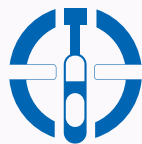




ANNUAL REPORT 2020-2021



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, 2021.

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, 2021 along with notes to thereon of Shepherd Industries Limited for your kind information and records.

Thank you.

Sincerely yours,



Mohammad Maruf Bin Wali

Company secretary



Shepherd Industries Limited

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

Notice of the 20th Annual General Meeting

Meeting Notice is hereby given that the 20th Annual General Meeting (AGM) to the shareholders of Shepherd Industries Limited will be held on Thursday, December 23, 2021 at 04.00 p.m. through digital platform at the link <https://shepherd.bdvirtualagm.com> to transact the following business.

Agenda

01. To consider and adopt the Audited Financial Statements of the company for the year ended on June 30, 2021, together with the reports of Directors and the Auditors thereon.
02. To declare dividend for the year ended on June 30, 2021 as recommended by Board of Directors.
03. To re-appointment Auditors and fix their remuneration.
04. To re-tire and re-elect of Directors.
05. To approve retirement of Independent Director, Md. Monzur Alam Khan.
06. To approve appointment of new Independent Director, Md. Delwar Hossain.
07. To appoint Compliance Auditor and fix their remuneration.
08. To transact any other business which may be placed before the meeting with the permission of the chair.

By order of the Board



Mohammad Maruf Bin Wali
Company Secretary

Dated: December 09, 2021

Notes:

01. The Record Date is November 24, 2021.
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 20th 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 (through digital platform) by filling Proxy Form. The Proxy Form must be affixed with requisite revenue stamp of Tk. 20/= and must be sent through email to the Share Department of the Company at share@shepherdbd.com at least 48 hours before the day and time fixed for 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. Shareholders attendance will consider as login virtual meeting through company's provided link and password and virtual meeting room will open before 24 hours of the meeting.
06. As per condition no. 9(1) & (2) of the BSEC/CMRRCD/2006-158/Admin/81 dated 20 June 2018, the soft copy of the Annual Report for the year ended on June 30, 2021 to be sent through the email address of the shareholders and also be available to the website www.shepherdbd.com of the company.

Corporate Directory

BOARD OF DIRECTORS

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

Audit Committee

| | |
|-------------------------|-----------|
| Md. Monzur Alam Khan | Chairman |
| Yang Ming Te | Member |
| Kao Chen Tsai | Member |
| Mohammad Maruf Bin Wali | Secretary |

Nomination And Remuneration Committee

| | |
|-------------------------|-----------|
| Md. Monzur Alam Khan | Chairman |
| Chung Wen Kuei | Member |
| Kao Chen Tsai | Member |
| Mohammad Maruf Bin Wali | Secretary |

Company Secretary

Mohammad Maruf Bin Wali

Chief Financial Officer

Md. Ataur Rahman

Head of Internal Auditor

Shahnaz Akhter

Management Team

| | |
|-------------------------|--------------------------|
| Kao Wen Fu | Managing Director |
| Md. Abdul Mannan | Deputy Managing Director |
| Md. Ataur Rahman | Chief Financial Officer |
| Mohammad Maruf Bin Wali | Company Secretary |
| Abdullah Al Harun Eusuf | GM (Commercial) |
| Md. Moklasur Rahman | GM & Factory in Charge |

| | |
|---|---|
| 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. & Chittagong Stock Exchange Ltd. |
| Nature of Business | Dyeing & Washing (100% Export Oriented) |
| Registered Address | House#24, Road#04, Sector#04, Uttara, Dhaka-1230 Phone: +88-02-48963340-2, Fax: +88-02-48963353 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 | Ahmed Zaker & Co., Chartered Accountants Green City Edge (10th Floor), 89 Kakrail, Dhaka-1000 |
| Legal Advisor | Podder & Associates 6/A/1 Segun Bagicha (ground floor), Topkhana Road, Dhaka-1000 |
| Corporate Governance Compliance Auditor | Mahfel Huq & Co., Chartered Accountants BGIC Tower, 4th Floor, 34 Topkhana Road, Dhaka 1000 |
| Independent Scrutinizer of 20th AGM for Compliance Certificate | M M Yasin & Co., Chartered Accountants House # 22, Road # 12, Block # F, Niketon, Gulshan-1, Dhaka-1212 |
| 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 is a 100% export-oriented company engaged in dyeing of different counts of cotton, acrylic, viscose and nylon yarn and washing of different type of garments & fabrics which are marketed to the direct exporters.

Shepherd Industries Limited established in 2000 in Bangladesh. A long journey of 21 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). We have a fleet of skilled workers comprising 711 people and 302 other employees including Managers, Executives, Supervisor and other supporting staff. Our dyeing capacity per day is 49,461 Lbs cotton and 49,461 Lbs acrylic & nylon yarn and washing capacity of garments every day is 25,000 pcs. We have a well-equipped laboratory and trained foreign and local technicians who maintained a strict policy and never compromised with quality issue. We are committed with quality control, accurate time delivery, and large production capacity.



Our Vision & Mission

Our Vision

Our conception of business germinated from our vision which sees it as a means to the wellbeing 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



Chung Wen Kuei
Chairman

Chung Wen Kuei, is a Taiwan national and chairman of Shepherd Industries Limited with 32 years working experience in dyeing industry he made significant contribution to the development of Shepherd Industries Limited. He always hunts for better quality in his products and deeper relations with the customers. He is an expert in the dyeing industry. Mr. Chung Wen Kuei is also associated with Shepherd Textile (Bd) Limited, Shepherd Jeans Limited and Taiwan Food and Processing Industries Limited and performing in the leading position of those concerns.

Kao Wen Fu
Managing Director

Mr. Kao Wen Fu is a visionary entrepreneur, investor and philanthropist. He established his first venture in Pakistan named Alfateme Textile in 1990 and thereafter he established Shepherd Textile (BD) Ltd at DEPZ in 1997, Shepherd Industries Ltd in 2000, Shepherd Yarn Ltd in 2005, Taiwan Food & Processing Industries 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 the 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 key to success of Shepherd Industries Ltd. At his 64's, he is still energetic and dynamic. Mr. Kao has visited many countries for business purpose.



Kao Chen Tsai
Nominee Director (Representative of Ever Priority Ltd.)

Mr. Kao Chen Tsai is a young, energetic and educated guy has proven capability of contributing values in dyeing industries. He has experience in Nylon/Cotton/ Polyester Dyeing Factory as Technical person. He is 39 years old with dynamic leadership quality. He provides dynamic insights to the company's affairs, which is also outstanding to accelerate the performance of Shepherd Industries Limited.



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 34 years' experience 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.

Md. Monzur Alam Khan

Independent Director

Barrister Md. 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 Gallery of AGM 2019



Photo Gallery of AGM 2020





Chung Wen Kuei
Chairman

Message from the Chairman

Dear Shareholders,

I, on behalf of the Board of Directors have the pleasure to welcome all of our esteemed shareholders on the occasion of 20th Annual General Meeting of the company and I also want to give thanks to honorable shareholders for joining with us to make the event successful.

With pleasure, I present the Report of the Board of Directors, the Audited Financial Position, Statement of Profit or Loss & Other Comprehensive Income and other Financial Statements of the company for the year ended on June 30, 2021.

Dear shareholders, you know very well, not only RMG and Textile, all the sectors are passing hardship during pandemic situation all over the world caused by the COVID-19. RMG is the biggest foreign currency earning source in Bangladesh which is affected very worse way. A remarkable number of garments factories already been closed and others are working with utilizing reducing capacity. As a backward linkage industry of RMG we are also affected same way. During pandemic, many buyers have been canceled their orders, some buyers reduced price and order quantity and some buyers held up their order and observing the consequence of second wave of COVID-19.

Dear shareholders, whatever situation is going it is totally beyond the human control. However, we are always aware and we are observing local as well as international market of RMG and raw materials as well. Dear shareholders, in this crucial situation we have no alternative to run the factory with utilizing reduced capacity rather than shut up. We hope and pray to almighty; this situation will be no-longer and bright days will come again.

However, I want to give thanks again to all of shareholders, board of directors, management team, executives and all of our workers whose tireless working is the way of sustainable growth and future prosperity of the company.

I specially want to give thanks to Managing Director Mr. Kao Wen Fu for his enthusiastic leadership as we continued the sustainable growth trend. We believe his farsighted leadership and hardworking of his team will make prosperous of our future.

On behalf of the Board, I 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 and Best Regards



Chung Wen Kuei
Chairman

Directors' Report

Dear Shareholders,

On behalf of the Board of Directors of Shepherd Industries Ltd., I have the pleasure of welcoming you all to 20th 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 2020-2021, 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.

AN INDUSTRY OUT LOOK AND POSSIBLE FUTURE DEVELOPMENTS IN THE INDUSTRY:

Before the pandemic hit, the manufacturing industry was working to regain the momentum it had reached after the 2008 recession. However, after the first wave of pandemic-driven shutdowns, segment recoveries for various manufacturers have been uneven. Looking ahead to 2021, the recovery may take longer to reach pre-pandemic levels, as Deloitte projections based on the Oxford Economic Model (OEM) anticipate a decline in annual manufacturing GDP growth levels for 2020-2021, with a forecast of -6.3% for 2020 and 3.5% for 2021.

Reeling from the effects of a global pandemic-driven shutdown, US industrial production (-16.5% year over year) and US total factory orders (-22.7% year over year) saw a steep decline in April, followed by suppressed improvement. The current US Industrial Production Index stands at 105.7 in December (the most recent month available), a substantial dip from its pre-pandemic level of 110. Production and order levels are still below 2019 levels, but the trajectory of the decline has slowed. Total industrial capacity utilization improved to 74.5% in December, up from 64.1% in April; however, it's still below pre-pandemic levels of 77%.

2020 also experienced a significant dip in manufacturing employment levels, largely due to forced shutdowns in the early days of the pandemic and suppressed orders, with April recording manufacturing's lowest employment levels since 2010. Despite recent gains from much of the country's manufacturing base back in operation, employment levels in December are still 543,000 lower than in February. All of these indicators have created an environment of ongoing uncertainty, although 63% of executives in Deloitte's post-election poll are showing a somewhat or very positive outlook on business.

The managements are always careful about to sustain up the shareholder's wright. The company is in the process of implementing a new product line Knit Fabrics as a part of the ongoing expansion and product diversification to cope up with the competitive business condition. In this regard the company has completed installation of machineries of the Knit Fabrics Unit and successful trial production of which is already initiated. Total cost of machineries for establishment of the Knit Fabrics Unit is approximately US\$11,41,931. The management of the company has already decided to start commercial production of the Knit Fabrics unit on October 26, 2021.

Knit Fabrics has a huge demand and the new product line will contribute an additional Tk. 120 crore (Approx) to the revenue of the Company and the Net profit of the Company will increase by BDT 10.00 Core after tax (Approx.).

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

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

RISK EXPOSURE

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.

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.

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.

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.

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.

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.

Environment Risk

One of the main Elements for Dyeing and Washing are water and which extracting only from underground source as a result day by day underground water level is going deeper and cost of water is also increasing. On the other hand, it's discharging waste water which is heavily contaminated by dyes and chemicals which also very harmful for human as well as animals those are lived in water. Above the environmental effects may increase the product cost in future. To overcome these obstacles, we have set up a biological ETP which is less costly than chemical ETP.

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

| Particulars | 30-06-2021 | 30-06-2020 | 30-06-2019 | 30-06-2018 | 30-06-2017 |
|----------------------|---------------|---------------|---------------|---------------|---------------|
| Cost of goods sold | 2,274,825,151 | 2,296,231,926 | 2,486,725,163 | 2,402,730,555 | 2,263,558,771 |
| Gross Profit | 72,962,088 | 260,925,935 | 380,808,916 | 364,644,304 | 315,409,707 |
| Net Profit after Tax | (154,957,029) | (23,026,200) | 122,764,458 | 156,769,556 | 127,992,497 |

DISCUSSION ON CONTINUITY OF ANY EXTRA-ORDINARY GAIN OR LOSS

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

RELATED PARTY DISCLOSURES

The Company has entered into transactions with other entities that fall within the definition of related party as contained in IAS-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 30.06.2021 are as follows:

| Name of Related Party | Common Management | Nature of Transaction | Opening Balance as on July, 01, 2020 | Transaction during the period Dr./(Cr.) | Closing Balance as on June, 30, 2021 |
|--|-------------------|-------------------------|--------------------------------------|---|--------------------------------------|
| Shepherd Textile (BD.) Limited | " | Office & Land Rent | 18,786 | 153,496 | 172,282 |
| Taiwan Food & Processing Industries Ltd. | " | Office & Land Rent | 74,870 | 484,243 | 559,113 |
| Shepherd Fancy Yarn Ltd | " | Office & Land Rent | - | 700,678 | 700,678 |
| Shepherd Jeans Ltd. | " | Office & Land Rent | - | 362,367 | 362,367 |
| Shepherd Textile (BD.) Limited | " | Received as Loan | (45,425,645) | 3,939,680 | (41,485,965) |
| Shepherd Jeans Ltd. | " | Received as Loan | (69,846,750) | 9,714,445 | (60,132,305) |
| Kao Wen Fu | Managing Director | Loan from Shareholder's | (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) |

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 Carrying, C & F, Erection and Installation), Expansion of ETP, repayment of short-term bank loan and IPO Expenses. Utilization of IPO proceeds has been completed during the month of March 2019. The Utilization of IPO proceed has been audited by Ahmed Zaker & Co, Chartered Accountants.

EXPLANATION ON THE FINANCIAL RESULTS DETERIORATE AFTER IPO

Not Applicable.

SIGNIFICANT VARIANCE BETWEEN QUARTERLY FINANCIAL PERFORMANCE AND ANNUAL FINANCIAL STATEMENTS

Significant variations haven't occurred between Quarterly Financial performance and Annual Financial Statements.

DIRECTOR'S REMUNERATION

Director's Remuneration has been paid during the year 2021 was Tk. 1,375,380 and Tk. 1,477,171 for the year 2020 which is shown in note no. 28 in the financial statements. The independent director didn't receive any remuneration during the year.

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

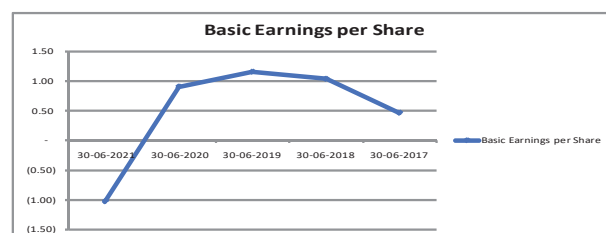
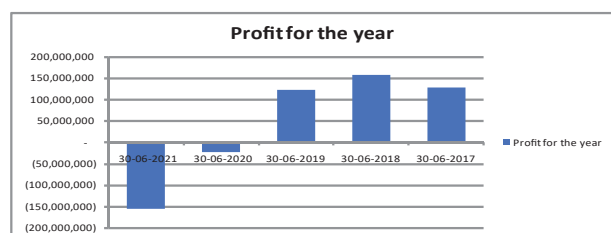
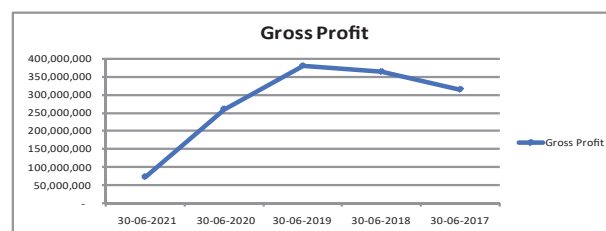
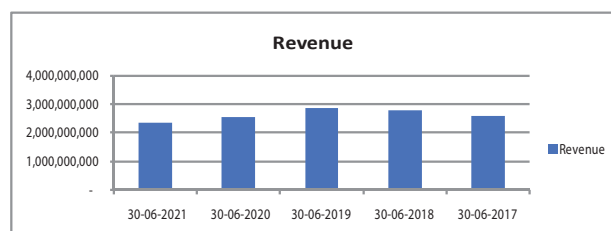
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been applied consistently in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- The international Financial Reporting Standards, as applicable in Bangladesh, have been followed in the preparation of the financial statements and any departure there from has been adequately disclosed.
- The systems of internal control are sound and have been implemented and monitored effectively.

Annual Report 2020-2021

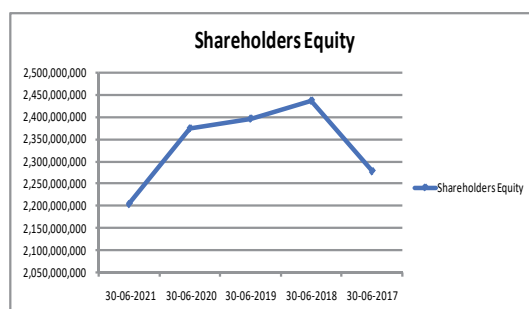
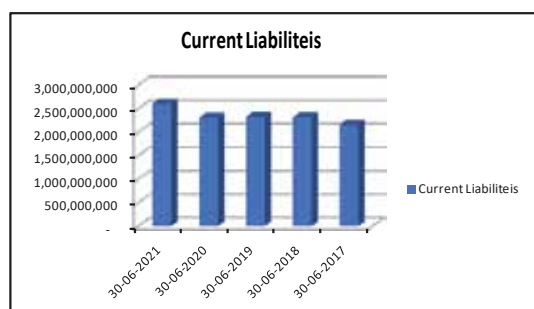
- v) There are no significant doubts upon the company's ability to continue as a going concern.
- vi) The significant deviations from the last year's operating results are shown in note no. 38 as additional disclosure of note to the financial statements.
- vii) The key operating data and financial data for the last two years are shown in the next chapter of this Directors Report.

KEY OPERATING AND FINANCIAL DATA

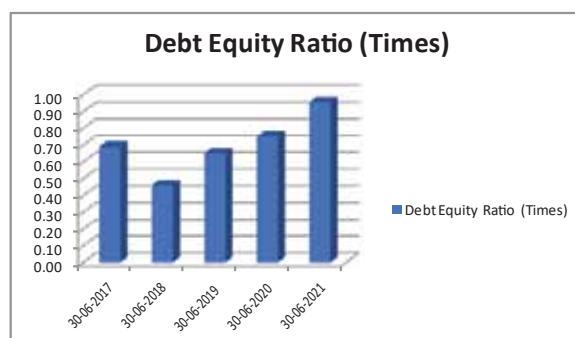
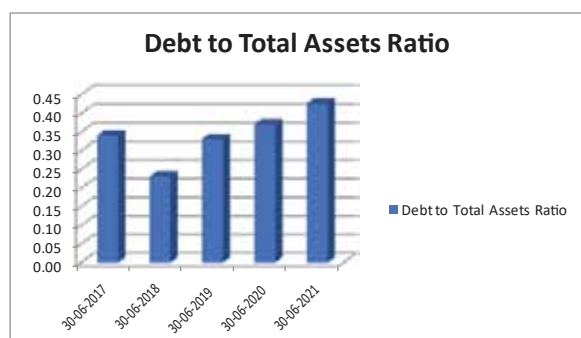
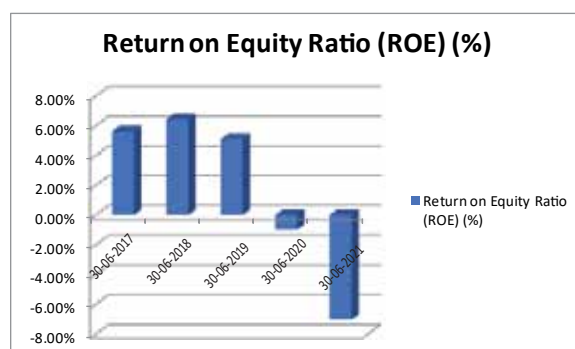
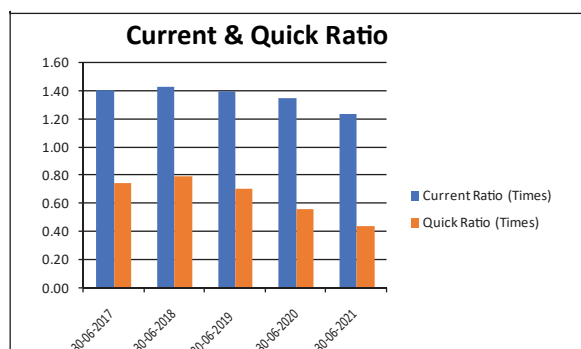
| Operational Result | Amount in Taka | | | | |
|--------------------------|----------------|---------------|---------------|---------------|---------------|
| | 30 June 2021 | 30 June 2020 | 30 June 2019 | 30 June 2018 | 30 June 2017 |
| Revenue | 2,347,787,239 | 2,557,157,861 | 2,867,534,079 | 2,767,374,859 | 2,578,968,478 |
| Gross Profit | 72,962,088 | 260,925,935 | 380,808,916 | 364,644,304 | 315,409,707 |
| Operating Income | 1,525,890 | 189,816,888 | 308,512,660 | 314,780,541 | 272,338,655 |
| Net Profit before Tax | (140,491,826) | (1,868,047) | 146,460,011 | 187,370,366 | 163,425,097 |
| Profit for the year | (154,957,029) | (23,026,200) | 122,764,458 | 156,769,556 | 127,992,497 |
| Basic Earnings per Share | (1.03) | (0.15) | 0.90 | 1.15 | 1.03 |



| Operational Result | Amount in Taka | | | | |
|---------------------------|----------------|---------------|---------------|---------------|---------------|
| | 30 June 2021 | 30 June 2020 | 30 June 2019 | 30 June 2018 | 30 June 2017 |
| Non-Current Assets | 1,723,028,274 | 1,693,228,137 | 1,605,264,241 | 1,564,687,213 | 1,526,266,925 |
| Current Assets | 3,217,510,180 | 3,118,653,444 | 3,241,521,443 | 3,312,886,185 | 3,039,003,195 |
| Shareholders' Equity | 2,204,475,160 | 2,373,556,970 | 2,395,578,568 | 2,435,704,809 | 2,277,761,951 |
| Non-Current Liabilities | 134,096,806 | 132,336,031 | 127,904,351 | 131,481,214 | 132,726,294 |
| Current Liabilities | 2,601,966,488 | 2,305,988,580 | 2,323,302,765 | 2,310,367,375 | 2,154,781,875 |
| Net Asset Value per Share | 14.67 | 15.79 | 17.53 | 17.83 | 18.34 |



| Key Financial Ratio | 30 June 2021 | 30 June 2020 | 30 June 2019 | 30 June 2018 | 30 June 2017 |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Liquidity Ratios: | | | | | |
| Current Ratio (Times) | 1.24 | 1.35 | 1.40 | 1.43 | 1.41 |
| Quick Ratio (Times) | 0.44 | 0.56 | 0.70 | 0.79 | 0.74 |
| Operating Efficiency Ratios: | | | | | |
| Accounts Receivables Turnover Ratio | 2.01 | 1.86 | 1.83 | 1.87 | 2.13 |
| Inventory Turnover Ratio (Times) | 1.22 | 1.37 | 1.61 | 1.65 | 1.73 |
| Assets Turnover Ratio (Times) | 0.48 | 0.53 | 0.59 | 0.57 | 0.56 |
| Profitability Ratios: | | | | | |
| Return on Capital Employed (ROCE) (%) | 0.07% | 7.57% | 12.23% | 12.26% | 11.30% |
| Gross Margin Ratio (%) | 3.11% | 10.20% | 13.28% | 13.18% | 12.23% |
| Operating Profit Ratio (%) | 0.06% | 7.42% | 10.76% | 11.37% | 10.56% |
| Net Profit Ratio (%) | (6.60%) | (0.90%) | 4.28% | 5.66% | 4.96% |
| Return on Assets Ratio (%) | (3.14%) | (0.48%) | 2.53% | 3.21% | 2.80% |
| Return on Equity Ratio (ROE) (%) | (7.03%) | (0.97%) | 5.12% | 6.44% | 5.62% |
| Earnings per Share (Basic EPS) | (1.03) | (0.15) | 0.90 | 1.15 | 1.03 |
| Solvency Ratios: | | | | | |
| Debt to Total Assets Ratio | 0.43 | 0.37 | 0.33 | 0.23 | 0.34 |
| Debt Equity Ratio (Times) | 0.95 | 0.75 | 0.65 | 0.46 | 0.69 |
| Time Interest Earned Ratio (Times) | 1.07 | (0.01) | 2.02 | 2.69 | 4.00 |
| Cash Flow Ratio: | | | | | |
| Net Operating Cash Flow per Share | (1.61) | (1.07) | (1.87) | 4.65 | (6.00) |
| Net Operating Cash Flow per Share/EPS | (1.56) | (7.13) | (2.08) | 4.04 | (5.83) |



DIVIDEND

The Board of Directors has recommended **2.5% Cash & 2.5% Stock (Total 5%) Dividend** for the all shareholders for the year ended on June 30, 2021 (subject to the approval in the forthcoming AGM) whose names appear in the Share Register of the Company and/or Depository Register of CDBL as on record date: November 24, 2021.

History of our dividend payment for the last 04 (four) years is as follows:

| Year | Dividend Payout (%) |
|-----------|---------------------|
| 2019-2020 | 1% Cash Dividend |
| 2018-2019 | 10% Stock Dividend |
| 2017-2018 | 12% Cash Dividend |
| 2016-2017 | 10% Stock Dividend |

TOTAL NO. OF BOARD MEETINGS HELD DURING THE YEAR AND ATTENDANCE BY EACH DIRECTOR

10 Board of Directors Meeting held during the year and details of attendance by each director are as follows:

| Name of Directors | Attendance |
|---|------------|
| Chung Wen Kuei, Chairman | 10 |
| Kao Wen Fu, Managing Director | 10 |
| Kao Chen Tsai, Director (Representative of Ever Priority Ltd.) | 6 |
| Yang Ming Te, Director (Representative of Eternal Flame Int'l Co. Inc.) | 4 |
| Md. Monzur Alam Khan, Independent Director | 4 |

REPORT ON THE PATTERN OF SHAREHOLDING

Parent or Subsidiary or Associated Companies:

| Name of Company | Relation | No. of shares | Percentage |
|-----------------|----------|---------------|------------|
| | | Nil | Nil |

Directors, CEO/MD, CS, CFO, HIAC and their spouses and minor children:

| Name | Designation/Relation | No. of shares | Percentage |
|------------------------------|----------------------|---------------|------------|
| Chung Wen Kuei | Chairman | 3,946,311 | 2.63% |
| Kao Wen Fu | Managing Director | 4,498,233 | 2.99% |
| Ever Priority Limited | Director | 52,073,136 | 34.65% |
| Eternal Flame Int'l Co. Inc. | Director | 13,172,761 | 8.76% |

Executives:

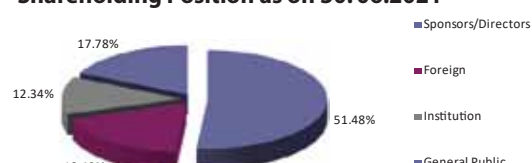
| Name | Designation/Relation | No. of shares | Percentage |
|-------------------------|--------------------------|---------------|------------|
| Md. Abdul Mannan | Deputy Managing Director | 0 | 0.00% |
| Md. Ataur Rahman | Chief Financial Officer | 0 | 0.00% |
| Mohammad Maruf Bin Wali | Company Secretary | 0 | 0.00% |
| Shahnaz Akther | Head of Internal Audit | 0 | 0.00% |

Shareholding 10% or more voting interest:

| Name of shareholder | No. of shares | Percentage |
|-----------------------|---------------|------------|
| Ever Priority Limited | 52,073,136 | 34.65% |

Shareholding Position as on 30.06.2021

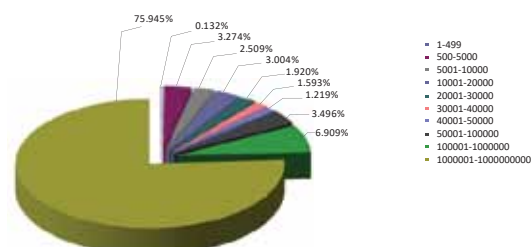
| Particulars | Percentage |
|--------------------|----------------|
| Sponsors/Directors | 51.48% |
| Foreign | 18.40% |
| Institution | 12.34% |
| General Public | 17.78% |
| Total : | 100.00% |

Shareholding Position as on 30.06.2021

Shareholding Range as on 30.06.2021

| Range | Percentage |
|--------------------|----------------|
| 1-499 | 0.132% |
| 500-5000 | 3.274% |
| 5001-10000 | 2.509% |
| 10001-20000 | 3.004% |
| 20001-30000 | 1.920% |
| 30001-40000 | 1.593% |
| 40001-50000 | 1.219% |
| 50001-100000 | 3.496% |
| 100001-1000000 | 6.909% |
| 1000001-1000000000 | 75.945% |
| Total : | 100.00% |

Shareholding Range as on 30.06.2021



Closing Price (12 Months)



TOP 10 (TEN) SHAREHOLDERS AS ON 30 JUNE 2021

| Sl. No. | Name | Shares | Percentage |
|----------------|------------------------------|-------------------|---------------|
| 1 | EVER PRIORITY LIMITED | 52,073,136 | 34.65% |
| 2 | ETERNAL FLAME INT'L CO. INC. | 13,172,761 | 8.76% |
| 3 | ICB | 6,829,574 | 4.54% |
| 4 | KAO WEN FU | 4,498,233 | 2.99% |
| 5 | ICB UNIT FUND | 4,286,172 | 2.85% |
| 6 | LIN WEN YU | 4,284,497 | 2.85% |
| 7 | CHUNG WEN KUEI | 3,946,311 | 2.63% |
| 8 | CHEN CHEN YEN | 3,240,026 | 2.16% |
| 9 | YIN SHIH WEN | 3,170,355 | 2.11% |
| 10 | ICBMS | 2,739,063 | 1.82% |
| Total : | | 98,240,128 | 65.37% |

ROTATION OF DIRECTOR

In order to comply with the provision mentioned under Section 91(2) of the Company Act 1994, at least one-third of the Directors shall retire from the office in 20th Annual General Meeting (AGM) of the company and the retiring Directors are eligible for re-election.

Office of the directors of Mr. Chung Wen Kuei and Mr. Kao Wen Fu will be rotated by retiring and re-election as per provision mentioned under Section 91(2) of the Company Act 1994.

COMPLIANCE OF NOTIFICATION NO. BSEC/CMRRCD/2006-158/207/ADMIN/80 DATED 03 JUNE 2018

Board Size:

The number of members of the Board of Directors stands at 05 (including one Independent Director) which are within the limits given by BSEC.

Independent Director:

The office of the Independent Director will be expired two tenures [i.e. six years] on **February 25, 2022** as per Corporate Governance Code of BSEC's Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018. The Board of Directors has approved the retirement Md. Monzur Alam Khan from the position of Independent Director of the company and appointed Md. Delwar Hossain as a new Independent Director of the company on **February 26, 2022** subject to approval of shareholders in 20th Annual General Meeting of the company.

Qualification of New Independence Director:

Md. Delwar Hossain is a retired commissioner of taxes. He was BCS cadre as an Assistant Commissioner of Taxes and serves the nation in 1979. He also serves as lecturer in English in two Govt. College from 1973 to 1979. He also serves as Second Secretary (Taxes) in Tax Audit & Tax Holiday of NBR. His wisdom experience, dedication towards the different circle & NBR. He will help Shepherd Industries Limited to get a new Director in the more efficient ethical business process.

COMPANY SECRETARY, CFO & INTERNAL AUDITOR

As per Corporate Governance Code of BSEC's Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 the Company has allocated the responsibilities as follows:

| | |
|--------------------------|---------------------------|
| Company Secretary | : Mohammad Maruf Bin Wali |
| Chief Financial Officer | : Md. Ataur Rahman |
| Head of Internal Auditor | : Shahnaz Akhter |

AUDIT COMMITTEE

The Audit Committee, as a sub-committee of the Board, has been constituted as per Corporate Governance Code of BSEC's Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 with three Directors, one of whom is an Independent Director and others are non-executive 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:

| | |
|---|-------------|
| Md. Monzur Alam Khan, Independent Director | : Chairman |
| Yang Ming Te, Director (Representative of Eternal Flame Int'l Co. Inc.) | : Member |
| Kao Wen Tsai, Director (Representative of Ever Priority Ltd.) | : Member |
| Mohammad Maruf Bin Wali, Company Secretary | : Secretary |

NRC COMMITTEE

NRC Committee has been constituted as per Corporate Governance Code of BSEC's Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018. The Committee has been formed as follows:

| | |
|---|-------------|
| Md. Monzur Alam Khan, Independent Director | : Chairman |
| Kao Wen Tsai, Director (Representative of Ever Priority Ltd.) | : Member |
| Chung Wen Kuei, Chairman | : Member |
| Mohammad Maruf Bin Wali, Company Secretary | : Secretary |

APPOINTMENT OF EXTERNAL AUDITORS

In the 19th Annual General Meeting of the company was appointed M/S Ahmed Zaker & Co., Chartered Accountants for the year ended on June 30, 2021. They have completed their 2nd year of audit and as per The Bangladesh Securities and Exchange Commissions' Notification No. BSEC/CMRRCD/ 2006-158/208/Admin/81 dated June 20, 2018 and they are eligible for re-appointment as the statutory auditor for year ended on June 30, 2022 (subject to the approval in the forthcoming AGM).

APPOINTMENT OF COMPLIANCE AUDITOR FOR CORPORATE GOVERNANCE CODE

Mahfel Huq & Co., Chartered Accountants expressed their interest to report and provide certificate on compliance of Corporate Governance Code for year ended on June 30, 2021 as per Clause 9(2) of The Bangladesh Securities and Exchange Commissions' Notification No. BSEC/CMRRCD/ 2006-158/207/Admin/80 dated June 03, 2018 and they are eligible for re-appointment as the Compliance Auditor for Corporate Governance Code for year ended on June 30, 2022 (subject to the approval in the forthcoming AGM).

APPOINTMENT OF INDEPENDENT SCRUTINIZER

M M Yasin & Co., Chartered Accountants expressed their interest as Independent Scrutinizer of the 20th Annual General Meeting (AGM) for Compliance Certificate as required with the Directive no. BSEC/CMRRCD/2009-193/08 dated 10 March 2021 issues under section 20A of the Securities and Exchange Ordinance, 1969 by Bangladesh Securities and Exchange Commission (BSEC).

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 Limited, Chittagong Stock Exchange Limited, 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, Ahmed Zaker & 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 2020-2021 and the Directors Report placed before you.

Thanking you,

For and on behalf of the Board of Directors



Chung Wen Kuei
Chairman



Kao Wen Fu
Managing Director

Management's Discussion and Analysis by CEO/MD

It is an immense pleasure for me to welcome all of you to 20th Annual General Meeting of Shepherd Industries Ltd. and to present a brief discussion and analysis over the financial statements of the year ended on June 30, 2021 as well as the comparative analysis of previous year's financial results.

We have prepared the financial statements in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh, The Companies Act 1994, The Income Tax Rules 1984, The Bangladesh Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management's desire.

During the reporting period, there is any changes haven't been occurred that effect on the financial performance or result and financial position.

During the reporting year EPS is Tk. (1.03) which was Tk. (0.15) in last year, revenue Tk. 234.77 crore which was Tk. 255.71 crore in last year, NOCFPS is Tk. (1.61) which was Tk. (1.07) in last year and NAV is Tk. 14.67 which was Tk. 15.79 in last year. Proceeding five year's financial performance or result and financial position as follows:

| Operational Result/Position | 30 June 2021 | 30 June 2020 | 30 June 2019 | 30 June 2018 | 30 June 2017 |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Basic Earnings per Share | (1.03) | (0.15) | 0.90 | 1.15 | 1.03 |
| Net Operating Cash Flow per Share | (1.61) | (1.07) | (0.60) | 4.65 | (6.00) |
| Net Asset Value per Share | 14.67 | 15.79 | 17.53 | 17.83 | 18.34 |

Our business result for the year 2020-2021 couldn't make us happy as the result was not according to our desired target due to the pandemic situation caused by COVID-19. During the year our revenue has been reduced Taka 20 crore, accordingly Gross Profit and Net Profit after Tax reduced Taka 18.79 crore and 13.19 crore respectively compare to last year.

Many buyers canceled their order, some revised price and order quantity during pandemic situation, moreover due to government restriction a couple of months we could not run our factory but have to pay salary, wages and other monthly fixed expenses. Due to closing of business for Covid-19 pandemic, company had to bear all the expenses without generating any revenue. This cost solely negatively affected in the consolidated revenue of the company.

On the other hand, cost of raw material imports like transportation, labor etc. cost was increased excessively which were beyond our control. After pandemic, the buyers of the company reduced the order price of the yarn. Our company didn't have any other alternative without accepting their revised price. Considering the overall situation, it showed that overall situation of the company was not good.

Company took a policy to continue its production and sales with a minimum profit margin to achieve buyers' confidence in such unfavorable situation. We expect our endeavor and commitment to the buyers will bring better to us in the coming days.

Already explained the risk and concerned mitigation plans of the company in financial statements' note no. 3.01 to 3.06.

Dear shareholder, synchronizing 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

Audit Committee Report

For the year ended 30th June 2021

The Board of Directors of Shepherd Industries Limited has constituted an Audit Committee according to the Corporate Governance Code of Bangladesh Securities and Exchange Commission's (BSEC) Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated June 03, 2018 which is appended at the Compliance Report enclosed with the Directors' Report. The committee comprises of Mr. Kao Chen Tsai, Director (Representative of Ever Priority Ltd.), Mr. Yang Ming Te, Director (Representative of Eternal Flame Int'l Co. Inc.) and Md. Monzur Alam Khan, Independent Director and Chairman of the Committee. Mohammad Maruf Bin Wali, Company Secretary functions as the Secretary of the Committee. The Audit Committee is appointed by the Board. All members of the Audit Committee are financially literate and are able to analyze and interpret financial statements of effectively discharge their duties and responsibilities as members of the Audit Committee.

Purpose of Audit Committee

The role of the Audit Committee is to monitor the integrity of the financial statements of the Company and review and when appropriate, make recommendations to the Board on business risks, internal controls and compliance. The Committee satisfies itself, by means of suitable steps and appropriate information, that proper and satisfactory internal control systems are in place to identify and contain business risks and that the company's business is conducted in a proper and economically sound manner. The key responsibilities of the Audit Committee include:

- Monitor the integrity of the financial reporting process ensuring compliance to accounting policies, standards and principles.
- Monitor internal control and business risk management process.
- Monitor and review the effectiveness of external auditors.
- Oversee hiring and performance of external auditors.
- Other matters as per term of reference and Audit Committee.

Authority

The Audit Committee is authorized by the Board to review and activity within the business as per terms of reference. It is authorized to seek any information it requires from and require the attendance at any of its meetings of any Director or member of management and all employees are expected to co-operative with any request made by the Committee.

The Committee is also authorized to have information and advice from the Company Legal Advisor, Tax Consultant and Statutory Auditor if required. The terms of reference of Audit Committee may be amended from time to time as required for the business in line with BSEC notifications subject to approval by the Board.

Meeting Attendance

The Audit Committee met 4 (four) times during the year 30 June 2021. All the members were present in all meetings of the Committee. The details of attendance of each member at the Audit Committee meetings during the year 30 June 2021 are as follows:

| Name of Members | Held | Attend | % |
|---|------|--------|-----|
| Md. Monzur Alam Khan, Chairman | 4 | 4 | 100 |
| Yang Ming Te, Director | 4 | 4 | 100 |
| Kao Chen Tsai, Director | 4 | 4 | 100 |
| Mohammed Abu Zafar, Secretary (Resign effective from 14 May 2021) | 4 | 3 | 100 |
| Mohammad Maruf Bin Wali, Secretary (Appointed effective from 01 August 2021) | | 1 | |

Summary of Activities 2020-2021

The Committee carried out its duties in accordance with the terms of reference of the Audit Committee. During the year ended on 30 June 2021. The Audit Committee carried out the following activities:

1. Financial Reporting

Reviewed the quarterly and annual audited financial statements of the Company with the CFO and MD, focusing particularly on significant changes to accounting policies and practices, adjustments arising from the audits, compliance with accounting standards and other legal requirements before recommending them to the Board for approval.

2. Internal Audit


- a. Reviewed internal audit reports and corresponding actions to improve controls as agreed by management.
- b. Reviewed status reports of internal audit to ensure that appropriate actions had been taken to implement the audit recommendations.

3. External Audit

- a. Reviewed with the external auditors the Company's Statement of Control before recommending the same for inclusion in the Company's Annual Report of 2021.
- b. Reviewed the finding arising from audits particularly the comments and recommendations in management letter.
- c. Reviewed the external auditors' audit plan including its nature and scope, audit report, evaluation of internal controls and coordination of the external auditors.



(Mohammad Maruf Bin Wali)
Secretary, Audit Committee
Company Secretary



(Md. Monzur Alam Khan)
Chairman, Audit Committee

Report of the Nomination & Remuneration Committee

The company has formed a NRC committee as a sub-committee of the Board, has been constituted by one of the Independent Director as Chairman and two other members of the Board in line with the newly issued Corporate Governance Code. Mr. Md. Monzur Alam Khan who represent in the Board as Independent Director is the Chairman of the Committee who has vast knowledge and practical professional experience in the fields of corporate and others law. The Company Secretary is the Secretary of this Committee.

The NRC assist the board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence among others of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive. The NRC members nominated and appointed by the Board and also responsible to the Board of Directors for its role and responsibilities that are clearly set forth by the Company and time to time issued notifications by the regulators. During the year 1(one) NRC Meeting was held.

NOMINATION & REMUNERATION POLICY

This Nomination, Remuneration Policy (the "Policy") applies to the Board of Directors (the "Board") and the Top-Level Executive (TLE) of Shepherd Industries Limited (the "Company").

The expression "Top Level executive" means executive of the Company who are members of its core management team excluding Board of Directors, comprising all members of management, including the functional heads.

This Policy is in compliance with Clause 6 of the Corporate Governance Code, 2018 read along with the applicable rules and regulation of applicable laws thereto. Sub-clause (b) of Clause 6 of the Corporate Governance Code, 2018 states that the Nomination and Remuneration Committee shall assist the Board in formulation of the Nomination Criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;

ROLE OF THE NRC

The roles and responsibilities of the NRC have been clearly mentioned in the Terms and References (TOR) of the Committee as approved by the Board of Directors of Shepherd Industries Limited. The committee discharged its responsibility by holding a meeting and provide the Board, management based on its observation considering current situation and suggest what need to be adopt/insert/amend by the company. In the meeting the committee assist/recommended the Board to determine the qualifications, attributes, experiences etc. of directors and top-level executives and determine their remuneration and as well.

EVALUATION CRITERIA OF DIRECTORS/TOP LEVEL EXECUTIVE OF THE COMPANY:

The evaluation/assessment of the Directors and the Top-Level Executive of the Company is to be conducted as and when required and to satisfy the requirements of the Corporate Governance Code and as well as company's policy.

The following criteria may assist in determining how effective the performances of the Directors/TLE have been:

- i. Leadership & stewardship abilities;
- ii. Contributing to clearly define corporate objectives & plans;
- iii. Communication of expectations & concerns clearly with subordinates;
- iv. Obtain adequate, relevant & timely information from external sources;
- v. Review & approval achievement of strategic and operational plans, objectives, budgets;
- vi. Regular monitoring of corporate results against projections;
- vii. Identify, monitor & mitigate significant corporate risks;
- viii. Assess policies, structures & procedures;
- ix. Direct, monitor & evaluate KMPs, senior officials;
- x. Review management's succession plan;
- xi. Effective meetings;
- xii. Assuring appropriate board size, composition, independence, structure;
- xiii. Clearly defining roles & monitoring activities of committees;
- xiv. Review of corporation's ethical conduct

ACTIVITIES OF NRC DURING THE YEAR:

During the year the NRC accomplished the following activities:

- i. Reviews the status of the Board composition along with their qualification, experience, attributes, independence of board members made recommendation thereof;
- ii. Reviewed the top-level executives of the company and placed at different levels and determine their selection criteria, remuneration based on performance among others etc.
- iii. Putting recommendation on the draft code of conduct of the Chairperson, other Board members & Chief Executive Officer to Board.
- iv. Reviews the company's human resources policy and recommended on it.
- v. Overseen other issues within the Code of Conduct of the NRC.

REPORTING BY THE NRC TO THE BOARD:

The NRC Committee regularly reports on its work to the Board and the report includes a summary of the matters addressed in the meeting. The NRC expressing its view to the Board that the nomination, retirement, re-election & remuneration of directors & top-level executives are adequate for presetting true and fair view of the Administration & HR department and also expressed that the internal control of the company is quite well.



(Mohammad Maruf Bin Wali)

Member Secretary of NRC &
Company Secretary



(Md. Monzur Alam Khan)

Chairman, Nomination &
Remuneration Committee &
Independent Director

Shepherd Industries Limited

MD & CFO's Declaration

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

Subject: Declaration on Financial Statements for the year ended on 30 June 2021

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Shepherd Industries Limited for the year ended on 30 June 2021 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there-from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

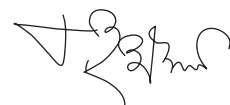
In this regard, we also certify that:

- i) We have reviewed the financial statements for the year ended on 30 June 2021 and that to the best of our knowledge and belief:
 - a) These statements do not contain any materially untrue statement 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 transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Kao Wen Fu
Managing Director



Md. Ataur Rahman
Chief Financial Officer (CFO)

Shepherd Industries Limited

The code of conduct as determined by the NRC

Preamble

This Code of Conduct as determined by the NRC of Shepherd Industries Limited is prepared in accordance with Condition 1(7)(b) of the Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (BSEC) notification no. BSEC/CMRRCD/2006-158/2074/Admin/80 dated 03 June 2018. The Chairperson connotes as "a presiding officer of a meeting or an organization".

The Chairperson provides leadership to the company and also leads the Board of Directors. The chair initiated the charge on big-picture decisions and a key person to sets corporate culture and ethics in the organization. The position has substantial interaction and influence with both the board and management. The chair of the board is arguably the most influential and powerful position in the company.

Prudent Conduct

The Chairperson will perform prudently and with good judgment towards to the organization. He perform all responsibilities viz. periodic reports and documents filed with or submitted to the competent authority, and all other public communications made on behalf of Shepherd Industries Limited where contain information presumably be reliable accurate, fair, objective, timely, relevant and understandable. He is expected to act in good faith, responsibly, with due care, competence and diligence.

Conflict of interest

The Chairperson expected to maintain objectivity and to avoid conflicts between his personal interests and the interest of company.

Compliance rules and regulation

The Chairperson complies with laws, rules and regulations of governments and any other rules and regulations of competent regulator having jurisdiction over Shepherd Industries Limited.

Confidentiality

The Chair of Board (CoB) will respect and strictly maintain the confidentiality of information acquired in the course of performance of his responsibilities and not use confidential information acquired in the course of performing his/her responsibilities for personal gain. Must maintain the confidentiality of all information entrusted to, except when disclosure is authorized or required by law.

Discrimination or Harassment

The Chair of Board (CoB) be committed to allowing employees to be hired and progress based on their talents, skills, experience and knowledge. His/her decisions shall not be based on, for example: an employee's or employment applicant's race, color, gender, religion, age, national origin, marital status, or disability.

Health and Safety

The chair of Board (CoB) be committed to providing a safe, healthy and alcohol and drug free workplace. He must understand and comply with the safety, health and environmental laws and regulations that affect our business activities.

Good care of assets

The chair of Board (CoB) will take of good care of company's assets and devote working hours for maximization of Shepherd Industries Limited's assets.

Compliance highest standards

Chairperson will maintain the compliance with the highest integrity and standards, and keeps respect for internationally recognized Human Rights standards.

The doctrine of ultra vires

The doctrine of ultra vires played an important role in the development of corporate powers. This doctrine in the law signifies that the Chairman shall not enters into any business and contract beyond the scope of its corporate powers viz. Memorandum of Association (MoA) and Articles of Association (AoA) of the company.

Shepherd Industries Limited

Code of Conduct for the Chairperson, other Board members and Managing Director

1. Overview of the Code of Conduct

Preface

This Code of Conduct for the Chairperson, other Board members and Managing Director (hereinafter referred to as “the Code”) has been framed and adopted by Shepherd Industries Limited (hereinafter referred to as “the Company or SIL”) in compliance with the requirements of the Condition 1 (7) of Corporate Governance Code Notification BSEC/ CMRRCD/2006-158/207/Admin/80 Dated: 3 June 2018 of Bangladesh Securities and Exchange Commission.

This Code is intended to provide guidance to the Chairperson, other Board members and Managing Director to manage the affairs of the Company in an ethical manner. The Company confirms its desire to demonstrably lead and promote good ethical behavior and corporate governance and the purpose of this code is to recognize and emphasize upon the ethical behavior and to develop a culture of honesty and accountability.

The company's governing bodies understand this code of conduct as their obligation and set forth to ensure that its spirit and provisions are respected and acted upon throughout the company [and its subsidiaries and dependent companies] and its business partners.

This Code of Conduct attempts to set forth the guiding principles on which the Chairperson, other Board members and Managing Director shall operate and conduct themselves with the stakeholders, government and regulatory agencies, employees, customers and suppliers and anyone else with whom it is connected.

Applicability

This Code shall be applicable and binding on the Chairperson, other Board members and Managing Director of the Company.

The Chairperson, other Board members and Managing Director shall continue to comply with other applicable / to be applicable policies, rules, and procedures of the Company.

Publication

Pursuant to Condition 01 (7)(b) of Corporate Governance Code Notification BSEC/CMRRCD/ 2006-158/207/Admin/80, Dated: 3 June 2018 of Bangladesh Securities and Exchange Commission, this Code of Conduct and any amendments thereto shall be published/posted on the website of the Company.

Definitions & Interpretation

Unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning assigned to them below:

“**Board**” shall mean the Board of Directors of the Company.

“**Directors**” shall mean directors on the Board.

“**Company**” shall mean Shepherd Industries Limited.

2. Principles of the Code of Conduct

The Chairperson, other Board members and Managing Director of the Company shall act within the authority conferred upon them, in the best interests of the Company and observe the following:

Prudent conduct and behavior

The Chairperson, other Board members and Managing Director shall act honestly, ethically, in good faith and in the best interest of the Company.

Whilst carrying out the duties, the Chairperson, other Board members and Managing Director shall ensure that it is executed in terms of the authorizations granted and within the limits prescribed under the relevant policies, codes, guidelines, and other directives issued by the Board of Directors of the Company from time to time.

The Chairperson, other Board members and Managing Director shall refrain from indulging in any discriminatory practice or behavior based on race, color, sex, age, religion, ethnic or national origin, disability, or any other unlawful basis. The ethical conduct, performance and skills shall be the qualifying indicatives for an employee's performance.

The Chairperson, other Board members and Managing Director shall conduct themselves in a professional, courteous, and respectful manner and shall not take any improper advantage of their position.

The Chairperson, other Board members and Managing Director shall use the Company's assets, property, proprietary information and intellectual rights for business purposes of the Company and not for any personal benefits or gains.

Confidentiality

The Chairperson, other Board members and Managing Director should conduct themselves to meet the expectations of operational transparency of the stakeholders while at the same time maintaining confidentiality of information in order to foster a culture conducive to good decision making. "Confidential information" includes, amongst others, all information of the Company not authorized by the management of the Company for public dissemination.

All confidential information must be held in confidence, unless authorized by the Board or otherwise permissible in accordance with this Code; or the same is part of the public domain at the time of disclosure; or is required to be disclosed in accordance with applicable laws.

Conflict of interest

The Chairperson, other Board members and Managing Director shall not enter into any transaction which is or may likely to have a conflict with the interest of the Company.

The Chairperson, other Board members and Managing Director should disclose to the board whether they directly, indirectly or on behalf of third parties have a material interest in any transaction or matter directly affecting the Company.

All transactions having conflict of interest should be carried out in accordance with law and be fully disclosed to the Board of Directors.

Compliance with Laws, Rules and Regulations

The Chairperson, other Board members and Managing Director shall ensure compliance with the various legal/regulatory requirements as applicable to the business of the Company and endeavor that before any directions are given or decisions taken, relevant legal/regulatory requirements are considered.

Prohibition of Insider Trading:

The Chairperson, other Board members and Managing Director shall comply with all laws, rules, and regulations governing trading in the shares of the Company and the Company's Code of Conduct for Prohibition of Insider Trading in dealing with the securities of the Company which, inter-alia, prohibits buying or selling of the Company's securities on the basis of any unpublished price sensitive information and prohibits disclosure of such information to any other person (including relatives) where such information may be used by such person for his or her personal benefit or gain.

The Chairperson, other Board members and Managing Director should comply with the provision of the Companies Act, 1994 and applicable rules and regulations issued by the Bangladesh Securities Exchange Commission, Dhaka Stock Exchange, and Chittagong Stock Exchange, insofar as they relate to prohibitions on insider trading.

Relationship with Environment:

The Chairperson, other Board members and Managing Director should cause the Company to strive to provide a safe and healthy working environment and comply, in the conduct of the business affairs of the Company, with all regulations regarding the preservation of the environment of the industry it operates in.

The Company should be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment in accordance with the applicable laws.

Relationship with Employees:

The Chairperson, other Board members and Managing Director should strive for causing the Company to maintain cordial employee relations.

The Chairperson, other Board members and Managing Director should cause the Company to build competency based human resource systems and maintain human resource policies that have been directed at managing the growth of the organization efficiently.

The Chairperson, other Board members and Managing Director should assist the Company in further aligning its human resource policies, processes and initiatives to meet its business needs.

Relationship with Customers:

The Chairperson, other Board members and Managing Director should ensure that the Company is committed to supply products and services of the highest quality standards backed by efficient after-sales service consistent with the requirements of the customers to ensure their total satisfaction.

The Chairperson, other Board members and Managing Director should ensure that Company will properly engage in product advertising, publicity, and sales promotion activities to avoid misleading the customers.

The Chairperson, other Board members and Managing Director should ensure that the Company will engage in free and open competition with competitors to maintain its stance as a company trusted by customers and society.

Relationship with Suppliers:

This Code contains general requirements applicable to all suppliers to Company. Supplier contracts may contain more specific provisions addressing some of these same issues. Nothing in this Code is meant to supersede any specific provision in a particular contract, and to the extent there is any inconsistency between this Code and any other provision of a particular contract, the other provision will prevail.

The Chairperson, other Board members and Managing Director should act in the best interest of the Company. Accordingly, the Chairperson, other Board members and Managing Director should have no relationship, financial or otherwise, with any supplier that might conflict, or appear to conflict, with the Chairperson, other Board members and Managing Director's obligation to act in the best interest of Company.

Independency

The Chairperson, other Board members and Managing Director should remain independent in all material respects.

The Chairperson, other Board members and Managing Director should act impartial to the Employees, Customers, Suppliers, Shareholders and other Stakeholders.

3. Compliance with the Code of Conduct

This Code has not specifically addressed every potential form of unacceptable conduct and it is expected that the Chairperson, other Board members and Managing Director will exercise good judgment in compliance with the principles set out in this Code. The Chairperson, other Board members and Managing Director have a duty to avoid any circumstances that would violate the letter or spirit of the Code.

4. Amendment to the Code of Conduct

The provisions of this Code can be amended/ modified by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee (NRC), from time to time and all such amendments/ modifications shall take effect from the date stated therein. The Chairperson, other Board members and Managing Director shall be duly informed of such amendments and modifications.

Approved by the Board and signed on its behalf by,



Chung Wen Kuei
Chairman



Mahfel Huq & Co.

Chartered Accountants

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REPORT TO THE SHAREHOLDERS OF SHEPHERD INDUSTRIES LTD. ON COMPLIANCE ON THE CORPORATE GOVERNANCE CODE

**[Certificate as per condition No. 1(5)(xxvii) of BSEC Notification
No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018]**

We have examined the accompanying statement of compliance status to the Corporate Governance Code by **Shepherd Industries Ltd.** (the Company) for the year ended on 30 June 2021. This Code relates to the Notification No-SEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above-mentioned Corporate Governance Code issued by the Commission;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is satisfactory.

Date : 15 November 2021
Place: Dhaka

For Mahfel Huq & Co.
Chartered Accountants

Md. Abu Kaiser, FCA
Partner

MAHFEL HUQ & CO.
Chartered Accountants
BGIC Tower (4th Floor)
34, Topkhana Road, Dhaka

Mahfel Huq & Co. is an independent member firm of AGN International, UK. AGN International is a worldwide association of separate and independent accounting and consulting firms. Each member of AGN operates under its own local or national name and remains autonomous.

Reporting and Compliance of Corporate Governance

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

(Report under Condition No. 9)

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (If any) |
|---------------|--|--|--------------|--|
| | | Complied | Not Complied | |
| 1 | Board of Directors: | | | |
| 1.1 | Size of the Board of the Directors: The total number of members of a Company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty); | ✓ | | |
| 1(2) | Independent Directors: | | | |
| 1.2(a) | At least one-fifth (1/5) of the total number of Directors in the company's Board shall be Independent Directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s); | ✓ | | 01 Independent Director out of 05 |
| 1.2(b) | Independent Director means a Director: | | | |
| 1.2(b) (i) | who either does not hold any share in the company or holds not less than one percent (1%) shares of the total paid-up shares of the Company; | ✓ | | Independent Director does not hold any shares of total paid up capital. |
| 1.2(b) (ii) | Who is not a sponsor of the company or is not connected with the Company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members; | ✓ | | |
| 1.2(b) (iii) | Who has not been an executive of the company in immediately preceding 2 (two) financial years; | ✓ | | |
| 1.2(b) (iv) | Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies; | ✓ | | |
| 1.2(b) (v) | Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange; | ✓ | | |
| 1.2(b) (vi) | Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market; | ✓ | | |
| 1.2(b) (vii) | Who is not a partner or executive or was not a partner or an executive during the preceding 3 (three) years of the concerned Company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this code; | ✓ | | |
| 1.2(b) (viii) | Who shall not independent director in more than 5 (Five) listed companies; | ✓ | | |
| 1.2(b) (ix) | Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or Non-Bank Financial Institution (NBFI); and | ✓ | | |
| 1.2(b) (x) | Who has not been convicted for a criminal offence involving moral turpitude; | ✓ | | |
| 1.2 (c) | The independent director(s) shall be appointed by the board and approved by the shareholders in the Annual General Meeting (AGM); | ✓ | | Md. Delwar Hossain, Independent Director have been appointed on 26 February 2022 by the board of directors and to be placed before the shareholders for the approval in the 20th AGM |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (If any) |
|----------------|--|--|--------------|---|
| | | Complied | Not Complied | |
| 1.2 (d) | The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and | ✓ | | No Such event occur |
| 1.2 (e) | The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only. | ✓ | | The Tenures of Mr. Md. Monzur Alam Khan, Independent Director will expire on February 25, 2022. |
| 1.3 | Qualification of Independent Director: | | | |
| 1.3(a) | Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to business; | ✓ | | |
| 1.3 (b) | Independent director shall have following qualifications: | | | |
| 1.3(b)(i) | Business Leader who is or was a promoter or director of an unlisted Company having minimum paid-up capital of Tk.100.00 million or any listed Company or a member of any national or international chamber of commerce or business association; or | | | N/A |
| 1.3(b)(ii) | Corporate Leader who is or was a top-level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or | | | N/A |
| 1.3(b)(iii) | Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or Business Studies or Law; or | | | N/A |
| 1.3(b)(iv) | University teacher who has educational background in Economics or Commerce or Business Studies or Law; or | | | N/A |
| 1.3(b)(v) | Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification; | ✓ | | |
| 1.3(c) | The independent director shall have at least 10 (ten) years of experience in any filed mentioned in clause (b); | ✓ | | |
| 1.3(d) | In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission. | | | N/A |
| 1.4 | Duality of Chairperson of the Board of Directors and Managing Directors or Chief Executive Officer: | | | |
| 1.4(a) | The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals; | ✓ | | Chairman of the Board and MD/CEO are different individuals. |
| 1.4(b) | The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company; | ✓ | | |
| 1.4 (c) | The Chairperson of the Board shall be elected from among the non-executive directors of the company; | ✓ | | |
| 1.4 (d) | The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer; | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (If any) |
|---------------|--|--|--------------|--|
| | | Complied | Not Complied | |
| 1.4 (e) | In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | ✓ | | No such case occurred in the year. |
| 1.5 | The Directors' Report to Shareholders: | | | |
| 1.5(i) | An industry outlook & possible future development in the industry; | ✓ | | The Directors' Report complies with the guidelines. |
| 1.5(ii) | The segment-wise or product-wise performance; | | | N/A |
| 1.5(iii) | Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any; | ✓ | | |
| 1.5(iv) | A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable; | ✓ | | |
| 1.5(v) | A discussion on continuity of any extraordinary activities and their implication (gain or loss); | | | N/A |
| 1.5(vi) | A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions; | ✓ | | |
| 1.5(vii) | A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments; | ✓ | | |
| 1.5(viii) | An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing etc.; | | | N/A |
| 1.5(ix) | An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements; | | | N/A |
| 1.5(x) | A statement of Remuneration paid to directors including independent directors; | ✓ | | Independent Director didn't receive any remuneration |
| 1.5(xi) | A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity; | ✓ | | |
| 1.5(xii) | A statement that proper books of account of the issuer company have been maintained; | ✓ | | |
| 1.5(xiii) | A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment; | ✓ | | |
| 1.5(xiv) | A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed; | ✓ | | |
| 1.5(xv) | A statement that the system of internal control is sound in design and has been effectively implemented and monitored; | ✓ | | |
| 1.5(xvi) | A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress; | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (If any) |
|-------------------|--|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 1.5(xvii) | A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed; | ✓ | | |
| 1.5(xviii) | An explanation that significant deviations from the last year's operating results of the issuer Company shall be highlighted and the reasons thereof shall be explained; | ✓ | | |
| 1.5(xix) | A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized; | ✓ | | |
| 1.5(xx) | An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year; | | | N/A |
| 1.5(xxi) | Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend; | | | N/A |
| 1.5(xxii) | The total number of Board meetings held during the year and attendance by each director; | ✓ | | |
| 1.5(xxiii) | A report on the pattern of shareholding disclosing the aggregate number of shares (along name-wise details where stated below) held by: | | | |
| 1.5(xxiii)(a) | Parent or Subsidiary or Associated Companies and other related parties (Name wise details); | ✓ | | |
| 1.5(xxiii)(b) | Directors, Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and their spouses and minor children (Name wise details); | ✓ | | |
| 1.5(xxiii)(c) | Executives; and | ✓ | | |
| 1.5(xxiii)(d) | Shareholders holding ten percent (10%) or more voting interest in the company (Name wise details); | ✓ | | |
| 1.5(xxiv)(a) | In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders: A brief resume of the Director; | ✓ | | |
| 1.5(xxiv)(b) | Nature of his or her expertise in specific functional areas; and | ✓ | | |
| 1.5(xxiv)(c) | Names of companies in which the person also holds the directorship and the membership of committees of that Board; | ✓ | | |
| 1.5(xxv) | A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on: | | | |
| 1.5(xxv)(a) | Accounting policies and estimation for preparation of financial statements; | ✓ | | |
| 1.5(xxv)(b) | Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes; | ✓ | | |
| 1.5(xxv)(c) | Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof; | ✓ | | |
| 1.5(xxv)(d) | Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario; | | | Data not available |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (If any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 1.5(xxv)(e) | Briefly explain the financial and economic scenario of the country and the globe; | ✓ | | |
| 1.5(xxv)(f) | Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and | ✓ | | |
| 1.5(xxv)(g) | Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof i.e., actual position shall be explained to the shareholders in the next AGM; | ✓ | | |
| 1.5(xxvi) | Declaration or certification by the CEO and the CFO to the Board as required under condition No.3(3) shall be disclosed as per Annexure-A; and | ✓ | | |
| 1.5(xxvii) | The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C. | ✓ | | |
| 1.6 | Meetings of the Board of Directors: The company shall conduct its Board meeting and record the minutes of the meeting as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code; | ✓ | | |
| 1.7 | Code of Conduct for the Chairperson, other Board members and Chief Executive Officer: | | | |
| 1.7(a) | The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the Company; | ✓ | | |
| 1.7(b) | The code of conduct as determined by the NRC shall be posted on the website of the Company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency; | ✓ | | |
| 2 | Governance of Board of Directors of Subsidiary Company: | | | |
| 2(a) | Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company; | | | N/A |
| 2(b) | At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company; | | | N/A |
| 2(c) | The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company; | | | N/A |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (If any) |
|---------------|---|--|--------------|-----------------------------------|
| | | Complied | Not Complied | |
| 2(d) | The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also; | | | N/A |
| 2 (e) | The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company. | | | N/A |
| 3 | Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS): | | | |
| 3.1 | Appointment: | | | |
| 3.1(a) | The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Chief Financial Officer (CFO), a Head of Internal Audit and Compliance (HIAC) and a Company Secretary (CS); | ✓ | | |
| 3.1 (b) | The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals; | ✓ | | |
| 3.1 (c) | The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time; | ✓ | | |
| 3.1 (d) | The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS; | ✓ | | |
| 3.1 (e) | The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and Stock Exchange(s); | ✓ | | No such case occurred in the year |
| 3.2 | Requirement to attend Board of Directors' Meetings: The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters. | ✓ | | |
| 3.3 | Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO): | | | |
| 3.3(a) | The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief; | ✓ | | |
| 3.3(a)(i) | These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and | ✓ | | |
| 3.3(a)(ii) | 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; | ✓ | | |
| 3.3 (b) | The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the Company's Board or its members; | ✓ | | |
| 3.3 (c) | The certification of the MD or CEO and CFO shall be disclosed in the Annual Report. | ✓ | | |
| 4 | Board of Directors' Committee: | | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (If any) |
|---------------|---|--|--------------|------------------------------------|
| | | Complied | Not Complied | |
| 4.(i) | For ensuring good governance in the company, the Board shall have at least following sub-committees: Audit Committee; and | ✓ | | |
| 4.(ii) | Nomination and Remuneration Committee. | ✓ | | |
| 5 | Audit Committee: | | | |
| 5.1 | Responsibility to the Board of Directors: | | | |
| 5.1(a) | The Company shall have an Audit Committee as a subcommittee of the Board; | ✓ | | |
| 5.1(b) | The Audit Committee shall assist the BOD in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business; | ✓ | | |
| 5.1(c) | The Audit Committee shall responsible to the Board: The duties of the Audit Committee shall be clearly set forth in writing. | ✓ | | |
| 5.2 | Constitution of the Audit Committee: | | | |
| 5.2(a) | The Audit Committee shall be composed of at least 3 (three) members; | ✓ | | |
| 5.2(b) | The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company exception Chairperson of the Board and shall include at least 1 (one) independent director; | ✓ | | |
| 5.2(c) | All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience; | ✓ | | |
| 5.2(d) | When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee; | | | N/A |
| 5.2(e) | The Company Secretary shall act as the Secretary of the Audit Committee; | ✓ | | |
| 5.2(f) | The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director; | ✓ | | |
| 5.3 | Chairperson of the Audit Committee: | | | |
| 5.3 (a) | The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director; | ✓ | | |
| 5.3 (b) | In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No.5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes; | | | N/A |
| 5.3 (c) | Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM; | ✓ | | Shall be invited to remain present |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (If any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 5.4 | Meeting of the Audit Committee: | | | |
| 5.4(a) | The Audit Committee shall conduct at least its four meetings in a financial year; Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee; | ✓ | | |
| 5.4(b) | The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must. | ✓ | | |
| 5.5 | Role of Audit Committee (the Audit Committee shall): | | | |
| 5.5(a) | Oversee the financial reporting process; | ✓ | | |
| 5.5(b) | Monitor choice of accounting policies and principles; | ✓ | | |
| 5.5(c) | Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance plan and review of the Internal Audit and Compliance Report; | ✓ | | |
| 5.5(d) | Oversee hiring and performance of external auditors; | ✓ | | |
| 5.5(e) | Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption; | ✓ | | |
| 5.5(f) | Review along with the management, the annual financial statements before submission to the Board for approval; | ✓ | | |
| 5.5(g) | Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval; | ✓ | | |
| 5.5(h) | Review the adequacy of internal audit function; | ✓ | | |
| 5.5(i) | Review the Management's Discussion and Analysis before disclosing in the Annual Report; | ✓ | | |
| 5.5(j) | Review statement of all related party transactions submitted by the management; | ✓ | | |
| 5.5(k) | Review Management Letters or Letter of Internal Control Weakness issued by statutory auditors; | ✓ | | |
| 5.5(l) | Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and | ✓ | | |
| 5.5(m) | Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee. | ✓ | | |
| 5.6 | Reporting of the Audit Committee: | | | |
| 5.6(a) | Reporting to the Board of Directors: | | | |
| 5.6 (a) (i) | The Audit Committee shall report on its activities to the Board; | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (If any) |
|-----------------|--|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 5.6(a)(ii) | The Audit Committee shall immediately report to the Board on the following findings, if any: | | | |
| 5.6 (a) (ii)(a) | Report on conflicts of interests; | | | N/A |
| 5.6 (a) (ii)(b) | Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; | | | N/A |
| 5.6 (a) (ii)(c) | Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and | | | N/A |
| 5.6 (a) (ii)(d) | Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately; | | | N/A |
| 5.6.(b) | Reporting to the Authorities: If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6(six) months from the date of first reporting to the Board, whichever is earlier; | | | N/A |
| 5.7 | Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company. | | | N/A |
| 6 | Nomination and Remuneration Committee (NRC): | | | |
| 6.1 | Responsibility to the Board of Directors: | | | |
| 6.1(a) | The Company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board; | √ | | |
| 6.1(b) | The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive; | √ | | |
| 6.1(c) | The Terms of Reference (TOR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5) (b). | √ | | |
| 6.2 | Constitution of the NRC: | | | |
| 6.2(a) | The Committee shall comprise of at least three members including an independent director; | √ | | |
| 6.2(b) | All members of the Committee shall be non-executive directors; | √ | | |
| 6.2(c) | Members of the Committee shall be nominated and appointed by the Board; | √ | | |
| 6.2(d) | The Board shall have authority to remove and appoint any member of the Committee; | √ | | |
| 6.2(e) | In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee; | | | N/A |
| 6.2(f) | The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee; | | | N/A |
| 6.2(g) | The Company Secretary shall act as the secretary of the Committee; | √ | | |
| 6.2(h) | The quorum of the NRC meeting shall not constitute without attendance of at least an independent director; | √ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (If any) |
|------------------|--|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 6.2(i) | No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company; | ✓ | | |
| 6.3 | Chairperson of the NRC: | | | |
| 6.3(a) | The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director; | ✓ | | |
| 6.3(b) | In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes; | | | N/A |
| 6.3(c) | The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM. | ✓ | | |
| 6.4 | Meeting of the NRC: | | | |
| 6.4(a) | The NRC shall conduct at least one meeting in a financial year; | ✓ | | |
| 6.4(b) | The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC; | | | N/A |
| 6.4(c) | The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h); | ✓ | | |
| 6.4(d) | The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC. | ✓ | | |
| 6.5 | Role of the NRC: | | | |
| 6.5(a) | NRC shall be independent and responsible or accountable to the Board and to the shareholders; | ✓ | | |
| 6.5(b) | NRC shall oversee, among others, the following matters and make report with recommendation to the Board: | | | |
| 6.5(b)(i) | Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following: | | | |
| 6.5(b)(i)(a) | The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the Company success fully; | ✓ | | |
| 6.5(b)(i)(b) | The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and | ✓ | | |
| 6.5(b)(i)(c) | Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals; | ✓ | | |
| 6.5(b)(ii) | Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality; | ✓ | | |
| 6.5(b)(iii) | Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board; | ✓ | | |
| 6.5(b)(iv) | Formulating the criteria for evaluation of performance of independent directors and the Board; | ✓ | | |
| 6.5(b)(v) | Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; | ✓ | | |
| 6.5(b)(vi) | Developing, recommending and reviewing annually the Company's human resources and training policies; | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (If any) |
|---------------|---|--|--------------|------------------------------------|
| | | Complied | Not Complied | |
| 6.5(c) | The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report. | ✓ | | |
| 7 | External / Statutory Auditors: | | | |
| 7.1 | The issuer Company shall not engage its external or statutory auditors to perform the following services of the Company, namely: | | | |
| 7.1(i) | Appraisal or valuation services or fairness opinions; | ✓ | | |
| 7.1(ii) | Financial information systems design and implementation; | ✓ | | |
| 7.1(iii) | Book-keeping or other services related to the accounting records or financial statements; | ✓ | | |
| 7.1(iv) | Broker-dealer services; | ✓ | | |
| 7.1(v) | Actuarial services; | ✓ | | |
| 7.1(vi) | Internal audit services or special audit services; | ✓ | | |
| 7.1(vii) | Any service that the Audit Committee determines; | ✓ | | |
| 7.1(viii) | Audit or certification services on compliance of corporate governance as required under condition No.9(1); | ✓ | | |
| 7.1(ix) | Any other service that creates conflict of interest. | ✓ | | |
| 7.2 | No partner or employees of the external audit firms shall possess any share of the Company they audit at least during the tenure of their audit assignment of that Company; his or her family members also shall not hold any shares in the said Company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members; | ✓ | | |
| 7.3 | Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders; | ✓ | | Shall be invited to remain present |
| 8 | Maintaining a website by the Company: | | | |
| 8.1 | The Company shall have an official website linked with the website of the stock exchange; | ✓ | | |
| 8.2 | The company shall keep the website functional from the date of listing; | ✓ | | |
| 8.3 | The Company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchanges; | ✓ | | |
| 9 | Reporting and Compliance of Corporate Governance: | | | |
| 9.1 | The Company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report; | ✓ | | |
| 9.2 | The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the Annual General Meeting. | ✓ | | |
| 9.3 | The directors of the Company shall state, in accordance with the Annexure-C attached, in the directors' report whether the Company has complied with these conditions or not. | ✓ | | |



AHMED ZAKER & Co.
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Independent Auditors' Report To the shareholders of Shepherd Industries Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Shepherd Industries Limited which comprise the Statement of Financial Position as at 30 June 2021, 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give true and fair view, in all material respects, of the financial position of Shepherd Industries Limited as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Qualified Opinion:

1. As disclosed in Note # 04.00 Property, Plant and Equipment of BDT 1690,701,853 was reported in the statement of financial position. We could not verify the fixed assets in absence of fixed assets register, identification number, Purchase date, cost, accumulated depreciation, WDV etc. against individual assets. The company also did not carry out any fixed assets physical Counting at the year end.
2. As referred to in Note # 07.00 Closing inventories were carried at BDT 1,971,118,192 in the statement of financial position at the reporting date. The valuation and existence of the said amount were not verified since no physical inventory was attended by us due to "Covid-19" pandemic situation. Besides, inventories comprised obsolete and damaged items held for long period of time against which management did not recognize required provision. As a result, this would have overstated both net profit and net assets in the financial statements. We could not test appropriateness of the valuation of closing inventories reported due to lack of adequate records.
3. The company reported BDT 184,513,507 Note # 19.00 as trade payables against imports. The above amount was not traceable with the supporting evidence from banks and L/C documents.
4. No quantitative reconciliation of raw materials input with output and wastage was prepared by the company.

Emphasis of Matters:

1. Accounts Receivable BDT 1,093,418,455, (disclosed in Note # 7.00) the company submitted to us bank certificate against the receivable but no L/C document and schedule of receivable were available for our examination.
2. During our visit to factory premises we found that a sister concern named Shepherd textile Ltd. also situated in same premises. Both the companies did not maintain a systemic policy for segregation of individual concerns activities.

We conducted our audit in accordance with International Standards on Auditing (IASs). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the year ended 30 June 2021. These matters were addressed in the context of the audit of the financial statements as a whole and in forming the auditors' opinion thereon and we do not provide a separate opinion on these matters.

In addition to the matter described in the basis for qualified opinion section each matter mentioned below and our description of how our audit addressed the matter is provided in the context.

We have fulfilled the responsibilities described in the auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements, the results of our audit procedures, including the procedures performed to address the matters below:

| Key Audit Matters | How our audit addressed the key audit matters |
|--|--|
| Revenue | |
| <p>Revenue is the most financially significant item in the statement of profit and loss and other comprehensive income. The company has reported revenue of BDT 2,347,787,239 for the year ended 30 June 2021.</p> <p>Revenue (from export of goods) is recognized at fair value of the consideration received or receivable in the period during which the goods or services are provided.</p> <p>See Note- 23 to the financial statements.</p> | <p>Our procedures included obtaining an understanding of management's revenue recognition process. We tested a sample of transactions to verify whether the revenue was accounted for in accordance with the revenue accounting policy as disclosed in Note- 23 of the financial statements. In addition, we assessed whether the disclosed revenue accounting policy was in accordance with relevant accounting standards.</p> <p>For the revenue recognized throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions.</p> <p>Our audit procedures on implementation of IFRS 15 - Revenue from contracts with Customers, we verified management's conclusion from assessing different types of contracts and the accuracy of the revised accounting policies in light of the industry specific circumstances and our understanding of the business. We tested the appropriateness of the accounting treatment on a sample basis. In addition, we verified the accuracy of IFRS 15 related disclosures.</p> <p>These procedures included reading significant new contracts to understand the terms and conditions and their impact on revenue recognition. We performed enquiries with management to understand their risk assessments and inspected meeting minutes to identify relevant changes in their assessments and estimates.</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> |

| | |
|--|---|
| | <ul style="list-style-type: none"> • Obtained an understanding of the various revenue streams and nature of sales contracts entered into by the Company. • Evaluated the design of internal controls relating to recording of efforts incurred and estimation of efforts required to complete the performance obligations. • Tested of revenue recorded over the year using sampling techniques by examining the relevant supporting documents including proforma invoice and commercial invoices, LC documents relating bill of exchange, bank acceptance letter, bank statement and also, we confirmed selected customers' receivable balances at the statement of financial position date, selected on a sample basis by considering the amount outstanding with those customers. • Evaluated the design of internal controls relating to identification of performance obligations and determining timing of revenue recognition. • Selected a sample of contracts and reassessed contractual terms to determine adherence to the requirements of the new accounting standard. • We specifically put emphasis on those transactions occurring close before or after the statement of financial position date to obtain sufficient evidence over the accuracy of cut-off. • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards. |
| <p>Valuation of Inventory</p> <p>The Company had inventory of BDT 1,971,118,192 at 30 June 2021 held in its warehouses and across multiple production lines.</p> <p>Inventories consisting of raw materials, work in progress, finished goods and stock in transit to be valued at lower of cost and net realizable value. Cost of inventories should consist expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.</p> <p>The company determines cost of inventories using weighted average method. Where necessary, allowance should be provided for damaged, obsolete and slow-moving items to adjust the carrying amounts of inventories to the lower of cost and net realizable value.</p> | <p>As part of our audit testing against closing inventories, we performed the following audit procedures in response to the assessed risk of material misstatements:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of key inventory controls operated across the company, including those at a sample of, factory production house, warehouse; • Evaluating internal controls to monitor or keep track of inventory movement; • Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories; |

| | |
|--|---|
| <p>Net realizable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.</p> <p>See note no 7.00 to the financial statement</p> | <ul style="list-style-type: none"> • Reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year; • Reassessing reasonableness and adequacy of provision required to write down the cost of inventories recognized to net realizable value against slow moving, obsolete and damaged items to test both accuracy and valuation of reported amount. |
| Carrying value (CV) of Property, Plant and Equipment | |
| <p>Property, plant and equipment (PPE) was recognized at carrying value aggregating to BDT 1,690,701,853 representing over 34% of total assets of the company as on 30 June 2021.</p> <p>Since PPE comprised a significant portion of the company's total assets, it also involves management judgment to determine estimated useful lives to charge depreciation. Besides, PPE is also subject to impairment when any possible indicators exist warranting their impairment review.</p> <p>See note no 4.00 to the financial statements</p> | <p>Our audit procedures performed during the audit to address the risks identified consist of the following:</p> <ul style="list-style-type: none"> • Obtaining and documenting detailed understanding regarding procurement process of PPE and identified relevant control points and their implementation. • Reviewing recognition, measurement and valuation basis of PPE in compliance with requirement of IAS 16: Property, plant and equipment. • Performing test of details against sampled population with supporting evidence as maintained by the company to test the accuracy, valuation of capitalized amount and ownership of the assets. • Assessing the appropriateness and presentation of disclosures notes to the financial statements with the requirement of IAS 16 and other relevant IFRSs. |
| Bank Loan | |
| <p>In the financial statements the company reported short term bank loans of BDT 2,071,421,288 at the reporting date.</p> <p>This element was considered as key audit matter because this external form of credit facilities availed by the company require fulfillment of several terms and conditions as mentioned in loan sanction letter issued by lending bank. Hence, there is potential risk that not all such terms and conditions are adequately disclosed in the financial statements.</p> <p>See note no 20.00 to the financial statements.</p> | <p>Our substantive audit procedures adopted during the audit includes the following test or details.</p> <ul style="list-style-type: none"> • Inspecting relevant board minutes in support of bank loans sanctioned and reported during the year in the financial statements. • Testing the existence of outstanding balances with confirmation letter issued against the said loans by the company. • Recalculating and testing accuracy and completeness of finance costs recognized during the year with loan statements provided by banks. • Assessing the adequacy and appropriateness of disclosures made by the company for the loans availed in accordance with relevant IFRS. |

Other Matter

Due to the outbreak of global "Covid-19" pandemic declared by the World Health Organization (WHO) and subsequent spread of the virus resulting in deteriorating situation in Bangladesh during the conduct of audit at the company, our audit procedures were mainly tailored to the material areas of the financial statements with more emphasis placed on obtaining documentary evidence from the company and testing their accuracy using the online platforms and limited physical verification to avoid the risk of getting contacted the virus and safety of audit team members.

Other Information:

Management is responsible for other information. The other information comprises all of the information in the Annual

report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls:

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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. The Companies Act, 1994 requires the management to ensure effective internal audit, internal control and risk management functions of the company.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process

Auditors' Responsibilities for the Audit of the Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements:

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following (subject to the effects of the matters described in the basis for qualified opinion section):

- (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 those books; and
- (c) the statements financial position, statement of profit or loss and other comprehensive income, of the company dealt with by the report are in agreement with the books of account and returns;
- (d) the expenditure incurred was for the purpose of company's business.

Place: Dhaka,
Dated: October 28, 2021
DVC:2111140478AS989444


Ahmed Zaker & Co.
Chartered Accountants
(Z A Mridha, FCA)
Partner
Enrol No. :478

SHEPHERD INDUSTRIES LIMITED**Statement of Financial Position****As on 30 June 2021**

| Particulars | Notes | Amount in Taka | Amount in Taka |
|--|-------|----------------|----------------|
| | | 30.06.2021 | 30.06.2020 |
| ASSETS: | | | |
| Non-Current Assets | | 1,723,028,274 | 1,693,228,137 |
| Property, Plant & Equipment | 4.00 | 1,690,701,853 | 1,690,573,060 |
| Capital Work-in-Progress | 5.00 | 32,258,921 | 2,497,577 |
| Intangible Asset | 6.00 | 67,500 | 157,500 |
| Current Assets | | 3,217,510,180 | 3,118,653,444 |
| Inventories | 7.00 | 1,971,118,192 | 1,755,307,408 |
| Trade & other Receivables | 8.00 | 1,093,418,455 | 1,245,861,582 |
| Investment | 9.00 | - | 9,720,250 |
| Advance, Deposit & Prepayments | 10.00 | 107,350,971 | 52,047,818 |
| Cash and Cash Equivalents | 11.00 | 45,622,562 | 55,716,386 |
| | | 4,940,538,454 | 4,811,881,581 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Equity | | 2,204,475,160 | 2,373,556,970 |
| Share Capital | 12.00 | 1,502,892,420 | 1,502,892,420 |
| Revaluation Reserve | 13.00 | 521,822,227 | 526,945,698 |
| Retained Earnings | 14.00 | 179,760,513 | 343,718,852 |
| Non-Current Liabilities | | 134,096,806 | 132,336,031 |
| Deferred Tax liabilities | 16.00 | 134,096,806 | 132,336,031 |
| Current Liabilities | | 2,601,966,488 | 2,305,988,580 |
| Loan from Shareholders' | 17.00 | 33,728,933 | 33,728,933 |
| Current a/c with Related Entity | 18.00 | 101,022,877 | 115,272,395 |
| Trade & other Payables | 19.00 | 236,879,758 | 233,328,888 |
| Obligation under Finance Lease-Current Portion | 15.00 | - | 291,979 |
| Short Term Bank Loan | 20.00 | 2,071,421,288 | 1,764,237,748 |
| Outstanding IPO Subscription | 21.00 | 49,750 | 64,750 |
| Liabilities for Expenses & Provisions | 22.00 | 158,863,882 | 159,063,887 |
| | | 4,940,538,454 | 4,811,881,581 |
| Net Asset Value (NAV) Per Share | 32.00 | 14.67 | 15.79 |

The annexed notes form an integral part of these financial statements.


Chief Financial Officer


Company Secretary

Director

Managing Director

Chairman

Date: October 28 2021
Place: Dhaka


Ahmed Zaker & Co.
Chartered Accountants

SHEPHERD INDUSTRIES LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2021

| Particulars | Notes | Amount in Taka | Amount in Taka |
|--|---------|----------------------|---------------------|
| | | 30.06.2021 | 30.06.2020 |
| Revenue | 23.00 | 2,347,787,239 | 2,557,157,861 |
| Less: Cost of Sales | 24.00 | (2,274,825,151) | (2,296,231,926) |
| Gross Profit | | 72,962,088 | 260,925,935 |
| Less: Operating Expenses | | (71,436,198) | (71,109,047) |
| Selling & Distribution Expenses | 27.00 | (10,729,819) | (10,818,596) |
| Administrative Expenses | 28.00 | (60,706,379) | (60,290,451) |
| Profit from Operation | | 1,525,890 | 189,816,888 |
| Foreign Currency Gain/(Loss) | 25.00 | 411,412 | (8,039,261) |
| Add: Other income | 26.00 | 14,881,115 | 15,748,166 |
| Less: Financial Expenses | 29.00 | (157,310,243) | (199,393,840) |
| Net Profit/ (Loss) before tax | | (140,491,826) | (1,868,047) |
| Income Tax Expense: | | (14,465,203) | (21,158,153) |
| Current Tax | 30.00 | (11,800,285) | (15,437,436) |
| Deferred Tax Income/(Expenses) | Annex-E | (2,664,918) | (5,720,717) |
| Net Profit/ (Loss) after Tax for the period | | (154,957,029) | (23,026,200) |
| Earnings Per share (EPS) | 31.00 | (1.03) | (0.15) |

The annexed notes form an integral part of these financial statements.



Chief Financial Officer



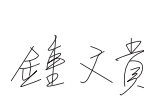
Company Secretary



Director



Managing Director



Chairman

Date: October 28 2021
Place: Dhaka


Ahmed Zaker & Co.
Chartered Accountants

SHEPHERD INDUSTRIES LIMITED**Statement of Changes in Equity****For the year ended June 30, 2021**

| Particulars | Paid up Capital Taka | Revaluation Reserve Taka | Retained Earnings Taka | Total Equity Taka |
|---|-------------------------|-----------------------------|---------------------------|----------------------|
| Opening balance as on 01-07-2020 | 1,502,892,420 | 526,945,698 | 343,718,852 | 2,373,556,970 |
| Less: Cash Dividend | - | - | (15,028,924) | (15,028,924) |
| Less: Depreciation on revaluation transfer to retained earnings | - | (6,027,614) | 6,027,614 | - |
| Add/(Less): Deferred Tax Income/(Expenses) during the year | - | 904,143 | - | 904,143 |
| Add: Net profit/(loss) for the year | - | - | (154,957,029) | (154,957,029) |
| Closing balance on 30 June 2021 | 1,502,892,420 | 521,822,227 | 179,760,513 | 2,204,475,160 |

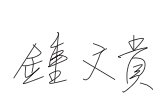
SHEPHERD INDUSTRIES LIMITED**Statement of Changes in Equity****For the year ended June 30, 2020**

| Particulars | Paid up Capital Taka | Revaluation Reserve Taka | Retained Earnings Taka | Total Equity Taka |
|---|-------------------------|-----------------------------|---------------------------|----------------------|
| Opening balance as on 01-07-2019 | 1,366,265,840 | 532,638,444 | 496,674,284 | 2,395,578,568 |
| Less: Stock Dividend | 136,626,580 | - | (136,626,580) | - |
| Less: Depreciation on revaluation transfer to retained earnings | - | (6,697,348) | 6,697,348 | - |
| Add/(Less): Deferred Tax Income/(Expenses) during the period | - | 1,004,602 | - | 1,004,602 |
| Add: Net profit/(loss) for the period | - | - | (23,026,200) | (23,026,200) |
| Closing balance on 30 June 2020 | 1,502,892,420 | 526,945,698 | 343,718,852 | 2,373,556,970 |


Chief Financial Officer

Company Secretary

Director

Managing Director

Chairman

Date: October 28 2021


Place: Dhaka

SHEPHERD INDUSTRIES LIMITED
Statement of Cash Flows
For the year ended June 30, 2021

| Particulars | Notes | Amount in Taka 30.06.2021 | Amount in Taka 30.06.2020 |
|---|-------|------------------------------|------------------------------|
| A. Cash Flows from Operating Activities | | | |
| Received from customers and others | 33.00 | 2,506,509,618 | 2,819,728,714 |
| Payment to Creditors, Suppliers, Employees and Others | 34.00 | (2,575,176,840) | (2,761,633,706) |
| Cash inflow/(outflow) from operation | | (68,667,222) | 58,095,008 |
| Income Tax Paid | 35.00 | (16,366,263) | (20,140,708) |
| Financial Expenses | | (157,310,243) | (199,393,840) |
| Net cash used in Operating Activities | 37.00 | (242,343,728) | (161,439,540) |
| B. Cash Flows from Investing Activities | | | |
| Acquisition of Property, Plant & Equipments | | (119,968,077) | (80,062,559) |
| Payment for Capital Work-in-Progress | | 64,576,828 | (30,111,597) |
| Investment on FDR | | 9,720,250 | (9,720,250) |
| Net cash used in Investing Activities | | (45,670,999) | (119,894,406) |
| C. Cash Flow from Financing Activities | | | |
| Current a/c with Related Entity | | (14,249,518) | 100,272,395 |
| Outstanding IPO Subscription | | (15,000) | - |
| Obligation under Finance Lease Received/(Paid)-Net | | (291,979) | (2,152,917) |
| Short Term Loan Received/(Paid)-Net | | 307,183,540 | 210,301,501 |
| Dividend Paid | | (14,705,971) | (116,435) |
| Net cash used in by Financing Activities | | 277,921,072 | 308,304,544 |
| D. Net Increase/(Decrease) in cash and Cash Equivalent | | (10,093,655) | 26,970,598 |
| E. Cash & Cash Equivalent at beginning at the year | | 55,716,386 | 28,794,484 |
| F. Unrealized Foreign Exchange Gain/(Loss) | | (169) | (48,696) |
| G. Cash & Cash Equivalent at the end of the year | | 45,622,562 | 55,716,386 |
| Net Operating Cash Flows Per Share (NOCFPS) | 36.00 | (1.61) | (1.07) |


Chief Financial Officer


Company Secretary


Director


Managing Director


Chairman

Date: October 28 2021
Place: Dhaka

SHEPHERD INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED 30 JUNE 2021

1 About the Company

1.01 SHEPHERD INDUSTRIES LIMITED, was registered as 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 was converted into a 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 of 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 IAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in earlier years.

2.01 Corporate Financial Statements

The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1994 and the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) 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 these financial statements.

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

The financial statements comprises the following;

- Statement of Financial Position as on June 30, 2021;
- Statement of Profit or Loss and other Comprehensive Income for the year June 30, 2021;
- Statement of Change in Equity for the year June 30, 2021;
- Statement of Cash Flows for the year June 30, 2021;
- Accounting Policies and explanatory notes to the Financial Statements for the year ended June 30, 2021.

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 year for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

2.05 Going Concern

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

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 year, in compliance with the provision of IAS 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 year in which they arise.

2.07 Reporting Period

The financial statements covers twelve months from July 01, 2020 to June 30, 2021.

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 IFRS 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 IAS & IFRS

The following IAS have been applied in preparation of the financial statements for the year :

| Name of the accounting standards | Ref. No | Status of Application |
|--|---------|-----------------------|
| Presentation of Financial Statements | IAS 1 | Applied |
| Inventories | IAS 2 | Applied |
| Statement of Cash Flows | IAS 7 | Applied |
| Accounting Policies, Changes in Accounting Estimates and Errors. | IAS 8 | Applied |
| Events after the Reporting Period | IAS 10 | Applied |
| Income Taxes | IAS 12 | Applied |
| Property, Plant and Equipment | IAS 16 | Applied |

| | | |
|--|---------|-------------|
| Employee Benefits | IAS 19 | Applied |
| The Effects of Changes in Foreign Exchange Rates | IAS 21 | Applied |
| Borrowing Cost | IAS 23 | Applied |
| Related Party Disclosures | IAS 24 | Applied |
| Financial Instruments : Presentation | IAS 32 | Applied |
| Earnings Per Share | IAS 33 | Applied |
| Impairment of Assets | IAS 36 | Applied |
| Provisions, Contingent Liabilities and Contingent Assets | IAS 37 | Applied |
| Intangible Assets | IAS 38 | Applied |
| Investment Property | IAS 40 | Applied |
| Financial Instruments : Disclosures | IFRS 7 | Applied |
| Financial Instruments | IFRS 9 | Applied |
| Revenue from contracts with customers | IFRS 15 | Applied |
| Leases | IFRS 16 | Not Applied |

2.12 Events after the Reporting Period

In compliance with the requirements of IAS 10: Events after the reporting period, "Post Balance Events" that provide additional information about the company's position at the balance sheet 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 IAS : 16 Property , Plant & Equipment.

- Effective date of revaluation to the Financial Statements 31-12-2010 and 31-12-2011 respectively.
- PPE has been revalued by Mridha and Associates an independent valuer.
- 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 IAS-16, the annual depreciation rates have been applied as under which is considered reasonable by the management;

| Particulars | Rate (%) |
|--|----------|
| Building - Factory | 10% |
| Land & Land Development | 0% |
| Plant & Machinery | 10% |
| ETP | 15% |
| Electric Equipment & Line Installation | 10% |
| Fire Fighting Equipment | 10% |

| Particulars | Rate (%) |
|--------------------------------------|----------|
| Tools & Equipments | 20% |
| Deep Tube well | 10% |
| 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 IAS-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.

2.19 Cash & Cash Equivalents

According to IAS 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. IAS 1 "Presentation of Financial Statements" provides that Cash & Cash Equivalents are not restricted in use. Considering the provision of IAS 7 & IAS 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 @ 22.5% 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

We didn't compliance with IFRS 16 instead of IAS 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 IFRS-15: Revenue from contracts with customers. Revenue is recognized when the parties to the contract have approved the contracts and are committed to perform their respective obligations; the contract has commercial substance; 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 IAS 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 - ৪৭-২৮/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 IAS 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 and other comprehensive income based on the statement received from Financial Institutions.

2.26 Statement of Cash Flows

Statement of Cash Flows have been prepared principally in accordance with IAS-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 IAS-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 year.

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 Operating Segments

No segmental reporting is applicable for the company as required by IFRS 8: "Operating Segments" 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 IAS-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.

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 IAS-37 .

The company has a contingent liability of Tk. 80,247,530 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 4,734,704 as bank guarantee margin.

2.31 Intangible Assets

In Compliance with the requirements of IAS, 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;
- (c) 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 flows 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 includes 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 as contained in International Accounting Standard (IAS) 24: Related Party Disclosures. The disclosure relating to related parties have been shown in note # 39.2.

2.34 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 | |
|---|----------------------|----------------------|------------|
| | | 30.06.2021 | 30.06.2020 |
| 4.00 Property, Plant & Equipment | | | |
| A. Cost | | | |
| Opening balance | 2,471,747,830 | 2,243,833,405 | |
| Add: Addition during the Period | 89,519,574 | 227,914,425 | |
| Less: Disposal made during the Period | (20,800,646) | | |
| | 2,540,466,758 | 2,471,747,830 | |
| B. Accumulated Depreciation | | | |
| Opening balance | 781,174,770 | 710,951,464 | |
| Add: Addition during the Period | 81,736,861 | 70,223,306 | |
| Less : Adjustments made during the period | (13,146,726) | | |
| Accumulated Depreciation | 849,764,905 | 781,174,770 | |
| Written Down Value (A - B) | 1,690,701,853 | 1,690,573,060 | |
| A detailed schedule on Property, Plant and Equipment has been given in Annexure - A | | | |
| 5.00 Capital Work-in-Progress | | | |
| Opening Balance | 2,497,577 | - | |
| Building-Factory | - | 776,000 | |
| Plant & Machineries | 104,806,353 | 80,806,383 | |
| | 107,303,930 | 81,582,383 | |
| Less: Transfer to Property, Plant & Equipments | 75,045,009 | 79,084,806 | |
| | 32,258,921 | 2,497,577 | |
| The above represents the expenses against civil construction and imported machineries which are not available for use as on the reporting date. Such assets shall be transferred to Property, Plant & Equipments when they will be available for use as per management's intention. | | | |
| 6.00 Intangible Asset | | | |
| Opening Balance | 157,500 | 247,500 | |
| Less: Write off during the Period @ 20% | (90,000) | (90,000) | |
| Written Down Value | 67,500 | 157,500 | |
| The above represents the cost of software and software development which is being written off @ 20% on straight line method. | | | |
| A detailed schedule on Property, Plant and Equipment has been given in Annexure - B | | | |
| 7.00 Inventories | | | |
| Raw Materials | 1,457,904,719 | 1,265,830,207 | |
| Dyes & Chemical | 286,298,543 | 267,685,540 | |
| Work-in-Process | 59,604,434 | 68,597,406 | |
| Finished Goods | 152,854,824 | 139,897,846 | |
| Packing Materials | 6,548,721 | 5,463,361 | |
| Stores & Spares | 7,906,951 | 7,833,048 | |
| | 1,971,118,192 | 1,755,307,408 | |
| Details has been shown in Annexure-C | | | |
| 8.00 Trade & other Receivables | | | |
| This has been arrived as under; | | | |
| Accounts receivable | 1,091,333,057 | 1,245,459,773 | |
| Other Receivable | 2,085,398 | 401,809 | |
| | 1,093,418,455 | 1,245,861,582 | |
| 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 | 1,091,333,057 | 1,245,459,773 | |
| ii) Accounts Receivable considered good in respect of which the company holds no security other than the debtor's personal security | 2,085,398 | 401,809 | |
| iii) Accounts Receivable considered doubtful or bad | - | - | |
| iv) Accounts Receivable due by any director or other officer of the company | - | - | |

| Amount in Taka | |
|----------------|------------|
| 30.06.2021 | 30.06.2020 |

v) Accounts Receivable due by Common management 1,794,440 93,656

vi) The maximum amount of receivable due by any director or other officer of the company - -

The aging of trade and other receivables is as follows:

| Ageing Schedule: | Accounts Receivable | Other Receivable | Total | Total |
|----------------------|----------------------|------------------|----------------------|----------------------|
| Within Three Months | 561,859,203 | 1,475,645 | 563,334,848 | 382,252,953 |
| Three to Six Months | 414,333,627 | 609,753 | 414,943,380 | 642,624,257 |
| More than Six Months | 115,140,227 | - | 115,140,227 | 220,984,372 |
| | 1,091,333,057 | 2,085,398 | 1,093,418,455 | 1,245,861,582 |

Details has been given in **Annexure - D**

9.00 Investment

This has been arrived as under;

| | | |
|-------------------|----------|------------------|
| Investment in FDR | - | 9,720,250 |
| | - | 9,720,250 |

10.00 Advance, Deposits & Prepayments

The Break-up of the Amount is given below:

| | | |
|----------|--------------------|-------------------|
| Advances | 82,902,754 | 38,271,500 |
| Deposits | 24,448,217 | 13,776,318 |
| | 107,350,971 | 52,047,818 |

A detailed schedule of advance, deposit & prepayment is shown in **Annexure -F**

11.00 Cash and Cash Equivalents

The Break-up of the Amount is given below:

| | | |
|-----------------------------|-------------------|-------------------|
| Cash in Hand | 275,231 | 751,861 |
| Cash at Banks (Note -11.01) | 45,347,331 | 54,964,525 |
| | 45,622,562 | 55,716,386 |

11.01 Cash at Bank

Bank Name & Account Number

| | | |
|--|-------------------|-------------------|
| Bank Alfalah CD-070201701321 | - | 22,975 |
| Al-Arafa Islami Bank CD # 0171020062933 | 4,655 | - |
| Eastern Bank CD # 1131060206101 | 20,674,160 | 2,060,256 |
| Eastern Bank Margin | 360,974 | 424,251 |
| IFIC Bank CD # 1002-535257001 | 227,178 | 427,622 |
| IFIC Bank CD # 1002-535257071 | 129,566 | 21,540 |
| Southeast Bank DAD (\$) # 15400000019 | 791,022 | 31,688,708 |
| Southeast Bank A/C # 0010-11100017637 | 325,712 | - |
| National Bank A/C # 0043-33017514 | 2,888 | 3,728 |
| DBBL-CD A/C # 117-110-037216 | 38,199 | 17,801 |
| IFIC A/C # 0170231013001 | 296,767 | 301,311 |
| IFIC A/C # 0170330270001 | 4,735 | 5,712 |
| IFIC A/C # 1002-535257-836 (USD A/c) | 2,732,850 | 8,887,816 |
| IFIC A/C # 1002-063136-041 (Taka A/c) | 63,906 | 63,994 |
| IFIC A/C # 1002-063136-051 (USD A/c) | 49,231 | 65,496 |
| IFIC A/C # 1002-063136-052 (GBP A/c) | 5,067 | 4,512 |
| NBL FC A/C-0043-84004808 (USD A/c) | 168,108 | 168,207 |
| Trust Bank A/C # 5025000416 (USD A/c) | 5,204 | 5,207 |
| Pubali Bank CD # 4465901009224 | 372,298 | 303,777 |
| Southeast Bank CD # 111-17190 | 1,621,995 | 1,969,590 |
| Southeast Bank # 0094 | 17,467,708 | 8,514,429 |
| Shahjalal Islami Bank CD A/C # 400811100010420 | 3,160 | 3,850 |
| Trust Bank CD # 9820 | 1,948 | 3,743 |
| | 45,347,331 | 54,964,525 |

| Amount in Taka | |
|----------------|------------|
| 30.06.2021 | 30.06.2020 |

12.00 Share Capital**Authorized Capital:**

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

1,900,000,000**1,900,000,000****Paid up Capital:**

150,289,242 ordinary shares @ Tk.10/- each.

1,502,892,420**1,502,892,420**

| Particulars | Amount in Taka | Amount in Taka |
|---|----------------------|----------------------|
| 150,289,242 Ordinary Shares @ Tk. 10 each fully paid up in cash | 1,502,892,420 | 1,502,892,420 |
| 150,289,242 Ordinary Shares | 1,502,892,420 | 1,502,892,420 |

History of Share Capital

| Allotment | Date of Allotment | Consideration in Cash | Bonus | Total | Cumulative Paid-up Capital | Cumulative Paid-up Capital |
|--------------|-------------------|-----------------------|-------------------|--------------------|----------------------------|----------------------------|
| Subscription | 01-08-00 | 60,600 | - | 60,600 | 60,600 | 606,000 |
| Fresh Issue | 01-07-02 | 7,939,400 | - | 7,939,400 | 7,939,400 | 79,394,000 |
| Fresh Issue | 12-11-11 | 857,400 | - | 857,400 | 857,400 | 8,574,000 |
| Fresh Issue | 01-04-15 | 10,262,000 | - | 10,262,000 | 10,262,000 | 102,620,000 |
| Fresh Issue | 14-02-16 | 85,086,586 | - | 85,086,586 | 85,086,586 | 850,865,860 |
| IPO Issued | 21-11-17 | - | 20,000,000 | 20,000,000 | 20,000,000 | 200,000,000 |
| Bonus Issue | 21-11-17 | - | 12,420,598 | 12,420,598 | 12,420,598 | 124,205,980 |
| Bonus Issue | 26-12-19 | - | 13,662,658 | 13,662,658 | 13,662,658 | 136,626,580 |
| Total | | 104,205,986 | 46,083,256 | 150,289,242 | 150,289,242 | 1,502,892,420 |

The present shareholding position of the different share holders are as follows:

| Particulars | No of Share | Value per Share | Amount | % of Holding |
|--------------------|--------------------|-----------------|----------------------|----------------|
| Sponsors/Directors | 77,369,663 | 10.00 | 773,696,630 | 51.48% |
| Foreign | 27,655,175 | 10.00 | 276,551,750 | 18.40% |
| Institution | 18,543,565 | 10.00 | 185,435,650 | 12.34% |
| General Public | 26,720,839 | 10.00 | 267,208,390 | 17.78% |
| | 150,289,242 | | 1,502,892,420 | 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 2021

| Share Holding Range | Number of Share Holders | No. of Share | Percentage of Share Holding |
|--------------------------|-------------------------|--------------------|-----------------------------|
| Up to 499 Shares | 1311 | 198,006 | 0.13% |
| 500 to 5000 Shares | 2679 | 4,920,678 | 3.27% |
| 5001 to 10000 Shares | 495 | 3,770,823 | 2.51% |
| 10001 to 20000 Shares | 304 | 4,514,121 | 3.00% |
| 20001 to 30000 Shares | 115 | 2,884,884 | 1.92% |
| 30001 to 40000 Shares | 67 | 2,393,546 | 1.59% |
| 40001 to 50000 Shares | 39 | 1,832,101 | 1.22% |
| 50001 to 100000 Shares | 71 | 5,253,319 | 3.50% |
| 100001 to 1000000 Shares | 32 | 10,384,005 | 6.91% |
| 1000001 to Above Shares | 19 | 114,137,759 | 75.95% |
| Total | 5132 | 150,289,242 | 100.00% |

13.00 Revaluation Reserve

This has been arrived as under;

Opening Balance

Less: Depreciation on revaluation transferred to retained earnings

Add/(Less): Deferred Tax Income/(Expenses) during the year

| | |
|--------------------|--------------------|
| 526,945,698 | 532,638,444 |
| (6,027,614) | (6,697,348) |
| 904,143 | 1,004,602 |
| 521,822,227 | 526,945,698 |

| Amount in Taka | |
|----------------|------------|
| 30.06.2021 | 30.06.2020 |

14.00 Retained Earnings

This has been arrived as under;

Opening balance

Less: Stock Dividend

Less: Cash Dividend

Add: Net profit (Loss) for the year/period

Add: Depreciation transferred from revaluation reserve

| | |
|--------------------|--------------------|
| 343,718,852 | 496,674,284 |
| - | (136,626,580) |
| (15,028,924) | - |
| (154,957,029) | (23,026,200) |
| 6,027,614 | 6,697,348 |
| 179,760,513 | 343,718,852 |

15.00 Obligation under finance lease

This consist of the following;

Lease Liability-IDLC

Lease Liability-MFIL

Less: Current portion

Non-Current portion

| | |
|---|---------|
| - | - |
| - | 291,979 |
| - | 291,979 |
| - | 291,979 |
| - | - |

16.00 Deferred Tax liabilities

This has been arrived as under;

Opening Balance

Add/(Less): Deferred Tax Expenses/(Income) recognized in Statement of Profit or

Loss and other comprehensive income

Add/(Less): Deferred Tax Expenses/(Income) recognized directly in Statement of

Changes in Equity

| | |
|--------------------|--------------------|
| 132,336,031 | 127,619,916 |
| 2,664,918 | 5,720,717 |
| (904,143) | (1,004,602) |
| 134,096,806 | 132,336,031 |

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

17.00 Loan from Shareholders'

| | |
|-------------------|-------------------|
| 33,728,933 | 33,728,933 |
|-------------------|-------------------|

The above represents share money deposit received from shareholders against which no allotment has been made as per instruction BSEC Letter ref. no. BSEC/CI/CPLC-519/2015/582 dated November 24, 2015 and transferred to loan account as per decision of the Board.

18.00 Current Accounts with Related Entity

This has been arrived as under;

Party Wise break down given below:

Shepherd Textile (BD) Ltd

Shepherd Jeans Ltd.

| | |
|--------------------|--------------------|
| 40,890,572 | 45,425,645 |
| 60,132,305 | 69,846,750 |
| 101,022,877 | 115,272,395 |

This amount represents the balance of inter company transaction under the common management.

19.00 Trade & Other Payables

This has been arrived as under;

Trade Payable

Other Payable

| | |
|--------------------|--------------------|
| 198,657,854 | 196,710,065 |
| 38,221,904 | 36,618,823 |
| 236,879,758 | 233,328,888 |

All the trade payables disclosed here are arisen from purchasing yarn, dyes & chemical, packing materials, providing of services etc. from both foreign & local suppliers and service providers.

| Ageing Schedule: | Trade Payable | Other Payable | Total | Total |
|----------------------------|--------------------|-------------------|--------------------|--------------------|
| Within Three Months | 154,716,432 | 13,891,399 | 168,607,831 | 153,672,983 |
| Three months to six months | 43,941,422 | 830,505 | 44,771,927 | 77,732,269 |
| More than six months | - | 23,500,000 | 23,500,000 | 1,923,636 |
| | 198,657,854 | 38,221,904 | 236,879,758 | 233,328,888 |

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

| Amount in Taka | |
|----------------|------------|
| 30.06.2021 | 30.06.2020 |

20.00 Short Term Bank Loan

This consist of the following;

| | | | |
|-----------------------------|------------------------|----------------------|----------------------|
| Demand Loan | IFIC Bank Limited | 78,067,669 | 259,651,736 |
| LDBP Loan | Eastern Bank Ltd | 52,739,749 | 5,160,713 |
| LDBP Loan | IFIC Bank Limited | 90,126,000 | 32,717,000 |
| LDBP Loan | Southeast Bank Limited | 256,638,974 | 278,437,415 |
| Time Loan | Southeast Bank Limited | 70,796,841 | - |
| Term Loan | IFIC Bank Limited | 139,655,604 | - |
| Force Loan | Southeast Bank Limited | - | 327,720,922 |
| Force Loan | IFIC Bank Limited | 100,545,227 | - |
| EDF Loan | Southeast Bank Limited | 760,920,440 | 285,765,129 |
| SOD - IFIC Bank | IFIC Bank Limited | 50,482,903 | 50,897,087 |
| SOD-Southeast Bank | Southeast Bank Limited | 82,944,141 | 83,037,147 |
| Loan Against Trust Receipts | Southeast Bank Limited | 388,503,740 | 440,850,599 |
| | | 2,071,421,288 | 1,764,237,748 |

| Particulars | IFIC | EBL | SBL |
|--------------------------|---|---|--|
| Nature: | Short term loan | Short term loan | Short term loan |
| Purpose: | Working capital | Working capital | Working capital |
| Tenure: | One year | One year | One year |
| Repayment: | From Export Proceed | From Export Proceed | From Export Proceed |
| Rate of Interest: | 6.00%~11.00% | 6.00%~9.00% | 6.00%~11.00% |
| Security: | Mortgage of 432 Decimals of land with factory premises, 673 decimals land with two pre-fabricated and three semi pacca building, measuring 103164 sft at valuka. 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. | Hypothecation of machineries, raw materials, work in process & finished goods duly insured covering the risk of fire. | Mortgage of 655.75 decimals at Bhaluka and Hypothecation of machineries, raw materials, work in process & finished goods duly insured covering the risk of fire and personal guarantee of all directors. |

21.00 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)

| | |
|---------------|---------------|
| 45,500 | 60,500 |
| 4,250 | 4,250 |
| 49,750 | 64,750 |

22.00 Liabilities for Expenses & provisions

This consist of the following;

| | | |
|--|--------------------|--------------------|
| Salary & Allowance-Payable | 14,622,450 | 12,182,712 |
| Unclaimed Dividend Account | 689,497 | 366,544 |
| Tax Deduction at Source | 15,252,716 | 11,723,170 |
| Gas, Electric Bill & Internet Bill Payable | 19,131,599 | 33,760,623 |
| Audit & Professional Fees Payable | 402,500 | 402,500 |
| Employees CPF Payable | 989,492 | 2,960,200 |
| Provision for Employees' Gratuity Fund | 47,138,998 | 44,660,694 |
| Provision for Income Tax | 60,636,630 | 53,007,444 |
| | 158,863,882 | 159,063,887 |

(Note-22.01)

22.01 Provision for Income Tax

| | | |
|---------------------------------------|-------------------|-------------------|
| Opening Balance | 53,007,444 | 44,124,532 |
| Add: Provided during the year/period | 11,800,285 | 15,437,436 |
| | 64,807,729 | 59,561,968 |
| Less: Paid during the year/Period | (4,171,099) | (6,554,524) |
| Less: Adjusted during the year/period | - | - |
| | 60,636,630 | 53,007,444 |

23.00 Revenue

Export Sales

24.00 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**24.01 Raw Material Consumed****Opening Stock**

Raw Materials

Dyes & Chemicals

Packing Materials

Add: Cost of Materials Purchased

Raw materials

Dyes & chemicals

Packing materials

Carrying inward

Insurance

Clearing & forwarding expenses

Raw Materials available for Consumption**Less : Closing Stock**

Raw Materials

Dyes & Chemicals

Packing Materials

Raw Materials Consumed**24.02 Factory Overheads**

This has been arrived as under;

Ansar Guard Expenses

Conveyance

Contribution to Gratuity Fund

Contribution to Provident Fund

Crockerries & Cutleries

Depreciation

Electricity Bill

ETP Expenses

Fire Fighting Expenses

Forms, Stamps, Documents etc.

Fuel, Oil & Lubricants

Gas Bill

Gas Bill-Factory Residence

Hangs, Twisting & Winding Expenses

Insurance-Fire

Loading & Unloading Charge

Medical Expenses

Printing- Factory

Rates & Taxes

Repair & Maintenance of Building, Machineries etc.

Stationeries

Sundry Expenses

Testing Charge

Tiffin, Refreshment & Entertainment

Uniform & Liveries

Wages, Salaries & Allowances

Washing & Cleaning Expenses

| Amount in Taka | |
|----------------|------------|
| 30.06.2021 | 30.06.2020 |

| | |
|----------------------|----------------------|
| 2,347,787,239 | 2,557,157,861 |
| 2,347,787,239 | 2,557,157,861 |

| | |
|----------------------|----------------------|
| 68,597,406 | 58,703,132 |
| 1,864,054,865 | 1,928,648,609 |
| 414,734,292 | 389,519,349 |
| (59,604,434) | (68,597,406) |
| 2,287,782,129 | 2,308,273,684 |
| 139,897,846 | 127,856,088 |
| 2,427,679,975 | 2,436,129,772 |
| (152,854,824) | (139,897,846) |
| 2,274,825,151 | 2,296,231,926 |

| | |
|----------------------|----------------------|
| 1,538,979,108 | 1,409,669,635 |
| 1,265,830,207 | 1,208,079,320 |
| 267,685,540 | 195,163,403 |
| 5,463,361 | 6,426,912 |
| 2,075,827,740 | 2,057,958,082 |
| 1,730,443,275 | 1,653,194,282 |
| 283,734,774 | 349,079,085 |
| 24,410,257 | 21,718,069 |
| 14,843,464 | 17,785,660 |
| 3,754,925 | 3,829,163 |
| 18,641,045 | 12,351,823 |
| 3,614,806,848 | 3,467,627,717 |
| 1,750,751,983 | 1,538,979,108 |
| 1,457,904,719 | 1,265,830,207 |
| 286,298,543 | 267,685,540 |
| 6,548,721 | 5,463,361 |
| 1,864,054,865 | 1,928,648,609 |

| | |
|--------------------|--------------------|
| 64,800 | 64,800 |
| 920,925 | 741,925 |
| 4,399,927 | 4,435,405 |
| 2,923,254 | 2,935,482 |
| 27,675 | 3,050 |
| 74,106,079 | 61,810,101 |
| 6,589,132 | 6,492,784 |
| 171,058 | 252,100 |
| 272,761 | 186,565 |
| 284,725 | 237,751 |
| 2,948,613 | 2,662,939 |
| 135,984,009 | 132,022,238 |
| 79,608 | 265,614 |
| 2,368,783 | 2,728,892 |
| 3,576,448 | 2,489,148 |
| 1,310,072 | 1,320,298 |
| 324,169 | 129,517 |
| 386,281 | 740,018 |
| 1,140,873 | 80,812 |
| 16,906,991 | 12,280,465 |
| 1,207,778 | 883,568 |
| 3,179,356 | 3,169,869 |
| 1,278,885 | 1,671,733 |
| 528,983 | 820,316 |
| 36,005 | 132,420 |
| 153,582,137 | 150,891,173 |
| 134,965 | 70,366 |
| 414,734,292 | 389,519,349 |

| | | Amount in Taka | |
|--|------------|--------------------|--------------------|
| | | 30.06.2021 | 30.06.2020 |
| 25.00 Foreign Currency Gain/(Loss) | | | |
| Realized Foreign Exchange Gain/(Loss) | | 411,581 | (6,843,428) |
| Unrealized Foreign Exchange Gain/(Loss) | | (169) | (1,195,833) |
| | | 411,412 | (8,039,261) |
| 26.00 Other Income: | | | |
| This consist of the followings; | | | |
| Land and House Rent | | 14,501,725 | 8,004,782 |
| Interest Received from IPO Bank A/C | | 1,499 | 3,063 |
| Provision for Doubtful Debts written back | | - | 3,802,500 |
| FDR Interest | | 112,490 | 247,500 |
| Profit/(Loss) on Sale of Fixed Assets | Note:26.01 | (3,628,920) | - |
| Sundry Income | | 3,894,321 | 3,690,321 |
| | | 14,881,115 | 15,748,166 |
| 26.01 Profit/(Loss) on Sale of Fixed Assets | | | |
| Sales Value of PPE | | 4,025,000 | - |
| Less: WDV of PPE | | (7,653,920) | - |
| | | (3,628,920) | - |
| The Company decided to sell the above asset which is non-current assets held during the year as per IAS/IFRS-16/5. The company has Loss on Sale of Fixed Assets during the year. Loss on disposal of fixed asset has adjusted with other income. | | | |
| 27.00 Selling & Distribution Expenses | | | |
| This consist of the followings; | | | |
| Salary and Allowances | | 9,110,217 | 9,101,548 |
| Travelling & Conveyance | | 148,802 | 476,155 |
| Mobile Bill | | 99,640 | 96,798 |
| Contribution to Gratuity Fund | | 761,859 | 523,015 |
| Contribution to Provident Fund | | 609,301 | 590,630 |
| | | 10,729,819 | 10,818,596 |
| 28.00 Administrative Expenses | | | |
| This has been arrived as under; | | | |
| Advertising Expenses | | 239,153 | 287,950 |
| Amortization of Intangible Assets | | 90,000 | 90,000 |
| Audit Fees | | 402,500 | 402,500 |
| AGM Expenses | | 385,610 | 604,887 |
| Professional Fees | | 1,141,775 | 876,942 |
| Automobile Expenses | | 6,044,864 | 5,208,991 |
| Contribution to Gratuity Fund | | 1,258,371 | 1,060,931 |
| Contribution to Provident Fund | | 931,879 | 997,710 |
| Depreciation-Administrative | | 7,630,782 | 8,413,205 |
| Electricity Bill | | 1,240,495 | 1,179,630 |
| Employees' Group Insurance | | 517,031 | 533,436 |
| Forms, Stamps, Documents etc. | | 688,941 | 1,370,027 |
| Gas Bill | | 108,673 | 104,734 |
| Insurance-Motor | | 240,986 | 292,906 |
| Internet Expenses | | 361,275 | 391,581 |
| Licence & Renewal Fees | | 4,201,398 | 2,431,010 |
| Director,s Remuneration | | 1,375,380 | 1,477,171 |
| Office Maintenance Expenses | | 398,259 | 463,222 |
| Papers & Periodicals | | 20,268 | 24,500 |
| Postage & Courier | | 75,765 | 116,657 |
| Printing & Photocopy | | 129,072 | 13,032 |
| Salary & Allowances | | 28,633,093 | 29,393,907 |
| Satellite Cable Rent | | 1,800 | 3,600 |
| Stationeries | | 373,905 | 315,564 |
| Sundry Expenses | | 2,360,495 | 2,306,407 |
| Telephone & Mobile Expenses | | 373,823 | 339,083 |
| Tiffin, Refreshment & Entertainment | | 522,696 | 780,133 |
| Travelling & Conveyance | | 662,592 | 626,251 |
| Water Bill | | 295,498 | 184,484 |
| | | 60,706,379 | 60,290,451 |

29.00 Financial Expenses

This consist of the followings;

Bank Charges & Commission

Bank Charges on Proceeds Realization

Interest on Short Term Loan

Interest on Obligation under Finance Lease

| Amount in Taka | |
|----------------|------------|
| 30.06.2021 | 30.06.2020 |

| | |
|--------------------|--------------------|
| 17,949,165 | 7,352,849 |
| 7,660,633 | 7,462,298 |
| 131,690,417 | 184,403,974 |
| 10,028 | 174,719 |
| 157,310,243 | 199,393,840 |

30.00 Current tax:

Minimum Tax

Regular Tax

Higher One

| | |
|-------------------|-------------------|
| 11,800,285 | 15,437,436 |
| 3,348,251 | 2,986,417 |
| 11,800,285 | 15,437,436 |

A) Minimum Tax

Turnover

Other income

Minimum Tax on turnover & other income

Deducted Tax at source

Higher One

| | |
|-------------------|-------------------|
| 2,347,787,239 | 2,557,157,861 |
| 14,881,115 | 15,748,166 |
| 2,362,668,354 | 2,572,906,027 |
| 11,800,285 | 15,437,436 |
| 11,501,942 | 13,033,702 |
| 11,800,285 | 15,437,436 |

B) Regular Tax

The above balance is made up as follows:

Income tax on business income

(Note-30.01)

Income tax on other income

(Note-30.02)

| | |
|------------------|------------------|
| - | - |
| 3,348,251 | 2,986,417 |
| 3,348,251 | 2,986,417 |

Total

30.01 Income tax on business income:

Profit before tax

Add: Accounting depreciation

Add: Contribution to Employees' Gratuity Fund

Less: Tax depreciation

Less: Payment to Employees' Gratuity Fund

Less: Other income

Taxable business income

Tax rate

Income tax on business income

| | |
|----------------------|---------------------|
| (140,491,826) | (1,868,047) |
| 81,736,861 | 70,223,306 |
| 6,420,157 | 6,019,351 |
| (96,717,524) | (101,050,582) |
| (3,941,853) | (2,500,000) |
| (14,881,115) | (15,748,166) |
| (167,875,300) | (44,924,138) |
| 15% | 15% |
| - | - |

30.02 Income tax on other income:

Other Income

Tax rate

Income tax on other income

| | |
|------------------|------------------|
| 14,881,115 | 11,945,666 |
| 22.50% | 25% |
| 3,348,251 | 2,986,417 |

| | | Amount in Taka | |
|--|------------------------|------------------------|------------|
| | | 30.06.2021 | 30.06.2020 |
| 31.00 Basic & Diluted Earning Per share | | | |
| Net profit after tax attributable to ordinary shareholders of the company | (154,957,029) | (23,026,200) | |
| Weighted average number of share | 150,289,242 | 150,289,242 | |
| | (1.03) | (0.15) | |
| Adjustment Earnings per share | | | |
| Net profit after tax attributable to ordinary shareholders of the company | (154,957,029) | (23,026,200) | |
| Weighted average number of share | 150,289,242 | 150,289,242 | |
| Basic EPS for the year | (1.03) | (0.15) | |
| Earnings Per Share (Diluted) | (1.03) | (0.15) | |
| Particulars | Number of share | Number of share | |
| 150,289,242 No. of Ordinary Shares for 365 days | 150,289,242 | 136,626,584 | |
| | 150,289,242 | 150,289,242 | |
| 32.00 Net Assets Value per Share | | | |
| Net asset value per share has been calculated as under; | | | |
| Total Assets | 4,940,538,454 | 4,811,881,581 | |
| Less: Outside liability | (2,736,063,294) | (2,438,324,611) | |
| Non-Current Liability | (134,096,806) | (132,336,031) | |
| Current Liability | (2,601,966,488) | (2,305,988,580) | |
| Net Asset Value | 2,204,475,160 | 2,373,556,970 | |
| Shares outstanding at the end on the year | 150,289,242 | 150,289,242 | |
| Net Asset Value per share | 14.67 | 15.79 | |
| Disclosure | | | |
| (a) The major reason for decreased in Net Asset Value per share by Tk. -1.13 per share was due to 1% Cash Dividend by Tk. 1.52 crore and net loss made during the period amounting Tk. -15.50 crore. | | | |
| 33.00 Received from Customers & Others | | | |
| Revenue during the year | 2,347,787,239 | 2,557,157,861 | |
| Adjustment for Foreign Exchange Gain/(Loss) for Trade Receivable | (8,601,863) | (10,957,101) | |
| Other Income | 14,881,115 | 15,748,166 | |
| Opening Accounts & Other Receivable | 1,245,861,582 | 1,503,641,370 | |
| Closing Accounts & Other Receivable | (1,093,418,455) | (1,245,861,582) | |
| | 2,506,509,618 | 2,819,728,714 | |
| 34.00 Payment to Creditors, Suppliers, Employees and Others | | | |
| Cost of goods Sold | (2,274,825,151) | (2,296,231,926) | |
| Selling & Distribution Expenses | (10,729,819) | (10,818,596) | |
| Administrative Expenses | (60,706,379) | (60,290,451) | |
| Adjustment for Depreciation | 81,736,861 | 70,223,306 | |
| Adjustment for Write off of Intangible Assets | 90,000 | 90,000 | |
| (Increase)/Decrease in Inventory | (215,810,784) | (149,938,185) | |
| (Increase)/Decrease Advance Deposits & Prepayments excluding Advance Income Tax | 20,992,011 | 1,154,732 | |
| Increase/(Decrease) in Trade and Other Payables | (116,784,879) | (344,177,518) | |
| Increase/(Decrease) in Liabilities for Expenses | (8,152,144) | 25,488,497 | |
| Adjustment for Foreign Exchange Gain / (Loss) for Trade Payable | 9,013,444 | 2,866,435 | |
| | (2,575,176,840) | (2,761,633,706) | |
| 35.00 Income Tax Paid | | | |
| Opening Advance Income Tax | 33,084,715 | 19,498,531 | |
| Closing Advance Income Tax | (45,279,879) | (33,084,715) | |
| Closing Income Tax Provision | 60,636,630 | 53,007,444 | |
| Opening Income Tax Provision | (53,007,444) | (44,124,532) | |
| Current Tax during the period | (11,800,285) | (15,437,436) | |
| | (16,366,263) | (20,140,708) | |

| Amount in Taka | |
|----------------|------------|
| 30.06.2021 | 30.06.2020 |

36.00 Net operating cash flow per share (NOCFPS)

| | | |
|------------------------------------|---------------|---------------|
| Net cash from operating activities | (242,343,728) | (161,439,540) |
| Number of shares outstanding | 150,289,242 | 150,289,242 |
| NOCFPS | (1.61) | (1.07) |

Disclosure

(c) During the year ended June, 2021, Net Operating Cash Flow per share of the company decreased due to more payment made to Creditors, Suppliers, Employees and Others with compared to corresponding previous period.

37.00 Reconciliation of net Profit/Loss before tax with cash flows from operating activities

| | | |
|---|----------------------|-------------------|
| Net Profit/(Loss) before tax | (140,491,826) | (1,968,148) |
| Opening Accounts & Other Receivable | 1,245,861,582 | 1,503,641,370 |
| Closing Accounts & Other Receivable | (1,093,418,455) | (1,245,861,582) |
| Adjustment for Depreciation | 81,736,861 | 70,223,306 |
| Adjustment for Write off of Intangible Assets | 90,000 | 90,000 |
| (Increase)/Decrease in Inventory | (215,810,784) | (149,938,185) |
| (Increase)/Decrease Advance Deposits & Prepayments excluding Advance Income Tax | 20,992,011 | 1,154,732 |
| Increase/(Decrease) in Trade and Other Payables | (116,784,879) | (344,177,518) |
| Increase/(Decrease) in Liabilities for Expenses | (8,152,144) | 25,488,497 |
| Income Tax Paid | (16,366,263) | (20,140,708) |
| Foreign Currency gain loss arising for cash and cash equivalents | 169 | 48,696 |
| | (242,343,728) | 37,954,300 |

38.00 Additional disclosure

(a) The major reason for decreased in Net Asset Value per share by Tk. -1.13 per share was due to 1% Cash Dividend by Tk. 1.52 crore and net loss made during the period amounting Tk. -15.50 crore.

(b) During the corresponding the year ended on June 30, 2021, revenue has been decreased Tk. 209,370,622 (8.92%) compare to the same period in 2020. This parameter are impacted on Earning Per Share (EPS) drastically. COVID-19's impact on the RMG industry in Bangladesh as well as all over the world, many international buyers cancelled or postponed confirmed procurement orders. As result revenue for the period reduced drastically.

(c) During the year ended June, 2021, Net Operating Cash Flow per share of the company decreased due to more payment made to Creditors, Suppliers, Employees and Others with compared to corresponding previous period.

39.00 Disclosure as per requirement of schedule XI, Part-II of companies Act 1994**39.01 Commission, Brokerage or Discount against sales:**

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

| Amount in Taka | |
|----------------|------------|
| 30.06.2021 | 30.06.2020 |

39.02 Related party disclosures

The Company has entered into transactions with other entities that fall within the definition of related party as contained in IAS-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 for the year ended 30.06.2021 are as follows:

| Name of Related Party | Common Management | Nature of Transaction | Opening Balance as on July, 01, 2020 Dr./(Cr.) | Transaction during the year Dr./(Cr.) | Closing Balance as on June, 30, 2021 Dr./(Cr.) |
|--|-------------------|-------------------------|--|---------------------------------------|--|
| Shepherd Textile (BD.) Limited | " | Office & Land Rent | 18,786 | 153,496 | 172,282 |
| Taiwan Food & Processing Industries Ltd. | " | Office & Land Rent | 74,870 | 484,243 | 559,113 |
| Shepherd Fancy Yarn Ltd | " | Office & Land Rent | - | 700,678 | 700,678 |
| Shepherd Jeans Ltd. | " | Office & Land Rent | - | 362,367 | 362,367 |
| Shepherd Textile (BD.) Limited | " | Received as Loan | (45,425,645) | 3,939,680 | (41,485,965) |
| Shepherd Jeans Ltd. | " | Received as Loan | (69,846,750) | 9,714,445 | (60,132,305) |
| Kao Wen Fu | Managing Director | Loan from Shareholder's | (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 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:-
The directors loan is interest free.

| No. | Particulars | 01.07.2020 to 30.06.2021 | 01.07.2019 to 30.06.2020 |
|-----|---|--------------------------|--------------------------|
| (a) | Managerial Remuneration paid or payable during the period to the directors, including managing directors, a managing agent or manager | 1,375,380 | 1,477,171 |
| (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 | 740,200 | 746,208 |
| | (iii) Payments from a provident funds, in excess of own subscription and interest thereon | 900,696 | 908,480 |
| (i) | Share Based payments | - | - |

| Amount in Taka | |
|----------------|------------|
| 30.06.2021 | 30.06.2020 |

As per IAS- 24:

Key management personnel compensation in total:

| | | |
|----------------------------------|-------------------|-------------------|
| (a) Short-term employee benefits | 16,952,662 | 16,542,982 |
| (b) Post-employee benefits | 1,640,896 | 1,654,688 |
| (c) Other long term benefits | - | - |
| (d) termination benefits and | - | - |
| (e) share- based payment | - | - |
| Total: | 18,593,558 | 18,197,670 |

39.03 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 (2020-2021) | 80,000 Lbs/Day | 49,461 Lbs/Day | 61.83% |
| Different Count of Yarn Dyeing (2019-2020) | 80,000 Lbs/Day | 50,824 Lbs/Day | 63.53% |

39.04 Value of Import at CIF basis:

During the period from July 01, 2020 to June 30, 2021 total value of import in respect of raw yarn, dyes & chemical, spare parts and machineries stands at equivalent 22.68 Millions USD on CIF basis. Details are given below:

| Particulars | Amount in Taka | Amount in Taka |
|------------------|----------------------|----------------------|
| Raw Yarn | 1,730,443,275 | 1,653,194,282 |
| Dyes & Chemicals | 305,522,004 | 305,522,004 |
| Machineries | 3,866,010 | 3,866,010 |
| Total: | 2,039,831,289 | 1,962,582,296 |

39.05 Percentage of Materials consumed to the total consumption**Material consumed**

| | 30.06.2021 | | 30.06.2020 | |
|-------------------|----------------------|----------------|----------------------|----------------|
| | Amount in Taka | Percentage | Amount in Taka | Percentage (%) |
| Raw Materials | 1,538,368,763 | 84.21% | 1,595,443,395 | 84.21% |
| Dyes & Chemicals | 265,121,771 | 14.51% | 276,556,948 | 14.60% |
| Packing Materials | 23,324,897 | 1.28% | 22,681,620 | 1.20% |
| | 1,826,815,431 | 100.00% | 1,894,681,963 | 100.00% |

39.06 Payment in foreign currency:

| | 30.06.2021 | 30.06.2020 |
|---------------------------------|---------------|---------------|
| | Amount in USD | Amount in USD |
| Raw Yarn | 22,069,806 | 22,882,151 |
| Dyes & Chemicals | 2,548,504 | 4,025,969 |
| Machineries, Tools & Equipments | 39,700 | 314,058 |

39.07 Export Sales on FOB Basis

| | 30.06.2021 | 30.06.2020 |
|---------------|-------------------------|-------------------------|
| | Amount in USD | Amount in USD |
| Export | \$ 27,678,083.01 | \$ 30,192,984.56 |

40.00 Number of Employees

All the employees receive salary/wages in excess of Tk. 5,300 per month.

| | |
|----------------------------------|-------------|
| Number of permanent staff | 302 |
| Number of permanent workers | 711 |
| Number of temporary staff/worker | - |
| Total: | 1013 |

SHEPHERD INDUSTRIES LIMITED
Schedule of Property, Plant & Equipment
As on 30 June 2021

Annexure-A

| Particulars | Cost | | | | Depreciation | | | | Amount in Taka | |
|--|-------------------------------------|--------------------|------------------------|-------------------------------------|--------------|---|-------------------------------|------------------------|---|--|
| | Opening Balance as on 01-07-2020 | Addition | Disposal/Adj stment | Closing Balance as on 30-06-2021 | Rate (%) | Opening Balance as on 01- 07-2020 | Charged during the year | Disposal/Adj stment | Closing Balance as on 30-06- 2021 | Written Down Value as on 30-06- 2021 |
| | 1 | 2 | 3 | 4=(1+2-3) | 5 | 6 | 7=(4-6)×5 | 8 | 9=(6+7-8) | 10=4-9 |
| Building - Factory | 315,794,292 | 3,012,465 | - | 318,806,757 | 10% | 99,387,148 | 21,755,248 | - | 121,142,396 | 197,664,361 |
| Land & Land Development | 320,411,322 | 5,552,229 | - | 325,963,551 | 0% | - | - | - | - | 325,963,551 |
| Plant & Machinery | 812,859,433 | 75,365,596 | 20,751,646 | 867,473,383 | 10% | 424,743,172 | 37,643,718 | 13,129,875 | 449,257,015 | 418,216,368 |
| ETP | 73,844,334 | - | - | 73,844,334 | 15% | 49,113,026 | 3,709,696 | - | 52,822,722 | 21,021,612 |
| Electric Equipment & Line Installation | 46,294,042 | 1,641,574 | - | 47,935,616 | 10% | 26,034,531 | 2,146,891 | - | 28,181,422 | 19,754,194 |
| Fire Fighting Equipment | 1,883,794 | 9,800 | - | 1,893,594 | 10% | 970,704 | 91,472 | - | 1,062,176 | 831,418 |
| Tools & Equipments | 24,574,960 | 2,513,438 | - | 27,088,398 | 20% | 12,576,465 | 2,572,185 | - | 15,148,650 | 11,939,748 |
| Gas Line Installation | 6,755,553 | - | - | 6,755,553 | 10% | 5,163,002 | 159,255 | - | 5,322,257 | 1,433,296 |
| Building - Head Office | 88,993,500 | 302,816 | - | 89,296,316 | 5% | 25,502,964 | 3,175,789 | - | 28,678,753 | 60,617,563 |
| Office Equipment | 16,032,822 | 419,789 | 49,000 | 16,403,611 | 10% | 9,631,110 | 650,473 | 16,851 | 10,264,732 | 6,138,879 |
| Air Conditioner & Electric Appliance | 3,812,351 | 615,085 | - | 4,427,436 | 10% | 1,388,753 | 261,014 | - | 1,649,767 | 2,777,669 |
| Lift - Head Office, Uttara | 2,085,948 | - | - | 2,085,948 | 10% | 1,120,000 | 96,595 | - | 1,216,595 | 869,353 |
| Furniture & Fixture | 6,352,912 | 86,782 | - | 6,439,694 | 10% | 3,105,015 | 327,241 | - | 3,432,256 | 3,007,438 |
| Office Decoration | 2,879,388 | - | - | 2,879,388 | 10% | 1,557,710 | 132,168 | - | 1,689,878 | 1,189,510 |
| Car & Vehicles | 38,790,723 | - | - | 38,790,723 | 15% | 19,860,604 | 2,839,518 | - | 22,700,122 | 16,090,601 |
| Telephone Equipments | 3,951,712 | - | - | 3,951,712 | 10% | 2,471,872 | 147,984 | - | 2,619,856 | 1,331,856 |
| Sub Total | 1,765,317,086 | 89,519,574 | 20,800,646 | 1,834,036,014 | | 682,626,076 | 75,709,247 | 13,146,726 | 745,188,597 | 1,088,847,417 |
| REVALUATION PART | | | | | | | | | | |
| Land & land Development | 547,605,914 | - | - | 547,605,914 | - | - | - | - | - | 547,605,914 |
| Building | 158,824,830 | - | - | 158,824,830 | 10% | 98,548,694.00 | 6,027,614 | - | 104,576,308 | 54,248,522 |
| Sub Total | 706,430,744 | - | - | 706,430,744 | | 98,548,694 | 6,027,614 | - | 104,576,308 | 601,854,436 |
| Total as on 30.06.2021 | 2,471,747,830 | 89,519,574 | 20,800,646 | 2,540,466,758 | | 781,174,770 | 81,736,861 | 13,146,726 | 849,764,905 | 1,690,701,853 |
| Total as on 30.06.2020 | 2,243,833,405 | 227,914,425 | - | 2,471,747,830 | | 710,951,464 | 70,223,306 | - | 781,174,770 | 1,690,573,060 |

SHEPHERD INDUSTRIES LIMITED
Schedule of Property, Plant & Equipment
As on 30 June 2020

Annexure-A

| Particulars | Cost | | | | Depreciation | | | | Written Down Value as on 30-06-2020 | Amount in Taka |
|--|-------------------------------------|-------------|-------------------------|-------------------------------------|--------------|---|-------------------------------|-------------------------|---|----------------|
| | Opening Balance as on 01-07-2019 | Addition | Disposal/ Adjustment | Closing Balance as on 30-06-2020 | Rate (%) | Opening Balance as on 01- 07-2019 | Charged during the year | Disposal/ Adjustment | | |
| | 1 | 2 | 3 | 4=(1+2-3) | 5 | 6 | 7=(4-6)×5 | 8 | 9=(6+7-8) | 10=4-9 |
| Building - Factory | 175,130,264 | 140,664,028 | - | 315,794,292 | 10% | 89,613,697 | 9,773,451 | - | 99,387,148 | 216,407,144 |
| Land & Land Development | 319,694,324 | 716,998 | - | 320,411,322 | 0% | - | - | - | - | 320,411,322 |
| Plant & Machinery | 733,764,081 | 79,095,352 | - | 812,859,433 | 10% | 388,853,791 | 35,889,381 | - | 424,743,172 | 388,116,261 |
| ETP | 73,844,334 | - | - | 73,844,334 | 15% | 44,748,677 | 4,364,349 | - | 49,113,026 | 24,731,308 |
| Electric Equipment & Line Installation | 40,144,938 | 6,149,104 | - | 46,294,042 | 10% | 24,198,307 | 1,836,224 | - | 26,034,531 | 20,259,511 |
| Fire Fighting Equipment | 1,850,394 | 33,400 | - | 1,883,794 | 10% | 869,681 | 101,023 | - | 970,704 | 913,090 |
| Tools & Equipments | 24,076,869 | 498,091 | - | 24,574,960 | 20% | 9,605,090 | 2,971,375 | - | 12,576,465 | 11,998,495 |
| Gas Line Installation | 6,755,553 | - | - | 6,755,553 | 10% | 4,986,052 | 176,950 | - | 5,163,002 | 1,592,551 |
| Building - Head Office | 88,993,500 | - | - | 88,993,500 | 5% | 22,161,357 | 3,341,607 | - | 25,502,964 | 63,490,536 |
| Office Equipment | 15,790,582 | 242,240 | - | 16,032,822 | 10% | 8,926,169 | 704,941 | - | 9,631,110 | 6,401,712 |
| Air Conditioner & Electric Appliance | 3,601,651 | 210,700 | - | 3,812,351 | 10% | 1,130,334 | 258,419 | - | 1,388,753 | 2,423,598 |
| Lift - Head Office, Uttara | 2,085,948 | - | - | 2,085,948 | 10% | 1,012,672 | 107,328 | - | 1,120,000 | 965,948 |
| Furniture & Fixture | 6,097,503 | 255,409 | - | 6,352,912 | 10% | 2,752,811 | 352,204 | - | 3,105,015 | 3,247,897 |
| Office Decoration | 2,879,388 | - | - | 2,879,388 | 10% | 1,410,857 | 146,853 | - | 1,557,710 | 1,321,678 |
| Car & Vehicles | 38,790,723 | - | - | 38,790,723 | 15% | 16,519,995 | 3,340,609 | - | 19,860,604 | 18,930,119 |
| Telephone Equipments | 3,902,609 | 49,103 | - | 3,951,712 | 10% | 2,310,628 | 161,244 | - | 2,471,872 | 1,479,840 |
| Sub Total | 1,537,402,661 | 227,914,425 | - | 1,765,317,086 | | 619,100,118 | 63,525,958 | - | 682,626,076 | 1,082,691,010 |
| REVALUATION PART | | | | | | | | | | |
| Land & land Development | 547,605,914 | - | - | 547,605,914 | - | - | - | - | - | 547,605,914 |
| Building | 158,824,830 | - | - | 158,824,830 | 10% | 91,851,346 | 6,697,348 | - | 98,548,694 | 60,276,136 |
| Sub Total | 706,430,744 | - | - | 706,430,744 | | 91,851,346 | 6,697,348 | - | 98,548,694 | 607,882,050 |
| Total as on 30.06.2020 | 2,243,833,405 | 227,914,425 | - | 2,471,747,830 | | 710,951,464 | 70,223,306 | - | 781,174,770 | 1,690,573,060 |
| Total as on 30.06.2019 | | | | | | | | | | |
| | 2,206,430,747 | 37,402,658 | - | 2,243,833,405 | | 642,081,034 | 68,870,430 | - | 710,951,464 | 1,532,881,941 |
| Factory Overhead Exp | | | | | | | | | | |
| Administrative Exp | 61,810,101 | | | | | | | | | |
| | 8,413,205 | | | | | | | | | |

SHEPHERD INDUSTRIES LIMITED

Schedule of Intangible Asset

as on 30 June 2021

Annexure-B

| Particulars | Cost | | Rate (%) | Depreciation | | Written Down Value as on 30-06-2021 |
|---------------------------------|--|----------|----------|--|-------------------------------|---|
| | Opening Balance as on 01-07-2020 | Addition | | Opening Balance as on 01-07-2020 | Charged during the year | |
| Software & Software Development | 450,000 | - | 20% | 292,500 | 90,000 | 67,500 |
| Total as on 30.06.2021 | 450,000 | - | | | 90,000 | 67,500 |

Amount in Taka

Annexure-C

SHEPHERD INDUSTRIES LIMITEDSchedule of Closing Inventory
as on 30 June 2021

| Name of Items | 30.06.2021 | | | 30.06.2020 | | |
|---------------------------------------|------------------|---------------|----------------------|----------------|---------------|----------------------|
| | Qty in Lbs/Kg | Average Rate | Total Tk | Qty in Lbs/Kg | Average Rate | Total Tk |
| A) RAW MATERIALS: | | | | | | |
| Raw Yarn | 12,245,863 | 119.05 | 1,457,904,719 | 10,651,376 | 118.84 | 1,265,830,207 |
| B) DYES & CHEMICALS: | | | | | | |
| Dyes | 196,442 | 878.25 | 172,525,482 | 177,858 | 877.56 | 156,081,301 |
| Chemicals | 822,357 | 138.35 | 113,773,061 | 808,433 | 138.05 | 111,604,239 |
| | 1,018,799 | 281.02 | 286,298,543 | 986,292 | 271.41 | 267,685,540 |
| C) Work in Process: | 432,718 | 137.74 | 59,604,434 | 507,716 | 135.11 | 68,597,406 |
| D) Finished Goods: | | | | | | |
| Dyed Yarn | 860,151 | 177.71 | 152,854,824 | 801,390 | 174.57 | 139,897,846 |
| E) Packing Materials | | | 6,548,721 | | | 5,463,361 |
| F) Store & Spares | | | 7,906,951 | | | 7,833,048 |
| Grand total (A+B+C+D+E+F): | | | 1,971,118,192 | | | 1,755,307,408 |

SHEPHERD INDUSTRIES LIMITED
Schedule of Accounts & Other Receivables
as on June 30, 2021

Annexure-D

| S.L | Particulars | Amount in Taka | Amount in Taka |
|------------------|----------------------------|----------------|----------------|
| | | 30.06.2021 | 30.06.2020 |
| Trade Receivable | | | |
| 1 | Ananta Huaxiang Ltd | 811,137 | - |
| 2 | Anma Sweater Ltd. | 775,708 | - |
| 3 | Anzir Apparels Limited | 5,215,200 | 21,351,115 |
| 4 | Aristo Fashion Ltd | - | 200,330 |
| 5 | ASR Sweater Ltd | - | 11,497,646 |
| 6 | Atashi Fashion Ltd. | 472,031 | - |
| 7 | Ats Auto Sweater Ltd | - | 991,609 |
| 8 | Best Wool Sweater Ltd. | 110,054,727 | 118,206,289 |
| 9 | BHML Industries Ltd. | - | 1,713,323 |
| 10 | Bhuyan Warm Tex Ltd. | 4,931,471 | 15,361,188 |
| 11 | CK Sweater Ltd | - | - |
| 12 | Colour & Fashion Ind. Ltd | 7,058,321 | 10,160,332 |
| 13 | Corus Knit Composite Ltd | 4,635,401 | - |
| 14 | Cosmic Sweater Ltd | 473,973 | 4,598,645 |
| 15 | Creative Wool Wear Limited | - | 1,146,497 |
| 16 | Crown Cotton Limited | - | 5,697,593 |
| 17 | Daeyu Bangladesh Ltd. | 485,056 | 7,442,923 |
| 18 | Denim Asia Ltd. | 442,752 | 2,790,613 |
| 19 | Denim Fashion Ltd | - | 634,654 |
| 20 | Devor Industries Ltd | 26,965,605 | 12,655,209 |
| 21 | Dhaka Pullover Ltd. | 386,688 | 8,416,239 |
| 22 | Diganta Sweater Ltd | - | 33,137,767 |
| 23 | Disney Sweater Ltd | 43,701,536 | 46,680,025 |
| 24 | Dynasty Sweater Ltd. | - | 12,511,541 |
| 25 | Eh Fabrics Ltd | - | 7,515,230 |
| 26 | Ekram Sweater Ltd. | - | 1,185,382 |
| 27 | En Rich Ltd. | 3,112,177 | 14,847,034 |
| 28 | Eva Sweater Ltd. | - | 1,447,401 |
| 29 | Fabulous Fashion Ltd | - | 166,500 |
| 30 | Faiza Industries Ltd | - | 3,904,311 |
| 31 | Faymax Sweater Ltd | - | 626,193 |
| 32 | FB Fashion (Pvt) Ltd. | 4,097,812 | 12,199,596 |
| 33 | Fuji Knitwears Ltd | 1,673,973 | - |
| 34 | Fyne Sweater Ltd. | 1,188,981 | 3,615,412 |
| 35 | Garib & Garib Sweater | - | - |
| 36 | Global Knitwear Ltd. | 11,633,458 | 9,572,151 |
| 37 | Gooryong Fashions Ltd | 2,767,707 | - |
| 38 | Green Arrow Sweater Ltd. | 12,506,685 | 11,499,326 |
| 39 | Haesong Korea Ltd. | 293,832 | 6,038,096 |
| 40 | Hamid Sweater Ltd | 1,838,697 | - |
| 41 | Indesore Sweater Ltd. | 3,646,400 | 2,692,305 |

| | | | |
|----|---------------------------|------------|-------------|
| 42 | Irish Fashion Ltd. | 6,643,359 | 15,082,263 |
| 43 | Jams Knit Wear (Pvt) Ltd | - | 776,667 |
| 44 | J F K Fashion Ltd | - | 1,190,211 |
| 45 | KIMS CORPORATION LTD. | 1,872,384 | - |
| 46 | Koala Apparels Ltd. | - | 989,393 |
| 47 | Konabari Fashion Ltd | 5,694,511 | - |
| 48 | Kores (BD) Ltd. | - | - |
| 49 | Lebaz Sweater Ltd | 12,578,589 | 1,815,832 |
| 50 | Leeu Fashion Ltd | - | 1,755,836 |
| 51 | Luminous Textiles Ltd. | 708,741 | - |
| 52 | Lusine Fashion Ltd. | 29,438,941 | 7,789,298 |
| 53 | Madina Apple Fashion Ltd. | 11,448,000 | - |
| 54 | Magpie Knitwear Ltd. | 3,376,227 | 22,827,157 |
| 55 | Mark Sweater Ltd. | 1,357,478 | 2,216,436 |
| 56 | Masihata Sweater Ltd | 34,998,007 | 15,822,566 |
| 57 | Matrix Sweater | 1,186,818 | 2,094,802 |
| 58 | Max Sweater | - | 92,739,826 |
| 59 | Meditex Industries Ltd | 31,607,839 | 25,779,255 |
| 60 | Meditex Knitwear Ltd | 251,856 | 11,137,111 |
| 61 | Meek Sweater Ltd | - | 883,911 |
| 62 | Mim Design Limited | - | 859,032 |
| 63 | MNR Sweater Ltd | 9,095,351 | 29,924,819 |
| 64 | Mohammadia Fashions | 460,880 | - |
| 65 | MR Sweater Ltd | 4,912,634 | - |
| 66 | M T Sweaters Ltd. | 4,639,875 | 1,904,670 |
| 67 | Natural Sweater Ltd | - | 6,104,036 |
| 68 | New Light Sweaters Ltd | 1,271,016 | - |
| 69 | Next Export Zone Ltd | - | 1,452,296 |
| 70 | Oasis Fashions Ltd | 1,394,748 | 2,384,154 |
| 71 | Ocean Sweater Ltd | 7,820,858 | 13,388,668 |
| 72 | Orchid Sweater Ltd | - | 404,627 |
| 73 | Pandora Sweater Ltd | 6,127,326 | 20,850,140 |
| 74 | Pigeon Sweater Ltd | 27,717,876 | 958,116 |
| 75 | Pioneer Knitwear (BD) Ltd | 51,381,078 | 129,819,784 |
| 76 | PIOUS ATTIRES LTD | - | 961,853 |
| 77 | Posmi Sweater Ltd | 16,500,384 | 3,678,576 |
| 78 | Pro- Maker Sweater | 10,600,254 | - |
| 79 | Proshmoni Sweater Ltd. | 1,793,052 | - |
| 80 | Purba Apparels Ltd | - | 4,369,884 |
| 81 | Raidha Collections Ltd | - | 4,215,867 |
| 82 | Raozan Sweater Ltd. | - | 5,270,757 |
| 83 | RGR Sweater Ltd | 75,408,021 | 55,442,940 |
| 84 | Rmm Knit Clothing Ltd | 3,493,989 | 2,889,760 |
| 85 | Roar Fashion Ltd | 5,119,206 | - |
| 86 | Saadatia Sweater Ltd. | 1,044,736 | 2,829,261 |
| 87 | Sailor Moon Sweater Ltd | - | 3,590,825 |
| 88 | Samson Winter Wear | 350,088 | 134,657 |

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| | | | |
|---|----------------------------------|----------------------|----------------------|
| 89 | Seowan Bangladesh Ltd. | 174,042,927 | 129,193,804 |
| 90 | Shams Jacquard Ltd | - | 2,188,277 |
| 91 | Shezads Ltd Unit -2 | 2,072,020 | - |
| 92 | SOULTEX FASHION LTD | 14,345,223 | 7,536,297 |
| 93 | Southeast Sweater Ltd | - | 13,389,590 |
| 94 | Southend Sweater Ltd | 17,205,131 | 2,674,180 |
| 95 | Southern Clothing Ltd. | - | 7,923,634 |
| 96 | Space Sweater Ltd | 4,320,814 | 5,870,808 |
| 97 | Spectra Sweater Ltd. | 982,620 | - |
| 98 | Spring Trade Ltd | 16,920,144 | 23,956,791 |
| 99 | SQ Celsius Ltd | 50,666,851 | 18,164,956 |
| 100 | SRP Sweater Ltd. | 941,280 | 7,649,921 |
| 101 | Sung Kwang Apparels | 34,884,490 | 27,311,321 |
| 102 | Sweater Tech Ltd | 25,937,586 | 16,359,864 |
| 103 | SYNERGY FASHIONS LTD | - | 621,084 |
| 104 | Target Denim & Casual | 3,475,104 | 3,375,822 |
| 105 | Target Fine Knit Industries Ltd. | 23,521,909 | 14,708,091 |
| 106 | Target Fine Wear Ltd | - | 18,857,888 |
| 107 | Titas Knitwear Ltd. | 2,365,886 | - |
| 108 | Titas Sweater Ind. Ltd | - | 4,881,634 |
| 109 | TJ Sweater Ltd | 23,863,208 | - |
| 110 | Ultimate Fashion Ltd | - | 16,380,318 |
| 111 | Vast Apprales Ltd | 1,131,232 | - |
| 112 | Virtual Bottoms Ltd. | - | 727,944 |
| 113 | Welldone Apparels Ltd | 40,786,166 | 34,638,866 |
| 114 | Woolen & Wool Ltd | 2,050,040 | - |
| 115 | YK Knit Wear Ltd | 16,216,995 | - |
| 116 | Z.A. Sweater Ltd | 360,718 | - |
| 117 | Zon Ron Sweater Ltd. | 15,779,262 | 4,210,923 |
| Total Trade Receivable | | 1,091,333,057 | 1,245,459,773 |
| Less: Provision for Doubtful Debts- New Horizon | | - | - |
| Total Receivable Considered as Good | | 1,091,333,057 | 1,245,459,773 |
| Other Receivable | | | |
| | Office Rent | 2,085,398 | 401,809 |
| Total Other Receivable | | 2,085,398 | 401,809 |

SHEPHERD INDUSTRIES LIMITED
Schedule of Advance, Deposit & Prepayments
as on June 30, 2021

Annexure-F

| S.L | Particulars | Amount in Taka | Amount in Taka |
|-----------|--|----------------|----------------|
| | | 30.06.2021 | 30.06.2020 |
| A) | ADVANCES: | | |
| 1 | Advance Tax Paid | 45,279,879 | 33,084,715 |
| 2 | Akteruzzaman | - | 4,671 |
| 3 | Aminul Islam | 8,750 | 20,000 |
| 4 | Jacob Biswash | - | 40,000 |
| 5 | Jahidul Islam | - | 9,545 |
| 6 | Kazi Md. Monirul Haque | 20,831 | - |
| 7 | Liakot Hossain | - | 7,220 |
| 8 | Md. Fakrul Alom | - | 4,755 |
| 9 | Md. Ferddows Rabbani | 10,000 | - |
| 10 | Md. Reshad Khan | 51,300 | 1,500 |
| 11 | Mizanur Rahman | - | 36,291 |
| 13 | Mohammed Rasel Miah | - | 17,500 |
| 14 | Sheikh Sakib Uddin Ahmed | 48,746 | - |
| 15 | Shirajul Islam | 49,312 | 86,840 |
| 16 | Tofazzal Hossain, Dy. Manager | 42,383 | 44,933 |
| 17 | Electromch Automation Service Ltd | 380,000 | - |
| 18 | Al- Noor Secientific Co. | - | 22,631 |
| 19 | Alo Bitan | - | 40,207 |
| 20 | Alu Bazar Traders | - | 307,607 |
| 21 | B K Hardware and Tools | 464,745 | 26,735 |
| 22 | Bhander Sharif Trading Corporation | - | 477,921 |
| 23 | Bhuyan Sewing | - | 10,210 |
| 24 | Billal Tradeing PTE Ltd | - | 14,743 |
| 25 | Crystal Trading | 67,500 | - |
| 26 | Dysin International Ltd | - | 77,542 |
| 27 | Eastern Motors Ltd | 5,828 | - |
| 28 | Everfirst | 856,795 | - |
| 29 | Global Brand Private Limited | - | 31,066 |
| 30 | JIANGSU SINCERE IMP.& EXP. CO., LTD. | 13,208,448 | - |
| 31 | ISN Printing & Packing | - | 1,620 |
| 32 | M/S Afsar Trading Corporation | 8,660 | - |
| 33 | M/S Yunus Plastic | 5,000 | - |
| 34 | Mark Trade International | - | 1,548,423 |
| 35 | MKS Trade Corporation | 94,503 | - |
| 36 | M/S A.K Traders | - | 1,350 |
| 37 | M/S Aman Hardware Store | - | 8,157 |
| 38 | Overseas Markteting Corporation (Pvt) Ltd. | - | 555 |
| 39 | PT Sing Welth Textiles | 5,650,992 | - |
| 40 | Nikunja Model Service Centre | - | 13,550 |

| | | | |
|----|--------------------------------------|--------------------|-------------------|
| 41 | Pre-Paid Insurance | 2,473,189 | 2,315,555 |
| 42 | Prime Gas Services | 500,000 | - |
| 43 | Q Tex Bangladesh | - | 12,005 |
| 44 | Renu Enterprise | - | 285 |
| 45 | Saudia Electric Co. | - | 3,317 |
| 46 | SJM Enterprise | 93,207 | - |
| 47 | Tech Lab Bangladesh | 58,000 | - |
| 48 | The Bangladesh Book Cornar | 4,140 | - |
| 49 | SQ Wire & Cables Co. Ltd | - | 51 |
| 50 | Square Corporation | 13,520,546 | - |
| | Sub Total: | 82,902,754 | 38,271,500 |
| B) | DEPOSITS: | | - |
| 1 | Anser and VDP | 185,532 | 185,532 |
| 2 | Bank Guarantee Margin | 4,734,704 | 2,913,843 |
| 3 | L/C Margin- Southeast | 4,076,003 | 146,114 |
| 4 | Lease Deposit | 184,598 | 198,349 |
| 5 | PDB (Bhaluka) | 1,043,500 | 1,043,500 |
| 6 | RAK Security and Services (Pvt) Ltd. | 30,000 | 30,000 |
| 7 | Security Deposit- CDBL | 500,000 | 500,000 |
| 8 | Security Deposit- DESCO | 144,000 | 144,000 |
| 9 | Titas Gas T&D Co. Ltd. | 13,549,880 | 8,614,980 |
| | Sub Total: | 24,448,217 | 13,776,318 |
| | Grand Total: | 107,350,971 | 52,047,818 |

SHEPHERD INDUSTRIES LIMITED

Calculation of Deferred Tax
For the year ended June 30, 2021

Annexure-E

| Particulars | 01.07.2020 | 01.07.2019 |
|--|--------------------|--------------------|
| | To | To |
| | 30.06.2021 | 30.06.2020 |
| A. D.Tax (income) / expenses recognized in profit and loss and other comprehensive income: | | |
| Cost: | | |
| Carrying amount: | | |
| Property , Plant and Equipment | 762,883,866 | 762,279,688 |
| Intangible Assets | 67,500 | 157,500 |
| Provision for Doubtful Debt | - | - |
| Provision for gratuity | (47,138,998) | (44,660,694) |
| | <u>715,812,368</u> | <u>717,776,494</u> |
| Tax base: | | |
| Property , Plant and Equipment | 423,686,632 | 443,415,406 |
| Intangible Assets | 1,466 | 2,932 |
| Provision for Doubtful Debt | - | - |
| Provision for gratuity | - | - |
| | <u>423,688,098</u> | <u>443,418,338</u> |
| Taxable /(Deductible) temporary difference | 292,124,270 | 274,358,156 |
| Income Tax rate | 15.00% | 15.00% |
| Deferred Tax Liabilities/(Assets) at the end of the year/period | 43,818,641 | 41,153,723 |
| Closing Deferred Tax Liabilities/(Assets) | 43,818,641 | 41,153,723 |
| Opening Deferred Tax Liabilities/(Assets) | (41,153,723) | (35,433,006) |
| D.Tax (income) / expenses recognized in profit and loss and other comprehensive income | 2,664,918 | 5,720,717 |
| B. D.Tax (income) / expenses recognized in Revaluation Reserve: | | |
| Revaluation: | | |
| Carrying Amount: | | |
| Land and Land Development | 547,605,914 | 547,605,914 |
| Building | 54,248,522 | 60,276,136 |
| | <u>601,854,436</u> | <u>607,882,050</u> |
| Tax base: | | |
| Land and Land Development | - | - |
| Building | - | - |
| | <u>-</u> | <u>-</u> |
| Taxable /(Deductible) temporary difference | 601,854,436 | 607,882,050 |
| Tax rate | 15.00% | 15.00% |
| Deferred tax liability end of the year/period | 90,278,165 | 91,182,308 |
| Closing Deferred Tax Liabilities/(Assets) | 90,278,165 | 91,182,308 |
| Opening Deferred Tax Liabilities/(Assets) | 91,182,308 | 92,186,910 |
| D.Tax (income) / expenses recognized in Revaluation Reserve: | (904,143) | (1,004,602) |
| C. Total Deferred tax liability at end of the year/period as shown in the Statement of Financial Position (A+B) | 134,096,806 | 132,336,031 |

SHEPHERD INDUSTRIES LIMITED
Schedule of Trade & Other Payables
as on 30 June 2021

Annexure-G

| S.L | Particulars | Amount in Taka | |
|---------------------------------|--|----------------|-------------|
| | | 30.06.2021 | 30.06.2020 |
| A: Accounts Payables for Trade | | | |
| | | | |
| 1 | Ben Tech Chemicals Co. Ltd. | - | 67,555,557 |
| 2 | Cheng Chin Transcend Enterprise Corporation | 126,208,854 | 14,301,628 |
| 3 | Crystal Cardars Co. Ltd. | - | 41,058,858 |
| 4 | Dongguan CTA-TEX Chemicals Co. Ltd. | 2,739,040 | - |
| 5 | Everest Chemicals Ltd. | 5,573,056 | - |
| 6 | Everlight Chemical Industrial Corporation | 803,904 | - |
| 7 | Khan Enterprise | 4,887,500 | - |
| 8 | Le Merite Exports Ltd. | - | 8,691,418 |
| 9 | Novel Pioneer Ltd | - | 9,893,258 |
| 10 | Novel Vantage Investment Ltd. India | - | 6,163,504 |
| 11 | Oriental Giant Dyes & Chemical Ind. Corp. | - | 1,813,245 |
| 12 | QUANZHOU BAIYUAN MACHINERY SCINCE & TECHNOLOGY CO., LTD. | 36,972,800 | - |
| 13 | Shorff Textile Exports | 5,508,997 | - |
| 14 | Square Textiles Ltd. | - | 45,597 |
| 15 | Sri Bhagirath Textiles Ltd | - | 4,554,399 |
| 16 | T&T Industries Corporation Ltd | 188,256 | 5,235,585 |
| 17 | Wolfson Ltd | - | 27,201,170 |
| 18 | United Chemical | 1,037,500 | - |
| 19 | ASM Chemical Industries Ltd. | 593,600 | 661,212 |
| 20 | Bismillah Engineering Workshop | 354,660 | 597,036 |
| 21 | Bismillah Paper Cone & Tube | 1,418,866 | 2,492,971 |
| 22 | Dysin Internation Ltd. | 189,074 | - |
| 23 | Everfirst Technology Ltd. | - | 270,889 |
| 24 | G Q Industries Ltd. | 1,033,282 | 833,081 |
| 25 | Green Will Ltd. | 220,500 | 431,201 |
| 26 | H M Accessories | 110,000 | - |
| 27 | Jafar Traders | 518,457 | 1,218,419 |
| 28 | LLANO (BANGLADESH) LTD. | 494,701 | 487,425 |
| 29 | Lucy Enterprise | 51,800 | 48,020 |
| 30 | MM International | - | 240 |
| 31 | M/S Anis Traders | 202,689 | - |
| 32 | M/s. Joy Kali Traders | - | 7,790 |
| 33 | Nabila Enterprise | 37,375 | 20,474 |
| 34 | Parbortto Enterprise | - | 220,000 |
| 35 | R S Plastic Enterprise | - | 26,400 |
| 36 | SAF Chemicals | 161,759 | - |
| 37 | Setu Enterprise | 8,096,764 | 1,453,484 |
| 38 | SJM Enterprise | - | 466,778 |
| 39 | Sparrow Corporation | - | 171,750 |
| 40 | TM International | - | 118,200 |
| 41 | United Chemical | 890,540 | 669,756 |
| 42 | UTC Universal Tech Co | - | 720 |
| 43 | Victori Bangla | 363,880 | - |
| Sub Total | | 198,657,854 | 196,710,065 |
| B: Accounts Payables for others | | | |
| 1 | Afsar Trading Corporation | 26,060 | 146,753 |
| 2 | Al Aksha Sweater Ltd. | - | 68,429 |
| 3 | Al Hera Design & Printers | 110,683 | 168,679 |

| S.L | Particulars | Amount in Taka | |
|-----|--|----------------|------------|
| | | 30.06.2021 | 30.06.2020 |
| 4 | Alo Bitan | 49,567 | - |
| 5 | Alu Bazar Traders | 144,720 | - |
| 6 | Aman Hardware Store | - | 4,214 |
| 7 | Ariful Bearing House | - | 3,492 |
| 8 | Artistic Properties Limited | 23,500,000 | 23,500,000 |
| 9 | Asia Pacific General Insurance Co.Ltd. | - | 60,042 |
| 10 | Auto Electrics | 16,270 | 52,000 |
| 11 | Auto Power Controls | - | 21,560 |
| 12 | Bangladesh Lift Industries Ltd | 6,080 | 33,440 |
| 13 | Bangladesh Spring Workshop | - | 3,430 |
| 14 | Bhander Sharif Trading Corporation | 447,392 | - |
| 15 | Banglalink Digital Communications Ltd | 24,470 | - |
| 16 | Bhuiyan Sewing | 440,870 | - |
| 17 | B. R Trading | - | 8,560 |
| 18 | B. Tex Colour Touch | 87,854 | - |
| 19 | Bureau Veritas Consumer Products Services | - | 3,826 |
| 20 | Central Depository Bangladesh Limited (CDBL) | - | 50,537 |
| 21 | Codeware Ltd. | 4,000 | - |
| 22 | Dhaka Insulation Co. Ltd | - | 33,000 |
| 23 | D T M Fabrics | - | 153,125 |
| 24 | Dubai Trade International | - | 7,372 |
| 25 | Dysin- Chem Limited | - | 22,396 |
| 26 | Easy Soft | - | 10,000 |
| 27 | F R Trade Enterprise | 1,381,000 | - |
| 28 | Garib & Garib Fabric Care | - | 716,559 |
| 29 | Hi Speed Energy (BD) Ltd. | 24,500 | - |
| 30 | Israil Talukder | 102,063 | 165,481 |
| 31 | ISN Printing & Packing | 8,380 | - |
| 32 | IT Vista | 21,588 | 34,328 |
| 33 | Janani Automobiles | 5,828 | - |
| 34 | Joy Enterprise | 1,031,780 | - |
| 35 | K.S. Enterprise (C&F) | 27,052 | 26,192 |
| 36 | Khan Enterprise | 3,538,488 | 1,621,528 |
| 37 | Khan Global | 691 | 68,428 |
| 38 | Link Trade | - | 7,000 |
| 39 | Live IT | 2,000 | - |
| 40 | Lube House | 82,614 | 220,991 |
| 41 | Maan Bangladesh Ltd. | 2,350 | 9,400 |
| 42 | Mark Trade International | 60,195 | - |
| 43 | Mahim Winding | - | 259,060 |
| 44 | Maisha Tyre & Battery | 6,477 | - |
| 45 | Md. Maijuddin | - | 72,198 |
| 46 | Milnars Pumps Ltd. | 810 | - |
| 47 | M K Enterprise | - | 28,600 |
| 48 | Motaleb Hossain (Tiles Fitter) | 276,544 | - |
| 49 | M/S Afsar Trading Corporation | - | 3,355 |
| 50 | M/S Al Amin Traders | 42,500 | - |
| 51 | M/S Aman Hardware Store | 9,298 | - |
| 52 | M/S A.R Filling Station | - | 65,300 |
| 53 | M/S Forhad Enterprise | - | 143,670 |
| 54 | M/S Maa Surgical | - | 5,200 |

| S.L | Particulars | Amount in Taka | |
|--------------------------|---|--------------------|--------------------|
| | | 30.06.2021 | 30.06.2020 |
| 55 | M/S New Saikat Enterprise | 1,950 | - |
| 56 | M/s S.N. Enterprise | | 538,221 |
| 57 | M/S Unies Plastic | 5,000 | - |
| 58 | M/S. Yasin Traders | - | 160,930 |
| 59 | Ma Traders & Variety Store | - | 3,724 |
| 60 | MKS Trade Corporation | - | 47,497 |
| 61 | Modern Tex | - | 311,871 |
| 62 | Mourin Enterprise | - | 900 |
| 63 | Munshigonj Automobiles | 11,960 | - |
| 64 | Navana Toyota Service Center Ltd (Uttara) | 62,709 | 63,590 |
| 65 | Nazia Books & Stationery | 107,724 | 97,873 |
| 66 | New Star Communication | - | 56,700 |
| 67 | Nilufer Akter | - | 12,415 |
| 68 | Nitol Motors Ltd | 64,174 | 418 |
| 69 | Prisma Technologies Ltd | 17,529 | 318,221 |
| 70 | Puma Bangladesh Mechnery Ltd. | 29,400 | - |
| 71 | Puma Engineering | - | 75,000 |
| 72 | Q Tex Bangladesh | 26,633 | - |
| 73 | Rafique Refrigeration & Business Center | 20,000 | - |
| 74 | Renu Enterprise | 14,224 | - |
| 75 | Rifat Enterprise | - | 485,976 |
| 76 | Sagartex International | 34,000 | - |
| 77 | Sami Scientific Chemical Co. | 64,200 | - |
| 78 | Sharif Bearing & Machineries | 81,358 | 32,243 |
| 79 | Shohana/SMJ Winding | - | 51,655 |
| 80 | Sigma Elevator Bangladesh Ltd. | 40,000 | - |
| 81 | Stock Bangladesh Ltd. | - | 4,800 |
| 82 | Super Tex Cone | - | 6,530 |
| 83 | Tanzit Twiest | - | 51 |
| 84 | The Khan Global | 528 | 52,292 |
| 85 | The National Carrier | 5,662,228 | 5,709,328 |
| 86 | The New Khan Tyre & Battery Shop | - | 22,844 |
| 87 | Triple "S" Yarn Winding | 80,688 | 582,367 |
| 88 | Unique Engineering | 142,200 | 81,144 |
| 89 | Vai Mending Work | 273,275 | 77,028 |
| 90 | Yellow Communication | - | 27,060 |
| Sub Total | | 38,221,904 | 36,618,823 |
| Grand Total (A+B) | | 236,879,758 | 233,328,888 |



TESTEX AG, SWISS TEXTILE TESTING INSTITUTE
GOTTHARDSTRASSE 61
8002 ZÜRICH, SWITZERLAND

OEKO-TEX®
INSPIRING CONFIDENCE

CERTIFICATE

The company

Shepherd Industries Limited
Bagrapara, Kathali
Bhaluka
Mymensing-2240
Bangladesh

is granted authorisation according to STANDARD 100 by
OEKO-TEX® to use the STANDARD 100 by OEKO-TEX®
mark, based on our test report **HK005 189213.2**

OEKO-TEX®
CONFIDENCE IN TEXTILES
STANDARD 100
HKYO 032098 TESTEX
Tested for harmful substances
www.oeko-tex.com/standard100



for the following articles:

Yarns made of 100% cotton, 100% viscose and cotton/acrylic, white, dyed (in a limited range of 8 reactive and 6 basic dyestuffs) and finished

The results of the inspection made according to STANDARD 100 by OEKO-TEX®, Annex 6, **product class II** have shown that the above mentioned goods meet the human-ecological requirements of the STANDARD 100 by OEKO-TEX® presently established in Annex 6 for products with direct contact to skin.

The certified articles fulfil requirements of Annex XVII of REACH (incl. the use of azo colourants, nickel release, etc.), the American requirement regarding total content of lead in children's articles (CPSIA; with the exception of accessories made from glass) and of the Chinese standard GB 18401:2010 (labelling requirements were not verified).

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use STANDARD 100 by OEKO-TEX® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

The certificate HKYO 032098 is valid until 15.08.2022

Zurich, 18.10.2021



Matz Bachmann
Managing Director



Faisal Rizal
Ecology Team Leader

OEKO-TEX® Association | Genferstrasse 23 | CH-8002 Zurich





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 20th Annual General Meeting of the Company to be held on Thursday, December 23, 2021 at 04.00 p.m at the **DIGITAL PLATFORM** and any adjournment thereof.

As witness my/our hand this _____ day of _____ 2021.

Revenue
Stamp
Tk. 20.00

(Signature of the Shareholder)

(Signature of Proxy)

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 sent through email to the Share Department of the Company at **share@shepherdbd.com** at least 48 hours before the day and time fixed for the Annual General Meeting (AGM).



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 20th Annual General Meeting of **Shepherd Industries Limited** held today Thursday, December 23, 2021 at 04.00 p.m at the **DIGITAL PLATFORM**.

Full Name of the Member : _____

BO ID No.

| | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

No. of Shares held

(Signature of Proxy)

(Signature of the Shareholder)

Date

N.B.: Shareholders attending the Meeting in person or by Proxy under **DIGITAL PLATFORM** are requested to complete the Attendance Slip and deposit the same at the Registered Office of the Company before the meeting.

Shepherd Industries Limited

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

Phone: +88-02-48963340-2, Fax: +88-02-48963353

E-mail: info@shepherdbd.com, Web: www.shepherdbd.com