



## **AUDITORS' REPORT On IPO Proceeds Utilization**

We have audited the annexed Statement of Initial Public Offering (IPO) Proceeds Utilization of **Queen South Textile Mills Ltd.** as on September 30, 2019.

### **Management's Responsibility for the IPO Proceeds Utilization**

Management is responsible for the preparation and fair presentation of this IPO Proceeds Utilization Statement and its related documents in accordance with Bangladesh Securities and Exchange Commission (BSEC) guidelines.

### **Auditor's Responsibility**

Our responsibility is to express an independent opinion on this Initial Public Offering (IPO) Proceeds Utilization Statement based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA) and Bangladesh Securities and Exchange Commission (BSEC) guidelines.

We believe that the audit evidence we have obtained as provided by the management of the company is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our Opinion, the Statement of Initial Public Offering (IPO) Proceeds Utilization prepared in accordance with Bangladesh Securities and Exchange Commission (BSEC) guidelines presents fairly in all material respects, of the statement as on 30 September 2019 and complies with the prospectus and revised IPO Utilization plan as approved by the shareholders in the 16th AGM held on 27th December 2018.

### **We draw attention to the following matters,**

1. The Company has utilized a total amount of Tk. 69,371,787 from IPO proceeds as described in the prospectus and revised IPO Utilization plan as approved by the shareholders in respect of Acquisition & installation of machineries for Tk. 50,027,871 against L/C payment; Repayment of short term bank loan for Tk. 6,343,916 against L/C Payment and IPO Expenses for Tk. 13,000,000.
2. During the month, The Company utilized Tk. Nil.
3. The Company has been maintaining Fixed Deposit Receipt (FDR) of Tk. 89,726,726 with Premier Bank Limited, Gulshan Branch, (FDR A/C NO. 0102 24300052935) as per bank certificate No. Premier/Gulshan/GB/2019/0663 dated October 07, 2019.
4. The Company has got permission from BEPZA (Bangladesh Export Processing Zones Authority) Dated: November 13, 2018 for Construction of Automatic warehouse system and has started the construction work on February, 2019. The company has applied to Bangladesh Bank for foreign currency permission (vide letter ref. no. HSBC/CMB/19/0101) dated ; September 02, 2019 for importing Steel Structure to set up automated warehouse and other machineries totaling USD 1,493,995 among which USD 956,975 will be used from IPO fund and USD 537,020 from own source for the purpose of construction of Automatic warehouse System.
5. The Time Frame for utilization of IPO Proceeds has been extended up to 31st October 2019 and approved by the Shareholders on the 16th Annual General Meeting held on December 27, 2018. The revised IPO Utilization plan is yet to be approved by the Bangladesh Securities and Exchange Commission (BSEC).

### **We also state that referred to above:**

- a) IPO proceeds have been utilized for the purposes as specified in the prospectus and revised IPO Utilization plan;
- b) IPO proceeds have been utilized in line with the conditions as stipulated in the BSEC's Consent letter for the IPO;



**Report on Utilization of IPO Proceeds**

for the month of 30 September, 2019

: Queen South Textile Mills Ltd.

: Tk. 150,000,000

: January 15, 2018

: January 25, 2018

: Within 31st October 2019 Following the approval in the 16th AGM

Name of the Company  
Amount (BDT) of Capital Raised Through IPO  
Date of Close of Subscription  
Proceeds Receiving Date  
Last Date of Full Utilization of Fund as per Prospectus

SL	Purpose Mentioned in the Prospectus	Time line as per prospectus	Revised time line (Up to 31st October 2019)	Amount as per Prospectus	Utilized Amount		Utilized (%)	Total Un-utilized Amount	Un-utilized (%)	Remarks
					This month	Total Utilized Amount				
a)	Construction of Automatic warehouse System	Within 12 months of receiving IPO fund	Up to 31st October 2019 as approved in the 16th AGM held on 27th December 2018	74,644,050	-	-	0.00%	74,644,050	100.00%	
b)	Acquisition & Installation of Machineries for modernization of existing factory	Within 12 months of receiving IPO fund	-	56,012,034	-	50,027,871	89.32%	5,984,163	10.68%	
c)	Repayment of short term bank loan	Within 3 months of receiving IPO fund	-	6,343,916	-	6,343,916	100.00%	-	0.00%	
d)	IPO Expenses	As and when required	-	13,000,000	-	13,000,000	100.00%	-	0.00%	
<b>Total</b>				<b>150,000,000</b>	<b>-</b>	<b>69,371,787</b>		<b>80,628,213</b>		

Net Interest on IPO Proceeds

Un-Utilized IPO Proceeds

**Total Un-Utilized IPO Proceeds with Interest Income**


Percentage:

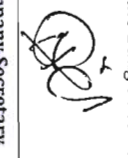
Interest on IPO Proceeds: 6.26%


Un-Utilized IPO Proceeds with Interest Income: 60.02%

Notes:

- During the month, The company utilized Tk. Nil.
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**Chief Financial Officer**  
 Goham Chandra Roy  
 Chief Financial Officer  
 Queen South Textile Mills Ltd.

  
**Company Secretary**  
 Massum Rana  
 Company Secretary  
 Queen South Textile Mills Ltd.

  
**CEO**  
 Liang Chin Hsien  
 Chief Executive Officer  
 Queen South Textile Mills LTD.

  
**Ahmed Zaker & Co.**  
 Chartered Accountants