



Certified by :



Office Copy

Ref: EKCL/IPO-FUND/BSEC/29/2021
Thursday, 17 June, 2021

The Chairman
Bangladesh Securities and Exchange Commission,
Securities Commission Bhaban,
E-6/C, Agargaon, Sher-e-Bangla Nagar A/A
Dhaka-1207



Subject: Submission of Monthly Audited IPO Fund Utilization in Compliance with the condition No. 3 of Part-C of BSEC's consent letter No. BESC/CI/BB-11/2017/845 dated December 11, 2018.

Dear Sir,

With reference to the above-mentioned subject, we are pleased to submit herewith the audited IPO fund utilization report for the month of **April 2021**, in compliance with condition No. 3 of Part-C of **Bangladesh Securities and Exchange Commission** the consent given under Section 2CC of the Securities & Exchange Ordinance, 1969.

This is for your kind information and record.

Thank you.

Yours faithfully,

Md. Saidur Rahman
Company Secretary



Enclosure:

03. Monthly audited IPO Fund utilization report;
04. Monthly bank statement.

Copy to:

3. The Managing Director, Dhaka Stock Exchange Limited, Stock Exchange Building, 9/F Motijheel C/A, Dhaka.
4. The Managing Director, Chittagong Stock Exchange Limited, Eunoos Centre, 15th Floor, 52-53 Dilkusha, Dhaka.



Malek Siddiqui Wali

CHARTERED ACCOUNTANTS

9-G, Motijheel C/A, 2nd Floor, Dhaka-1000, Bangladesh.

Extension Office : Property Heights, 1st Floor

12, R.K. Mission Road, Dhaka-1000.

PHONE : 9513471, 9569867

PABX: 9576118-9, 9576128

FAX: +88-02-9516236

Email: wali@satcombd.com

Web: www.msw-bd.com

To Whom It May Concern

Based on our audit accompanying Status of Utilization of IPO proceeds with reference to all related documents of Esquire Knit Composite Ltd. (EKCL) as of April 30, 2021, we certify that, to the best of our knowledge and belief and according to the examination:

- a. The IPO proceeds that have been utilized for the purposes/heads specified in the prospectus;
- b. The IPO proceeds have been utilized in line with the conditions of the commission's consent letter;
- c. The company has utilized Tk. 844,369,825 in total as of April 30, 2021 out of schedule of committed expenditures of 150 crore. In addition to this, the company has also transferred an amount of Tk. 2,500,000 from escrow account in the month of November 2020 to current account of EKCL in relation to the utilization under Building and Civil Construction, but we have not received any documentary evidence in respect of the utilization for this transfer. The detailed of the report are as follows:

1. Out of the schedule of committed expenditures, Tk. 721,381,325 has already been utilized in respect of Building and Civil Construction as of April 30, 2021 including current month utilization of Tk. 93,984,441. Apart from this, The company has also paid Tk. 251,047,780 as of April 30, 2021 as advance to the construction company named Pinnacle Construction Management Ltd., which falls under the definition of related party of EKCL as per IAS 24: Related Party Disclosures, as the principal owners of the company are the daughters of the Managing Director of Esquire Knit Composite Ltd.

The utilization amount of TK. 93,984,441 during the month of April also included an amount of TK. 7,429,105 in respect of building material through an LC (297721010024) dated 18th January 2021. The building material included LC value of TK. 6,287,701 (USD 74,016) and incidental cost of TK. 1,141,404. The company has paid TK. 1,072,457 from escrow account during the month of April 2021 and remaining amount of TK. 6,356,648 has been adjusted from building material in pipeline which was paid during the month of January 2021. The machineries were cleared from Chattogram port dated: April 28, 2021 as per C&F clearing documents, which are currently under progress to be fixed up in the building and civil construction under the utilization.

- i) We also observed that the company had original plan to construct three separate buildings, two of these were six storied and rest one was four storied with total area of 615,444 sft. (please see the page no. 240, Note: 2 in IPO Prospectus). However, the company is developing one building containing with ten storied plus one basement, which is of 688,460 sft.

ii) According to the public issue prospectus, the company is supposed to utilize the IPO proceeds in relation to Building & Civil Construction and Machineries by August and December 2020 respectively. The company's proposal for extending the time of IPO proceeds utilization has been approved up to December 31, 2021 by Bangladesh Security Exchange Commission on March 23, 2021 in line with the consent of the honourable shareholders of the company.

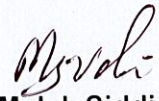
2. The utilization in respect of procurement of garments machineries was Tk. 58,600,000 as of April 30, 2021. The company has not utilized any amount during the month of April 2021.

3. Further, the company has transferred Tk. 11.3 crore from escrow account as of April 2021. In view of documentary evidence, we found that Tk. 76,355,433 has been paid for 10 no. LCs as margin for the machinery and building material, which is being acquired through L' Esquire Ltd., a 99% owned subsidiary, but no documentary evidence has been found in respect of the remaining amount transferred. During the month of April 2021, TK. 6,356,648 has been adjusted from pipeline balance against the utilization of Building and Civil Construction.

Two of these ten LCs consisting of total LC value of Tk. 55,643,352 (USD 650,000) are related to acquisition of electrical equipment and machineries which do not meet the criteria of garments machineries. The utilization of IPO proceeds for acquisition of such equipment and machineries was not mentioned in IPO Proceeds Utilization plan mentioned in IPO Prospectus.

d. The utilization report is self-explanatory.

Dated: Dhaka,
June 16, 2021



Malek Siddiqui Wali
Chartered Accountants

Report on Utilization of IPO Proceeds For the month of April 2021

Name of the Company
Amount (BDT) of Capital Raised through IPO
Date of Closing Subscription
Proceeds Receiving Date
Last date of Full Utilization of Fund as per Prospectus

: Esquire Knit Composite Ltd.
: Tk.1500,000,000 (Approximately)
: January 20, 2019
: March 03, 2019
: Within 24 months of receiving the IPO Proceeds

Sl. No.	Purpose Mentioned in the Prospectus	Time Line as per Prospectus	Amount as per Prospectus (Approx.)	Status of Utilization			Status of Un-utilization		Remarks
				This Month	Upto this month	Utilized (%)	Total Un-utilized Amount	Un-utilized (%)	
1	Building and civil construction	Within 24 months of IPO Proceeds	1,004,215,500	93,984,441	723,881,325	72.08	280,334,175	27.92	
2	Machineries	Within 24 months of IPO Proceeds	431,396,000	-	58,600,000	13.58	372,796,000	86.42	
3	IPO Expenses	On Turnkey basis	64,388,500	-	64,388,500	100.00	-	-	
	Total		1,500,000,000	93,984,441	846,869,825		653,130,175		

Net interest on IPO Proceeds

Un-utilized IPO Proceeds

Total Un-utilized IPO Proceeds with net interest income

54,797,770
653,130,175
707,927,945

Particulars	Month	Amount in taka	Utilization	Amount in taka
Building Material in pipeline	Jan-21	-	Apr-21	6,356,648
Machineries in pipeline	Jan-21	55,643,352		-
Machineries in pipeline	Mar-21	25,016,887		-
Machineries in pipeline	Apr-21	32,492,543		-
		113,152,782		6,356,648

Percentage:

Net interest on IPO Proceeds:

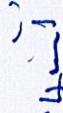
Un-utilized IPO Proceeds:


7.74
92.26


Notes:


a) During the month, the Company has utilized Tk. 93,984,441 against payment of Building and civil construction from IPO Proceeds accounts.

On behalf of Board of Directors


Managing Director


Chief Financial Officer


Company Secretary


Malek Siddiqui Wali
CHARTERED ACCOUNTANTS