AUDITOR'S CERTIFICATION REGARDING PERIODICAL STATUS REPORT OF UTILIZATION OF FUND AGAINST INITIAL PUBLIC OFFERING (IPO) OF RING SHINE TEXTILES LIMITED

FOR THE PERIOD OF 01 July 2021 TO 30 JUNE 2022

ASHRAF UDDIN & CO, CHARTERED ACCOUNTANTS

Principal Office: 142/B, (3rd & 4th floor) Green Road, Dhaka 1215
Mogbazar Office: Green Satmahal (10th floor) 206-208, Wireless, Mogbazar, Dhaka-1217
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AUDITOR'S CERTIFICATION REGARDING YEARLY STATUS REPORT OF UTILIZATION OF FUND AGAINST INITIAL PUBLIC OFFERING (IPO) OF RING SHINE TEXTILES LIMITED FOR THE PERIOD OF JULY 2021 TO JUNE 2022

This is to certify that **Ring Shine Textiles Limited h**as received Tk 1,500,000,000 (Taka One Hundred Fifty Crore) only as Initial Public Offering (IPO) proceeds through subscription from 25 August 2019 to 09 September 2019,

In line with the clause number 4, Part C of the consent letter number BSEC/CI/IPO-283/2018/456 the auditors will perform their jobs under the following Terms of Reference (TOR) and confirm the same in their report/certificate:

a. Whether IPO proceeds have been utilized for the purposes/heads as specified in the prospectus.
b. Whether IPO proceeds have been utilized in line with the condition (if any) of the Commission's consent letter.
c. Whether utilization of IPO proceeds have been completed within the time schedule/implementation schedule as specified in the published prospectus.
d. Whether utilization of IPO proceeds is accurate and for the purpose of the company as mentioned/specified in the published prospectus. And,
e. The Auditors should also confirm that: (i) assets have been procured/imported/constructed maintaining proper/required procedures as well as at reasonable price; and (ii) auditors' report has been made on verification of all necessary documents/papers/vouchers in support of IPO proceeds making reconciliation with Bank Statement.

Our report has been made in line with these terms of references.

1. As of the IPO Fund Utilization Auditor's report of 30 June 2021, a total amount of BDT **735,699,609** (Seventy-three crore fifty-six lax ninety-nine thousand six hundred and nine taka) only had been utilized (excluding Exchange Gain/Interest Income/Bank Charges). The total unutilized fund had been BDT 764,300,391/-

2. It is worth to mention that, Bangladesh Securities and Exchange Commission (BSEC) (vide its letter no BSEC/CFD/93/2019/203 dated October 22, 2020) had frozen RSTLs IPO fund accounts on the ground of RSTLs non-compliance with the conditions of their aforesaid consent letter along with their concern of the company's going concern status.

3. Since then, the remaining balance of the IPO funds were unutilized until the commission had accorded their approval to the company's plea (vide its letter no BSEC/CFD/93/2019/540 dated May 20, 2021), for further utilization of BDT 40 crore of the remaining fund **(see the paragraph "The Second Approval" below)**, allowing the company to amend/change the use of IPO proceeds mentioned in the approved Prospectus.

4. A further approval was accorded by the commission (vide its letter no BSEC/CFD/93/531 to BRAC Bank PLC, dated April 27, 2022) to allow a release of BDT 10 Crore of the remaining fund. However, the company could not provide us any copy of application letter to BSEC, or the approval letter in favor of the company. Therefore, it was not possible for us to determine whether the expenses were in line with the BSEC's consent or not (see the paragraph "The Third Approval" below).

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5. It is also worth to mention that the company has surpassed its deadline of full utilization of IPO funds as per the approved Prospectus on April 05, 2021.
6. Management has changed the purposes of use of funds but the approval form the shareholders in AGM is yet to be received.

Utilization Status of The Second Approval

The approved purpose for utilizing BDT 40 crore (BSEC letter # BSEC/CFD/93/2019/540 dated May 20, 2021) as at June 30, 2022 are as follows:

Sl	Approved Purpose as per Second Consent	Approved Amount (BDT)	Fund Utilized as at June 30, 2021. (BDT)	Fund Utilized from July 01, 2021 to June 30, 2022 (BDT)	Total Utilization of Fund as at June 30, 2022 (BDT)	Balance of Unutilized Fund (BDT)
1	Worker's Retrenchment	150,000,000	144,786,746		144,786,746	5,213,254
2	BEPZA Liabilities	30,000,000	30,000,000		30,000,000	-
3	Titas Gas Liabilities	35,000,000	25,515,106	9,484,894	35,000,000	-
4	Premier Bank Ltd. Liability	100,000,000	-	100,000,000	100,000,000	-
5	Dhaka Bank Ltd Liability	60,000,000	-	60,000,000	60,000,000	-
6	Miscellaneous expenses	25,000,000	-	24,993,736	24,993,736	6,264
	Total as per second consent	**400,000,000**	**200,301,852**	**194,478,630**	**394,780,482**	**5,219,518**

Utilization of Funds against unauthorized Purposes

Purpose Approved	Amount	Purpose used	Transferred	utilized	unutilized
Worker's Retrenchment	5,213,254	Settlement of Loan of Woori Bank	1,300,000	1,300,000	-
		Settlement of Loan of One bank	3,913,254	1,000,000	2,913,254

(a) An amount of BDT 5,213,254 payable to Retrenched Workers and Staffs was unutilized as on June 30, 2021, which was kept with Dutch Bangla Bank PLC (Current A/C # 1221100001038). Instead of settling the retrenched workers an amount of BDT 1,300,000 was transferred to (A/C # 150923004304) to settle interest on loan from Woori Bank Limited On June 28, 2022.

Further, the balance amount of BDT 3,913,254/- had been transferred to a current account with One Bank PLC (A/C # 0051020004937) GanakBari Branch, Dhaka. And utilized BDT 1,000,000 for loan repayment at June 30, 2022.

(b) An amount of BDT 24,993,736 had been utilized for Miscellaneous Expenses from Dutch Bangla Bank PLC (Current A/C # 1221100001038) for the following purposes:

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Date	Payment for	Amount
June 30, 2021	TDS	192,600
June 30, 2021	Gas Bill for April 2021	6,227,416
June 30, 2021	Board Honorarium	34,800
June 30, 2021	Board Honorarium	27,600
June 30, 2021	Board Honorarium	36,800
July 11, 2021	Employee Salary	145,000.00
July 11, 2021	Employee Salary	80,000.00
July 11, 2021	Director Salary	500,000.00
July 11, 2021	Director Salary	500,000.00
July 11, 2021	Employee's Eid Bonus	72,500.00
July 11, 2021	Employee's Eid Bonus	75,000.00
July 11, 2021	Director's Eid Bonus	500,000.00
July 11, 2021	Director's Eid Bonus	500,000.00
July 11, 2021	Employee Salary	348,710.00
July 13, 2021	Worker's Retrenchment	2,312,168.00
July 19, 2021	Share biz(Pvt)Ltd	15,840.00
July 19, 2021	Office Rent	203,000.00
August 09, 2021	Director Salary	500,000.00
August 09, 2021	Director Salary	500,000.00
August 09, 2021	Security	321,602.00
August 09, 2021	Security	321,602.00
August 09, 2021	Employee Salary	150,000.00
August 09, 2021	Employee Salary	145,000.00
September 06, 2021	Fuel For Vehicle	285,523
September 06, 2021	Staff Fooding	27,005
September 06, 2021	Factory Maintenance	600,480
September 06, 2021	Directors Remuneration	1,000,000
September 06, 2021	Vehicle Maintenance	86,153
September 06, 2021	Board Honorarium	187,200
September 09, 2021	Office Expenses	44,752
September 09, 2021	Entertainment	44,388
September 09, 2021	Staff Salary	295,000
September 09, 2021	Daily Labor Bill	486,322
September 09, 2021	Workers Resign salary	392,677
September 09, 2021	Chemical Purchase	50,500
September 09, 2021	Office Renovation	450,000.00
September 15, 2021	Office Rent	252,000.00
September 15, 2021	Audit	506,200.00
September 19, 2021	Audit	309,849.00
October 21, 2021	Insurance	1,253,373.00
November 02, 2021	Chemical	100,000.00
February 08, 2022	Staff Earn Leave	741,743.00
February 08, 2022	Worker Earn Leave	4,170,933.00
Total		**24,993,736.00**

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Dhaka
Chartered Accountants

The Third Approval

The Utilization of the further BDT 10 crore (BSEC letter # BSEC/CFD/93/531 dated April 27, 2022 to BRAC Bank to release fund) as at June 30, 2022 is as follows:

Sl	Purpose	Approved Amount (BDT)	Fund Utilized from July 01, 2021 to June 30, 2022 (BDT)	Balance of Unutilized Fund (BDT)
1	BEPZA Liability		30,000,000	
2	Worker's Retrenchment	100,000,000	66,973,142	3,026,858
	Total	**100,000,000**	**96,973,142**	**3,026,858**

(a) Company could not provide us any copy of application letter to BSEC, or the approval letter in favor of the company from where we could confirm the use of fund. However, an Amount of BDT 30,000,000 had been paid from BRAC Bank PLC (IPO BDT Account number 1501202739426003) to BEPZA on May 25, 2022 against various liabilities.

(b) And an amount of BDT 66,973,142 has been paid to retrenched workers and staff through bank advice from the company's corporate A/C with Dutch Bangla Bank PLC (Current A/C # 1221100001038) on June 20, 2022.

Upto date Overall Status

The overall status of the total IPO fund of BDT 150 crore following the amendment/change of use as at June 30, 2022 is as follows (including Exchange Gain/Interest Income/Bank charge):

Total amount as per IPO proceeds (BDT)	Utilization as at June 30, 2021 (BDT)	Unutilized balance as at June 30, 2021 (BDT)	Utilization during July 01, 2021 to June 30, 2022 (BDT)	Total Utilization as at June 30, 2022 (BDT)	Unutilized as at June 30, 2022 (BDT)
1	2	3 = (1 - 2)	4	5 = (2 + 4)	6 = (1 – 5)
1,500,000,000	735,699,609	764,300,391	293,751,772	1,029,451,381	470,548,619
Exchange Gain/ (Loss) (for the period ended June 30, 2021)					9,118,744
Exchange Gain/ (Loss) (for the period ended June 30, 2022)					15,358,206
Total Exchange Gain/ (Loss) upto June 30, 2022					**24,476,950**
Total unutilized fund (net of exchange Gain/ (Loss), Bank Charge)					**495,025,669**

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Closing Balance on the IPO Bank Accounts

The company has received the IPO Proceeds in the following four separate Bank Account maintaining with BRAC Bank Limited, Gulshan Branch, Dhaka. The closing balances with the bank accounts as at **June 30, 2022** (Considering Exchange Gain/Interest Income/Bank charge) are as follows:

Account #	Opening Balance (BDT/USD/ GBP/EUR)	Exchange Rate on June 30 2021	Opening Balance (BDT)	Withdraw (BDT)	Bank Charge (BDT)	Closing Balance (USD/ GBP/EUR)	Exchange Rate on June 30, 2022	Closing Balance (BDT)	Exchange Gain / (Loss)
1501202739426003 (BDT)	430,538,704	1.000	430,538,704	109,484,894	345	321,053,465	1.000	321,053,465	
1501202739426004 (USD)	1,786,813	84.838	151,589,622	-	-	1,786,813	93.455	166,986,587	15,396,966
1501202739426005 (GBP)	6,847	117.311	803,228	-	-	6,847	112.702	771,671	(31,557)
1501202739426006 (EUR)	2,707	100.610	272,315	-	-	2,707	97.949	265,113	(7,202)
Total			**583,203,869**	**109,484,894**	**345**			**489,076,491**	**15,358,206**

1. Company has provided us a statement of interest earned against BRAC Bank A/C # 1501202739426003. As on 30 June 2022 the balance was BDT 48,676,487.00 The account is blocked.

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Closing Balances of the all bank accounts used for utilization of IPO fund

The total unutilized fund (including Exchange Gain/Interest Income/Bank Charges) of BDT **495,025,669** (Forty-Nine Crore Fifty Lakh Twenty-Five Thousand Six Hundred and Sixty-Nine Taka) only as at June 30, 2022 with the following banks:

Sl	Bank	Branch	A/C #	Opening Balance (BDT)	Closing Balance (BDT)	Remarks
1	BRAC Bank PLC	Gulshan	1501202739426003	430,538,704	321,053,465	IPO A/C
2	BRAC Bank PLC	Gulshan	1501202739426004	151,589,622	166,986,587	IPO A/C
3	BRAC Bank PLC	Gulshan	1501202739426005	803,228	771,671	IPO A/C
4	BRAC Bank PLC	Gulshan	1501202739426006	272,315	265,113	IPO A/C
5	Dutch Bangla Bank PLC	Dhaka EPZ	1221100001038	30,213,253	1,035,579	Transferred from A/C 1501202739426003 BRAC Bank
6	The Premier Bank PLC	Gulshan	010211100015501	100,000,000	-	
7	Dhaka Bank PLC	DEPZ	2121000004555	60,000,000	-	
8	One Bank PLC	GanakBari	0051020004937	-	4,913,254	Transferred from BRAC bank A/C # 1501202739426003 And DBBL A/C # 1221100001038
Total				**773,417,122**	**495,025,669**	

As per clause number 4, Part C of the consent letter number BSEC/CI/IPO-283/2018/456 We have collected relevant information and required evidences for all disbursement made and we have also checked the enclose Status Report (**Annexure-A) of utilization of fund prepared by management.**

Dated: December 03, 2024
Place: Dhaka

Mohammad Shibbir Hossain FCA
Enrollment No: 1048
Partner
Ashraf Uddin & Co.
Chartered Accountants

Report on Utilization of IPO Proceeds as at June 30, 2022
(Without Exchange Gain/Interest Income)

Name of the company	: RING SHINE TEXTILES LTD.
Amount (BDT) of Capital raised through IPO	: BDT 1,500,000,000
Date of close of subscription	: September 09, 2019
Proceeds receiving date	: October 06, 2019
Last date of Full Utilization of fund as per prospectus	: April 05, 2021 (within 18 months after IPO proceeds)

Annexure-A

Purpose	Time Line as per prospectus	Amount as per prospectus	Status of Utilization						
			Fund utilized (BDT) as at June 30, 2021	Utilization during July 01, 2021 to June 30, 2022 (BDT	Total utilization of fund (BDT) as at June 30, 2022	Utilized %	Total un-utilized amount as at June 30, 2022 (BDT)	Un-utilized %	Remarks
As per initial prospectus and second, third & fourth approvals	18 months	1,500,000,000	735,699,609	293,751,772	1,029,451,381	68.63%	470,248,619	31.37%	

Chairman | Managing Director | Chief Financial Officer | Company Secretary

Ashraf Uddin & Co. Dhaka Chartered Accountants