

**CERTIFICATE ON
STATUS REPORT ON UTILIZATION
OF
PROCEEDS FROM PUBLIC OFFERING
OF
KATTALI TEXTILE LIMITED (KTL)**

For the month of January 31, 2023

**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 JANUARY 31, 2023**

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 January 31, 2023 is as follows:

Sl. No.	Purpose of Utilization	Allotment as per IPO (Tk.)	Fund Utilization (Tk.) up to December 31, 2022	Fund utilized for the month of January 31, 2023	Total Utilization of Fund up to January 31, 2023	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	87,242,125	-	87,242,125	85,537,791
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	21,076,750	-	21,076,750	68,710,790
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	168,442,875	-	168,442,875	171,557,125
7	Interest Income upto the month of January 31, 2023	-	49,124,987	-	49,124,987	49,124,987
8	TDS on Interest Income upto the month of January 31, 2023	-	(4,877,183)	-	(4,877,183)	(4,877,183)
11	Bank interest up to the month January 31, 2023	-	(361,301)	-	(361,301)	361,301
	Total IPO Proceeds & Interest Income/ (Bank Charges)	340,000,000	212,329,379	-	212,329,379	216,166,230

Total unutilized fund excluding Interest income of Tk.171,557,125 (Taka:Seventeen Crore Fifteen Lac and Fifty Seven Thousand One Hundred Twenty Five) only and including Interest income / (Bank Charges) Taka 216,166,230 as on January 31, 2023 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. , there is no expenditure during the month of January 31, 2023. 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. 87,242,125 (Taka:Eight Crore Seventy Two Lac Fourty Two Thousand and One Hundred Twenty Five) as advance upto the month of November 30, 2022 for Construction of Factory Building Expansion Unit in which Taka 4,80,000(Taka:Four lac Eighty Thousand) as advance to CSN Holdings during the month of November 30, 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 Sixty Lac) 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 Copmany has kept Tk.172,454,894, (Seventeen crore Twenty Four Lac Fifty Four Thousand and Eight Hundred Ninety Four) only as 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 September 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. 21,076,750 (Taka:Two Crore Ten Lac Seventy Six Thousand and Seven Hundred Fifty) as expense upto the month of October 31, 2022 for Acquisition of New Machinery in which Taka 20,326,750 as advance within previoures month (Taka: Two Crore Three Lac Twenty Six Thousand and Seven Hundred Fifty) and Taka 7,50,000 (Seven Lac Fifty Thousand) as expense upto the month of October 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 January 31, 2023 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 168,442,875(Sixteen Crore Eighty Four Lac Fourty two Thousand Eight Hundred Seventy Five) of IPO proceeds have been completed up to January 31, 2023 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: February 13, 2023
Place: Dhaka


FAMES & R
Chartered Accountants



REPORT ON UTILIZATION OF IPO PROCEEDS
For the month of January 31, 2023

Name of the Company : Kattali Textile Limited
Amount(BDT) of Capital raised through IPO : Tk. 340,000,000
Date of close of 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 (With in 24 Months of receiving IPO Fund)

: 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)

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 December 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	87,242,125	-	87,242,125	50.49%	85,537,791	49.51%	
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	21,076,750	-	21,076,750	23.47%	68,710,790	76.53%	
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	168,442,875	-	168,442,875		171,557,125		

Notes:

** Bank Balance as on January 31, 2023 with BRAC Bank Limited, (Account number No. 1501203618441001) BDT. 51,941.33 (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 11,578/- and IFIL BDT. 172,454,894 as HDR.

Nasir Hossain
Chairman

Managing Director

Chief Financial Officer

Company Secretary

Dated: February 13, 2023
Place: Dhaka

