



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 31 January 2019.

Management's Responsibility for the IPO Proceeds Utilization

Management is responsible for the preparation and fair presentation of this IPO Proceeds Utilization Statement and its related documents 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 International Standards on Auditing (ISA) and Bangladesh Securities and Exchange Commission (BSEC) guidelines.

We believe that the audit evidence we have obtained as provided by the management of the company 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 presents fairly in all material respects, of the statement as on 31 January 2019 and complies with the prospectus and revised IPO Utilization plan as approved by the shareholders in the 17th AGM held on 19th December 2018.

We draw attention to the following matters,


1. The Company has utilized a total amount of Tk.199,740,000 from IPO proceeds as described in the prospectus and revised IPO Utilization plan as approved by the shareholders in respect of Civil Construction for Tk. 45,100,000; Acquisition & Installation of Machineries for Tk.104,276,260; Repayment of short term bank loan for Tk. 44,464,234 and IPO Expenses for Tk. 5,899,506.
2. During this month, The Company has utilized Tk. 20,500,000 for the purpose of Civil Construction from IPO proceeds held at company's IPO account (A/C No. 1002063136041).
3. The company has utilized Tk. 49,231,735 from IPO proceeds for the purpose of Acquisition & Installation of Machineries (Dyeing, Washing, Duties, Insurance, L/C Commission, Inland Carrying, C & F, Erection and Installation) during the month. The company has settled L/C No. 0802180213521 of total amount of Tk. 46,506,621 equivalent to US\$ 553,870/- and paid total amount of Tk.1,848,618 as port charge, Tk. 840,000 as carrying charge, Tk. 145,810 as Spare on January, 2019. It is mentionable here that the company has transferred Tk. 6,298,048 from IPO account (A/C No.1002063136041) to company's current account (A/C No. 11100017190) for the purpose of settlement of L/C No. 134318020065 of total amount of Tk. 6,192,572 equivalent to US\$ 73,765 which is not yet settled. The excess transferred amount of Tk. 105,476 (Tk. 6,298,048 - Tk. 6,192,572) will be refunded to IPO account on settlement of L/C No. 134318020065. The total payment made from IPO account (A/C No.1002063136041) is Tk. 55,639,097 for the purpose of Acquisition and Installation of Machineries in which Tk. 49,231,735 was adjusted from IPO proceeds. The excess amount of Tk. 6,407,362 (Tk. 55,639,097 - Tk. 49,231,735) was paid from interest of Tk. 5,522,670 on IPO proceeds and Tk. 848,584 was paid from receipts of fluctuation gain and Tk. 36,108 was paid from company's own sources. The company has received all the machineries against the said L/C at factory premises which are yet to be installed.
4. It is mentionable here that the company had received foreign currency fluctuation gain of Tk. 848,584 against the IPO subscription fund which was utilized against the L/C No. 235716020116 for the purpose of Acquisition & Installation of Machineries.
5. The shareholders of the Company has approved revised IPO Utilization plan in the 16th AGM held on 21st November 2017 following the Board of Directors' resolution passed on 6th November 2017 in its 90th meeting to re-arrange IPO utilization fund for Civil Construction(Building) and Acquisition & Installation of Machineries. Due to the revision of IPO Utilization plan, previously un-adjusted IPO expenses of Tk. 9,100,494 and fully un-utilized IPO proceeds received for the purpose of Expansion of ETP amounting Tk. 15,424,550, has been re-arranged under Civil Construction (Compliance Factory Building) and Acquisition & Installation of Machineries The Time Frame for utilization of IPO Fund further has been extended up to 31st December 2019 with approval from the Shareholders on 17th Annual General Meeting held on 19th December 2018 . The revised IPO Utilization plan is yet to be approved by the Bangladesh Securities and Exchange Commission (BSEC).



We also state that referred to above:

- a) IPO proceeds have been utilized for the purposes as specified in the prospectus and revised IPO Utilization plan as approved by the shareholders in the 17th AGM of the Company held on 19th December 2018;
- b) IPO proceeds have been utilized in line with the conditions as stipulated in the BSEC's Consent letter for the IPO and revised IPO Utilization plan as approved in the 17th AGM which is yet to be approved by the Bangladesh Securities and Exchange Commission (BSEC);
- c) Utilization of IPO proceeds is being under completion within the time frame as specified in the prospectus revised IPO Utilization plan as approved in the 17th AGM held on 19th December 2018.;
- d) Utilization of IPO proceeds is accurate for the purposes of the company as mentioned in the prospectus and in line with the revised IPO Utilization plan as approved by the shareholders in the 17th AGM held on 19th December 2018 subject to the approval of the BSEC;
- e) The annexed audited Statement of IPO Proceeds Utilization has been made upon verification of all necessary documents/papers/vouchers in support of utilization of IPO Proceeds making reconciliation with the Bank statement as submitted by the management of the company for the purpose.

Place: Dhaka;
Date: February 26, 2019.


Ahmed Zaker & Co.
Chartered Accountants

Report on Utilization of IPO Proceeds

for the month of January 31, 2019

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 31st December 2019 following the approval in the 17th AGM**

SL	Purpose Mentioned in the Prospectus	Time line as per prospectus	Revised time line (Up to 31st October 2019)	Amount as per Prospectus	Amount as per revised utilization plan as approved in the 16th AGM	Utilized Amount		Utilized (%)	Total Un-utilized Amount	Un-utilized (%)	Remarks
						This Month	Upto this Month				
a)	Civil Construction	Within 12 months of receiving IPO fund	Up to 31st December 2019 as approved in the 17th AGM held on 19th December 2018	28,140,524	45,360,000	20,500,000	45,100,000	99.43%	260,000	0.57%	
b)	Acquisition & Installation of Machineries (Dyeing, Washing, Duties, Insurance, L/C Commission, Inland Carrying, C & F, Erection and Installation)	Within 12 months of receiving IPO fund	-	96,970,692	104,276,260	49,231,735	104,276,260	100.00%	-	0.00%	
c)	Expansion of ETP	Within 18 months of receiving IPO fund	-	15,424,550	-	-	-	-	-	-	
d)	Repayment of short term bank loan	Within 3 months of receiving IPO fund	-	44,464,234	44,464,234	-	44,464,234	100.00%	-	0.00%	
e)	IPO Expenses	As and when required	-	15,000,000	5,899,506	-	5,899,506	100.00%	-	0.00%	
Total				200,000,000	200,000,000	69,731,735	199,740,000		260,000		

Net Interest on IPO Proceeds	5,522,670
Un-Utilized IPO Proceeds	260,000
Total Un-Utilized IPO Proceeds including Interest	5,782,670

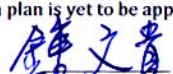
Percentage:


Interest on IPO Proceeds: 2.76%

Un-Utilized IPO Proceeds with Interest Income: 2.89%

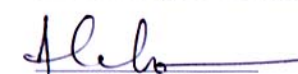
Notes:

- During this month, The Company has utilized Tk. 20,500,000 for the purpose of Civil Construction from IPO proceeds held at company's IPO account (A/C No. 1002063136041).
- The company has utilized Tk. 49,231,735 from IPO proceeds for the purpose of Acquisition & Installation of Machineries (Dyeing, Washing, Duties, Insurance, L/C Commission, Inland Carrying, C & F, Erection and Installation) during the month. The company has settled L/C No. 0802180213521 of total amount of Tk. 46,506,621 equivalent to US\$ 553,870/- and paid total amount of Tk. 1,848,618 as port charge, Tk. 840,000 as carrying charge, Tk. 145,810 as Spare on January, 2019. It is mentionable here that the company has transferred Tk. 6,298,048 from IPO account (A/C No. 1002063136041) to company's current account (A/C No. 11100017190) for the purpose of settlement of L/C No. 134318020065 of total amount of Tk. 6,192,572 equivalent to US\$ 73,765 which is not yet settled. The excess transferred amount Tk. 105,476 (Tk. 6,298,048 - Tk. 6,192,572) will be refunded to IPO account on settlement of L/C No. 134318020065. The total payment made from IPO account (A/C No. 1002063136041) is Tk. 55,639,097 for the purpose of Acquisition and Installation of Machineries in which Tk. 49,231,735 was adjusted from IPO proceeds. The excess amount of Tk. 6,407,362 (Tk. 55,639,097 - Tk. 49,231,735) was paid from interest of Tk. 5,522,670 on IPO proceeds and Tk. 848,584 was paid from receipts of fluctuation gain and Tk. 36,108 was paid from company's own sources. The company has received all the machineries against the said L/C at factory premises which are yet to be installed.
- It is mentionable here that the company had received foreign currency fluctuation gain of Tk. 848,584 against the IPO subscription fund of IPO A/C No. 1002063136051 (USD) which was utilized against the L/C No. 235716020116 for the purpose of Acquisition & Installation of Machineries.
- The shareholders of the Company has approved revised IPO Utilization plan in the 16th AGM held on 21st November 2017 following the Board of Directors' resolution passed on 6th November 2017 in its 90th meeting to re-arrange the utilization of IPO fund for Building under the head of Civil Construction and Acquisition & Installation of Machineries. Due to the revision of the IPO Utilization plan, previously un-adjusted IPO expenses of Tk. 9,100,494 and fully un-utilized IPO proceeds received for the purpose of the Expansion of ETP amounting Tk. 15,424,550 has been re-arranged in to the heads under Civil Construction (Compliance Factory Building) and Acquisition & Installation of Machineries. The Time Frame for utilization of IPO Fund further has been extended up to 31st December 2019 with approval from the Shareholders on 17th Annual General Meeting. The revised IPO Utilization plan is yet to be approved by the Bangladesh Securities and Exchange Commission (BSEC).


 Chairman


 Managing Director


 Chief Financial Officer


 Ahmed Zaker & Co.
 Chartered Accountants