

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 December 31, 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 December 31, 2017 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. 85,423,625 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. 35,059,885; Repayment of short term bank loan for Tk. 44,464,234 and IPO Expenses for Tk. 5,899,506.
2. During the month, the utilized amount is Tk. Nil.
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 rearrange 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 rearranged 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: January 14, 2018.


Ahmed Zaker & Co.
Chartered Accountants

Report on Utilization of IPO Proceeds
for the month of 31 December 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 (Up to.....)	Amount as per Prospectus	Amount as per revised utilization plan as approved in the 16th AGM	Total Utilized Amount	Utilized (%)	Total Un-utilized Amount	Un-utilized (%)	Remarks
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, Dues, Insurance, L/C Commission, Inland Carrying, C & F, Erection and Installation)	Within 12 months of receiving IPO fund	-	96,970,692	104,276,260	35,059,885	33.62%	69,216,375	66.38%	
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	85,423,625		114,576,375		

Net Interest on IPO Proceeds 3,096,387
 Un-Utilized IPO Proceeds up to 31 December 2017 114,576,375
Total Un-Utilized IPO Proceeds including interest **117,672,762**

Percentage:

Interest on IPO Proceeds: 1.55%
 Un-Utilized IPO Proceeds with Interest Income: 58.84%

Note:

- a) During the month, the utilized amount is Tk. Nil.
- 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, 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