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 2022 TO 30 JUNE 2023

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
Motijheel Office: Rahman Chamber (5th floor) 12-13 Motijheel, C/A, Dhaka 1000

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 01 JULY 2022 TO 30 JUNE 2023

This is to certify that **Ring Shine Textiles Limited (RSTL)** has 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 June 2022, a total amount of BDT **1,029,451,381** (One Hundred and Two Crore Ninety-Four Lakh Fifty-One Thousand Three Hundred and Eighty-One Taka) only had been utilized (excluding Exchange Gain/Interest Income/Bank Charges) up to June 30, 2022 in accordance with the prospectus and further amendments/changes to the utilization purpose approved by Bangladesh Securities and Exchange Commission. The total unutilized fund had been BDT 470,248,619/- (Forty-Seven Crore Two Lakh Forty-Eight Thousand Six Hundred and Nineteen Taka) only.

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 utilizing further 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, approved by the Board of Directors in its 15th meeting held on May 11, 2021.

4. A further approval **(Termed as Third Approval)** was accorded by the commission (vide its letter no BSEC/CFD/93/531 dated April 27, 2022) to BRAC Bank PLC, to allow a release of BDT 10 Crore of the

Principal Office : 142/B, Green Road (3rd & 4th Floor), Dhaka-1215, Bangladesh.
Mogbazar Office : Green Satmahal (10th Floor) 206-208, Wireless, Mogbazar, Dhaka-1217, Bangladesh.
Motijheel Office : Rahman Chamber (5th Floor), 12-13, Motijheel Commercial Area, Dhaka-1000, Bangladesh.
Telephone : +880 2222242506, +880-2-9554301 & +880-2-9124650, +880-09666 76 86 76 | **Fax :** +880-2-9565767 | **E-mail :** info@aucbd.com | **Web:** www.aucbd.com

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).

5. A further approval (Termed as Fourth Approval) was accorded by the commission (vide its letter no BSEC/SRMIC/153/2019/108 to BRAC Bank PLC, dated April 18, 2023) to allow a withdrawal of BDT 18.40 Crore of the remaining fund, responding to RSTL's request (letter # RS/BSEC/23/04/15) to further release of the IPO fund (see the paragraph "The Fourth Approval" below).

6. 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.

7. 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 utilization of BDT 40 crore (BSEC letter # BSEC/CFD/93/2019/540 dated May 20, 2021) as at June 30, 2023 are as follows:

Sl	Approved Purpose as per Second Consent	Approved Amount (BDT)	Fund Utilized as at June 30, 2022. (BDT)	Fund Utilized from July 01, 2022 to June 30, 2023 (BDT)	Total Utilization of Fund as at June 30, 2023 (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	35,000,000	-	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**	**394,780,482**		**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	3,913,254	
Total	5,213,254	Total	5,213,254	5,213,254	-

Ashraf Uddin & Co. Dhaka Chartered Accountants

(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. And the rest of the amount was used for loan repayment in the year 2023.

Utilization Status of The Third Approval

The Utilization of the further BDT 10 crore (BSEC letter # BSEC/CFD/93/531 dated April 27, 2022) as at June 30, 2023 is as follows:

Sl	Purpose	Approved Amount (BDT)	Fund Utilized as at June 30, 2022. (BDT)	Fund Utilized from July 01, 2022 to June 30, 2023 (BDT)	Total Utilization of Fund as at June 30, 2023 (BDT)	Balance of Unutilized Fund (BDT)
1	BEPZA Liability	100,000,000	30,000,000	-	30,000,000	26,858
2	Worker's Retrenchment		66,973,142	-	66,973,142	
3	One Bank Liabilities		-	2,000,000	2,000,000	
4	Eastern Bank Liabilities		-	1,000,000	1,000,000	
	Total	**100,000,000**	**96,973,142**	**3,000,000**	**99,973,142**	**26,858**

a. An amount of BDT 2,000,000 had been utilized to settle a loan liability with One Bank PLC, GanakBari Branch, Dhaka.

b. An amount of BDT 1,000,000 had been utilized to settle a loan liability with Eastern Bank PLC, GanakBari Branch, Dhaka. However, we could not confirm whether these utilization were in line with the approval of the Commission as the company has failed to provide us any copy of application letter to BSEC, or the approval letter in favor of the company.

Ashraf Uddin & Co.
Dhaka
Chartered Accountants

Utilization Status of The Fourth Approval

The Utilization of the further BDT 18.40 crore (BSEC/SRMIC/153/2019/108 dated April 18, 2023) as at June 30, 2023 is as follows:

Sl	Purpose	Approved Amount (BDT)	Fund Utilized from July 01, 2022 to June 30, 2023 (BDT)	Total Utilization of Fund as at June 30, 2023 (BDT)	Balance of Unutilized Fund (BDT)
1	Worker's Retrenchment	184,000,000	181,107,028	181,107,028	2,892,972
	Total	**184,000,000**	**181,107,028**	**181,107,028**	**2,892,972**

(a) An amount of BDT 178,250,705 had been paid to retrenched workers and staffs through bank advise from the company's corporate A/C with Dutch Bangla Bank PLC, (Current A/C # 1221100001038), Dhaka EPZ Branch. A further BDT 2,856,323 had been paid to retrenched housekeepers through Petty Cash to pay outstanding salary and benefits. We have vouched and verified all necessary documents related these transactions. The remaining BDT 2,892,972 is kept at the said current account.

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, 2023 are as follows (including Exchange Gain/Interest Income/Bank charge):

Total amount as per IPO proceeds (BDT)	Utilization as at June 30, 2022 (BDT)	Unutilized balance as at June 30, 2022 (BDT)	Utilization during July 01, 2022 to June 30, 2023 (BDT)	Total Utilization as at June 30, 2023 (BDT)	Unutilized as at June 30, 2023 (BDT)
1	2	3 = (1 - 2)	4	5 = (2 + 4)	6 = (1 – 5)
1,500,000,000	**1,029,451,381**	**470,548,619**	**187,020,282**	**1,216,471,663**	**283,528,337**
Bank Charges for the period					**(115)**
Exchange Gain/ (Loss) (as at October 30, 2022)					**24,476,950**
Exchange Gain/ (Loss) (for the period ended June 30, 2023)					**26,587,515**
Exchange Gain/ (Loss) (as at June 30, 2023)					**51,064,465**
Total unutilized fund including exchange Gain/ (Loss), Bank Charge					**334,592,687**

Ashraf Uddin & Co.
Dhaka
Chartered Accountants

Closing Balance of 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 on the bank accounts that held the IPO funds as at **June 30, 2023** (Considering Exchange Gain/Interest Income/Bank charge) is as follows:

Account Numbers	Opening Balance (BDT/USD/ GBP/EUR)	Exchange Rate on June 30 2022	Opening Balance (BDT)	Withdraw (BDT)	Bank Charge (BDT)	Closing Balance (USD/ GBP/EUR)	Exchange Rate on June 30 2023	Closing Balance (BDT)	Exchange Gain / (Loss)
1501202739426003	321,053,465	1.000	321,053,465	184,000,000	115	137,053,350	1.000	137,053,350	
1501202739426004	1,786,813	93.455	166,986,587	-	-	1,786,813	108.210	193,351,010	26,364,422
1501202739426005	6,847	112.702	771,671	-	-	6,847	137.730	943,037	171,366
1501202739426006	2,707	97.949	265,113	-	-	2,707	117.060	316,839	51,727
Total			**489,076,491**	**184,000,000**	**115**			**331,664,236**	**26,587,515**

1. Company has provided us a statement of interest earned against BRAC Bank A/C # 1501202739426003. As on 30 June 2023 the balance was BDT 52,289,312.00 The account is blocked.

Ashraf Uddin & Co. Dhaka Chartered Accountants

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 **334,592,697** (Thirty-Three Crore Forty-Five Lakh Ninety-Two Thousand Six Hundred and Ninety-Seven Taka) only as at June 30, 2023 with the following banks:

Sl	Bank	Branch	A/C #	Opening Balance (BDT)	Closing Balance (BDT)	Remarks
1	BRAC Bank PLC	Gulshan	1501202739426003	321,053,465	137,053,350	IPO A/C
2	BRAC Bank PLC	Gulshan	1501202739426004	166,986,587	193,351,010	IPO A/C
3	BRAC Bank PLC	Gulshan	1501202739426005	771,671	943,037	IPO A/C
4	BRAC Bank PLC	Gulshan	1501202739426006	265,113	316,839	IPO A/C
5	Dutch Bangla Bank PLC	Dhaka EPZ	1221100001038	1,035,579	2,928,461	Fund transferred from IPO A/C (6003)
6	One Bank PLC	GanakBari	0051020004937	4,913,254	-	
Total				**495,025,669**	**334,592,697**	

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

Ashraf Uddin & Co.
Dhaka
Chartered Accountants

Report on Utilization of IPO Proceeds as at June 30, 2023

(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						Remarks
			Fund utilized (BDT) as at June 30, 2022	Utilization during July 01, 2022 to June 30, 2023 (BDT	Total utilization of fund (BDT) as at June 30, 2023	Utilized %	Total un-utilized amount as at June 30, 2023 (BDT)	Un-utilized %	
As per initial prospectus and second, third & fourth approvals	18 months	1,500,000,000	1,029,451,381	187,020,282	1,216,471,663	81.10%	283,528,337	18.90%	

Chairman | Managing Director | Chief Financial Officer | Company Secretary

Ashraf Uddin & Co.
Dhaka
Chartered Accountants