

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 October 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 October 31, 2017 and complies with the prospectus.


We draw attention to the following matters,

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 utilized amount is Tk. Nil.
3. The Company utilized Tk. 18,033,116 against budgeted amount of Tk. 15,000,000 up to October 31, 2017 for IPO Expenses. It may be mentionable that IPO Expenses of Tk. 5,899,506 had been paid from the IPO bank A/C and the remaining un-adjusted IPO expenses of Tk. 9,100,494 (Tk.15,000,000 - Tk.5,899,506) is yet to be adjusted from IPO bank A/C.

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: November 13, 2017.


Ahmed Zaker & Co.
Chartered Accountants

Report on Utilization of IPO Proceeds

For the month of October 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, 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%	-
Total				200,000,000	-	94,524,119		105,475,881		

Net Interest on IPO Proceeds: Tk. 1,465,341

Un-adjusted IPO Expenses: Tk. 9,100,494

Un-Utilized IPO proceeds with Interest Income & Un-adjusted IPO Expenses: Tk. 116,041,716

Percentage:

Interest on IPO Proceeds: 0.73%

Un-Utilized IPO proceeds with Interest Income: 53.47%

Note:

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

b) The Company utilized Tk. 18,033,116 against budgeted amount of Tk. 15,000,000 up to October 31, 2017 for IPO Expenses. It may be mentionable that IPO Expenses of Tk. 5,899,506 had been paid from the IPO bank A/C and the remaining un-adjusted IPO expenses of Tk. 9,100,494(15,000,000-5,899,506) is yet to be adjusted from IPO bank A/C.



Chairman



Managing Director



Chief Financial Officer



Ahmed Zaker & Co.
Chartered Accountants