



Certified by :



Ref: EKCI/IPO-FUND/BSEC/28/2021
Monday, 23 May, 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 **March 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/F 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

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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 March 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. 750,385,384 in total as of March 31, 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. 627,396,884 has already been utilized in respect of Building and Civil Construction as of March 31, 2021 including current month utilization of Tk. 79,939,484. Apart from this, The company has also paid Tk. 337,603,116 as of March 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.
 - 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.

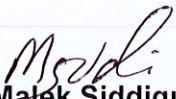
2. The utilization in respect of procurement of garments machineries was Tk. 58,600,000 as of March 31, 2021. The company has not utilized any amount during the month of March 2021.

3. Further, the company has transferred Tk. 8.8 crore from escrow account as of March 2021. In view of documentary evidence, we found that Tk. 40,741,004 has been paid for 6 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 six 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,
May 23, 2021


Malek Siddiqui Wali
Chartered Accountants

Report on Utilization of IPO Proceeds For the month of March 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

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	79,939,484	629,896,884	62.73	374,318,616	37.27
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	79,939,484	752,885,384		747,114,616	

Net interest on IPO Proceeds

Un-utilized IPO Proceeds

Total Un-utilized IPO Proceeds with net interest income

Percentage:

Net interest on IPO Proceeds:

Un-utilized IPO Proceeds:

Notes:

a) During the month, the Company has utilized Tk. 79,939,484 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