

Directors' Report

For the year ended on 30th June 2024

Dear Shareholders,

Assalamualaikum,

On behalf of the Board of Directors of Shepherd Industries PLC, I have the pleasure of welcoming you all to 23rd 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 2023-2024, Auditors' Report and the Directors' Report thereon along with Company's performance and other matters in terms of Companies ACT 1994, Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018, issues under section 2CC of the Securities and Exchange Ordinance, 1969 and Bangladesh Accounting Standards.

BACKGROUND

Shepherd Industries PLC is one of Bangladesh's fastest growing companies in yarn industries under Shepherd Group. There are 4 (four) sister concerns: Shepherd Industries PLC, Shepherd Textile (BD.) Ltd., Shepherd Jeans Ltd., Taiwan Food Processing & Industries Ltd. It began in 1997, Shepherd Textile (BD) Ltd. was officially registered in Bangladesh and had first production of dyed acrylic and acrylic wool blended yarn in 1998 in Dhaka EPZ. Today the company has expanded into all kinds of yarn, washing, dyeing, knitting fabrics, and food processing.

Shepherd Industries PLC specializes in fancy yarn, yarn-dyeing, garment dyeing, garment washing, jean washing, auto stripe knitting fabrics, all kinds of knitting fabrics manufacturing. Shepherd Industries PLC is one of the pioneers in introducing Taiwanese advanced yarn, textile technology into Bangladesh and also has been contributing huge financial earnings into Bangladesh's economy both by global sales and foreign investments.

Our philosophy is to collaborate seamlessly with our clients to create the highest value in products and services by providing consistent product quality in the most efficient manner with the most competitive price in the local marketplace. This philosophy has led Shepherd Group to form strategic partnerships with our clients in creating win-win business models. Today Shepherd Group is working closely with many world-class fashion brands.

Our three sister concern companies' (Shepherd Textile (BD.) Ltd., Shepherd Jeans Ltd. and Taiwan Food Processing & Industries Ltd.) offices are centrally located in the Shepherd Tower in Uttara Model Town and with independent manufacturing facilities located in the Bagrapara, Kathalia, Bhaluka, Mymensingh in Bangladesh.

NATURE OF BUSINESS

Shepherd Industries PLC specializes in fancy yarn, yarn-dyeing, garment dyeing, garment washing, jeans washing, auto stripe knitting fabrics, all kinds of knitting fabrics manufacturing. The company offers various types of Knit Fabrics, Cotton Yarn, Acrylic Cotton, Acrylic, Acrylic Wool, Acrylic Nylon, Piece Dyeing, Garments Wash, 100% Nylon and Acrylic Viscose blended yarn. Shepherd Industries PLC is based in Dhaka, Bangladesh. The company was established in 2000 and operates as a part of Shepherd Group.

AN INDUSTRY OUT LOOK AND POSSIBLE FUTURE DEVELOPMENTS IN THE INDUSTRY

Shepherd Industries PLC is a 100% export oriented backward linkage industry which is involved in business to collect different type of sweater yarn as per market's demand and dye for supplying to those sweater manufacturing industries which are directly exporting their products outside of Bangladesh. Civil construction of building for washing plant is going on and LC's for machineries already have been opened. The company has an Effluent Treatment Plant (ETP) which can treat 6000 cubic meters of waste water in a day.

Despite supply headwinds, labor shortages, and an uncertain economic environment, the manufacturing industry continues to surpass the expectations of previous years. To maintain this growth, leaders should leverage digital technologies, adopt strategies for the future of work, and drive supply chain resiliency. Our 2024 outlook explores five manufacturing industry trends that can help organizations turn risks into advantages and capture growth.

The managements are always careful about to sustain up the shareholder's Wright. In the global market, now fashions and technology are changing very fast, synchronizing with the fastest technology-based products it is very important to install high tech machineries as well as hire technology know how, experienced and efficient manpower. At the same time products diversification is also very important to sustain in the competitive business world. The management of the company is always ready to meet up this type of challenge very smartly.

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

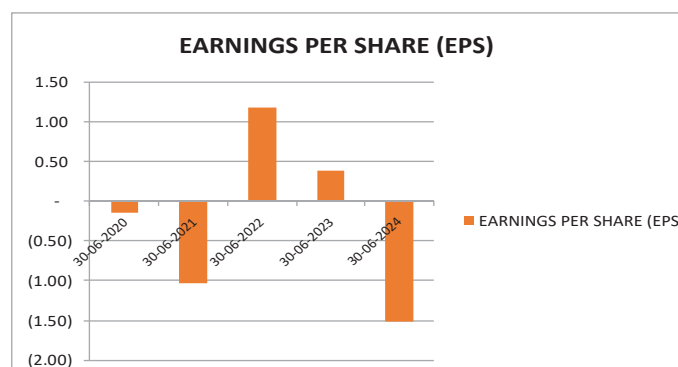
The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, management 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

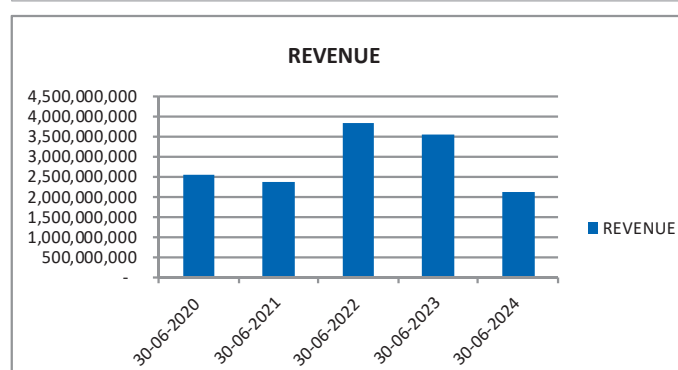
One of the main Elements for Dyeing and Washing are water and which extracting only from underground source as a result day by day underground water level is going deeper and cost of water is also increasing. On the other hand, it's discharging waste water which is heavily contaminated by dyes and chemicals 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.

EARNINGS PER SHARE (EPS)

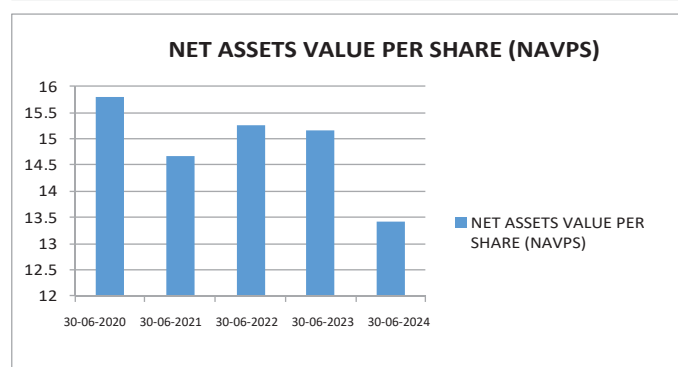
During the reporting period sales revenue decreased by Tk. 143.46 crore and financial expenses increased by Tk 4.30 Crore. Consequently the net profit is decreased by Tk. 29.29 crore and the earning per share also decreased by Tk. 1.90 with compared to the previous year.

**REVENUE**

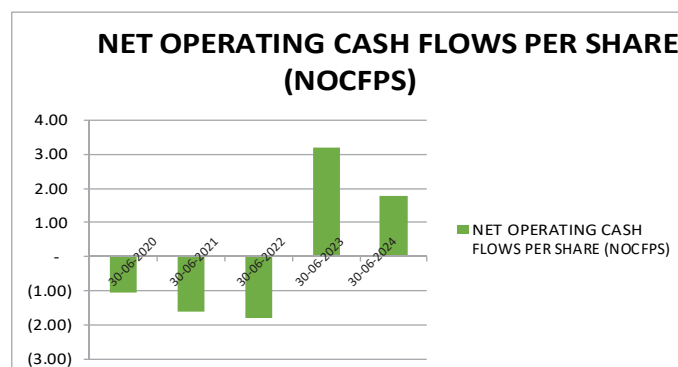
During the reporting period Revenue of the company has been decreased by Tk. 143.46 crore corresponding with last year. Due to Russia Ukraine war, Middle East war and worldwide huge money inflation. As a result we did not get sufficient order.

**NET ASSETS VALUE PER SHARE (NAVPS)**

The major reason for decreased in Net Asset Value Per Share by Tk. 1.75 per share was due to 5% Cash Dividend by Tk. 3.74 Crore and net loss made during the year amounting Tk. 23.3 Crore.

**NET OPERATING CASH FLOWS PER SHARE (NOCFPS)**

During the period ended 30 June 2024, Net Operating Cash Flow per share of the company decreased by Tk. 1.42 per share with corresponding to previous period, the major reason during the period to more payment to Creditors, Suppliers, Employees and others compare to corresponding to previous period.

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

| Particulars | 30-06-2024 | 30-06-2023 | 30-06-2022 | 30-06-2021 | 30-06-2020 |
|----------------------|---------------|---------------|---------------|---------------|---------------|
| Cost of goods sold | 1,973,069,478 | 3,119,780,281 | 3,366,824,055 | 2,274,825,151 | 2,296,231,926 |
| Gross Profit | 133,015,201 | 420,892,268 | 457,781,786 | 72,962,088 | 260,925,935 |
| Net Profit after Tax | (233,108,698) | 59,905,768 | 181,485,236 | (154,957,029) | (23,026,200) |

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 for the year ended 30 June 2024 are as follows:

| Name of Related Party | Common Management | Opening Balance as on July, 01, 2023 Dr./ (Cr.) | Transaction during the Period Dr./ (Cr.) | Opening Balance as on June, 30, 2024 Dr./ (Cr.) |
|------------------------------------|-------------------------|---|--|---|
| Shepherd Textile (BD.) Limited | Office & Land Rent | 172,282 | 460,488 | 632,770 |
| Taiwan Food & Processing Ind. Ltd. | Office & Land Rent | 80,912 | (6,042) | 74,870 |
| Shepherd Fancy Yarn Ltd | Office & Land Rent | 1,708,321 | 1,091,052 | 2,799,373 |
| Shepherd Jeans Ltd. | Office & Land Rent | 531,477 | 286,737 | 818,214 |
| Taiwan Food & Processing Ind. Ltd. | Received as Loan | (3,538,250) | (7,198,500) | (10,736,750) |
| Shepherd Textile (BD.) Limited | Received as Loan | (64,457,867) | (45,614,107) | (110,071,974) |
| Shepherd Jeans Ltd. | Received as Loan | (6,641,021) | 6,161,769 | (479,252) |
| Shepherd Fancy Yarn Ltd | Received as Loan | (1,352,243) | 1,352,243 | - |
| Shepherd Jeans Ltd. | Trading | 58,060,674 | 7,914,968 | 65,975,642 |
| Ever Priority Ltd. | Loan from Shareholder's | (18,786,859) | - | (18,786,859) |
| Chen Che Seng | -do- | (6,597) | - | (6,597) |
| Eternal Flame Int'l Co. Inc. | -do- | (4,351,405) | - | (4,351,405) |

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, Dues, 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 2023 was Tk. 1,654,800 and Tk. 3,989,400 for the year 2024 which is shown in note no. 28 in the financial statements.

Statement of the remuneration paid to each director:

| SI No | Name of the Board of Directors | Designation | Gross Honorarium in BDT. (Including VAT, AIT & Revenue Stamp) |
|-------|--------------------------------|--|---|
| 01 | Chung Wen Kuei | Chairman | 0 |
| 02 | Kao Wen Fu | Managing Director | 3,989,400 |
| 03 | Kao Chen Tsai | Nominee Director of Ever Priority Ltd. | 0 |
| 04 | Yang Ming Te | Nominee Director of Eternal Flame Int'l Co. Inc. | 0 |
| 05 | Md. Delwar Hossain | Independent Director | 0 |

- Chung Wen Kuei, Chairman didn't receive any remuneration during the F/Y: 2023-2024.
- Kao Chen Tsai, Director, (Representative of Ever Priority Ltd.) didn't receive any remuneration during the F/Y: 2023-2024.
- Yang Ming Te, Director, (Representative of Eternal Flame Int'l Co. Inc.) didn't receive any remuneration during the F/Y: 2023-2024.
- Md. Delwar Hossain, Independent Director didn't receive any remuneration during F/Y: 2023-2024.

DIRECTORS RESPONSIBILITIES FOR FINANCIAL STATEMENTS

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

- i) Proper books of accounts of the company have been maintained.
- ii) Appropriate accounting policies have been applied consistently in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- iii) 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.
- iv) The systems of internal control are sound and have been implemented and monitored effectively.
- 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 05 (five) years have been presented separately in the Annual Report.

SYSTEM OF INTERNAL CONTROL

Transparency and accountability can bring the business benefits like recognition and reputation, and also improve relationships among the companies, customers and stakeholders. To ensure transparency and accountability, Shepherd Industries PLC has designed its internal control system with the policies and procedures which provide reasonable assurance that the assets are safeguarded; transactions are authorized and properly recorded. The management and employees of the company are responsible to follow the internal control system. The Board of Directors has also taken proper and adequate care by installing a system of internal control and maintenance of accounting records. Moreover, a separate Internal Audit Department which is regularly conducting audit works as per the established policies and procedures of the company are consistently followed.

As per the Corporate Governance Code, two sub-committees are in the Board of Directors; one is Audit Committee and another is Nomination and Remuneration Committee. Both Committees play an important role in overseeing the company's internal control processes. During the year under review, the Audit Committee of the Company met quarterly to review the quarterly Financial Statements as well as Annual Financial Statements. They discussed all significant audit observations and ascertain their views on the Financial Statements, including the Financial Reporting System, compliance to accounting policies and procedures, the adequacy and effectiveness of the internal controls systems followed by the Company. The Audit Committee's observations and suggestions were acted upon by the Company's Management. The Nomination and Remuneration Committee of the company met once a year to formulate 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 and top level executives.

PROTECTION OF MINORITY SHAREHOLDERS

The Board of Directors of the Company is always concerned about the minority Shareholders' interest. The Board ensures that the minority Shareholders' interest have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and has effective means of redress.

MANAGEMENT'S DISCUSSION AND ANALYSIS BY CEO/MD

A detailed analysis presenting the Company's position and operations along with a brief discussion of changes in the Financial Statements and others for the year ended June 30, 2024 has been detailed in a separate Chapter to this Annual Report 2024.

DECLARATION OF THE CEO/MD AND CFO ON THE FINANCIAL STATEMENTS

As per the requirements of the BSEC's Corporate Governance Code, the declaration by the Chief Executive Officer (CEO)/Managing Director (MD) and the Chief Financial Officer (CFO) on Financial Statements 2023-24 has been detailed in a separate Chapter to this Annual Report 2024.

SUMMARY OF UNCLAIMED/UN-PAID DIVIDEND & IPO SUBSCRIPTION MONEY

A Summary of Unclaimed/Un-Paid Dividend & IPO Subscription Money as on Financial Statements 2023-24 has been detailed in a separate Chapter to this Annual Report 2024 and shown in note no. 21 in the financial statements.

SHAREHOLDING INFORMATION

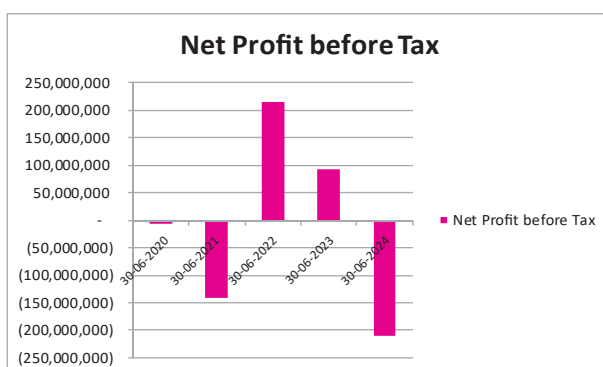
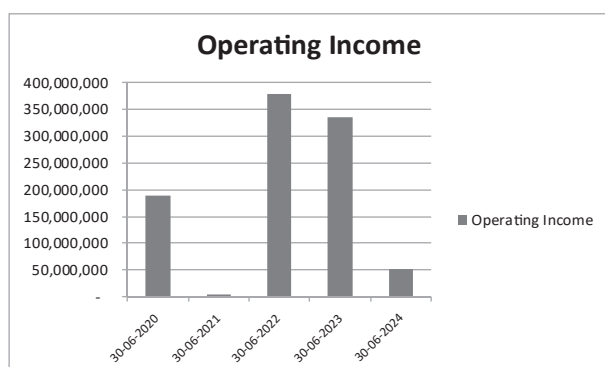
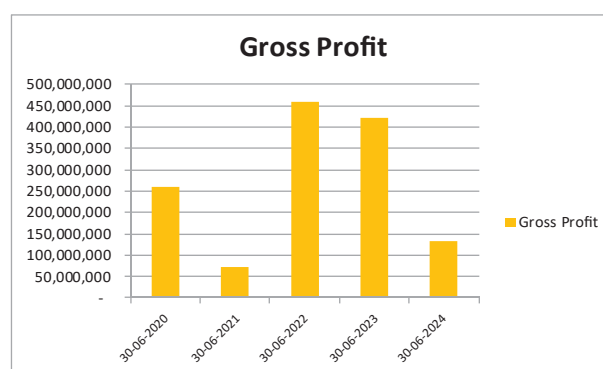
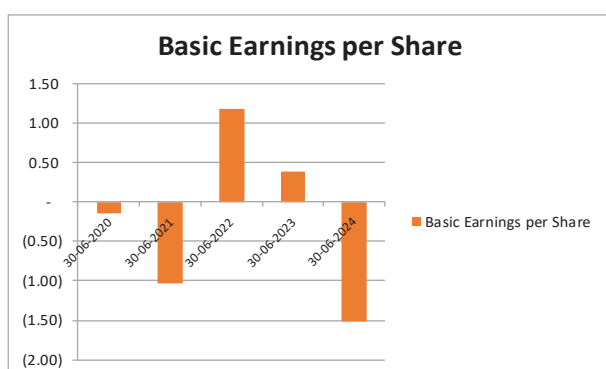
The shareholding information of the company as on June 30, 2024 has been set out in this Annual Report 2024.

CREDIT RATING

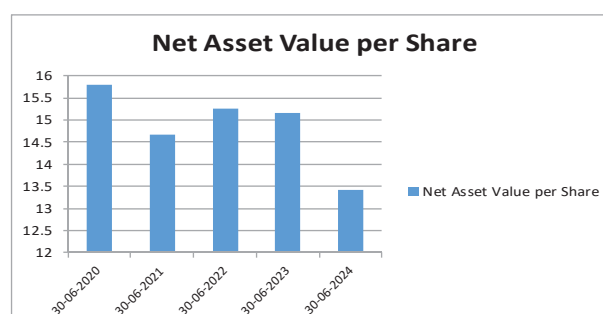
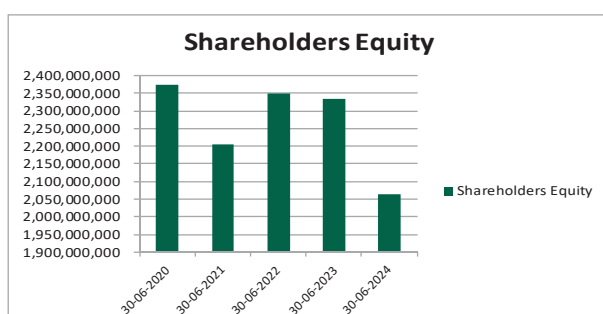
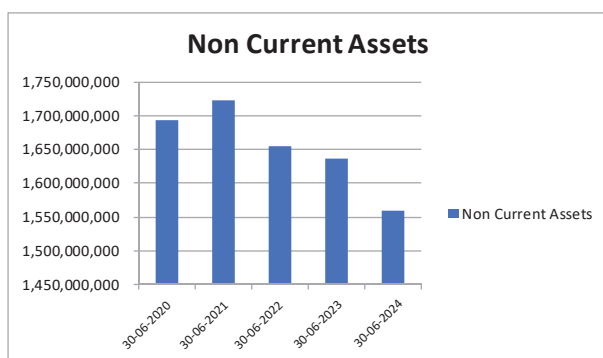
The Company promoted to "BBB" rating in long term and "ST-3" for short term with stable outlook which is rated by Alpha Credit Rating Limited up to 20 December 2024.

KEY OPERATING AND FINANCIAL DATA

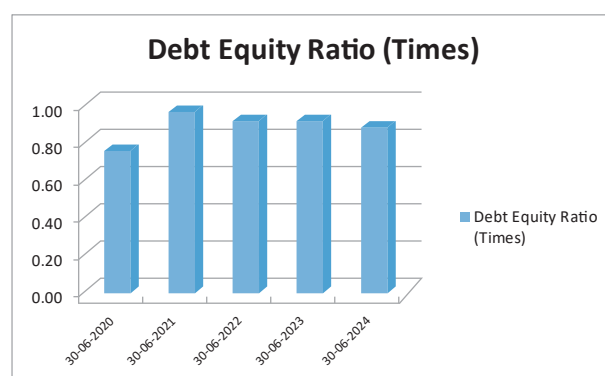
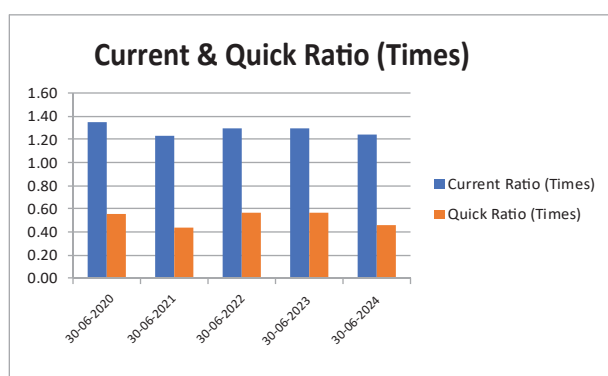
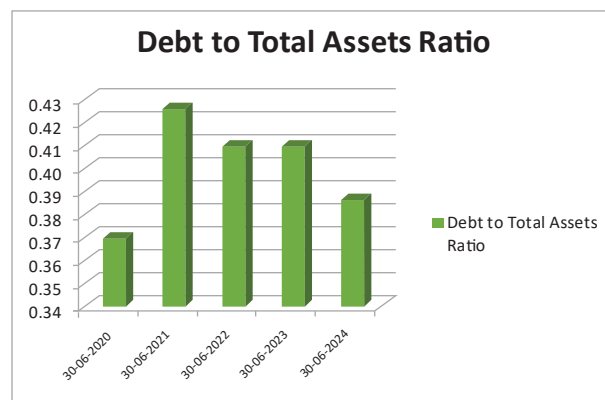
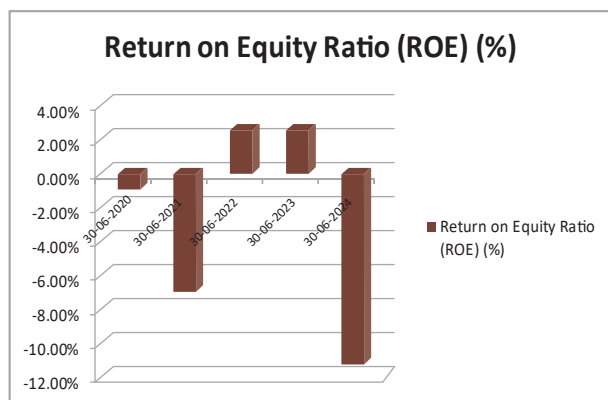
| Operational Result | Amount in Taka | | | | |
|--------------------------|----------------|---------------|---------------|---------------|---------------|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2021 | 30 June 2020 |
| Revenue | 2,106,084,679 | 3,540,672,549 | 3,824,605,841 | 2,347,787,239 | 2,557,157,861 |
| Gross Profit | 133,015,201 | 420,892,268 | 457,781,786 | 72,962,088 | 260,925,935 |
| Operating Income | 51,987,894 | 334,794,312 | 378,677,484 | 1,525,890 | 189,816,888 |
| Net Profit before tax | (210,940,774) | 92,466,943 | 215,444,096 | (140,491,826) | (1868,047) |
| Profit for the year | (233,018,698) | 59,905,768 | 181,485,236 | (154,957,029) | (230,26,200) |
| Basic Earnings per Share | (1.51) | 0.39 | 1.18 | (1.03) | (0.15) |



| Operational Result | Amount in Taka | | | | |
|---------------------------|----------------|---------------|---------------|---------------|---------------|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2021 | 30 June 2020 |
| Non Current Assets | 1,559,912,870 | 1,636,489,106 | 1,655,452,746 | 1,723,028,274 | 1,693,228,137 |
| Current Assets | 3,133,088,243 | 3,548,532,726 | 3,981,274,816 | 3,217,510,180 | 3,118,653,444 |
| Shareholder's Equity | 2,065,368,306 | 2,335,097,364 | 2,349,201,812 | 2,204,475,160 | 2,373,556,970 |
| Non Current Liabilities | 114,164,389 | 120,859,202 | 132,879,374 | 134,096,806 | 132,336,031 |
| Current Liabilities | 2,513,468,418 | 2,729,065,266 | 3,154,646,376 | 2,601,966,488 | 2,305,988,580 |
| Net Asset Value per Share | 13.41 | 15.16 | 15.25 | 14.67 | 15.79 |



| Key Financial Ratio | Amount in Taka | | | | |
|---------------------------------------|----------------|--------------|--------------|--------------|--------------|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2021 | 30 June 2020 |
| Liquidity Ratios: | | | | | |
| Current Ratio (Times) | 1.25 | 1.30 | 1.26 | 1.24 | 1.35 |
| Quick Ratio (Times) | 0.46 | 0.57 | 0.60 | 0.44 | 0.56 |
| Operating Efficiency Ratios: | | | | | |
| Accounts Receivables Turnover Ratio | 1.58 | 2.14 | 2.65 | 2.01 | 1.86 |
| Inventory Turnover Ratio (Times) | 1.05 | 1.65 | 1.74 | 1.22 | 1.37 |
| Assets Turnover Ratio (Times) | 0.45 | 0.68 | 0.68 | 0.48 | 0.53 |
| Profitability Ratios: | | | | | |
| Return on Capital Employed (ROCE) (%) | 2.39% | 13.63% | 15.26% | 0.07% | 7.57% |
| Gross Margin Ratio (%) | 6.32% | 11.89% | 11.97% | 3.11% | 10.20% |
| Operating Profit Ratio (%) | 2.47% | 9.46% | 9.90% | 0.06% | 7.42% |
| Net Profit Ratio (%) | -11.06% | 1.69% | 4.75% | (6.60%) | (0.90%) |
| Return on Assets Ratio (%) | -4.97% | 1.16% | 3.22% | (3.14%) | (0.48%) |
| Return on Equity Ratio (ROE) (%) | -11.28% | 2.57% | 7.73% | (7.03%) | (0.97%) |
| Earnings per Share (Basic EPS) | (1.51) | 0.39 | 1.18 | (1.03) | (0.15) |
| Solvency Ratios: | | | | | |
| Debt to Total Assets Ratio | 0.39 | 0.41 | 0.45 | 0.43 | 0.37 |
| Debt Equity Ratio (Times) | 0.88 | 0.91 | 1.08 | 0.95 | 0.75 |
| Time Interest Earned Ratio (Times) | 0.10 | 1.54 | 2.71 | 1.07 | (0.01) |
| Cash Flow Ratio: | | | | | |
| Net Operating Cash Flow per Share | 1.76 | 3.18 | (1.79) | (1.61) | (1.07) |
| Net Operating Cash Flow per Share/EPS | (1.17) | 8.15 | (1.52) | 1.56 | 7.13 |



ANNUAL GENERAL MEETING

A key part of our approach to governance involves ensuring that shareholder's views are being heard and understood. Through Annual General Meeting, the Company provides updated information to the shareholders on the Company's performance along with offering shareholders the opportunity to ask questions and vote. The Chairman, Directors including Independent Director, Managing Director as well as key members of management team are present and available to answer questions. The Chairman of Audit Committee, Nomination and Remuneration Committee and the Auditors both external and compliance attend the AGM.

The latest 22nd Annual General Meeting of the Company was held on 27 December 2023 via digital platform, where the shareholders were connected virtually and unanimously resolved the following agenda:

01. To consider and adopt the Audited Financial Statements of the company for the year ended on June 30, 2023 together with the Reports of Directors and the Auditors thereon.
02. To declare Dividend for the year ended on June 30, 2023 as recommended by Board of Directors.
03. To Re-appointment of Statutory Auditor for the year 2023-2024 and fix their remuneration.
04. To Re-tire and Re-elect of the Directors.
05. To Re-appointment of Compliance Auditor for the year 2023-2024 and fix their remuneration.
06. To transact any other business which may be placed before the meeting with the permission of the chair.

DIVIDEND

The Board of Directors has recommended 1% Cash Dividend to the General Public Shareholders other than Sponsors and Directors for the year ended on June 30, 2024 (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 19, 2024.

Total paid up shares is 154,046,473 nos. and General Shareholders holding is 74,742,571 nos. of shares. Director & Sponsor are holding 79,303,902 nos. of shares (except Independent Director).

History of our dividend payment for the last 05 (Five) years is as follows:

| Year | Dividend Payout (%) |
|-----------|--|
| 2022-2023 | 5% Cash Dividend (Excluding Sponsors & Directors) |
| 2021-2022 | 10% Cash Dividend (Excluding Sponsors & Directors) |
| 2020-2021 | 2.5% Stock & 2.5% Cash Dividend |
| 2019-2020 | 1% Cash Dividend |
| 2018-2019 | 10% Stock Dividend |
| 2017-2018 | 12% Cash Dividend |
| 2016-2017 | 10% Stock Dividend |

We are committed to keeping continuity and consistency in the payment of dividend vis-à-vis the market scenario in the coming years.

INTERIM DIVIDEND

No interim dividend has been declared for the year June 30, 2024.

SUBMISSION OF UN-CLAIMED DIVIDEND AND IPO SUBSCRIPTION MANEY TO CMSF

As per BSEC's Directive no BSEC/CMRRCD/2021-386/03, dated 14 January 2021 and BSEC's Capital Market Stabilization Fund (CMSF) Rule 2021, the Company has deposited Taka 633,958.00 as detailed below. Prior to that, a Notice was given to the Shareholders to collect un-claimed Dividend if any, within the cut-off date, as per the BSEC Directive.

| | Amount (Tk.) |
|---------------------------------|-------------------|
| Public Subscription Money (IPO) | 49,750.00 |
| Cash Dividend for the year 2018 | 348,570.00 |
| Cash Dividend for the year 2020 | 235,638.00 |
| Total | 633,958.00 |

*** It may be noted here that the Company declared 10% Stock Dividend in the Financial Year 2018-2019.**

Details of "Un-Claimed Dividend" has been provided/up-loaded in the website of the Company.

SUBMISSION OF DIVIDEND DISTRIBUTION COMPLIANCE REPORT

Shepherd Industries PLC shall submit a dividend distribution compliance report to BSEC, DSE & CSE in a specified format issued by the regulator(s) within stipulated time of completion of dividend distribution to the entitled shareholders. Dividend Distribution Compliance Report has been detailed in this Annual Report 2024.

DIVIDEND DISTRIBUTION POLICY

The dividend distribution policy of a company is important factors that investors consider when deciding what stocks to invest. Dividends can help investors earn a high return on their investment, and a company's dividend payment policy is a reflection of its financial performance. Dividend Distribution Policy has been detailed in a separate Chapter to this Annual Report 2024.

SHARE CAPITAL

Authorized capital and paid up capital of the Company stood at Tk.1,900.00 Million and Tk.1,540.46 Million respectively at the end of the financial year ended on June 30, 2024.

STATEMENT ON COMPLIANCE

The financial statements have been prepared in accordance with the applicable Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

OTHER REGULATORY COMPLIANCES

The group is also required to comply with the following major laws and regulations in addition to the Companies Act, 1994 (2nd amendment took place in 2020):

The Securities & Exchange Rules 1987,
The Securities & Exchange Ordinance 1969,

The Regulation of Dhaka Stock Exchange PLC. and Chittagong Stock Exchange PLC,
 The Income Tax Ordinance 1984,
 The Income Tax Rules 1984,
 The Value Added Tax and SD Act 2012,
 The Value Added Tax and SD Rules 2016,
 The Customs Act 1969,
 Bangladesh Labor Act, 2006 (Amended in 2013 & 2018),
 Bangladesh Labor Rules, 2015; and
 Financial Reporting Act, 2015

STRUCTURE, CONTENT AND PRESENTATION OF FINANCIAL STATEMENTS

Being the general-purpose financial statements, the presentation of these financial statements is in accordance with the guidelines provided by BAS-1: "Presentation of Financial Statements". A complete set of financial statements for the year ended on 30 June 2024 comprises:

- i) Consolidated and Separate Statement of Financial Position;
- ii) Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income;
- iii) Consolidated and Separate Statement of Changes in Equity;
- iv) Consolidated and Separate Statement of Cash Flows;
- v) Notes to the Consolidated and Separate Financial Statements, comprising a summary of significant accounting policies and other explanatory information to the financial statements.

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.

AUDITOR'S OPINION

S. F Ahmed & Co., Chartered Accountants has submitted qualified Audit Report for the year ended on 30 June 2024 on the Dividend. The Company took necessary actions to mitigate the audit opinion. Corporate Governance Compliance Auditor Haruner Rashid & Associates, Chartered Secretaries & Management Consultants certifies that the Company has duly complied with all conditions of the Corporate Governance Code and also complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB).

1. As per Bangladesh Securities & Exchange Commission Directive BSEC/CMRRCD/2021-386/03 dated; 14 January 2021, Section 2, the issuer shall pay off the annual or final dividend except the dividend on any scheme of a mutual fund to the entitled shareholder, within 30 days of approval and Section 3(i), within the 10 days of declaration of cash dividend by the board of directors, an amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account. However, during the year the company did not deposit the declared cash dividend of Tk. 37,371,286 to a separate bank account within the 10 days of declaration and does not pay off the annual or final dividend Tk. 37,371,286 within 30 days of approval.

Subsequently, the management of the company paid dividend for an amount of Tk. 9,550,013 out of total declared dividend of Tk. 37,371,286 within the reporting period and the closing balance of dividend remain unpaid as on the reporting date 30 June 2024 is Tk. 27,821,273. Further, the company paid dividend of Tk 20,047,737 after the reporting period 30 June 2024.

2. An amount of BDT 4,623,347 is allocated to the Workers' Profit Participation Fund (WPPF), as required by Section 234 of the Bangladesh Labor Act, 2006 (amended in 2013). This amount represents 5% of the company's net profit of BDT 92,466,943 for the year ended 30th June 2023. Despite recording this allocation, Shepherd Industries PLC has not made the required payment to the WPPF within the stipulated nine months, as mandated by law.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are providing explanations on the above qualifications in the following paragraphs:

1. We sincerely apologize for not meeting the requirement to deposit the approved annual dividend within the 10 days of declaration of cash dividend by the board of directors due to unforeseen circumstances. We understand the importance of adhering to the rules and regulations set forth by the Commission and the Exchange(s) and will take all necessary steps to ensure compliance in the future. Subsequently, We regret any inconvenience caused by this delay and would like to assure our shareholders that future dividend payments will be made within the prescribed timeframe.
2. Company will pay the allocated amount of BDT 4,623,347 to the Workers Profit Participation Fund (WPPF) as soon as possible.

FUTURE PLAN

Company operates its business by maintaining strong internal control system and preserve its policy for a long-term sustainable future and steady growth. Environmental impact of global warming, recession in world economy in the last few years and the long-term impact of COVID-19 may sluggish the business environment in future. But the company always tries discreetly to face these challenges with strong management efficiency and stepping ahead towards sustainable growth of the shareholders and the country as well. The company also continued to maintain consistency and positive pattern in the dividend pay-out perspective.

The company is well placed and committed to all its stakeholders in living up to the challenges of business environment and to drive along the charted future.

EXTERNAL ASSURANCE

The Company has obtained external assurance on the following reports in the reporting period under consideration:

| SL No | Description of Report | External Assurance |
|--------------|---|--|
| 1 | Independent Auditor's Report and Audited Financial Statements | S. F Ahmed & Co., Chartered Accountants House 51 (3rd Floor), Road 9, Block F, Banani, Dhaka 1213, Bangladesh |
| 2 | Certification of Corporate Governance Compliance | Haruner Rashid & Associates, Chartered Secretaries & Management Consultants 222/1, Tejkunipara (Opposite to Ahsania Mission Mosque) Bijoy Saroni-Tejgaon Link Road, Tejgaon, Dhaka-1215, Bangladesh. |
| 3 | Provident Fund | Mahfe Huq & Co., Chartered Accountants 4th Floor, BGIC Tower, 34 Topkhana Road Dhaka-1000, Bangladesh |
| 4 | Gratuity Fund | Mollah Quadir Yusuf & Co., Chartered Accountants House#63/F (3rd Floor), Dolphin Goli Lake Circus, Kalabagan, Dhanmondi, Dhaka-1205 |
| 5 | Independent Scrutinizer | Ahmed Hoq Siddiqui & Co., Chartered Accountants 301 MAR Garden, House # 145, Road # 3, Block # A, Niketon, Gulshan-1, Dhaka-1212 |
| 6 | Credit Rating Report | Alpha Credit Rating Limited has given outstanding rating where "BBB" rating certified for long term and "ST-3" for short term with stable outlook. |

COMPARABILITY

All the information presented in this report is on the same basis as the 2023-24 report in terms of the entities covered, the measurement methods applied and time frames used. The information provided covers all material matters relating to business strategy, risk and areas of critical importance to our stakeholders. The structure of the report has been further developed as part of our continuous focus on improving communication with our stakeholders.

AVAILABILITY OF THE ANNUAL REPORT

The soft copy of the Annual Report 2024 has been sent to all shareholders by email, prior to holding the Annual General Meeting, giving due period of notice. Separately, for the benefit of all stakeholders, the report has been made available in the website: <http://www.shepherdbd.com>.

BOARD OF DIRECTORS AND CORPORATE STRUCTURE

Composition of Board

The Board of Directors consist of 05 (Five) members including Managing Director and 01 (One) Independent Director having diverse and professional expertise and experiences. The Directors are from varied businesses and other backgrounds and their experience enables them to execute independent judgments on the Board where their views carry substantial weight in the decision making. They contribute to the Company's strategy and policy formulation in addition to maintaining its performance as well as its executive management.

Company Secretary

A qualified Company Secretary assists the Board. The Company Secretary is appointed for maintaining the essential link and liaison with both internal and external agencies and at the same time ensuring active aggregation, compilation and timely flow of information to the Stakeholders and Board. The BSEC Corporate Governance Code also provides that a Company Secretary is to be appointed. The Company Secretary, being a governance official, drives the corporate compliance agenda, while also providing support to the Chairman and other members of the Board for ensuring its effective functioning. A part from the core roles, the Company Secretary also perform as the secretary to the Board Sub-Committees and the responsibilities of the Chief Compliance Officer of the Company.

Chief Financial Officer

The Chief Financial Officer (CFO) of the company is a professional and qualified as a Chartered Accountant from the Institute of Chartered Accountants of Bangladesh (ICAB). He is looking after the accounts and finance department of the Company.

Head of Internal Audit and Compliance

The Head of Internal Audit and Compliance (HIAC) have been appointed as per the BSEC Corporate Governance code. He is a looking after the internal audit department works of the Company as well group.

CHAIRPERSON OF THE BOARD OF DIRECTORS AND MANAGING DIRECTOR OR CHIEF EXECUTIVE OFFICER

In compliance with the requirement of the Bangladesh Securities and Exchange Commission (BSEC) guidelines, the roles of Chairman and Managing Director have been clearly defined by the Board of Directors. In the absence of the Chairperson of the Board, the Chairperson for particular Board's meeting has been elected among themselves from no executive directors. The reason of absence of regular Chairperson is dully recorded in the minutes.

- (a) The positions of the Chairperson of the Board and the Managing Director and/or Chief Executive Officer (CEO) of the Company filled by different individuals and their duties & responsibilities are well defined. The Chairperson is responsible for leadership of the Board for ensuring its effectiveness on all aspects of its role and also for facilitating the productive contribution of all Directors.
- (b) The Managing Director (MD) and/or Chief Executive Officer (CEO) of the Company is not holding the same position in another listed company of any listed company.
- (c) The Chairperson of the Board of Directors of the Company is Chung Wen Kuei who is from among the non-executive directors of the company.
- (d) The Board of the Company clearly defined the respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer of the Company.

Roles and Responsibilities of the Chairperson

The Chairman is elected by the Board. The Chairman is responsible for the overall leadership and efficient functioning of the Board of Directors. He is responsible for organizing business of the Board, ensuring its effectiveness and setting its agenda to the best interest of the stakeholders. The Chairman is not involved in the day-today business of the Company.

Roles and Responsibilities of Managing Director or CEO

Subject to the control and supervision of the Board of Directors the business and affairs of the Company manage by the Managing Director. The Managing Director is responsible for overall activities of the business. He also responsible to activities, manage and administer corporate business strategy, ensure adherence to policies and procedures, applicable regulations and laws, and monitoring exceptions and serious deviations, manage the overall human resources and skills/competencies pool to ensure the effective and efficient running of the company, represent the company with customers, suppliers, governments, financial institutions, the media, the community and the public. He has control of the company on a day-to-day basis and is accountable to the Board for its financial and operational performance.

BOARD MEETINGS & ATTENDANCE

During in the period total 07 (seven) numbers of Board Meeting held. Among them most of the meetings held at the digital platform. The Board of Directors attendance in the Board Meetings during the financial year 2023-24 is as follows:

| Name of Directors | Attendance |
|---|------------|
| Chung Wen Kuei, Chairman | 07 |
| Kao Wen Fu, Managing Director | 07 |
| Kao Chen Tsai, Director (Representative of Ever Priority Ltd.) | 07 |
| Yang Ming Te, Director (Representative of Eternal Flame Int'l Co. Inc.) | 04 |
| Md. Delwar Hossain, Independent Director | 04 |

- Physical meeting: Shepherd Industries PLC also did some Board of Directors' meeting and committee meeting in physical presence maintaining the proper health and hygiene and safety.
- Hybrid meeting: Shepherd Industries PLC also did some Board of Directors' meeting and committee meeting in Hybrid system that means physical presence and online presence maintaining the proper health and hygiene and safety.
- Virtual meeting: Shepherd Industries PLC had conducted the Board of Directors' meeting and committee meeting in the virtual platform (Zoom Cloud meeting). It is to be mentioned here that most of the meetings held in virtual platform.

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 | 4,044,968 | 2.63% |
| Kao Wen Fu | Managing Director | 4,610,688 | 2.99% |
| Ever Priority Limited | Director | 53,374,964 | 34.65% |
| Eternal Flame Int'l Co. Inc. | Director | 13,502,080 | 8.76% |

Executives:

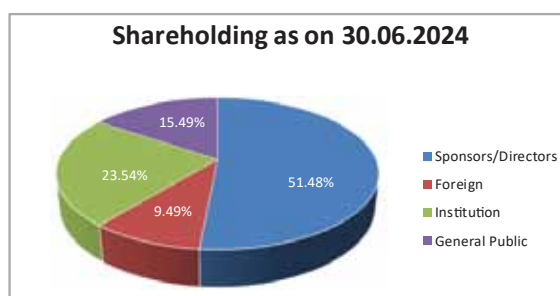
| Name | Designation/Relation | No. of shares | Percentage |
|-------------------------|--------------------------|---------------|------------|
| Md. Abdul Mannan | Deputy Managing Director | 0 | 0.00% |
| Md. Ataur Rahman | Chief Financial Officer | 0 | 0.00% |
| Mohammad Maruf Bin Wali | Company Secretary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

Shareholding 10% or more voting interest:

| Name of shareholder | No. of shares | Percentage |
|-----------------------|---------------|------------|
| Ever Priority Limited | 53,374,964 | 34.65% |

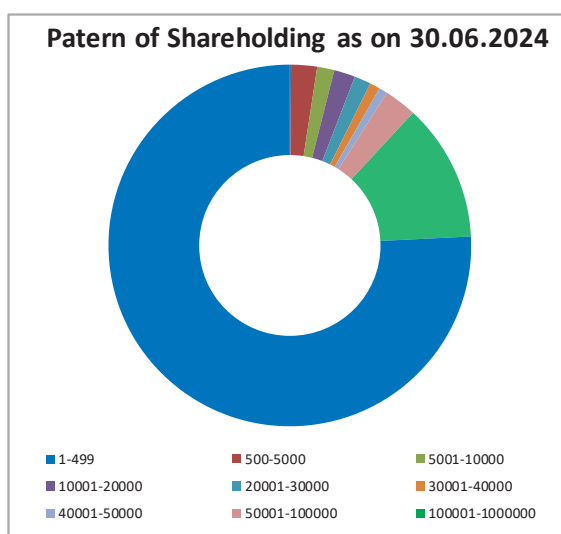
Shareholding Position as on 30.06.2024

| Particulars | Percentage |
|--------------------|----------------|
| Sponsors/Directors | 51.48% |
| Foreign | 9.49% |
| Institution | 23.54% |
| General Public | 15.49% |
| Total : | 100.00% |



Pattern of Share Holding as on 30.06.2024

| Range | Percentage |
|--------------------|----------------|
| 1-499 | 0.11% |
| 500-5000 | 2.31% |
| 5001-10000 | 1.53% |
| 10001-20000 | 1.89% |
| 20001-30000 | 1.49% |
| 30001-40000 | 0.91% |
| 40001-50000 | 0.76% |
| 50001-100000 | 2.90% |
| 100001-1000000 | 12.31% |
| 1000001-1000000000 | 75.79% |
| Total : | 100.00% |

**CLOSING PRICE (12 MONTHS)**

| Sl No | Closing Date | Closing Price |
|-------|--------------------|---------------|
| 1 | July 31, 2023 | 24.00 |
| 2 | August 31, 2023 | 24.00 |
| 3 | September 30, 2023 | 24.00 |
| 4 | October 31, 2023 | 24.00 |
| 5 | November 30, 2023 | 24.00 |
| 6 | December 31, 2023 | 24.00 |
| 7 | January 31, 2024 | 14.90 |
| 8 | February 29, 2024 | 17.70 |
| 9 | March 31, 2024 | 14.50 |
| 10 | April 30, 2024 | 12.60 |
| 11 | May 31, 2024 | 13.90 |
| 12 | June 30, 2024 | 13.00 |

**TOP 10 (TEN) SHAREHOLDERS AS ON 30 JUNE 2024**

| Sl. No. | BOID | Name | Shares | Percentage |
|----------------|------------------|------------------------------|----------------------|--------------|
| 1 | 1605530061246691 | EVER PRIORITY LIMITED | 30,000,000 | 19.47 |
| 2 | 1605550061246691 | EVER PRIORITY LIMITED | 23,374,964 | 15.17 |
| 3 | 1605530061246705 | ETERNAL FLAME INT'L CO. INC. | 13,172,761 | 8.55 |
| 4 | 1201530000003501 | ICB | 7,000,313 | 4.54 |
| 5 | 1201830062414556 | S.M. ENTERPRISE | 6,583,151 | 4.27 |
| 6 | 1605530061233739 | KAO WEN FU | 4,498,233 | 2.92 |
| 7 | 1201530000003518 | ICB UNIT FUND | 4,393,326 | 2.85 |
| 8 | 1605550061237895 | CHUNG WEN KUEI | 4,044,968 | 2.63 |
| 9 | 1603870061222231 | LIN WEN YU | 3,361,484 | 2.18 |
| 10 | 1201830062415020 | AK EQUITY LIMITED | 2,941,386 | 1.91 |
| Total : | | | 99,370,586.00 | 64.51 |

ROTATION OF DIRECTOR

In order to comply with the provision mentioned under Section 91(1) of the Company Act, 1994 and clause no. 98 of the Article of Association of the Company, at least one-third of the Directors shall retire from the office in 23rd Annual General Meeting (AGM) of the company and the retiring Directors are eligible for re-election.

ELECTION / RE-ELECTION OF DIRECTORS

Being eligible, Mr. Yang Ming Te representing Eternal Flame Int'l Co. Inc. & Mr. Kao Chen Tsai representing Ever Priority Ltd., Nominated Directors expressed their willingness for re-election in ensuring 23rd AGM as per provision mentioned under Section 91(1) of the Company Act 1994 and in 165th BOD Meeting (subject to the approval of the Shareholders in the ensuing 23rd Annual General Meeting of the Company).

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 Company has complied with the notification of "Corporate Governance Code (CGC)" issued by Bangladesh Securities and Exchange Commission with regard to the composition of the Board. Mr. Md. Delwar Hossain is free from any business or other relationships with the Company which can materially interfere with or affect the exercise of his independent judgment as an Independent Director of the Company. The Board believes his experience and knowledge enable him to provide both effective and constructive contribution to the Board.

Mr. Md. Delwar Hossain, Independent Director shall be re-appointed for second term as per the Condition no. 1, Sub Condition no. 1.2(e) of Corporate Governance Code gazette on 03 June 2018 issued by Bangladesh Securities & Exchange Commission (subject to the approval in the Bangladesh Securities & Exchange Commission and forthcoming AGM).

Qualification of Independence Director:

Md. Delwar Hossain is a retired commissioner of taxes. He was BCS cadre as an Assistant Commissioner of Taxes and served the nation since 1979. He also served as lecturer in English in two Govt. College from 1973 to 1979. He also served as Second Secretary (Taxes) in Tax Audit & Tax Holiday of NBR. His wisdom experience, dedication towards the different circle & NBR. He will lend his expertise to Shepherd Industries PLC in more ethical business processes.

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 Audit | : | Md. Golam Mainuddin |

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 03 (three) Directors, one of whom is an Independent Director and others are Non-Executive Directors. 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. The Audit Committee has been formed as follows:

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

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) 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 03 (three) Directors, one of whom is an Independent Director and others are Non-Executive Directors. The Company Secretary acts as Secretary to the Nomination and Remuneration Committee. The Committee has been constituted by the Board of Directors to 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 executives. The NRC has been formed as follows:

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

RE-APPOINTMENT OF STATUTORY AUDITOR

The Statutory Audit is governed by the Companies Act, 1994, The Bangladesh Securities and Exchange Commission's Ordinance, 1969, Bangladesh Securities and Exchange Commission's Rules 1987 and applicable laws of Bangladesh, which explicitly provide guidelines for the appointment, scope of work and retirement of auditors. S. F. Ahmed & Co., Chartered Accountants; re-appointed as Statutory Auditor in the 22nd Annual General Meeting by the shareholders and upon successful completion of 02 (two) years they have applied for re-appointment for the next year. As such the Board of Directors recommended S. F. Ahmed & Co., Chartered Accountants for re-appointment as External Auditor for the financial year 2024-2025 subject to the approval of the Shareholders in the ensuing 23rd Annual General Meeting of the Company scheduled to be held on 30 December 2024 and their fees will be determined by the regulation as on the volume of works and time engaged.

RE-APPOINTMENT OF COMPLIANCE AUDITOR FOR CORPORATE GOVERNANCE CODE

Pursuant to the compliance with the Corporate Governance Code of the Commission BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued by Bangladesh Securities Exchange Commission (BSEC) under section 2CC of the Securities and Exchange Ordinance, 1969, each Company shall obtain a certificate from a practicing Professional Accountant/Secretary regarding compliance of conditions of Corporate Governance Code of the Commission and shall send the same to the shareholders along with the Annual Report on yearly basis.

Accordingly, Haruner Rashid & Associates, Chartered Secretaries & Management Consultants re-appointed as CG Compliance Auditor in the 22nd Annual General Meeting by the Shareholders and upon successful completion of 02 (two) years they have applied for re-appointment for the next year.

As such the Board of Directors recommended Haruner Rashid & Associates, Chartered Secretaries & Management Consultants for re-appointment as CG Compliance Auditor for the financial year 2024-25 subject to the approval of the Shareholders in the ensuing 23rd Annual General Meeting of the Company scheduled to be held on 30 December 2024 and their fees will be Taka 30,000.00 (Thirty Thousand) only excluding VAT and including AIT.

APPOINTMENT OF INDEPENDENT SCRUTINIZER

As per the Directive of Bangladesh Securities and Exchange Commission (BSEC) vide no. BSEC/CMRRCD/2009-193/08; dated: 10 March 2021, clause (9), an Independent Scrutinizer is required to appoint for observing the due diligence and AGM process, election procedure and detailed information of voting results shall be authenticated by the concerned stock exchange(s) by an Independent Scrutinizer (who has professional experience and qualification of Chartered Accountants or Chartered Secretaries) as appointed by the issuer company, and such authenticated report shall be submitted to the commission within 48 (forty-eight) hours of conclusion of the general meeting.

Consequently, three firms have expressed their interest to become an Independent Scrutinizer for the ensuing 23rd Annual General Meeting to be held at the Hybrid System. Among the two firms, the Board of Directors elected and appointed Ahmmed Hoq Siddiqui & Co., Chartered Accountants as Independent Scrutinizer for observing and authenticating the due diligence and AGM process, election procedure and detailed information of voting results and certification and report to the regulatory within 48 hours of completion of 23rd Annual General Meeting. Their fees will be Taka 30,000.00 (Thirty Thousand) only excluding VAT and including AIT.

COMMUNICATION TO SHAREHOLDERS AND STAKEHOLDERS

The company always keeps proper communication with the Shareholders & stakeholders of the company. The Company response to the shareholders and stakeholders as per compliance with Company's Act 1994, Bangladesh Securities & Exchange Commission Rules and Regulations, Dhaka Stock Exchange PLC. & Chittagong Stock Exchange PLC Rules and other rules and regulation where applicable.

Communication to Shareholders and Stakeholders has been detailed in a separate Chapter to this Annual Report 2024.

INVESTORS RELATIONS DEPARTMENT

One stop solution of Investors Complain: Shepherd Industries PLC has Investors Complain cell under the Board Secretariat Division of the Company. The Investors can communicate and send their queries through the company's authentic e-mail address: ataur.accounts@shepherdbd.com. We are very responsive to resolve the shareholders' queries/or complaint immediately without delay. For any Complain please communicate to the below designated person of the company:

Md. Ataur Rahman

Chief Financial Officer

Mobile: 01954404040, 01711885937

Tel: 48963340-42 Ext.108

Email: ataur.accounts@shepherdbd.com

QUARTERLY/YEARLY RESULTS

Shareholders are provided with Quarterly Financial Statements and the Annual Report, which the Company considers as its principal communication with them and other stakeholders. The quarterly results of the Company is published in the newspapers. Yearly results are generally published in the Annual Report and the soft copy of the report sent to the shareholders' through email. These reports are also available on the Company's website: www.shepherdbd.com.

CORPORATE GOVERNANCE

Board of Directors of the company drives this particular area. Corporate Governance is perceived as a system involving and aligning stakeholders' interest in overseeing the business overall. It underscores transparency, accountability and a culture of compliance among all the participants. Philosophy of the governance remain a firm commitment from the board being at the helm that the obligations to the stakeholders at large and alike is given the attention and focus it deserves.

Corporate Governance has been detailed in a separate Chapter to this Annual Report. It also embodies summarization of the conduct and activities of the Board and its Committees including the attendance.

HUMAN RESOURCES

A high standard Human Resource Department are engaged in job analysis, recruitment of right people in right job, employee's orientation and training, managing salaries & wages and other benefits. Employees are provided with long term benefits such as Provident Fund, Gratuity Fund and Group Insurance etc. Shepherd Industries PLC has also been taking initiatives for skill development of the officers, staffs and workers by arranging internal, local and foreign training facilities throughout the year.

LABOR LAW

Shepherd Industries PLC always complied with the provisions of the Bangladesh Labor Law, 2006 and subsequent amendments up to 2018 along with the provisions of the Workers Profit Participations Fund and Employee Welfare fund.

Minimum wage:

Salaries are confidential between the employees concerned and the HR Division. Salary Structuring of the Company are reviewed as required (time to time) to allow adjustments in the cost of living and market forces relating to the industry (subject to the approval of Board of Directors).

Shepherd Industries PLC is complying with all provisions of the labor law including the minimum wage payment to its employee. None of the employees whether permanent, contractual or any other category who were receiving the wage or remuneration, allowances & benefits not less than Tk10,001.00 per month and annually Tk.120,012.00.

WORKERS' PROFIT PARTICIPATION FUND

As per Bangladesh Labour Law 2006, Section 234 the company already implements Workers' Profit Participation (WPPF) and Workers' Welfare Fund (WWF) end of 30th June 2024 which is shown in note no. 18 for the workers of the company and will make provision as per government rules and it will reflect on Audited Financial Statements as on 30th June 2024.

EMPLOYEES' PROVIDENT FUND

As per Bangladesh Labour Law 2006, Section 264 the company established Provident Fund from 31 May 2015 which certified by NBR Ref. ৪এ-২৮/কঅ-২/আসা/প্রভিডেন্ট ফান্ড/২০১৪-২০১৫/১৩০৮(৩) for the workers of the company.

EMPLOYEES' GRATUITY FUND

The company established Gratuity Fund from 15 May 2015 which certified by NBR Ref. ০৮.০১০০০.০৩৫.০২.০০১৬.২০১৫/১৭৮ for the workers of the company.

PREVENTION OF CHILD LABOR

Children may be driven into work for various reasons. Most often, child labor occurs when families face financial challenges or uncertainty whether due to poverty, sudden illness of a caregiver, or job loss of a primary wage earner.

The consequences are staggering child labor can result in extreme bodily and mental harm, and even death. It can lead to slavery and sexual or economic exploitation. And in nearly every case, it cuts children off from schooling and health care, restricting their fundamental rights and threatening their futures.

Shepherd Industries PLC never allowed recruiting manpower/labor that are below 18 years of old. There is a strict prohibition in the HR manual that no employees or labor will be recruited that is below 18 years of his age.

GROUP INSURANCE

As per Bangladesh Labor Law 2006, Section 99 "Compulsory Group Insurance" the company introduced Group Insurance with MetLife Bangladesh for the workers of the company.

PRICE SENSITIVE INFORMATION (PSI)

The Board of Shepherd Industries PLC through the Company Secretary always ensures to inform all Price Sensitive Information (PSI) within 30 (thirty) minutes of the decision or immediately upon getting such information to the BSEC and the Stock Exchanges and also ensure immediate publication of such information/decision in two widely circulated daily newspapers (one in Bangla and the other in English) and one in online news portal. The communication is done through Fax, E-mail, by special messenger and through courier service in special cases.

COMPLIANCE WITH CG CODE

Shepherd Industries PLC has always complied and adopted the global best practices. It also complied all conditions of the Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC) notifications no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 10 June 2018. As per the requirement Independent CG Compliance Auditor Haruner Rashid & Associates, Chartered Secretaries & Management Consultants have been audited with satisfactory governance compliance.

COMPLIANCE WITH BSS

Shepherd Industries PLC believes in adopting the best practices in the area of Corporate Governance Compliances and follows the principles of transparency and accountability, thereby protecting the interests of its stakeholders. The Company has complied with the provisions of the relevant Bangladesh Secretarial Standard (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB).

MANAGING DIRECTOR (MD), CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPLIANCE (HIAC) AND COMPANY SECRETARY (CS)

(1) Appointment:

- (a) The Board has appointed the Managing Director (MD), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC).
- (b) The positions of the Managing Director (MD), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) filled by different individuals.
- (c) The Company Secretary (CS) and Chief Financial Officer (CFO) of the company is not holding any executive position in any other company at the same time.
- (d) Roles, responsibilities and duties of the CFO, the HIAC and the CS: The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;

(2) Requirement to attend Board of Directors Meetings:

Managing Director (MD), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) are regularly attended in the Board of Directors meeting to assist the Board of Directors in taking prudent decisions by providing the information and logistics.

Roles, Responsibilities & Duties of Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) & Company Secretary (CS)

A. Chief Financial Officer (CFO)

The Chief Financial Officer (CFO) provides both operational and programmatic support to the organization. The CFO supervises the finance unit and is the chief financial spokesperson for the organization. The CFO reports directly to the Managing Director (MD) and directly assists on all strategic and tactical matters as they relate to budget management, cost benefit analysis, forecasting needs and the securing of new funding.

Roles, Responsibilities & Duties of Chief Financial Officer (CFO)

- Assist in performing all tasks necessary to achieve the organization's mission and help execute staff succession and growth plans.
- Train the Finance Unit and other staff on raising awareness and knowledge of financial management matters.
- Work with the Managing Director (MD) on the strategic vision including fostering and cultivating stakeholder relationships as well as assisting in the development and negotiation of contracts.

- Assess the benefits of all prospective contracts and advise the Executive Team on programmatic design and implementation matters.
- Ensure adequate controls are installed and that substantiating documentation is approved and available such that all purchases may pass independent audits.
- Oversee the management and coordination of all fiscal reporting activities for the organization including: Revenue/Expense and balance sheet reports etc.
- Oversee all purchasing and payroll activity for staff and participants.
- Develop and maintain systems of internal controls to safeguard financial assets of the organization.
- Oversee the coordination and activities of independent auditors and the preparation of the annual financial statements is in accordance with Generally Accepted Accounting Principle (GAAP), Bangladesh Accounting Standard (BAS) and Bangladesh Standard on Auditing and BFRS etc.
- Attend Board and Sub-committee meetings; including being the lead staff on the Audit/Finance Committee.
- Monitor banking activities of the organization.
- Ensure adequate cash flow to meet the organization's needs.
- Serve as one of the trustees and oversee administration and financial reporting of the organization's Savings and Retirement Plan.
- Investigate cost-effective benefit plans and other fringe benefits which the organization may offer employees and potential employees with the goal of attracting and retaining qualified individuals.
- Oversee the production of monthly reports including reconciliations with Banks as well as financial statements and cash flow projections and annual budgets for use by Executive management, as well as the Audit/Finance Committee and Board of Directors.
- Assist in the design, implementation, and timely calculations of wage incentives, commissions, and salaries for the staff.
- Oversee Accounts Payable and Accounts Receivable and ensure a recovery plan is in place.
- Oversee the maintenance of the inventory of all fixed assets, including assets purchased with government funds (computers, etc.) assuring all are in accordance with federal regulations.

B. Head of Internal Audit and Compliance (HIAC)

Head of Internal Auditor maintain and develop a strategic audit framework based on an understanding of the risks that the organization is exposed to and develop an audit plan incorporating risks identified via internal audit and risk workshops and to promote higher standards of risk management and value for money through the organization.

Roles, Responsibilities & Duties of Head of Internal Audit and Compliance

- Plans and conducts operational, financial and compliance audits to evaluate the effectiveness of internal controls.
- Determine compliance with selected policies, procedures, and regulations.
- Make written recommendations to senior administrators to increase efficiency and/or effectiveness of the control systems of functions reviewed.
- Plan and conduct audits to assess controls, operational efficiencies and compliance with selected policies, procedures and regulations.
- Resolve audit problems that occur and develop modifications to coverage and schedule.
- Perform special investigations as requested by the Chairman or Managing Director.
- Consults with administrators and staff at all levels to promote good business practices.
- To take the lead in investigating reported misuse of funds.
- To promote improved standards of financial control and value-for-money.
- To enhance the quality and extent of the partner external audit and financial accompanier function.
- To co-ordinate the external audit approach of the agency, through liaison with the external auditors, to ensure the most efficient and effective use of audit resources.
- To report twice yearly on the results of the Internal Audit Department to the Finance and Audit Committee.
- To maintain a professional audit staff with sufficient knowledge, skills and experience.
- To carry out the plan and to manage and develop the staff in the team so that their potential is maximized.
- Research and keep abreast of legislative issues, new audit regulations/trends and audit methodology. Discuss updates of new regulations with Chairman, Managing Director and relevant departments.

- Assist in developing annual audit plan and submit to Chairman, Managing Director for review and approval.
- Assist external auditors as appropriate. Assist in coordinating the Company's response to audit findings and recommendations.
- Conduct periodic training workshops to promote awareness of internal controls and to discuss changes in policies that will impact the system flow of information.
- Participate in various committees or task forces geared to policy/procedure development and operational improvements.
- Supervise and guide staff in support of the Company's mission and audit initiatives.

C. Company Secretary (CS)

The company secretary is responsible for ensuring that the administrative responsibilities set out in company law and the articles of association are properly carried out. The post has no executive or management responsibilities unless these are explicitly delegated by the Board of Directors. So, a company secretary cannot, for example, authorize expenditure, borrow money, alter registers or appoint auditors without the authority of the directors or company members. In addition to ensuring that the company complies with the law and observes its own regulations, a company secretary may be assigned other functions in the company's articles of association or they may be delegated by the company's directors. A number of duties are imposed on the company secretary by the Companies Acts. A Company Secretary who attends general meetings of the Company's meetings has no vote unless he or she is a member of the Company, and a Company Secretary who attends meetings of the governing body has no vote unless he or she is also a company director. Although a company secretary may have no say in the company's decisions, he or she is an officer for the purposes of company law and can be held liable in the same way as a company director for breach of company law duties. A Company Secretary is an important official who ensures that best management practices and work ethics are followed to create wealth creation for the company. He is the one who represents the company for internal and external stakeholders, co-ordinates the policies of the company and management function, guides on the strategic decisions for the betterment and growth of the company like merger, acquisition and joint collaboration.

Roles, Responsibilities & Duties of Company Secretary (CS)

- To organize board meetings, informing board of directors about the impending meeting, formulating the agenda of the meeting with Chairman and/or Managing Director (MD), compiling the minutes of the meeting and maintaining minute books.
- To ensure that Annual General Meetings (AGM) are held as per the Companies Act and the companies' Article of Association. He is responsible for issuing notices of meetings, distribution of proxy forms, helping directors update themselves and getting prepared in case any shareholder asks questions, helping directors prepare briefing material and ensuring that security arrangements are done for the meeting. During the meeting, they have to ensure that proxy forms are processed properly, voting is carried out properly and recording the minutes of the meeting.
- To ensure that the Memorandum and Articles of Association is properly complied with. In case any amendments are issued, they have to make sure that they are implemented in the right manner.
- To maintain relations with Bangladesh Securities & Exchange Commission (BSEC), Dhaka Stock Exchange PLC (DSE), Chittagong Stock Exchange PLC (CSE), and the respective regulatory bodies. And he/she is responsible for relaying information regarding the company to the market.
- To maintain the statutory registers regarding the members, company charges, directors and secretary, directors' interests in shares and debentures, interests in voting shares and debenture holders.
- To file annual reports, amended Memorandum and Articles of Association, return of allotments, notices of appointments, removal and resignation of directors and the secretary, notices of removal or resignation of the auditors, change of registered office and resolutions in accordance with the Companies Act with the Registrar of Joint Stock Companies and Firms (RJSC&F).
- To publish of the company's annual report and accounts.
- To maintain the company's register of members, deal with questions of the shareholders and transfer of shareholding etc.
- To communicate with shareholders regularly both individual and institutional through circulars and notices, and ensure the payment of dividends and interest.
- To keep an eye on register of members in case any stakeholder is aiming at taking over the company.
- To play a key role in implementing acquisitions, disposals and mergers. They have to make sure that proper documentation is in place and proper commercial evaluation is done.
- To make sure that the procedure for appointment of directors is followed properly.
- To ensure that the newly-appointed directors have a proper induction and special training organized, if the need be.
- To provide all types of support and guidance to the directors, helping them in discharging their duties.

- To ensure that all statutory and regulatory requirements are properly complied with. They play a key role in ensuring that the decisions of the Board on the whole are properly implemented and communicated within the organization and advise the company and its board of Directors on business ethics and corporate governance.
- To ensure that the interest of the stakeholders are safeguarded and should communicate with them on regular basis.
- To comply with the company's obligations under the Companies Acts.
- To make contracts within his or her own sphere of competence i.e. the day to day administration of the company if authorized to do so by the directors of the Company.

WEBSITE AND IT FACILITIES OF THE COMPANY

Pursuant to the clause no.44 of the Listing Regulations, Shepherd Industries PLC is managing efficiently automated IT enabled website. The website is successfully satisfying to its stakeholders and shareholders. Investors can get all updated information from the Company website. The Company's official website www.shepherdbd.com is linked with the website of the stock exchange(s). The Company makes available the detailed disclosures on its website immediately as required under the listing regulations of the concerned stock exchange(s).

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.

The Board also recognizes that the attainment made during the year was possible because of the cooperation, positive support and guidelines it had received from the Government of Bangladesh, Ministry of Finance, National Board of Revenue, Ministry of Commerce, Board of Investment, Dhaka Electric Supply Company Limited (DESCO), Ansar & VDP, Bangladesh Power Development Board (PDB), Titas Gas Transmission & Distribution Company Ltd. and the people of the locality. Accordingly, the Board offers its utmost and sincere gratitude to them.

We would also like to express our gratitude to the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange PLC, Chittagong Stock Exchange PLC, Registrar of Joint Stock Companies & Firms, The Central Depository of Bangladesh Limited and other business associates for their valuable suggestions, continuous support and cooperation extended to the company.

We would also like to thank our Auditor, S.F Ahmed & Co., Chartered Accountants for their efforts for timely completion of the audit. We would like to express our gratitude to our bankers and financial institutions, customers, suppliers, insurance companies and service providers 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 2023-2024 and the Directors Report placed before you.

Thanking you,

For and on behalf of the Board of Directors



Chung Wen Kuei
Chairman