

**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 AUGUST 31, 2022**

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 August 31, 2022 is as follows:

Sl. No.	Purpose of Utilization	Allotment as per IPO (Tk.)	Fund Utilization (Tk.) up to July 31, 2022	Fund utilized for the month of August 31, 2022	Total Utilization of Fund up to August 31, 2022	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	69,012,125	750,000	69,762,125	103,017,791
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	20,326,750	250,000	20,576,750	69,210,790
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	149,462,875	1,000,000	150,462,875	189,537,125
7	Interest Income upto the month of August 31, 2022	47,892,421	-	-	-	47,892,421
8	TDS on Interest Income upto the month of August 31, 2022	(4,630,683)	-	-	-	(4,630,683)
9	Bank interest up to the month August 31, 2022	-	330,174	15,415	345,589	(345,589)
	Total IPO Proceeds & Interest Income/ (Bank Charges)	43,261,738	330,174	15,415	345,589	232,453,274

Total unutilized fund excluding Interest income of Tk.189,537,125 (Taka:Eighteen Crore Ninety Five Lac and Thirty Seven Thousand One Hundred Twenty Five) only and including Interest income / (Bank Charges) Taka 232,453,274 as on August 31, 2022 lying with Brac Bank Limited, Gulshan Branch, Gulshan-1, Dhaka-1212. (Account number 1501203618441001) and remaining unspent balance has been maintaining as FDR with Islamic Finance and Investment Limited. We have collected relevant information and required documents and found in order from bank statement, as per bank statement. Enclosed herewith the Status Report as Annexure-A for utilization of fund which has been prepared by the management.



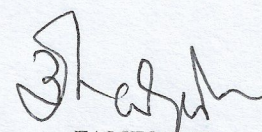
During the course of our certification, we have found that:

- 1) The management of Kattali Textile Ltd. has been paid the amount of Taka. 69,762,125 (Taka:Six Crore Ninety Seven Lac Sixty Two Thousand and One Hundred Twenty Five) as advance upto the month of August 31, 2022 for Construction of Factory Building Expansion Unit in which Taka 7,50,000 (Taka:Seven lac Fifty Thousand) as advance to CSN Holdings during the month of August 31, 2022.No withholding Tax and VAT was deducted from the advance.
- 2) The Company paid a bill of BDT 1,60,00,000 (Taka: One Crore Forty Two Lac and Nineteen Thousand Ninety Six} against Construction of Dormitory of Employee out of sanction amount of Taka 2,53,12,794 (Taka: Two Crore Fifty Three Lac Twelve Thosand and Seven Hundred Ninety Four) from which withholding Tax and VAT was not deducted.
- 3) The Copmpany has kept Tk.18,94,54,894, (Eighteen crore Ninety Four Lac Ninety Nine Thousand and Seven Hundred Eighteen) only in FDR with Islamic Finance and Investment Limited, Chottogram for twelve month.The company has been encashed FDR the amount of Tk 1,7000,000 during the month of July, 2022.
- 4) The Company earned interest income of BDT. 47,892,421/- (Taka:Four Crore Seventy Eignht Lac Ninety Two Thousand and Four Hundred Twenty one) from FDR on IPO proceeds deposits and Foreign Exchange gain of BDT. 58,897 (Taka:Fifty Eight Thousand Eight Hundred and Ninety Seven). As against Interest income, bank has been deducted "Advance Income Tax" of BDT. 4,630,683. KTL also have a balance on Tk. 1,077,661/- (Taka: Ten Lac Seventy Seven Thousand and Six Hundred Sixty One) included Bank balance for suspense A/C (unadjusted refund) and bank charges BDT. 645,589/- (Taka:Six Lac Forty five Thousand and Five Hundred Eighty Nine) up to July 30, 2022.
- 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 recieved.
- 6) The management of Kattali Textile Ltd. has paid Taka. 20,576,750 (Taka:Tow Crore Five Lac Seventy Six Thousand and Seven Hundred Fifty) as expense upto the month of August 31, 2022 for Acquisition of New Machinery in which Taka 20,326,750 as advance within previouers month (Taka: Two Crore Three Lac Twenty Six Thousand and Seven Hundred Fifty) and Taka 250,000 (Two Lac Fifty Thousand) as expense during the month of August 31, 2022.
- 7) According to the fund utilization monthly report of IPO Proceeds, report submission time line has been ended on October 2020 as per Prospectus.We have received a letter from the company, reference no. KTL/BSEC/2021/035 on dated October 31,2021 ,where the company has applied to Bangladesh Securities and Exchange Commission (BSEC) for 2nd time, time extention for 12 months up to October 31, 2022 and BSEC has received the letter on dated November 01, 2021, But there is no approval letter avaiable from BSEC as of today.

We also report that:

- i. the expenses/utilization has been made during the month of August 31, 2022 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 150,462,875(Fifteen Crore Four Lac Sixty Two Thousand Eight Hundrad Seventy Five) of IPO proceeds have been completed up to August 31, 2022 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: September 12, 2022
Place: Dhaka


FAMES & R
Chartered Accountants



REPORT ON UTILIZATION OF IPO PROCEEDS
For the month of August 31, 2022

Name of the Company
Amount(BDT) of Capital raised through IPO
Date of close of Subscription
Proceeds Receiving Date

: 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)

Last Date of Full Utilization of Fund as per Prospectus

Annexure-A

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
				Fund Utilization (Tk.) up to July 31, 2022	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	69,012,125	750,000	69,762,125	40.38%	103,017,791	59.62%	
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	20,326,750	250,000	20,576,750	22.92%	69,210,790	77.08%	
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	149,462,875	1,000,000	150,462,875		189,537,125		

Notes:

** Bank Balance as on August 31, 2022 with BRAC Bank Limited, (Account number No. 1501203618441001) BDT. 51,894.92 (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 21,370.50/- with IFIL BDT. 1894,54,894 as FDR.

Abdus Salam Hossain
Chairman

Sumit
Managing Director

[Signature]
Chief Financial Officer

[Signature]
Company Secretary

Dated: September 12, 2022
Place: Dhaka

