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**AHMED ZAKER & CO.**  
Chartered Accountants

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## **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 September 30, 2017.

### **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 Bangladesh Standards on Auditing (BSA) 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 September 30, 2017 and complies with the prospectus.

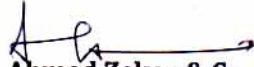
### **We draw attention to the following matter,**

1. The Company has utilized a total amount of Tk. 94,524,119 from IPO proceeds as described in the prospectus in respect of Acquisition & Installation of Machineries for Tk. 35,059,885; Repayment of short term bank loan for Tk. 44,464,234 and IPO Expenses for Tk. 15,000,000.
2. During the month, the Company has utilized Tk. 7,646,430 for the purpose of Acquisition & Installation of Machineries against L/C no: ILC0802170113980 from the IPO Bank A/C no: 1002063136041 held with IFIC Bank Limited, Gulshan Branch.
3. The Company has utilized Tk. 18,033,116 against budgeted amount of Tk. 15,000,000 up to September 30, 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.

### **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 as 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 purposes of the company as mentioned in the prospectus;
- 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: October 15, 2017

  
**Ahmed Zaker & Co.**  
Chartered Accountants

## Report on Utilization of IPO Proceeds

For the month of September 30, 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, Duties, Insurance, L/C Commission, Inland Carrying, C & F, Erection and Installation)	Within 12 months of receiving IPO fund	-	96,970,692	-	35,059,885	36.16%	61,910,807	63.84%	-
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%	-
<b>Total</b>				<b>200,000,000</b>	<b>-</b>	<b>94,524,119</b>		<b>105,475,881</b>		

**Percentage:**

Interest on IPO Proceeds: 0.73%

Un-Utilized IPO proceeds with Interest income: 53.47%


**Note:**

- a) During the month, the Company has utilized Tk. 7,646,430 for the purpose of Acquisition & Installation of Machineries against L/C no: ILC0802170113980 from the IPO Bank A/C no:1002063136041 held with IFIC Bank Limited, Gulshan Branch.
- b) 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.

  
 Chairman

  
 Managing Director

  
 Chief Financial Officer

  
 Ahmed Zaker & Co.  
 Chartered Accountants