

Annual Report

2016-2017



Shepherd Industries Limited

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Transmittal Letter

To
All Share Holders,
Bangladesh Securities and Exchanges Commission,
Registrar of Joint Stock Companies & Firms,
Dhaka Stock Exchange Limited,
Chittagong Stock Exchange Limited.

Subject: Annual Report for the year ended June 30, 2017.

Dear sir (s),
Enclosed please find a copy of Annual Report together with the Audited Financial Statements including Statement of Financial Position, Statement of Profit or Loss & Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year ended June 30, 2017 along with notes to thereon of Shepherd Industries Limited for your kind information and records.


Thank you.

Sincerely yours,



Mohammed Abu Zafar
Company secretary





Notice of the
16th Annual General Meeting

Shepherd Industries Limited

House # 24, Road # 04, Sector # 04, Uttara, Dhaka-1230

Notice of the 16th Annual General Meeting

Notice is hereby given that the 16th Annual General Meeting (AGM) of the shareholders of Shepherd Industries Limited will be held on **Tuesday, November 21, 2017** at 10.30 a.m. at DOHS Baridhara Convention Center, Baridhara DOHS Parishad, DOHS Baridhara, Dhaka Cantonment, Dhaka-1206 to transact the following business.

Agenda

01. To consider the Audited Financial Statements for the year ended on June 30, 2017 along with report of the Auditors and Directors.
02. To declare dividend for the year ended on June 30, 2017 as recommended by Board of Directors.
03. To elect Directors.
04. To approve re-appointment Independent Director (Mr. Monzur Alam Khan) of the Company.
05. To Approve re-arrange utilization of IPO proceeds.
06. To appoint Auditors of the Company and fix their remuneration for the year ended June 30, 2018.

By order of the Board



Mohammed Abu Zafar
Company Secretary

Dated: November 07, 2017

Notes:

01. The Record Date is October 31, 2017.
02. The shareholders whose name will appear in the Share Register of the Company and in the Depository Register on the record date will be eligible to attend the 16th Annual General Meeting (AGM) and qualify for the dividend to be declared at the AGM.
03. A Shareholder eligible to attend and vote at the Annual General Meeting (AGM) or may appoint a proxy to attend and vote in his/her behalf by filling proxy Form. The proxy Form must be affixed with requisite revenue stamp of Tk. 20/= and must be submitted to the Head Office of the Company not later than 48 hours before the day of the Annual General Meeting (AGM).
04. Members are requested to notify change of address, if any, through their respective Depository Participants before the Record Date.
05. Annual Report 2017 of Shepherd Industries Limited will also be available at the Company website: www.shepherdbd.com
06. Shareholders attendance counter will open at 9.00 a.m. and to be continued till 10.30 a.m.
07. **No gift or benefit in cash or kind shall be paid to the shareholders in terms of clause (c) of the Notification No.SEC/CMRRCD /2009-193/154 dated October 24, 2013 for attending the AGM of the company.**

Corporate Directory

BOARD OF DIRECTORS

Mr. Chung Wen Kuei	Chairman
Mr. Kao Wen Fu	Managing Director
Mr. Yang Ming Te	Director (Representative of Eternal Flame Int'l Co. Inc.)
Mr. Lin Chih-Wen	Director (Representative of Ever Priority Ltd.)
Mr. Md. Monzur Alam Khan	Independent Director

Audit Committee

Mr. Md. Monzur Alam Khan	Chairman
Mr. Kao Wen Fu	Member
Mr. Chung Wen Kuei	Member
Mr. Mohammed Abu Zafar	Secretary

Company Secretary

Mr. Mohammed Abu Zafar

Chief Financial Officer

Mr. Md. Ataur Rahman

Head of Internal Auditor

Ms. Shahnaz Akhter

Management Team

Mr. Kao Wen Fu	Managing Director
Mr. Md. Abdul Mannan	Deputy Managing Director
Mr. Md. Ataur Rahman	Chief Financial Officer
Mr. Abdullah Al Harun Eusuf	DGM
Mr. Md. Moklasur Rahman	Factory Incharge
Mr. Mohammed Abu Zafar	Company Secretary

Registered Name of the Company

Shepherd Industries Limited

Incorporation No. & Date

C-41066(425)/2000 dated August 21, 2000

Commencement of Commercial Operation

October 18, 2001

Legal Status

Public Limited Company listed with
Dhaka stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

Nature of Business

Dyeing & Washing (100% export oriented)

Registered Address

House#24, Road#04, Sector#04, Uttara, Dhaka-1230
Phone: +88-02-7913340-2, Fax: +88-02-7913359-60
E-mail: info@shepherdbd.com
Web: www.shepherdbd.com

Factory Address

Bagrapara, Kathalia, Bhaluka, Mymensingh

Associates Member

Bangladesh Association of Publicly Listed Companies
Bangladesh Dyed Yarn Exporter Association

Statutory Auditor

Mahfel Huq & Co.
4th Floor, BGIC Tower, 34
Topkhana Road, Dhaka-1000, Bangladesh

Legal Advisor

Podder & Associates
6/A/1 Segun Bagicha (ground floor),
Topkhana Road, Dhaka-1000

Corporate Governance Compliance Auditor

FAMES & R
H-3/1 & 3/2 (Flat-A2), Bijoy Nagar, Dhaka-1000

Bankers

IFIC Bank Limited, Gulshan Branch
Trust Bank Limited, Gulshan Corporate Branch
Southeast Bank Limited, Gulshan Branch
Eastern Bank Limited, Uttara Branch
Pubali Bank Limited, Bhaluka Branch

Company Profile

Shepherd Industries Limited has been incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-41066(425)/2000 dated August 21, 2000 as a Private Limited Company by shares namely Shepherd Industries Limited and after that it is converted in to a Public Limited Company on June 08, 2015. The company has been amalgamated by the scheme of amalgamation with Shepherd Yarn Limited by the order of the Honorable High Court Division of The Supreme Court of Bangladesh dated December 15, 2014; with effect from April 01, 2015. The registered office of the company is situated at House # 24, Road # 04, Sector # 04, Uttara, Dhaka-1230, Bangladesh and the manufacturing establishment is located at Bagrapara, Kathalia, Bhaluka, Mymensingh.

Shepherd Industries Limited established in 2000 in Bangladesh. A long journey of 17 years, the company gathers a lot of experiences in the field of sweater yarn dyeing which make a good reputation in the market. Garment wash is a new segment of business of the company which comes into the light by the way of Initial Public Offering (IPO). Our yarn and garment washing quality remains one of the highest satisfactions in the market as well as we are also capable of providing huge production with very short lead time to meet customers' delivery deadlines. Our machineries are equipped with the latest technology and our laboratory is monitored by foreign technicians. We are committed with quality control, accurate time delivery, and large production capacity.

Main products of Shepherd Industries Ltd. includes: Various types of cotton yarn, Acrylic Cotton, Acrylic, Acrylic Wool, Acrylic Nylon, Piece Dyeing, Garments Wash , 100% Nylon and Acrylic Viscose blended yarn.



Our Vision and Mission

Our Vision

Our conception of business germinated from our vision which sees it as a means to the well being of the investors, stakeholders, employees and members of the society at large by creating new wealth in the form of goods and services that go to satisfy the wants of all of them without distributing or damaging the socio-ecological balance of the mother earth and the process of human civilization leading to peaceful Co-existence of all the living beings.



Our Mission

Our aim is to make Shepherd Industries Limited a secure & rewarding investment for its shareholders & investors, a reliable source of high quality yarn & high quality wash for denims at affordable price to its customers, secure place for work to its employees & an ethical partner to its business association.

The Board of Directors



Mr. Chung Wen Kuei
Chairman

Chung Wen Kuei, is a Taiwan national and chairman of Shepherd Industries Limited. With 28 years working experience in dyeing industry he made significant contribution to the development of Shepherd Industries. He always hunts for better quality in his products and deeper relations with the customers. He is an expert in the dyeing industry.



Mr. Kao Wen Fu
Managing Director

Mr. Kao Wen Fu is a visionary entrepreneur investor and philanthropist. He established his first venture Pakistan Alfateme Textile in 1990 and thereafter he established Shepherd Textile (BD) Ltd at DEPZ in 1997, and Shepherd Industries Ltd in 2000, Shepherd Yarn Ltd in 2005, Taiwan Food & Processing Ind. Ltd. in 2013. He is vastly experienced in the textile and dyeing sector. He is a Taiwan national with dynamic leadership quality. Under the leadership of Mr. Kao Wen Fu, Shepherd Industries Limited enjoyed huge business growth over time. Mr. Kao's innovative business idea and ability to promptly response to the contemporary changes in modern era's fashion and tastes are the keys to the success of Shepherd Industries Ltd. At his 60's, he is still energetic and dynamic. Mr. Kao has visited many countries for business purpose.



Mr. Lin Chih-Wen
Nominee Director (Representative of Ever Priority Ltd.)

Mr. Lin Chi-Wen has proven capability of contributing values in dyeing industries. He has 36 years of professional experience in Nylon/Cotton/Polyester Dyeing Factory as Technical person. He is 55 years old with dynamic leadership quality. He provides dynamic insights to the company's affairs, which is also outstanding to accelerate the performance of SIL.



Mr. Yang Ming Te

Nominee Director (Representative of Eternal Flame Int'l Co. Inc.)

Yang Ming Te, a Taiwanese national representing Eternal Flame Int'l.Co. Inc. in the board of Shepherd Industries Limited. With more than 31 years in the dyeing industry, he managed to bring a broader vision in sales, marketing and customer care. He always put positive impact towards the company to maximize wealth.

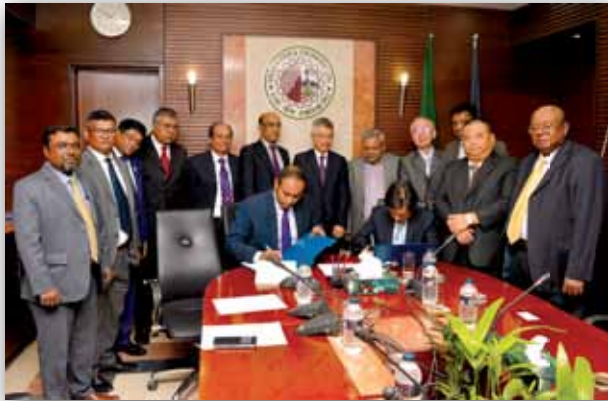


Mr. Md. Monzur Alam Khan

Independent Director

Barrister Monzur Alam Khan is the Independent Director of the company. Mr. Monzur is a barrister by profession & completed his education in the UK. Previously he worked in Lee, Khan & Associates a commercial law firm and lot of other reputed firms. He established his own law firm. Barrister Monzur is a charismatic personality, hardworking creative person with lot of experience in handling corporate issues.

Photo Galary



Agreement Signing with Dhaka Stock Exchange Ltd.



IPO Lottery Program



Crest Received form Dhaka Stock Exchange Ltd.



IPO Lottery Program



Ringing the Bell



IPO Lottery Program



Message from the Chairman

Distinguished Shareholders

I, on behalf of the Board of Directors have the pleasure to welcome all of our esteemed shareholders on the occasion of 16th Annual General Meeting of the company and I also want to give thanks to honourable shareholders for joining with us to make the event successful.

Dear valued shareholders, Shepherd Industries Ltd. obtained its IPO permission on December 08, 2016 vide Bangladesh Securities and Exchange Commission letter No. BSEC/CI/IPO-255/20 16/705 and subsequently listed with Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd. on 23.02.2017 and 25.02.2017 respectively. Before that it was a 100% Taiwanese invested company. This is the 1st AGM for us after obtaining the IPO permission. The changed situation has been imposed many obligations on us on behalf of the valued shareholders in respect of last AGM and to offer them assurance of our sincerity in maintaining operational results up to their expectations at present as well as in future.

I on behalf of the Board would like to express my sincere thanks to the respected shareholders for the confidence respond on the Board of the company throughout the year. I am also grateful to the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies & Firms, Central Depository Bangladesh Limited, Banks and Financial Institutions for their support and patronage extended to the company from time to time.

I embrace your support and seek your co-operation by all means for a brighter future for all.

Thanking you.

Regards

Chung Wen Kuei

Chairman



Message from the Managing Director

Dear valued Shareholders

It is an immense pleasure for me to welcome all of you to 16th Annual General Meeting of Shepherd Industries Ltd. and to present the Report of the Board of Directors, the Audited Statements of Financial Position, Statement of Profit or Loss & Other Comprehensive Income and other Financial Statements of the company for the year ended on June 30, 2017.

Such a changing world each and every matter including business are becoming very challenging. The fastest developing technology has changed human's habit and choice in regarding their life-style, their fashion etc. As a backward linkage industry of RMG we are directly affected cause of a slight drop of international RMG market. Last year was very challenging for us due to decrease in all over export in Bangladesh.

Dear shareholder, synchronising with international market demand we are going to renovate/replace highly technology based machineries and setting up a modern and compliance washing plant during this year. We hope that from this year and towards we will be able to achieve our optimum goal.

I embrace your support and seek your co-operation by all means for a brighter future for all.

Thanking you.

Regards

Kao Wen Fu
Managing Director

Directors' Report

Dear Shareholders,

On behalf of the Board of Directors of Shepherd Industries Ltd., I have the pleasure of welcoming you all to 16th Annual General Meeting. The Board of Directors is pleased to take the opportunity to present you the Audited Financial Statements of the Company for the Financial Year 2016-2017, Auditors' Report and the Directors' Report thereon along with Company's performance and other matters in terms of Companies ACT 1994, the guideline issued by Bangladesh Securities and Exchanges Commission and Bangladesh Accounting Standards.

THE COMPANY AT A GLANCE

Shepherd Industries Limited was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-41066(425)/2000 dated August 21, 2000 as a Private Limited Company by shares namely Shepherd Industries Limited and later on it converted in to a Public Limited Company on June 08, 2015. The company was amalgamated by the scheme of amalgamation with Shepherd Yarn Limited by the order of the Honorable High Court of The Supreme Court of Bangladesh dated December 15, 2014; with effect from April 01, 2015. The Authorized capital of the company is Tk. 1,900,000,000 (One Hundred Ninety Crore only) and paid up capital 1,242,059,860 (One Hundred Twenty Four Crore Twenty Lac Fifty Nine Thousand Eight Hundred Sixty only). The company was listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited in the month of February 2017. It's corporate office is situated at House # 24, Road # 04, Sector # 04, Uttara Model Town, Dhaka-1230 and factory at Bagrapara, Kathalia, Bhaluka, Mymensingh.

INDUSTRY OUT LOOK AND POSSIBLE FUTURE DEVELOPMENTS IN THE INDUSTRY

Shepherd Industries Ltd. is a 100% export oriented backward linkage industry which is involved in business to supply various type of dyed yarn to those RMG (sweater) industries which are directly exporting their products outside of Bangladesh. In the global market, now fashions are changing very fast, synchronizing with the fastest technology based products it is very important to install high tech machineries as well as hire technology know how, experienced and efficient manpower. At the same time products diversification is also very important to sustain in the competitive business world. The management of the company are always ready to meet up this type of challenge very smartly. So, they think and define about future development policy for the company and decided to collect 200,000,000 Taka from IPO for set up new washing plant and for renovation/replace old machineries. The management are very hopeful & determined and committed to shareholders that they can see the reflection of our deep hearted effort on the next year's Financial Statements.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The company operates in single segments, so segment reporting is not applicable.

RISKS AND CONCERNS

Exchange Risk

As a 100% export oriented both the export of the finished goods and the import of raw materials (yarn, accessories and dyes/chemicals) are both in US Dollars, there is an automatic hedge as far as exchange risk is concerned. However, any further appreciation in the value of the major global currencies against the Bangladeshi Taka (BDT) will hurt the competitive edge of the manufacturers in Bangladesh. The current level of the exchange rate between the local currency and the Euro is beginning to pose a major threat to Bangladesh's competitiveness in the European market. Whilst Far East is yet to be affected, we are aware that a few of the major European buyers are curtailing their imports. We remain vigilant and are countering any potential risk through increased productivity as well as investments in the latest and most efficient technologies. Additionally, the passing of the Brexit bill in the UK has resulted in a sharp depreciation of the UK Pound making imports that much more expensive for them. As a result, we have additional pressure to reduce prices for exports to the UK, which is one of the major markets for our company.

Political Risk

The year under review was relatively stable without any major political or industrial unrest which had dogged the industry over the past two years. This is a risk that is beyond the control of the entrepreneurs and we hope for this stable environment to continue for conducting and growing our business.

Industry Risk

We do not anticipate any major competition to Bangladesh in the RMG sector in the foreseeable future. In fact the trend is quite the opposite where the number one RMG exporter in the world is struggling to hold on to its position due to increased costs. However, to ensure that the preferred destination for buyers leaving China to Bangladesh, we have to constantly invest in R&D as well as latest technologies to improve productivity and efficiency. At the same time we will require continued governmental support for infrastructural developments.

Market Risk

At present and in the foreseeable future the demand for RMG from manufacturers in Bangladesh is expected to be continuously on the rise but the competition amongst the factories for this increased business will remain severe. In order to survive and thrive in this environment Shepherd Industries Limited has evolved into fully compliant factory, invested in the latest in technology and machineries and has a strong marketing team to attract and sustain customer relationships. We have a well diversified base of buyers in terms of geographical location and also are not heavily dependent on any one or two buyers. We believe that we have this risk well mitigated and our increased year on year sales is a testament to this fact.

DISCUSSION ON COST OF GOODS SOLD, GROSS PROFIT MARGIN AND NET PROFIT MARGIN

Particulars	For the year end on June 30, 2017	For the year end on June 30, 2016
Cost of goods sold	2,263,558,771	2,336,413,047
Gross Profit	315,409,707	306,220,364
Net Profit after Tax	127,992,497	139,138,747

DISCUSSION ON CONTINUITY OF ANY EXTRA-ORDINARY GAIN OR LOSS

There is no extra-ordinary gain or loss in the financial statements.

RELATED PARTY DISCLOUSER

The Company has Related Party transactions which have been disclosed in related party transaction in note no. 39.2 of the notes to the financial statements.

UTILIZATION OF PROCEEDS FROM PUBLIC ISSUE

The company raised tk. 20.00 Crore by issuing 20,000,000 Ordinary Shares of Tk.10 each from the capital market in order to meet up the fund requirements for the purpose of Civil Construction, Acquisition & Installation of Machineries (Dyeing, Washing, Duties, Insurance, L/C Commission, Inland Carring, C & F, Erection and Installation), Expansion of ETP, Repayment of short term bank loan and IPO Expenses. The Utilization of IPO fund has been audited by Ahmed Zaker & CO, Chartered Accountants which have been disclosed in IPO Proceeds Utilization in note no. 42 of the notes to the financial statements.

SIGNIFICANT VARIANCE BETWEEN QUARTERLY FINANCIAL PERFORMANCE AND ANNUAL FINANCIAL STATEMENTS

Significant variations have occurred between last year and current year's performance in Net Operating Cash Flows of the Company which has been disclosed in "Reason for Major Deviation in parameters" in note no. 38.

DIRECTOR'S REMUNERATION & ATTENDANCE

Director's Remuneration

Director's Remuneration paid during the year is shown in note no. 28. During the year 06 nos. Board of Directors Meeting held and has been paid Tk. 27,900 (Twenty Seven Thousand Nine Hundred) against Board Meeting Fee which has been disclosed in note no. 28.

Director's Attendance

Name of Directors	Attendance
Mr. Chung Wen Kuei, Chairman	06
Mr. Kao Wen Fu, Managing Director	06
Mr. Lin Chih-Wen, Director (Representative of Ever Priority Ltd.)	03
Mr. Yang Ming Te, Director (Representative of Eternal Flame Int'l Co. Inc.)	03
Mr. Md. Monzur Alam Khan, Independent Director	02

DIRECTORS RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The financial statements together with notes thereon have been drawn up in conformity with the Companies Act 1994 and Securities and Exchange Rules 1987. These statements present fairly the company's state of affairs, the results of its operations, cash flow and changes in equity.

- i) Proper books of accounts of the company have been maintained. Appropriate accounting policies have been applied consistently in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.

- ii) The international Financial Reporting Standards, as applicable in Bangladesh, have been followed in the preparation of the financial statements.
- iii) The systems of internal control are sound and have been implemented and monitored effectively.
- iv) There are no significant doubts upon the company's ability to continue as a going concern.
- v) The key operating data and financial data for the last two years are shown in the next chapter of this Directors Report.

FINANCIAL HIGHLIGHTS

Operational Result	2016-2017	2015-2016
Turnover	2,578,968,478	2,642,633,411
Gross Profit	315,409,707	306,220,364
Operating Profit	272,338,655	270,218,440
Net Profit/(Loss)	127,992,497	139,138,747
Earning per Share	1.14	1.76
Net Operating Cash Flow	(6.00)	0.69

Operational Position	As on June 30, 2017	As on June 30, 2016
Fixed Assets	1,526,266,925	1,384,811,864
Current Assets	3,039,003,195	2,471,463,873
Shareholders' Equity	2,277,761,951	1,948,472,212

DIVIDEND

The Board of Directors has recommended 10% Stock Dividend for the all shareholders for the year ended on June 30, 2017 whose names appear in the Share Register of the Company and/or Depository Register of CDBL as on record date: October 31, 2017.

INDEPENDENT DIRECTOR

Pursuant to receiving the consent of the Bangladesh Securities and Exchange Commission and in compliance of the Commission's regulations in this regards, the Board of Directors have appointed an Independent Director which comprise at least 20% of the size of the Board of Directors:

The Board of Directors has appointed Mr. Md. Monzurul Alam Khan as an Independent Director of the company on 25th February, 2016 for a period of three years, which was approved and ratified in 15th Annual General Meeting of the company.

COMPANY SECRETARY, CFO & INTERNAL AUDITOR

As per Corporate Governance of BSEC, the Company has allocated the responsibilities as follows:

Company Secretary	: Mohammed Abu Zafar
Chief Financial Officer	: Md. Ataur Rahman
Head of Internal Auditor	: Ms. Shahnaz Akhter

AUDIT COMMITTEE

The Audit Committee, as a sub-committee of the Board, has been constituted with three Directors, one of whom is an Independent Director. The Company Secretary acts as Secretary to the Audit Committee. The Committee assists the Board in ensuring that the financial statements reflect a true and fair view of the state of affairs of the Company. Audit Committee is responsible to the Board of Directors and its roles and responsibilities are clearly set forth.

Audit Committee has been formed as follows :

Mr. Md. Monzur Alam Khan	: Chairman
Mr. Kao Wen Fu	: Member
Mr. Chung Wen Kuei	: Member
Mohammed Abu Zafar	: Secretary

EXTERNAL STATUTORY AUDITORS

The BSEC guidelines are being strictly followed in engaging statutory auditors.

SUBSIDIARY COMPANY

The company has no subsidiary company.

DUTIES OF CEO & CFO

The provision of BSEC regulation has been complied.

SHAREHOLDING COMPOSITION AS ON JUNE 30, 2017

Sl No	Shareholders Group	2017		2016	
		No. of Share	Percentage (%)	No. of Share	Percentage (%)
1	Sponsor/Director	63,941,874	51.48%	63,941,874	61.36%
2	Government	-	0.00%	-	0.00%
3	Institute	4,740,478	3.82%	-	0.00%
4	Foreign	34,164,112	27.51%	34,164,112	32.79%
5	General Public	20,609,341	16.59%	-	0.00%
6	NRB (Non-Resident Bangladeshi)	750,181	0.60%	-	0.00%
7	Pre-IPO	-	0.00%	6,100,000	5.85%
Total		124,205,986	100.00%	104,205,986	100.00%

DIRECTORS ELECTION

Mr. Kao Wen Fu and Mr. Chung Wen Kuei retired by rotation at this AGM and being eligible offered themselves for re-election under Article 82 of the company's Articles of Association.

BOARD OF DIRECTORS

Mr. Chung Wen Kuei, Chairman

Mr. Kao Wen Fu, Managing Director

Mr. Yang Ming Te (Representative of Eternal Flame Int'l Co. Inc.)

Mr. Lin Chih-Wen (Representative of Ever Priority Ltd.)

Mr. Md. Monzur Alam Khan (Independent Director)

FINANCIAL RESULTS AND APPROPRIATION OF PROFIT

The Company's financial results for the year ended on June 30, 2017 with recommendation for appropriations are as follows:

	Value in Taka
Net Profit for the year	127,992,497
Add: Adjustment for Revaluation Reserve	8,648,280
Profit brought forward	353,760,682
Profit available for appropriation:	490,401,459
Appropriations:	
Proposed Stock Dividend	124,205,986
Transfer to Retained Earning	366,195,473

PATTERN OF SHAREHOLDING AND NO. OF SHAREHOLDING AS ON 30 JUNE 2017

Share Holding Range	Number of Share Holders	No. of Share	Percentage of Share Holding
1-499	1,828	366,187	0.30%
500-5000	4,766	6,742,266	5.43%
5001-10000	500	3,689,145	2.97%
10001-20000	231	3,247,233	2.61%
20001-30000	59	1,438,657	1.16%
30001-40000	30	1,030,720	0.83%

40001-50000	10	438,608	0.35%
50001-100000	22	1,577,677	1.27%
100001-1000000	28	13,304,159	10.71%
1000001-Above	20	92,371,334	74.37%
Total	7,494	124,205,986	100.00%

Top 10 (Ten) Shareholders As On 30 June 2017

Sl No	Name Shareholders	No. of Shares Held	% of Holding
1	EVER PRIORITY LIMITED	43,035,650	34.65%
2	ETERNAL FLAME INT'L CO. INC.	10,886,580	8.76%
3	LIN WEN YU	3,974,048	3.20%
4	KAO WEN FU	3,717,549	2.99%
5	CHUNG WEN KUEI	3,261,415	2.63%
6	YIN SHIH WEN	3,220,355	2.59%
7	CHEN CHEN YEN	3,209,115	2.58%
8	LIU SHUANG CHUAN	2,500,000	2.01%
9	TSENG YA FEN	2,428,750	1.96%
10	KANG OK LEE	2,000,000	1.61%
Total		78,233,462	62.99%

Parents/Subsidiary/Associated Companies and other related parties

SL. NO.	Name of Shareholders	Designation	Number of share	%
a.	Parents/Subsidiary/Associated Companies and other related parties		Nil	Nil
b.	Directors and their spouse Mr. Kao Wen Fu Mr. Chung Wen Kuei	Managing Director Chairman	3,717,549 3,261,415	2.99% 2.63%
c.	Independent Director, Company Secretary, Chief Financial Officer, Head of Internal Audit			
	Mr. Md. Monzur Alam Khan	Independent Director	Nil	Nil
	Mr. Mohammed Abu Zafar	Company Secretary	Nil	Nil
	Mr. Md. Ataur Rahman	Chief Financial Office	Nil	Nil
	Ms. Shahnaz Akhter	Head of Internal Audit	Nil	Nil
d.	Executive Mr. Md. Abdul Mannan	Deputy Managing Director	1,100,000	0.89%
e.	Shareholders holding ten percent (10%) or more voting interest in the company		Nil	Nil

INSURANCE COVERAGE

The company has comprehensive insurance covering Industrial All Risks (IAR), including but not limited to fire, business interruption, natural disaster, third party liability, etc.

HUMAN RESOURCE

The company employed a total number of 729 people as on June 30, 2017. Quality of Human Resource is a crucial factor for the success of an organization. We believe that the employees are the most important asset and they are the main drivers to ensure success of the organization. The HR Department of our Company has formulated specific retention strategy in terms of working environment, compensation package and career progression to ensure the critical resources and high performers stay and grow with the Company. The Company believes on the continuous development of the employees and arranges training and workshops to ensure the employees are updated with latest technology and management practices.

EMPLOYEES' BENEFITS

Attendance Bonus

The Company introduced Attendance Bonus for workers which is directly enhance their earning and help to grow interest and competitive approach to be the best one.

Contributory Provident Fund & Gratuity Fund

The Board of Directors believes that the employees are most valuable assets for the Company so that always they think of their better living at present as well as for their future security. Considering these from the year 2015 the Company has been implemented Employees Contributory Provident Fund and Gratuity Fund which are recognized by the National Board of Revenue (NBR).

Child Care Facilities

The company has set up a fully equipped child care facility within the factory premises to serve the workers who can leave their little children at the facility for the whole day. These services are free.

AUDITORS

Pursuant to Section 210 of the Companies Act, 1994, the Company's statutory auditors Mahfel Huq & Co. Chartered Accountants, retire at the 16th Annual General Meeting. Being eligible, they expressed their willingness to be re-appointed.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I take this opportunity to thank all our shareholders wholehearted cooperation and active support in assisting me and the Board of Directors to effectively discharge our duties during the year under review. We would also like to express our gratitude to the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, RJSC and other business associates for their valuable suggestions, continuous support and cooperation extended to the company. We would also like to thank our Auditor, Mahfel Huq & Co., Chartered Accountants for their efforts for timely completion of the audit. We would like to express our gratitude to our bankers, customers and suppliers for providing all the necessary and timely support to enable and enhance our growth and profitability. Lastly, we would like to express our deepest appreciation for the services and the loyalty of all our executives, officers and employees of the company at all levels, without whom it would have been impossible to have delivered such a solid performance.

I now request the valued shareholders to kindly accept and approve the Auditors' Report, Annual Audited Accounts 2016-2017 and the Directors Report placed before you.

Thanking you,

For and on behalf of the Board of Directors



Kao Wen Fu
Managing Director

CEO & CFO's Declaration to the Board of Directors

The Board of Directors
Shepherd Industries Limited
House # 24, Road # 04, Sector # 04,
Uttara, Dhaka-1230

Subject: CEO & CFO's Declaration to the Board of Directors.

Dear Sirs,

In compliance with the condition no. 6 imposed by Bangladesh Securities and Exchange Commission's notification no. BSEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities & Exchange Ordinance 1969, we do hereby certify to the Board of Directors that:

- (i) We have reviewed the financial statements for the year ended on June 30, 2017 and to the best of our knowledge and belief;
 - (a) These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
 - (b) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;
- (ii) There are, to the best of knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.

Sincerely yours



Kao Wen Fu
Managing Director



Ataur Rahman
Chief Financial Officer (CFO)

Audit Committee Report

Shepherd Industries Limited established an audit committee as a sub-committee of the Board of Directors. The committee supports the Board in fulfilling its oversight responsibilities. The audit committee of Shepherd Industries Limited are formed as follows:

Mr. Md. Monzur Alam Khan	: Chairman
Mr. Kao Wen Fu	: Member
Mr. Chung Wen Kuei	: Member
Mohammed Abu Zafar	: Secretary

Terms of Reference

The terms of reference of the committee has been agreed upon as follows:

1. To review all internal and external audit report.
2. To recommend the statutory annual audited financial statements to the Board of Directors for approval.
3. To review the finding of the internal and external auditors.
4. To review and approve the Annual "Audit Plan" of the Internal Audit Department.
5. To monitor the implementation of the recommendations of the Internal and External auditors.
6. To review the performance of the external auditors and make recommendations to the Board regarding their appointment and fees.
7. To review the quarterly, half yearly and annual financial statements before submission to the Board.
8. To review the company's statement on internal control systems prior to endorsement by the Board.
9. The company secretary shall be the secretary of the audit committee.

Activities

1. The financial statements of the first quarter, half year, third quarter and the full year were reviewed by the committee and subsequently recommended to the Board for consideration and approval.
2. The committee also reviewed the work of the internal audit department and made suggestions for improvement.
3. The committee recognized the observation of the internal audit department regarding internal control and suggestions made to improve operational systems and procedures and their implementation.

Recommendation

The audit committee recommended to the Board of Directors that:

1. The Financial Statements for the year ended 30 June, 2017 may be approved.
2. Mahfel Huq & Co., Chartered Accountants will retire at the conclusion of the 16th Annual General Meeting and being eligible has offered themselves for re-appointment for year 2017-18. The Board of Director of the Company recommend Mahfel Huq & Co. , Chartered Accountants to be appointed as auditors of the Company for the year ended on June 30, 2018 for onward approval by the shareholders in the Annual General Meeting.

On behalf of the Audit Committee



Md. Monzur Alam Khan
Chairman of the Audit Committee

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the shareholders of Shepherd Industries Limited

We have examined the accompanying statement of compliance with the conditions of the Corporate Governance guidelines by **Shepherd Industries Limited** (hereinafter referred to “the company”) for the year ended 30 June 2017. These conditions of Corporate Governance were issued by the Bangladesh Securities and Exchange Commission (BSEC) vide its’ Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 and as amended vide BSEC Gazette Notification no. SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013.

Those charged with governance and the management of the company is responsible for complying with the conditions of corporate governance guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC). Those charged with the governance of the company are also responsible for stating in the Directors’ report whether the company has complied with the conditions of corporate governance guidelines.

Our responsibility is to provide a certificate about whether the company is in compliance with said conditions of corporate governance based on our examination. Our examination for the purpose of issuing this certificate was limited to the procedures including implementation thereof as adopted by the management of the company for ensuring compliance to the conditions of Corporate Governance and correct reporting of the status of the compliance on attached statement based on evidence gathered and representation received. It is neither an audit nor expression of opinion on the financial statements of the company for the year then ended.

To the best of our information and according to the explanations provided to us by the company, we certify that the Company has complied with the conditions of Corporate Governance for the year ended 30 June 2017 as stipulated in the above mentioned guidelines issued by BSEC dated 07 August 2012.

Place -Dhaka.
Date-October 21, 2017


FAMES & R

Chartered Accountants

Annexure-I

Compliance Report of Corporate Governance to Bangladesh Securities and Exchange Commission (BSEC) Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 and as amended vide BSEC Gazette Notification no. SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013

By **Shepherd Industries Limited**

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No BSEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1	Board of Directors:			
1.1	Board's Size: The number of the board members shall not be less than 5(Five) and more than 20 (Twenty)	√		
1.2	Independent Directors:			
1.2	(i) One fifth (1/5) of the total number of directors	√		Appointment Date 25/02/2016
1.2	(ii) a) Does not hold any share or hold less than 1% shares of the total paid-up shares.	√		
1.2	(ii) b) Not connected with any Sponsor/ Director/ Shareholder who hold 1% or more shares of the total paid -up shares on the basis of family relationship	√		
1.2	(ii) c) Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	√		
1.2	(ii) d) Not a member, director or officer of any stock exchange.	√		
1.2	(ii) e) Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.	√		
1.2	(ii) f) Not a partner or an executive or was not a partner or an executive during the preceding 3(three) years of any statutory audit firm.	√		
1.2	(ii) g) Not be an independent director in more than 3 (three) listed companies.	√		
1.2	(ii) h) Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBFIL.	√		
1.2	(ii) i) Not been convicted for a criminal offence involving moral turpitude.	√		
1.2	(iii) Nominated by the board of directors and approved by the shareholders in the AGM.	√		
1.2	(iv) Not remain vacant for more than 90 (ninety) days.	√		
1.2	(v) Board shall lay down a code of conduct of all Board members and annual compliance of the code to be Recorded.	√		
1.2	(vi) Tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	√		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1.3	Qualification of Independent Director (ID):			
1.3	(i) Knowledge of Independent Directors.	√		
1.3	(ii) Background of Independent Directors.	√		
1.3	(iii) Special cases for qualifications.			N/A
1.4	Individual Chairman of the Board and CEO.	√		
1.5	The Directors' Report to Shareholders:			
1.5	(i) Industry outlook and possible future developments in the industry.	√		
1.5	(ii) Segment-wise or product-wise performance.			Company operates in single product segment
1.5	(iii) Risks and concerns.	√		
1.5	(iv) Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√		
1.5	(v) Discussion on continuity of any Extra-ordinary gain or loss.	√		
1.5	(vi) Basis for related party transactions.	√		
1.5	(vii) Utilization of proceeds from public issues, rights issues and/or through any others.	√		
1.5	(viii) Explanation of the financial results deteriorates after the company goes for IPO, RPO, Rights Offer, and Direct Listing.	√		
1.5	(ix) Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements.			N/A
1.5	(x) Remuneration to directors including independent directors.	√		
1.5	(xi) Fairness of Financial Statement.	√		
1.5	(xii) Maintenance of proper books of accounts.	√		
1.5	(xiii) Adoption of appropriate accounting policies and estimates.	√		
1.5	(xiv) Followed IAS, BAS, IFRS and BFRS in preparation of financial statements.	√		
1.5	(xv) Soundness of internal control system.	√		
1.5	(xvi) Ability to continue as a going concern.	√		
1.5	(xvii) Significant deviations from the last year's.	√		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1.5	(xix) Reasons for not declared dividend.			N/A
1.5	(xx) Number of board meetings held during the year and attendance.	√		
1.5	(xxi) Pattern of shareholding:			
1.5	(x x i) Parent/Subsidiary/Associated Companies and other related parties.	√		
1.5	(x x i) Directors, CEO, CS, CFO, HIA and their spouses and minor children.	√		
1.5	(x x i) Executives.	√		
1.5	(xxi) d) interest. 10% or more voting	√		
1.5	(xxii) Appointment/re-appointment of director:			
1.5	(xxii) a) Resume of the director	√		
1.5	(xxii) b) Expertise in specific functional areas.	√		
1.5	(xxii) c) Holding of directorship and membership of committees of the board other than this company.	√		
2	CFO, Head of Internal Audit (HIA) and CS:			
2.1	Appointment of CFO, HIA and CS and defining their responsibilities.	√		
2.2	Attendance of CFO and CS at the meeting of the Board of Directors.	√		
3	Audit Committee:			
3	(i) Constitution of Audit Committee	√		
3	(ii) Assistance of the Audit Committee to Board of Directors.	√		
3	(iii) Responsibility of the Audit Committee.	√		
3.1	Constitution of the Audit Committee:			
3.1	(i) At least 3 (three) members.	√		
3.1	(ii) Appointment of members of the Audit Committee.	√		
3.1	(iii) Qualification of Audit Committee members.	√		
3.1	(iv) Term of service of Audit Committee members.	√		
3.1	(v) Secretary of the Audit Committee.	√		
3.1	(vi) Quorum of the Audit Committee.	√		
3	Chairman of the audit committee:			
3.2	(i) Board of Director shall select the Chairman.	√		
3.2	(ii) Chairman of the audit committee shall remain present in the AGM.	√		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
3.3	Role of Audit Committee:			
3.3	(i) Oversee the financial reporting process.	√		
3.3	(ii) Monitor choice of accounting policies and principles.	√		
3.3	(iii) Monitor Internal Control Risk management process.	√		
3.3	(iv) Oversee hiring and performance of external auditors.	√		
3.3	(v) Review the annual financial statements before submission to the board for approval.	√		
3.3	(vi) Review the quarterly and half yearly financial statements before submission to the board for approval.	√		
3.3	(vii) Review the adequacy of internal audit function.	√		
3.3	(viii) Review statement of significant related party transactions.	√		
3.3	(ix) Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.	√		
3.3	(x) Disclosure about the uses/applications of funds raised by IPO/RPO/Right issue.	√		
3.4	Reporting of the Audit Committee:			
3.4.1	Reporting to the Board of Directors.	√		
3.4.1	(i) Activities of Audit Committee.	√		
3.4.1	(ii) a) Conflicts of interests.	√		
3.4.1	(ii) b) Material defect in the internal control system.	√		
3.4.1	(ii) c) Infringement of laws, rules and regulations.	√		
3.4.1	(ii) d) Any other matter.	√		
3.4.2	Reporting to the Authorities.	√		
3.5	Reporting to the Shareholders and General Investors.	√		
4	Engagement of External/Statutory Auditors:			
4	(i) Appraisal or valuation services or Fairness opinions.	√		
4	(ii) Financial information systems design and Implementation.	√		
4	(iii) Book-keeping.	√		
4	(iv) Broker-dealer services.	√		
4	(v) Actuarial services	√		
4	(vi) Internal audit services.	√		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
4	(vii) Services that the Audit Committee determines	√		
4	(viii) Audit firms shall not hold any share of the company they audit.	√		
4	(viii) Audit/certification services on compliance of corporate governance as required under clause (i) of condition no.7	√		
5	Subsidiary Company:			
5	(i) Composition of the Board of Directors.			N/A
5	(ii) At least 1 (one) independent director to the subsidiary company.			N/A
5	(iii) Submission of Minutes to the holding company.			N/A
5	(iv) Review of Minutes by the holding company.			N/A
5	(v) Review of Financial Statement by the holding company.			N/A
6	Duties of Chief Executive Officer and Chief Financial Officer:			
6	(i) a) Reviewed the materially untrue of the financial statement.	√		
6	(i) b) Reviewed about compliance of the accounting standard.	√		
6	(ii) Reviewed about fraudulent, illegal or violation of the company's code of conduct.	√		
7	Reporting and Compliance of Corporate Governance:			
7	(i) Obtain certificate about compliance of conditions of Corporate Governance Guidelines.	√		
7	(ii) Annexure attached in the directors' report.	√		

Independent Auditor's Report

To the Shareholders of

SHEPHERD INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying Financial Statements of SHEPHERD INDUSTRIES LIMITED, which comprise the Statement of Financial Position as at 30 June 2017 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 30 June 2017 and of its financial performance and its cash flows for the year then ended in accordance with the Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS) and other applicable laws and regulations.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following matters:

Negative operating cash flow: The management of the company explained in note # 38 to the financial statements its position as to why cash flow from operating activities in the current year is negative.

Earnings per share (EPS): The management of the company explained in note # 38 to the financial statements the reasons as to why EPS declined in the current year in comparison with previous year.

Report on Other Legal and Regulatory Requirements

We further report that:

- a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books;
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred was for the purpose of the company's business.

Dated: Dhaka
10 October 2017


MAHFEL HUQ & CO.
Chartered Accountants

SHEPHERD INDUSTRIES LIMITED
Statement of Financial Position
as on June 30, 2017

Particulars	Notes	Amount in Taka	Amount in Taka
		30.06.2017	30.06.2016
ASSETS AND PROPERTIES			
Non-Current Assets		1,526,266,925	1,384,811,864
Property, Plant & Equipment	4	1,525,712,624	1,334,235,677
Capital Work-in-Progress	5	-	50,407,119
Intangible Asset	6	554,301	169,068
Current Assets		3,039,003,195	2,471,463,873
Inventories	7	1,439,369,822	1,184,165,958
Trade & other Receivables	8	1,331,333,393	1,091,466,500
Investment	9	-	62,232,899
Advance, Deposits & Prepayments	10	112,899,663	77,844,133
Current a/c with Related Entity	11	1,878,800	15,100,000
Cash and Cash Equivalents	12	153,521,517	40,654,383
		4,565,270,120	3,856,275,737
EQUITY AND LIABILITIES			
Shareholders' Equity		2,277,761,951	1,948,472,212
Share Capital	13	1,242,059,860	1,042,059,860
Revaluation Reserve	14	545,300,632	552,651,670
Retained Earnings	15	490,401,459	353,760,682
Non-Current Liabilities		132,726,294	123,185,570
Obligation under Finance Lease	16	4,489,374	4,003,683
Deferred Tax liabilities	17	128,236,920	119,181,887
Current Liabilities		2,154,781,875	1,784,617,955
Loan from Shareholders'	18	33,728,933	33,728,933
Trade & other Payables	19	414,878,188	968,869,108
Obligation under Finance Lease-Current Portion	16	4,896,344	1,793,435
Short Term Bank Loan	20	1,529,243,947	652,665,292
Outstanding IPO Subscription	21	637,750	-
Liabilities for Expenses & Provisions	22	171,396,713	127,561,187
		4,565,270,120	3,856,275,737
Net Asset Value (NAV) Per Share		18.34	18.70

The annexed notes form an integral part of the Statement of Financial Position.


Chief Financial Officer


Company Secretary


Director


Managing Director


Chairman

This is the Statement of Financial Position referred to in our separate report of even date.

Dated: Dhaka
10 October 2017


MAHFEL HUQ & CO.
Chartered Accountants

SHEPHERD INDUSTRIES LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the Year ended June 30, 2017

Particulars	Notes	Amount in Taka	Amount in Taka
		2016-2017	2015-2016
Revenue	23	2,578,968,478	2,642,633,411
Less: Cost of Sales	24	(2,263,558,771)	(2,336,413,047)
Gross Profit		315,409,707	306,220,364
Foreign Currency Gain/(Loss)	25	3,339,623	86,004
Add: Other income	26	9,971,374	19,925,988
Less: Operating Expenses		(56,382,049)	(56,013,916)
Selling & Distribution Expenses	27	(9,415,643)	(9,710,799)
Administrative Expenses	28	(46,966,406)	(46,303,117)
Profit from Operation		272,338,655	270,218,440
Less: Financial Expenses	29	(91,107,381)	(104,836,950)
Less : IPO Expenses	30	(17,806,177)	-
Net Profit/ (Loss) before tax		163,425,097	165,381,490
Income Tax Expense:		(35,432,600)	(26,242,743)
Current Tax	31	(25,080,325)	(30,414,940)
Deferred Tax Income/(Expenses)		(10,352,275)	4,172,197
Net Profit/ (Loss) after Tax for the period		127,992,497	139,138,747
Basic Earning Per share (Par Value of Tk. 10/- each)	32	1.14	1.76

The annexed notes form an integral part of the Statement of Financial Position.


Chief Financial Officer


Company Secretary


Director


Managing Director


Chairman

Dated: Dhaka
10 October 2017


MAHFEL HUQ & CO.
Chartered Accountants

SHEPHERD INDUSTRIES LIMITED
Statement of Changes In Equity
For the Year ended June 30, 2017

Particulars	Paid up Capital	Share Money Deposit	Revaluation Reserve	Retained Earnings	Total Equity
Opening balance as on 01-07-2016	1,042,059,860	-	552,651,670	353,760,682	1,948,472,212
Fresh Issuance of Share	200,000,000	-	-	-	200,000,000
Less: Depreciation on revaluation transfer to retained earnings	-	-	(8,648,280)	8,648,280	-
Add/(Less): Deferred Tax Income/(Expenses) during the year	-	-	1,297,242	-	1,297,242
Add: Net profit/(loss) for the Year	-	-	-	127,992,497	127,992,497
Closing balance on 30 June 2017	1,242,059,860	-	545,300,632	490,401,459	2,277,761,951

Statement of Changes in Equity
For the year ended June 30, 2016

Particulars	Paid up Capital	Share Money Deposit	Revaluation Reserve (Re-stated)	Retained Earnings (Re-stated)	Total Equity
Opening balance as on 01-07-2015	191,194,000	476,927,129	550,092,480	215,746,852	1,433,960,461
Adjustment for excess transfer of depreciation to retained earnings	-	-	10,686,748	(10,686,748)	-
Re-stated at 01 July 2015	191,194,000	476,927,129	560,779,228	205,060,104	1,433,960,461
Add: Share Money Deposit during the year	-	407,286,021	-	-	407,286,021
Less: Share Money Transfer to Share Capital	850,865,860	(850,865,860)	-	-	-
Less: Transfer to Loan from Shareholders	-	(33,347,290)	-	-	(33,347,290)
Less: Depreciation on revaluation transfer to retained earnings	-	-	(9,561,832)	9,561,832	-
Add/(Less): Deferred Tax Income/(Expenses) during the year	-	-	1,434,274	-	1,434,274
Add: Net profit (Loss) for the year	-	-	-	139,138,747	139,138,747
Closing balance on 30 June 2016	1,042,059,860	-	552,651,670	353,760,682	1,948,472,212

The annexed notes form an integral part of the Statement of Financial Position.


Chief Financial Officer


Company Secretary


Director


Managing Director


Chairman

This is the Statement of Financial Position referred to in our separate report of even date.

Dated: Dhaka
10 October 2017


MAHFEL HUQ & CO.
Chartered Accountants

SHEPHERD INDUSTRIES LIMITED
Statement of Cash Flows
For the Year ended June 30, 2017

Particulars	Notes	Amount in Taka	Amount in Taka
		2016-2017	2015-2016
A) Cash Flows from Operating Activities			
Received from customers and others	34	2,375,118,744	2,570,778,633
Payment to Creditors, Suppliers, Employees and Others	35	(3,106,610,627)	(2,479,518,733)
Cash inflow/(outflow) from operation		(731,491,883)	91,259,900
Income Tax Paid	36	(14,320,597)	(19,566,519)
Net cash used in Operating Activities		(745,812,480)	71,693,381
B. Cash Flows from Investing Activities			
Acquisition of Property, Plant & Equipments		(202,273,474)	(36,941,797)
Acquisition of Intangible Assets		(450,000)	-
Proceeds from Sale of Property, Plant & Equipments		3,080,000	29,400,000
Payment for Capital Work-in-Progress	37	-	(46,781,691)
Investment on FDR		232,899	42,771,800
Investment in Share Money Deposit of Taiwan Food and Processing Industries Limited		62,000,000	-
Current a/c with Related Entity		13,221,200	112,408,409
Net cash used in Investing Activities		(124,189,375)	100,856,721
C. Cash Flow from Financing Activities			
Share Money Deposit Received		-	40,144
Proceeds from Issuance of share		200,000,000	407,627,520
Long Term Loan Received/(Paid)-Net		-	(38,505,032)
Outstanding IPO Subscription		637,750	-
Obligation under Finance Lease Received/(Paid)-Net		3,588,600	(1,562,717)
Short Term Loan Received/(Paid)-Net		876,578,655	(465,113,989)
Financial Expenses Paid		(91,107,381)	(124,089,492)
Net cash used in by Financing Activities		989,697,624	(221,603,566)
D. Net Increase/(Decrease) in cash and Cash Equivalent		119,695,769	(49,053,464)
E. Cash & Cash Equivalent at beginning at the period		40,654,383	89,273,357
F. Unrealized gain/(loss)		(6,828,635)	434,490
G. Cash & Cash Equivalent at the end of the period		153,521,517	40,654,383
Net Operating Cash Flow per Share		(6.00)	0.69

The annexed notes form an integral part of the Statement of Financial Position.


Chief Financial Officer


Company Secretary


Director


Managing Director


Chairman

This is the Statement of Financial Position referred to in our separate report of even date.

Dated: Dhaka
10 October 2017


MAHFEL HUQ & CO.
Chartered Accountants

SHEPHERD INDUSTRIES LIMITED
Notes to the Financial Statements
For the year ended June 30, 2017

1 About the Company

1.01 SHEPHERD INDUSTRIES LIMITED, a private limited company limited by shares incorporated with the Registrar of Joint Stock Companies & Firms under the Companies Act 1994 on 21 August 2000 vide registration No. C-41066(425)/2000. The registered office of the company is located at House # 24, Road # 04, Sector # 04, Uttara Model Town, Dhaka-1230, Bangladesh. The Industrial unit is located at Kathalia, Bhaluka, Mymensingh. The company converted into public limited company with effect from June 08, 2015. The company is a publicly traded company and listed with Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd from 23 February 2017 and 25 February 2017 respectively.

The commercial production of the company was commenced on 18 October 2001.

1.02 Nature of Business Activities

Shepherd Industries limited is a 100% export oriented company engaged in dyeing of different counts cotton, acrylic, viscose and nylon yarn and washing of different type of garments & fabrics which are marketed to the direct exporters.

2 Significant Accounting Policy for the presentation of the financial Statements

The specific accounting policies selected and applied by the company's management for significant transactions and events that have material effect within the framework of BAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the period and were also consistent with those used in earlier years.

2.01 Corporate Financial Statements

This comprises Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flow and explanatory notes covering accounting policies. This is prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1994 and the Bangladesh Accounting Standards (BASs), Bangladesh Financial Reporting Standards (BFRS) as applicable to this Company. The Board of Directors is responsible for preparing and presenting the financial statements including adequate disclosures, which approved and authorized for issue of this financial statements.

2.02 The financial statements are presented in accordance with guidelines provided by BAS 1 : Presentation of Financial Statements

The financial statements comprises the following;

- Statement of Financial Position as on June 30, 2017
- Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2017
- Statement of Change in Equity for the year ended June 30, 2017
- Statement of Cash Flows for the year ended June 30, 2017
- Accounting Policies and explanatory notes to the Financial Statements for the year ended June 30, 2017

2.03 Functional and presentation currency

The Financial Statements are prepared and presented in Bangladeshi Currency (Taka), which is the functional currency of the company. All financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

2.04 Comparative Information

Comparative information has been disclosed in respect of the previous period for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period financial statements.

Previous period figure has been re-arranged/re-stated whenever considered necessary to ensure comparability with the current period presentation as per BAS-8: "Accounting Policies, Changes in Accounting Estimates and Errors.

Comparative figures in statement of financial position have been subscribed from the figures appearing on 30 June 2016. While the comparative figures in income statement is the summation of figures of three months ended on 30 June 2016 and nine months from 01 July 2015 to 31 March 2016 reported separately.

2.05 Going Concern

The company has adequate resources to continue in operation for the foreseeable future. For this reasons the directors continue to adopt going concern assumption in preparing the Financial Statement. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

2.06 Foreign Currency Transaction:

Foreign currency transactions are recorded, on initial recognition in the functional currency at the spot exchange rate ruling at the transaction date.

At the end of each reporting period, in compliance with the provision of BAS 21: The Effects of Changes in Foreign Exchange Rates, are determined as under :

- (a) Foreign currency monetary items are translated using the closing rate.
- (b) Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.
- (c) Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rate different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise.

2.07 Reporting Period

The financial statements cover twelve months from July 01, 2016 to June 30, 2017.

2.08 Fundamental Accounting Concepts/ Assumption

The financial statements have been prepared under historical cost convention on accrual basis and such other convention as required by BFRS for fair presentation of financial statements.

2.09 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported value of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are revised when there is material impact on the financial results of the company.

Due to the inherent uncertainty involved in making estimates, actual result could differ from those estimates.

2.10 Regulatory Compliance

The financial Statements have been prepared in compliance with the following laws and regulations;

- The Companies Act, 1994
- The Bangladesh Securities and Exchange Rule 1987
- The Bangladesh Securities and Exchange Commission Act 1993.
- The Income Tax Ordinance, 1984
- The Income Tax Rules, 1984
- The Value Added Tax (VAT) Act, 1991
- The Custom Act 1969
- Dhaka Stock Exchange Listing Regulation 2015

2.11 Compliance with BAS & BFRS

The following BAS have been applied in preparation of the financial statements for the period under review:

BAS 1	Presentation of Financial Statements
BAS 2	Inventories
BAS 7	Statement of Cash Flows
BAS 8	Accounting Policies, Changes in Accounting Estimates and Errors.
BAS 10	Events after the Reporting Period
BAS 12	Income Taxes
BAS 16	Property, Plant and Equipment
BAS 17	Leases
BAS 18	Revenues
BAS 19	Employee Benefits
BAS 21	The Effects of Changes in Foreign Exchange Rates
BAS 23	Borrowing Cost
BAS 24	Related Party Disclosures
BAS 32	Financial Instruments : Presentation
BAS 33	Earnings Per Share
BAS 36	Impairment of Assets
BAS 37	Provisions, Contingent Liabilities and Contingent Assets
BAS 38	Intangible Assets
BAS 39	Financial Instruments : Recognition and Measurement
BAS 40	Investment Property

The following BFRS is applicable to the financial statements for the period under review;

BFRS 1	First-time adoption of Bangladesh Financial Reporting Standards
BFRS 3	Business Combinations
BFRS 7	Financial Instruments : Disclosures

2.12 Events after the Reporting Period

In compliance with the requirements of BAS 10: Adjusting Events after the reporting period, "Post Balance Events" that provide additional information about the company's position at the balance date are reflected in the financial statements and events after the balance sheet date that are not adjusting events are disclosed in the notes when material.

2.13 Recognition and Measurement of Tangible Fixed Assets

Tangible assets have been stated at written down value. Accumulated historical cost and depreciation have been shown in the Financial Statements. The cost of acquisition comprises of purchase price, including import duties and non-refundable Taxes and any directly attributable cost of bringing the assets to its state of intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an addition to cost of the assets.

2.14 Revaluation of Property, Plant & Equipment (PPE)

PPE have been stated at revalued amounts in accordance with BAS : 16 Property , Plant & Equipment.

- i) Effective date of revaluation to the Financial Statements 31-12-2010 and 31-12-2011 respectively.
- ii) PPE has been revalued by Mridha and Associates an independent valuer.
- iii) Revaluation surplus has been transferred to Revaluation Reserve and distribution of such surplus to the shareholders is restricted.

2.15 Depreciation of Tangible Fixed Assets

Depreciation on Property, Plant & Equipment other than Land & Land Development have been computed during the year using the reducing balance method so as to write off the assets over their expected useful life. Depreciation has been charged on addition when the related property, plant & equipments are available for use as per management intention. No depreciation has been charged from the date of disposal/derecognition of the related assets.

After considering the useful life of assets as per BAS-16, the annual depreciation rates have been applied as under which is considered reasonable by the management;

	Rate (%)
Building -Factory	10%
Land & Land Development	0%
Plant & Machinery	10%
ETP	15%
Electric Equipment & Line Installation	10%
Fire Fighting Equipment	10%
Tools & Equipments	20%
Gas Line Installation	10%
Building -Head Office	5%
Office Equipment	10%
Air Conditioner & Electric Appliance	10%
Lift -Head Office, Uttara	10%
Furniture & Fixture	10%
Office Decoration	10%
Car & Vehicles	15%
Telephone Equipments	10%

2.16 Impairment of assets

I) Financial Assets

Accounts receivable and others receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default of delinquency by a debtor, indicates that a debtor of issuer will enter bankruptcy etc. During the period no impaired loss occurred to recognize in the Financial Statements.

II) Non-Financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impaired loss is recognized immediately in statement of comprehensive income unless the asset is carried at revalued amount. Any impaired loss of a revalued asset treated as a revaluation decrease. During the period no impaired loss occurred to recognize in the Financial Statements.

2.17 Inventories

Inventories are measured at the lower of cost and net realizable value as prescribed by BAS-2. The cost of inventories is based on the FIFO method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the Case of manufactured inventories and work-in-progress, cost includes an appropriate allocation of production overheads based on normal operation capacity.

2.18 Trade and Other Receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. All the receivables are fully secured by LC. However, a provision for doubtful debt of Tk. 4,222,845 has been provided in the Financial Statements as described in note # 8

2.19 Cash & Cash Equivalents

According to BAS 7 'Statement of Cash Flows ' cash comprises of cash in hand, demand deposits and Cash equivalents which are short term highly liquid investments that are readily convertible to Cash and which are subject to an insignificant risk of changes in value. BAS 1 "Presentation of Financial Statements" provides that Cash & Cash Equivalents are not restricted in use. Considering the provision of BAS 7 & BAS 1, Cash in Hand & Bank Balances have been treated as Cash & Cash Equivalents.

2.20 Income Tax

a) **Current Tax:** Provision for income tax has been made @ 15% on net profit before tax of the company except other income as per Income Tax Ordinance 1984. However provision @ 35% has been made on other income of the company.

b) **Deferred tax:** Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the financial statement date.

2.21 Leased Assets

In compliance with BAS 17, Lease in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases and all other leases are classified as operating lease.

Upon initial recognition, the lease assets is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payment. Subsequent to initial recognition, the assets is accounted for in accordance with accounting policy applicable to the assets.

2.22 Revenue Recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts as per BAS-18. Revenue is recognized when the significant risks and reward of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably & there is no continuing management involvement with the goods sold. Transfer of risk and rewards occurs for the sale of goods when the product is delivered.

2.23 Employee Benefits

The company maintains Contributory Provident Fund and Gratuity for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective agreements/trust deeds. The company has accounted for and disclosed employee benefits in compliance with the provisions of BAS 19, Employee Benefits. The cost of employee benefit is charged off as revenue expenditure in the period to which the contributions relate.

The company got recognition from Commissioner of Taxes its provident fund scheme (Defined Contribution Plan) vide order no: নথি নং - ৪এ-২৮/কঅ-২/আসা/প্রভিডেন্ট ফান্ড/২০১৪-২০১৫/১৩০৮(৩) তারিখ : ২৭/০৫/২০১৫ খ্রিঃ for employees of the company eligible to be members of the fund in accordance with the rules of the provident fund constituted under an irrevocable trust. All permanent employees contribute to the provident fund and the company also makes equal contribution.

The company got recognition from National Board of Revenue its gratuity fund vide order no: নথি নং - ০৮.০১.০০০০.০৩৫.০২.০০১৬.২০১৫/১৭৮ তারিখ : ০১/০৭/২০১৫ খ্রিঃ for employees of the company eligible to be members of the fund in accordance with the rules of the gratuity fund constituted under an irrevocable trust.

2.24 Borrowing Cost

Interest and other cost incurred by the company in connection with the borrowing of fund are recognized as expenses in the year in which they are incurred unless such borrowing cost related to acquisition /construction of assets in progress that are capitalized as per BAS 23, "Borrowing Cost".

2.25 Financial expenses

Finance expenses comprise interest expenses on bank loan and other borrowings. All borrowing cost is recognized in the statement of profit or loss & other comprehensive income based on the statement received from Financial Institutions.

2.26 Statement of Cash Flows

Statement of Cash Flows has been prepared principally in accordance with BAS-7 "Statement of Cash Flows" and the cash flows from the operating activities have been presented under direct method.

2.27 Earnings Per Share (EPS)

This has been calculated in compliance with the requirement of BAS-33 : Earnings per share by dividing the net earnings after Tax by the weighted average number of ordinary shares outstanding during the period .

Basic Earnings per share (Numerator /Denominator)

Earnings (Numerator)

*This represents earning for the period attributable to ordinary shareholders

No. of ordinary shares (Denominator)

This represents weighted average number of ordinary share outstanding during the period.

Diluted Earnings per share

As per the existing conditions of the loans taken by the company from various financial institutions or other contracts with various parties including employees, there is no condition related to conversion or stipulation related to share based payments for material and services supplied by them to the company. Hence, Diluted EPS of the company is same as basic EPS.

2.28 Segment Reporting

No segmental reporting is applicable for the company as required by BFRS 8: "Segment Reporting" as the company operates in a single industry segment and within a single geographical territory.

2.29 Provisions

In accordance with the guidelines as prescribed by BAS-37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations;

- a. when the company has an obligation (legal or constructive) as a result of past events;
- b. when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. Reliable estimates can be made of the amount of the obligation.

The company made provisions for doubtful debts against the disputed amount due from New Horizon (BD) Ltd under money suit (Note no.8).

2.30 Contingent Liabilities and Contingents Assets

Contingent Liabilities and Contingents Assets are present or possible obligations on liabilities or assets , arising from past events and existence of which depends upon the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company or which amount of the obligations cannot be measured with sufficient reliability in accordance with BAS-37 .

The company has a contingent liability of Tk. 23,502,033 with the bank for issuing bank guarantee against Security Deposit required by Titas Gas Transmission and Distribution company for Gas connection. The company deposited Taka 31,50,507 as bank guarantee margin.

2.31 Intangible Assets

In Compliance with the requirements of BAS, 38 Intangible Assets '

The following terms are used in this Standard with the meanings specified:

Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

An asset is a resource:

- (a) controlled by an entity as a result as past events; and
- (b) From which future economic benefits are expected to flow to the entity.

Intangible assets are being written off @20% on straight line method

2.32 Financial Instrument

A financial instrument in any contract that gives rise to financial assets and a financial liability or equity instrument of another entity.

Financial assets:

Financial assets of the company include cash and cash equivalents, Trade and other receivables and equity instrument of another entity. The company initially recognized receivable on the date they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provision of the transaction. The company derecognizes a financial asset when, and only when the contractual rights or probabilities of receiving the cash flow on the financial assets in a transaction in which substantially all the risk and rewards of ownership of the financial assets are transferred.

Financial liability:

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes the financial liabilities when its contractual obligations are discharged or cancelled or expired or no more exist. Financial liabilities include payable for expense, liability for capital expenditure and other current liabilities.

2.33 Related Party Disclosures

The Company in normal course of business carried out a number of transactions with directors/entities that fall within the definition of related party contained in Bangladesh Accounting Standard 24: Related Party Disclosures. The disclosure relating to related parties has been shown in note # 39.2.

2.34 Business Combinations BFRS-3

An entity shall account for each business combination by applying the acquisition method;

Applying the acquisition method requires:

- (a) identifying the acquirer
- (b) determining the acquisition date
- (c) recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non controlling interest in the acquiree; and
- (d) recognizing and measuring goodwill or a gain from a bargain purchase

The acquirer shall identify the acquisition date, the date on which it obtains control of the acquiree.

Under a scheme of amalgamation sanctioned by the Honorable High Court dated December 15, 2014 Shepherd Yarn Ltd has been amalgamated with Shepherd Industries Ltd with effect from April 01, 2015 under the title "Shepherd Industries Ltd".

2.35 Investment Property

For Investment Property, the company follows fair value model as subsequent measurement. A gain or loss arising from a change in the fair value of investment property is recognized in Statement of Profit or loss for the year in which it arises.

3 Risk exposure**3.01 Interest rate risk**

Interest rate risk is the risk that Company faces due to unfavorable movements in the interest rates. Changes in the government's monetary policy, along with increased demand for loans/ investments tend to increase the interest rates. Such rises in interest rates mostly affect companies having floating rate loans or companies investing in debt securities.

Management perception

The Company maintains low debt/ equity ratio and accordingly, adverse impact of interest rate fluctuation is insignificant. Considering the global economy and inflection of overseas financing, financial institutions in Bangladesh reducing lending rate creating an opportunity for saving in financial cost.

3.02 Exchange rate risk

Exchange rate risk occurs due to changes in exchange rates. As the Company imports materials and equipment from abroad and also earns revenue in foreign currency, unfavorable volatility or currency fluctuation may affect the profitability of the Company. If exchange rate increases against local currency, opportunity arises for generating more profit.

Management perception

The company purchase raw materials and sells finished product mostly in US\$ currency and the transaction would settle within very short period. Therefore, volatility of exchange rate will have no impact on profitability of the Company.

3.03 Industry risks

Industry risk refers to the risk of increased competition from foreign and domestic sources leading to lower prices, revenues, profit margin, and market share which could have an adverse impact on the business, financial condition and results of operation.

Management perception

Management is optimistic about growth opportunity in textile sector in Bangladesh. Furthermore there is untapped international market.

3.04 Market risks

Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the company. Mostly, the risk arises from falling demand for the product or service which would harm the performance of the company. On the other hand, strong marketing and brand management would help the company increase their customer base.

Management perception

Management is fully aware of the market risk and act accordingly. Market for textile products in Bangladesh is growing at an exponential rate. Moreover the company has a strong marketing and brand management to increase the customer base and customer loyalty.

3.05 Operational risks

Non-availabilities of materials/equipment/services may affect the smooth operational activities of The Company. On the other hand, the equipment may face operational and mechanical failures due to natural disasters, terrorist attacks, unforeseen events, lack of supervision and negligence, leading to severe accidents and losses.

Management perception

The company perceives that allocation of its resources properly can reduce this risk factor to great extent. The Company hedges such risks and also takes preventive measures therefore.

3.06 Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price.

Management perception

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

	Amount in Taka 30.06.2017	Amount in Taka 30.06.2016
4 Property, Plant & Equipment		
A. Cost		
Opening balance	1,851,118,210	1,821,774,650
Add: Addition during the year	202,273,474	45,856,797
Add: Transfer from Capital Work-in-Progress	50,407,119	12,000,000
Less: Disposal made during the year	(4,868,142)	(28,513,236)
	2,098,930,661	1,851,118,210
B. Accumulated Depreciation		
Opening balance	516,882,533	467,239,735
Add: Charged during the year	59,603,136	51,659,528
Less : Adjustments made during the year	(3,267,632)	(2,016,730)
Accumulated Depreciation	573,218,037	516,882,533
Written Down Value (A - B)	1,525,712,624	1,334,235,677

A detailed schedule on Property, Plant and Equipment has been given in **Annexure - A**

5 Capital Work-in-Progress		
Opening balance	50,407,119	-
Building-Factory	-	12,000,000
Plant & Machineries	-	50,407,119
	50,407,119	62,407,119
Less: Transfer to Property, Plant & Equipments	50,407,119	12,000,000
	-	50,407,119

The above represents the amount paid against imported machineries which is transferred to Property, Plant & Equipments as the installation of machineries has been completed and available for use as per management's intention.

6 Intangible Asset		
Opening Balance	169,068	211,335
Addition during the year	450,000	-
Less: Write off during the year @ 20%	(64,767)	(42,267)
Written Down Value	554,301	169,068

The above represents the cost of software and software development which is being written off @ 20% on straight line method.

7 Inventories		
Raw Materials	1,089,436,475	885,778,015
Dyes & Chemical	179,588,085	180,962,892
Work-in-Process	45,547,439	25,369,907
Finished Goods	104,510,516	76,105,239
Packing Materials	5,097,922	5,428,062
Stores & Spares	15,189,385	10,521,843
	1,439,369,822	1,184,165,958

Details has been shown in **Annexure-B**

8 Trade & other Receivables		
This has been arrived as under;		
Accounts receivable	1,330,215,619	1,091,246,714
Other Receivable	1,117,774	219,786
	1,331,333,393	1,091,466,500

A detailed schedule of Accounts and Other Receivables is given in **Annexure - C**.

The company has pending suits against receivables to be received from New Horizon (BD) Ltd for the outstanding amount following money suits in the court of 2nd District Judge, Dhaka, Money Suit No. 16 of 2013 and still waiting for judgment by the Ld Court for which a provision for doubtful debts of Tk. 42,22,845/ has already been provided in the financial statements.

Classification schedule as required by Schedule XI of Companies Act 1994 is as follows:

i) Accounts Receivable considered good in respect of which the company is fully secured	1,330,215,619	1,091,246,714
ii) Accounts Receivable considered good in respect of which the company holds no security other than the debtor's personal security	1,117,774	219,786
iii) Accounts Receivable considered doubtful or bad	4,222,845	4,222,845
iv) Accounts Receivable due by any director or other officer of the company	-	-
v) Accounts Receivable due by Common management	-	-
vi) The maximum amount of receivable due by any director or other officer of the company	-	-
	1,335,556,238	1,095,689,345
Less: Provision for doubtful debts	(4,222,845)	(4,222,845)
	1,331,333,393	1,091,466,500

The aging of trade and other receivables is as follows

	Accounts Receivable	Accounts Receivable	Total	Total
Within Three Months	804,182,494	874,130,874	1,678,313,368	757,081,711
Three to Six Months	497,458,702	243,644	497,702,346	334,384,789
More than Six Months	29,692,197	-	29,692,197	-
	1,331,333,393	1,117,774	1,332,451,167	1,091,466,500

9 Investment

This has been arrived as under;

Investment in FDR	-	232,899
Investment in Taiwan Food & Processing Industries Ltd.	-	62,000,000
	-	62,232,899

10 Advance, Deposits & Prepayments

The Break-up of the Amount is given below:

Advances	99,138,516	68,527,471
Deposits	13,761,147	9,316,662
	112,899,663	77,844,133

A detailed schedule of advance, deposit & prepayment is shown in Annexure -D.

11 Current Accounts with Related Entity

This has been arrived as under;

Party Wise break down given below:

Shepherd Textile (BD.) Limited	1,878,800	15,100,000
	1,878,800	15,100,000

This amount represents the balance of intercompany transaction under the common management.

12 Cash and Cash Equivalents

The Break-up of the Amount is given below:

Cash in Hand	1,345,915	525,665
Cash at Banks (Note: 12.1)	152,175,602	40,128,718
	153,521,517	40,654,383

12.1 Cash at Bank

Bank Name & Account Number

Al-Arafah Islami Bank CD # 0171020062933	1,475	1,475
Bank Alfalah CD-070201701321	26,195	28,845
Bank Alfalah CD-070201701323	115,527	118,327
Bank Asia # 0563300338	178,644	179,719
City Bank CD A/C- 1101471199001	31,223	32,523
Dhaka Bank CD A/C# 0212100000003142	16,879	18,029

Eastern Bank CD # 1131060206101	5,054,622	-
Eastern Bank Margin	16,762,248	-
IFIC Bank CD # 1002-535257001	425,018	1,150,392
IFIC Bank CD # 1002-535257071	39,838	-
Southeast Bank FBPA/C # 0060	1,587	1,587
Bangladesh Krishi Bank CD-509	818	1,968
National Bank A/C. # 0043-33017514	8,396	49,240
National Bank # 33004091	722	361,142
National Bank-CD-272 (Bhaluka)	8,204	32,624
IFIC A/C # 1002-535257-836 (USD A/c)	996,683	518,814
IFIC A/C # 1002-063136-041 (Taka A/c)	124,246,238	-
IFIC A/C # 1002-063136-051 (USD A/c)	721,296	-
IFIC A/C # 1002-063136-052 (GBP A/c)	60,646	-
IFIC A/C # 1002-063136-053 (EURO A/c)	51,234	-
NBL FC A/C-0043-84004808 (USD A/c)	160,525	160,119
Southeast Bank # 15500000371 (USD A/c)	1,524,896	13,252,672
Trust Bank A/C # 5025000416 (USD A/c)	654,371	21,510,643
Pubali Bank CD # 4465901009224	382,403	1,371,928
Sonali Bank # 11069	11,453	12,028
Sonali Bank-Bhaluka Br- 3005442	15,123	15,698
Southeast Bank # 11100012503	54,468	53,118
Southeast Bank CD# 111-17190	531,826	292,254
Trust Bank CD # 0210010201	46,347	47,997
Trust Bank CD # 9820	24,687	894,266
Woori Bank A/C # CD-2820	22,010	23,310
	152,175,602	40,128,718

13 Share Capital

Authorized Capital:

190,000,000 ordinary shares of Tk. 10/- each.

Paid up Capital:

124,205,986 ordinary shares @ Tk.10/- each.

The present shareholding position of the company as follows:

<u>Particulars</u>	<u>No of Share</u>	<u>Value per Share</u>	<u>Amount</u>	<u>% of Holding</u>
Sponsors/Directors	63,941,874	10.00	639,418,740	51.48%
Foreign	34,164,112	10.00	341,641,120	27.51%
Institution	4,740,478	10.00	47,404,780	3.82%
General Public	21,359,522	10.00	213,595,220	17.20%
	124,205,986		1,242,059,860	100.00%

The company raised paid capital of from Tk.1,042,059,860 to Tk. 1,242,059,860 by issuing 2,00,00,000 ordinary shares at Tk.10 each through initial public offering with due permission from Bangladesh Securities and Exchange Commission vide letter dated 8 December 2016 and listed with Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd from 25 February 2017 and 27 February 2017 respectively.

Pattern of Shareholding and No. of Shareholding as on 30 June 2017			
Share Holding Range	Number of Share Holders	No. of Share	Percentage of Share Holding
Up tp 499 Shares	1828	366,187	0.30%
500 to 5000 Shares	4766	6,742,266	5.43%
5001 to 10000 Shares	500	3,689,145	2.97%
10001 to 20000 Shares	231	3,247,233	2.61%
20001 to 30000 Shares	59	1,438,657	1.16%
30001 to 40000 Shares	30	1,030,720	0.83%
40001 to 50000 Shares	10	438,608	0.35%
50001 to 100000 Shares	22	1,577,677	1.27%
100001 to 1000000 Shares	28	13,304,159	10.71%
1000001 to Above Shares	20	92,371,334	74.37%
Total	7494	124,205,986	100.00%

14 Revaluation Reserve

This has been arrived as under;

Opening Balance	552,651,670	550,092,480
Adjustment for excess transfer of depreciation to retained earnings	-	10,686,748
Re-stated at 01 July 2015	552,651,670	560,779,228
Less: Depreciation on revaluation transferred to retained earnings	(8,648,280)	(9,561,832)
Add/(Less): Deferred Tax Income/(Expenses) during the year	1,297,242	1,434,274
	545,300,632	552,651,670

15 Retained Earnings

This has been arrived as under;

Opening balance	353,760,682	215,746,852
adjustment for excess transfer of depreciation from revaluation reserve	-	(10,686,748)
Re-stated at 01 July 2015	353,760,682	205,060,104
Add: Net profit (Loss) for the year	127,992,497	139,138,747
Add: Depreciation transferred from revaluation reserve	8,648,280	9,561,832
	490,401,459	353,760,682

16 Obligation under finance lease

This consist of the following;

Lease Liability-IDLC	4,003,683	5,797,118
Lease Liability-MFIL	5,382,035	-
	9,385,718	5,797,118
Less: Current portion	4,896,344	1,793,435
Non-Current portion	4,489,374	4,003,683
Aging Schedule for lease finance		
Within One year	4,896,344	1,793,435
Within two to four years	4,489,374	4,003,683
	9,385,718	5,797,118

Nature:	Lease Finance-IDLC
Purpose:	Acquisition of vehicle
Tenure:	4 years
Repayment:	48 monthly equal installment @ Tk.2,07,110
Rate of Interest:	13.85%
Security:	Security deposit Tk.4,14,220 equivalent 2 monthly installments
Nature:	Lease Finance-MFIL
Purpose:	Acquisition of vehicle
Tenure:	3 years
Repayment:	36 monthly equal installment @ Tk.1,98,349
Rate of Interest:	10.25%
Security:	Security deposit Tk.1,98,349 equivalent 1 monthly installments

17 Deferred Tax liabilities

This has been arrived as under;

Opening Balance	119,181,887	124,788,358
Add/(Less): Deferred Tax Expenses/(Income) recognized in Statement of Profit or Loss and other comprehensive income	10,352,275	(4,172,197)
Add/(Less): Deferred Tax Expenses/(Income) recognized directly in Statement of Changes in Equity	(1,297,242)	(1,434,274)
	128,236,920	119,181,887

The details have been shown in **Annexure-E**

18 Loan from Shareholders'

This has been arrived as under;

Opening Balance	33,728,933	-
Add: Transfer from Share Money Deposit	-	33,728,933
	33,728,933	33,728,933

The above has been transferred from share money deposit as per decision of the Board and shall be payable to the following shareholders':

Mr. Kao Wen Fu	10,554,794	10,554,794
Ever Priority Limited	18,786,859	18,786,859
Mr. Chen Che Seng	6,597	6,597
Eternal Flame Int'l Co. Inc.	4,351,405	4,351,405
Mr. Chung Wen kuei	29,278	29,278
	33,728,933	33,728,933

19 Trade & Other Payables

This has been arrived as under;

Trade Payable	384,709,568	949,384,564
Other Payable	30,168,620	19,484,544
	414,878,188	968,869,108

All the trade payables disclosed here are arisen from purchasing yarn, dyes & chemical, packing materials etc. from both foreign & local suppliers.

A detailed schedule of Trade and other payables is shown in **Annexure -F**

Ageing Schedule:	Trade Payable	Other Payable	Total	Total
Within Three Months	272,313,403	27,412,469	299,725,872	389,580,860
Three months to six months	99,821,361	1,057,306	100,878,667	558,985,690
More than six months	12,574,804	1,698,845	14,273,649	20,302,558
	384,709,568	30,168,620	414,878,188	968,869,108

20 Short Term Bank Loan

This consist of the following;

Demand Loan	IFIC Bank Limited	199,847,425	143,171,891
Force Loan	IFIC Bank Limited	112,709,526	-
Force Loan	Southeast Bank Limited	39,399,973	-
LDBP Loan	Eastern Bank Ltd	120,124,398	-
LDBP Loan	IFIC Bank Limited	121,103,380	124,423,101
LDBP Loan	Southeast Bank Limited	164,248,948	119,338,454
LDBP Loan	Trust Bank Limited	266,265,751	169,370,800
Term Loan	IFIC Bank Limited	53,230,890	-
Time Loan	Trust Bank Limited	28,948,303	-
General Loan	Trust Bank Limited	129,745,240	-
SOD - IFIC Bank	IFIC Bank Limited	48,246,451	48,661,724
SOD-Southeast Bank	Southeast Bank Limited	42,728,852	30,929,053
Loan Against Trust Receipts	Southeast Bank Limited	202,644,810	16,770,269
		1,529,243,947	652,665,292

Nature:	Short term loan
Purpose:	Working capital
Tenure:	One year
Repayment:	From Export Proceed
Rate of Interest:	11% to 17.50%
Security:	Mortgage of 432 Decimals of land with factory premises, 655.75 decimals at Bhaluka and 673 decimals land with two pre-fabricated and three semi pacca building, Post dated cheque, Hypothecation of machineries, raw materials, work in process & finished goods duly insured covering the risk of fire and personal guarantee of all directors.

21 Outstanding IPO Subscription

The break-up of the amount is given below:

Bank Name & Account Number

IFIC A/C # 1002-063136-051 (USD A/c)
IFIC A/C # 1002-063136-052 (GBP A/c)
IFIC A/C # 1002-063136-053 (EURO A/c)

606,500	-
21,250	-
10,000	-
637,750	-

22 Liabilities for Expenses & provisions

This consist of the following;

Salary & Allowance-Payable
Tax Deduction at Source
Gas, Electric Bill & Internet Bill Payable
Audit & Professional Fees Payable
Employees CPF Payable
Provision for Employees' Gratuity Fund
Provision for Income Tax

Note-22.1

7,679,461	915,279
8,886,036	2,276,479
19,152,664	14,426,933
571,500	517,500
714,450	256,494
30,864,621	26,720,846
103,527,981	82,447,656
171,396,713	127,561,187

22.1 Provision for Income Tax

Opening Balance
Add: Provided during the year
Less: Paid during the year
Less: Adjusted during the year

82,447,656	54,503,699
25,080,325	30,414,940
107,527,981	84,918,640
(4,000,000)	(2,470,984)
-	-
103,527,981	82,447,656

Amount in Taka 2016-2017	Amount in Taka 2015-2016
-------------------------------------	-------------------------------------

23 Revenue

Export Sales (Deemed): Quantity (Lbs) Average Rate
Dyed Yarn 13,812,647 186.71

2,578,968,478	2,642,633,411
2,578,968,478	2,642,633,411

24 Cost of Sales

This has been arrived as under;

Work in process (Opening)
Add: Raw Material Consumed
Add: Factory Overhead
Less: Work in Process (Closing)
Cost of Production
Add: Finished Goods (Opening)
Finished Goods Available for sale
Less: Finished Goods (Closing)
Cost of Sales

Note-24.1

Note-24.2

25,369,907	24,527,277
2,032,285,638	2,082,063,462
279,855,942	251,658,774
(45,547,439)	(25,369,907)
2,291,964,048	2,332,879,606
76,105,239	79,638,680
2,368,069,287	2,412,518,286
(104,510,516)	(76,105,239)
2,263,558,771	2,336,413,047

	Amount in Taka 2016-2017	Amount in Taka 2015-2016
24.1 Raw Material Consumed		
Opening Stock	1,072,168,969	1,152,933,995
Raw Materials	885,778,015	969,715,899
Dyes & Chemicals	180,962,892	179,035,518
Packing Materials	5,428,062	4,182,578
Add: Cost of Materials Purchased	2,234,239,151	2,001,298,436
Raw materials	1,856,585,466	1,598,982,608
Dyes & chemicals	310,900,435	339,852,623
Packing materials	26,777,049	29,676,721
Carrying inward	24,850,996	18,560,722
Insurance	4,563,777	4,264,043
Clearing & forwarding expenses	10,561,428	9,961,719
Raw Materials available for Consumption	3,306,408,120	3,154,232,431
Less : Closing Stock	1,274,122,482	1,072,168,969
Raw Materials	1,089,436,475	885,778,015
Dyes & Chemicals	179,588,085	180,962,892
Packing Materials	5,097,922	5,428,062
Raw Materials Consumed	2,032,285,638	2,082,063,462
24.2 Factory Overheads		
This has been arrived as under;		
Ansar Guard Expenses	63,360	57,800
Conveyance	518,915	359,006
Contribution to Gratuity Fund	3,237,914	2,248,695
Contribution to Provident Fund	485,172	223,591
Crockeries & Cutleries	30,783	38,503
Depreciation	52,212,918	44,825,632
Electricity Bill	797,262	884,970
ETP Expenses	2,046,446	819,780
Fire Fighting Expenses	46,100	82,215
Forms, Stamps, Documents etc.	684,320	1,069,056
Fuel, Oil & Lubricants	2,073,680	2,328,660
Gas Bill	98,861,434	94,730,118
Gas Bill-Factory Residence	40,536	50,176
Hangs, Twisting & Winding Expenses	577,288	666,154
Insurance-Fire	650,021	2,200,000
Loading & Unloading Charge	489,588	404,058
Medical Expenses	115,509	115,713
Printing- Factory	588,435	283,146
Rates & Taxes	23,954	520,054
Rent- Generator	-	1,180,000
Repair & Maintenance of Building, Machineries etc.	15,466,182	13,345,980
Stationeries	1,399,348	1,188,308
Sundry Expenses	1,267,966	1,189,907
Testing Charge	167,928	100,394
Tiffin, Refreshment & Entertainment	769,216	609,242
Uniform & Liveries	138,657	63,830
Wages, Salaries & Allowances	96,683,918	81,960,203
Washing & Cleaning Expenses	419,092	113,583
	279,855,942	251,658,774

	Amount in Taka 2016-2017	Amount in Taka 2015-2016
25 Foreign Currency Gain/(Loss)		
Realized Foreign Exchange Gain/(Loss)	(521,873)	(1,840,725)
Unrealized Foreign Exchange Gain/(Loss)	3,861,496	1,926,729
	3,339,623	86,004
26 Other Income:		
This consist of the followings;		
Income from Interest on FDR	3,454	1,405,023
Land and House Rent	5,857,404	3,126,695
Interest Received from IPO Bank A/C	1,626,403	-
Gain/(Loss) from sale of fixed assets	1,479,490	2,903,494
Waiver of Interest-Foreign Loan	-	11,625,225
Sundry Income	1,004,623	865,551
	9,971,374	19,925,988
26.1 Profit/(Loss) on Sale of Fixed Assets		
Sales Value of PPE	3,080,000	29,400,000
Less: WDV of PPE	(1,600,510)	(26,496,506)
	1,479,490	2,903,494
27 Selling & Distribution Expenses		
This consist of the followings;		
Salary and Allowances	6,939,568	6,522,056
Travelling & Conveyance	1,431,492	2,216,572
Stationeries	226,060	218,689
Mobile Bill	94,747	110,423
Contribution to Gratuity Fund	321,504	293,148
Contribution to Provident Fund	402,272	349,911
	9,415,643	9,710,799
28 Administrative Expenses		
This has been arrived as under;		
Advertising Expenses	583,134	23,175
Amortization of Intangible Assets	64,767	42,267
Audit Fees	287,500	230,000
Board Meeting Fees	27,900	-
Professional Fees	582,950	1,926,639
Automobile Expenses	3,122,629	2,865,305
Contribution to Gratuity Fund	584,357	498,345
Contribution to Provident Fund	686,567	643,281
Depreciation-Administrative	7,390,218	6,833,896
Electricity Bill	1,458,128	1,414,029
Employees' Group Insurance	352,712	318,513
Forms, Stamps, Documents etc.	822,240	1,157,378
Gas Bill	66,303	57,026
Generator Expenses	13,000	43,370
Insurance-Motor	699,956	495,001
Internet Expenses	351,466	389,873
Licence & Renewal Fees	273,897	1,505,960
Director,s Remuneration	1,483,255	-
Office Maintenance Expenses	825,884	480,519
Papers & Periodicals	15,284	66,116
Postage & Courier	301,842	264,741
Printing & Photocopy	190,034	337,815
Provision for doubtful debts	-	4,222,845

	Amount in Taka 2016-2017	Amount in Taka 2015-2016
Salary & Allowances	22,926,295	18,737,315
Satellite Cable Rent	10,050	11,300
Stationeries	722,382	782,407
Sundry Expenses	777,097	548,480
Telephone & Mobile Expenses	459,269	340,152
Tiffin, Refreshment & Entertainment	1,067,325	671,037
Training Expenses	-	483,900
Travelling & Conveyance	625,478	748,889
Water Bill	194,487	163,543
	46,966,406	46,303,117
29 Financial Expenses		
This consist of the followings;		
Bank Charges & Commission	7,496,367	3,613,247
Bank Charges on Proceeds Realization	4,880,751	5,288,278
Interest on Short Term Loan	77,789,381	95,012,821
Interest on Obligation under Finance Lease	940,882	922,604
	91,107,381	104,836,950
30 IPO Expenses		
This consist of the followings;		
Managers to the Issue Fee	2,300,000	-
DSE and CSE Annual Fee	1,096,824	-
Fees related to Listing with the stock exchanges	3,926,180	-
Consent fee	800,000	-
Underwriting commission	700,000	-
CDBL Fees and Expenses	294,809	-
Publication of prospectus	510,600	-
Abridge Version of Prospectus and Notice in 4 daily news paper	597,043	-
Notice for prospectus, Lottery, Refund etc .in 4 daily news paper	156,935	-
Lottery related expenses including BUET fee	401,750	-
Post Issue Management Fees	6,619,506	-
Data transmission (DSE & CSE)	400,000	-
Administrative & Stationary Expense	2,530	-
	17,806,177	-
31 Current tax:		
The above balance is made up as follows:		
Income tax on business income	21,590,344	23,212,239
Income tax on other income	3,489,981	7,202,701
Total	25,080,325	30,414,940
31.1 Income tax on business income:		
Profit before tax	163,425,097	165,381,490
Add: Accounting depreciation	59,603,136	51,712,918
Add: Contribution to Employees' Gratuity Fund	4,143,775	3,040,188
Add: Provision for doubtful debts	-	4,222,845
Less: Tax depreciation	(73,029,546)	(48,633,191)
Less: Contribution to Employees' Gratuity Fund	(235,463)	(1,050,000)
Less: Other income	(9,971,374)	(19,925,988)
Taxable business income	143,935,625	154,748,262
Tax rate	15%	15%
Income tax on business income	21,590,344	23,212,239

	Amount in Taka 2016-2017	Amount in Taka 2015-2016
31.2 Income tax on other income:		
Other Income	9,971,374	17,417,228
Tax rate	35%	35%
Income tax on other income	3,489,981	6,096,030
32 Earnings per share		
Basic Earning per Share:		
Net profit after tax attributable to ordinary shareholders of the company Weighted average number of share (Note-32.1)	127,992,497 112,151,191	139,138,747 78,852,408
Basic EPS for the year	1.14	1.76
32.1 Weighted average number of share		
Particulars	Number of share	Number of share
19,119,400 No. of Ordinary Shares for 365 days	-	19,119,400
4,43,19,820 No. of Ordinary Shares for capitalization of share money deposit for 365 days	-	44,319,820
4,07,66,766 No. of Ordinary Shares for fresh issuance of shares for 138 days	-	15,413,188
104,205,986 No. of Ordinary Shares for 365 days	104,205,986	-
2,00,00,000 No. of Ordinary shares for fresh issuance of shares for 145 days	7,945,205	-
	112,151,191	78,852,408
33 Net Assets Value per Share		
Net asset value per share has been calculated as under;		
Total Assets	4,565,270,120	3,856,275,737
Less: Outside liability	(2,287,508,169)	(1,907,803,525)
Non-Current Liability	(132,726,294)	(123,185,570)
Current Liability	(2,154,781,875)	(1,784,617,955)
Net Asset Value	2,277,761,951	1,948,472,212
Shares outstanding at the end on the year	124,205,986	104,205,986
Net Asset Value per share	18.34	18.70
34 Received from Customers & Others		
Revenue during the period	2,578,968,478	2,642,633,411
Adjustment for Provision for doubtful debts	-	(4,222,845)
Adjustment for Foreign Exchange Gain / (Loss) for Trade Receivable	27,525,275	59,103,447
Other Income	9,971,374	19,925,988
Adjustment for Profit/(Loss) on sale of Fixed Assets	(1,479,490)	(2,903,494)
Opening Accounts & Other Receivable	1,091,466,500	947,708,626
Closing Accounts & Other Receivable	(1,331,333,393)	(1,091,466,500)
	2,375,118,744	2,570,778,633

	Amount in Taka 2016-2017	Amount in Taka 2015-2016
35 Payment to Creditors, Suppliers, Employees and Others		
Cost of goods Sold	(2,263,558,771)	(2,336,413,047)
Selling & Distribution Expenses	(9,415,643)	(9,710,799)
Administrative Expenses	(46,966,406)	(46,303,117)
IPO Expenses	(17,806,177)	-
Adjustment for Depreciation	59,603,136	51,659,528
Adjustment for Provision for doubtful debts	-	4,222,845
Adjustment for Write off of Intangible Assets	64,767	42,267
(Increase)/Decrease in Inventory	(255,203,864)	82,497,814
(Increase)/Decrease Advance Deposits & Prepayments excluding Advance Income Tax	(24,734,933)	(6,618,229)
Increase/(Decrease) in Trade and Other Payables	(553,990,920)	(131,397,691)
Increase/(Decrease) in Liabilities for Expenses	22,755,201	(3,505,942)
Payable for imported machineries included in Trade & Other Payable considered in acquisition of property, plant and equipments of Investing Activities	-	(8,915,000)
Payable for imported machineries included in Trade & Other Payable considered in Capital Work-in-progress of Investing Activities	-	(15,625,428)
Adjustment for Foreign Exchange Gain / (Loss) for Trade Payable	(17,357,017)	(59,451,933)
	(3,106,610,627)	(2,479,518,733)
36 Income Tax Paid		
Opening Advance Income Tax	62,227,955	45,132,419
Closing Advance Income Tax	(72,548,552)	(62,227,955)
Closing Income Tax Provision	103,527,981	82,447,656
Opening Income Tax Provision	(82,447,656)	(54,503,699)
Current Tax during the year	(25,080,325)	(30,414,940)
	(14,320,597)	(19,566,519)
37 Payment for Capital Work-in-Progress		
Opening Capital Work-in-Progress	50,407,119	-
Closing Capital Work-in-Progress	-	(50,407,119)
Transfer to Property, Plant & Equipments	(50,407,119)	(12,000,000)
Payable for imported Machineries Included in trade & other payable	-	15,625,428
	-	(46,781,691)

38 Reason for major deviation in parameters:

Though during the year ended June 30, 2017, net profit before IPO Expenses increased by Tk. 1.58 crore, earning per share of the company decreased by Tk. 0.62 per share, the major reason of which are the IPO expenses of Tk. 1.78 crore and increased income tax expenses of Tk. 0.92 crore resulting in net profit after tax decreased by Tk. 1.14 crore. Income tax expenses increased due to addition in property, plant and equipments of Tk. 25.27 crore resulting in increased deferred tax expenses by Tk. 1.45 crore with compared to previous year. Moreover during the year, weighted average number of share of the company has been increased by 3,32,98,783 Nos. (2016-2017: 112,151,191 Nos. 2015-2016: 7,88,52,408 Nos.) due to issuance of 20,000,000 nos. ordinary shares of Tk. 10/- each through IPO on February 06, 2017. The operational result of the increased fund could not be reflected in the financial statements till June 30, 2017, as the operation of BMRE and new project not started till the date but for the increased weighted average number of share earning per share of the company decreased.

Reason for significant deviation in Net Operating Cash Flow per Share (NOCFPS).

During the year ended June 30, 2017 Net Operating Cash Flow Per Share of the company is Tk. 6.00 (negative) compared to previous year positive cash flow of Tk. 0.69. The major reason of which were payment to creditors, suppliers, employees and others increased by Tk.62.70 crore and collection from customers and others decreased by Tk. 19.57 crore. The company had been opening L/cs to import raw materials from abroad for 180 days with 120 days extended facilities for deferred payment. During the year extended facilities for 120 days has been withdrawn by bank. More over, number of 150 day's export L/Cs proceeds receipt have been increased during the year creating double effect on cash flow.

39 Disclosure as per requirement of schedule XI, Part-II of companies Act 1994

39.1 Commission, Brokerage or Discount against sales:

- There was no brokerage or discount against sales during the period.
- No commission was paid to sales against during the period.

39.2 Related party disclosures

The Company has entered into transactions with other entities that fall within the definition of related party as contained in BAS-24 "Related Party Disclosures" The Company opines that terms of related transaction do not significantly differ from those that could have been obtained from third parties . Total transactions of the significant related parties as at 30.06.2017 are as follows:

Name of Related Party	Relationship	Nature of Transaction	Opening Balance as on July 01, 2016 Dr./ (Cr.)	Transaction during the period Dr./ (Cr.)	Closing Balance as on June 30, 2017 Dr./ (Cr.)
Shepherd Textile (BD.) Limited	Common Management	Intercompany Loan	15,100,000	(13,221,200)	1,878,800
Shepherd Textile (BD.) Limited	"	Office & Land Rent	324,615	6,285	330,900
Taiwan Food & Processing Industries Ltd.	"	Investment	62,000,000	(62,000,000)	-
Taiwan Food & Processing Industries Ltd.	"	Office Rent	199,650	113,138	312,788
Kao Wen Fu	Managing Director	Initially received as Share money Deposit and trasferred to loan from shareholder during the period	(10,554,794)	-	(10,554,794)
Ever Priority Ltd.	Director	"	(18,786,859)	-	(18,786,859)
Chen Che Seng	Shareholder	"	(6,597)	-	(6,597)
Eternal Flame Int'l Co. Inc.	Director	"	(4,351,405)	-	(4,351,405)
Chung Wen Kuei	Chairman	"	(29,278)	-	(29,278)

a) Key Management Personnel:

As per Company Act , 1994 part-II , Schedule-XI (4) The profit and loss account will give by way of a note detailed information ,showing separately the following payments provided or made during the financial year to the directors , including managing director , the managing agents or manager , if any ,by the company , subsidiaries of the company and any other person:-

No.	Particulars	01.07.2016 to 30.06.2017	01.07.2015 to 31.06.2016
(a)	Managerial Remuneration paid or payable during the period to the directors, including managing directors, a managing agent or manager	1,483,255	-
(b)	Expenses reimbursed to Managing Agent	-	-
(c)	Commission or Remuneration payable separately to a managing agent or his associate	-	-
(d)	Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company	-	-
(e)	The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial period.	-	-
(f)	Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.	-	-
(g)	Other allowances and commission including guarantee commission	-	-
(h)	Pensions etc.	-	-
	(i) Pensions	-	-
	(ii) Gratuities	505,835	459,595
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	579,264	525,150
(i)	Share Based payments	-	-

As per BAS- 24:

An entity shall disclose key management personnel compensation in total and for each of the following benefits:

(a) Short-term employee benefits	13,074,585	9,940,050
(b) Post-employee benefits	1,085,099	984,745
(c) Other long term benefits	-	-
(d) termination benefits and	-	-
(e) share- based payment	-	-
Total:	14,159,684	10,924,795

39.3 Production capacity and utilization:

As per the nature of the industry, production quantity of dyeing varies with the course of year produce on the basis of production design as per market demand. Therefore, installed capacity in terms of multiple and frequently changeable product mix is not constant factor. During the period under review, actual production, the installed capacity in terms of the counts produced and the utilization rate in appended below;

Description	Installed Capacity	Actual Production	% of Capacity Utilization
Different Count of Yarn Dyeing (2016-2017)	80,000 Lbs/Day	53,790 Lbs/Day	67.24%
Different Count of Yarn Dyeing (2015-2016)	80,000 Lbs/Day	55,345 Lbs/Day	69.18%

39.4 Value of Import at CIF basis:

During the period from July 01, 2016 to June 30, 2017 total value of import in respect of raw yarn, dyes & chemical, spare parts and machineries stands at equivalent 3.85 Millions USD on CIF basis. Details are given below:

Particulars	2016-2017	2015-2016
	Amount in Taka	Amount in Taka
Raw Yarn	1,856,585,466	1,598,982,608
Dyes & Chemicals	250,600,162	294,156,124
Spare Parts	230,880	8,241,222
Machineries	53,148,426	46,478,332
Tools	-	6,176,300
Total:	2,160,564,934	1,954,034,586

39.5 Percentage of Materials consumed to the total consumption

Material consumed

	2016-2017		2015-2016	
	Amount in Taka	Percentage (%)	Amount in Taka	Percentage (%)
Raw Materials	1,652,927,006	82.97%	1,682,920,492	82.12%
Dyes & Chemicals	312,275,242	15.67%	337,925,249	16.49%
Packing Materials	27,107,189	1.36%	28,431,237	1.39%
	1,992,309,437	100.00%	2,049,276,978	100.00%

39.6 Payment in foreign currency:

	2016-2017	2015-2016
	Amount in USD	Amount in USD
Raw Yarn	27,861,395	21,030,431
Dyes & Chemicals	2,616,330	1,991,918
Tools & Equipments	77,850	1,300

39.7 Export Sales on FOB Basis

	2016-2017	2015-2016
	Amount in USD	Amount in USD
Export	\$ 32,358,450.16	\$ 33,707,058.81

40 Number of Employees

All the employees receive salary/wages in excess of Tk. 3,000 per month.

Number of permanent staff	265
Number of permanent workers	464
Number of temporary staff/worker	-
Total:	729

41 Events after reporting period

The Board of Directors of the company in its Board Meeting held at its corporate office on October 10, 2017 at 3.00 p.m. has recommended 10 % Stock dividend for the year ended June 30, 2017.

42 IPO Proceeds Utilization

The company raised tk. 20.00 Crore by issuing 20,000,000 Ordinary Shares of Tk.10 each from the capital market in order to meet the fund requirements for the purpose of Civil Construction, Acquisition & Installation of Machineries (Dyeing, Washing, Duties, Insurance, L/C Commission, Inland Carring, C & F, Erection and Installation), Expansion of ETP, Repayment of short term bank loan and IPO Expenses. The Utilization of IPO fund have been audited by Ahmed Zaker & CO, Chartered Accountants and submitted report as under;

IPO Proceeds on Utilization for the month of June 30, 2017

SL	Purpose Mentioned in the Prospectus	Amount as per Prospectus	Total Utilized Amount	Total Un-utilized Amount	Un-utilized (%)	Time line as per prospectus with in 18 months
a)	Civil Construction	28,140,524	-	28,140,524	100.00%	Within 12 months
b)	Acquisition & Installation of Machineries (Dyeing, Washing, Duties, Insurance, L/C Commission, Inland Carring, C & F, Erection and Installation)	96,970,692	27,413,455	69,557,237	71.73%	Within 12 months
c)	Expansion of ETP	15,424,550	-	15,424,550	100.00%	Within 18 months
d)	Repayment of short term bank loan	44,464,234	44,464,234	-	0.00%	Within 3 months
e)	IPO Expenses	15,000,000	15,000,000	-	0.00%	As and when required
Total		200,000,000	86,877,689	113,122,311		

Percentage:

Interest on IPO Proceeds: 0.69%

Un-Utilized IPO proceeds with Interest income: 7.25%

Note:

- The Company has utilized a total amount of Tk. 86,877,689 from IPO proceeds as described in the prospectus in respect of Acquisition & Installation of Machineries for tk. 27,413,455, Repayment of short term bank loan tk. 44,464,234 and IPO expenses for Tk. 15,000,000.
- The Company has utilized Tk. 18,033,116 for IPO expenses against budgeted amount of Tk. 15,000,000. It may be mentioned here that end of June 30, 2017, IPO Expenses Tk. 5,899,506 paid from IPO account and rest amount Tk. 12,133,610 has been paid from the Company's own sources.

Subsequent to the date of financial statements, the company utilized Tk.9,45,24,119 out of IPO proceeds of Tk.20,00,00,000 up to 30 September 2017.


Chief Financial Officer


Company Secretary


Director


Managing Director


Chairman

SHEPHERD INDUSTRIES LIMITED
Schedule of Property, Plant & Equipment

Annexure-A
Amount in Taka

as on June 30, 2017

Particulars	Cost			Rate (%)	Depreciation				Closing Balance as on 30-06-2017	Written Down Value as on 30-06-17
	Opening Balance as on 01-07-2016	Addition / Transfer	Disposal		Closing Balance as on 30-06-2017	Charged during the period	Disposal	Disposal		
	1	2	3	4=(1+2-3)	5	6	7=(4-6)×5	8	9=(6+7-8)	10=4-9
Building - Factory	171,318,539	2,404,779	-	173,723,318	10%	59,947,560	10,711,536	-	70,659,096	103,064,222
Land & Land Development	263,658,642	53,260,197	-	316,918,839	0%	-	-	-	-	316,918,839
Plant & Machinery	467,998,721	141,654,700	-	609,653,421	10%	300,498,802	22,769,110	-	323,267,912	286,385,509
ETP	73,844,334	-	-	73,844,334	15%	28,083,662	6,411,315	-	34,494,977	39,349,357
Electric Equipment & Line Installation	30,360,089	5,363,665	-	35,723,754	10%	19,731,954	1,374,936	-	21,106,890	14,616,864
Fire Fighting Equipment	1,096,354	509,840	-	1,606,194	10%	621,163	79,482	-	700,645	905,549
Tools & Equipments	10,897,173	9,219,920	-	20,117,093	20%	1,342,330	1,989,763	-	3,332,093	16,785,000
Gas Line Installation	6,755,553	-	-	6,755,553	10%	4,363,969	228,496	-	4,592,465	2,163,088
Building - Head Office	64,152,000	24,841,500	-	88,993,500	5%	12,488,848	2,628,281	-	15,117,129	73,876,371
Office Equipment	12,296,022	1,135,580	-	13,431,602	10%	7,061,744	544,012	-	7,605,756	5,825,846
Air Conditioner & Electric Appliance	1,642,716	761,500	-	2,404,216	10%	517,322	155,283	-	672,605	1,731,611
Lift - Head Office, Uttara	1,885,948	200,000	-	2,085,948	10%	640,441	133,507	-	773,948	1,312,000
Furniture & Fixture	4,071,542	821,241	-	4,892,783	10%	1,874,181	242,608	-	2,116,789	2,775,994
Office Decoration	2,285,053	357,960	-	2,643,013	10%	961,450	129,443	-	1,090,893	1,552,120
Car & Vehicles	28,999,190	12,026,771	4,868,142	36,157,819	15%	8,621,182	3,397,128	3,267,632	8,750,678	27,407,141
Telephone & Equipments	3,425,590	122,940	-	3,548,530	10%	1,821,551	159,956	-	1,981,507	1,567,023
Sub Total	1,144,687,466	252,680,593	4,868,142	1,392,499,917		448,576,159	50,954,856	3,267,632	496,263,383	896,236,534
REVALUATION PART										
Land & land Development	547,605,914	-	-	547,605,914	-	-	-	-	-	547,605,914
Building	158,824,830	-	-	158,824,830	10%	68,306,374	8,648,280	-	76,954,654	81,870,176
Sub Total	706,430,744	-	-	706,430,744		68,306,374	8,648,280	-	76,954,654	629,476,090
Total as on 30.06.2017	1,851,118,210	252,680,593	4,868,142	2,098,930,661		516,882,533	59,603,136	3,267,632	573,218,037	1,525,712,624
Total as on 30.06.2016	1,808,295,374	45,064,832	2,241,996	1,851,118,210		505,417,772	12,891,947	1,427,186	516,882,533	1,334,235,677

SHEPHERD INDUSTRIES LIMITED
Schedule of Closing Inventory
as on June 30, 2017

Annexure-B

Name of Items	30.06.17			30.06.2016		
	Qty in Lbs/Kg	Average Rate	Total Tk	Qty in Lbs/Kg	Average Rate	Total Tk
A) RAW MATERIALS:						
Raw Yarn	9,417,575	115.68	1,089,436,475	7,660,763	115.63	885,778,015
B) DYES & CHEMICALS:						
Dyes	138,637	874.49	121,236,597	140,278	874.57	122,682,947
Chemicals	425,178	137.24	58,351,488	425,246	137.05	58,279,945
	563,815	318.52	179,588,085	565,524	319.99	180,962,892
C) Work in Process:						
	349,144	130.45	45,547,439	198,117	128.06	25,369,907
D) Finished Goods:						
Dyed Yarn	637,742	163.88	104,510,516	470,981	161.59	76,105,239
E) Packing Materials			5,097,922			5,428,062
F) Store & Spares			15,189,385			10,521,843
	Grand total (A+B+C+D+E+F):		1,439,369,822			1,184,165,958

SHEPHERD INDUSTRIES LIMITED
Schedule of Accounts & Other Receivables
as on June 30, 2017

Annexure-C

S.L	Particulars	Amount in Taka 30.06.2017	Amount in Taka 30.06.2016
Trade Receivable			
1	AB Sweater Ltd	-	12,784,182
2	AKR Fashion Ltd	-	134,993
3	Al- Amin Export Ltd	6,227,299	2,625,281
4	AMS Int'l Sweater Ltd	-	2,034,323
5	Anma Sweater Ltd.	202,494	-
6	Annanta Huazin Ltd.	3,453,148	3,358,894
7	Annesha Style Ltd	-	3,468,184
8	Anzir Apparels Limited	-	1,842,265
9	April Fashion Ltd	7,857,878	-
10	As Apparels Ltd.	23,585,802	33,115,434
11	Banga Fashion Ltd	-	1,086,585
12	Best Wool Sweater Ltd.	121,636,079	101,299,324
13	BHML Industries Ltd.	1,405,060	-
14	Body Fashion (PVT) Ltd	264,191	1,130,776
15	Cassiopeia Clothing Ltd	789,533	-
16	Civic Apparels Ltd	341,399	-
17	Claxton Apparels	-	4,378,887
18	Colour & Fashion Ind. Ltd	3,193,165	-
19	Cosmos Sweater Ltd	-	13,308,065
20	Daeyu Bangladesh Ltd.	9,774,335	-
21	Danny Dhaka Ltd.	1,134,252	-
22	Desh Sweater Ltd	766,820	75,243
23	Dhaka Pullover Ltd.	4,011,165	2,314,317
24	Diganta Sweater Ltd	78,766,433	77,377,808
25	Din Apparels Ltd.	1,270,745	1,560,060
26	Disney Sweater Ltd	4,498,835	-
27	Dody Export Wear Ltd	1,951,401	730,711
28	D & S Pretty Fashion	-	722,821
29	Ducati Appeaarls Ltd	4,611,495	957,912
30	Dynamic Sweater Ltd	-	7,517,590
31	Ehsan Fashion Ltd	-	3,077,811
32	Ekram Sweater Ltd.	-	13,478,665
33	En Rich Ltd.	-	14,785
34	ESE Knitwear Ltd	-	5,553,307
35	Eva Sweater Ltd.	-	5,601,030
36	Everbright Sweater Ltd	607,749	3,926,997
37	Evergreen Sweater	-	2,207,270
38	Fabulous Fashion Ltd	402,355	-
39	Fame Sweater Ltd.	233,119	-
40	Fancy Yarn Department	-	140,532
41	Fashion Design Ltd	-	1,277,046
42	FB Fashion (Pvt) Ltd.	3,991,082	937,060
43	Freedom Knit Ltd	-	1,883,591
44	Fyne Sweater Ltd.	-	1,694,224
45	Galaxy Sweater & Yarn Dyeing Ltd.	7,509,288	-
46	Global Knitwear Ltd.	19,658,341	14,990,997
47	Green Arrow Sweater Ltd.	8,743,601	4,969,956

S.L	Particulars	Amount in Taka 30.06.2017	Amount in Taka 30.06.2016
48	Green Stone Knitwear Ltd.	677,362	-
49	Haesong Korea Ltd.	8,762,787	18,224,856
50	Haesong Sweater Ltd	-	248,504
51	Hamid Fashion Ltd.	-	3,480,874
52	Hanjala Textile Ltd	412,803	-
53	Helicon Ltd.	-	9,839,431
54	Impulse Sweater Ltd	-	5,076,760
55	Indesore Sweater Ltd.	9,643,536	12,946,494
56	Intramex Sweater Ltd.	-	387,649
57	Irish Fashion Ltd.	28,442,929	31,804,255
58	Jams Sweater Ltd	9,842,484	4,997,742
59	Jazz Sweater Ltd	7,144,362	5,441,542
60	Kaveri Sweater Ltd	1,204,914	-
61	Knit Bazar Ltd	418,754	-
62	Knitexpo Ltd	164,506	7,075,530
63	Knit Studio Ltd.	-	2,695,417
64	Kuliarchar Sweater	-	7,426,065
65	Lebaz Sweater Ltd	1,631,707	-
66	Leeu Fashion Ltd	7,964,255	-
67	Lumbini Ltd	3,195,688	-
68	Lusine Fashion Ltd.	23,198,632	22,340,745
69	Magpie Knitwear Ltd.	499,974	34,135,998
70	Mahdeen Sweater Ltd.	6,314,734	13,771,034
71	Mark Sweater Ltd.	11,092,343	-
72	Mastercham Ltd.	2,162,827	-
73	Matrix Sweater	2,493,470	25,991,799
74	Mccoy Sweater Ltd.	-	369,107
75	Meditex Ind. Ltd.	2,457,691	32,154,701
76	Meek Sweater Ltd	-	1,689,050
77	M.G. Knit Fiairs Ltd	2,339,294	3,663,006
78	Micro Tex Ltd	-	217,764
79	Midline Fashion Ltd	2,863,824	-
80	M I Knit Wear Ltd	6,992,830	2,346,355
81	Mim Design Limited	7,822,299	-
82	MK Sweater	1,895,359	3,545,508
83	MNR Sweater Ltd	27,846,892	-
84	M Nur Sweater Ltd	1,359,954	-
85	Moni Fashion Ltd	27,027,726	39,385,263
86	Natural Sweater Village	-	10,039,144
87	Natural Wool Weater	-	866,442
88	Naziat Sweaters Ltd.	-	1,808,225
89	New Horizon Ltd.	4,222,845	4,222,845
90	New Light Sweaters Ltd	65,447	-
91	Nexus Sweater	504,919	6,957,745
92	Nurani Deying	797,940	-
93	Oasis Fashions Ltd	3,537,698	13,662,313
94	Ocean Sweater Ltd	1,857,186	-
95	Odessa Fashion Ltd.	-	5,032,395
96	Omega Sweater	-	2,199,241
97	Orpat Sweater Ltd	6,492,004	2,078,215
98	Paban Textile Ltd	988,130	-

S.L	Particulars	Amount in Taka 30.06.2017	Amount in Taka 30.06.2016
99	Pacific Sweater Ltd	7,448,209	-
100	Padma Sweater	-	202,862
101	Panache Knitted Creation	-	70,560
102	Pandora Fashion Ltd	3,873,122	3,993,117
103	Pioneer Sweater Ltd.	161,742,090	130,580,546
104	Posmi Sweater Ltd	379,287	1,784,499
105	Pretty Sweater Ltd	-	37,758,321
106	Probridhi Apparels Ltd	2,359,122	2,470,074
107	Pro- Maker Sweater	858,457	5,097,594
108	Radiant Sweater Ltd.	10,226,519	6,641,634
109	Rahimaaziz Knits Ltd	-	1,883,364
110	Raozan Sweater Ltd.	3,507,073	6,347,858
111	Red & Green Textile	-	361,267
112	RGR Sweater Ltd	29,128,876	2,687,507
113	Riverside Sweater Ltd	1,617,487	3,119,536
114	R M M Sweater Ltd	18,844,838	4,189,365
115	Rose Sweater Ltd.	1,780,053	928,960
116	R S Sweater Ltd	-	4,157,094
117	Running Fashion Ltd.	-	4,723,083
118	Rupa Sweater Ltd.	-	19,843
119	Saadatia Sweater Ltd.	1,260,954	3,121,164
120	Sahaba Yarn Ltd	-	2,263,941
121	Salek Textile Ltd. (Receivable)	2,360,502	8,163,102
122	Samy Tex Industries Ltd.	3,380,396	-
123	Santo Mariam Sweater	8,764,315	-
124	Scandex (BD) Ltd.	-	580,356
125	Seowan Bangladesh Ltd.	133,729,202	13,076,649
126	S F Sweaters Ltd.	-	3,615,233
127	Sharin Fashion Ltd	-	9,929,497
128	Shepherd Textile (BD) Ltd	208,457,998	-
129	Shezads Designer	-	11,209,619
130	Shomahar Sweater	2,488,243	15,745,823
131	Sinha Knit Ind. Ltd	-	9,237,209
132	SKJ Fashion Ltd.	850,314	-
133	Sky Apparels Ltd	3,351,509	-
134	Smung Sweater Ltd	2,531,118	550,598
135	Sonia & Sweater Ltd.	-	7,848
136	Southend Sweater Ltd	10,053,381	1,261,272
137	Southern Clothing Ltd.	10,255,495	-
138	Space Sweater Ltd	350,207	1,901,639
139	Spectra Sweater Ltd.	4,505,260	-
140	SPM Design Ltd	488,136	-
141	Spring Trade	-	10,712,807
142	SQ Celsius Ltd	-	6,820,769
143	Sung Kwang Apparels	68,276,747	21,162,512
144	Sunkit Textile Ltd.	-	77,357
145	Tapestry Design Co.	-	137,200
146	Target Fine Knit Industries Ltd.	2,779,701	16,870,360
147	T. Design	-	93,139
148	That's It Knit Ltd.	3,567,541	149,609
149	Titas Sweater Ind. Ltd	1,062,357	2,228,175

S.L	Particulars	Amount in Taka 30.06.2017	Amount in Taka 30.06.2016
150	TJ Sweater Ltd	-	7,295,711
151	Top Tex Ltd	-	2,433,765
152	Uday Sweater Limited.	344,468	-
153	Ultimate Fashion Ltd	17,931,923	-
154	Unicorn Sweater	-	1,694,042
155	V-Knit Wear & Composite	881,411	-
156	Welldone Apparels Ltd	61,513,190	42,943,958
157	Woolen Wear Ltd	795,522	-
158	Woolen & Wool Ltd	-	2,255,132
159	Y.K SWEATER LTD	-	7,764,949
160	Your Fashion Ltd	-	7,450,105
161	Z.A. Sweater Ltd	1,466,275	-
Total Trade Receivable		1,334,438,464	1,095,469,559
Less: Provision for Doubtful Debts- New Horizon (BD) Ltd.		4,222,845	4,222,845
Total Receivable Considered as Good		1,330,215,619	1,091,246,714
Other Receivable			
	Office Rent	1,117,774	214,739
	Interest Receivable on FDR	-	5,047
Total Other Receivable		1,117,774	219,786

SHEPHERD INDUSTRIES LIMITED
Schedule of Advance, Deposit & Prepayments
as on June 30, 2017

Annexure-D

S.L	Particulars	Amount in Taka 30.06.2017	Amount in Taka 30.06.2016
A)	ADVANCES:		
1	Abdullah Al Harun Eusuf	-	19,493
2	Abdur Rashid	17,000	-
3	Advance against consultancy	-	1,862,500
4	Advance Tax Paid	78,367,809	62,227,954
5	Ahmed Hossain, Jr. Executive-Commercial	6,000	-
6	Alamgir Enterprise	30,000	-
7	Anamul Haque Mollah	9,375	46,875
8	Artistic Properties Ltd	14,845,000	-
9	Babul Bhuiyan- Driver	-	14,000
10	Bappai Kumar Shaha	7,000	-
11	Ejajul Ashik (Sr. Com.)	-	2,500
12	Engineering Institute	25,000	-
13	Fency Yarn Department	568,767	2,675,663
14	Gamini Perera	163,800	-
15	Genetic Power & Engineering Ltd	-	787,000
16	Idyllic Technology	-	160,000
17	M/s Akhand Metal Engineering works	200,000	-
18	M/S Nazrul and Brother	-	43,740
19	Mark Trade International	-	57,162
20	Md. Aminul Islam	10,000	-
21	Md. Jahirul Islam	10,000	-
22	Md. Shopon Miah (Peon)	-	2,000
23	Motaleb Hossain (Tiles Fitter)	22,000	-
24	Nitol Motors Ltd	8,429	-
25	Orient Techonology	105,000	-
26	Parul Begum (cleaner)	7,000	-
27	Pre-Paid Insurance	1,300,044	-
28	Ring Shine Textile Ltd.	-	18,680
29	Salek Textile Ltd.	147,990	97,704
30	Tahmina Carrying Center	-	97,000
31	Taipei Office	-	415,200
32	The Moon Engineering Works	1,814,802	-
33	786 Technology	1,463,500	-
34	Zam Zam Cable Antina	10,000	-
	Sub Total:	99,138,516	68,527,471
B)	DEPOSITS:		
1	Anser and VDP	185,532	185,532
2	Bank Guarantee Margin	3,150,507	3,150,507
3	Israil Talukder	50,000	50,000
4	L/C Margin- Southeast	814,942	-
5	Lease Deposit	612,569	414,220
6	PDB (Bhaluka)	1,043,500	563,500
7	RAK Security and Services (Pvt) Ltd.	30,000	30,000
8	Security Deposit- CDBL	500,000	-
8	Security Deposit- DESCO	144,000	144,000
9	Titas Gas T&D Co. Ltd.	7,230,097	4,778,903
	Sub Total:	13,761,147	9,316,662
	Grand Total:	112,899,663	77,844,133

SHEPHERD INDUSTRIES LIMITED
Calculation of Deferred Tax
for the year ended on June 30, 2017

Annexure-E

Particulars	01-07-2016	01-07-2015
	To	To
	30-06-2017	30-06-2016
A. D.Tax (income) / expenses recognized in profit and loss and other comprehensive income:		
Cost:		
Carrying amount:		
Property , Plant and Equipment	579,317,695	432,452,665
Intangible Assets	554,301	169,068
Provision for Doubtful Debt	(4,222,845)	(4,222,845)
Provision for gratuity	(30,864,621)	(26,720,846)
	544,784,530	401,678,042
Tax base:		
Property , Plant and Equipment	318,989,430	245,194,507
Intangible Assets	358,394	61,992
	319,347,824	245,256,499
Taxable /(Deductible) temporary difference	225,436,706	156,421,543
Income Tax rate	15.00%	15.00%
Deferred Tax Liabilities/(Assets) at the end of the year/period	33,815,506	23,463,231
Closing Deferred Tax Liabilities/(Assets)	33,815,506	23,463,231
Opening Deferred Tax Liabilities/(Assets)	(23,463,231)	(27,635,428)
D.Tax (income) / expenses recognized in profit and loss and other comprehensive income	10,352,275	(4,172,197)
B. D.Tax (income) / expenses recognized in Revaluation Reserve:		
Revaluation:		
Carrying Amount:		
Land and Land Development	547,605,914	547,605,914
Building	81,870,176	90,518,456
	629,476,090	638,124,370
Tax base:		
Land and Land Development	-	-
Building	-	-
	-	-
Taxable /(Deductible) temporary difference	629,476,090	638,124,370
Tax rate	15.00%	15.00%
Deferred tax liability end of the year/period	94,421,414	95,718,656
Closing Deferred Tax Liabilities/(Assets)	94,421,414	95,718,656
Opening Deferred Tax Liabilities/(Assets)	95,718,656	97,152,930
D.Tax (income) / expenses recognized in Revaluation Reserve:	(1,297,242)	(1,434,274)
C. Total Deferred tax liability at end of the year/period as shown in the Statement of Financial Position (A+B)	128,236,920	119,181,887

SHEPHERD INDUSTRIES LIMITED
Schedule of Trade & Other Payables
as on June 30, 2017

Annexure-F

S.L	Particulars	Amount in Taka	Amount in Taka
		30.06.2017	30.06.2016
A: Accounts Payables for Trade			
1	Ben Tech Chemicals Co. Ltd.	28,358,046	101,818
2	Cheng Chin Transcend Enterprise Corporation	29,436,732	-
3	Chin Hung Fabred Ltd	-	1,814,827
4	Crystal Cardars Co. Ltd.	3,791,872	-
5	Everlight Chemical Industrial Corporation	-	5,699,680
6	Fazal Cloth Mills Limited	12,790,938	-
7	Foshan Shunde Aolaimei Fine Chemicals Co.Ltd	1,640,855	1,657,454
8	Full Excellent Corp.	-	36,482,091
9	Full Harbest Ltd.	6,263,812	336,551,587
10	Garg Acrylic Ltd	47,189,216	-
11	Gimatex Industries Pvt. Ltd	15,835,850	-
12	Guangzhou Chemicals Import & Export Co. Ltd	2,337,400	1,470,000
13	Hong Kong Nicca Chemical Ltd	3,687,450	-
14	Hsinson Chemical Co. Ltd.	2,974,140	-
15	Jiangsu Gtig Eastar Co. Ltd.	17,186,511	-
16	Jiangsu Gua Tai International Group Guo Mao Co Ltd	8,574,747	4,106,694
17	Jiangsu Lugang Culture Co.Ltd.	32,274,225	-
18	Jolly Enterprise India	-	7,342,180
19	Kamal Yarn Limited	9,375,795	-
20	Kung Keng Textile (BD) Ltd.	-	50,594,596
21	Mega Hope Textile Ltd	-	25,667,908
22	MPI Polyester Industries Sbn.Bhd	-	10,484,151
23	Nagina Cotton Mills Ltd	21,359,000	-
24	Nagoreeka Exports Ltd.	-	10,972,503
25	Novel Vantage Investment Ltd. India	12,977,641	-
26	Premier Cotton Textiles. India	-	10,289,151
27	PT Adikeneana Mahkotabuana	26,112,774	-
28	Purbani Spinning Mills	-	23,544,570
29	Purbani Systhetic Spinning Ltd	6,262,620	-
30	Queen South Textile Mills Ltd	999,440	-
31	Shepherd Shing Trading Co. Ltd	-	19,814,877
32	Sonic Eagle Industries Ltd	27,690,130	286,122,879
33	Sportking India Ltd	36,937,101	16,074,363
34	S.Raza Export Pvt. Ltd	-	5,040,487
35	ST. Cottex Exports Pvt. Ltd. India	-	11,203,368
36	Textilchemie DR. Petry GMBH	1,620,060	1,575,840
37	Transfar Zhilian Co., Ltd	3,214,328	-
38	UK Newline International Co Ltd.	13,899,014	-
39	Zhejiang Transfar Co. Ltd	-	1,288,065
40	AC Servicing Centre	15,000	-
41	ASM Chemical Industries Ltd.	930,103	1,505,027
42	Astar Recycle Industries	210,000	560,000
43	Badsha Textiles Ltd	-	27,431,250
44	Bismillah Paper Cone & Tube	700,000	350,000
45	Colortech	125,500	-
46	Fast Bio Chem	4,600	4,600
47	GDS Chemical Bangladesh Ltd	12,419	10,775
48	H.M. Accessories	-	182,250

S.L	Particulars	Amount in Taka	Amount in Taka
		30.06.2017	30.06.2016
49	International Office Machines Ltd	16,800	-
50	Israaq Textile Mills Ltd	-	15,060,797
51	Jafar Traders	700,000	437,500
52	Lucy Enterprise	-	73,000
53	Maksons Spinning Mills Ltd	-	18,384,717
54	M/S.K.S. Enterprise	2,219,800	4,776,200
55	M/S Salim Enterprise	819,000	-
56	Nabila Enterprise	20,475	20,475
57	Nikunja Model Service Centre	124,616	-
58	NRG Composite Yarn Dyeing	-	720,000
59	Penguin Multi Tech	12,000	-
60	R F Trading Corporation	39,500	81,500
61	R S Plastic Enterprise	1,555,200	1,017,600
62	R S S Trade International	865,000	191,000
63	SAF Chemicals	49,420	-
64	Setu Enterprise	2,850	-
65	SJM Enterprise	774,448	-
66	Suprob Composite Knit Ltd	-	8,632,260
67	Tex Solution Services	621,404	621,404
68	Trade Zentrum	138,565	-
69	Unique Cement Industries Limited.	108,000	-
70	United Chemical	593,800	1,020,000
71	UTC Universal Tech Co	58,500	-
72	Victori Bangla	797,750	-
73	Xin Xing Yang International Co. Ltd	405,120	405,120
Sub Total		384,709,568	949,384,564
B: Accounts Payables for others			
1	Abdul Khaleq	-	160,000
2	Afsar Trading Corporation	142,784	-
3	Akata Container Carrier Service	-	62,250
4	Al-Hasan Electric House	26,288	-
5	Al Hera Design & Printers	119,259	-
6	Alu Bazar Traders	351,529	-
7	Amber IT Limited	5,000	-
8	Apparel Solution Ltd.	200,000	200,000
9	Artistic Properties Ltd	-	8,915,000
10	Asia Pacific General Insurnace Co.Ltd.	205,072	-
11	Auto Elcetrices	61,726	-
12	Bangla Trac Ltd.	40,717	-
13	Bhander Sharif Trading Corporation	2,673,222	1,284,890
14	Bhuiyan Sewing	15,500	-
15	Bilal Trading PTE Ltd	263,801	-
16	Bismillah Transport Agency	-	6,000
17	Build Asia	564,659	1,064,659
18	DYK Associates	140,686	140,686
19	Dysin- Chem Limited	67,103	-
20	Gazi Tanks	202,720	-
21	Genetic Power & Engineering Ltd	-	-
22	Golden State	300,000	300,000
23	Hasan Metal	6,984	-
24	Hoque Chemicals Works	81,000	598,500
25	IT Vista	24,888	-

S.L	Particulars	Amount in Taka	Amount in Taka
		30.06.2017	30.06.2016
26	Joy Enterprise	28,137	134,520
27	R S S Trading International	-	1,133,000
28	Khan Enterprise	942,750	-
29	Kopotakko Trading Corporation	12,655,560	-
30	Madhabi Fabrics Ltd	50,000	-
31	Milnars Pumps Ltd.	580,400	-
32	Molla Sewing	2,720	-
33	Monzur Alam Khan (Barr)	9,000	-
34	Monzurul Haque	-	200,000
35	Motaleb Hossain	-	6,514
36	Multichemi Bangladesh (Pvt) LTd	2,750	-
37	Nazia Books & Stationery	159,778	-
38	Optimal IT Ltd	42,500	-
39	Property Lift	134,951	-
40	Pubali Soil & Survey Technology	44,000	-
41	Puma Engineering	239,089	-
42	Renu Enterprise	6,600	-
43	Rifat Enterprise	1,935,750	2,984,951
44	SGS Bangladesh Ltd	1,519	-
45	Share Bazar News.Com	4,800	-
46	Sharif Bearing & Machineries	88,910	-
47	SQ Wire & Cables Co. Ltd	166,838	-
48	Superior Steel & Iron Agency	912	-
49	Super Tex Cone	387,225	-
50	Taipai International Ltd	393,500	-
51	Tax- Nishat Traders	2,195	-
52	The Daily Samakal Ltd	13,824	-
53	The Moon Engineering Works	154,000	-
54	The National Carrier	6,485,974	2,193,574
55	Tianjin Hua Quan Fine Che.Co	42,000	-
56	T & M Interlining Co. Ltd	100,000	100,000
	Sub Total	30,168,620	19,484,544
	Grand Total (A+B)	414,878,188	968,869,108



Shepherd Industries Limited

House # 24, Road # 04, Sector # 04, Uttara, Dhaka-1230

PROXY FORM

I/we _____ being a member(s) of
Shepherd Industries Limited do hereby appoint Mr/Mrs _____

of _____ as my / our Proxy to attend and vote on behalf of me / us at the **16th Annual General Meeting** of the Company to be held on **Tuesday, the 21st November, 2017 at 10.30 AM** at the DOHS Baridhara Convention Centre Baridhara DOHS Parishad, DOHS Baridhara, Dhaka Cantonment, Dhaka-1206 and any adjournment thereof.

As witness my/our hand this _____ day of _____ 2017.

(Signature of the Shareholder)

(Signature of Proxy)

Revenue
Stamp
Tk. 20.00

BO ID No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

No. of Shares held

Dated.....

N.B.: This Form of Proxy, duly signed (as recorded with the company), stamped and completed must be submitted to the Registered Office or Share Department (the Company's Registered Office: House # 24, Road # 04, Sector # 04, Uttara, Dhaka-1230) of the Company at least 48 (Forty Eight) hours before the Meeting.



Shepherd Industries Limited

House # 24, Road # 04, Sector # 04, Uttara, Dhaka-1230

ATTENDANCE SLIP

I do hereby submit the Attendance Slip in connection with the **16th Annual General Meeting** of **Shepherd Industries Limited** held today **Tuesday, the 21st November, 2017 at 10.30 AM** at the DOHS Baridhara Convention Centre, Baridhara DOHS Parishad, DOHS Baridhara, Dhaka Cantonment, Dhaka-1206.

Full Name of the Member : _____

BO ID No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

No. of Shares held

Dated.....

(Signature of Proxy)

(Signature of the Shareholder)

Date

N.B.: i) Please present this slip duly signed at the entrance of the Meeting Place.

ii) No gift or benefit in cash or kind shall be paid / offered to the Shareholders as per Circular No. SEC/CMRRCD/2009. 193/154 dated 24 October 2013 of BSEC for attending the AGM.

Shepherd Industries Limited

House # 24, Road # 04, Sector # 04, Uttara, Dhaka-1230

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