

Corporate Office:

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E-mail : ekcl@esquirebd.com

Website : www.esquireknit.com

Factory :

Kanchpur, Sonargaon, Narayanganj, Bangladesh.



# Esquire Knit Composite Ltd.

Certified by :



## Office Copy

Ref: EKCL/IPO-FUND/BSEC/36/2021

Tuesday, 28 December, 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 report for the month of Sep 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 **September 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





# মালেক সিদ্দিকী ওয়ালী, চার্টার্ড একাউন্টেন্টস

৯-জি, মতিঝিল বাণিজ্যিক এলাকা, ঢাকা-১০০০

**Malek Siddiqui Wali**  
CHARTERED ACCOUNTANTS

9-G, Motijheel C/A, 2<sup>nd</sup> 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 September 30, 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. 1,262,280,834 as of September 30, 2021 (including during the month of September 2021 of Tk. 68,846,366) out of committed expenditure of Tk. 150 crore. Our observations regarding this utilization report is furnished below:

**Observation 1:**

Tk. 25 lakh has been shown as utilization of fire alarming system and related equipment purchase (partially) under Building and Civil Construction, which do not fall, in our opinion, under the definition of Building and Civil Construction material.

**Observation 2:**

The company has shown utilization of Tk. 809,718,370 as of September 30, 2021 (out of total utilization of Tk. 897,942,980) 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. 155,281,630 to Pinnacle Construction Management Ltd. as of September 30, 2021.

**Observation 3:**

Under the building and Civil Construction, the company has shown utilization of Tk. 53,973,911 as of September 30, 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. 299,949,354 as of September 30, 2021. The company has utilized TK. 45,807,973 during the month of September 2021.

**Observation 1:**

Under the procurement of Garments Machineries, the company has shown utilization of Tk. 43,028,658 as of September 30, 2021 against the purchase of Transformer, 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. For that purposes, Tk. 74,541,035 has been paid as advance for the acquisition of Machineries & Equipment and 6 no. LCs have been under progress in relation to this.

Five of these six LCs consisting of total LC value of Tk. 71,945,019 (USD 846,910) are related to the acquisition of machineries which do not meet the criteria of garments machineries. The utilization of IPO proceeds for the acquisition of such equipment and machineries was not mentioned in IPO Proceeds Utilization plan mentioned in IPO Prospectus.

- The utilization report is self-explanatory.

Dated: Dhaka,  
December 27, 2021

**Malek Siddiqui Wali**  
Chartered Accountants



# Report on Utilization of IPO Proceeds

For the month of September 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  
Last date of Full Utilization of Fund as per Extended time

: Esquire Knit Composite Ltd.  
: Tk.1500,000,000 (Approximately)  
: January 20, 2019  
: March 03, 2019  
: Within 24 months of receiving the IPO Proceeds  
: 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	23,038,393	897,942,980	89.42	106,272,520	10.58	
2	Machineries	Within 24 months of IPO Proceeds	431,396,000	45,807,973	299,949,354	69.53	131,446,646	30.47	
3	IPO Expenses	On Turnkey basis	64,388,500	-	64,388,500	100.00	-	-	
	Total		1,500,000,000	68,846,366	1,262,280,834	84.15	237,719,166	15.85	

Net interest on IPO Proceeds

Un-utilized IPO Proceeds

Total Un-utilized IPO Proceeds with net interest income

Advance for LC [ LC Margin and subsequent cost ]

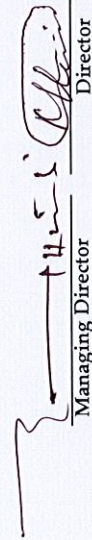
57,971,245
237,719,166
295,690,411


Particulars	Month	Amount in taka
Machineries	Jan-21	14,201,235
Machineries	Mar-21	-
Machineries	Jun-21	56,655,225
Machineries	Jul-21	2,997,658
Machineries	Sep-21	686,917
		74,541,035

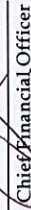
Notes:

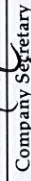
- a) During the month, the Company has utilized Tk. 23,038,393 against payment of Building and civil construction and Tk. 45,807,973 against payment of Garments machineries from IPO Proceeds accounts.

On behalf of Board of Directors

  
Managing Director

  
Director

  
Chief Financial Officer

  
Company Secretary



Malek Siddiqui Wali  
CHARTERED ACCOUNTANTS