



**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 SEPTEMBER 30, 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 September 30, 2023 is as follows:

Sl. No.	Purpose of Utilization	Allotment as per IPO (Tk.)	Fund Utilization (Tk.) up to August 31, 2023	Fund utilized for the month of September 30, 2023	Total Utilization of Fund up to September 30, 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	165,240,000	7,539,916	172,779,916	-
3	Construction of Dormitory of Employee	25,312,794	23,652,096	1,660,698	25,312,794	-
4	Acquisition of New Machinery for Expansion Unit	89,787,540	87,540,830	2,246,710	89,787,540	-
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	328,552,676	11,447,324	340,000,000	-
7	Interest Income upto the month of September 30, 2023	-	63,698,056	2,437,294	66,135,350	66,135,350
8	TDS on Interest Income upto the month of September 30, 2023	-	(7,365,398)	(383,959)	(7,749,357)	(7,749,357)
9	Bank Saving Income		342,311	-	-	342,311
10	Bank interest up to the month September 30, 2023	-	(25,187)	7,340	(32,527)	(32,527)
	Total IPO Proceeds & Interest Income/ (Bank Charges)	340,000,000	385,202,458	13,507,999	398,353,467	58,695,777

Total unutilized fund excluding Interest income of Tk. **11,447,324** only and including Interest income / (Bank Charges) Taka **68,097,106** as on September 30, 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. 165,240,000 for **Construction of Factory Building Expansion Unit** upto the month of June 30, 2023 in which Tk 61,112,125 has been spent and Tk 104,127,875 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.
During the month of September 2023, the Company has paid an amount of Tk 75,39,916 as advance to CSN Holdings for **Construction of Factory Building Expansion Unit** from IPO bank accounts but the company has not been provided related expenses document. However the company has paid an amount of Tk.172,779,916 as Construction of Factory Building Expansion Unit upto the month of September 30, 2023.
- 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.
During the month of September 2023, the Company has paid an amount of Tk 16,60,698 as advance to CSN Holdings for **Construction of Dormitory of Employee** from IPO bank accounts but the company has not been provided related expenses document. However the company has paid an amount of Tk.25,312,794 as Construction of Factory Building Expansion Unit upto the month of September 30, 2023.
- 3) The Company has kept an amount of Tk. 5,85,500,000 only as FDR Principle balance with Islamic Finance and Investment Limited in Chottogram for twelve months up to the month of September 30, 2023. The company has been encashed on FDR an amount of Tk 20,425,992 (Received from FDR principle amount of Tk. 18,000,000, Tk 2,878,992 on interest income and Tk. 440,748 on TDS) during the month of July 30, 2023.
During the month of August, The company has been encashed on FDR an amount of Tk 20,425,992 (Received from FDR principle amount of Tk. 18,000,000, Tk 2,878,740 on interest income, Tk. 440,748 on TDS and Tk. 12,000 on Excise Duty)
During the month of August, The company has been encashed on FDR an amount of Tk 1,10,47,335 (Received from FDR principle amount of Tk. 9,000,000, Tk 24,37,294 on interest income, Tk. 383,959 on TDS and Tk. 6,000 on Excise Duty)
- 4) The Company has earned interest income of Tk.66,135,350 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.7,749,357 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 32,527 up to the month of September 30, 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. 87,540,830 as expense upto the month of August 31, 2023 for Acquisition of "**New Machinery for Expansion Unit**" including Taka 20,428,830 has been purchased various types of Machinery from N. Islam enterprise during the month of July 31, 2023.
During the month of August 2023, the Company has purchased **New Machinery for Expansion Unit** an amount of Tk 19,974,000 (paid to N. Islam Enterprise Tk 15,379,000 and M/S Deyang Traders Tk 45,95,000) from IPO bank Account.
During the month of September 2023, the Company has purchased **New Machinery for Expansion Unit** an amount of Tk 22,46,710 to M/S Deyang Traders from IPO bank Account. However the company has paid Taka 89,787,540 as expenses upto the month of September 30, 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 summation 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 September 30, 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 340,000,000 of IPO proceeds have been completed up to September 30, 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: October 14, 2023
Place: Dhaka


FAMES & R
Chartered Accountants



REPORT ON UTILIZATION OF IPO PROCEEDS
For the month of September 30, 2023

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)

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 August 31, 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	165,240,000	7,539,916	172,779,916	100.00%	-	0.00%	
3	Construction of Dormitory of Employee	As or when required	25,312,794	23,652,096	1,660,698	25,312,794	100.00%	-	0.00%	
4	Acquisition of New Machinery for Expansion Unit	As or when required	89,787,540	87,540,830	2,246,710	89,787,540	100.00%	-	0.00%	
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	338,582,676	11,417,324	340,000,000				

Notes:

** Bank Balance as on September 30, 2023 with BRAC Bank Limited. (Account number No. 1501203618441001) BDT: 51,296, (Account number No. 1501201618441002) (USD) 519,87, (Account number No. 1501203618441003) (GBP) 900,00, and (Account number No. 1501203618441004) EUR: 206,24 and Al-Arafah Islami Bank Ltd. A/C No.00510200223231 on current account BDT 71,509,; : HIL: BDT: 5,85,00,000 as FDR.

** Balance as on September 30, 2023 Tk. 120,980,585 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 HIL Bank account from which Un-utilized Fund will be paid off.


Chairman
Dated: October 14, 2023
Place: Dhaka


Managing Director


Chief Financial Officer


Company Secretary

