

AUDITORS' REPORT On IPO Proceeds Utilization

We have audited the annexed Statement of Initial Public Offering (IPO) Proceeds Utilization of **Shepherd Industries Limited** as on August 31, 2017.

Management's Responsibility for the IPO proceeds Utilization

Management is responsible for the preparation and fair presentation of these IPO proceeds utilization statement in accordance with Bangladesh Securities and Exchange Commission (BSEC) guidelines.

Auditor's Responsibility

Our responsibility is to express an independent opinion on this Initial Public Offering (IPO) proceeds utilization statement based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA) and Bangladesh Securities and Exchange Commission (BSEC) guidelines.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our Opinion, the Statement of Initial Public Offering (IPO) Proceeds utilization, prepared in accordance with Bangladesh Securities and Exchange Commission (BSEC) guidelines, gives a true and fair view of the statement as on August 31, 2017 and complies with the prospectus.


We draw attention to the following matter,

1. The Company has utilized a total amount of Tk. 86,877,689 from IPO proceeds as described in the prospectus in respect of Acquisition & Installation of Machineries for Tk. 27,413,455; Repayment of short term bank loan for Tk. 44,464,234 and IPO Expenses for Tk. 15,000,000.
2. The Company has utilized Tk. 18,033,116 against budgeted amount of Tk. 15,000,000 up to August 31, 2017 for IPO expenses. It should be mentionable that IPO expenses of Tk. 5,899,506 has been paid from IPO bank account and the rest amount of Tk. 12,133,610 has been paid from the Company's own sources which is yet to be adjusted from IPO bank account accordingly.
3. During the month utilized amount is Tk. Nil.

We also state that referred to above:

- a) IPO proceeds have been utilized for the purposes as specified in the prospectus;
- b) IPO proceeds have been utilized in line with the conditions stipulated in the BSEC's consent letter for the IPO;
- c) Utilization of IPO proceeds is being under completion within the time frame as specified in the prospectus;
- d) Utilization of IPO proceeds is accurate for the purpose of the company as mentioned in the prospectus;
- e) Audit statement has been made upon verification of all necessary documents/papers/vouchers in support of utilization of IPO Proceeds making reconciliation with the Bank statement.

Date: September 13, 2017
Place: Dhaka


Ahmed Zaker & Co.
Chartered Accountants

Report on Utilization of IPO Proceeds

For the month of August 31, 2017

Name of the Company : **Shepherd Industries Limited**
 Amount (BDT) of Capital Raised Through IPO : **Tk. 200,000,000**
 Date of Close of Subscription : **January 16, 2017**
 Proceeds Receiving Date : **March 08, 2017**
 Last Date of Full Utilization of Fund as per Prospectus : **Within 18 Months of receiving IPO Fund**

Sl.	Purpose Mentioned in the Prospectus	Time line as per prospectus	Revised time line (Upto.....)	Amount as per Prospectus	Amount as per revised utilization plan	Total Utilized Amount	Utilized (%)	Total Un-utilized Amount	Un-utilized (%)	Remarks
a)	Civil Construction	Within 12 months of receiving IPO fund	-	28,140,524	-	-	0.00%	28,140,524	100.00%	-
b)	Acquisition & Installation of Machineries (Dyeing, Washing, Dues, Insurance, L/C Commission, Inland Carrying, C & F, Erection and Installation)	Within 12 months of receiving IPO fund	-	96,970,692	-	27,413,455	28.27%	69,557,237	71.73%	-
c)	Expansion of ETP	Within 18 months of receiving IPO fund	-	15,424,550	-	-	0.00%	15,424,550	100.00%	-
d)	Repayment of short term bank loan	Within 3 months of receiving IPO fund	-	44,464,234	-	44,464,234	100.00%	-	0.00%	-
e)	IPO Expenses	As and when required	-	15,000,000	-	15,000,000	100.00%	-	0.00%	-
Total				200,000,000	-	86,877,689		113,122,311		

Percentage:

Interest on IPO Proceeds: 0.73%

Un-Utilized IPO proceeds with Interest income: 57.29%

Note:

- a) The Company has utilized Tk. 18,033,116 against budgeted amount of Tk. 15,000,000 up to August 31, 2017 for IPO expenses. It should be mentionable that IPO expenses of Tk. 5,899,506 has been paid from IPO bank account and the rest amount of Tk. 12,133,610 has been paid from the Company's own sources which is yet to be adjusted from IPO bank account accordingly.
- b) During the month utilized amount is Tk. nil.


 Chairman


 Managing Director


 Chief Financial Officer


 Ahmed Zaker & Co.
 Chartered Accountants