

Boards' Report

Dear Members,

আসসালামু আলাইকুম ওয়া রহমাতুল্লাহি ওয়া বারাকাতুহ

The Board of Directors hereby submits the report of the business and operations of your Company ("the Company" or "Esquire Knit Composite Limited"), along with the audited financial statements, for the financial year ended 30 June 2022. The consolidated performance of the company and its subsidiaries has been referred to wherever required.

1. Results of our operations and state of affairs

Amount in BDT (million)

Particulars	Standalone			Consolidated		
	For the year ended 30-Jun		growth	For the year ended 30 June		growth
	2022	2021	(%)	2022	2021	(%)
Total income	10,038.25	7,935.51	26.5	10,167.41	7,952.79	27.85
Revenue from operations	10,014.28	7,905.84	26.67	10,150.62	7,930.13	28
Other income, net	23.97	29.67	-19.21	16.79	22.66	-25.9
Total expenses	9,304.15	7,302.11	27.42	9,440.89	7,322.19	28.94
Cost of goods sold	8,416.65	6,489.64	29.69	8,549.48	6,505.66	31.42
Office and administration expenses	309	304.68	1.42	310.95	307.82	1.02
Selling and distribution expenses	578.5	507.79	13.93	580.46	508.71	14.1
Gross operating profit	710.12	603.72	17.62	376.73	607.94	-38.03
Financial Cost	333.01	265.98	25.2	333	268.06	24.23
Profit before tax	398.22	365.36	8.99	390.64	360.48	8.37
Profit before tax (% of revenue)	3.98	4.62	-13.85	3.85	4.55	-15.38
Tax expenses	70.73	63.5	11.39	71.98	63.59	13.19
Profit after tax	327.49	301.86	8.49	318.67	296.9	7.33
Profit after tax (% of revenue)	3.27	3.82	-14.4	3.14	3.74	-16.04
Total other comprehensive income/loss, net of tax	327.49	2,054.56	-84.06	318.67	2,049.60	-84.45
Profit attributable to owners of the company	-	-	-	318.58	296.84	7.33
Total comprehensive income for the year attributable to the owners of the company	-	-	-	318.58	2,049.54	-84.46
Non-controlling interests	-	-	-	-0.08	-0.06	-233.33
Earnings per share (EPS)						
Basic	2.43	2.24	8.48	2.36	2.2	7.27

FINANCIAL POSITION

Amount in BDT (million)

Particulars	Standalone			Consolidated		
	For the year ended 30 June		growth	For the year ended 30 June		growth
	2022	2021	(%)	2022	2021	(%)
Non-current assets	8,857.15	8,176.94	8.32	9,319.98	8,402.28	10.92
Property, plant and equipment	6,432.00	6,315.58	1.84	6,509.71	6,396.77	1.77
Capital Work-in-progress	2,272.87	1,671.58	35.97	2,699.99	1,857.73	45.34
Investment in shares	152.28	189.78	-19.76	110.28	147.78	-25.38
Current assets	6,671.50	6,319.37	5.57	6,368.15	6,126.97	3.94
Inventories	3,738.21	3,391.14	10.23	3,746.16	3,392.69	10.42
Accounts receivables	1,297.56	1,236.54	4.93	1,311.12	1,243.15	5.47
Other receivables	4.15	3.82	8.64	4.15	3.82	8.64
Advance, deposit and prepayments	1,017.83	912.21	11.58	640.81	646.6	-0.9
Investment	102.18	98.51	3.73	102.18	98.51	3.73
Cash and cash equivalents	511.57	677.14	-24.45	563.73	742.2	-24.05
Total assets	15,528.65	14,496.30	7.12	15,688.13	14,529.24	7.98
Shareholders' equity	8,811.17	8,662.23	1.72	8,796.76	8,656.64	1.62
Share capital	1,348.96	1,348.96	-	1,348.96	1,348.96	-
Non-controlling interest	-	-	-	0.27	0.36	-25
Share premium account	1,086.65	1,086.65	-	1,086.65	1,086.65	-
Revaluation surplus	3,739.29	3,739.29	-	3,739.29	3,739.29	-
Retained earnings	2,636.27	2,487.33	5.99	2,621.58	2,481.38	5.65
Opening balance	2,487.33	2,387.82	4.17	2,481.38	2,387.82	3.92
Add: Net profit after tax for the year	327.49	301.86	8.49	318.76	295.9	7.73
Less: Cash dividend	178.55	202.34	-11.76	178.55	202.34	-11.76
Non-current liabilities	2,705.88	2,420.84	11.77	2,708.13	2,418.76	11.96
Non-current lease liabilities	-	-	-	-	-	-
Other non-current liabilities	2,705.88	2,420.84	11.77	2,708.13	2,418.76	11.96
Current liabilities	4,011.60	3,413.23	17.53	4,183.24	3,453.85	21.12
Short term loan	2,173.86	1,479.44	46.94	2,307.89	1,479.44	56
Current portion of long-term loan	291.84	638.3	-54.28	291.84	638.3	-54.28
Accounts payable	1,185.40	998.95	18.66	1,192.57	1,027.35	16.08
Other current liabilities	360.5	296.54	21.57	390.94	308.76	26.62
Total equity and liabilities	15,528.65	14,496.30	7.12	15,688.13	14,529.24	7.98
Net asset value per share						
with revaluation reserve	65.32	64.21	1.73	65.21	64.17	1.62
without revaluation reserve	37.59	36.48	3.04	37.48	36.44	2.85

LIQUIDITY

Our principal sources of liquidity are cash and cash equivalents, investments, and the cash flow that we generate from our operations. We continue to be debt-free and maintain sufficient cash to meet our strategic and operational requirements. We understand that liquidity in the Balance Sheet has to balance between earning adequate returns and the need to cover financial and business requirements. Liquidity enables us to be agile and ready for meeting unforeseen strategic and business needs.

As of 30 June 2022, we had BDT 2,666 million in working capital on a standalone basis, and BDT 2,185 million on a consolidated basis.

Consolidated cash and investments stand at BDT 1,569 million on a standalone basis and BDT 1,868 million on a consolidated basis as on 30 June 2022, as against BDT 1,835 million on a standalone basis, and BDT 1,869 million on a consolidated basis as on 30 June 2021.

Consolidated cash and investments, on both standalone and consolidated basis, include deposits with banks and financial institutions with high

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credit ratings by domestic credit rating agencies. As a result, the liquidity risk of cash and cash equivalents is limited. Ratings are monitored periodically. Liquid assets also include investments in liquid ICL Unit Fund, Subsidiary company, associated company, and fixed deposits with scheduled Banks in Bangladesh.

The details of these investments are disclosed under the 'non-current and current investments' section in the Standalone and Consolidated financial statements in this Annual Report.

DIVIDEND

The Company recommended/declared dividends under

	2021 - 2022		2020 - 2021	
	Dividend per share (in Tk.)	Dividend payout (in Tk. million)	Dividend per share (in Tk.)	Dividend payout (in Tk. million)
Interim dividend	0.00	0.00	0.00	0.00
Final dividend	1.00	715.54	1.50	202.34
Total dividend	1.00	715.54	1.50	202.34
Payout ratio (Interim and final dividend)	41.15%		66.96%	



NOTE

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

1. Recommended 10% cash dividend (excluding sponsors and directors) by the Board of Directors, at its meeting held on 30 October 2022. The payment is subject to the approval of the shareholders at the ensuing AGM of the Company to be held on 25 January 2023. The record date for the purposes of the final dividend will be 5 December 2022 and will be paid on 14 February 2023.
2. Payout ratio is computed as a percentage of Free cash flow prepared under IFRS

FINANCIAL PERFORMANCE AND THE STATE OF THE COMPANY'S AFFAIRS

Standalone

During the financial year ended 30 June 2022, the company achieved a revenue of BDT 10,014.28 million as compared to the revenue of BDT 7,905.84 million recorded during the previous financial year ended 30 June 2021. The company reported growth in revenue of 26.67% during the financial year 2021-2022 from the previous financial year 2020-2021 because the company was able to increase its production by getting huge export orders. And through the relentless efforts of each and every employee, the company was able to ensure the supply of finished goods according to our customer demand. The company reports a Net Profit after tax of BDT 327.49 million for the financial year ended 30 June 2022 as against the Net Profit after tax of BDT 301.86 million for the financial year ended 30 June 2021. The Net Profit after tax for the financial year ended reflects a growth of 8.49% over the corresponding Profit for the financial year ended 30 June 2021.

Consolidated

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

On a consolidated basis, the company reports revenue of BDT 10,150.62 million during the financial year ended 30 June 2022 and a consolidated Net Profit after tax of BDT 318.67 million for the said financial year.

The Annual Reports along with the Audited Financial Statements (consolidated and separate) of the company and its subsidiary are also available on the website of company at www.esquireknit.com.



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The Financial Position & Earnings of the Company per Share

(Consolidated and separate)

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

	2021-2022		2020-2021	
	Consolidated	Separate	Consolidated	Separate
Earnings per Share (EPS)	2.36	2.43	2.2	2.24
Net Operating Cash Flows per Share (NOCFPS)	3.11	3.27	-1.07	-1.3
Financial Position	As of June 2022		As of June 2021	
Net Asset Value (NAV) per Share with revaluation reserve	65.21	65.32	64.17	64.21
Net Asset Value (NAV) per Share without revaluation reserve	37.48	37.59	36.44	36.48

A SIGNIFICANT DEVIATION IN EPS, NAV AND NOCFPS

A significant deviation in EPS, NAV, and NOCFPS as follows: (consolidated)

- EPS** : EPS of Esquire Knit Composite Ltd was Tk. 2.20 in 2021 and Tk. 2.36 in 2022 which is an increased Tk. 0.16 per share due to incremental revenue and net operating profit. During the year profit after tax has been increased in respect of revenue growth of Tk. 222.00 crore than last year.
- NAV** : NAV with revaluation is Tk. 65.21 which is more than Tk. 1.04 per share than that last year of Tk. 64.17 due to Land revaluation and net profit, NAV without revaluation is Tk. 37.48 in 2022 which was Tk. 36.44 in 2021. NAV without revaluation has been increased due to fixed asset increase.
- NOCFPS** : In spite of revenue growth and incremental net profit, NOCFPS increased to Tk. 3.11 in 2022 which was Tk. (1.07) per share in 2021 due to incremental revenue realization.

CHANGE IN CAPITAL STRUCTURE OF THE COMPANY

The issued, subscribed, and paid-up share capital of the company is BDT 1,348.96 million divided into 134,895,833 ordinary shares of Taka 10.00 each. There were no changes in the Capital Structure of the company during the financial year 2021-2022.

RETAINED EARNINGS

The Company has transferred an amount of BDT 148.94 million to the Retained Earnings during the financial year ended 30 June 2022.

SHARE CAPITAL

The Authorized Share Capital of our company as on 30 June 2022 stood at BDT 2,000.00 million divided into 200,000,000 ordinary shares of BDT 10.00 each. The Issued Share Capital of our company is BDT 1,348.96 million divided into 134,895,833 ordinary shares of BDT 10.00 each and the subscribed and paid-up Share Capital is BDT 1,348.96 million into 134,895,833 ordinary shares of BDT 10.00 each, fully paid-up.

CREDIT RATING

Credit Rating Agency of Bangladesh Limited (CRAB) has reaffirmed the AA3 rating of our company, and the AA3 (Lr) rating of BDT 2,750.6 million long-term outstanding (LTO) availed by the company in the Long Term. CRAB has also assigned an ST-3 rating to BDT 2,399.6 million short-term funded limit and BDT 7,410.0 short-term non-funded limit availed by the company.

PARTICULARS OF LOANS, GUARANTEES, AND INVESTMENTS

Details of the Loans are given and Investments made by our company have been disclosed in Notes No. 18, 19, 20, and 6 of the notes to financial statements for the financial year ended 30 June 2022, which forms part of this Annual Report. Our company has not given any guarantee or provided any security during the year under review.

SUBSIDIARY

Consequent upon approval of the company's Board Meeting as well as approval of the Shareholders and Bangladesh Securities and Exchange Commission (BSEC), Esquire Knit has invested BDT 42.42 million as equity (99.01%) in the capital of "L'Esquire Limited", a Private Limited Company which is constituted by Registrar of Joint Stock Companies and Firms (RJSC) under section Act XVIII of the Companies Act 1994. The company runs a manufacturing business unit of lingerie, activewear, Intimax, Sportswear, knitwear, and readymade garments including knitting, dyeing, sewing, printing, and embroidery.

L'Esquire Limited is a subsidiary company of Esquire Knit Composite Limited as Esquire Knit has controlling power over of the company. At present, Esquire Knit holds 99.01% shares of L'Esquire Limited.

The location of the company is in Jamirdia, Valuka, Mymensingh. This company has been associated with our company during the financial year 2018-2019 (date of Incorporation 20 June 2019) as a "Subsidiary Company" of Esquire Knit Composite Limited.

The company is specially established for the production and 100% export of Lingerie products. Which is in huge demand in the global market. During this financial year, the company has started its operation and export activities on a limited scale.



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The Annual Reports along with the Audited Financial Statements of the Subsidiary Company are also available on the website of company at www.esquireknit.com.

Investment in Subsidiaries

Esquire Knit Composite Limited has invested BDT 42.00 million as equity (99.01%) in the capital of L' Esquire Limited.

As per the provision of the Company, Act 1994 L' Esquire Limited is a subsidiary of Esquire Knit Composite Limited, and as such Directors' Report along with Auditors Report & Audited Financial Statement has been included as part of this Annual report.

Nature and Capital Structure of the Subsidiary Company

L' Esquire Limited is a Private Limited Company incorporated on 20 June 2019 under the Companies Act. 1994, the authorized and paid-up capital of the Company is BDT 1,000.00 million and BDT 42.42 million respectively.

Financial Results of L' Esquire Limited

In the financial year 2021-2022, L' Esquire Limited started its manufacturing activities on a limited scale (trial basis) and has also exported its products. An audited separate financial report is prepared and is accompanied by an Annual Report for your information and consideration.

L' Esquire Limited earned revenue BDT of 136.34 million during the year 2021-2022 by exporting its lingerie products. During the financial year, the company registered its Net Profit after Tax of BDT (8.82) Million which was BDT (4.96) Million during the corresponding year. The total Assets of the company stood at BDT 695.68 million as of 30 June 2022 from the Assets at BDT 457.93 million as on 30 June 2021.

Declaration of Dividend of L' Esquire Limited

The Board of L' Esquire Limited has not declared any dividend for the financial year 2021-2022. As the company is now unable to start its commercial production and export.



CONSOLIDATION OF ACCOUNTS

The Audited Consolidated Financial Statements of our company for the financial year ended 30 June 2022, prepared in compliance with applicable rules by the Institute of Chartered Accountants of Bangladesh (ICAB).

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

The financial performance of L'Esquire Limited which has been merged with Esquire Knit Composite Limited was considered in the consolidation of the Financial Statements of Esquire Knit Composite Limited.

WITHDRAWAL OF INVESTMENT FROM TWO ASSOCIATE COMPANIES

The Board of Directors of Esquire Knit Composite Limited in its 124th Board Meeting dated 15th June 2022 has approved the withdrawal of investment decision of BDT 47,775,000/- (four crores seventy-seven lacs seventy-five thousand only) from its two associate companies, where Esquire Electronics Limited had BDT 37,500,000/- (three core seventy-five lacs only) and Esquire Accessories Limited had BDT 10,275,000/- (one crore two lacs seventy-five thousand only). This decision was made as they have not declared any dividend since Esquire Knit Composite Limited invested in the two associate companies.

At the same time, for the information of all shareholders and stakeholders, we hereby inform you that as per the said decision, the entire investment amount of the company in Esquire Electronics Limited i.e., BDT 37,500,000/- has been completely withdrawn within the financial year ended 2021-2022, which is presented in Note No. 6 of our Company's audited financial statements for the financial year ended 30 June 2022. In the current financial year 2022-2023, the withdrawal of the entire investment amount in the company Esquire Accessories Limited i.e., BDT 10,275,000/- will be completed.

Industry Outlook

The global readymade garments market size was valued at \$983.7 billion in 2019 and is projected to reach \$1,268.3 billion by 2027, registering a CAGR of 8.8% from 2021 to 2027. The outer clothing segment was the highest contributor to the market in 2019 and is estimated to grow at a CAGR of 8.8% during the forecast period. China and the U.S. were the prominent countries in the readymade garments market in 2019.

Bangladesh is going to be the global apparel market leader by the year 2023 by achieving a US\$ 50 billion export-earning benchmark. Moreover, most of the raw materials will be produced locally, so the earnings from the sector could be taped almost 70 percent.

The main problem of the sector is high gas and power price and lower price valuation by foreign buyers. Most of the buyers press to reduce prices raising many issues like delays in shipment, and quality sub-standards, labour issues.

India is the main competitor of Bangladesh in the textile industry. The importance of the textile industry in the economy of the country is immense. However, the textile business in India has not been going very well for several years. From 2015 to 2019, the country's textile exports decreased by 3 percent. In 2020, the rate stood at 16.6 percent. The country is setting a record by exporting readymade garments as buyers flock to Pakistan by canceling purchases from Bangladesh and India. It is expected to reach a record \$ 21 billion, up 40 percent from a year ago.

At the same time, affordable countries like Bangladesh and Vietnam have done business unexpectedly. Domestic industry insiders say that although gas prices are up to 30 percent higher than in Bangladesh, the price of yarn, the main raw material for the textile industry in India, is about 20 percent lower. At the same time, the price of low-dye chemicals. As a result, even after adjusting the gas or electricity bill, their cost will be less than that of Bangladesh. However, even if the buyer (foreign buyer) returns to India or Pakistan, the quality of Bangladeshi products is good.

Buyers have a lot of confidence in the garment industry. By utilizing this power, the country will lead the garment industry in the world market in the future – this is the hope of the local industrialists.

Exports are expected to reach a record \$ 21 billion, up 40 percent from a year earlier. The country expects exports to grow to \$ 26 billion in the next fiscal year. Although the factories of India and Bangladesh were closed due to the coronavirus epidemic Corporation and Hans brand. It is believed that this industry will revive the weak economy of the country.

On the other hand, the Bangladesh Export Promotion Bureau (EPB) has released the export data for the July-January of 2021-22 fiscal year. According to the published report, the trend of turning the growth of garment exports in the country continues.

According to the latest data, exports increased by 30.30 percent in the same month of FY 2021-22 as compared to July-January of FY 2020-21. In December 2021, garment exports were valued at \$4.04 billion, and increased slightly to \$ 4.8 billion in January.

According to the product category, knitwear exports grew by 32.69 percent from July-January. On the other hand, the export of oven garments has increased by 26.23 percent. As a result, the positive trend in the export of all products has continued. However, garment industry entrepreneurs

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believe that the surge in exports is due to post-Covid market changes.

Mohiuddin Rubel, director of the Garment Owners and Exporters Association (BGMEA), told that despite the positive trend in the garment sector, there are many challenges. The market for various raw materials such as textiles, shipping costs, dyes, and chemicals is very high. But the price of garments is not rising in proportion to the increase in the cost of production of goods.

In addition, the transmission of new variants of Covid is spreading like a tsunami in the major markets of our garment exports. So, it is difficult to predict the future market. The pace of transmission in the future will depend on the nature of this trend. But to make the most of the opportunity, the most important thing now is to increase the capacity by keeping the supply chain in order. If this can be done, the finished product of garment industry of Bangladesh will lead the world market in the future.

The importers want to keep as many choices available alongside Bangladesh because of their business policy. They do not want to depend only on Bangladesh, although our exports have increased as we have tackled the Corona epidemic challenge well. There are also several challenges to further increasing this upward trend in exports. But of course, with service and quality, we believe we can keep the lion's share of orders in our country.



BANGLADESH'S APPAREL INDUSTRY GROWTH IS HERE TO STAY

By quickly wrapping up the work of the garment industrial park in the Mirsarai economic zone, and offering soft loans to encourage compliant and environment-friendly factories there, we will signal to the world that the country is ready to expand its apparel export.

Beating all odds, Bangladesh's readymade garment (RMG) export has had tremendous growth this year. The country exported \$38.52 billion worth of garments in the July-May 2021-2022 period, which was \$28.57 billion in July-May 2021-2020.

The growth of our apparel export in these eleven months from July to March was a staggering 34.87%.

Our apparel export witnessed growth both in traditional and non-traditional markets. In July-March of this fiscal year, the country's apparel export to its biggest destination, the European Union, witnessed a 31.51% increase.

Bangladesh's second leading apparel export destination, the USA market, registered 53% year-over-year growth in the first nine months of the current fiscal year. In the same period, our apparel exports to the non-traditional markets (all countries excluding the EU, USA, UK, and Canada) increased to \$ 4.78 billion from \$3.84 billion the previous year.

Throughout the current fiscal, Bangladesh's apparel export witnessed massive growth. Even though the growth in May 2022 was less compared to previous months, it was still 23.5% more compared to May 2021.

We should not be called over-optimistic if we opine that the positive growth trend of Bangladesh's apparel industry is here to stay. This is because, in the present world scenario, Bangladesh is the safest destination for apparel sourcing.

Ethiopia has proven to be a failed case for brands and retailers due to the violent outbreaks of interracial rivalries and riots. Buyers who turned to Myanmar in the last decade are losing sleep due to the country's political instability.

The apparel export items of Vietnam are totally different from Bangladesh. And the recent economic crisis in Sri Lanka is also pushing the South Asian country far behind Bangladesh in the competition.

The US-China tug-of-war is a major reason behind the increase in our apparel exports to the US in recent months. The declaration of a weekly three-day closure of manufacturing plants in a desperate bid to reduce carbon emissions is posing a major setback for the world's largest apparel-exporting country - China.

Moreover, China is also gradually shifting its focus from apparel to high-tech industries. China has steadily accounted for declining shares in the world's total apparel exports since 2015. Its market shares rebounded to 31.6% in 2020 from 30.7% in 2019.

Obviously, Bangladesh, which occupies only 6.3% global share, could claim a major portion of what China is leaving behind. The apparel buyers and retailers have little alternative to Bangladesh amidst the backdrop of the present global geo-political situation.

However, we have to do much here to retain the growth potential of our industry. Bangladesh needs to signal to the buyers right now that we are ready to double or triple our apparel export. The government needs to quickly wrap up the work of the garment industrial park in the Mirsarai economic zone.

The apparel entrepreneurs could be offered soft loans to build compliant and environment-friendly factories in the zone, and in other areas as well, to increase their capacity to accommodate the flow of orders in a sustainable manner. The world should be invited to come and see that we are ready and well-prepared to seize the opportunity.

OVERVIEW OF BANGLADESH ECONOMY

Bangladesh has an inspiring story of growth and development, aspiring to be an upper-middle-income country by 2031.

Bangladesh has a strong track record of growth and development, even in times of elevated global uncertainty. A robust demographic dividend, strong ready-made garment (RMG) exports, resilient remittance inflows, and stable macroeconomic conditions have supported rapid economic growth over the past two decades. A strong recovery from the COVID-19 pandemic continued in FY22, although a recent surge in commodity prices has presented new headwinds.

Bangladesh is also a remarkable story of poverty reduction and development. From being one of the poorest nations at birth in 1971, Bangladesh reached lower-middle income status in 2015. It is on track to graduate from the UN's Least Developed Countries (LDC) list in 2026. Poverty declined from 43.5 percent in 1991 to 14.3 percent in 2016, based on the international poverty line of \$1.90 a day (using the 2011 Purchasing Power Parity exchange rate). Moreover, human development outcomes improved along many dimensions.

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CHALLENGES

Bangladesh, like many other countries, faces global economic challenges. Rising commodity prices and a surge in imports in the second half of FY22 resulted in a widening Balance of Payments (BoP) deficit and accelerating inflation. Foreign exchange reserves declined, as a result, reaching US\$ 38.9 billion by the end of August 2022. Real GDP growth is expected to slow in FY23 as import suppression measures disrupt economic activity.

Over the medium term, the balance of payments is projected to return to surplus as import growth moderates.

To achieve its vision of attaining upper middle-income status by 2031, Bangladesh needs to create jobs and employment opportunities through a competitive business environment, increase human capital and build a skilled labor force, build efficient infrastructure, and establish a policy environment that attracts private investment.

Development priorities include diversifying exports beyond the RMG sector; deepening the financial sector; making urbanization more sustainable and strengthening public institutions, including fiscal reforms to generate more domestic revenue for development. Addressing infrastructure gaps would accelerate growth. Addressing vulnerability to climate change and natural disasters will help Bangladesh to continue to build resilience to future shocks. Pivoting towards green growth would support the sustainability of development outcomes for the next generation.

GLOBAL ECONOMY OVERVIEW

Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic.

Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024. Monetary policy should be implemented to restore price stability, and fiscal policy should aim to alleviate the cost-of-living pressures. Structural reforms can further support the fight against inflation by improving productivity and easing supply constraints, while multilateral cooperation is necessary for fast-tracking the green energy transition and preventing fragmentation.

RISK & CONCERN

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

FINANCIAL RESULTS

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

Amount in 'BDT'

Operational Results	Financial Year (Figure in 'million')			
	2021-2022		2020-2021	
	Consolidated	Separate	Consolidated	Separate
Revenue	10,150.62	10,014.28	7,930.13	7,905.84
Cost of Goods Sold	8,549.48	8,416.65	6,505.66	6,489.64
Gross Profit	1,601.14	1,597.63	1,424.47	1,416.19
Operating Expenses	891.41	887.51	816.52	812.47
Gross Operating Profit	709.73	710.12	607.94	603.72
Net Operating Profit	376.73	377.11	339.88	337.75
Financial Expenses	333.01	333.01	268.06	265.98
Non-Operating Income	16.79	23.97	22.66	29.67
Net Profit before WPPF & WP	393.51	401.09	362.54	367.42
Contribution WPPF & WP	2.87	2.87	2.06	2.06
Net Profit before Tax	390.64	398.22	360.48	365.36
Net Profit after Tax	318.67	327.49	296.9	301.86
Earnings Per Share (Tk.)	2.36	2.43	2.2	2.24

KEY PERFORMANCE RATIOS

Particulars	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Gross Margin Ratio	15.59%	17.91%	21.91%	20.95%	21.42%
Operating Profit Ratio	7.09%	7.64%	11.18%	11.26%	11.74%
Return on Assets (ROA)	2.18%	2.28%	2.39%	4.29%	4.63%
Return on Equity (ROE)	3.75%	4.00%	4.03%	6.56%	7.23%
Earnings per Share	2.43	2.24	1.97	3.37	3.44
Net Assets Value Per Share with revaluation Reserve	65.32	64.21	50.61	50.14	49.27
Net Assets Value Per Share without revaluation Reserve	37.59	36.48	35.88	35.41	29.40

PROFIT AND ITS APPROPRIATION

Directors propose the appropriation of profit as follows:

Amount in 'BDT'

Particulars	Esquire Knit Composite Limited (stand-alone)	
	2021-2022	2020-2021
Net Profit After Tax	327,485,893	301,859,226
Adjustment for depreciation of Revalued Assets	-	-
Profit Brought Forward	2,487,333,307	2,387,817,831
Profit Available for Appropriation	2,814,819,200	2,689,677,057
Proposed Dividend:		
Cash Dividend	178,546,493	202,343,750
Profit Carried Forward	2,636,272,707	2,487,333,307



Boards' Report

CONTRIBUTION TO NATIONAL EXCHEQUER

Esquire Knit contributed an amount of BDT 66.08 million during the year of 2021-2022 to the national Exchequer as against BDT 54.85 million for the previous year of 2020-2021.

COMPANY'S OPERATION

Esquire Knit Composite Limited is a 100% export-oriented Company. It produces different types of Knit garments through its six units namely, knitting, fabric, printing, embroidery, industrial laundry, and garments units. Esquire Knit Composite Limited has over twenty-three years of experience and competency in the knit garments arena. The industry is one of the largest producers of knit garments in Bangladesh. Today it has one of the most sophisticated vertically integrated set-ups by which Esquire Knit is producing around 6,088,892 Kgs of Textiles and 34,690,032 Pcs of Apparel.

PRODUCTION CAPACITY & UTILIZATION

Details of production capacity & utilization

Particulars	Installed Capacity	Actual Production	Production Efficiency in %	Actual Production	Production Efficiency in %
Financial Year	2021-2022			2020-2021	
Unit	Kgs	Kgs		Kgs	
Textiles	8,030,000	6,088,892	75.83%	6,088,892	75.83%
Unit	Pcs	Pcs		Pcs	
Apparels	49,920,000	34,690,032	69.49%	34,690,032	69.49%

CAPITAL EXPENDITURES

Esquire Knit Composite Limited made an additional net capital expenditure of BDT 946.49 million in order to civil construction, import of machinery and other fixed assets under Kanchpur and Valuka Project during the financial year 2021-2022 as follows:

Figure in 'million'

	2021-2022	2020-2021
Valuka Project	447.38	1,003.70
Machineries in work in process	345.2	-
Building materials	153.91	2.54
Total Taka	946.49	1,006.24

The total amount was spent from the company's own source, IPO fund and borrowing from commercial banks.

FOREIGN EXCHANGE EARNED/SAVED

Esquire Knit Composite Limited has contributed a substantial amount to the Foreign Exchange Reserve of the Country. During the year BDT 10,014 million has earned/saved and contributed through its export marketing operation, which is depicted below:

Amount in Taka

	2021-2022	2020-2021
Total Export Earning	10,014,280,416	7,905,836,002
Less: Import Costs	4,597,895,043	3,386,772,746
Yarn	4,021,035,722	2,883,685,853
Dyes	165,142,421	136,158,338
Chemicals	307,637,091	267,970,550
Spare Parts	104,079,809	98,958,005
Misc. (with BMRE)	-	-
Net Export Earnings	5,416,385,373	4,519,063,256

CAPITAL MACHINERY

During the reporting year, the company spent BDT 345.20 million on purchasing capital machinery.

SEGMENT INFORMATION

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

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

DISCLOSURE OF EXTRA-ORDINARY GAIN OR LOSS

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

CAPITAL INFUSION

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

DISCLOSURE REGARDING UTILIZATION OF PROCEEDS FROM PUBLIC ISSUES (IPO), RIGHTS ISSUES

The company has raised taka 150 crores from the market and as mentioned in the prospectus, it is committed to spending the funds expanding the business and equity collection cost. The IPO proceeds have been utilized in line with the condition of the commission's consent letter. As of 31 December 2021, the company has utilized the IPO proceeds as follows:



Boards' Report

Sl. No.	The purpose Mentioned in the prospectus	Status of Utilization As of 31 December 2021,		Status of Un-Utilization As of 31 December 2021,		Remarks
		Utilization amount in Taka	% Of Utilization	Un-utilization amount in Taka	% Of Un-Utilization	
1	Building and Civil Construction	1,004,215,500	100%	Nil	N/A	
2	Machineries	431,396,000	100%	Nil	N/A	
3	IPO Expenses	64,388,500	100%	Nil	N/A	
Total		1,500,000,000		Nil	N/A	

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

RISK MANAGEMENT

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

The risk may occur an adverse effect on the Company's sales and profit etc. Mostly, the risk arises from falling demand for the product, shortage of power, shortage of workers, workers unrest, and Raw material shortage along with other related risks such as Interest Rate Risk, Foreign Exchange Risk, Technology Risk, Market Risk, Political Risk, and other regulatory Risk, etc. The Company is aware of its risks concern and is well prepared to meet those through systematic control.

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



THE RISK MANAGEMENT PHILOSOPHY OF O EKCL'S ARE

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

HUMAN RESOURCES

Esquire Knit considers its human resources as the most important asset. Always giving the maximum focus on the right placement of human resources, we strongly believe that efficient management & skilled workers are our greatest assets and as such recognize them as Building Blocks of the Company for their priceless efforts & performances.

We continue investing in our people for the enhancement and gradation of their skills through conducting research and development and on-the-job internal training programs.

We value the contributions each employee exerts in the organization and adopt policies that reward them accordingly through providing various financial & non-financial benefits.

The breakdown of your company's human resources is

The period ended on 30 June 2022

Worker	6,993
Staff and officer	1,435
Good Governance	

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

RELATED PARTY TRANSACTIONS

During the financial year ended 30 June 2022, all transactions with the related Parties as defined under the Act read with Rules framed thereunder, were in the ordinary course of business and at arm's length basis. Our company does not have a 'Material Subsidiary' as defined under the Regulation of the BSEC.

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

Since all Related Party Transactions entered into by our company were in the ordinary course of business and also on an arm's length basis, details required to be provided are not applicable to the company. Necessary disclosures required under the applicable rules have been made in Note No. 32 of the Notes to the financial statements for the financial year ended 30 June 2022.

Material Changes and Commitments affecting Financial Position between the end of the Financial Year and the date of this Report

Except for those disclosed in this Annual report, there are no material changes and commitments affecting the financial position of the company between the end of the financial year ended 30 June 2022 and the date of this Report.

MANAGEMENT

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

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

The Managing Director is the Head of the Factory & Head office, including day-to-day operations of the business; he also oversees Company's

Boards' Report

merchandising, procurement and production and directly reports to the Board.

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

The Company formed various committees to oversee different internal issues. EKCL has around 6,993 workers in the factory and 1,435 officers and staff in the head office & factory total of 8,428 employees were working in Esquire Knit Composite Limited on 30 June 2022.

AUDIT AND AUDITORS

Appointment of Statutory Auditors

The tenure of the present Auditors M/s. Mahfel Huq & Co., Chartered Accountants, BGIC Tower (4th floor), 34, Topkhana Road, Dhaka-1000 of the Company will expire during the 22nd Annual General Meeting. The said Auditor performed their responsibilities 3 times at a stretch. As per the rules of BSEC, no Auditor can perform the designated responsibilities more than 3 times at a stretch.



According to the provisions of Bangladesh Securities and Exchange Commissions, the term of our present auditor M/s, Mahfel Huq & Co., will complete three consecutive years on the day of the 22nd Annual General Meeting, which will be held on 25 January 2023. Therefore, the company needs to appoint a new statutory auditor for the financial year 2022-2023, who will be able to conduct the audit work of the company till the financial year 2024-2025.

The Board of Directors of the company, based on the recommendation of the audit committee, at its meeting held on 30 October 2022, appointed M/s Pinaki & Company, Chartered Accountants, AHSANDELL, 2/A, Mymensingh Road (2nd floor), Shahbag, Dhaka-1000, as the Statutory Auditor of the company to hold office for a first term of three consecutive years from the conclusion of the 23rd AGM till the conclusion of the 25th AGM to be held in the year 2026 and will be placed for the approval in the meeting of shareholders, whereby the fee shall be fixed at Taka 750,000/- (Taka seven lac fifty thousand only) plus VAT. The Board requested the Shareholders to confirm the appointment at their 22nd Annual General Meeting.

Appointment of Compliance Auditors

The existing Compliance Auditors of the Company M/S. Chowdhury Bhattacharjee & Co., Chartered Accountants, retired at this 22nd Annual General Meeting on completion of their audit works for the year ended on 30 June 2022. They are, however, eligible for re-appointment as per BSEC notification. M/S. Chowdhury Bhattacharjee & Co., Chartered Accountants, expressed their interest to be re-appointed as Compliance Auditors of the Company for the Financial year 2022-2023 at a fee of Tk. 50,000/- (taka fifty thousand) plus VAT. The Board requested the Shareholders to confirm the appointment at their 22nd Annual General Meeting.

AUDIT COMMITTEE

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

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

APPOINTMENT OF INDEPENDENT DIRECTORS

According to the notification of Corporate Governance Code-2018 issued by the Bangladesh Securities and Exchange Commission dated 3 June 2018, the tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1(one) tenure only.

The term of the present two independent directors (Mr. Swapan Kumar Sarker and Mr. Placid Gomes, FCA) of our Company would expire on the day of 30 June 2022 in accordance with section 1(2)(e) of the notification issued by BSEC. In other words, these two independent directors will be relieved from the company on the day of 30 June 2022 as per the said BSEC notification.

The Board of Directors of the Company, based on the recommendation of the NRC has decided and approved that Mr. A.K.M. Shamsul Areefin, Additional Secretary (Retired), and Mr. Md. Mozammel Hossain, FCA, Ex-Company Secretary, NRB Commercial Bank Limited, were appointed at the board of the Company as new Independent Directors. This appointment will be effective on the board from the 1st July 2022. The Board requested the Shareholders to confirm the appointment at their 22nd Annual General Meeting.

SIGNIFICANT AND MATERIAL LITIGATIONS/ORDERS

During the year under review, there were no significant material orders passed by the Regulations/Courts and no litigation was outstanding as on 30 June 2022, which would impact the going concern status and future operations of our company.

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

Composition of the Board of Directors

Our company's Board is duly constituted and is in compliance with the requirements of the Companies Act 1994, the listing Regulations and Provisions of the Articles of Association of the Company. Our Board has been constituted with requisite diversity, wisdom, expertise and experience commensurate to the scale of operations of our company.

The Board comprised Seven Directors including Managing Director. Among the Directors, Mr. A.K.M Shamsul Areefin and Mr. Md. Mofazzal Hossain, FCA is the independent Directors of the Company as per BSEC notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 for three years term.

Boards' Report

Board and Sub-Committee Meetings

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

Name of the Meeting	2021-2022	2020-2021	2019-2020
Board of Directors	8	5	4
Audit Committee	4	4	4
NRC Committee	2	2	1

Retirement and Re-election

Mr. Arifur Rahman and Mr. Md. Mofazzal Hossain, Directors of the Company, retire as per the Article of Association of the Company and being eligible offer themselves for re-election. A brief resume and other information of the above-mentioned Directors are depicted in the profiles of Directors page no 130.

Director's Fees and Remuneration

The Director who engaged in the Company's Day to day operations is receiving remuneration and other benefits from the Company as disclosed in the Financial Statement at note 35, page no. 239. Non-Executive Directors including Independent Directors are paid only an attendance fee of BDT 10,000/- (BDT ten thousand) for attending per Board Meeting.

Board Meetings and Attendance

During the year 8 (eight) Board Meetings were held. The attendance record of the Board Members is as follows:

Name of Directors	Position	Meeting Held	Attended the Meeting	Percentage
Mr. Md. Mofazzal Hossain	Chairman	8	8	100%
Mr. Md. Ehsanul Habib	Managing Director	8	8	100%
Mr. Arifur Rahman	Director	8	8	100%
Mr. Md. Muddasar Hossain	Director	8	8	100%
Mrs. Peara Begum	Director	8	8	100%
Mr. Swapan Kumar Sarker	Independent Director	8	8	100%
Md. Placid Gomes, FCA	Independent Director	8	8	100%

Others Members

Mr. Md. Mustafizur Rahman	Member Chief Financial Officer	8	8	100%
Mr. Monir Hossain	Member Company Secretary	8	8	100%
Mr. Md. Rakibur Rahman	Member Head of Internal Audit and Compliance	8	8	100%

Key Managerial Personnel

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

Committees of the Board

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

RELEASEMENT OF EXISTING TWO INDEPENDENT DIRECTORS AND APPOINTMENT OF TWO NEW INDEPENDENT DIRECTORS

As per the Corporate Governance Code-2018 of Bangladesh Securities and Exchange Commission, the tenure of two existing independent directors, Mr. Swapan Kumar Sarkar and Mr. Placid Gomes, FCA of our Company has completed 6(six) consecutive years i.e., two tenures on 30 June 2022, hence they are not eligible for re-appointment as independent directors in the board of the Company as per the said BSEC's Notification. Thus, these two existing independent directors were released from the company on the day of 30 June 2022 as per the said BSEC's notification.

Then, based on the recommendation of the Nomination and Remuneration Committee, Mr. A.K.M. Shamsul Areefin and Mr. Md. Mozammel Hossain, FCA was appointed as an Independent Directors by the Board of Directors at its 125th Board Meeting held on 28 June 2022, w.e.f. 1 July 2022. A brief resume and other information of the above-mentioned directors is depicted in Page No 131. The Board will request the Shareholders to confirm the appointment of two new Independent Directors at their 22nd Annual General Meeting.

CODE OF CONDUCT

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

MANAGEMENT COMMITTEE

The day-to-day Management of the Company is entrusted to the Managing Director and the Management Committee.

The members of the Management Committee are jointly accountable for the entire management of the Company and decide on the basic issues of business policy and corporate strategies.

DECLARATION BY INDEPENDENT DIRECTORS

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

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

INFORMATION ON SHAREHOLDERS WHO HOLD ABOVE 10% OF SHARES

In compliance with condition No. 4 of the Commission's Notification No. BSEC/CMRRCD/2009-193/10/Admin/118 dated 22 March 2021.

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

Company information:

As of 30 June 2022, the following directors or shareholders who hold 10% shares of our company have taken a loan or credit facility from the following financial and non-financial institution by keeping their share in lien or pledge or have pledged to other associate company to take loans:

Boards' Report

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

SHAREHOLDING INFORMATION OF THE SAID DIRECTORS OR SHAREHOLDERS WHO HAVE AVAILED MARGIN LOAN FROM THE STOCKBROKER OR PORTFOLIO MANAGER.

Company information:

As of 30 June 2022, no Directors of our Company or any shareholders who hold 10% shares of our Company has not taken any margin loan from the stockbroker or portfolio manager against his/her share.

NOMINATION AND REMUNERATION POLICY

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

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

The Policy is annexed as Annexure X and is also uploaded on the website of company at www.esquireknit.com have been provided in the Corporate Governance Report which forms part of this Annual report.

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

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

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

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

GENDER EQUALITY IN THE WORKPLACE

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

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

GOING CONCERNED

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

Communication with Shareholders

- Accountable to:
- Shareholders
 - Board of Directors
 - Management

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

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

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

DISCLOSURE REGARDING VARIANCE BETWEEN QUARTERLY FINANCIAL PERFORMANCE & ANNUAL FINANCIAL STATEMENTS

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

BOARD'S STATEMENT TO THE EFFECT THAT NO BONUS SHARES OR STOCK DIVIDEND HAS BEEN OR SHALL BE DECLARED AS AN INTERIM DIVIDEND

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

MINORITY INTERESTS

In Compliance with condition number 1 (5) (xvi) of the Corporate Governance code 2018 of BSEC, the Board hereby confirms that the interests of the Minority Shareholders have been duly protected in the Company.

UNPAID OR UNCLAIMED DIVIDEND

In this regard, the Bangladesh Securities and Exchange Commission issued a Directive on 14 January 2021 regarding the Unpaid or Unclaimed dividends of all listed companies. As per the directive issued, we have retained the list of recipients of unpaid or unclaimed dividend holders of our company and are in reserved condition. However, as directed, we did not transfer any funds to the Capital Market Stabilization Fund during the year under review, because we are not applicable to this law yet.

According to the financial year ended 30 June 2022, the total amount of unpaid or unclaimed dividends of our company stands at Taka 3,475,908.

DECLARATION BY MANAGING DIRECTOR AND CFO

Declaration by the Managing Director and Chief Financial Officer (CFO) on the Financial Statement of the Company is attached as Annexure-I.

Declaration by MD or CEO, CS, CFO, and HIAC of a listed Company shall not hold any executive position in any other company at the same time

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

THE PATTERN OF SHAREHOLDING

The Shareholding of Directors, Managing Director, Chief Financial Officer (CFO), Company Secretary, Key Executives, and their Spouses and Children are provided in Annexure-II.

The shareholding pattern is shown as on 30 June 2022 as per BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018.

KEY OPERATING AND FINANCIAL DATA

The summarized Key Operating and Financial Data for 2021-2022 and the immediately preceding five years is provided in Annexure-III.

MANAGEMENT DISCUSSION AND ANALYSIS

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

STATUS OF CORPORATE GOVERNANCE COMPLIANCE REPORT

In accordance with the requirement of Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018, report on "Corporate Governance Compliance" is provided in Annexure-V.

Boards' Report

BUSSNIES GOAL SEETING

Business goals are a predetermined target that a business or individual plans to achieve in a set period of time. This meeting discusses the importance of business goals and reasons why you should set them for your team.





Boards' Report

WEBSITE

The company maintains a website namely www.esquireknit.com. All Disclosures, Audited Financial Statements, and Annual Reports are available from our company here.

BUSINESS ETHICS

Esquire Knit now has become a reputed brand in Knit Garments Industry for delivering innovation, performance, and fashion craze to its clients. The key element of long-term success is integrity and sincerity through performing the business fairly -a factor that contributes greatly to keeping long-standing affiliations with our valued clients.

All of our employees are instructed to behave decently during delivering their words & performing deeds based on Esquire knits ethical principles.

We have designed our policy to hold our reputation as an excellent Company all the way through fantastic client servicing and ethical business dealings. This is how we manage our business and maintain high standards all the time.

Our motto is to grow with our esteemed clientele and stakeholders harmonizing a good acquaintance and also providing them nothing less than the best.

Our Board, Management, and employees strictly follow & support the regulatory guidelines, instructions, and all applicable laws, rules, and regulations of the concerned Authorities.

HEALTH & SAFETY

Esquire Knit provides the best Health & Safety Policy to its employees/workers based on EKCL's Corporate Business Principles and the Management and Leadership Principles which are maintained by the whole Esquire Group and also committed to continual improvement of the standards of the policy.

The Company ensures utmost safety in the entire business operations that meet or exceed the requirements where all activities are operated considering the highest security and safety from all types of possible accidents as well as the protection of the people at the workplace.

For ensuring maximum safety, while working in the factory it is mandatory for every staff to be dressed up properly having the necessary uniforms i.e., aprons, gloves, mask, helmet, boots, etc. We commit to identifying systematic hazards and managing them with appropriate risk assessments and subsequent actions to minimize the possible dangers. These approaches also reduce the threat to the business protecting our shareholders' interests and so on.

FUTURE GOAL

At Present our company is more focused on increasing its new markets by producing and exporting existing and new products. At the same time, one of the goals of the company is to control the costs and increase the Net Profit of the company and distribute it among the shareholders. Members of all levels of the company, including the members of the Board, are working tirelessly day to night to achieve this goal.

ANNEXURES FORMING PART OF THIS REPORT

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

Annexure	Particulars
VI	Directors Declaration
VII	Report to the Audit Committee
VIII	Activities of the Nomination and Remuneration Committee
IX	Involvement of the Director in Other Organizations
X	Nomination and Remuneration Policy
XI	Dividend Distribution Policy
XII	Risk Management
XIII	Corporate Social Responsibility (CSR)
XIV	Directors Profile

ACKNOWLEDGMENTS

The Board expresses its deep sense of gratitude towards the customers for their continuous patronage and remains committed to serving them by delivering more style and comfort at every step.

The Board is grateful to our business partners, suppliers, vendors, and associates as well as the regulatory authorities of the Governments in Bangladesh associated with our company in its progress and places on record its appreciation for their support and cooperation. The Board looks forward to their continued assistance in the future.

The Board is deeply grateful to our investors and shareholders for their unwavering confidence and faith in us.

The Board also acknowledges and appreciates the Independent Directors and the Non-Executive Directors of our company for their contribution by way of strategic guidance, sharing of knowledge, experience, and wisdom, which helps our company to take the appropriate decisions in achieving its business goals.

The Board places on record its deep appreciation to the employees, workmen, and staff including the Management headed by the departmental head for their hard work, dedication, and commitment, particularly during the pandemic and overall challenging business environment. The Board places on record their special gratitude towards the front-line staff working in our factories.

The ownership and responsiveness shown by all stakeholders during the pandemic are inimitable and are a testimony to the spirit of this great organization.

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



Md. Mofazzal Hossain
Chairman

Place : Dhaka
Date : 30 October 2022