

**AUDITOR'S CERTIFICATE REGARDING MONTHLY STATUS REPORT OF
UTILIZATION OF FUND AGAINST INITIAL PUBLIC OFFERING (IPO) OF
KATTALI TEXTILE LIMITED (KTL)
FOR THE MONTH OF DECEMBER 31, 2021**

This is to certify that **Kattali Textile Limited** has received Tk. 340,000,000 (Taka Thirty Four Crore) only as Initial Public Offering (IPO) proceeds through subscription from August 28, 2018 to September 13, 2018 in the company separate Bank Account (Account number 1501203618441001) has been 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 on dated July 31, 2018 of Bangladesh Securities and Exchange Commission (BSEC), fund utilization status as on December 31, 2021 is as follows:

Sl. No.	Purpose of Utilization	Allotment as per IPO (Tk.)	Fund Utilization (Tk.) up to November 30, 2021	Fund utilized for the month of December 31, 2021	Total Utilization of Fund up to December 31, 2021	Unspent Balance (Taka)
1	IPO Expense	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	6,245,250	485,000	6,730,250	83,057,290
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	127,481,375	485,000	127,966,375	212,033,625
7	Interest Income upto the month of November, 2021	45,543,501	-	-	-	45,543,501
8	TDS on Interest Income upto the month of November, 2021	4,554,350	-	-	-	4,554,350
9	Bank interest up to the month December, 2021	-	249,058	40,517	289,575	(289,575)
	Total IPO Proceeds & Interest Income/ (Bank	50,097,851	249,058	40,517	289,575	49,808,276

Total unutilized fund excluding Interest income of Tk. 212,033,625 (Taka: Twenty One Crore Twenty Lac and Thirty Three Thousand Six Hundred Twenty Five) only as on December 31, 2021 lying with Brac Bank Limited, Gulshan Branch, Gulshan-1, Dhaka-1212. (Account number 1501203618441001) and remaining unspent balance has been maintained as FDR with Islamic Finance and Investment Limited. We have collected relevant information and required documents for confirmation of the expenditure. Enclosed herewith the Status Report as Annexure-A for utilization of fund which has been prepared by the management.

During the course of our certification, we have found that:

- 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 of BDT 17,27,79,916. Out of the advance the company transferred BDT 6,11,12,125 to "Construction of Factory Building Expansion Unit" up to the month of November, 2021. But no progress bill was submitted by the contractor in during the month. No withholding Tax and VAT was deducted from the advance.

- 2) The Company paid a bill of 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. 209,859,718 (Twenty crore ninety eight lac fifty nine thousand and seven hundred eighteen) only 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 of BDT. 58,897. As against Interest income, bank has been deducted "Advance Income Tax" of BDT. 45,54,350. KTL also have a balance on Tk. 1,077,661/- included Bank balance for suspense A/C (unadjusted refund) and bank charges BDT. 2,49,058/- up to December 31, 2021.
- 5) The Company received IPO Proceeds within November 11, 2018, as per prospectus the last date of fund utilization was October 31, 2020. Since the company couldn't utilize the IPO proceed fund within the due time, therefore the company had applied for time extension for further 12 (twelve) months through letter reference no. KTL/BSEC/2020/054 dated: October 31, 2020. But approval from respective authority has not yet been received.
- 6) The management of Kattali Textile Ltd. has paid Taka. 67,30,250 upto the month of December 31, 2021 for Acquisition of New Machinery in which KTL has paid in advance the amount of Taka 4,85,000 during the month of December, 2021

We also report that:

- i. the expenses/utilization has been made during the month of December 31, 2021 from the fund of Initial Public Offering (IPO);
- ii. the expenses/utilization made in line with the condition 4, part C of consent letter of Initial Public Offering (IPO);
- iii. the expenses/utilization Taka 127,966,375 of IPO proceeds have been completed up to December 31, 2021 according to the mentioned time schedule/ implementation schedule as specified Initial Public Offering (IPO) documents;
- iv. the expenses/utilization made is accurate /for the purpose of the company as mentioned in Initial Public Offering (IPO) documents; and
- v. we also confirmed that: (i) expenses have been procured/ incurred by maintaining proper procedure as well as at a reasonable price; and (ii) books and records including vouchers are found correct in support of utilization of Initial Public Offering (IPO) fund.

Dated: March 28, 2022
Place: Dhaka


FAMES & R
Chartered Accountants



REPORT ON UTILIZATION OF IPO PROCEEDS
For the month of December 31, 2021

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

Kattali Textile Limited
: Tk. 340,000,000
: September 13, 2018
: October 23, 2018 to November 11, +2018
: October 2020 (With in 24 Months of receiving IPO Fund)

SL.	Purpose Mentioned in the Prospectus	Time Line as per Prospectus	Amount as per Prospectus	Status of Utilization			Utilized (%)	Total Un-utilized Amount	Un-utilized (%)	Remarks
				Utilized upto November 30, 2021	This Month	Total Utilized Amount				
1	IPO Expense	Within	19,124,000	19,124,000	-	19,124,000	100.00%	-	0.00%	
2	Construction of Factory Building Expansion Unit	24 Months	172,779,916	61,112,125	-	61,112,125	35.37%	111,667,791	64.63%	
3	Construction of Dormitory of Employee	24 Months	25,312,794	16,000,000	-	16,000,000	63.21%	9,312,794	36.79%	
4	Acquisition of New Machinery for Expansion Unit	24 Months	89,787,540	6,245,250	485,000	6,730,250	7.50%	83,057,290	92.50%	
5	Electric Installation of Transformer & Generator	24 Months	7,995,750	-	-	-	0.00%	7,995,750	100.00%	
6	Bank Loan Repayment (One Bank Limited)	24 Months	25,000,000	25,000,000	-	25,000,000	100.00%	-	0.00%	
Total Taka			340,000,000	127,481,375	485,000	127,966,375		212,033,625		

Notes:

** Bank Balance as on December 31, 2021 with BRAC Bank Limited. (Account number No. 1501203618441001) BDT. 92,525.65; (Account number No. 1501203618441002) (USD) 519.87, (Account number No. 1501203618441003) (GBP)00.00; and (Account number No. 1501203618441004) EUR. 206.24 ,and Al-Arafah Islami Bank Ltd. A/C No.00510200223251 on current account BDT. 8,21,047/- with IFIL BDT. 209,859,718 as in clause (3) above, aggregating BDT 21,12,92,982/-.

Nasir Hossain
Chairman

Dated: March 28, 2022
Place: Dhaka

Nasir Hossain
Managing Director

Nasir Hossain
Chief Financial Officer

Nasir Hossain
Company Secretary

