

Directors' Report

For the year ended on 30th June 2025

Dear Shareholders,

Assalamualaikum,

On behalf of the Board of Directors of Shepherd Industries PLC, I have the pleasure of welcoming you all to the 24th Annual General Meeting of the Company. The Board of Directors is pleased to take this opportunity to present to you the Audited Financial Statements of the Company for the financial year 2024–2025, along with the Auditors' Report and the Directors' Report thereon.

These reports also include the Company's overall performance and other related matters, prepared in accordance with the provisions of the Companies Act, 1994, the Bangladesh Securities and Exchange Commission's (BSEC) Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018, issued under section 2CC of the Securities and Exchange Ordinance, 1969, and the Bangladesh Accounting Standards (BAS).

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 and 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 and Industries Ltd.) offices are centrally located in the Shepherd Tower in Uttara Model Town and with independent manufacturing facilities located in the Bagrapara, Kathali, Bhaluka, Mymensingh in Bangladesh.

NATURE OF BUSINESS

Shepherd Industries PLC, a proud concern of Shepherd Group, is one of the leading and fastest-growing textile companies in Bangladesh. Since its establishment in 2000, the Company has been contributing significantly to the country's textile sector by offering a wide range of high-quality yarn and fabric solutions. Headquartered in Dhaka, Bangladesh, the Company has developed a strong presence both in the domestic and international markets, with a reputation built on advanced technology, product diversity, and uncompromising commitment to excellence.

Core Operations & Specialization

Shepherd Industries PLC specializes in:

- Fancy Yarn Production
- Yarn Dyeing & Garment Dyeing
- Garment Washing & Jeans Washing
- Auto-Stripe Knitting Fabrics
- All Types of Knitting Fabrics Manufacturing

Product Portfolio

The Company manufactures and supplies a wide range of diversified products to meet the evolving needs of global fashion and apparel industries. Its product portfolio includes:

- Knit Fabrics
- Cotton Yarn
- Acrylic Cotton
- Acrylic Yarn
- Acrylic Wool
- Acrylic Nylon
- Acrylic-Viscose Blended Yarn
- 100% Nylon Yarn
- Piece-Dyed Fabrics
- Garment-Washed Fabrics

By maintaining product variety and quality, Shepherd Industries PLC has positioned itself as a reliable backward linkage partner for Bangladesh's export-oriented garment industry.

Technology & Innovation

The Company has been a pioneer in introducing Taiwanese advanced yarn and textile technologies in Bangladesh. These state-of-the-art technologies, coupled with modern dyeing and washing facilities, enable the Company to maintain consistent quality standards, increase production efficiency, and respond quickly to the changing demands of global fashion markets.

Export Orientation

As a 100% export-oriented company, Shepherd Industries PLC primarily caters to sweater and knitwear manufacturers that supply directly to world-renowned fashion brands across Europe, North America, and other markets. The Company's backward linkage role ensures uninterrupted supply of high-quality dyed yarns and fabrics, strengthening Bangladesh's competitive edge in the global apparel supply chain.

Commitment to Excellence

The business philosophy of Shepherd Industries PLC is centered on:

- Delivering consistent product quality
- Ensuring timely delivery
- Offering competitive pricing
- Building long-term partnerships with clients

This customer-centric approach has helped the Company to forge strong relationships with leading international buyers, while also driving continuous innovation and sustainable growth.

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 2025 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

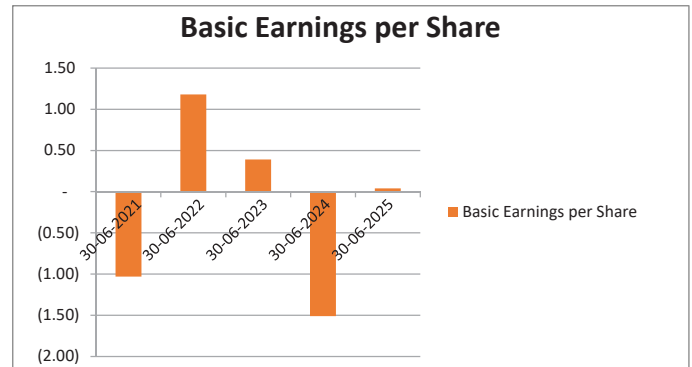
The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, management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

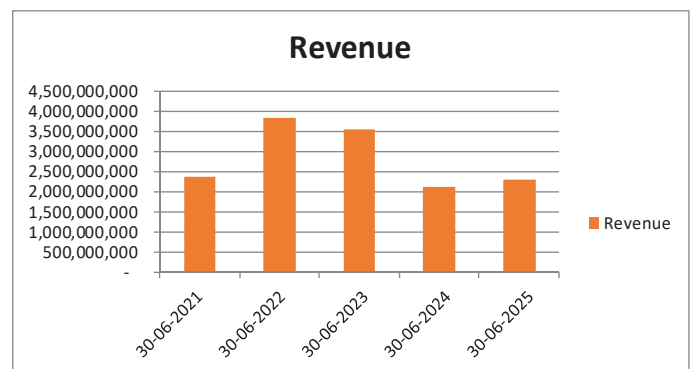
EARNINGS PER SHARE (EPS)

During the reporting period sales revenue increased and Foreign Currency Gain so the earning per share increased by Tk. 1.55 with compared to the previous year.



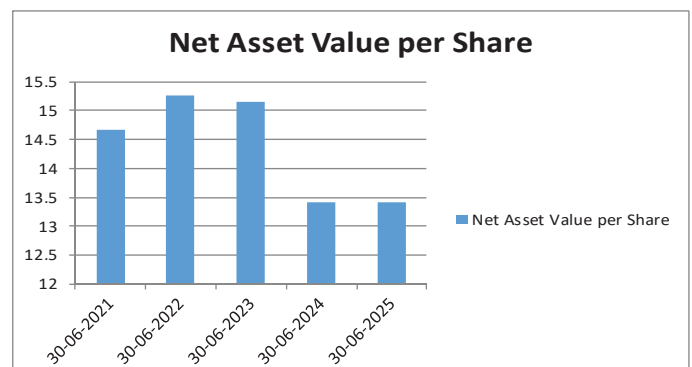
REVENUE

During the reporting period Revenue of the company has been increased by Tk. 18.04 crore corresponding with last year.



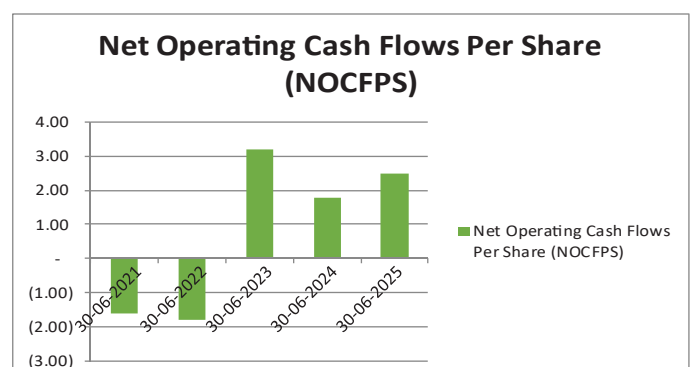
NET ASSETS VALUE PER SHARE (NAVPS)

During the year net assets value per share (NAVPS) has remained unchanged.



NET OPERATING CASH FLOWS PER SHARE (NOCFPS)

During the period ended 30 June 2025, Net Operating Cash Flow per share of the company Increased by Tk. 0.71 per share with corresponding to previous year, the major reason during the period made less payment to Creditors, Suppliers, Employees and others. Please see the Note No. 32 and 33 in details..



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

Particulars	30-06-2025	30-06-2024	30-06-2023	30-06-2022	30-06-2021
Cost of goods sold	(1,970,888,954)	(1,973,069,478)	3,119,780,281	3,366,824,055	2,274,825,151
Gross Profit	315,623,560	133,015,201	420,892,268	457,781,786	72,962,088
Net Profit after Tax	6,570,009	(233,108,698)	59,905,768	181,485,236	(154,957,029)

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 period ended 30 June 2025 are as follows:

Name of Related Party	Common Management	Opening Balance as on July, 01, 2024 Dr./ (Cr.)	Transaction during the Period Dr./ (Cr.)	Closing Balance as on June, 30, 2025 Dr./ (Cr.)
Shepherd Textile (BD.) Limited	Office & Land Rent	632,770	(517,035)	115,735
Taiwan Food & Processing Ind. Ltd.	Office & Land Rent	74,870	12,084	86,954
Shepherd Fancy Yarn Ltd	Office & Land Rent	2,799,373	301,052	3,100,425
Shepherd Jeans Ltd.	Office & Land Rent	818,214	794,058	1,612,272
Taiwan Food & Processing Ind. Ltd.	Received as Loan	(10,736,750)	917,326	(9,819,424)
Shepherd Textile (BD.) Limited	Received as Loan	(110,071,974)	86,274,158	(23,797,816)
Shepherd Jeans Ltd.	Received as Loan	(479,252)	(4,011,492)	(4,490,744)
Shepherd Jeans Ltd.	Trading	65,975,642	149,062,108	215,037,750
Shepherd Textile (BD.) Limited	Trading	-	178,736,351	178,736,351
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

Shepherd Industries PLC successfully raised Tk. 20.00 crore through the issuance of 20,000,000 ordinary shares of Tk. 10 each from the capital market, aiming to support the company's strategic expansion and operational requirements. The primary objectives for utilizing the IPO proceeds were diversified and carefully planned to strengthen the company's production capabilities, financial position, and environmental compliance. Key areas of utilization include:

- 1. Civil Construction** – Development and improvement of production facilities to accommodate expanded machinery and operational areas.
- 2. Acquisition and Installation of Machineries** – Procurement of advanced equipment for dyeing, washing, and other textile processes, along with associated costs such as duties, insurance, L/C commission, inland carrying, C&F charges, and erection & installation, ensuring state-of-the-art production capabilities.
- 3. Expansion of Effluent Treatment Plant (ETP)** – Enhancement of environmental infrastructure to meet regulatory standards and maintain sustainable operations.
- 4. Repayment of Short-term Bank Loans** – Reduction of financial liabilities to strengthen the company's balance sheet and reduce interest burden.
- 5. IPO Expenses** – Covering costs related to the public offering, including regulatory, legal, and administrative expenses.

The full utilization of the IPO proceeds was completed by March 2019, in accordance with the planned schedule. To ensure transparency and accountability, the utilization has been audited and certified by Ahmed Zaker & Co., Chartered Accountants, confirming compliance with all regulatory and financial reporting requirements. This strategic deployment of funds has enabled Shepherd Industries PLC to enhance production capacity, modernize technology, improve operational efficiency, and maintain environmental compliance, laying a strong foundation for sustainable growth and shareholder value creation.

EXPLANATION ON THE FINANCIAL RESULTS DETERIORATE AFTER IPO

Not Applicable.

SIGNIFICANT VARIANCE BETWEEN QUARTERLY FINANCIAL PERFORMANCE AND ANNUAL FINANCIAL STATEMENTS

There were no significant variations observed between the company's quarterly financial performance and the annual financial statements for the reporting period. The financial results presented in the quarterly reports are broadly consistent with the figures reported in the audited annual accounts, reflecting stable operational performance and reliable financial reporting practices.

DIRECTOR'S REMUNERATION INCLUDING INDEPENDENT DIRECTOR

Director's Remuneration has been paid during the year 2024 was Tk. 3,989,400 and Tk. 4,392,000 for the year 2025 which is shown in note no.27 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	4,392,000
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

- i) Chung Wen Kuei, Chairman didn't receive any remuneration during the F/Y: 2024-2025.
- ii) Kao Chen Tsai, Director, (Representative of Ever Priority Ltd.) didn't receive any remuneration during the F/Y: 2024-2025.
- iii) Yang Ming Te, Director, (Representative of Eternal Flame Int'l Co.Inc.) didn't receive any remuneration during the F/Y: 2024-2025.
- iv) Md. Delwar Hossain, Independent Director didn't receive any remuneration during F/Y: 2024-2025.

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. 37 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 Shepherd Industries PLC is committed to safeguarding the interests of minority shareholders. The Board ensures that the rights and interests of minority shareholders are protected against any abusive actions, whether directly or indirectly, by controlling shareholders. Additionally, the company has established effective mechanisms for redress, enabling minority shareholders to raise concerns and seek appropriate remedies, thereby promoting transparency, fairness, and accountability in corporate governance.

MANAGEMENT'S DISCUSSION AND ANALYSIS BY CEO/MD

A comprehensive analysis of Shepherd Industries PLC's financial position, operational performance, and key developments for the year ended June 30, 2025, along with a discussion of significant changes in the financial statements and other relevant matters, has been presented in a separate chapter of this Annual Report 2025.

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

In compliance with the BSEC Corporate Governance Code, the declaration by the Chief Executive Officer (CEO)/Managing Director (MD) and the Chief Financial Officer (CFO) regarding the accuracy, fairness, and completeness of the financial statements for the year 2024-2025 has been provided in a dedicated chapter of this Annual Report 2025.

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

A Summary of Unclaimed/Un-Paid Dividend & IPO Subscription Money as on Financial Statements 2024-2025 has been detailed in a separate Chapter to this Annual Report 2025 and shown in note no. 20.1 in the financial statements.

SHAREHOLDING INFORMATION

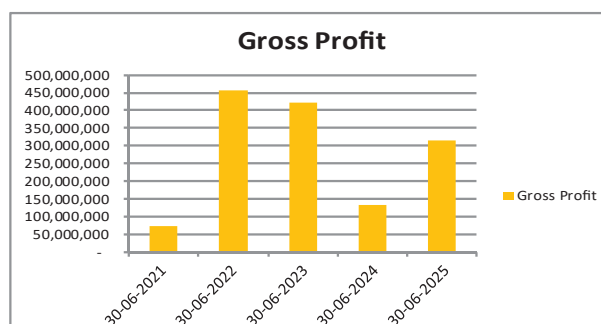
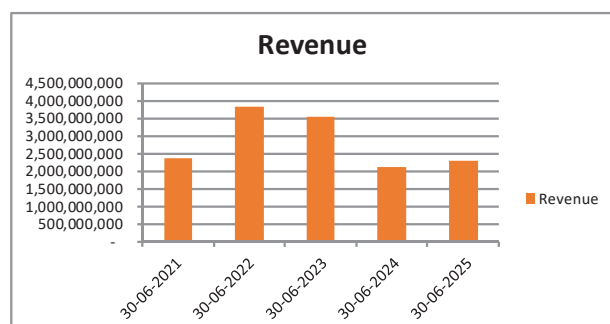
The shareholding structure of Shepherd Industries PLC as of June 30, 2025 is presented in this Annual Report 2025, providing detailed information on the distribution of shares among various categories of shareholders.

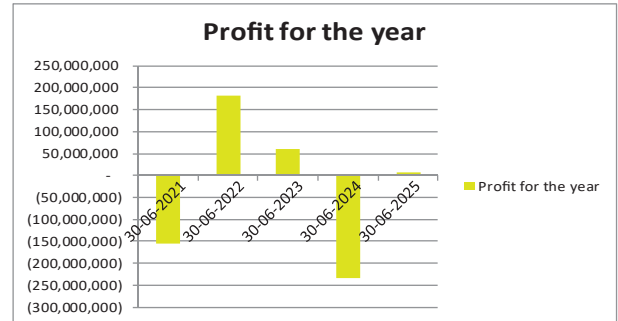
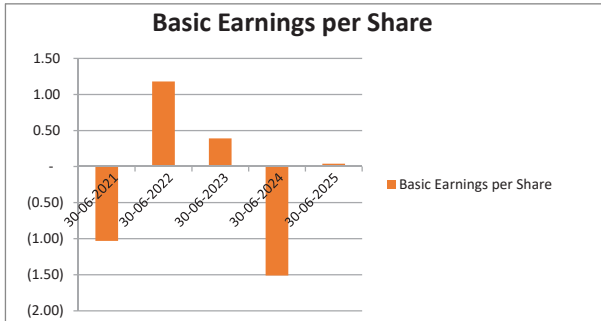
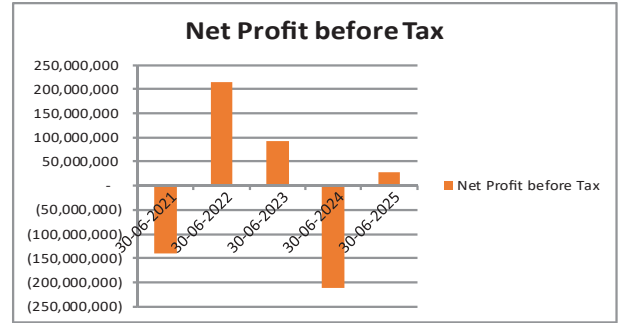
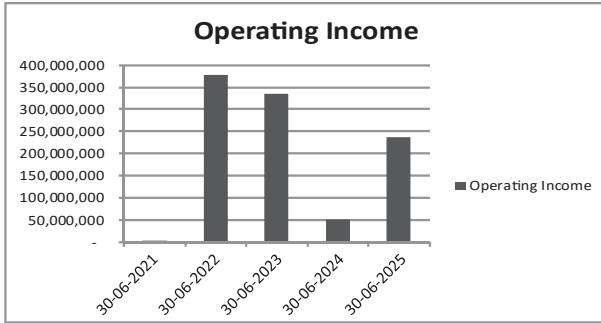
CREDIT RATING

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 18 December 2025.

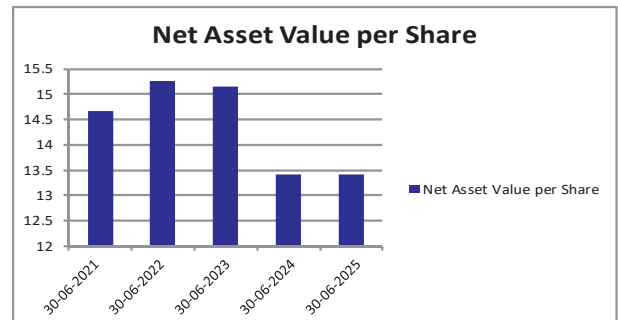
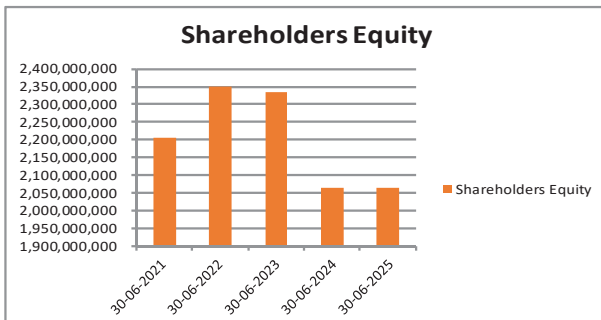
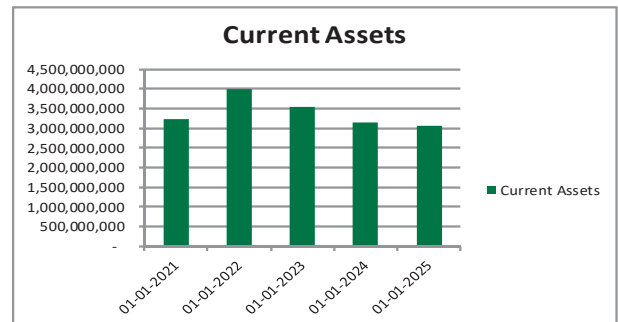
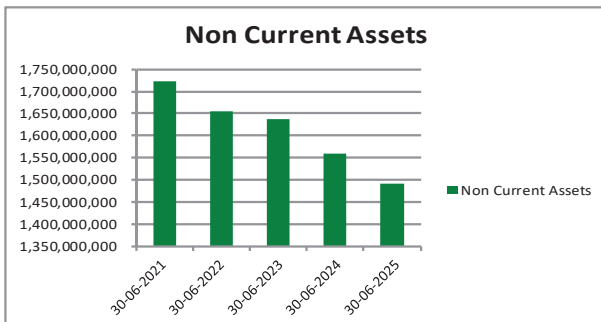
KEY OPERATING AND FINANCIAL DATA

Operational Result	Amount in Taka				
	30 June 2025	30 June 2024	30 June 2023	30 June 2022	30 June 2021
Revenue	2,286,512,514	2,106,084,679	3,540,672,549	3,824,605,841	2,347,787,239
Gross Profit	315,623,560	133,015,201	420,892,268	457,781,786	72,962,088
Operating Income	238,002,537	51,987,894	334,794,312	378,677,484	1,525,890
Net Profit before tax	26,885,054	(210,940,774)	92,466,943	215,444,096	(140,491,826)
Profit for the year	6,570,009	(233,018,698)	59,905,768	181,485,236	(154,957,029)
Basic Earnings per Share	0.04	(1.51)	0.39	1.18	(1.03)

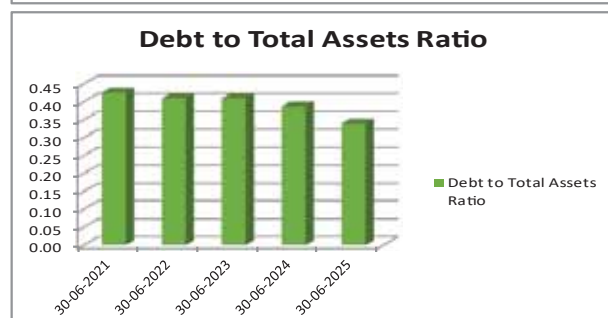
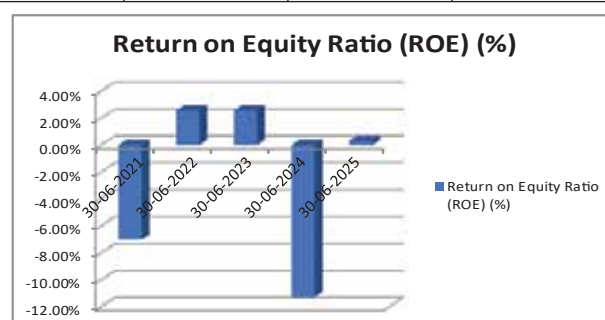
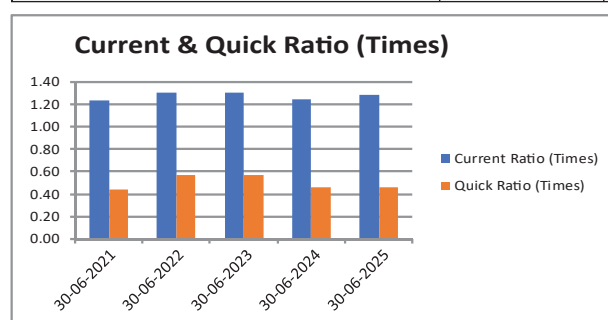




Operational Result	Amount in Taka				
	30 June 2025	30 June 2024	30 June 2023	30 June 2022	30 June 2021
Non Current Assets	1,491,933,669	1,559,912,870	1,636,489,106	1,655,452,746	1,723,028,274
Current Assets	3,056,926,602	3,133,088,243	3,548,532,726	3,981,274,816	3,217,510,180
Shareholder's Equity	2,065,057,085	2,065,368,306	2,335,097,364	2,349,201,812	2,204,475,160
Non Current Liabilities	108,349,073	114,164,389	120,859,202	132,879,374	134,096,806
Current Liabilities	2,375,454,113	2,513,468,418	2,729,065,266	3,154,646,376	2,601,966,488
Net Asset Value per Share	13.41	13.41	15.16	15.25	14.67



Key Financial Ratio	Amount in Taka				
	30 June 2025	30 June 2024	30 June 2023	30 June 2022	30 June 2021
Liquidity Ratios:					
Current Ratio (Times)	1.29	1.25	1.30	1.30	1.24
Quick Ratio (Times)	0.46	0.46	0.57	0.57	0.44
Operating Efficiency Ratios:					
Accounts Receivables Turnover Ratio	2.08	1.58	2.14	2.14	2.01
Inventory Turnover Ratio (Times)	1.06	1.05	1.65	1.65	1.22
Assets Turnover Ratio (Times)	0.50	0.45	0.68	0.68	0.48
Profitability Ratios:					
Return on Capital Employed (ROCE) (%)	10.95%	2.39%	13.63%	13.63%	0.07%
Gross Margin Ratio (%)	13.80%	6.32%	11.89%	11.89%	3.11%
Operating Profit Ratio (%)	10.41%	2.47%	9.46%	9.46%	0.06%
Net Profit Ratio (%)	0.29%	-11.06%	1.69%	1.69%	-6.60%
Return on Assets Ratio (%)	0.14%	-4.97%	1.16%	1.16%	-3.14%
Return on Equity Ratio (ROE) (%)	0.32%	-11.28%	2.57%	2.57%	-7.03%
Earnings per Share (Basic EPS)	0.04	(1.51)	0.39	0.39	(1.03)
Solvency Ratios:					
Debt to Total Assets Ratio	0.34	0.39	0.41	0.41	0.43
Debt Equity Ratio (Times)	0.75	0.88	0.91	0.91	0.95
Time Interest Earned Ratio (Times)	1.11	0.10	1.54	1.54	1.07
Cash Flow Ratio:					
Net Operating Cash Flow per Share	2.47	1.76	3.18	(1.79)	(1.61)
Net Operating Cash Flow per Share/EPS	44.00	(1.17)	8.15	(1.52)	1.56



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 23rd Annual General Meeting of the Company was held on 30 December 2024 in Hybrid System at the DOHS Baridhara Convention Centre, Baridhara DOHS Parishad, DOHS Baridhara, Dhaka Cantonment, Dhaka-1206 along with the arrangement of digital platform (the link: <https://shepherd.bdvirtualagm.com>), in accordance with the Bangladesh Securities and Exchange Commission's Letter No. BSEC/ICAD/SRIC/2024/318/09; dated: 16 January 2024, 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, 2024 together with the Reports of Directors and the Auditors thereon.
02. To declare Dividend for the year ended on June 30, 2024 as recommended by Board of Directors.
03. To Re-appointment of Statutory Auditor for the year 2024-2025 and fix their remuneration.
04. To Re-tire and Re-elect of the Directors.
05. To Re-appointment of Compliance Auditor for the year 2024-2025 and fix their remuneration.
06. To Re-appointment of Independent Director.
07. 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, 2025 (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, 2025.

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 06 (Six) years is as follows:

Year	Dividend Payout (%)
2023-2024	1% Cash Dividend (Excluding Sponsors & Directors)
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

The Board of Directors of Shepherd Industries PLC has not declared any interim dividend for the financial year ended on June 30, 2025, considering the Company's investment priorities and long-term growth strategy.

SUBMISSION OF UN-CLAIMED DIVIDEND AND IPO SUBSCRIPTION MONEY 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 799,821.00 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
Cash Dividend for the year 2021	165,863.00
Total	799,821.00

*** It may be noted here that the Company had 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

In compliance with the directives of the Bangladesh Securities and Exchange Commission (BSEC), Shepherd Industries PLC ensures proper submission of the Dividend Distribution Compliance Report to the respective regulatory authorities, namely BSEC, Dhaka Stock Exchange PLC (DSE), and Chittagong Stock Exchange PLC (CSE). The report is prepared and submitted in the prescribed format provided by the regulators within the stipulated time frame after completion of the dividend distribution to the entitled shareholders. This process reflects the Company's commitment to maintaining transparency, accountability, and adherence to all applicable rules and regulations.

The details of the Dividend Distribution Compliance Report have been incorporated in this Annual Report 2025 for shareholders' reference.

DIVIDEND DISTRIBUTION POLICY

Shepherd Industries PLC views its dividend policy as a vital link between the company and its shareholders, reflecting both its financial health and commitment to sharing profits. Dividends not only provide a direct return on investment but also serve as a signal of the company's stability, profitability, and sustainable growth.

In determining the dividend payout, the company carefully considers net profits, retained earnings, cash flow requirements, and planned capital expenditures such as expansion, modernization of facilities, and technological upgrades. Regulatory compliance, including the provisions of the Bangladesh Companies Act 1994 and BSEC guidelines, is strictly observed. The policy aims to maintain a balanced approach; ensuring shareholders receive fair returns while retaining sufficient funds to support long-term growth initiatives.

A detailed description of the company's dividend policy, including the criteria, payout methodology, and timing, is presented in a separate chapter of this Annual Report 2025, providing transparency and clarity to all stakeholders.

SHARE CAPITAL

At the close of the financial year June 30, 2025, Shepherd Industries PLC had an authorized capital of Tk. 1,900.00 million, while the paid-up capital stood at Tk. 1,540.46 million. This strong equity foundation underlines the company's financial stability and provides a solid base for future growth, investment, and expansion initiatives, ensuring that the company remains well-positioned to meet both operational and strategic objectives.

STATEMENT ON COMPLIANCE

The financial statements of Shepherd Industries PLC for the financial year ended June 30, 2025 have been prepared in full compliance with the applicable Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs), as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). These standards are aligned with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), ensuring that the Company's financial reporting meets globally recognized principles of accuracy, transparency, and consistency. Furthermore, the financial statements have been prepared in accordance with the Companies Act, 1994, and other relevant laws, rules, and regulations of Bangladesh. This rigorous adherence to statutory and accounting standards reflects the Company's commitment to high-quality financial reporting, corporate governance, and accountability to shareholders and other stakeholders.

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 2025 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

Shepherd Industries PLC has adequate financial and operational resources to continue its business activities for the foreseeable future. The Company's current credit facilities, cash reserves, and other resources are sufficient to meet the ongoing requirements of its existing operations; including working capital needs, operational expenses, and planned investments. Based on careful assessment of the Company's liquidity, financial position, and future business prospects, the Board of Directors is confident in the Company's ability to sustain its operations and meet its obligations as they fall due. Accordingly, the Directors have adopted the going concern assumption in the preparation of the financial statements for the year ended June 30, 2025. This reflects the Board's assurance that the Company will continue to operate as a financially viable and sustainable entity in the foreseeable future.

AUDITOR'S OPINION

S. F Ahmed & Co., Chartered Accountants has submitted qualified Audit Report for the year ended on 30 June 2025. 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 BDT 7,474,257 to a separate bank account within the 10 days of declaration and does not pay off the annual or final dividend BDT 7,474,257 within 30 days of approval.

Subsequently, the management of the company paid dividend for an amount of BDT 6,193,319 out of total declared dividend of BDT 7,474,257 within the reporting period and the TDS balance of dividend remain unpaid as on the reporting date 30 June 2025 is BDT 1,280,938. Further, the company paid the TDS on dividend of BDT 1,280,938 after the reporting period 30 June 2025.

2. An amount of BDT 4,623,347 was 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 30 June 2023. Despite recording this allocation, Shepherd Industries PLC has not made the required payment to the WPPF within the stipulated nine months, and as of 30 June 2025, this payment remains outstanding, contrary to the requirements of the 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.

Management Explanations on the Qualifications:

1. The management of Shepherd Industries PLC sincerely regrets the delay in depositing the declared cash dividend amount of BDT 7,474,257 into a separate bank account within ten (10) days of its declaration by the Board of Directors and the subsequent delay in full disbursement of the dividend within thirty (30) days of approval, as prescribed in the Bangladesh Securities and Exchange Commission (BSEC) Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021.

This delay occurred due to certain unforeseen administrative and procedural circumstances beyond the Company's immediate control, which temporarily affected the fund transfer and documentation process.

However, the Company subsequently disbursed BDT 6,193,319 of the declared dividend within the reporting period, and the remaining BDT 1,280,938, representing Tax Deducted at Source (TDS) on the dividend, was duly paid after the reporting period, thereby settling the full declared amount of dividend.

The management deeply regrets any inconvenience caused by this delay and would like to assure the shareholders and regulators that the Company remains fully committed to strict compliance with all regulatory requirements. Internal control procedures and timelines for dividend declaration, fund transfer, and payment processing have been reviewed and strengthened to ensure that future dividend payments are made strictly within the prescribed timeframe.

- The management acknowledges the outstanding obligation of BDT 4,623,347 allocated to the Workers' Profit Participation Fund (WPPF), which represents 5% of the Company's net profit of BDT 92,466,943 for the year ended 30 June 2023, in accordance with the Bangladesh Labour Act, 2006 (amended in 2013).

The delay in remittance of the allocated amount to the WPPF account occurred primarily due to temporary financial constraints and procedural delays in the disbursement process. The management confirms that this outstanding amount will be paid to the WPPF at the earliest possible opportunity.

Furthermore, the Company has initiated necessary internal measures to ensure timely payment of all future allocations to the WPPF in full compliance with the applicable provisions of the Labour Act. A dedicated monitoring mechanism is being established to prevent recurrence of such delays and to strengthen compliance oversight regarding statutory employee welfare obligations.

FUTURE PLAN

Shepherd Industries PLC is committed to conducting its business with a strong internal control framework and well-defined policies, ensuring sustainable growth and long-term value creation. The Company acknowledges that external factors—such as the environmental impact of global warming, fluctuations in the global economy, and the long-term effects of the COVID-19 pandemic—may present challenges to business operations in the coming years.

In response, the Company continues to strengthen its management practices, adopting proactive measures to mitigate risks and adapt to changing market conditions. Strategic initiatives focus on enhancing operational efficiency, maintaining product quality, and exploring innovative solutions to remain competitive in a dynamic business environment.

The Company also places great emphasis on corporate social responsibility and environmental sustainability, recognizing the importance of minimizing ecological impact while contributing positively to society. Simultaneously, the Company remains committed to a consistent and prudent dividend policy, ensuring sustained returns to its shareholders.

With a clear vision for the future, Shepherd Industries PLC is well-positioned to face business challenges, capitalize on opportunities, and deliver long-term growth. The Company strives to uphold the trust of all stakeholders—shareholders, employees, customers, and the community—while continuing to contribute to national economic development and industry excellence.

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	Amin Hussain & Co., Chartered Accountants, GA 16/1 Mohakhali Vertex Prominent (6th Floor) Dhaka-1212, 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	Independent Service Provider	Satcom IT Limited, Rupayan Shopping Square (9th Floor) Plot # C-2, Block # G, Bashundhara, Dhaka-1229
7	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 information presented in this report has been prepared on a basis consistent with the 2024–2025 report, ensuring comparability across reporting periods. This includes the entities covered, the measurement methods applied, and the time frames used, allowing stakeholders to evaluate performance trends and make informed assessments of the Company's progress.

The report provides a comprehensive overview of all material matters related to the Company's business strategy, risk management, and other areas of critical importance to our stakeholders. To enhance transparency and facilitate better understanding, the structure of this report has been refined and further developed as part of our ongoing commitment to improving communication with shareholders, investors, employees, and other stakeholders.

By maintaining consistency in reporting while continuing to enhance the quality and clarity of information, the Company ensures that stakeholders are able to assess performance, track progress, and make informed decisions with confidence. This approach reinforces our commitment to accountability, transparency, and continuous improvement in all aspects of corporate reporting.

AVAILABILITY OF THE ANNUAL REPORT

The soft copy of the Annual Report 2025 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 of Shepherd Industries PLC comprises five (05) members, including the Managing Director and 01 (one) Independent Director, bringing together a diverse mix of professional expertise, experience, and industry knowledge. The Directors hail from varied business sectors and professional backgrounds, enabling the Board to exercise independent judgment in strategic decision-making, policy formulation, and oversight of the company's operations.

The Board members play a crucial role in shaping the company's vision, strategy, and long-term objectives. Their collective experience contributes to effective governance, risk management, and performance monitoring, ensuring that the company achieves its operational and financial targets while adhering to corporate governance principles and regulatory requirements. Independent Director, in particular, provide objective oversight and act as a check on management decisions, ensuring that the interests of all shareholders, including minority shareholders, are protected.

Through active participation, the Board ensures that Shepherd Industries PLC maintains a balanced and transparent approach to decision-making, aligning corporate policies with best practices and sustainable growth objectives. Their engagement in policy formulation, strategic planning, and executive oversight underpins the company's commitment to professionalism, accountability, and long-term value creation for its stakeholders.

Company Secretary (CS)

The Company Secretary of Shepherd Industries PLC is a qualified professional who plays a pivotal role in supporting the Board of Directors and ensuring sound corporate governance. Appointed in accordance with the BSEC Corporate Governance Code, the Company Secretary serves as a key link between the Board, management, stakeholders, and regulatory authorities.

The responsibilities of the Company Secretary include facilitating timely communication and flow of information to the Board and shareholders, maintaining proper records, and ensuring compliance with statutory, regulatory, and corporate governance requirements. Acting as a governance officer, the Company Secretary drives the corporate compliance agenda, provides guidance and support to the Chairman and Board members, and ensures the effective functioning of the Board and its committees.

In addition to the core roles, the Company Secretary also serves as the secretary to all Board sub-committees and performs the responsibilities of the Chief Compliance Officer of the Company. These duties include monitoring adherence to policies, reviewing legal and regulatory obligations, coordinating with auditors and regulators, and ensuring that the company's operations are conducted in a transparent, accountable, and compliant manner. Through these functions, the Company Secretary contributes significantly to strengthening corporate governance, risk management, and stakeholder confidence in the organization.

Chief Financial Officer (CFO)

The Chief Financial Officer (CFO) of Shepherd Industries PLC is a highly qualified professional and a Chartered Accountant accredited by the Institute of Chartered Accountants of Bangladesh (ICAB). He is responsible for overseeing the accounts and finance department, ensuring accurate financial reporting, compliance with statutory and regulatory requirements, and effective management of the company's financial resources. His role is critical in strategic financial planning, risk management, budgeting, and monitoring cash flow, contributing significantly to the company's operational efficiency and sustainable growth.

Head of Internal Audit and Compliance (HIAC)

In compliance with the BSEC Corporate Governance Code, the company has appointed a Head of Internal Audit and Compliance (HIAC) to ensure robust internal control and governance mechanisms. The HIAC is responsible for leading the internal audit department, overseeing audit processes across all operational units of the company as well as the group companies, and ensuring adherence to policies, procedures, and regulatory requirements. He plays a key role in assessing risk management, identifying process improvements, and safeguarding company assets, thereby strengthening transparency, accountability, and operational integrity within the organization.

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 non-executive directors. The reason of absence of regular Chairperson is duly 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-to-day business of the Bank.

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 managed by the Managing Director. The Managing Director is responsible for overall activities of the business. He is 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 the period total 08 (eight) 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 2024-2025 is as follows:

Name of Directors	Attendance
Chung Wen Kuei, Chairman	08
Kao Wen Fu, Managing Director	08
Kao Chen Tsai, Director (Representative of Ever Priority Ltd.)	08
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:

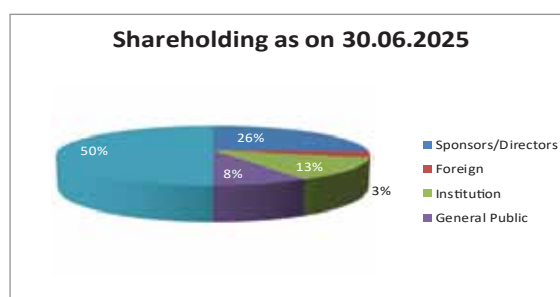
Name	Designation/Relation	No. of shares	Percentage
Md. Abdul Mannan	Deputy Managing Director	0	0.00%
Md. Ataur Rahman	Chief Financial Officer	0	0.00%
Mohammad Maruf Bin Wali	Company Secretary	0	0.00%
Md. Golam Mainuddin	Head of Internal Audit	0	0.00%

Shareholding 10% or more voting interest:

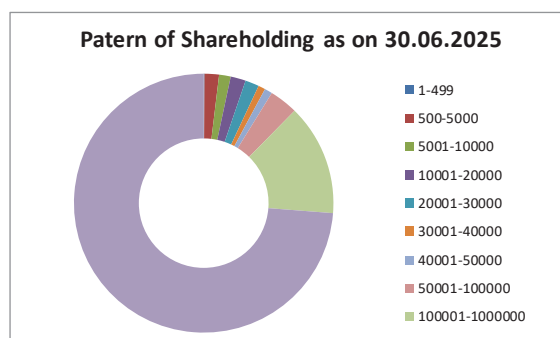
Name of shareholder	No. of shares	Percentage
Ever Priority Limited	53,374,964	34.65%

Shareholding Position as on 30.06.2025

Particulars	Percentage
Sponsors/Directors	51.48%
Foreign	6.43%
Institution	25.37%
General Public	16.72%
Total :	100.00%


Pattern of Share Holding as on 30.06.2025

Range	Percentage
1-499	1,198
500-5000	1,612
5001-10000	294
10001-20000	197
20001-30000	106
30001-40000	37
40001-50000	32
50001-100000	77
100001-1000000	83
1000001-1000000000	18
Total :	100.00%



CLOSING PRICE (12 MONTHS)

Sl No	Closing Date	Closing Price
1	July 31, 2024	12.80
2	August 31, 2024	14.10
3	September 30, 2024	14.20
4	October 31, 2024	14.20
5	November 30, 2024	15.60
6	December 31, 2024	15.10
7	January 31, 2025	15.10
8	February 28, 2025	17.70
9	March 31, 2025	17.90
10	April 30, 2025	16.30
11	May 31, 2025	16.50
12	June 30, 2025	18.50

**TOP 10 (TEN) SHAREHOLDERS AS ON 30 JUNE 2025**

Sl. No.	Name	Shares	Percentage
1	EVER PRIORITY LIMITED	30,000,000	19.47%
2	EVER PRIORITY LIMITED	23,374,964	15.17%
3	ETERNAL FLAME INT'L CO. INC.	13,172,761	8.55%
4	ICB	7,000,313	4.54%
5	S.M. ENTERPRISE	6,583,151	4.27%
6	KAO WEN FU	4,498,233	2.92%
7	ICB UNIT FUND	4,393,326	2.85%
8	CHUNG WEN KUEI	4,044,968	2.63%
9	LIN WEN YU	3,361,484	2.18%
10	AK EQUITY LIMITED	2,941,386	1.91%
Total		99,370,586	64.51%

ROTATION OF DIRECTOR

In compliance with the provisions of Section 91(1) of the Companies Act, 1994 and Clause 98 of the Articles of Association of Shepherd Industries PLC, at least one-third of the Directors are required to retire from office at every Annual General Meeting. Accordingly, in the 24th Annual General Meeting (AGM), the Directors who are due to retire by rotation shall step down from their position.

The retiring Directors are, however, eligible for re-election by the shareholders at the AGM. This mechanism ensures a balance between continuity and periodic renewal of the Board, allowing for fresh perspectives while maintaining experienced leadership. The process reflects the Company's commitment to good corporate governance, adherence to statutory requirements, and alignment with shareholder interests.

ELECTION / RE-ELECTION OF DIRECTORS

In accordance with the provisions of Section 91(1) of the Companies Act, 1994 and Clause no. 98 of the Articles of Association of the Company, one-third (1/3) of the Directors are required to retire by rotation at every Ordinary General Meeting and, being eligible, may offer themselves for re-election.

As per the resolution adopted in the 176th Meeting of the Board of Directors held on October 28, 2025, the following Directors, who are retiring by rotation in accordance with the relevant provisions of the Companies Act, 1994 and the Articles of Association of the Company, have expressed their willingness to offer themselves for re-election at the forthcoming 24th Annual General Meeting (AGM) of Shepherd Industries PLC:

- **Mr. Chung Wen Kuei**
- **Mr. Kao Wen Fu**

The re-election of the above Directors will be placed before the shareholders for approval at the 24th AGM. This process is in compliance with statutory and corporate governance requirements and is intended to ensure the continuity of experienced leadership on the Board.

Both Directors have made significant contributions to the strategic direction, operational excellence, and sustainable growth of the Company, reflecting their continued dedication to upholding the interests of shareholders and enhancing corporate value.

RE-APPOINTMENT OF THE MANAGING DIRECTOR

In accordance with the provisions of Section 110(1) & (3) of the Companies Act, 1994 and Clause no. 92 of the Memorandum of Association of the Company, the tenure of the present Managing Director is scheduled to expire on February 13, 2026.

Accordingly, Mr. Kao Wen Fu, the incumbent Managing Director, has expressed his willingness to retire upon completion of his current term and to be re-appointed for a further period of five (05) years, effective from **February 14, 2026**.

After due discussion, the Board of Directors in its 176th Meeting held on October 28, 2025, unanimously approved the proposal for re-appointment of Mr. Kao Wen Fu as the Managing Director of the Company for the said term, subject to the approval of the shareholders at the forthcoming 24th Annual General Meeting (AGM).

Mr. Kao Wen Fu has played a pivotal role in steering the Company towards sustainable growth through his visionary leadership, strategic acumen, and operational excellence. His continued leadership is expected to further strengthen the Company's performance, corporate governance, and long-term value creation for all stakeholders.

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 "Corporate Governance Code (CGC)" issued by the Bangladesh Securities and Exchange Commission (BSEC) regarding the composition of the Board. Mr. Md. Delwar Hossain is independent of management and free from any business or other relationships with the Company that could materially interfere with the exercise of his independent judgment as an Independent Director. The Board is confident that his extensive experience and professional expertise enable him to make valuable and constructive contributions to the Board's deliberations and decision-making processes.

Qualification of Independence Director:

Md. Delwar Hossain

Md. Delwar Hossain is currently serving as an Independent Director of the Company. He is a retired Commissioner of Taxes and currently a certified Income Tax Practitioner (ITP) recognized by the National Board of Revenue (NBR). Mr. Hossain completed his B.A. (Honors) in 1970 and M.A. in English in 1971 (completed in 1973), both with Second Class from the University of Dhaka. He joined the Bangladesh Civil Service (BCS) in the Taxation Cadre in 1979 as an Assistant Commissioner of Taxes. He also served as lecturer in English in two Govt. College from 1973 to 1979. He retired in 2006 as a Commissioner of Taxes, concluding a distinguished 35 years career. Throughout his service, he gained extensive experience in tax audit, tax assessment and other taxation related matters. Following his retirement from government service and after obtaining certification from the NBR, he began practicing as an Income Tax Practitioner (ITP) under his proprietorship firm, Delwar Hossain & Associates, currently located at Suite #5/7, Level-05, Eastern Arzoo Tower, 61 Bijoy Nagar, Dhaka-1000. Mr. Hossain is widely regarded as a charismatic, hardworking and creative professional with substantial experience in managing corporate and taxation issues. He will lend his expertise to Shepherd Industries PLC in more ethical business processes.

COMPANY SECRETARY, CFO & INTERNAL AUDITOR

In accordance with the Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (BSEC) under Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018, Shepherd Industries PLC has formally designated the responsibilities for key governance and financial oversight positions 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

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. As per Companies Act 1994 under section 210 (1) the present Auditor of the company, S. F. Ahmed & Co., Chartered Accountants has completed their consecutive 03 (three) years as Auditor and they will retire in the 24th Annual General Meeting. For the financial year ending on 30th June 2026, Shepherd Industries PLC is required to appoint a new Statutory Auditor. Accordingly, two Chartered Accountants Firms were expressed their interest for being appointed as External Auditor of the Company for the year ended on 30th June 2026. Among the two firms considered, the Board of Directors decided to appoint Anil Salam Idris & Co., Chartered Accountants as the Statutory Auditor of the Company for the financial year 2025-2026 (subject to the approval in the forthcoming AGM) and their fees will be determined by the negotiation.

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 were re-appointed as the Corporate Governance (CG) Compliance Auditor in the 23rd Annual General Meeting by the shareholders and have duly completed their audit. Subsequently, three CG Audit Firms expressed their interest in being appointed as the CG Compliance Auditor of the Company for the year ended June 30, 2026. After careful scrutiny of the proposals from the three firms, the Audit Committee recommended, and the Board of Directors approved, the appointment once again of Haruner Rashid & Associates, Chartered Secretaries & Management Consultants as the Compliance Auditor for certification of compliance on the Corporate Governance Code for the year ended June 30, 2026, subject to approval at the forthcoming Annual General Meeting. Their audit fee has been fixed at 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 24th Annual General Meeting to be held at the Hybrid System. Among the three firms, the Board of Directors elected and appointed Ahmmed Hoq Siddique & 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 24th Annual General Meeting. Their fees will be Taka 30,000.00 (Thirty Thousand) only excluding VAT and including AIT.

APPOINTMENT OF INDEPENDENT SERVICE PROVIDER

In compliance with the guidelines of the Bangladesh Securities and Exchange Commission (BSEC), Shepherd Industries PLC has appointed Satcom IT Limited as an Independent Service Provider to facilitate the company's 24th Annual General Meeting (AGM) through a hybrid system, combining both physical and virtual participation.

The engagement of an independent service provider ensures that the AGM is conducted in a transparent, secure, and efficient manner, allowing shareholders to participate remotely while safeguarding the integrity of voting and other procedural formalities. Satcom IT Limited is responsible for providing the necessary technological platform, overseeing the online registration of shareholders, managing electronic voting, and ensuring seamless coordination between virtual and physical attendees.

This appointment reflects the company's commitment to adhering to regulatory requirements, promoting shareholder participation, and leveraging technology for efficient corporate governance practices. By using an independent service provider, Shepherd Industries PLC ensures that the AGM process is fair, accessible, and fully compliant with the relevant statutory and regulatory provisions.

COMMUNICATION TO SHAREHOLDERS AND STAKEHOLDERS

Shepherd Industries PLC places the highest priority on transparent, timely, and effective communication with its shareholders and stakeholders. The company ensures that all communications—including responses to inquiries, disclosures of financial and operational information, and other relevant updates—are conducted in full compliance with the Companies Act 1994, the Bangladesh Securities and Exchange Commission (BSEC) Rules and Regulations, as well as the requirements of the Dhaka Stock Exchange PLC (DSE) and the Chittagong Stock Exchange PLC (CSE).

Beyond regulatory compliance, the company also follows best practices in corporate governance to safeguard stakeholder interests, promote accountability, and maintain trust. By adhering to these standards, Shepherd Industries PLC ensures that shareholders receive accurate, complete, and timely information regarding the company's performance, strategic initiatives, dividend declarations, and other matters of importance. Stakeholders, including investors, creditors, employees, and business partners, are kept informed through structured disclosures, periodic reports, and formal communications channels.

The detailed practices and mechanisms for communication with shareholders and stakeholders have been outlined in a separate chapter of this Annual Report 2025, highlighting the company's commitment to openness, transparency, and governance excellence.

INVESTORS RELATIONS DEPARTMENT

Shepherd Industries PLC has established a dedicated Investors Relations (IR) Department to serve as a one-stop solution for shareholder queries and complaints. The department operates under the Board Secretariat Division and is committed to providing prompt, transparent, and effective communication with all investors, ensuring their concerns are addressed without delay.

Shareholders and investors can communicate their queries or complaints through the company's official email: ataur.accounts@shepherdbd.com or directly contact the designated officer responsible for investor relations.

Designated Contact for Investors Relations:

Md. Ataur Rahman
Executive Director & Chief Financial Officer (CFO)
Mobile: 01954404040, 01711885937
Telephone: 48963340-42 Ext. 108
Email: ataur.accounts@shepherdbd.com

The Investors Relations Department ensures that all communications are handled professionally and efficiently, providing timely responses to shareholders' questions, clarifying information related to dividends, shareholding, corporate announcements, and other matters of concern. This initiative demonstrates the company's commitment to investor satisfaction, transparency, and good corporate governance practices.

QUARTERLY/YEARLY RESULTS

Shepherd Industries PLC places strong emphasis on timely, transparent, and comprehensive communication of its financial performance to shareholders and other stakeholders. The company regularly provides quarterly financial statements and the annual audited financial statements, which serve as the principal means of communication with investors and stakeholders regarding the company's operational and financial performance.

To ensure widespread accessibility and transparency, the quarterly financial results are published in widely circulated national newspapers, allowing shareholders to stay informed of the company's performance throughout the year. The annual report, which contains the audited financial statements, statutory disclosures, and other key information, is distributed to shareholders in both printed and digital formats. A soft copy of the Annual Report is also sent via email to facilitate easy access for shareholders who prefer electronic communication.

In line with the company's commitment to digital transparency and accessibility, both quarterly and annual reports, along with other key disclosures, are made available on the company's official website: www.shepherdbd.com. This allows shareholders and other stakeholders to conveniently review financial results, corporate updates, and statutory information at any time, reflecting Shepherd Industries PLC's dedication to good corporate governance, accountability, and investor engagement.

CORPORATE GOVERNANCE & COMPLIANCE

The Board of Directors of Shepherd Industries PLC drives the practice of corporate governance across the Company. Corporate governance is perceived as a system of aligning the interests of stakeholders in the oversight and management of the business, with an emphasis on transparency, accountability, fairness, and compliance.

The Board is firmly committed to ensuring that the rights and interests of shareholders, employees, regulators, customers, and the community at large are safeguarded. At the helm of decision-making, the Board maintains a strong culture of compliance and integrity, ensuring that all obligations to stakeholders are given due attention.

Corporate Governance has been detailed separately in this Annual Report, which also provides a summary of the conduct, activities, and attendance of the Board and its Committees.

Governance Philosophy

Our philosophy of governance is rooted in:

- **Transparency:** Full and fair disclosure of all material information to stakeholders.
- **Accountability:** Ensuring that the Board and management are responsible for their decisions and actions.
- **Compliance:** Strict adherence to all applicable laws, regulations, and guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), and other regulatory authorities.
- **Fairness & Equity:** Protecting the rights of all shareholders, particularly minority and institutional investors.

Governance Framework in Practice

Shepherd Industries PLC has established a robust governance framework that includes:

- **Board Oversight:** The Board of Directors ensures effective leadership, supervision, and guidance of the Company's overall strategy, performance, and compliance.
- **Board Committees:**
 - **Audit Committee** – Oversees financial reporting, audit process, and internal controls.
 - **Nomination and Remuneration Committee (NRC)** – Ensures proper Board composition, succession planning, and fair compensation practices.
- **Internal Controls & Risk Management:** Comprehensive policies are in place for internal control, enterprise risk management, compliance monitoring, and fraud prevention.
- **Ethical Practices:** The Company promotes a culture of ethics and integrity, with zero tolerance towards corruption, fraud, and malpractice.
- **Shareholder Rights:** Equal and equitable treatment of all shareholders, ensuring timely disclosure of financial and non-financial information and facilitating participation in the decision-making process.

Commitment to Best Practices

The Company ensures compliance with:

- The Companies Act 1994
- The Securities and Exchange Ordinance, 1969
- BSEC Corporate Governance Code (Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018)
- Other applicable laws and international best practices in governance.

Through this strong governance structure, Shepherd Industries PLC aims to maximize long-term shareholder value, maintain investor confidence, and contribute to sustainable growth in the textile sector of Bangladesh.

HUMAN RESOURCES

At Shepherd Industries PLC, people are at the heart of our success. We believe that a motivated, skilled, and engaged workforce is the most important driver of sustainable growth. Our Human Resource (HR) Department is committed to ensuring that the right people are placed in the right roles, while continuously developing their skills and ensuring their wellbeing.

HR Functions and Responsibilities

The HR Department is actively engaged in:

- **Job Analysis & Manpower Planning** – Identifying workforce needs and aligning human capital with the Company's strategic objectives.

- **Recruitment & Selection** – Hiring the right talent based on merit, skills, and cultural fit, ensuring transparency and equal opportunity.
- **Employee Orientation & Training** – Conducting induction programs and continuous learning opportunities to enhance knowledge, efficiency, and professionalism.
- **Compensation & Benefits Management** – Administering competitive salary structures, performance-based incentives, and employee welfare schemes.

Employee Benefits & Welfare

Shepherd Industries PLC prioritizes the long-term security and wellbeing of its employees through a wide range of benefits:

- **Provident Fund** – Ensuring employees' long-term financial security.
- **Gratuity Fund** – Recognizing and rewarding long service and loyalty.
- **Group Insurance Coverage** – Providing protection against health risks and unforeseen circumstances.
- **Leaves & Holidays** – Offering annual leave, sick leave, maternity benefits, and other statutory entitlements.
- **Health & Safety Measures** – Maintaining a safe and healthy working environment in compliance with labor and industrial safety laws.

Training & Development

We strongly believe in continuous skill development of our employees to remain competitive in the global textile industry. The Company has adopted structured training programs such as:

- **Internal Training Workshops** – Regular sessions on technical know-how, compliance, safety standards, and productivity improvement.
- **Local Training** – Partnerships with training institutes and industry associations in Bangladesh.
- **Foreign Training & Exposure** – Selected employees receive overseas training to learn advanced technologies and global best practices.

Employee Engagement & Culture

Shepherd Industries PLC fosters a positive work culture where teamwork, respect, diversity, and inclusion are valued. The Company encourages open communication, employee participation in decision-making, and recognition of performance through awards and incentives.

Industrial Relations

The Company maintains a harmonious relationship with its workforce and complies fully with all applicable labor laws and social compliance standards. We actively promote freedom of association, gender equality, and non-discrimination across all levels of the organization.

Commitment to the Future

Going forward, Shepherd Industries PLC aims to:

- Invest further in digital HR solutions for efficient workforce management.
- Expand skill development initiatives aligned with Industry 4.0 and technological automation.
- Strengthen employee welfare programs for enhanced motivation and productivity.

Through these initiatives, we strive to create a safe, rewarding, and growth-oriented workplace for all employees, ensuring that Shepherd Industries PLC remains an employer of choice in Bangladesh's textile and manufacturing sector.

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 Tk. 10,001.00 per month and annually Tk. 120,012.00.

WORKERS' PROFIT PARTICIPATION FUND

In accordance with Section 234 of the Bangladesh Labour Law 2006, Shepherd Industries PLC has implemented the Workers' Profit Participation Fund (WPPF) and the Workers' Welfare Fund (WWF) for its employees. These funds are established to share a portion of the company's profits with the workers and to promote their welfare and well-being.

For the financial year ending 30th June 2025, the company has made provisions for WPPF and WWF in accordance with the applicable government rules. The contributions to these funds are reflected in the audited financial statements under Note No. 18, ensuring transparency and compliance with statutory requirements.

By implementing these funds, Shepherd Industries PLC demonstrates its commitment to employee welfare, fair profit-sharing, and adherence to labor regulations, fostering a motivated workforce and contributing to sustainable industrial growth.

EMPLOYEES' PROVIDENT FUND

In compliance with Section 264 of the Bangladesh Labour Law 2006, Shepherd Industries PLC established an Employees' Provident Fund on 31st May 2015 to provide long-term financial security to its workforce. The fund has been officially certified by the National Board of Revenue (NBR) under Ref. ৪এ-২৮/কঅ-২/আসা/প্রভিডেন্ট ফান্ড/২০১৪-২০১৫/১৩০৮(৩). The Provident Fund enables employees to accumulate retirement savings through regular contributions made by the company and the employees, ensuring financial stability and promoting employee welfare.

EMPLOYEES' GRATUITY FUND

Shepherd Industries PLC also established an Employees' Gratuity Fund on 15th May 2015, certified by the National Board of Revenue (NBR) under Ref. ০৮.০১০০০০.০৩৫.০২.০০১৬.২০১৫/১৭৮, to reward long-term service and loyalty. The Gratuity Fund provides eligible employees with a lump-sum benefit upon retirement, resignation, or completion of a defined service period, reflecting the company's commitment to employee recognition and welfare.

Together, the Provident Fund and Gratuity Fund form a comprehensive framework for employee financial security and post-service benefits, underscoring Shepherd Industries PLC's dedication to fostering a motivated and supported workforce in line with statutory and best-practice requirements.

PREVENTION OF CHILD LABOR

Shepherd Industries PLC is fully committed to the protection of children's rights and strictly enforces policies against child labor. Recognizing that children may be driven into work due to poverty, sudden illness of a caregiver, or job loss of a primary wage earner, the company acknowledges the severe consequences of child labor, which include physical and mental harm, deprivation of education and healthcare, economic or sexual exploitation, and in extreme cases, slavery or even death. To prevent any such violation, the company maintains a strict prohibition in its Human Resources Manual: no employee or laborer under the age of 18 years is allowed to be recruited under any circumstances. This ensures that all personnel meet legal requirements, and the company actively contributes to a safe and ethical workplace, protecting the future of children and supporting societal well-being.

GROUP INSURANCE

In line with Section 99 of the Bangladesh Labour Law 2006, which mandates compulsory group insurance for workers, Shepherd Industries PLC has implemented a comprehensive Group Insurance Scheme for its employees through MetLife Bangladesh, a trusted insurance provider. This scheme provides financial security and protection to employees and their families against unexpected events such as death or permanent disability due to accidents. By offering this coverage, the company demonstrates its commitment to employee welfare, safety, and social responsibility, creating a sense of security and enhancing morale across the workforce.

PRICE SENSITIVE INFORMATION (PSI)

The company recognizes the importance of timely and accurate disclosure of Price Sensitive Information (PSI). Shepherd Industries PLC ensures that all PSI is communicated to the Bangladesh Securities and Exchange Commission (BSEC) and the Stock Exchanges within 30 minutes of a decision or immediately upon obtaining relevant information. Additionally, PSI is published promptly in two widely circulated newspapers (one Bangla and one English) and an online news portal. Dissemination methods include fax, email, courier, or special messenger services, ensuring that all shareholders and market participants receive timely updates. This approach reflects the company's commitment to market transparency, fairness, and regulatory compliance.

COMPLIANCE WITH CG CODE

Shepherd Industries PLC consistently follows global best practices in corporate governance. The company fully complies with the Corporate Governance Code issued by BSEC under Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 10 June 2018. The implementation of the code has been audited by Independent CG Compliance Auditor Haruner Rashid & Associates, Chartered Secretaries & Management Consultants, which confirmed satisfactory compliance. These practices demonstrate the company's dedication to accountability, transparency, and ethical decision-making, ensuring confidence among investors, stakeholders, and regulators.

COMPLIANCE WITH BSS

Shepherd Industries PLC adheres to the Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB). This ensures that all corporate processes, including board meetings, resolutions, statutory reporting, and shareholder communications, are conducted in accordance with recognized best practices. Compliance with BSS strengthens the company's governance framework, reinforces transparency, and safeguards the interests of shareholders and stakeholders.

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 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 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 extend our heartfelt thanks and appreciation to all our shareholders for their unwavering support, trust, and active participation, which have enabled the Board to effectively discharge its responsibilities during the financial year 2024–2025.

The Board recognizes that the achievements of the year were made possible due to the cooperation, guidance, and support from various government and regulatory bodies, including 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 (BPDB), and Titas Gas Transmission & Distribution Company Ltd., as well as the local community. We express our sincere gratitude to all these institutions and individuals for their invaluable support.

We also wish to acknowledge the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange PLC (DSE), Chittagong Stock Exchange PLC (CSE), Registrar of Joint Stock Companies & Firms, Central Depository of Bangladesh Limited, and other business partners for their continuous guidance, constructive suggestions, and cooperation extended to the company.

The Board would like to express its appreciation to our auditors, S. F Ahmed & Co., Chartered Accountants, for their dedicated efforts in ensuring the timely completion of the audit process. We also extend our gratitude to our bankers, financial institutions, customers, suppliers, insurance companies, and service providers for their indispensable support, which has contributed to the company's growth, operational efficiency, and profitability.

Finally, the Board recognizes the loyalty, dedication, and hard work of all executives, officers, and employees of Shepherd Industries PLC across all levels. Their commitment and professionalism have been instrumental in achieving the company's solid performance during the year.

In conclusion, I request our valued shareholders to kindly accept and approve the Auditors' Report, Annual Audited Accounts for the year 2024-2025, and the Directors' Report as placed before you.

Thanking you,

For and on behalf of the Board of Directors



Chung Wen Kuei
Chairman
Shepherd Industries PLC