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 2023 TO 30 JUNE 2024

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 2023 TO JUNE 2024

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 2023, a total amount of BDT **1,216,471,663** (One Hundred and Twenty-One Crore Sixty-Four Lakh Seventy-One Thousand Six Hundred and Sixty-Three Taka) had been utilized (excluding Exchange Gain/Interest Income/Bank Charges) as at June 30, 2023 in accordance with the prospectus and further amendments/changes to the utilization purpose approved by Bangladesh Securities and Exchange Commission. The total unutilized fund (excluding Exchange Gain/Interest Income/Bank Charges) had been BDT **283,528,337**/- (Twenty-Eight Crore Thirty-Five Lakh Twenty-Eight Thousand Three Hundred and Thirty-Seven 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 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 remaining fund. However, the

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company has failed to provide us any copy of application letter to BSEC, or the approval letter in favor of the company. Therefore, it was not possible 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 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 utilizing BDT 40 crore (BSEC letter # BSEC/CFD/93/2019/540 dated May 20, 2021) of the remaining IPO funds and their utilization status as at June 30, 2024 is as follows:

Sl	Approved Purpose as per Second Consent	Approved Amount (BDT)	Fund Utilized as at June 30, 2023. (BDT)	Fund Utilized from July 01, 2023 to June 30, 2024	Total Utilization of Fund as at June 30, 2024 (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
7	Worker's Retrenchment			6,264	6,264	(6,264)
Unauthorized use of fund:						
	Settlement of Loan of Woori Bank		1,300,000		1,300,000	(1,300,000)
	Settlement of Loan of One bank		3,913,254		3,913,254	(3,913,254)
	Total as per second consent	**400,000,000**	**399,993,736**	**6,264**	**400,000,000**	-

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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, 2024 is as follows:

<table>
<tr><th>Sl</th><th>Purpose</th><th>Approved Amount (BDT)</th><th>Fund Utilized as at June 30, 2023. (BDT)</th><th>Fund Utilized from July 01, 2023 to June 30, 2024 (BDT)</th><th>Total Utilization of Fund as at June 30, 2024 (BDT)</th><th>Balance of Unutilized Fund (BDT)</th></tr>
<tr><td>1</td><td>BEPZA Liability</td><td rowspan="4">100,000,000</td><td>30,000,000</td><td>-</td><td>30,000,000</td><td rowspan="4">26,858</td></tr>
<tr><td>2</td><td>Worker's Retrenchment</td><td>66,973,142</td><td>-</td><td>66,973,142</td></tr>
<tr><td>3</td><td>One Bank Liabilities</td><td>2,000,000</td><td>-</td><td>2,000,000</td></tr>
<tr><td>4</td><td>Eastern Bank Liabilities</td><td>1,000,000</td><td>-</td><td>1,000,000</td></tr>
<tr><td>5</td><td>Worker's Retrenchment</td><td></td><td></td><td>26,858</td><td>26,858</td><td>(26,858)</td></tr>
<tr><td></td><td>Total</td><td>100,000,000</td><td>99,973,142</td><td>26,858</td><td>100,000,000</td><td>-</td></tr>
</table>

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, 2024 is as follows:

Sl	Purpose	Approved Amount (BDT)	Fund Utilized as at June 30, 2023. (BDT	Fund Utilized from July 01, 2023 to June 30, 2024 (BDT)	Total Utilization of Fund as at June 30, 2024 (BDT)	Balance of Unutilized Fund (BDT
1	Worker's Retrenchment	184,000,000	181,107,028	2,892,972	184,000,000	-
	Total	**184,000,000**	**181,107,028**	**2,892,972**	**184,000,000**	-

(a) The unutilized balance of BDT 2,892,972 was kept at the company's corporate A/C with Dutch Bangla Bank PLC, (Current A/C # 1221100001038), Dhaka EPZ Branch as at June 30, 2023. An amount of BDT 2,900,000 was transferred to Petty Cash on July 15, 2024 to pay outstanding salary and benefits to Retrenched workers. An amount of BDT 3,505,715 has been paid against the liability.

This payment of BDT 3,505,715 had consumed the remaining balance of BDT 6,264 and BDT 26,864 kept at the said current account (refer to the second and third approvals).

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, 2024 is as follows (including Exchange Gain/Interest Income/Bank charge):

Total amount as per IPO proceeds (BDT)	Utilization as at June 30, 2023 (BDT)	Unutilized balance as at June 30, 2023 (BDT)	Utilization during July 01, 2023 to June 30, 2024 (BDT)	Total Utilization as at June 30, 2024 (BDT)	Balance of Unutilized Fund (BDT
1	2	3 = (1 - 2)	4	5 = (2 + 4)	6 = (1 – 5)
1,500,000,000	1,216,471,663	283,528,337	2,926,094	1,219,397,757	280,602,243
Bank Charges for the period					-
Exchange Gain/ (Loss) (as at October 30, 2023)					51,064,465
Exchange Gain/ (Loss) (for the period ended June 30, 2024)					16,736,317
Exchange Gain/ (Loss) (as at June 30, 2024)					67,798,321
Total unutilized including exchange Gain/ (Loss), Bank Charge					348,400,564

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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 of the bank accounts that held the IPO funds as at **June 30, 2024** (Considering Exchange Gain/Interest Income/Bank charge) are as follows:

Account #	Opening Balance (BDT/USD/ GBP/EUR)	Exchange Rate on June 30 2023	Opening Balance (BDT)	Withdraw (BDT)	Bank Charge (BDT)	Closing Balance (USD/ GBP/EUR)	Exchange Rate on June 30 2024	Closing Balance (BDT)	Exchange Gain / (Loss)
1501202739426003	137,053,350	1.000	137,053,350	-	-	137,053,350	1.000	137,053,350	
1501202739426004	1,786,813	108.210	193,351,010	-	-	1,786,813	117.521	209,988,698	16,637,688
1501202739426005	6,847	137.730	943,037	-	-	6,847	148.660	1,017,885	74,838
1501202739426006	2,707	117.060	316,839	-	-	2,707	125.850	340,631	23,791
Total			**331,664,236**	-	-			**348,400,564**	**16,736,317**

1. Company has provided us a statement of interest earned against BRAC Bank A/C # 1501202739426003. As on 30 June 2024 the balance was BDT 53,334,344.00 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 **348,400,554** (Thirty-Four Crore Eighty-Four Lakh Five Hundred and Fifty-Four Taka) only as at June 30, 2024 with the following banks:

Sl	Bank	Branch	A/C #	Opening Balance (BDT)	Closing Balance (BDT)	Remarks
1	BRAC Bank PLC	Gulshan	1501202739426003	137,053,350	137,053,350	IPO A/C
2	BRAC Bank PLC	Gulshan	1501202739426004	193,351,010	209,988,698	IPO A/C
3	BRAC Bank PLC	Gulshan	1501202739426005	943,037	1,017,885	IPO A/C
4	BRAC Bank PLC	Gulshan	1501202739426006	316,839	340,631	IPO A/C
5	Dutch Bangla Bank PLC	Dhaka EPZ	1221100001038	2,928,461	-	Fund transferred from IPO A/C (6003)
Total				**334,592,697**	**348,400,564**	

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. AU Dhaka Chartered Accountants

Report on Utilization of IPO Proceeds as at June 30, 2024
(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, 2024	Utilization during July 01, 2023 to June 30, 2024 (BDT	Total utilization of fund (BDT) as at June 30, 2024	Utilized %	Total un-utilized amount as at June 30, 2024 (BDT)	Un-utilized %	
As per initial prospectus and second, third & fourth approvals	18 months	1,500,000,000	1,216,471,663	2,926,094	1,219,397,757	81.29%	280,602,243	18.71%	

Chairman

Managing Director

Chief Financial Officer

Company Secretary

Ashraf Uddin & Co.
Dhaka
Chartered Accountants