



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 December 31, 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 31 December 2019 and complies with the prospectus and revised IPO Utilization plan as approved by the shareholders in the 17th AGM held on 22nd December 2019.

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 had opened a Letter of Credit (L/C No. DC DAO964037) under Proforma Invoice No. NT0019001 on November 24, 2019 with HSBC Bank of total L/C value of USD 1,493,995 for importing automatic warehouse system machineries among which USD 996,975 has been paid as marginal deposit from own source during this month and remaining USD 497,020 (USD 1,493,995- USD 996,975) will be paid from own source from Bank Account No.050-002120-005, HSBC Bank, Dhaka Gulshan Branch. The Automatic Warehouse System machineries have not been reached yet at the designated destination. The fund will be utilized/adjusted upon receiving the importing machineries and settlement of the said L/C.
4. The Company has encashed Fixed Deposit Receipts (FDR) of Tk. 91,514,659 with Premier Bank Limited, Gulshan Branch, (FDR A/C NO. 010224300052935) as per bank certificate No. Premier/Gulshan/GB/2020/038 dated January 12, 2020 during month of December 2019 and deposited Tk. 91,514,659 into company's current account (A/C No. 0102 11100015599) instead of IPO account (A/C No. 2148315001062) and subsequently adjusted Tk. 81,514,659 against L/C margin deposit which has been paid from HSBC Bank A/C No. 050-002120-005 and also opened a new Fixed Deposit Receipt of Tk. 10,000,000 (FDR No. 102 24300053090).
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). It is mentionable here that the Time Frame for utilization of IPO Proceeds has been extended for the 2nd time up to 30th June 2020 and approved by the Shareholders on the 17th Annual General Meeting held on December 22, 2019. The revised IPO Utilization plan is yet to be approved by the Bangladesh Securities and Exchange Commission (BSEC)

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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;
- c) Utilization of IPO proceeds is being under completion within the time frame as specified in the prospectus and revised IPO Utilization plan as approved in the 17th AGM held on 22nd December 2019.
- d) Utilization of IPO proceeds is accurate for the purposes of the company as mentioned in the prospectus;
- e) The annexed audited Statement of IPO Proceeds Utilization has been made upon verification of all necessary documents/papers/vouchers in support of utilization of IPO Proceeds making reconciliation with the Bank statement as submitted by the management of the company for the purpose.

Place: Dhaka;
Date: January 15, 2019.


Ahmed Zaker & Co.
Chartered Accountants

Report on Utilization of IPO Proceeds
for the month of 31 December, 2019

Name of the Company

: Queen South Textile Mills Ltd.

Amount (BDT) of Capital Raised Through IPO

: Tk. 150,000,000

Date of Close of Subscription

: January 15, 2018

Proceeds Receiving Date

: January 25, 2018

Last Date of Full Utilization of Fund as per Prospectus

: Within 30th June 2020 Following the approval in the 17th AGM

Sl	Purpose Mentioned in the Prospectus	Time line as per prospectus	Revised time line (Up to 30th June 2020)	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 30th June 2020 as approved in the 17th AGM held on 22nd December 2019	74,644,050	-	-	0.00%	74,644,050	100.00%	
b)	Acquisition & Installation of Machines 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%	
Total				150,000,000	-	69,371,787		80,628,213		
Net Interest on IPO Proceeds				11,186,177						
Un-Utilized IPO Proceeds				80,628,213						
Total Un-Utilized IPO Proceeds with Interest Income				91,814,390						

Interest on IPO Proceeds: 7.46%

Un-Utilized IPO Proceeds with Interest Income: 61.21%

Notes:

- During the month, The company has utilized Tk. Nil.
- The Company had opened a Letter of Credit (L/C No. DC DA0964037) under Proforma Invoice No. NT0019001 on November 24, 2019 with HSBC Bank of total L/C value of USD 1,493,995 for importing automatic warehouse system machineries among which USD 996,975 has been paid as margin deposit from own source during this month and remaining USD 497,020 (USD 1,493,995- USD 996,975) will be paid from own source from Bank Account No.050-002120-005, HSBC Bank, Dhaka Gulshan Branch. The Automatic Warehouse System machineries have not been reached yet at the designated destination. The fund will be utilized/adjusted upon receiving the importing machineries and settlement of the said L/C.
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- 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 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). It is mentionable here that the Time Frame for utilization of IPO Proceeds has been extended for the 2nd time up to 30th June 2020 and approved by the Shareholders on the 17th Annual General Meeting held on December 22,2019. The revised IPO Utilization plan is yet to be approved by the Bangladesh Securities and Exchange Commission (BSEC).

Chief Financial Officer



Gautam 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
(AKM Mohitul Haq, FCA)
Senior Partner