

**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 MAY 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 May 31, 2023 is as follows:

Sl. No.	Purpose of Utilization	Allotment as per IPO (Tk.)	Fund Utilization (Tk.) up to April 30, 2023	Fund utilized for the month of May 31, 2023	Total Utilization of Fund up to May 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	148,897,000	13,937,000	162,834,000	9,945,916
3	Construction of Dormitory of Employee	25,312,794	23,652,096	-	23,652,096	1,660,698
4	Acquisition of New Machinery for Expansion Unit	89,787,540	25,760,000	6,500,000	32,260,000	57,527,540
5	Electric Installation of Transformer & Generator	7,995,750	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	250,428,846	20,437,000	270,865,846	69,134,154
7	Interest Income upto the month of May 31, 2023	-	50,749,952	5,821,978	56,571,930	56,571,930
8	TDS on Interest Income upto the month of May 31, 2023	-	(5,172,175)	(1,311,727)	(6,483,902)	(6,483,902)
9	Bank interest up to the month May 31, 2023	-	355,166	(12,125)	343,041	343,041
	Total IPO Proceeds & Interest Income/ (Bank Charges)	340,000,000	296,361,789	24,935,126	321,296,915	119,565,223

Total unutilized fund excluding Interest income of Tk. 69,134,154 only and including Interest income / (Bank Charges) Taka 11,565,223 as on May 31, 2023 which is 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 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 total Taka. 162,834,4000 for **Construction of Factory Building Expansion Unit** upto the month of May 31, 2023 in which Tk 61,112,125 has been spent and Tk 101,721,875 remained as advance to CSN Holding from IPO Fund Bank Accounts up to the month of May 31, 2023. No withholding Tax and VAT was deducted from the advance.
- 2) The Company has paid an amount of Tk. 23,652,096 against Construction of Dormitory of Employee up to the month of May 2023 in which including the amount of Tk 16,000,000 has spent and Tk 7,652,096 remains as advance to CSN Holding from IPO Bank Account. Withholding Tax and VAT has not been deducted.
- 3) The Company has kept an amount of Tk. 116,993,233 only as FDR including interest (Principle Tk.116,000,000) with Islamic Finance and Investment Limited Chottogram for twelve months. The company has been encashed on FDR an amount of Tk 22,821,978 (Received from FDR principle amount of Tk. 17,000,000 and interest Tk 5,821,978) during the month of May 31, 2023.
- 4) The Company has earned interest income of Tk. 56,571,930 from FDR and Foreign Exchange gain of Tk 58,897 (Fifty Eight Thousand Eight Hundred and Ninety Seven). As against Interest income, bank has been deducted "Advance Income Tax" of Tk.6,483,902. KTL also have a balance of Tk. 1,077,661 (Ten Lac Seventy Seven Thousand and Six Hundred Sixty One) included Bank balance for suspense A/C (unadjusted refund) and bank charges Tk 343,041 up to the month of May 31, 2023.
- 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 due time, therefore the company had applied for time extension 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 but IPO proceeds process has been continuing.
- 6) The management of Kattali Textile Ltd. has paid Taka. 32,260,000 as expense upto the month of May 31, 2023 for Acquisition of New Machinery for Expansion Unit including Taka 6,500,000 has been spent during the month of May 31, 2023
- 7) The management of Kattali Textile Ltd. previously paid Tk 4,827,750 for Electric Installation of Transformer & Generator but which amount wrongly included in Acquisition of New Machinery for Expansion Unit. The amount of Taka 3,168,000 as expenses has been paid during the month of March 31, 2023. However the company has fully paid amount of Tk. 7,995,750. No withholding Tax and VAT was deducted from the Expenses.
- 8) 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 extension 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 available from BSEC as of today.

We also report that:

- i. the expenses/utilization has been made during the month of May 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 270,865,846 of IPO proceeds have been completed up to May 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: June 12, 2023
Place: Dhaka


FAMES & R
Chartered Accountants



REPORT ON UTILIZATION OF IPO PROCEEDS
For the month of May 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)

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 April 30, 2023	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	As or when required	172,779,916	148,897,000	13,937,000	162,834,000	94.24%	9,945,916	5.76%	
3	Construction of Dormitory of Employee	As or when required	25,312,794	23,652,096	-	23,652,096	93.44%	1,660,698	6.56%	
4	Acquisition of New Machinery for Expansion Unit	As or when required	89,787,540	25,760,000	6,500,000	32,260,000	35.93%	57,527,540	64.07%	
5	Electric Installation of Transformer & Generator	24 Months	7,995,750	7,995,750	-	7,995,750	100.00%	-	0.00%	
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	250,428,846	20,437,000	270,865,846		69,134,154		

Notes:

** Bank Balance as on May 31, 2023 with BRAC Bank Limited, (Account number No. 1501203618441001) BDT. 51,596 (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 24,47,783/- ; IFIL BDT.116,993,233 as FDR.

**Balance as on May 31, 2023 Tk. 109,373,971 as advance to "CSN Holding" against Construction of Factory Building Expansion Unit and Construction of Dormitory of Employee and remaining balance is lying with Companies own IFIL Bank account from which Un-utilized Fund will be paid off.

Nasir Hossain
Chairman

[Signature]
Chief Financial Officer

[Signature]
Company Secretary



Dated: June 12, 2023
Place: Dhaka