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Factory :
Kanchpur, Sonargaon, Narayanganj, Bangladesh.



Esquire Knit Composite Ltd.

Certified by :



Office Copy

Ref: EKCL/IPO-FUND/BSEC/32/2021
Monday, 23 August, 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. 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 **May 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.

Notice hereby to draw your kind attention for delay submission the report of May-2021 is being getting delay service from audit firm due to government declared so called lockdown for curb spreading the COVID-19 virus.

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

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

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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 May 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. 920,965,400 in total as of May 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. 737,300,727 has already been utilized in respect of Building and Civil Construction as of May 31, 2021 including current month utilization of Tk. 15,919,402. Apart from this, The company has also paid Tk. 235,128,378 as of May 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.
 2. The utilization in respect of procurement of Garments Machineries was Tk. 119,276,173 as of May 31, 2021. The company has utilized TK. 60,676,173 during the month of May 2021.

The utilization of TK. 60,676,173 was made in respect of Garments Machineries through 2 no. LCs, 210221010004 (partial) and 210221010005, dated 29th March 2021 and 31st March 2021 respectively. The utilization amount included commercial invoice value of TK. 59,198,936 (USD 696,868) and incidental cost of TK. 1,477,237. In respect of the utilization, the company has paid TK. 48,694,749 from escrow account during the month of May 2021 and remaining amount of TK. 11,981,424 has been adjusted from machinery in pipeline which was paid during the month of March


2021. The machineries were cleared from Chattogram port dated: May 25, 2021 and May 27, 2021 respectively as per C&F clearing documents, most of which are currently under use and remaining are being stored for future use.

3. Further, the company has transferred Tk. 10.7 crore from escrow account as of May 2021. In view of documentary evidence, we found that Tk. 63,873,105 has been paid for 11 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 May 2021, TK. 11,981,424 has been adjusted from pipeline balance against the utilization of Building and Garments Machineries.

Two of these eleven 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,
August 22, 2021


Malek Siddiqui Wali
Chartered Accountants

Report on Utilization of IPO Proceeds For the month of May 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	15,919,402	739,800,727	73.67	264,414,773	26.33	
2	Machineries	Within 24 months of IPO Proceeds	431,396,000	60,676,173	119,276,173	27.65	312,119,827	72.35	
3	IPO Expenses	On Turnkey basis	64,388,500	-	64,388,500	100.00	-	-	
	Total		1,500,000,000	76,595,575	923,465,400		576,534,600		

Net interest on IPO Proceeds

54,797,770

Un-utilized IPO Proceeds

576,534,600

Total Un-utilized IPO Proceeds with net interest income

631,332,370

Percentage:

Net interest on IPO Proceeds:

8.68

Un-utilized IPO Proceeds:

91.32

Notes:


- a) During the month, the Company has utilized Tk. 15,919,402 against payment of Building and civil construction and Tk. 60,676,173 against payment of Garments machineries from IPO Proceeds accounts.

On behalf of Board of Directors


Managing Director


Company Secretary


Chief Financial Officer


Malek Siddiqui Wali
CHARTERED ACCOUNTANTS

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	May-21	-
Machineries in pipeline	Mar-21	13,035,463		11,981,424
Machineries in pipeline	Apr-21	32,492,543		
Building Material in pipeline	May-21	2,542,886		
Machineries in pipeline	May-21	3,462,365		
		107,176,609		18,338,072