

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

We have examined the accompanying statement IPO Utilization for the month of 31 August 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 31 August 2021 is as follows:

Sl No.	Particulars	Proceeds of Allotment as per IPO (Tk.)	Fund Utilization (Tk.) up to July 2021	Fund Utilization (Tk.) for this month of August 2021	Total Utilization of Fund (Tk.) up to August 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	-
	<b>Total IPO Proceeds</b>	<b>340,000,000</b>	<b>126,063,875</b>	<b>-</b>	<b>126,063,875</b>	<b>213,936,125</b>

We draw attention to the following matter;

- 1) Construction of Factory: Apart from the above utilization the company paid BDT 10,42,19,096 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. 155,859,718 (Tk.fifteen crore fifty eight lac fifty nine thousand and seven hundred eighteen) in FDR with Islamic Finance and Investment Limited, Chottogram for twelve months.

4) The company earned interest income of BDT. 45,543,501/- from FDR on IPO proceeds deposits and Foreign Exchange gain BDT. 58,897. Therefrom the bank deducted Advance Income Tax BDT 4,554,350/-, KTL also have a balance on Tk. 1,077,661/- included Bank balance for suspense A/C (unadjusted refund) and bank charges BDT 248,710/- up to 31 August 2021. Therefore bank balance after adjusting above amount stood at BDT. 37,826,436/- on current account A/C No. 1501203618441001, BDT. 43,254/- 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 778,183/- with IFIL BDT 155,859,718 as in clause (3) above, aggregating BDT 194,524,830/- where the balance should be 212,710,829. The company withdrawn Tk. 18,186,000 for their own purpose without permission in July and subsequently deposited. The bank balances were confirmed by respective banks.

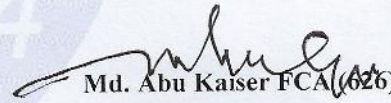
5) The company received IPO Proceeds within 11 November 2018, as per prospectus the last date of fund utilization was 31 October 2020. Since the company couldn't utilize the IPO proceed fund within the due time, therefore the company have applied for time extension for further 12 (twelve) months through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

**Subject to our above comments, 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 progress;
- 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: October 13, 2021

  
Md. Abu Kaiser FCA(026)  
Mahfel Huq & Co.  
Chartered Accountants

### Report on Utilization of IPO Proceeds

for the month of 31 August 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%	
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%	
<b>Total</b>				<b>340,000,000</b>	<b>-</b>	<b>126,063,875</b>		<b>213,936,125</b>		

Net interest on IPO Proceeds  
Un-utilized IPO Proceeds

213,936,125  
213,936,125

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

*Nasiruddin Haque*  
Chairman

*[Signature]*  
Chief Financial Officer

*[Signature]*  
Company Secretary

*[Signature]*  
Md. Abu Kaiser FCA (626)  
Mahfel Huq & Co.  
Chartered Accountants

Place: Dhaka  
Dated: October 13, 2021

