: 120 days Pricing: 7.00% p.a.
	Overdraft (OD)	Limit: 20,000,000 Tenor: 360 days Pricing: 13.00% p.a.
	Letter of Guarantee	Limit: (5,000,000) Tenor: Up to 5 years Pricing: 0.30% per Minimum tk. 2500

Collateral: Registered Mortgage (1st pari-passu with other lenders: EBL, DBBL, & DEG) on factory Land (81 decimal) and Building of expansion unit of Esquire Knit Composite Ltd., at Kanchpur, Sonargaon, Narayanganj. 1st Registered Mortgage & Registered Power of Attorney on 197.00 Decimal land building thereon (Solely with Eastern Bank Limited), located at Mouza: Jamaldi, P.S. & SRO: Gazaria, District: Munshiganj, owned by Esquire Knit Composite Limited.

**21. Accounts payable**

Import liability and other creditors

866,491,799

916,507,610

A schedule of import liability and other creditors is given in Annexure-H.

**22. Liabilities for expenses**

Directors' remunerations

30,774,255

43,814,800

Salary and wages

24,702,693

13,206,247

Gas Bills

15,951,849

4,026,622

Electricity

3,241,809

1,542,005

Telephone bill

4,004

7,297

Tax &amp; VAT

5,832,545

-

WPPF payable

(Note: 22.1)

24,836,974

8,645,818

Wasa bill

14,344

5,991

Provision for Income Tax

(Note: 22.2)

130,136,024

99,471,801

Provision for Head office Floors

1,837,169

1,837,169

Financial Interest

75,678,950

13,824,707

Dividend payable

2,305,611

-

Audit fees

862,500

862,500

Internet Expenses

-

22500

**316,178,727****187,267,456****22.1 WPPF payable**

Opening Balance

8,645,818

31,137,556

Add: Addition during the year

17,007,012

23,336,366

25,652,831

54,473,922

815,857

45,828,104

**24,836,974****8,645,818**

## Notes to the Financial Statements

For the year ended 30 June 2020

	Amount in Taka	
	30-Jun-2020	30-Jun-2019
<b>22.2 Provision for Income Tax</b>		
Opening balance	99,471,801	63,954,341
Add: Provision made for the year	30,664,224	35,517,460
	130,136,024	99,471,801
Less: Adjustment for assessment year-2016-17	-	-
Less: Adjustment for assessment year-2016-17	-	-
Less: Adjustment for assessment year-2017-18	-	-
	<b>130,136,024</b>	<b>99,471,801</b>

**23. Sales**

Export sales	<b>5,000,518,624</b>	<b>5,919,576,583</b>
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**Disclosure as per Schedule XI, Part II, Para 8 (e) of the Companies Act 1994:**

i. The quantity of the company's export of knit garments in pieces:	59,052,272	21,512,077
ii. Foreign currency earned against export on FOB Basis:		
In USD	59,051,944	70,556,620
In BDT	5,000,518,624	5,919,576,583

iii. The Company has not earned any foreign exchanges for royalty, know-how, professional fees and .....consultancy fees.

iv. The value of export for the year ended on 30 June 2020.

**24. Cost of Goods Sold**

Cost of materials consumed	(Note: 24.1)	2,107,481,040	2,736,726,877
Cost of direct labor	(Note: 24.2)	1,373,421,204	1,507,649,876
Prime cost		3,480,902,244	4,244,376,753
Factory overheads	(Note: 24.3)	524,243,420	504,811,335
Cost of Goods put into Process		4,005,145,664	4,749,188,088
Opening Work in process		629,717,479	589,717,479
Closing Work in process	(Note: 24.4)	(679,717,479)	(629,717,479)
Cost of Goods Manufactured		3,955,145,664	4,709,188,088
Opening Finished Goods		146,992,470	116,992,470
Cost of Goods Available for Sale		4,102,138,134	4,826,180,558
Closing Finished Goods	(Note: 24.5)	(196,992,470)	(146,992,470)
		<b>3,905,145,664</b>	<b>4,679,188,088</b>

**24.1 Raw Materials Consumption**

Yarn	(Note: 24.1.1)	1,302,424,875	1,742,899,921
Dyes	(Note: 24.1.2)	96,180,084	132,020,385
Chemical	(Note: 24.1.3)	207,675,352	269,622,376
Finishing Materials	(Note: 24.1.4)	501,200,730	592,184,195
		<b>2,107,481,040</b>	<b>2,736,726,877</b>

**24.1.1 Yarn Consumption**

	Quantity in kg			
	2019-20	2018-19		
Opening	2,644,818	2,249,028	812,210,449	703,340,421
Add: Purchase during the year	4,823,331	6,474,720	1,340,885,965	1,851,769,949
	7,468,149	8,723,748	2,153,096,414	2,555,110,370
Less: Closing stock	2,649,002	2,644,818	850,671,540	812,210,449
	<b>4,819,147</b>	<b>6,078,930</b>	<b>1,302,424,875</b>	<b>1,742,899,921</b>

## Notes to the Financial Statements

For the year ended 30 June 2020

## 24.1.2 Dyes Consumption

	Quantity in kg		2019-20	2018-19
	2019-20	2018-19	Taka	Taka
Opening	179,426	102,603	210,632,661	130,631,344
Add: Purchase during the year	179,426	180,486	132,021,702	212,021,702
	358,852	283,089	342,654,362	342,653,046
Less: Closing stock	210,191	179,426	246,474,278	210,632,661
	<b>148,661</b>	<b>170,333</b>	<b>96,180,084</b>	<b>132,020,385</b>

## 24.1.3 Chemical Consumption

	Quantity in kg		2019-20	2018-19
	2019-20	2018-19	Taka	Taka
Opening	1,090,520	595,052	115,204,020	79,527,464
Add: Purchase during the year	2,044,158	2,677,891	245,298,932	305,298,932
	3,134,678	3,272,943	360,502,952	384,826,396
Less: Closing stock	1,418,353	1,090,520	152,827,600	115,204,020
	<b>1,716,325</b>	<b>1,875,967</b>	<b>207,675,352</b>	<b>269,622,376</b>

## 24.1.4 Finishing materials Consumption

Opening	582,798,489	469,917,064
Add: Purchase during the year	638,207,897	705,065,620
	1,221,006,386	1,174,982,684
Less: Closing stock	719,805,656	582,798,489
	<b>501,200,730</b>	<b>592,184,195</b>

## 24.2 Cost of direct labor

Workers wages	732,967,240	828,990,560
Workers overtime	177,568,750	250,706,557
Daily labor	7,660,728	8,542,987
Salary	449,157,552	413,479,843
Festival bonus and Provident Fund	6,066,934	5,929,929
	<b>1,373,421,204</b>	<b>1,507,649,876</b>

## 24.3 Factory overheads

Gas and electricity	157,785,566	142,259,117
Insurance premium	11,895,143	14,560,189
Tiffin expenses for workers	12,177,304	13,349,647
Spare Parts Consumption	118,104,920	156,254,618
Consumable items	11,828,461	9,214,195
Vehicle running (Oil and fuel)	12,402,036	14,088,262
Local conveyance	4,613,522	3,573,715
Telephone & Mobile bills	1,046,400	1,044,000
Depreciation	194,390,068	150,467,592
	<b>524,243,420</b>	<b>504,811,335</b>



## Notes to the Financial Statements

For the year ended 30 June 2020

			Amount in Taka		
			30-Jun-2020	30-Jun-2019	
24.4	Work in Process				
		Quantity			
		2019-20	2018-19		
	Knitting (kg)	686,024	557,255	23,474,718	97,693,995
	Finished Fabric (kg)	1,382,420	1,000,890	437,679,725	257,799,760
	Cutting (Pcs)	5,220,221	3,892,789	119,322,308	174,008,958
	Embroidery (Pcs)	3,770	43,770	1,531,864	1,445,737
	Printing (Pcs)	6,798	173,511	3,083,613	2,444,292
	Sewing (Pcs)	1,038,240	979,950	94,625,250	96,324,736
				679,717,479	629,717,478
24.5	Finished Goods (pcs.)				
		Quantity			
		2019-20	2018-19		
	Opening	979,950	386,627	146,992,470	116,992,470
	Add: Production during the year	28,118,402	22,105,400	5,715,106,439	4,684,513,475
		29,098,352	22,492,027	5,862,098,909	4,801,505,945
	Less: Delivered during the year	28,076,689	21,512,077	5,665,106,439	4,654,513,475
	Closing stock	1,021,663	979,950	196,992,470	146,992,470
A detail of cost of materials consumed is given in Annexure-C.					
Operating expenses					
Office & administrative expenses		(Note: 25.1)	273,901,946	300,552,520	
Selling & distribution expenses		(Note: 25.2)	262,554,806	273,081,584	
			536,456,752	573,634,104	
25.1	Office & administrative expenses				
	Director remuneration		30,070,000	30,070,000	
	Salary & allowances		157,757,675	165,945,413	
	Contribution to employees provident fund		3,781,808	3,487,894	
	Vehicle maintenance		1,425,229	1,357,021	
	Vehicle running expenses		10,451,676	10,979,537	
	Entertainment		1,465,218	2,195,972	
	Insurance premium		1,550,661	946,105	
	Printing expenses		322,844	1,394,159	
	Stationery expenses		2,612,104	7,900,235	
	Telephone, mobile & internet		3,688,146	4,669,044	
	Floor rent		3,044,000	-	
	Travelling & conveyance		1,450,805	1,771,686	
	Bank charges		6,712,927	8,782,546	
	License, renewal & registration		7,285,678	16,566,219	
	Utility expenses		1,642,034	2,183,756	
	Audit fees		862,500	862,500	
	Central Fund		1,445,956	1,685,858	
	Exchange loss/(gain)		(1,216,709)	7,762,551	
	Depreciation		38,191,935	30,965,423	
	Miscellaneous expenses( AGM expenses)		1,357,458	1,026,601	
			273,901,946	300,552,520	

## Notes to the Financial Statements

For the year ended 30 June 2020

		Amount in Taka	
		30-Jun-2020	30-Jun-2019
<b>25.2</b>	<b>Selling &amp; distribution expenses</b>		
	Inspection & certificate issue expenses	473,561	3,245,830
	Export permission	42,783,553	48,642,760
	Foreign Travel for marketing	6,097,446	7,854,218
	Sample and courier expenses	85,417,723	44,259,971
	Bank charges on export proceeds	92,722,060	116,747,412
	Freight charges on export	11,121,405	20,814,667
	C&F expenses on export	10,982,498	13,103,376
	Carriage outward on export	12,956,560	18,413,350
		<b>262,554,806</b>	<b>273,081,584</b>
<b>26.</b>	<b>Financial expenses</b>		
	Interest on Short term loan	125,876,569	95,302,856
	Interest on Long term loan	145,325,852	113,539,055
	Interest on Finance lease	3,459,468	15,382,417
		<b>274,661,889</b>	<b>224,224,327</b>
<b>27.</b>	<b>Non operating income</b>	<b>55,885,930</b>	<b>24,197,256</b>
<b>28</b>	<b>Net Asset Value (NAV) Per Share</b>		
	Total assets	11,967,952,448	10,296,574,740
	Total Liabilities	(5,140,515,461)	(3,532,797,306)
	Net Asset Value (NAV) (A)	6,827,436,987	6,763,777,434
	Revaluation reserve	(1,986,590,489)	(1,986,590,489)
	Net Asset Value (NAV) without revaluation reserve (B)	4,840,846,498	4,777,186,945
	Weighted Average Number of shares	134,895,833	134,895,833
	Net Asset Value (NAV) per share with revaluation reserve (A÷C)	<b>50.61</b>	<b>50.14</b>
	Net Asset Value (NAV) per share without revaluation reserve (B÷C)	<b>35.88</b>	<b>35.41</b>
<b>28.1</b>	<b>Earnings Per Share (EPS)</b>		
	Earning attributable to ordinary shareholders (Taka)	266,003,303	383,607,219
	Weighted Average Number of shares	134,895,833	113,767,123
	<b>Earnings Per Share (Taka)</b>	<b>1.97</b>	<b>3.37</b>
<b>29.</b>	<b>Net Operating Cash Flow Per Share (NOCFPS)</b>		
	Net operating cash flows	290,429,710	245,632,377
	Weighted Average Number of shares	134,895,833	113,767,123
	Net operating cash flows per shares	<b>2.15</b>	<b>2.16</b>
<b>Caculation of Weighted Average Number of shares</b>			

Particulars	Formula	No of shares	No of shares
Allotment of Existing shares	100000000/365*365	100,000,000	100,000,000
Allotment of new shares	34895833/365*365	34,895,833	13,767,123
Allotment date:			
Februray 07,2019			
<b>Weighted Average Number of shares</b>		<b>134,895,833</b>	<b>113,767,123</b>

## Notes to the Financial Statements

For the year ended 30 June 2020

	Amount in Taka	
	30-Jun-2020	30-Jun-2019
<b>30. Reconciliation of net profit with cash flow from operating activities</b>		
Net profit after tax for the year	266,003,303	383,607,218
<b>Adjustment for non-cash items:</b>		
Depreciation	232,582,003	181,433,016
Deferred Tax Adjustment	26,465,710	24,266,276
<b>Changes in Working Capital:</b>		
(Increase)/decrease in Inventory	(430,193,553)	(436,298,700)
Decreases in Accounts receivable	52,720,252	23,786,660
(Increase)/decreases in Advance deposit and Payments	63,956,536	(44,555,752)
Increase in Accounts payable	(50,015,811)	122,678,514
Decrease in Accrued Expenses	128,911,271	(24,099,572)
<b>Net cash flow from operating activities</b>	<b>290,429,710</b>	<b>230,817,660</b>

**31. Related party disclosures**

## i) Related party transactions

(Amount in Taka)

Name	Nature of relationship	Nature of Transaction	Opening Balance	Purchase	Payment	Outstanding as on 30.06.2020 (Receivable)/ Payable
Esquire Accessories Limited	Common Management	Purchase	37,995,272	74,430,508	111,667,855	757,925
Esquire Electronics Limited	Common Management	Purchase		8,888,600	8,739,822	148,778
Esquire Dyeing Industries Limited	Common Management	Dyeing	60,379,475	368,171,030	227,310,377	201,240,128
Esquire Testing Services (BD) Limited	Common Management	Fabric testing fees		2,302,154	1,330,921	971,233
Thakral Information System Limited	Common Management	Purchase				
Pinnacle Construction Management Ltd.		Contractor	(400,204,801)	206,987,526	322,500,000	(515,717,275)
Esquire Plastics Ltd	Common Management	Purchase		532,614	336,440	196,174

**(312,403,038)**

## Notes to the Financial Statements

For the year ended 30 June 2020

## ii) Particulars of Directors of Esquire Knit Composite Limited as at 30 June 2020

Name of Directors	BOD of Esquire Knit Composite Limited	Entities where they have interests
Md. Ehsanul Habib	Managing Director	Esquire Knit Composite Limited
		Esquire Dyeing Industries Limited
		Esquire Electronics Limited
		Esquire Testing Services (BD) Limited
		Esquire Accessories Limited
		Esquire Plastics Limited
		Alpha Plastic & Packaging Limited
		Esquire Customer Care Limited
		Esquire Chemical Industries Limited
		Shah Garments International Limited
		New Dhaka Ceranic Industries (Pvt.) Limited
		Synthia Multi-Fibre Limited
		MMH Textiles Limited
		Esquire Sourcing Limited
		Sharp Media Limited
		Bangladesh German University
		Best Life Insurance Company Limited
		Thakral Information Systems (Pvt.) Limited
		Trust Solution Private Limited
		Thakral One Private Ltd
		T.M Chemical Limited
		Olive Tree Foods Limited
		Esquire Travels Ltd.
		Securex (Pvt) Ltd.
		Esquire Heavy Industries Ltd.
Md. Mofazzal Hossain	Chairman	Esquire Knit Composite Limited
		Esquire Dyeing Industries Limited
		Esquire Electronics Limited
		Esquire Testing Services (BD) Limited
		Esquire Accessories Limited
		Esquire Plastics Limited
		Esquire Customer Care Limited
		Esquire Chemical Industries Limited
		Shah Garments International Limited
		Meghna Plastic Industries (Pvt) Limited
		New Dhaka Ceramic Industries (Pvt.) Limited
		Synthia Multi-Fibre Limited
		MMH Textiles Limited
		Sharp Media Limited
		Thakral Information Systems (Pvt.) Limited
		Trust Solution Private Limited
		Thakral One Private Ltd
		Esquire Travels Ltd.
Mrs. Peara Begum	Director	Esquire Knit Composite Limited
		Esquire Dyeing Industries Limited
		Esquire Electronics Limited
		Esquire Accessories Limited



## Notes to the Financial Statements

For the year ended 30 June 2020

Name of Directors	BOD of Esquire Knit Composite Limited	Entities where they have interests
Arifur Rahman	Director	Esquire Knit Composite Limited
		Esquire Dyeing Industries Limited
		Esquire Electronics Limited
		Esquire Testing Services (BD) Limited
		Esquire Accessories Limited
		Esquire Plastics Limited
		Alpha Packaging Limited
		Esquire Customer Care Limited
		Esquire Chemical Industries Limited
		Shah Garments International Limited
		Meghna Plastic Industries (Pvt) Limited
		New Dhaka Ceramic Industries (Pvt.) Limited
		Synthia Multi-Fibre Limited
		MMH Textiles Limited
		Esquire Sourcing Limited
		Sharp Media Limited
Md. Muddasar Hossain	Director	Trust Solution Private Limited
		Esquire Travels Ltd.
		Esquire Knit Composite Limited
		Esquire Dyeing Industries Limited
		Esquire Electronics Limited
		Esquire Testing Services (BD) Limited
		Esquire Accessories Limited
		Esquire Plastic Limited
		Esquire Chemical Industries Limited
		Meghna Plastic Industries (Pvt) Limited
		New Dhaka Ceramic Industries (Pvt.) Limited
		Synthia Multi-Fibre Limited
		MMH Textiles Limited
		Esquire Customer Care Limited
		Esquire Travels Ltd.

**32. Capital expenditure commitment**

Details of capital expenditure commitment as of 30 June 2020 are as under:

Particulars	Total Cost value estimated	Paid till 30.06.20	to be paid
Valuka Project	1,500,000,000	631,005,901	868,994,099

**33. Disclosure as per Schedule XI, Part II, Para 3 of the Companies Act 1994****Number of employee****Factory:**

Textile and Apparels:

Number of full-time employee (Officers &amp; Staff)

Number of full-time employee (Workers)

**Head Office:**

Number of full-time employee (Officers &amp; Staff)

Number of full-time employee (Workers)

**No. of Employee****No. of Employee**

1,260	1,245
6,782	6,759
230	227
-	-

All the aforesaid employees engaged by the Company for the whole year or part thereof individually received a total salary of Tk. 70,055 or above.

## Notes to the Financial Statements

For the year ended 30 June 2020

		Amount in Taka	
		30-Jun-2020	30-Jun-2019
<b>34.</b>	<b>Disclosure as per Schedule XI, Part II, Para 4 of the Companies Act 1994</b>		
Directors are also executives of the company. Their executive compensation for the year ended on 30 June 2020 is given below:			
Managing Director's remuneration and benefit	(Note: 34.1)	6,000,000	6,000,000
Other Directors' salary and benefit	(Note: 34.2)	24,000,000	24,000,000
Other key management personnels' salary and benefit	(Note: 34.3)	25,995,319	25,995,319
		<b>55,995,319</b>	<b>55,995,319</b>
<b>34.1</b>	<b>Managing Director's remuneration and benefit</b>		
Salary		<b>6,000,000</b>	<b>6,000,000</b>
<b>34.2</b>	<b>Other Directors' salary and benefit</b>		
Salary		<b>24,000,000</b>	<b>24,000,000</b>
<b>34.3</b>	<b>Other key management personnels' salary and benefit</b>		
Salary		19,951,685	19,951,685
Allowance		590,274	590,274
Bonus		3,530,615	3,530,615
Providend fund		1,922,745	1,922,745
		<b>25,995,319</b>	<b>25,995,319</b>

Board Meeting attendance fees have been provided to the directors of the company for the year.  
The Directors of the company did not take any benefit from the company other than the remuneration and -

a. Expense reimbursed to the managing agent -	Nil
b. Commission or other remuneration payable separately to a managing agent or his associate -	Nil
c. Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into such concerns with the company -	Nil
d. The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial year -	Nil
e. Any other perquisites or benefit in cash or in kind stating -	Nil
f. Other allowances and commission including guarantee commission -	Nil
1) Pensions	
2) Gratuities	
3) Payment from Provident Fund	
4) Compensation for loss of office	
5) Consideration in connection with retirement from office	

**35. Disclosure as per Schedule XI, Part II, Para 7 of the Companies Act 1994**

Particulars

Textiles:

Installed Capacity (Kg)

Actual Production (Kg)

Utilization

Apparels:

Installed Capacity (Pcs)

Actual Production (Pcs)

Utilization

8,030,000	8,030,000
5,969,502	5,969,502
74.34%	74.34%
49,920,000	24,960,000
33,696,000	22,464,000
67.50%	90.00%

## Notes to the Financial Statements

For the year ended 30 June 2020

	Amount in Taka	
	30-Jun-2020	30-Jun-2019
<b>36. Transaction in foreign currency</b>		
<b>C &amp; F value of import</b>		
Finishing Materials	7,689,252	8,494,767
Yarn	16,155,253	22,310,481
Dyes & Chemicals	4,546,032	6,232,779
Capital Machinery	671,136	671,136
	<b>29,061,672</b>	<b>37,709,163</b>
<b>FOB Value of Export (USD)</b>	<b>59,051,944</b>	<b>70,556,620</b>

**37. Financial risk management**

The management of the company has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies have been 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. The company has exposure to the following risks from its use of financial instruments.

- \*Credit Risk
- \*Interest Rate Risk
- \*Currency Risk
- \*Liquidity/funding risk
- \*Market risk

**37.1 Credit risk**

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

As the company is involved in 100% export oriented business, all the sales are made against Letter of Credit (L/C). L/Cs provide guarantee against credit sales and minimise the credit risk to an acceptable level. Bills receivable arises due to the time difference between submission of bills to the bank for collection of proceeds and actual realisation of the proceeds.

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

Accounts receivables	(Note: 8)	470,602,348	534,955,129
Advance, deposit and prepayments	(Note: 10)	858,868,308	806,256,844
Cash & Bank Balances	(Note: 12)	1,726,398,625	868,495,847
		<b>3,055,869,281</b>	<b>2,209,707,820</b>

The maximum exposure to credit risk for trade and other receivables as at the statement of financial position date by geographic regions was:

Domestic	2,533,303,768	1,504,375,084
Foreign	522,565,513	705,332,736
	<b>3,055,869,281</b>	<b>2,209,707,820</b>

**37.2 Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they falls 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 risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

## Notes to the Financial Statements

For the year ended 30 June 2020

The following are the contractual maturities of financial liabilities of the company:

**As on 30 June 2020**

	<b>Contractual cash flows (Taka)</b>	<b>1 year or less Taka</b>	<b>More than 1 year Taka</b>
Long term loan	478,530,656	-	478,530,656
Finance Lease obligation	41,887,167	-	41,887,167
Short term loan	984,070,652	590,442,391	393,628,261
Provision for income tax	130,136,024	130,136,024	-
Liabilities for expenses	186,042,703	186,042,703	-
Accounts payable	866,491,799	866,491,799	-
	<b>2,687,159,002</b>	<b>1,773,112,918</b>	<b>914,046,084</b>

**As on 30 June 2019**

	<b>Contractual cash flows (Taka)</b>	<b>1 year or less Taka</b>	<b>More than 1 year Taka</b>
Long term loan	194,242,023	-	194,242,023
Finance Lease obligation	18,580,271	-	18,580,271
Short term loan	898,998,063	539,398,838	359,599,225
Provision for income tax	99,471,801	99,471,801	-
Liabilities for expenses	87,795,656	87,795,656	-
Accounts payable	916,507,610	916,507,610	-
	<b>2,215,595,423</b>	<b>1,643,173,904</b>	<b>572,421,519</b>

**37.3 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. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

In the past, in some occasion large buyers of different RMG exporters has decided to withdraw business, or has become bankrupt or were subject to regulatory injunction from importing from Bangladesh, creating a strong impact on the exporter. For EKCL single buyer concentration is not a major issue and they have longstanding relationship with overseas buyers. All of them regard EKCL as their global partners and the relationship can only be disrupted if EKCL fails to perform its commitments. Also, because of its dominant position in the export market it is always sought after by many buyers.

**37.4 Currency risk**

The company is exposed to currency risk on receiving of sales proceeds and payments made for raw materials purchase as well. Maximum of the company's foreign currency transactions are denominated in USD.

**i) Exposure to currency risk**

The company's exposure to foreign currency risk was as follows based on notional amounts:

	<b>30.06.2020 USD</b>	<b>30.06.2019 USD</b>
<b>Foreign currency denominated assets</b>		
Accounts Receivable	5546285.78	6330830.4
FBPAR A/C with DBBL-in USD(78)	208,461	-
FBPAR A/C with Dutch Bangla Bank Limited (USD)	248,987	1,562,158
FBPAR A/C with Dutch Bangla Bank Limited (Euro)	1,630	1,849
Margin A/C with Eastern Bank Limited (USD)	10,664	117,972
Margin A/C with Eastern Bank Limited (Euro)	863	864
Dutch Bangla Bank Limited FCAD (USD account)	140,887	329,287
Dutch Bangla Bank Limited FCAD (Euro account)	63	63
DBBL FCAD-in Dollar	14,000,000	-
Eastern Bank Limited (USD account)	885	4,109
	<b>20,158,726</b>	<b>8,347,133</b>



## Notes to the Financial Statements

For the year ended 30 June 2020

	Amount in USD	
	30-Jun-2020	30-Jun-2019
<b>Foreign currency denominated liabilities</b>		
DBBL-EDF	(1,953,667)	(3,084,650)
EBL-EDF	(8,755)	(40,181)
DEG Loan-II	(14,000,000)	(750,000)
Accounts Payable	(10,248,277)	(10,846,244)
	<b>(26,210,699)</b>	<b>(14,721,074)</b>
<b>Net exposure</b>	<b>(6,051,974)</b>	<b>(6,373,941)</b>
	Amount in Taka	
	30-Jun-2020	30-Jun-2019

The following rate has been applied:

Taka/USD	84.85	84.50
Taka/EURO	95.40	96.06

### 37.5 Business Risk

**Managing Compliance** – Currently RMG buyers specially the large buyers are very demanding and constantly tightening the compliance criteria. EKCL has been in the forefront of compliance among the RMG exporters in the county. They have compliant plants with effluent water treatment facility, childcare facility, adequate ventilation, spacious infrastructure lay out, etc. Till now they were able to meet all the compliance challenge in their 30 year plus business experience and is likely to do so in the coming years. EKCL mitigates compliance risk since it is WRAP certified and passed other audits from Department of Environment (DOE) and overseas buyers.

**Achievement of sales volume** – Historically, EKCL has been successful to achieve its sales target after expansion as most of its expansions are planned after receiving order indications from its buyers.

### 37.6 Interest Rate Risk

EKCL is enjoying banks finance in the form of working capital as well as term loan. As a bank fund borrower, the entity has to pay a significant amount of loan interests and charges. Bangladesh Bank has moved to remove the interest rate ceiling on lending in the wake of a massive liquidity crisis in the financial market letting the price to be determined by functioning of demand-supply interaction. This measure may invite interest rate instability, which may create volatility in the profitability of business like EKCL. It is the company risk of gain or losses on assets and liabilities due to changes in interest rates.

#### Exposure of Interest Rate Risk

Fixed Rate Bearing		
Term Loan	2,782,586,529	1,365,302,134
Short Term Loan	984,070,652	898,998,063

### 37.7 Operation Risk

Technology is a continuous process of development. Innovation of new and cost effective technology may obsolete existing technology, which may cause negative impact on the business. The project is equipped with good machineries and technology to cope with the modern textile world. The management both in head office and production premises seem to be competent and maintain the standard level of quality and to run the operations effectively. However, in order to reduce the operational risk, the company is yet to ensure an external control mechanism. The company has minimum exposure to operational risk.

### 37.8 Raw Material Supply Risk

The company receives yarn, dyes & chemicals both from local as well as foreign suppliers. Import based supplies are likely to be affected by any uncontrollable event or country risk to transaction or political barrier. Since inception the company did not face any such uncontrollable events so far because of maintaining good supply chain relationship with the suppliers of raw materials and in exceptional cases, it is confident to make alternative arrangement at shorter notice.

## Notes to the Financial Statements

For the year ended 30 June 2020

Exchange rate risk arises from currency fluctuation in international trade. If Bangladeshi Taka is devalued and/or foreign currency revalued than the price of imported raw materials will go up which will decrease the overall profit margin. As the company is dependent upon the import for yarn, dyes, chemicals & accessories and in future it will be the same, volatility of exchange rate will have an impact on profitability of the company. For last couple of years, Bangladeshi Taka found carrying floated value and expected to follow the same which expose the company to significant exchange rate risk.

**37.10 Power Generation Risk**

The industrial bases of Bangladesh are mainly aided by natural gas-driven power generation which causes disruption occasionally and the weaving industry is not an exception. Smooth availability of gas will ensure the maximum functioning of the machineries. EKCL uses natural gas to produce power from captive power plant. Currently a circular from government has emerged to arrange alternate of gas due to recent acute gas crisis. The company is connected with 15 PSI gas line and currently does not any problem of gas pressure. So other things being constant, EKCL does not foresee significant risk for power generation.

**38. Date of Authorisation**

The Board of directors has authorised these financial statements for issue on 26 November 2020.




Chairman

Managing Director



Director



Company Secretary



Chief Financial Officer

## Schedule of Property, Plant and Equipment

As at 30 June 2020

(Annexure-A)

Name of the assets	Cost			Rate (%)	Depreciation			Written Down Value as on 30.06.2020
	Balance as on 01.07.2019	Addition During the period	Balance as on 30.06.2020		Balance as on 01.07.2019	Charges for the period	Balance as on 30.06.2020	
a. Freehold assets								
Land & Land development	123,453,152		123,453,152	-	-	-	-	123,453,152
Building	1,216,672,478	4,387,551	1,221,060,029	5%	416,296,316	60,943,313	477,239,629	743,820,400
Plant & Machinery	2,722,403,111	405,733,436	3,128,136,547	7%	1,413,191,918	133,446,755	1,546,638,673	1,581,497,874
Furniture and Office Equipment	223,440,118	10,725,032	234,165,150	10%	131,259,438	22,520,314	153,779,752	80,385,398
Motor Vehicle	28,894,445		28,894,445	13%	28,894,445		28,894,445	-
Software & IT	32,440,757		32,440,757	10%	4,243,873	3,244,076	7,487,949	24,952,808
Sub-Total	4,347,304,060	420,846,019	4,768,150,079		1,993,885,990	220,154,457	2,214,040,447	2,554,109,632
b. Revalued assets								
Land & Land Development	2,069,365,092	-	2,069,365,092	-	-	-	-	2,069,365,093
Sub-Total	2,069,365,092	-	2,069,365,092		-	-	-	2,069,365,093
c. Leasehold assets								
Motor Vehicle	99,420,368		99,420,368	13%	34,867,926	12,427,546	47,295,472	52,124,896
Sub-Total	99,420,368	-	99,420,368		34,867,926	12,427,546	47,295,472	52,124,896
Grand total as on 30 June 2020	6,516,089,520	420,846,019	6,936,935,539		2,028,753,916	232,582,003	2,261,335,919	4,675,599,621
Grand total as on 30 June 2019	5,930,787,201	585,302,319	6,516,089,520		1,847,320,901	181,433,016	2,028,753,916	4,487,335,605

**Break-up of Land and Land Development:**

Land acquisition cost  
Land development cost

83,297,266  
40,155,886  
**123,453,152**

**Allocation of depreciation:**

Factory overhead  
Office & Administrative Expenses

194,390,068  
38,191,935  
**232,582,003**

**Note:** Land and land development has been revalued at 31 December 2013 by an independent valuer

**i) Name of Valuer :** S.F. Ahmed & Co. Chartered Accountants

**ii) Valuation method :** Estimated Net Realizable Value Method (the market approach).

**iii) Date of Capitalization:** Revaluation surplus capitalized on 31 December 2013

## Addition of Capital work in Progress

As at 30 June 2020

(Annexure-B)

## 1. Machineries in Transit

LC Number	Country of Origin	Items	PI #	Supplier	Amount in USD	Amount in Taka
168920020053	Germany	Fabric Dyeing Machine	ARL/SALVOS-35/19	Sclavos S. A. (Germany)	128,261	10,882,934
168920020396	China	Dyeing Machine	PA/FNECL/243/19	FONGS NATIONAL DYEING & FINISHING MACHINERY(MACAO)	64,000	5,430,400
168920020217	Hong Kong	BONDING MACHINE	A 000050	FARMIS ITALISA HK LTD.(HONG- KONG)	20,100	1,705,485
<b>Total</b>					<b>212,361</b>	<b>18,018,819</b>

## 2. Expansion project -Valuka

Particulars	Total Cost	Cost incurred
Valuka Building construction	1,500,000,000	631,605,901
<b>Total</b>	<b>1,500,000,000</b>	<b>631,605,901</b>
<b>Grand Total</b>	<b>1,518,018,820</b>	<b>649,624,720</b>



## Store Ledger Summary

As at 30 June 2020

(Annexure-C)

Sl #	Particulars	Opening		Purchase		Issue/Consumption		Closing Balance	
		Qty	BDT	Qty	BDT	Qty	BDT	Qty	BDT
Raw material									
1	Yarn	2,644,818	812,210,449	4,823,331	1,340,885,965	4,819,147	1,302,424,875	2,649,002	850,671,540
2	Dyes	179,426	210,632,661	113,323	132,021,702	82,558	96,180,084	210,191	246,474,278
3	Chemical	1,090,520	115,204,020	2,044,158	245,298,932	1,716,325	207,675,352	1,418,353	152,827,600
Finishing Materials									
4	Packing materials	-	208,017,047	-	239,254,532	-	139,590,357	-	307,681,222
5	Accessories	-	287,571,888	-	360,531,533	-	328,895,817	-	319,207,604
6	Sewing Thread	-	44,714,378	-	31,350,568	-	10,172,036	-	65,892,910
7	Printing & Embroidery materials	-	42,495,176	-	7,071,264	-	22,542,520	-	27,023,920
WIP and Finished Goods									
8	Work in Process	-	629,717,479	-	-	-	-	-	679,717,479
9	Finished goods	-	146,992,470	-	-	-	-	979,950	196,992,470
10	Materials in transit	-	66,520,321		-	-	-		93,448,584
Sub-Total		3,914,764	2,564,075,889	6,980,812	2,356,414,496	6,618,030	2,107,481,041	5,257,496	2,939,937,607
Factory overhead (Repair and Maintenance)									
1	Spare parts & consumable items	-	105,574,034	-	184,265,216	-	129,933,381	-	159,905,869
2								-	-
Sub-Total		-	105,574,034	-	184,265,216	-	129,933,381	-	159,905,869
Grand Total		3,914,764	2,669,649,923	6,980,812	2,540,679,712	6,618,030	2,237,414,422	5,257,496	3,099,843,476

## Spare Parts Items

(Annexure-D)

SL No	Items	Unit	30.06.2020		30.06.2019	
			Qty	Amount	Qty	Amount
1	Air Conditioner	BOTTLE	7	33,343	2	29,549
2	Air Conditioner	PCS	13	38,019	11	33,693
3	Air Conditioner	SET	6	280,782	3	248,832
4	Ball Bearing	PCS	1,771	1,760,752	1,748	1,560,397
5	Timing Belt	MTR	51	10,076	46	8,929
6	Timing Belt	PCS	604	699,869	602	620,231
7	Toothed Belt	PCS	327	777,407	306	688,946
8	V-Belt	PCS	2,074	797,063	2,072	706,366
9	Common (All)	KG	5	1,451	2	1,286
10	Common (All)	LBS	544	1,091,701	540	967,477
11	Common (All)	PCS	3,245	299,103	3,240	265,068
12	Common (All)	SET	14	11,684	8	10,354
13	Band Knife M/C	SET	13	4,894	6	4,337
14	Common M/C (Cutting)	PCS	3,745	607,018	3,739	537,946
15	FK Spreading Machine 590	PCS	15	2,507	8	2,222
16	FK Top Cut 9 M/C	PCS	123	443,887	120	393,378
17	Manual M/C	PCS	3,368	9,451,794	3,363	8,376,279
18	Spreader M/C (Brio 100)	PCS	277	978,354	272	867,028
19	VT-7000 M/C	BOX	1,005	516,441	1,001	457,676
20	VT-7000 M/C	PCS	1,024	1,220,965	1,022	1,082,032
21	VT-MX M/C	PCS	774	2,206,085	769	1,955,056
22	VT-MX M/C	PAIR	6	26,152	2	23,177
23	Automatic Tubular Emb M/C	PCS	860	383,776	855	340,106
24	Laser Cutter M/C	PCS	36	238,378	32	211,253
25	MG M/C	MTR	13	10,606	9	9,399
26	MG M/C	PCS	3,796	560,577	3,791	496,789
27	MG M/C	SET	7	2,395	2	2,122
28	Sunstar M/C	PCS	831	116,483	825	103,228
29	Tajima M/C	PCS	2,602	270,096	2,597	239,362
30	Auto Brass M/C	PCS	26	3,436	22	3,045
31	Biancalani Dryer Machine	PCS	8	364,463	6	322,991
32	Corino Slitting Machine	PCS	414	291,370	409	258,216
33	Dozzatex M/C	PCS	6	52,791	4	46,784
34	Egalizing Dryer M/C	PCS	7	614,901	4	544,932
35	Ferraro Compacting M/C	FEET	85	27,693	80	24,542
36	Ferraro Compacting M/C	PCS	136	1,059,895	134	939,291
37	Ferraro Compacting M/C	ROLL	14	312,370	12	276,826
38	Ferraro Compacting M/C	SET	6	521	2	461
39	Fongs M/C (F/D)	PCS	56	62,228	54	55,147
40	Fongs M/C (F/D)	SET	52	56,409	46	49,990
41	Lafer Compacting M/C	PCS	16	633,834	8	561,710
42	Lafer Sueding M/C	MTR	470	191,587	461	169,786
43	Mario Crosta(Brassing) M/C	MTR	79	52,352	78	46,395
44	Mario Crosta(Brassing) M/C	PCS	7	10,412	2	9,228
45	NPL M/C	PCS	27	625	6	554
46	NPL M/C	SET	11	625	6	554
47	Q Sun M/C	PCS	23	38,526	2	34,142
48	Robolab M/C	PCS	928	585,250	877	518,655
49	Santex M/C	FEET	71	1,895	20	1,679

## Spare Parts Items

(Cont..)

(Annexure-D)

SL No	Items	Unit	30.06.2020		30.06.2019	
			Qty	Amount	Qty	Amount
50	Santex M/C	PCS	103	153,295	42	135,851
51	Sclavos M/C	PCS	1,272	1,267,357	1,247	1,047,402
52	Sclavos M/C	SET	76	26,063	11	21,539
53	Slitting M/C	FEET	101	62,908	36	51,990
54	Slitting M/C	MTR	129	17,154,228	64	5,912,585
55	Slitting M/C	PCS	232	3,634,479	167	3,003,702
56	Slitting M/C	SET	72	195,393	7	161,482
57	Smartex M/C	FEET	82	5,210	17	4,306
58	Smartex M/C	PCS	113	66,347	48	54,832
59	Soft Flow Dyeing M/C	PCS	73	164,998	8	136,362
60	Soft Flow Dyeing M/C	SET	72	18,237	7	15,072
61	Stenter M/C	COIL	69	15,458	4	12,775
62	Stenter M/C	FEET	111	12,033	46	9,945
63	Stenter M/C	MTR	647	214,454	582	
64	Stenter M/C	PCS	1,705	915,121	1,640	756,299
65	Tube Tex M/C	FEET	207	77,289	142	63,875
66	Tube Tex M/C	PCS	200	6,760,902	135	2,203,322
67	Tube Tex M/C	SET	73	125,051	8	103,348
68	Ultra Soft M/C	PCS	83	44,728	18	36,965
69	Washing M/C	PCS	71	66,772	6	55,184
70	Bartack M/C	PCS	68	373	3	309
71	Bartack M/C	SET	68	3,329	3	2,751
72	Button Hole & Stitch M/C	PCS	1,477	413,161	1,412	341,455
73	Button Hole & Stitch M/C	SET	75	26,036	10	21,517
74	Common (Garments)	PCS	722	220,697	657	182,395
75	Common (Garments)	POT	69	3,126	4	2,584
76	Feet of the Arm M/C	PCS	66	925	1	765
77	Feet of the Arm M/C	SET	71	10,421	6	8,612
78	Finishing Section	PCS	551	303,121	486	250,513
79	Finishing Section	SET	72	100	7	83
80	Flat Lock M/C	PCS	2,661	671,784	2,596	555,194
81	Flat Lock M/C	SET	110	65,714	45	54,309
82	Flat Seamer M/C	PCS	93	10,074	28	8,325
83	Fusing M/C	PCS	66	33,957	1	28,064
84	Kancai M/C	PCS	75	5,885	10	4,864
85	Kancai M/C	SET	85	55,195	20	45,616
86	Needle (Garments)	PCS	86	276	21	228
87	Needle (Garments)	PKT	7,011	904,540	6,946	747,553
88	Over Lock M/C	PCS	3,132	655,272	3,067	541,547
89	Over Lock M/C	SET	89	30,077	24	24,857
90	Pattern Cutting M/C	PCS	68	4,168	3	3,445
91	Plain M/C	PCS	4,687	215,190	4,622	177,843
92	Plain M/C	SET	127	44,829	62	37,049
93	Rib Cutter M/C	PCS	2,974	424,797	2,909	351,072
94	Rib Cutter M/C	SET	267	109,651	202	90,620
95	Snap Button M/C	PCS	68	20,147	3	16,651
96	Snap Button M/C	SET	65	-	-	-
97	8 Needles Cord Knitting Machin	PCS	65	-	-	-

## Spare Parts Items

(Cont..)

(Annexure-D)

SL No	Items	Unit	30.06.2020		30.06.2019	
			Qty	Amount	Qty	Amount
98	Fukuhara M/C	PCS	777	919,291	712	759,745
99	Jack	PCS	4,901	498,645	4,836	412,103
100	Mayer & Cie M/C	BOX	69	78	4	65
101	Mayer & Cie M/C	PCS	3,806	1,235,755	3,741	1,021,285
102	Mayer & Cie M/C	PKT	71	3,821	6	3,158
103	Mayer & Cie M/C	SET	103	15,805	38	13,062
104	Needle (Knitting)	PCS	194,971	732,035	194,906	604,987
105	Orizo M/C	FEET	-	-	-	-
106	Orizo M/C	PCS	35	1,281,033	1,932	1,058,705
107	Orizo M/C	SET	1,968	95,560	11	78,975
108	Pailung M/C	PCS	63	938,747	1,306	775,824
109	Re-winder M/C	PCS	1,358	241,978	135	199,982
110	Santoni Machine	PCS	187	62,361	22	51,538
111	Shima Shiki M/C	LTR	74	19,852	187	16,407
112	Shima Shiki M/C	PCS	239	849,513	1,169	702,077
113	Shima Shiki M/C	SET	1,221	30,082	11	24,861
114	Sinker	PCS	63	585,403	25,774	483,804
115	Stoll M/C	KG	25,826	58,150	11	48,058
116	Stoll M/C	LTR	63	92,017	112	76,047
117	Stoll M/C	SET	164	21,590	6	17,843
118	Photo Copier	PCS	58	63,910	11	52,818
119	Injection Moulding M/C SA-3	PCS	63	78,509	24	64,884
120	Label Cutting(Hy-2080) M/C	PCS	76	79,600	29	65,785
121	Label Printer(PT-6/2) M/C	PCS	81	166,161	30	137,323
122	Thermal Printer(SP4011-R) M/C	PCS	82	34,459	13	28,478
123	Alpha-8 26 Station 12Color M/C	PAIR	65	50,349	4	41,611
124	Alpha-8 26 Station 12Color M/C	PCS	56	390,734	59	322,921
125	Auto M/C	PCS	111	402,372	176	332,539
126	Cayne Quartz Flash "D" M/C	PCS	228	168,310	28	139,099
127	Cayne Quartz Flash "E" M/C	PCS	80	105,615	7	87,285
128	Challenger M/C	PCS	59	477,167	15	394,353
129	Chamelion M/C (Manual)	PCS	67	180,488	67	149,164
130	Diamond Back M/C	PCS	119	170,963	24	141,292
131	Exposer M/C (Manual)	PCS	76	143,228	62	118,370
132	Gas Dryer M/C	PCS	114	115,151	15	95,166
133	Hit Press M/C	PCS	67	162,044	32	133,921
134	Motif Setter Machine	SET	84	92,920	107	76,793
135	Performa-18 Colour Auto M/C	PCS	159	278,930	304	230,521
136	Takana Quartz Flash (CE03) M/C	PCS	356	173,682	47	143,539
137	Value Jet 1638 Printer (Sub-lim)	PCS	99	1,046,273	57	864,688
138	Rubber & Seal Items	COIL	109	5,824	6	4,813
139	Rubber & Seal Items	FEET	58	32,545	650	26,897



## Spare Parts Items

(Cont..)

(Annexure-D)

SL No	Items	Unit	30.06.2020		30.06.2019	
			Qty	Amount	Qty	Amount
140	Rubber & Seal Items	LBS	702	17,589	206	14,536
141	Rubber & Seal Items	PCS	258	1,724,388	14,690	1,425,114
142	Rubber & Seal Items	SET	14,742	337,862	52	279,225
143	Tools	BOX	104	319,755	87	264,261
144	Tools	PAIR	139	262,156	157	216,658
145	Tools	PCS	209	1,277,712	880	1,055,960
146	Tools	PKT	932	25,786	32	21,310
147	Tools	SET	84	95,061	2	78,562
148	Boiler	KG	54	251,496	355	207,848
149	Boiler	LBS	407	243,995	153	201,649
150	Generator (Gas)	PCS	205	972,991	176	804,125
151	Valve	PCS	228.4	625,128	121	516,635
152	S.S.M. M/C	PCS	172.862	25,159	4	20,792
153	Tong Gang M/C	PCS	56.2	254,079	108	209,983
1	Automobile	LTR	42	194,004	39	106,181
2	Automobile	ML	695	6,249,565	648	3,420,483
3	Automobile	MTR	-	31,967	-	17,496
4	Automobile	PCS	180	323,922	175	177,287
5	Automobile	POT	6	4,777	4	2,615
6	Computer Accessories	COIL	18	405,180	9	221,761
7	Computer Accessories	PCS	492	1,382,310	492	756,560
8	Computer Accessories	PKT	124	145,647	179	79,715
9	Medical Equipment	SET	26	165,323	23	90,484
10	Medicine	BOTTLE	-	38,124	-	20,866
11	Medicine	BOX	-	9,128	-	4,996
12	Medicine	PCS	-	3,305,619	-	1,809,216
13	Medicine	TUBE	-	37,887	-	20,736
14	Auxiliary Contructor	PCS	452	316,282	485	173,106
15	Balast	PCS	122	109,055	170	59,687
16	Cable	COIL	421	1,550,793	143	848,773
17	Cable	FEET	675	52,992	555	29,003
18	Cable	KG	190	459,556	187	251,522
19	Cable	MTR	512	1,038,871	301	568,590
20	Cable Socket	PCS	43,210	506,009	39,486	276,946
21	Capacitor	PCS	3,921	367,727	3,511	201,263
22	Charger Battery	PCS	851	69,827	450	38,217
23	Circuit Breaker	PCS	37	1,020,368	36	558,463
24	Common (Electrical)	FEET	49	295	39	161
25	Common (Electrical)	KG	71	62,865	60	34,407
26	Common (Electrical)	MTR	1,420	91,871	1,310	50,283
27	Common (Electrical)	PCS	8,710	517,296	8,934	283,124
28	Common (Electrical)	PKT	341	152,332	389	83,374
29	Common (Electrical)	SET	89	28,515	57	15,607
30	Converter	PCS	71	822,791	6	450,326
31	Cooling Fan	PCS	397	383,106	297	209,680
32	Cut Out	PCS	492	27,880	489	15,259
33	DB Board	PCS	211	93,381	157	51,109
34	Electric Bulb	PCS	1,421	703,859	1,420	385,233
35	Electronic Card	PCS	19	716,354	17	392,071

## Spare Parts Items

(Cont..)

(Annexure-D)

SL No	Items	Unit	30.06.2020		30.06.2019	
			Qty	Amount	Qty	Amount
36	Fuse	PCS	9,698	373,425	9,695	204,381
37	Holder	PCS	852	72,330	821	39,588
38	Holder	SET	388	138,528	384	75,819
39	Inverter	PCS	4	1,014,838	3	555,437
40	Magnetic Contractor	PCS	62	1,677,362	60	918,046
41	Meter	PCS	122	1,092,721	111	598,063
42	Motor	PCS	255	491,087	253	268,779
43	Overload Relay	PCS	263	1,251,681	253	685,064
44	Plug (Electrical)	PCS	398	235,126	358	128,688
45	Plug (Electrical)	PKT	151	10,820	148	5,922
46	Relay	PCS	694	288,550	681	157,928
47	Relay Base	PCS	40	12,091	39	6,617
48	Saddle Clamp	PCS	4,320	1,154,604	4,329	631,932
49	Saddle Clamp	PKT	-	14,504	-	7,938
50	Socket (Electrical)	PCS	190	174,924	179	95,739
51	Solenoid Valve	PCS	85	157,982	70	86,466
52	Starter	PCS	709	9,490	804	5,194
53	Switch	PCS	177	715,779	1,066	391,757
54	Tape (Electrical)	FEET	10,351	340,467	10,385	186,343
55	Tape (Electrical)	MTR	2,941	6,125	218	3,352
56	Tape (Electrical)	PCS	7,231	781,255	7,131	427,593
57	Tape (Electrical)	ROLL	97	8,674	79	4,747
58	Tape (Electrical)	SET	6	1,470	4	805
59	Timer	PCS	41	80,924	39	44,291
60	Transformer	PCS	32	102,210	39	55,941
61	Tube Light	PCS	898	695,969	897	380,914
62	Warning Light	PCS	84	76,271	83	41,744
63	Fire Fighting Equipment	COIL	-	228,115	-	124,851
64	Fire Fighting Equipment	PCS	632	5,035,398	538	2,755,951
65	Fire Fighting Equipment	SET	19	987,047	9	540,226
66	Band	PCS	328	353,098	323	193,256
67	Channel	PCS	351	40,593	454	22,217
68	Elbow	PCS	231	723,949	2,849	396,228
69	Flanges	PCS	221	639,984	245	350,273
70	Nipple	PCS	195	69,883	192	38,248
71	Nut	PCS	-	7,400	-	4,050
72	Nut Bolt	PCS	-	155,713	-	85,224
73	Pipe	FEET	5,800	589,189	5,707	322,472
74	Plug	PCS	312	5,722	314	3,132
75	Reducer	PCS	122	84,138	127	46,050
76	Socket	PCS	4,210	157,833	4,717	86,385
77	Tee Socket	PCS	321	150,525	231	82,385
78	Union Socket	PCS	125	51,306	127	28,081
79	Hardware	COIL	19	442,751	9	242,324
80	Hardware	LBS	3	1,261	2	690
81	Hardware	KG	322	2,042,411	326	1,117,843
82	Hardware	LTR	14	222,602	13	121,834
83	Hardware	PKT	-	-	-	-
84	Hardware	POT	124	306,656	26	167,837

## Spare Parts Items

(Cont..)

(Annexure-D)

SL No	Items	Unit	30.06.2020		30.06.2019	
			Qty	Amount	Qty	Amount
85	Hardware	ROLL	18	123,510	9	67,599
86	Hardware	SET	53	17,088	52	9,353
87	Paint & Vernish	PCS	211	68,955	201	37,740
88	Paint & Vernish	PKT	251	7,759	201	4,247
89	Sanitary	GM	5,521	383,356	54,504	209,817
90	Sanitary	KG	95	13,971	94	7,647
91	Sanitary	LTR	91	128,381	81	70,265
92	Sanitary	PCS	1,542	494,437	1,454	270,613
93	Sanitary	PKT	19	1,701	13	931
94	Sanitary	SET	193	49,537	192	27,113
95	Laboratory Instrument	BOX	67	49,260	66	26,961
96	Laboratory Instrument	LTR	612	18,909	611	10,349
97	Laboratory Instrument	PAIR	64	13,964	52	7,643
98	Laboratory Instrument	PCS	1,028	1,384,089	1,027	757,533
99	Laboratory Instrument	PKT	26	34,808	13	19,051
100	Laboratory Instrument	ROLL	421	343,767	42	188,149
101	Oil & Lubricants	DRUM	28	3,052,702	22	1,670,791
102	Oil & Lubricants	PCS	1,890	894,303	1,779	489,466
103	Other Material	BOX	1,451	864,862	1,045	473,352
104	Other Material	MTR	-	1,002,164	-	548,500
105	Other Material	YDS	-	1,134,754	-	621,069
106	Pack & Package	MTR	911	951,034	891	520,515
107	Pack & Package	PCS	1,160,702	1,321,943	1,160,704	723,520
108	Pack & Package	ROLL	5,441	973,048	5,386	532,564
109	Supplies Items	BOOK	850	2,648,732	849	1,449,692
110	Supplies Items	PCS	31,200	2,156,244	31,689	1,180,146
111	Supplies Items	SHEET	10,425.0	6,982,312	10,420	9,294,681
112	Supplies Items	BOX	415.0	1,537,375.6	415	841,429
113	Supplies items	KG	2,600.0	312,231.3	2,591	170,889
114	Supplies items	PKT	2,031.0	241,279.5	1,022	132,056
115	Supplies items	POT	18.0	257,957.3	16	141,184
116	Supplies items	SET	-	453,522.8	-	248,220
117	Supplies Items	PCS	92,314.0	6,072,442.6	99,160	3,323,541
118	Supplies Items	REAM	87.0	75,888.9	89	41,535
119	Supplies Items	ROLL	352.0	229,204.9	320	125,447
<b>Total</b>			<b>159,905,869</b>		<b>105,396,799</b>	

## Work in Process

(Annexure-E)

## As at 30 June 2020

Particulars	Opening	Addition in the process	Transfer into next process	Closing Balance
Knitting	97,693,995	1,216,058,824	1,290,278,102	23,474,718
Finished Fabric	257,799,760	909,407,604	729,527,639	437,679,725
Cutting	174,008,958	915,177,285	969,863,935	119,322,308
Embroidery	1,445,737	567,301,405	567,215,278	1,531,864
Printing	2,444,292	831,692,568	831,053,247	3,083,613
Sewing	96,324,736	4,276,780,381	4,278,479,867	94,625,250
<b>Total</b>	<b>629,717,479</b>			<b>679,717,479</b>

Particulars	Opening	Addition in the process	Transfer into next process	Closing Balance
Knitting (kg)	512,255	5,618,003	5,444,234	686,024
Finished Fabric (kg)	1,000,891	6,679,709	6,298,179	1,382,420
Cutting (Pcs)	3,892,789	24,741,600	23,414,168	5,220,221
Embroidery (Pcs)	43,770	3,181,338	3,221,338	3,770
Printing (Pcs)	173,511	8,834,769	9,001,482	6,798
Sewing (Pcs)	979,950	28,134,979	28,076,689	1,038,240

## As at 30 June 2019

Particulars	Opening	Addition in the process	Transfer into next process	Closing Balance
Knitting	98,631,599	1,675,957,404	1,676,895,008	97,693,995
Finished Fabric	200,524,484	786,802,915	729,527,639	257,799,760
Cutting	170,771,360	969,863,934	966,626,336	174,008,958
Embroidery	1,206,101	446,381,862	446,142,226	1,445,737
Printing	1,591,465	737,705,177	736,852,350	2,444,292
Sewing	116,992,470	4,663,845,741	4,684,513,475	96,324,736
<b>Total</b>	<b>589,717,479</b>			<b>629,717,479</b>

Particulars	Opening	Addition in the process	Transfer into next process	Closing Balance
Knitting (kg)	350,641	6,738,559	6,576,945	512,255
Finished Fabric (kg)	619,360	6,679,709	6,298,179	1,000,891
Cutting (Pcs)	2,565,357	24,741,600	23,414,168	3,892,789
Embroidery (Pcs)	9,202	4,546,499	4,511,931	43,770
Printing (Pcs)	9,314	10,673,151	10,508,954	173,511
Sewing (Pcs)	386,627	24,203,194	23,609,871	979,950



## Accounts receivable and aging

As at June 20, 2020

(Annexure-F)

Sl #	Parties	Total	0-3 Months	3-6 Months	More than 1 Year
1	Best Seller	62,440,812	62,440,812	-	-
2	Best Seller Fashion	522,952	522,952	-	-
3	Bluesteam	1,010,983	1,010,983	-	-
4	C&A [\$]	96,159,962	96,159,962	-	-
5	Carrefour	50,070,785	50,070,785	-	-
6	Celio	30,740,992	30,740,992	-	-
7	Canada	5,316,171	5,316,171	-	-
8	DFD	4,060,933	4,060,933	-	-
9	ENNEPI	2,667,150	2,667,150	-	-
10	Esprit	30,055,301	30,055,301	-	-
11	Fynch-Hatton	210,557	210,557	-	-
12	Guess	7,189,880	7,189,880	-	-
13	Hofler	33,246,565	33,246,565	-	-
14	Hanesbrand	14,866,250	14,866,250	-	-
15	LIDL	10,572,401	10,572,401	-	-
16	Manifattura Corona	2,155,446	2,155,446	-	-
17	Mascot	36,399,623	36,399,623	-	-
18	Next Sourcing Limited	38,213,857	38,213,857	-	-
19	Odintex	5,698,703	5,698,703	-	-
20	Ostin	2,994,158	2,994,158	-	-
21	P&C	8,464,629	8,464,629	-	-
22	SUZY'S	1,527,274	1,527,274	-	-
23	Ted Bernhardt	8,403,437	8,403,437	-	-
24	Impress Newtex Composite Textile Ltd	6,435,036	6,435,036		
25	Masco Industries	2,497,331	2,497,331		
26	Midland Knitwear Ltd	2,176,724	2,176,724		
27	RAHAMAT FASHION WEAR LTD	2,228,798	2,228,798		
28	Tasniah Fabrics Ltd	2,461,390	2,461,390		
29	Tropical Knittex Ltd	193,350	193,350		
30	Impress Fashion Ltd	1,620,900	1,620,900		
	<b>Total</b>	<b>470,602,348</b>	<b>470,602,348</b>	<b>-</b>	<b>-</b>

## Schedule of Advance given to Creditors

As at 30 June 2020

(Annexure-G)

Sl #	Name of the creditors	Nature of trans- action	Balance	3-6 month	6-12 month	exceeding 1 year
1	Automan Steel Building System Ltd. Cr.	Service	800,800	800,800		-
2	FAHAD ELECTRONICS - Cr.	Electrtical Items	9,750	9,750		
3	M.M Safety and Security - Cr	Service	50,000	50,000		
4	M/S Babul Construction	Service	200,000	200,000		
5	A Double U Furniture Ltd. - Cr.	Accessories	496,000	496,000		
6	Amin & Jahan Corporation - Cr.	Service	549,850	549,850		
7	AQS Industries Ltd (Cr)	Accessories	1,468,528	1,468,528		
8	Architect's - Cr	Consulatncy	2,300,000	2,300,000		
9	Azmery Washing Centre. Cr.	Accessories	111,800	111,800		
10	Bengal Hurricane Dyeing & Printing Ltd.-Cr.	Accessories	112,306	112,306		
11	Bengal Plastic Pipes Ltd.- Cr	Accessories	51,040	51,040		
12	Best Life Insurance Limited.	Insurance	610,850	610,850		
13	C - Express Ltd. Cr.	Accessories	38,000	38,000		
14	Char Konna Enterprise - Cr.	Accessories	40,800	40,800		
15	Control Data System - Cr	Service	35,620	35,620		
16	Cross Freight Ltd. - Cr.	Service	3,138,523	3,138,523		
17	CU Certifications Ltd. - Cr.	Service	39,250	39,250		
18	C & F agent	Service	52,415,277	-	52,415,277	
19	Fair Chemicals - Cr.	Chemicals	181,846	181,846		
20	Fair & Fame Knit Fabrics Ltd.-Cr	Accessories	650,000	650,000		
21	Fast Associates - Cr.	Accessories	16,136,500	16,136,500		
22	Feedback Technologies - Cr.	Accessories	30,000		30,000	
23	Grihayan Rit Consortium. Cr.	Consultancy	275,000	275,000		
24	Hamza Chemicals- Cr.	Chemicals	54,980	54,980		
25	Haque Software & Graphics - Cr.	Service	900,000	900,000		
26	Hellmann Worldwide Logistics - Cr.	Service	14,220		14,220	
27	Home Creations Ltd. - Cr.	Service	7,356,794	7,356,794		
28	Imperial Allied Chemicals Ltd.-Cr.	Chemicals	111,740	111,740		
29	Integrated Transportation Services Ltd. - Cr.	Service	2,400		2,400	
30	ITS Labtest BD. Ltd.-Cr.	Service	2,015,070		2,015,070	
31	Jaba Textile Mills Limited. Cr.	Accessories	28,860	28,860		
32	JAK Enterprise - Cr	Accessories	2,544,000	2,544,000		
33	Kai World Transport - Cr.	Service	1,161,783		1,161,783	
34	Katha Composite Ltd.-Cr	Accessories	550,000		550,000	
35	Kazi Aluminium Fabricators - Cr.	Accessories	880,000		880,000	
36	Knit Excel Pvt. Ltd. - Cr.	Accessories	172,540		172,540	
37	Maa Knitting & Dyeing Ind's Ltd. - Cr.	Accessories	10,676	10,676		
38	Mahid Apparel Ltd - Cr.	Accessories	810,851	810,851		
39	Melon Tex Composite Ltd. - Cr.	Accessories	579,323		579,323	
40	M.K Fabrics - Cr.	Accessories	5,726		5,726	
41	M.M.Corporation-Cr.	Accessories	18,129		18,129	
42	Multifreight Ltd. - Cr.	Accessories	30,621		30,621	
43	NAK Fashion & Textile Ltd - Cr	Accessories	1,238,327	1,238,327		
44	Northern Tosrifa Group (NTG). - Cr.	Accessories	103,740	103,740		

## Schedule of Advance given to Creditors

(Cont.,)

(Annexure-G)

Sl #	Name of the creditors	Nature of trans-action	Balance	3-6 month	6-12 month	exceeding 1 year
45	Olive Tree Foods Ltd.- Cr	Service	740,019	740,019		
46	Padma Oil Co. Ltd. - Cr.	Accessories	6,708,459	6,708,459		
47	Pantex Dress Ltd. - Cr.	Accessories	409,663		409,663	
48	Pinnacle Construction Management Ltd. - Cr.	Accessories	515,717,274		515,717,274	
49	RK Freight Ltd. - Cr.	Service	793,177		793,177	
50	Royal International	Accessories	100,237		100,237	
51	Rupashi Knitwears Ltd. (Knitting) - Cr	Accessories	2,599,614		2,599,614	
52	Sayeed Accessories -Cr	Accessories	111,689		111,689	
53	Scarlet Services-Cr.	Chemicals	184,945		184,945	
54	Schenker Logistics (Bangladesh) Ltd.- Cr	Service	95,126		95,126	
55	SGS Bangladesh Ltd. - Cr.	Service	1,560,448		1,560,448	
56	Sharp Accessories -Cr	Accessories	49,349		49,349	
57	Skylink Logistics Ltd. - Cr.	Service	141,982	141,982		
58	Sporty Wheels Ltd. - Cr.	Service	1,100,000	1,100,000		
59	Sunstar Co. Ltd. - Cr.	Accessories	255,000	255,000		
60	Tangon Garments Ltd. - Cr.	Accessories	499,000	499,000		
61	Tex Excellence Corporation - Cr	Accessories	958,000		958,000	
62	Tex Shinining Engineering - Cr	Accessories	90,000		90,000	
63	Tiles World -Ideal -Cr.	Accessories	238,530	238,530		
64	Tootal Quality Resources Ltd.-Cr.	Chemicals	187,900	187,900		
65	Trade Zentrum - Cr.	Accessories	9,915		9,915	
66	Ultimate Information Technology - Cr	Accessories	20,000		20,000	
67	Z3 Corporation - Cr.	Service	127,200		127,200	-
<b>Total</b>			<b>631,029,047</b>	<b>50,327,321</b>	<b>580,701,726</b>	<b>-</b>

## Schedule of Accounts Payable

As at 30 June 2020

(Annexure-H)

Sl. No.	Supplier name	Items	Total	0-3 Months	3-6 Months	More than 1 Year
1	Ace Trend Ltd. ( H.K )	Accessories	5,857,035	5,857,035	-	-
2	Active (BD) Ltd.	Chemical	857,945	857,945	-	-
3	Adury Knit Composite Ltd.-Cr.	Accessories	495,000	495,000	-	-
4	ADZI Trims Ltd.	Accessories	361,365	361,365	-	-
5	Akij Plastics Ltd.	Accessories	596,853	596,853	-	-
6	AL- Barr Engineering & Contracting Co.	Service	746,000	746,000	-	-
7	Al-Haj Karim Textils Ltd.	Accessories	156,000	156,000	-	-
8	Allam Marine Ltd.	Accessories	30,372,822	30,372,822	-	-
9	AllPort Cargo Services (AIR) Ltd.	Accessories	661,595	661,595	-	-
10	Alpha Plastic Packaging.	Accessories	17,452,391	17,452,391	-	-
11	Anhui Yifeng Mesh Co. Ltd.	Accessories	615,218	615,218	-	-
12	Approach Accessories Ltd.	Accessories	396,784	396,784	-	-
13	AR Trade International	Consumable	334,769	334,769	-	-
14	Archroma Singapore Pvt. Ltd.	Chemical	3,252,357	3,252,357	-	-
15	Arif Enterprise Ltd.	Consumable	335,750	335,750	-	-
16	ARK Garments Accessories	Accessories	6,989,780	6,989,780	-	-
18	Asgar Trading	Consumable	944,912	944,912	-	-
19	ASIF TRADE LTD.	Consumable	235,100	235,100	-	-
20	A-Tex International Ltd.	Consumable	657,156	657,156	-	-
21	Automation Engineering & Controls Ltd.	Service	696,709	696,709	-	-
22	Avenue Trade & Engineering Ltd.	Service	3,661,580	3,661,580	-	-
23	AZS Knitwear	Accessories	540,793	540,793	-	-
24	Baig Trimming Ltd.	Accessories	1,387,792	1,387,792	-	-
25	Bangla Chem	Chemical	500,000	500,000	-	-
26	Bangla Link	Service	325,019	325,019	-	-
27	Best Cotton Mills Ltd.	Accessories	721,460	-	721,460	-
28	Bhuyan Textile Mills	Accessories	1,262,558	1,262,558	-	-
29	Bogra Knit Garments Industries Ltd.	Accessories	606,238	606,238	-	-
30	Broadway Printing Ind's	Printing	1,548,639	1,548,639	-	-
31	Brothers Enterprise	Service	608,722	608,722	-	-
32	BTS	Accessories	1,163,728	1,163,728	-	-
33	Chaity Composite Ltd.	Accessories	346,982	346,982	-	-
34	Checkpoint System BD Ltd.	Accessories	863,942	863,942	-	-
35	Chishtia Sizing Mills	Accessories	367,134	367,134	-	-
36	CHITTAGONG STOCK EXCHANGE	Service	512,813	512,813	-	-
37	Cleanco Services Ltd.	Service	277,800	-	277,800	-
38	CNL Poly Pack Ltd.	Accessories	263,082	263,082	-	-
39	COMPLIANCE BD	Service	429,100	429,100	-	-
40	CRC Textile Mills Limited	Accessories	306,150	306,150	-	-
41	Crony Apparels Ltd.	Accessories	749,416	749,416	-	-
42	Decent Printing & Packaging	Printing	13,124,775	13,124,775	-	-
43	Dekko Accessories Ltd.	Accessories	260,214	-	260,214	-
44	Dhaka Stock Exchange Ltd.	Service	551,413	551,413	-	-
45	DHL Worldwide Express	Service	428,694	428,694	-	-
46	Didar Fabrics	Accessories	180,731	180,731	-	-
47	DIRD Composite Textile Ltd.	Accessories	1,401,117	-	1,401,117	-



## Notes to the Financial Statements

For the year ended 30 June 2020

(Annexure-A)

Sl. No.	Supplier name	Items	Total	0-3 Months	3-6 Months	More than 1 Year
48	DOLAN PACKAGING INDUSTRIES	Accessories	283,208	283,208	-	-
49	Edges Packaging Ltd.	Accessories	70,721	70,721	-	-
50	Ehwha Glotech Co Ltd.	Machinery	28,950,960	28,950,960	-	-
51	Emirates Neon - Cr	Accessories	470,000	470,000	-	-
52	Energy Pac Engineering Ltd.	Machinery	353,000	353,000	-	-
53	Epyllion Limited	Accessories	528,814	528,814	-	-
54	Esquire Accessories Ltd.	Accessories	757,925	757,925	-	-
55	Esquire Dyeing Industries Ltd.	Accessories	201,240,128	201,240,128	-	-
56	Esquire Electronics Ltd.	Electrical Items	148,778	-	148,778	-
57	Esquire Plastics Ltd.	Accessories	196,174	196,174	-	-
58	Esquire Testing Services (BD) Ltd.	Service	971,233	971,233	-	-
59	Eurobengal International Ltd.	Accessories	603,050	603,050	-	-
60	Ever Chem Corporation	Chemical	1,153,793	1,153,793	-	-
61	Explore Knitwear	Accessories	989,495	989,495	-	-
62	EYE Accessories Ind. Ltd.	Accessories	179,932	-	179,932	-
63	Fabitex Industries Ltd.	Accessories	630,490	630,490	-	-
64	Fadis S.P.A Italy	Spare Parts	4,211,796	4,211,796	-	-
65	Fariha Knit Tex Ltd.	Accessories	739,394	-	739,394	-
66	Fariha Knit Tex Ltd. Cr	Accessories	551,659	551,659	-	-
67	Fast React Systems Limited.	Chemical	330,000	330,000	-	-
68	Fortune Top Inc	Chemical	2,546,650	2,546,650	-	-
69	Fujian Baikai Elastic Weaving Co. Ltd.	Yarn	5,855,281	5,855,281	-	-
70	Fujian SBS Zipper Science & Technology Co. Ltd.	Accessories	1,532,969	1,532,969	-	-
71	G. S. ACCESSORIES	Accessories	447,110	447,110	-	-
72	Global Brand Pvt. Ltd.	Consumable	956,350	956,350	-	-
73	Godhuly Knit Fabrics	Accessories	939,127	-	939,127	-
74	Green Delta Insurance Co. Ltd.	Insurance	506,826	506,826	-	-
75	H.A.N Enterprise	Consumable	113,704	113,704	-	-
76	Habigonj Textiles Limited.	Yarn	259,399	259,399	-	-
77	Hangzhou Ruitan Textile Co. Ltd.	Yarn	4,009,312	4,009,312	-	-
78	Haque & Sons	Service	132,000	132,000	-	-
79	Haque Enterprise	Service	321,250	321,250	-	-
80	Harisons Limited.	Chemical	360,784	360,784	-	-
81	Harris & Menuk Pvt. Ltd.	Chemical	604,204	604,204	-	-
82	HEIQ Materials AG	Accessories	1,467,936	1,467,936	-	-
83	HIKARI (SHANGHAI) PRECISE MACHINERY SCIENCE AND TECHNOLOGY CO. LTD. Ce.	Machinery	10,229,353	-	10,229,353	-
84	Hong Hu Textile Industries Ltd.	Yarn	2,774,608	2,774,608	-	-
85	Huafu Macao Commercial Ltd.	Yarn	1,506,690	1,506,690	-	-
86	Huntsman (Singapore) PTE Ltd.	Chemical	8,682,181	8,682,181	-	-
87	Huzhou Change Sheng Label	Accessories	925,265	925,265	-	-
88	I.N.T INTERNATIONAL INC.	Accessories	981,810	981,810	-	-
89	Industrial Automation & Engineering Co	Service	852,018	852,018	-	-
90	Intech Trade International	Consumable	559,837	559,837	-	-
91	Int'L TRIMMINGS & LABELS (BD) PVT. LTD.	Accessories	348,021	348,021	-	-
92	J. H. Accessories International.	Accessories	496,800	496,800	-	-

## Notes to the Financial Statements

For the year ended 30 June 2020

(Annexure-A)

Sl. No.	Supplier name	Items	Total	0-3 Months	3-6 Months	More than 1 Year
93	J.H.M Cotton Ltd.	Accessories	1,485,079	1,485,079	-	-
94	Jam Printers	Printer	801,127	801,127	-	-
95	Jhanker Enterprise	Consumable	752,840	752,840	-	-
96	Jiangsu Golden Autum Elastic Fabric Co Ltd.	Accessories	2,759,905	2,759,905	-	-
97	Jiangsu Shuangliang Spandex Co. Ltd.	Yarn	3,092,086	3,092,086	-	-
98	Juki Singapore Pte Ltd.	Machinery	26,840,805	-	26,840,805	-
99	Jun Feng Trading Co. Ltd.	Accessories	511,639	511,639	-	-
100	K. M. Accessories.	Accessories	1,675,515	1,675,515	-	-
101	K.M.Enterprise	Consumable	233,661	233,661	-	-
102	Kamal Yarn Ltd.	Yarn	1,308,975	1,308,975	-	-
103	Knit Concern Ltd.	Accessories	344,520	344,520	-	-
104	Kuehne + Nagel Ltd.	Chemical	380,289	380,289	-	-
105	Lam Mim Associates	Accessories	112,634	112,634	-	-
106	M N S Enterprise	Consumable	666,000	666,000	-	-
107	M.M.Corporation	Spare Parts	1,078,680	1,078,680	-	-
108	M.M.H.Transport	Service	571,988	571,988	-	-
109	M.N.S Garments Printing	Printing	378,017	-	378,017	-
110	M/S PURNATA TEXTILE	Accessories	207,472	207,472	-	-
111	M/S. Ayesha Green Signal	Accessories	666,040	666,040	-	-
112	M/s. H. R. Trading	Accessories	998,750	998,750	-	-
113	MA Knit & Fabries	Accessories	281,989	281,989	-	-
114	Macro Cable Ltd.	Electrical Items	260,000	260,000	-	-
115	MAK Consultants	Service	504,000	504,000	-	-
116	Maria Knitting	Accessories	520,016	520,016	-	-
117	Marlateks [ \$ ] -Cr.	Accessories	8,135,768	8,135,768	-	-
118	MARS TRADE INTERNATIONAL	Accessories	827,900	827,900	-	-
119	McDry Desiccant Ltd.	Accessories	222,540	222,540	-	-
120	Mechanism Trade & Engineering Ltd.	Service	343,700	343,700	-	-
121	Meghna Star Cables & Electrical Appliances Ltd	Electrical Items	175,214	343,700	-	-
122	Mehmud Inds Pvt. Ltd.	Yarn	9,134,249	175,214	-	-
123	Mercantile Color Print & Pack	Printing	20,005,725	9,134,249	-	-
124	Metro Knitting & Dyeing Mills Ltd.	Accessories	1,083,540	20,005,725	-	-
125	Mir Ceramic Limited	Consumable	652,473	1,083,540	-	-
126	NAF Overseas (Pvt) Ltd.	Printing	930,845	652,473	-	-
127	Naturub Accessories (BD) Ltd.	Accessories	1,135,464	930,845	-	-
128	Nayem Dying Fabrics & Acecssories	Accessories	201,415	1,135,464	-	-
129	New Technology Eng.Works	Service	280,000	201,415	-	-
130	Ningbo Majestic Chemicals Co Ltd.	Chemical	814,784	280,000	-	-
131	Nitu Knit World Limited	Accessories	266,248	814,784	-	-
132	Nova Accessories Ind. Ltd.	Accessories	14,304,436	266,248	-	-
133	NRG Knit Composite	Accessories	188,568	14,304,436	-	-
134	NRG Spinning Mills Ltd	Yarn	11,544,960	188,568	-	-
135	NZ Textile Ltd.	Accessories	561,600	11,544,960	-	-
136	Orizio SRL	Machinery	31,658,892	561,600	-	-
137	P.A. Knit Composite Ltd.	Accessories	1,214,683	31,658,892	-	-
138	Pacific Associates Ltd.	Accessories	1,286,256	1,214,683	-	-

## Notes to the Financial Statements

For the year ended 30 June 2020

(Annexure-A)

Sl. No.	Supplier name	Items	Total	0-3 Months	3-6 Months	More than 1 Year
139	Pahartali Textile & Hosiery Mills	Yarn	7,545,471	1,286,256	-	-
140	Pakiza Apparels Ltd.	Accessories	15,323,043	7,545,471	-	-
141	PAKIZA WOVEN FASHION LTD.	Accessories	271,757	15,323,043	-	-
142	Panaroma Computer	Computer	261,330	271,757	-	-
143	Panwin Design Ltd	Service	588,800	261,330	-	-
144	Parkway Packaging & Printing Ltd.	Printing	1,371,608	588,800	-	-
145	Paxar Bangladesh Ltd.	Accessories	828129.13	1,371,608	-	-
146	Permess South East Asia Ltd.	Accessories	231,276	828,129	-	-
147	Pragati Insurance Co. Ltd.	Insurance	599,120	231,276	-	-
148	Prime Textile Spinning Mills Ltd.	Yarn	4,686,479	599,120	-	-
149	Proceed Label.	Accessories	98,680	4,686,479	-	-
150	Progressive Engineering Corp.	Service	701,118	98,680	-	-
151	Quenby Transfer (India ) PVT. Ltd.	Machinery	6,730,826	701,118	-	-
152	R.R International	Accessories	323,427	6,730,826	-	-
153	Rabbi Aluminium Co.	Consumable	874,900	323,427	-	-
154	Racing Tecnology Co. Ltd.	Service	10,589,316	874,900	-	-
155	Red Box Hong Kong Ltd.	Accessories	200,111,114	10,589,316	-	-
156	Reedisha Blanded Yarn Ltd.	Yarn	2,648,758	200,111,114	-	-
157	Robust International Ltd.	Accessories	583,090	2,648,758	-	-
158	Rotex Bangladesh Ltd. Cr. [\$]	Accessories	80,363	583,090	-	-
159	Rupali Insurance Co. Ltd.	Insurance	342,573	80,363	-	-
160	Rupayan Jantralaya - Cr.	Consumable	245,000	342,573	-	-
161	S.Haque & Sons - Cr.	Service	536,242	245,000	-	-
162	SAGORICA CORPORATION - Cr.	Consumable	483,000	536,242	-	-
163	SAS Enterprise - Cr.	Consumable	232,120	483,000	-	-
164	SBC Garments Accessories Mfg ( BD ) Ltd. - [ \$ ] -	Accessories	282,459	282,459	-	-
165	Seaboard Labels & Acc. Ltd. [\$] - Cr.	Accessories	804,168	804,168	-	-
166	SFM Textile Mills Ltd. - Cr.	Accessories	979,146	979,146	-	-
167	Shahchand Paribahan Sangstha [Cr]	Service	510,233	510,233	-	-
168	Sheikh Brother's Knitwear - Cr	Accessories	678,158	678,158	-	-
169	Shining Moon Trims Ltd. Cr. [\$]	Accessories	73,057	73,057	-	-
170	Simtex Industries Limited. Cr. [\$]	Accessories	268,272	268,272	-	-
171	SK Fashion International - [ \$ ] - Cr.	Accessories	964,672	964,672	-	-
172	Smart Narrow Fabrics. Cr. [\$]	Accessories	1,788,356	1,788,356	-	-
173	SME International Ltd. Cr. [\$]	Accessories	1,065,662	1,065,662	-	-
174	Sonali Fabrics & Textile Mills (PVT) Ltd.- Cr.	Accessories	492,538	492,538	-	-
175	Sonargaon Construction - Cr.	Accessories	332,427	332,427	-	-
176	Square Textile Ltd. - [ \$ ] - Cr.	Yarn	713,580	713,580	-	-
177	Tataekwang Synthetic Fiber (Changshu) CO. Ltd. Cr. [\$]	Accessories	2,789,637	2,789,637	-	-
178	Tex-R Accessories Int'l - [ \$ ] - Cr.	Accessories	148,663	148,663	-	-
179	Textile Auxiliaries - Cr.	Chemical	6,229,307	6,229,307	-	-
180	The Asian Textile - Cr.	Accessories	756,345	756,345	-	-
181	The Lycra Company Singapore PTE. Ltd. [\$] - Cr.	Machinery	3,325,827	3,325,827	-	-
182	Thermax Colour Cotton Ltd. - Cr. [\$]	Chemical	1,327,386	1,327,386	-	-
183	Trade Asia International Pte Ltd.[\$]-Cr.	Chemical	1,973,792	1,973,792	-	-

## Notes to the Financial Statements

For the year ended 30 June 2020

(Annexure-A)

Sl. No.	Supplier name	Items	Total	0-3 Months	3-6 Months	More than 1 Year
184	TUBINGEN CHEMICALS (BD) LTD. Cr. [\$]	Chemical	1,135,875	1,135,875	-	-
185	Uniglory Button Ltd. Cr. [\$]	Accessories	129,974	129,974	-	-
186	Uniglory Paper & Packing Ltd. Cr. [\$]	Accessories	1,029,902	1,029,902	-	-
187	Union Label and Accessories Ltd. Cr. [\$]	Accessories	357,002	357,002	-	-
188	Unique Trims Ind. Ltd. [\$] - Cr.	Accessories	10,455,673	10,455,673	-	-
189	Universal Procurement Systems Pte Ltd. -Cr	Accessories	634,649	634,649	-	-
190	Vision Tex Co.-Cr.	Consumable	627,100	627,100	-	-
191	WAHID & SONS - Cr.	Service	1,305,630	1,305,630	-	-
192	Winmark Enterprise - [ \$ ] - Cr.	Consumable	2,533,500	2,533,500	-	-
193	Xiamen Cai-Tex Import & Export Co. Ltd. - Cr. [\$]	Machinery	4,522,945	4,522,945	-	-
194	XIAMEN DECAL CHEMICAL TECHNOLOGY CO. LTD. Cr. [\$]	Chemical	2,382,822	2,382,822	-	-
195	Xinchang Fuwei Trading Co. Ltd. [ \$ ] - Cr.	Accessories	6,108,370	6,108,370	-	-
196	Xorette Specialities Ltd. [ \$ ] -Cr.	Chemical	1,563,749	1,563,749	-	-
197	Young Associates - [ \$ ] - Cr.	Accessories	1,386,857	1,386,857	-	-
198	Yunusco T and A (BD) Ltd. Cr. [\$]	Accessories	468,969	468,969	-	-
199	Zhejiang Guanmu Textile Tecnology Co. Ltd. Cr. [\$]	Accessories	3,480,809	3,480,809	-	-
<b>Total</b>			<b>866,491,799</b>	<b>824,487,382</b>	<b>42,115,997</b>	



## Schedule of financial asset and liabilities held in foreign currency

As at 30 June 2020

(Annexure-I)

SL #	Particulars	Amount (USD)	Amount (Euro)	Amount as per Bangladesh Bank rate (Taka)	As per Ledger (Taka)	(Gain)/Loss (Taka)
	<b>Monetary Assets</b>					
1	Accounts Receivable	5,546,286	-	470,602,348	470,657,811	55,463
2	FBPAR A/C with DBBL-in USD(78)	208,461	-	17,687,939	17,614,955	(72,984)
3	FBPAR A/C with DBBL -in Euro		1,434	136,804	139,922	3,118
2	FBPAR A/C with DBBL-in USD(63)	248,987	-	21,126,550	21,039,405	(87,145)
4	Margin A/C with EBL-in USD	10,664	-	904,800	478,567	(426,232)
	Margin A/C with EBL -in EURO	-	760	72,456	69,959	(2,497)
5	DBBL FCAD-in Dollar	140,887	-	11,954,248	11,904,952	(49,296)
6	DBBL FCAD-in Euro	-	56	5,298	5,097	(201)
	DBBL FCAD-in Dollar	14,000,000		1,187,900,000	1,187,480,000	(420,000)
	DBBL FCAD-in Dollar(83)	-		17,687,939	17,687,939	-
7	EBL FCAD in USD	885	-	75,071	74,783	(289)
		<b>20,156,169</b>	<b>2,249</b>	<b>1,728,153,452</b>	<b>1,727,153,389</b>	<b>(1,000,063)</b>
	<b>Monetary Liabilities</b>			-		-
	DBBL-EDF	1,953,667	-	165,768,648	164,938,340	830,308
10	EBL-EDF	8,755	-	742,896	739,798	3,098
11	IFC loan	14,000,000	-	1,187,900,000	1,187,480,000	420,000
12	Accounts Payable	10,248,277	-	869,566,303	869,053,890	512,414
		<b>26,210,699</b>	<b>-</b>	<b>2,223,977,847</b>	<b>2,222,212,027</b>	<b>1,765,821</b>
	<b>Total</b>	<b>46,366,869</b>	<b>2,249</b>	<b>3,952,131,299</b>	<b>3,949,365,416</b>	<b>765,757</b>

Conversion rate at closing rate

<b>Euro</b>	95.40
<b>USD</b>	84.85

30.06.30 Bangladesh Bank



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