



Auditor's Certificate Regarding Monthly Status Report of Utilization of Fund Against Initial Public Offering (IPO) of Kattali Textile Limited
For the Month of April 2021

We have examined the accompanying statement IPO Utilization for the month of 30 April 2021 of Kattali Textile Limited with bank statements, Prospectus BSEC Consent Letter and other necessary documents as produced to us by the management of the company during the course of our examination. After due verification we certify that the company received Tk. 340,000,000 (Taka Thirty Four Crore) only as Initial Public Offering (IPO) proceeds through subscription from 28 August 2018 to 13 September 2018 in the company's separate Bank Account (A/C 1501203618441001) maintaining with BRAC Bank Limited, Gulshan Branch, Gulshan-1, Dhaka-1212. In line with the condition number 4, Part-C of the consent letter number BSEC/CI/IPO-263/2017/549 date: 31 July 2018 of Bangladesh Securities and Exchange Commission (BSEC), fund utilization status for the period upto 30 April 2021 is as follows:

| Sl No. | Particulars | Proceeds of Allotment as per IPO (Tk.) | Fund Utilization (Tk.) up to March 2021 | Fund Utilization (Tk.) for this month of April 2021 | Total Utilization of Fund (Tk.) up to April 2021 | Unspent Balance of IPO (Tk.) |
|--------|--|--|---|---|--|------------------------------|
| 1 | IPO Expenses | 19,124,000 | 19,124,000 | | 19,124,000 | - |
| 2 | Construction of Factory Building Expansion Unit | 172,779,916 | 61,112,125 | - | 61,112,125 | 111,667,791 |
| 3 | Construction of Dormitory of Employee | 25,312,794 | 16,000,000 | - | 16,000,000 | 9,312,794 |
| 4 | Acquisition of New Machinery for Expansion Unit | 89,787,540 | 4,827,750 | - | 4,827,750 | 84,959,790 |
| 5 | Electric Installation of Transformer & Generator | 7,995,750 | - | - | - | 7,995,750 |
| 6 | Bank Loan Repayment (One Bank Limited) | 25,000,000 | 25,000,000 | - | 25,000,000 | - |
| | Total IPO Proceeds | 340,000,000 | 126,063,875 | - | 126,063,875 | 213,936,125 |

We draw attention to the following matter;

- 1) Construction of Factory: Apart from the above utilization the company paid BDT 9,62,19,096 as advance against construction of factory building extension unit out of sanction amount BDT. 17,27,79,916. Out of the advance the company transferred BDT 6,11,12,125 to "Construction of Factory Building Expansion Unit" and BDT. 1,60,00,000 " Construction of Dormitory of Employee" up to the month. But no progress bill was submitted by the contractor. Further no withholding Tax and VAT was deducted from the advance.
- 2) The company paid a bill for BDT 1,60,00,000 against Construction of Dormitory of Employee out of sanction amount BDT 2,53,12,794 from which withholding Tax and VAT was not deducted.
- 3) The company kept Tk. 16,04,48,342 (Tk. Sixteen Crore Four Lac Forty Eight Thousand Three Hundred Forty One) in FDR with Islamic Finance and Investment Limited, Chottogram for twelve months.

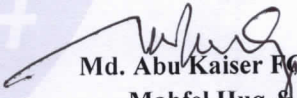
4) The company earned interest income of BDT. 2,91,83,359/- from FDR on IPO proceeds deposits and Foreign Exchange gain BDT. 58,897. Therefrom the bank deducted Advance Income Tax BDT 29,18,336/-, KTL also have a balance on Tk. 1,077,661/- included Bank balance for suspense A/C (unadjusted refund) and bank charges BDT 1,90,543/- up to April 30, 2021. Therefore bank balance after adjusting above amount stood at BDT. 4,55,35,432/- on current account A/C No. 1501203618441001, BDT. 43,255/- on USD account No. 1501203618441002 and BDT. 17,238/- on EUR account A/C No. 1501203618441004 and Al-Arafah Islami Bank Ltd. A/C No. 00510200223251 on current account BDT 603/- with IFIL BDT 16,04,48,342 aggregating BDT 20,60,44,869/- as in clause (3) above.

5) The company had received IPO Proceeds within 11 November 2018, as per prospectus the last date of fund utilization was 31 October 2020. Since the company couldn't utilize the IPO proceed fund within the due time, therefore the company have applied for time extension for further 12 (twelve) months through letter reference no. KTL/BSEC/2020/054 dated: 31 October 2020 which has not yet been received.

We also state that referred to above:

- a) IPO proceeds have been utilized for the purposes as specified in the prospectus;
- b) IPO proceeds have been utilized in line with the conditions of 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;
- d) Utilization of IPO proceeds is accurate for the purpose of the company as mentioned in the prospectus;
- e) Audit statement has been made on verification of all necessary documents/papers/vouchers in support of utilization of IPO proceeds making reconciliation with Bank Statement; and
- f) Appropriate payment procedure was not followed in some instances as stated in clause (1) and (2) above.

Place: Dhaka
Dated: May 17, 2021


Md. Abu Kaiser FCA (626)
Mahfel Huq & Co.
Chartered Accountants

Report on Utilization of IPO Proceeds
for the month of April 30, 2021

Name of the Company : Kattali Textile Limited.
Amount (BDT) of Capital Raised through IPO : Tk. BDT 340,000,000
Date of Closing Subscription : September 13, 2018
Proceeds Receiving Date : October 23, 2018 to November 11, 2018
Last date of Full Utilization of Fund as per Prospectus : October 2020 (Within 2 years of receiving the IPO Proceeds)

| Sl | Purpose Mentioned in the Prospectus | Time line as per Prospectus | Revised time line (Up to...) | Amount as per Prospectus (Approx.) | Status of Utilization | | | Status of Un-utilization | | Remarks |
|--------------|--|--|------------------------------|------------------------------------|-----------------------|--------------------|--------------|--------------------------|-----------------|---|
| | | | | | This Month | Up to this month | Utilized (%) | Total Un-utilized Amount | Un-utilized (%) | |
| 1 | IPO Expenses | Within 2 years of receiving the IPO Proceeds | - | 19,124,000 | - | 19,124,000 | 100% | - | 0% | |
| 2 | Construction of Factory Building Expansion Unit | Within 2 years of receiving the IPO Proceeds | - | 172,779,916 | - | 61,112,125 | 35.37% | 111,667,791 | 65% | |
| 3 | Construction of Dormitory of Employee | Within 2 years of receiving the IPO Proceeds | - | 25,312,794 | - | 16,000,000 | 63.21% | 9,312,794 | 36.79% | |
| 4 | Acquisition of New Machinery for Expansion Unit | Within 2 years of receiving the IPO Proceeds | - | 89,787,540 | - | 4,827,750 | 5% | 84,959,790 | 95% | IPO Utilization proceeds Certified by Mahfel Huq & Co., Chartered Accountants |
| 5 | Electric Installation of Transformer & Generator | Within 2 years of receiving the IPO Proceeds | - | 7,995,750 | - | - | 0% | 7,995,750 | 100% | |
| 6 | Bank Loan Repayment (One Bank Limited) | Within 2 years of receiving the IPO Proceeds | - | 25,000,000 | - | 25,000,000 | 100% | - | 0% | |
| Total | | | | 340,000,000 | - | 126,063,875 | | 213,936,125 | | |

Net interest on IPO Proceeds
Un-utilized IPO Proceeds
Total Un-utilized IPO Proceeds with Interest Income

213,936,125
213,936,125

Nesdhan HAO
Chairman

[Signature]
Chief Financial Officer

[Signature]
Company Secretary

[Signature]
Mahfel Huq & Co.
Chartered Accountants
Dhaka
ESTD. 1974

Place: Dhaka
Dated: May 17, 2021