



SHIRAZ KHAN BASAK & CO.
CHARTERED ACCOUNTANTS
(An associate firm of D. N. Gupta & Associates)

R. K. TOWER (Level-10)
86, Bir Uttam C.R. Datta Road
(312, Sonargaon Road). Dhaka-1205
Tel : 88-02-9635139, 88-02-9673597
Mobile : 01552-638228, 01711-520770
01922-117370, 01757-941837
E-mail : shirazkhanbasak@yahoo.com

**AUDITOR'S CERTIFICATE REGARDING MONTHLY STATUS REPORT OF
UTILIZATION OF FUND AGAINST INITIAL PUBLIC OFFERING (IPO) OF
PACIFIC DENIMS LTD.
FOR THE MONTH OF FEBRUARY-2020**

This is to certify that **Pacific Denims Ltd.** has received Tk. 750,000,000 (Taka Seventy Five Crore) only as Initial Public Offering (IPO) proceeds through subscription from 11 December 2016 to 19 December 2016 in the separate Bank Account (Account number 0012-0320001552) maintaining with Mutual Trust Bank Limited, Dilkusha Branch, Hotel Purbani International Building, 1 Dilkusha C/A, Dhaka-1000. In line with the condition number 4, Part C of the consent letter number BSEC/CI/IPO-231/2014/632 dated: 10 November 2016 of Bangladesh Securities and Exchange Commission (BSEC), fund utilization status as on 29 February 2020 is as follows:

Sl. No.	Purpose of Utilization	Allotment as per IPO (Tk.)	Fund utilized (Taka) upto the month of January 2020	Fund utilized (Taka) for the month of February 2020	Total Utilization of Fund upto February 29, 2020	Unspent Balance (Taka)
1	IPO Expenses	20,620,000	20,620,000	-	20,620,000	-
2	Partial Bank Loan Pay off	250,000,000	250,000,000	-	250,000,000	-
3	Construction of Building	279,201,447	279,201,447	-	279,201,447	-
4	Machinery & Equipment	200,178,553	-	200,178,553	200,178,553	-
	Total IPO Proceeds	750,000,000	549,821,447	200,178,553	750,000,000	-
5	Interest Income/ (Bank Charges)	14,767,786	1,150	-	1,150	14,766,636
	Total IPO Proceeds & Interest Income/ (Bank Charges)	764,767,786	549,822,597	200,178,553	750,001,150	14,766,636

Total utilized of fund excluding interest income Tk. 750,000,000 (Taka: Seventy Five Crore) only and unutilized interest income Tk. 14,766,636 as on 29 February 2020 as at Bank with Mutual Trust Bank Limited, Dilkusha Branch, Hotel Purbani International Building, 1 Dilkusha C/A, Dhaka-1000. (Account number 0012-0320001552) and Meghna Bank Ltd., Principal Branch, Gulshan, Dhaka-1212 (Account number 11011110000558). We have collected relevant information and required documents for all disbursements made and we have also checked and enclosed Status Report (Annexure-A) of utilization of fund prepared by the management.

During the course of our certification, we have found that:

- the management of Pacific Denims Ltd. have received as interest income amounting Tk. 14,767,786 net off with holding tax up to the months of December 2019 from the IPO proceed account maintain with Mutual Trust Bank Ltd. Including Tk. 959,734 during the month.
- the management of Pacific Denims Ltd. have utilized total amounting Tk. 279,201,447 upto the month of December 2019 for construction of Building.
- As per prospectus, budgeted amount was Tk. 298,373,723 for construction of Building. Tk. 279,201,447 has been utilized for construction of building. Rest amount of Tk. 19,172,276 has been transferred to Machinery & Equipment as per resolution of the agenda no 6 of the 16th Annual General Meeting of the company held on December 12, 2019.





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d) the management of Pacific Denims Ltd. have paid as advance total amounting Tk. 200,178,500 upto the month of December 31, 2019 against Machinery and Equipment, now adjusted the total amount during the month of February 2020.

We also report that:

- i. the expenses/utilization has been made in line with the provision of Initial Public Offering (IPO) documents;
- ii. the expenses/utilization made in line with the condition 4, part C of consent letter of Initial Public Offering (IPO);
- iii. the expenses/utilization Tk. 750,000,000 of IPO proceeds have been completed upto the month of February 2020 (end of the implementation period 24 months of 6 February 2019 as per prospectus issued by the issuer (Pacific Denims Ltd.) and approved by the Bangladesh Securities and Exchange Commission (BSEC)). We also report that Bangladesh Securities and Exchange Commission has approved time extension upto 31 December 2019 on utilization of IPO Proceeds but machinery installed by March 2020 as per resolution of the 16th Annual General Meeting of the company held on December 12, 2019.
- iv. the expenses/utilization made is accurate /for the purpose of the company as mentioned in Initial Public Offering (IPO) documents; and
- v. we also confirmed that: (i) expenses have been procured/incurred maintaining proper procedure as well as at a reasonable price; and (ii) books and records including vouchers in support of utilization of Initial Public Offering (IPO) proceeds are found correct.
- vi. As per prospectus page no. 197 chapter (XXII) use of proceeds mentioned that the machineries & equipment to be imported from the various countries of origin total amounting Tk. 181,006,277 including excise duty, clearance, insurance, commission, pre-shipment inspection & carrying amounting to Tk. 12,186,187 and also included installation cost Tk. 10,324,090. But the management of the Pacific Denims Ltd. procured the Machineries from local suppliers through agreement between Pacific Denims Ltd. and GWI Export Ltd. dated August 16, 2017 and amendment extendent upto 31 March, 2020. It may be further mentioned that Management of Pacific Denims Ltd. has increased the price of Tk. 30,000,000 which included additional new Clip Mercerizing Machine.


Summary of the details Payment:

Date	Cheque No.	Bank Name	Amount In Tk.
09.10.2017	0780269	Meghna Bank Ltd.	5,000,000
24.10.2017	0780278	Meghna Bank Ltd.	15,000,000
10.12.2017	0780297	Meghna Bank Ltd.	50,000,000
18.12.2017	0764736	Meghna Bank Ltd.	3,000,000
18.12.2017	0764735	Meghna Bank Ltd.	78,000,000
26.12.2017	0764744	Meghna Bank Ltd.	12,000,000
30.12.2019	1478237	Mutual Trust Bank L	37,178,500
Total			200,178,500

As per Income Tax Ordinance 1984, Section 52 Tax has not been deducted from the above Payment by the Management.

Date: 14 March 2020
Place: Dhaka




Ramendra Nath Basak, FCA
Partner
Shiraz Khan Basak & Co.
Chartered Accountants

Report on Utilization of IPO Proceeds for the Month of February 2020

Name of the Company : Pacific Denims Ltd.
 Amount (BDT) of Capital Raised Through IPO : 750,000,000
 Date of Close Subscription : December 19, 2016
 Proceeds Receiving Date : February 7, 2017
 Last date of Full Utilization of Fund as Per Prospectus : Within 24 Months of receiving IPO Fund

Annexure-A

Sl. No.	Purpose Mentioned in the Prospectus	Time Line As per Prospectus	Amount As per Prospectus (Budgeted Amount)	Status of Utilization						Remarks
				Fund utilized (Taka) upto the month of January 2020	Fund utilized (Taka) for the month of February 2020	Total Utilization Amount	Utilization %	Total Un-utilized Amount	Un-utilization (%)	
1	IPO Expenses	As and when required	20,620,000	20,620,000	-	20,620,000	100.00	-	-	IPO Utilization Proceeds Certified by Shiraz Khan Basak & Co., Chartered Accountants
2	Partial Bank Loan Pay off	Within 3 months after receiving IPO fund	250,000,000	250,000,000	-	250,000,000	100.00	-	-	
3	Construction of Building	Within 24 months after receiving IPO fund	279,201,447	279,201,447	-	279,201,447	100.00	-	-	
4	Machinery & Equipment	Within 24 months after receiving IPO fund	200,178,553	-	200,178,553	200,178,553	100.00	-	-	
TOTAL			750,000,000	549,821,447	200,178,553	750,000,000				


Percentage

Interest on IPO Proceeds: 3.00%

Un-utilized IPO proceeds without Interest Income

Note:

- Actual application was received almost 21.11 times
- The Company Utilized Tk. 279,201,447/- for Construction of Building against budgeted amount of Tk. 279,201,447/- as per AGM 2019 dated December 12, 2019 an amount of Tk. 19,172,276/- alternative use for Capital Machineries.
- The Company Utilized Tk. 20,620,000/- for IPO Expenses against budgeted amount of Tk. 20,620,000/-
- The Company Utilized Tk. 250,000,000/- for partial loan pay off against budgeted amount of Tk. 250,000,000/-
- The Company utilized full amount of Tk.200,178,500 against machinery & equipment within December 31, 2019 as mentioned foot note no.(g) but adjustment by February 29, 2020.
- The Company Utilized of IPO proceeds is being under completion within the time frame regarding partial loan pay off. Resolved that, six months' time up to June 30, 2018 for partial loan payoff is extended as recommended by the Board of Directors is hereby approved as on 14th Annual General Meeting (AGM) held on December 28, 2017.
- The balance amount is lying with Mutual Trust Bank Ltd., BDT A/C No. 0012-0320001552 Tk. 14,591,868.03 including Interest, refund deposit and Meghna Bank Ltd., BDT A/C No. 110111100000558 Tk. 52,798.06/- as on 29, February 2020.
- the management have received as interest income amounting Tk. 14,767,786 net off with holding tax up to the months of December 2019 from the IPO proceed account maintain with Mutual Trust Bank Ltd. including Tk. 959,734/- during the month.
- Bangladesh Securities and Exchange Commission has approved time extension up to December 31, 2019 of IPO Proceeds as per letter no. SEC/CFD/62/2017/88 dated September 24, 2019



Chairman

Managing Director







Company Secretary



Chief Financial Officer