



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 2018.

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 31 January 2018 and complies with the prospectus and revised IPO Utilization plan as approved by the shareholders in the 16th AGM held on 21st November 2017.

We draw attention to the following matters,


1. The Company has utilized a total amount of Tk. 105,408,265 from IPO proceeds as described in the prospectus and revised IPO Utilization plan as approved by the shareholders in respect of Acquisition & Installation of Machineries for Tk. 55,044,525; Repayment of short term bank loan for Tk. 44,464,234 and IPO Expenses for Tk. 5,899,506.
2. During this month, the utilized amount is Tk. 19,984,640 against Acquisition of Machineries.
3. 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 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 16th AGM of the Company held on 21st November 2017;
- 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 16th 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;
- 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 16th AGM held on 21st November 2017 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 15, 2018.


Ahmed Zaker & Co.
Chartered Accountants

Report on Utilization of IPO Proceeds
for the month of 31 January, 2018

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	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	28,140,524	45,360,000	-	-	0.00%	45,360,000	100.00%	Revised Utilization plan has been approved by the shareholders in the 16th AGM held on 21st November 2017 subject to the approval of BSEC.
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	19,984,640	55,044,525	52.79%	49,231,735	47.21%	
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	19,984,640	105,408,265		94,591,735		

Net Interest on IPO Proceeds

3,096,402

Un-Utilized IPO Proceeds

94,591,735

Total Un-Utilized IPO Proceeds including interest

97,688,137

Percentage:

Interest on IPO Proceeds: 1.55%

Un-Utilized IPO Proceeds with Interest Income: 48.84%

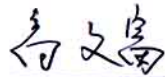
Note:

a) During this month, the utilized amount is Tk. 19,984,640 against Acquisition of Machineries.

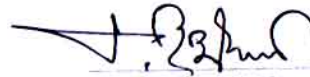
b) The shareholders of the Company has approved revised IPO Utilization plan in the 16th AGM held on 21st November 2017 following the Board of Directors' resolution passed on 6th November 2017 in its 90th meeting to re-arrange the utilization of IPO fund for Building under the head of Civil Construction and Acquisition & Installation of Machineries. Due to the revision of the IPO Utilization plan, 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, its 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 revised IPO Utilization plan is yet to be approved by the Bangladesh Securities and Exchange Commission (BSEC).



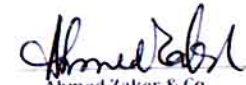
Chairman



Managing Director



Chief Financial Officer



Ahmed Zaker & Co.
Chartered Accountants