

Corporate Office:
Esquire Tower
21, Shaheed Tajuddin Ahmed Sarani
Tejgaon I/A, Dhaka- 1208. Bangladesh
Phone : 096 12 443 322
E-mail : ekcl@esquirebd.com
Website : www.esquireknit.com
Factory :
Kanchpur, Sonargaon, Narayanganj, Bangladesh.



Esquire Knit Composite Ltd.

Certified by :



Ref: EKCL/IPO-FUND/BSEC/26/2021
Monday, 15 February, 2021

Office Copy

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. BSEC/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 January 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:

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/H Motijheel C/A, Dhaka.
2. 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 January 31, 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. 655,980,113 in total as of January 31, 2021 out of schedule of committed expenditures. 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. 532,991,613 has already been utilized in respect of Building and Civil Construction as of January 31, 2021 and the full amount has been utilized through Pinnacle Construction Management Ltd. Among this utilization Tk. 14,332,328 has been utilized during the month of January 2021. The company has also paid Tk. 432,008,387 as of January 31, 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 construction of building was started before the IPO proceeds received. In addition to the above utilization in respect of building and civil construction, the company has transferred an amount of Tk. 2,500,000 in the month of November 2020 from escrow account to EKCL current account. However, we have not received any documentary evidence in respect of the utilization for this transfer.
 - 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 management have informed us that they have 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. An EGM was held on September 14, 2020 and permission has been taken from the honourable shareholders of the company complying with Clause no. 6 (Part C) of the BSEC consent letter.

2. The utilization of IPO issue expenses was Tk. 64,388,500 as of January 31, 2021. During the month of January 2021, the company has not utilized any amount for paying IPO issue expenses.
3. The utilization in respect of procurement of garments machineries was Tk. 58,600,000 as of January 31, 2021. The company has not utilized any amount during the month of January 2021.
 - i) The company had acquired machineries of Tk. 56,815,291 (\$640,300) dated: April 25, 2019 through the LC no. 168919020615, commercial invoice no. SOR233110 (value \$564,400 equivalent to Tk. 50,080,510) dated: May 19, 2019 and commercial invoice number SOR233514 (value \$75,900 equivalent tk. 6,734,781) dated: June 07, 2019. The machineries acquired through the commercial invoice no. SOR233110 were cleared from Chattogram port dated: May 27, 2019 as per C&F clearing documents and installation date was June 01, 2019. In addition, machineries acquired through the commercial invoice no. SOR233514 were cleared from Chattogram port dated: July 01, 2019 and the machineries were installed and used under current condition but no record was found for the installation of such machineries. The company has paid full LC value of Tk. 56,815,291 from their internal fund in relation to the acquisition of above mentioned machineries and the full amount has been reimbursed from escrow account.
 - ii) Further, the company has utilized Tk. 1,784,709 as incidental cost of above mentioned machineries as of January 31, 2021.
4. In the 3rd Extra-ordinary General Meeting held on September 14, 2020, it had been approved by the shareholders that the commercial operation of the Valuka project will be taken over as 99% owned subsidiary under the name of L' Esquire Ltd.
5. Further, during the month of January 2021, the company has transferred Tk. 6.2 crore from escrow account. In view of documentary evidence, we found that Tk. 15,724,117 has been paid for 3 no. LCs as margin for the machinery and building equipment 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. Two of these three 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 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,
February 15, 2021


Malek Siddiqui Wali
Chartered Accountants

Report on Utilization of IPO Proceeds

For the month of January 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	14,332,328	535,491,613	53.32	468,723,887	46.68	
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	14,332,328	658,480,113		841,519,887		

Net interest on IPO Proceeds

Un-utilized IPO Proceeds

Total Un-utilized IPO Proceeds with net interest income

54,797,770	Material in pipeline	Month	Amount in taka
841,519,887	Building Material in pipeline	Jan-21	6,356,648
896,317,657	Machineries in pipeline	Jan-21	55,643,352
			62,000,000

Percentage:

Net interest on IPO Proceeds:

Un-utilized IPO Proceeds:

6.11
93.89

Notes:

a) During the month, the Company has utilized Tk. 14,332,328 against payment of Building and civil construction from IPO Proceeds accounts.

On behalf of Board of Directors

Managing Director

Director

Chief Financial Officer

Company Secretary

Matek Siddiqui Wali
CHARTERED ACCOUNTANTS

