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Factory :
Kanchpur, Sonargaon, Narayanganj, Bangladesh.



Esquire Knit Composite Ltd.



Certified by :

Office Copy

Ref: EKCL/IPO-FUND/BSEC/39/2022
Sunday, 23 January, 2022

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

Subject: Submission of Monthly Audited IPO Fund Utilization report for the month of Dec 2021 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.

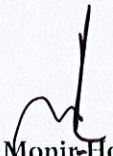
Dear Sir,

With reference to the above-mentioned subject, we are pleased to submit herewith the audited IPO fund utilization report for the month of **December 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. Monir-Hossain
Company Secretary

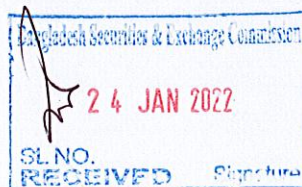


Enclosure:

01. Monthly audited IPO Fund utilization report;
02. Monthly bank statement.

Copy to:

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



Member of  Esquire Group

Malek Siddiqui Wali

CHARTERED ACCOUNTANTS

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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 December 31, 2021, we certify that, to the best of our knowledge and belief and according to the examination:

- The IPO proceeds that have been utilized for the purposes/heads specified in the prospectus;
- The IPO proceeds have been utilized in line with the conditions of the commission's consent letter;
- The utilization report has shown of Tk. 1,402,660,068 as of December 31, 2021 (including during the month of December 2021 of Tk. 85,361,132) out of committed expenditure of Tk. 150 crore. Our observations regarding this utilization report are furnished below:

Observation 1:

Tk. 82,072,313 has been shown as of December 31, 2021 as utilization of fire alarming system and related equipment purchase under Building and Civil Construction, which do not fall, in our opinion, under the definition of Building and Civil Construction material. Among this Tk. 45,659,731 has been utilized through L' Esquire Ltd.

Observation 2:

The company has shown utilization of Tk. 831,165,007 as of December 31, 2021 (out of total utilization of Tk. 1,014,651,403) in respect of Building and Civil Construction under the contract with Pinnacle Construction Management Ltd., a related party of EKCL as per IAS 24: Related Party Disclosures. In addition, the company has made advance of Tk. 133,834,993 to Pinnacle Construction Management Ltd. as of December 31, 2021.

Observation 3:

Under the building and Civil Construction, the company has shown utilization of Tk. 64,432,498 as of December 31, 2021 against the purchase of Industrial Chiller Machineries, which do not fall, in our opinion, under the definition of Building and Civil Construction material.

Observation 4:

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 sq.ft. (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 sq.ft.

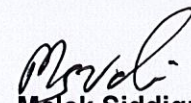
- The utilization in respect of procurement of Garments Machineries was Tk. 323,620,165 as of December 31, 2021. The company has utilized Tk. 20,612,242 during the month of December 2021 in respect of Garments Machineries.

Observation 1:

Under the procurement of Garments Machineries, the company has shown utilization of Tk. 66,699,469 as of December 31, 2021 against the purchase of Transformer and Air Compressor, which do not fall, in our opinion, under the definition of Garments Machineries.

- The company purchases its imported machineries and Equipment via L' Esquire Ltd., a 99% owned subsidiary of EKCL. As of December 31, 2021, the Machineries and Building Material acquisition using IPO Proceeds through L' Esquire Ltd. was Tk. 277,843,832 and advance LC payment of Tk. 59,114,558.
- The utilization report is self-explanatory.

Dated: Dhaka,
January 23, 2022



Malek Siddiqui Wali
Chartered Accountants

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

Name of the Company : Esquire Knit Composite Ltd.
Amount (BDT) of Capital Raised through IPO : Tk.1500,000,000 (Approximately)
Date of Closing Subscription : January 20, 2019
Proceeds Receiving Date : March 03, 2019
Last date of Full Utilization of Fund as per Prospectus : Within 24 months of receiving the IPO Proceeds
Last date of Full Utilization of Fund as per Extended time : Within 31 December 2021

| 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 | 64,748,890 | 1,014,651,403 | 101.04 | (10,435,903) | (1.04) | |
| 2 | Machineries | Within 24 months of IPO Proceeds | 431,396,000 | 20,612,242 | 323,620,165 | 75.02 | 107,775,835 | 24.98 | |
| 3 | IPO Expenses | On Turnkey basis | 64,388,500 | - | 64,388,500 | 100.00 | - | - | |
| | Total | | 1,500,000,000 | 85,361,132 | 1,402,660,068 | 93.51 | 97,339,932 | 6.49 | |

Advance for LC [LC Margin and subsequent cost]

| | |
|--|--------------------|
| Net interest on IPO Proceeds | 58,234,178 |
| Un-utilized IPO Proceeds | 97,339,932 |
| Total Un-utilized IPO Proceeds with net interest income | 155,574,110 |
| Exchange Gain | 433,285 |
| Less: Bank Charge | 119,384 |
| Net Gain | 313,902 |

| Particulars | Month | Amount in taka |
|-------------|--------|--------------------|
| Machineries | Jun-21 | 56,655,225 |
| Machineries | Sep-21 | 680,001 |
| Machineries | Nov-21 | 433,109 |
| Machineries | Dec-21 | 98,119,677 |
| | | 155,888,012 |

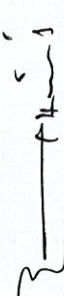
Grand Total for Un-utilized IPO & Others Proceeds

155,888,012

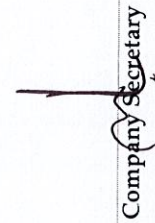
Notes:

- a) During the month, the Company has utilized Tk. 64,748,890 against payment of Building and civil construction and Tk. 20,612,242 against Garments machineries from IPO Proceeds accounts.

On behalf of Board of Directors


Managing Director


Chief Financial Officer


Company Secretary


Malek Siddiqui Wali
CHARTERED ACCOUNTANTS