



Shepherd Industries Limited

“পুঁজিবাজারে বিনিয়োগ ঝুঁকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন”

“Investment in capital market involves certain degree of risks. The investors are required to read the prospectus and risk factors carefully, assess their own financial conditions and risk taking ability before making their investment decisions.”

PUBLIC ISSUE OF 20,000,000 ORDINARY SHARES

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Opening date of subscription: 08 January 2017

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PROSPECTUS

Name of Issuer:



Shepherd Industries Limited

Name of Issue Managers:



ALPHA CAPITAL MANAGEMENT LIMITED



Preliminary Information and Declarations:

NAME & ADDRESS	CONTACT PERSON	CONTACT NO.
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VALUER		
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“A PERSON INTERESTED TO GET A PROSPECTUS MAY OBTAIN FROM THE ISSUER, AND THE ISSUE MANAGERS.”

“If you have any query about this document, you may consult the issuer, issue manager and underwriter”



"CONSENT OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2015. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER, MANAGING DIRECTOR, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY, ISSUE MANAGER, ISSUE MANAGER'S CHIEF EXECUTIVE OFFICER, UNDERWRITERS, AUDITOR(S), VALUER AND/OR CREDIT RATING COMPANY (IF ANY)."

"Risks in relation to the First Issue"

"This being the first issue of the issuer, there has been no formal market for the securities of the issuer. The face value of the securities is tk. 10.00 (ten) and the issue price is tk. 10.00, i.e. the face value. The issue price has been determined and justified by the issuer and the issue manager as stated under the paragraph on "justification of issue price" should not be taken to be indicative of the market price of the securities after listing. No assurance can be given regarding an active or sustained trading of the securities or the price after listing."

"General Risk"

"Investment in securities involves a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offer. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended by the Bangladesh Securities and Exchange Commission (BSEC) nor does BSEC guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'risk factors' given on page number(s) 151-159"

"Shepherd Industries Limited's Absolute Responsibility"

"The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this prospectus contains all material information with regard to the issuer and the issue, that the information contained in the prospectus are true, fair and correct in all material aspects and are not misleading in any respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."



AVAILABILITY OF PROSPECTUS

The Prospectus and abridged version prospectus in hard and soft forms of the Company shall be obtained from the following addresses:

NAME & ADDRESS	CONTACT PERSON	TELEPHONE & FAX NUMBER, E-MAIL, WEB ADDRESS
ISSUER COMPANY		
SHEPHERD INDUSTRIES LIMITED House#24, Road#04, Sector#04, Uttara Model Town, Dhaka-1230	Mr. Ataur Rahman Chief Financial Officer	Tel: +88-02-7913340-42 Fax: +88-02-7913359-60 Email: ataur.accounts@shepherdbd.com Web: www.shepherdbd.com
ISSUE MANAGER		
ALPHA CAPITAL MANAGEMENT LIMITED Eastern Arzoo Complex (7 th Floor), 61, Bijoy Nagar, Dhaka-1000.	Noor Ahamed FCA CEO and Managing Director	Tel: +88-02-8316540, 8313947, 8316519 Fax: +88-02-8316547 E-mail: alpha.acml@gmail.com web:www.acmlbd.com
UNDERWRITER		
ALPHA CAPITAL MANAGEMENT LIMITED Eastern Arzoo Complex (7 th Floor), 61, Bijoy Nagar, Dhaka-1000.	Noor Ahamed FCA CEO and Managing Director	Tel: +88-02-8316540, 8313947, 8316519 Fax: +88-02-8316547 E-mail: alpha.acml@gmail.com web:www.acmlbd.com
STOCK EXCHANGES		
DHAKA STOCK EXCHANGE LIMITED (DSE) DSE LIBRARY, RESEARCH AND INFORMATION DEPARTMENT, 9/F, MOTIHEEL C/A, DHAKA-1000.	Mr. Md. Afzalur Rahman Manager	Tel: +88 02 9564601-7, 9666944-8 Fax: +88 02 9569755, 9564727 e-mail: research@dsebd.org website: www.dsebd.org
CHITTAGONG STOCK EXCHANGE LIMITED (CSE) CSE BUILDING, 1080, SHEIKH MUJIB ROAD, CHITTAGONG-41000. DHAKA LIAISON OFFICE: 52-53, DILKUSHA C/A, DHAKA-1000.	Mr. Mohammad Javed Sarwar Assistant Manager	Tel: +88 031 714632-3 , +88 031 720871 Fax: +88 031 714101; +88 02 9513911-15 e-mail: javed@cse.com.bd website: www.cse.com.bd

Prospectus would also be available on the web sites of BSEC (www.sec.gov.bd), DSE (www.dsebd.org), CSE (www.csebd.com), Shepherd Industries Limited (www.shepherdbd.com), AlphaCapitalManagement Limited(www.acmlbd.com) and at the Public Reference room of the Bangladesh Securities and Exchange Commission (BSEC) for reading and studying.

Names and dates of the newspapers where abridged version of prospectus was published:

Sl. No.	Newspaper Name	Date
1	The Financial Express	11/12/2016
2	New Age	11/12/2016
3	Bonik Barta	11/12/2016
4	The Daily Samakal	11/12/2016



Definitions and Acronyms/Elaborations

A	
Allotment	Letter of allotment for shares
B	
BB	Bangladesh Bank
BO A/C	Beneficiary Owner Account or Depository Account
BSEC	Bangladesh Securities and Exchange Commission
BDYEA	Bangladesh Dyed Yarn Exporters Association
BGMEA	Bangladesh Garment Manufacturers and Exporters Association
BTMA	Bangladesh Textile Mills Association
BKMEA	Bangladesh Knitware Manufacturers & Exporters Association
C	
Commission	Bangladesh Securities and Exchange Commission
Companies Act	The Companies Act, 1994 (Act. No. XVIII of 1994)
CSE	Chittagong Stock Exchange Limited
D	
DSE	Dhaka Stock Exchange Limited
F	
FC Account	Foreign Currency Account
FI	Financial Institution
G	
GOB	The Government of People's Republic of Bangladesh
I	
IPO	Initial Public Offering
Issue	Public offer of SIL's shares
Issuer	Shepherd Industries Limited
IFIC	IFIC Bank Ltd

N	
NAV	Net Asset Value of the Company
NBR	National Board of Revenue
NRB	Non Resident Bangladeshi
NBL	National Bank Limited
O	
Offering Price	Price of the securities of SIL being offered
P	
PSI	Pre Shipment Inspection
R	
Registered Office	Registered Office of SIL
RJSC	Registrar of Joint Stock Companies & Firms
RMG	Ready Made Garment
S	
SC	Share Certificate
SIL	Shepherd Industries Limited
Securities	Shares of Shepherd Industries Limited
Share Market	Market of the Securities
Sponsors	The sponsor shareholders of SIL
Stockholders	Shareholders
Subscription	Application money
SEBL	Southeast Bank Ltd
SYL	Shepherd Yarn Limited
T	
The Company	Shepherd Industries Limited
TBL	Trust Bank Limited



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SECTION (I): EXECUTIVE SUMMARY

(a) About the industry:

Dyeing is the process of adding color to textile products like fibers, yarns, and fabrics. Dyeing is normally done in a special solution containing dyes and particular chemical material. After dyeing, dye molecules have uncut chemical bond with fiber molecules. The temperature and time controlling are two key factors in dyeing.

Bangladesh is one of the largest producers of textiles and garments products. Abundant availability of raw materials and cheap labor has made the country a sourcing hub. With the improvement of the Textile & RMG sector in Bangladesh a lot of backward linkage industries have been established to support the Textile & RMG sector. Dyeing industry is one of the most important backward linkage industries for the Textile & RMG sector, the demand of which is increasing day by day considering the development of the Textile & RMG sector.

(b) About the Issuer:

Shepherd Industries Ltd. (SIL) was established in 2000 in Bangladesh as a private limited company. SIL has commenced its operation on October 18, 2001. With nearly 16 years of sweater yarn dye experience and innovation Shepherd Industries Limited grown up in times. Production machineries of the company are equipped with the State of the art technology. The laboratory is monitored by expert technicians. The company is committed with quality control, accurate time delivery, and large production capacity.

SIL's main products includes: Various types of cotton, Acrylic, Wool, Nylon, Viscose blended dyed yarn.



(c) Financial Information:

Major financial information of Shepherd Industries Limited (SIL) is as follows:

As per audited financial statements

Sl.	Particulars	01-Apr-15 to 30-Jun-16	01-Apr15 to 31-Mar-16 Re-stated	01-Apr-15	01-Jan-15 To 31-Mar-15	1-Jan-14 to 31-Dec-14	1-Jan-13 to 31-Dec-13 Re-stated	1-Jan-12 to 31-Dec-12	1-Jan-11 to 31-Dec-11
1	Turnover	756,861,925	2,636,557,896	-	390,141,810	1,780,751,795	1,878,484,554	1,883,339,590	1,179,310,883
2	Gross Profit	87,451,424	304,876,358	-	43,211,059	204,051,984	211,260,196	151,028,313	111,951,056
3	Net profit before tax	59,901,062	147,198,894	-	14,342,845	91,775,618	54,192,576	2,102,356	1,198,369
4	Net Profit after tax	48,199,648	131,340,828	-	12,041,477	76,313,041	34,969,372	1,787,002	1,018,614
5	Total Assets	3,856,275,737	3,878,035,686	3,678,117,829	2,392,155,140	2,578,542,251	2,530,602,965	2,494,283,888	2,045,051,107
6	Share Capital	1,042,059,860	1,042,059,860	191,194,000	88,574,000	88,574,000	88,574,000	88,574,000	88,574,000
7	Retained Earnings	353,760,682	303,605,008	157,668,849	32,355,290	18,733,423	(55,502,229)	(39,865,601)	(38,871,544)
8	No. of Shares	104,205,986	104,205,986	1,911,940	885,740	885,740	885,740	885,740	885,740
9	Face Value	10	10	100	100	100	100	100	100
10	NAV Per Share (With Revaluation)	18.70	18.56	750.50	1061.69	1048.10	979.50	1026.64	1025.87
11	NAV Per Share (With Revaluation Reserve)(Considering Face Value Tk. 10/- for all year)	18.70	18.56	75.05	106.17	104.81	97.95	102.66	102.59
12	NAV Per Share (Without Revaluation Reserve)	13.39	13.24	431.91	636.94	621.57	545.04	562.70	561.93
13	NAV Per Share (Without Revaluation Reserve)(Considering Face Value Tk. 10/- for all year)	13.39	13.24	43.19	63.69	62.16	54.50	56.27	56.19
14	Earnings per Share (EPS)	0.46	4.37	-	13.59	86.16	39.48	2.02	1.15
15	Earnings per Share (EPS) (Considering Face Value Tk. 10/- for all year)	0.46	4.37	-	1.36	8.62	3.95	0.20	0.12

***Face value of company's share was Tk. 100/- each and was converted in to Tk. 10/- vide EGM dated June 08, 2015; Face value of shares on the above table was considered as Tk. 10/- for better presentation.**



(d) Features of the issue and its objects:

Shepherd Industries Limited (SIL) is engaged in dyeing of different counts of yarn and to market the processed yarn to various sweater industries in Bangladesh as deemed exporter. The Company intends to issue 20,000,000 ordinary shares of Tk. 10.00 each through Initial public offering (IPO) at an issue price of Tk. 10.00 totaling to Tk. 200,000,000.00 subject to regulatory approvals.

Net Proceeds from initial public offering (IPO) will be used for civil construction (for washing Plant), acquisition and installation of new machineries (for washing plant and expansion unit), Expansion of ETP (For Washing plant and BMRE), to repay the short term bank loan of the company and to meet up the IPO expenses.



(e) Legal and other Information:

Sl.	Name of License/Registration/NOC	License Issuer/Issuing Authority	Certificate / License No.	Issue Date	Validity Status	Remarks
1	Incorporation	RJSC	Private Limited Company Reg No: C-41066(425)/2000	August 21, 2000	N/A	
2	Certificate of Commencement of Business	RJSC	N/A	N/A	N/A	Incorporated as private limited company
3	Trade License	Bhaluka Powroshova	01562	08-07-2015	Valid up to 2016-17	
4	ERC	CCI&E	Ra 53255	30-01-2001	Valid up to 2016-17	
5	IRC	CCI&E	BA 104118	30-07-2001	Valid up to 2016-17	
6	Fire	Bangladesh Fire Service and Civil Defense	Mymen/811/2001	01-08-2001	Valid up to 2016-17	
5	Kolkarkhana o Protishthan	Prodhan Poridorshok Kolkarkhana O Protishthan	10958/Mymensingh	16-08-2001	Valid till June, 2017	
6	Bonded Warehouse	Customs Bond Commissionerate	5(13) 210/cus-bond/li:/2001/part-3/2014/13721	18-08-2015	Valid Till 15-08-2017	
7	BOI Registration	Board of Investment	BOI/R&I-1/2520/2001/62	21-01-2001	N/A	
8	Environment Certificate	Department of Environment	Poribesh/dhabi/3704/2557	31-10-2016	Valid up to 22-06-2017	
9	Boiler	Office of Chief Boiler Inspector	বাঃবঃ ২৭৫৩	30/12/15	29/11/2016	
			বাঃবঃ ২৩১১	30/12/15	29/11/2016	
			বাঃবঃ ৩৫৩৯	30/12/15	29/11/2016	
			বাঃবঃ ২২৭৯	10/08/16	10/02/2017	
10	Membership Certificate	The Mymensingh Chamber of Commerce & Industry	Sl. No. 17867	14-07-2016	Valid Till 30-06-2017	
11	Membership Certificate	Bangladesh Dyed Yarn Exporters Association	Sl. No. 12	21-01-2013	Valid Till 31-12-2016	
12	TIN Certificate	National Board of Revenue	e-TIN: 815674589022	06-10-2013	N/A	
13	Value Added Tax	National Board of Revenue	18091004625	13-11-2012	N/A	
14	Oeko-Tex Standard 100 HKYO 105586 Testex	Institute of the International Association for Research and Testing in the Field of Textile Ecology	BD-2240 Mymensingh	07-10-2015	Valid until 15-08-2017	



(f) Promoters' background:

When the company was incorporated the following persons were the subscribers to the memorandum:

Sl.	Name	Present Status in the company	Remarks
1	Mr. Chen Kuo Kung	Resigned and left the company	Transferred his entire shares
2	Mr. Mafiz Ahmed Bhuyian	Resigned and left the company	Transferred his entire shares
3	A.K.M Zakir Hossain	Resigned and left the company	Transferred his entire shares
4	Mr. Cheng Che Seng	Shareholder	Resigned from the post of director
5	Mr. Yang Ming Te	Shareholder and representative of Eternal Flame Int'l. Co. Inc.	-
6	Ms Chiu Ching Ping	Resigned and left the company	Transferred her entire shares

Chen Kuo Kung

Mr. Chen Kuo Kung, A Taiwanese national was the founder chairman and Director of Shepherd Industries Ltd and Shepherd Textile (BD) Ltd. As pioneer of Dyeing industries in Bangladesh, he set up his first venture at Dhaka Export Processing Zone named Shepherd Textile (BD) Ltd in 1997. Soon after successful establishment of this venture and to meet up the demand of textile industries he formed Shepherd Industries Ltd at Bagrapara, Kathalia, Bhaluka, Mymensingh in the year 2000. He resigned from Shepherd Industries Ltd in September, 2000 and transferred his entire shares.

Mafiz Ahmed Bhuyian:

Mr. Mafiz Ahmed Bhuyian was a Sponsor Director and Managing Director of Shepherd Industries Ltd. Mr. Bhuyian is an entrepreneur and has the distinction of making substantial contribution in setting up Backward Linkage Industry of RMG/Textile sector in its early years. He left Shepherd Industries Limited in 2009 by transferring his entire shares.

A.K.M Zakir Hossain

A.K.M. Zakir Hossain was the sponsor Director of Shepherd Industries Ltd and born and brought up at Comilla in a renowned Muslim family. He obtained his Master's degree in economics from University of Chittagong. He was vastly experienced in Garments and Textile sector. Under his guidance, production, sales and delivery team of Shepherd Industries Ltd achieved lot of mile stones. He was also sponsor Director of Shepherd Textile (BD) Ltd. At present he does not hold any share of the company's paid up capital and its related business. Mr. Zakir transferred his entire shares in 2005 and left the company.

Mr. Cheng Che Seng

Cheng Che Seng, was a sponsor director of Shepherd Industries Limited with huge experience in the in Textile Industry and a Taiwan national. He worked for Dachiang Dyeing Factory (Taiwan) as Laboratory in charge and as Production Manager of Cotton and Acrylic Dyeing Department; Alfateme Textiles Company (Pakistan) as Managing Director. Mr. Cheng Che Seng is presently a shareholder of the company.

Mr. Yang Ming Te,

Mr. Yang Ming Te is a Taiwan national and Director of Shepherd Industries Limited. He is experienced in the dying industry and brought a broader vision in sales, marketing and customer care to start-up and high- growth companies. He always put positive impact towards the company to maximize its wealth. He is one of the shareholder of the company and representing Eternal Flame Int'l Co. Inc in the board of Shepherd Industries Limited.

Ms Chiu Ching Ping

Ms. Chiu Ching Ping was the sponsor director of Shepherd Industries Ltd. She was born and brought up in Taiwan and hails from a renowned business family. She obtained her Masters' degree in business administration from Taiwan. At present she does not hold any shares in the paid up capital of the company. She transferred her entire shares on September, 2013 and left the company.



(g) Capital structure and history of capital raising:

Particulars	No of Shares	Face Value (Tk.)	Amount in Taka
Authorized Capital	190,000,000	10	1,900,000,000
Before IPO:			
Paid up capital	104,205,986	10	1,042,059,860
Total paid up capital before IPO (A)	104,205,986	10	1,042,059,860
After IPO:			
To be issued as IPO (B)	20,000,000	10	200,000,000
Paid up capital (Post IPO) (A+B)	124,205,986	10	1,242,059,860

The Company has raised its paid-up capital in following phases:

Particulars	Date	Consideration	No of Ordinary Shares	Amount Tk.
MOA and AOA	01/08/2000	Cash	60,600	606,000
1st Allotment	01/07/2002	Cash	7,939,400	79,394,000
2nd Allotment	12/11/2011	Cash	857,400	8,574,000
3rd Allotment (Through Amalgamation with Shepherd Yarn Limited)	01/04/2015	Share	10,262,000	102,620,000
4th Allotment	14/02/2016	Cash	85,086,586	850,865,860
Total			104,205,986	1,042,059,860

**Face value of company's share was Tk. 100/- each and was converted into Tk. 10/- vide EGM dated June 08, 2015; Face value of shares on the above table was considered at Tk. 10/- for better presentation.*

(h) Summary of Valuation Report of securities:

Particulars	Amount (in Tk.)
Method 1: Net Asset Value (NAV) per share/Equity based value per share	
Price based on Net Asset Value per share (with revaluation reserve)	18.70
Price based on Net Asset Value per share (without revaluation reserve)	13.39
Method 2: Historical Earnings based value per share	
Earnings based Value per share based on Overall Market P/E	13.95
Method 3: Average market price per share of similar stocks:	25.56

(i) Others:

Summary of Amalgamation Scheme with Shepherd Yarn Limited:

- I. Shepherd Industries Limited was amalgamated by the scheme of amalgamation with Shepherd Yarn Limited by the order of the Honorable High Court of Supreme Court of Bangladesh dated December 15, 2014; with effect from April 01, 2015.
- II. Before amalgamation both the companies were controlled by the same management.
- III. Financial Information:

At the time of amalgamation the capital structure of both the companies were as follows:

S.L	Particulars	SIL	SYL
		31/03/2015	31/03/2015
1.	Authorized Capital	1,500,000,000	400,000,000
2.	Paid up Capital	88,574,000	102,620,000
3.	Total Asset	2,392,155,104	1,459,021,623
4.	NAV at the time of amalgamation	1,061.69	481.91
5.	Face Value	100	100
6.	EPS	13.59	31.40
7.	Debt Equity Ratio (Total Debt/Total Equity)	1.54	1.95



IV. Basis of Amalgamation:

- To reduce work load, operating cost, administrative cost and other related expenses.
- To avoid accounting complication.

V. Main Feature of the Scheme:

- With affect from the appointed date and subject to the terms of this scheme, the entire business and whole of the undertakings of the Transferor Company (Shepherd Yarn Limited) including all its properties and assets (whether movable or immovable, tangible or intangible) of whatsoever nature, shall pursuant to section 229(2) of the act, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the transferee Company as a going concern so as to become as and from the Appointed Date, a part and parcel of the assets, rights, title, interests and authorities of the Transferee Company (Shepherd Industries Limited).
- All the license, permits, quotas, approvals, permissions, incentives, loans, subsidies, concessions, grants, rights, claims, lease, tenancies and other benefits of privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued which may accrue to the Transferee Company (Shepherd Industries Limited) shall, pursuant to the provisions of Section 229(2) of the act, without any further act, instrument or deed, be and stand transferred to and vested in and available to the Transferee Company (Shepherd Industries Limited) so as to become as and from the Appointed date the licenses, permits, quota, approvals, permissions incentives, loans, subsidies, concessions, grants, rights, claims, leases, tenancies and other benefits or privileges of the Transferee Company (Shepherd Industries Limited) and shall remain valid effective and enforceable on the same terms and conditions to the extend permissible under law. It is hereby clarified that all inter party transactions between any/or all of the Transferor Company and the Transferee Company (Shepherd Industries Limited) shall be considered as intra party transactions for all purpose from the Appointed Date.
- Upon the coming into effect of this Scheme and in consideration of the transfer of and vesting of the undertaking and the Liabilities of the Transferor Company to the Transferee Company (Shepherd Industries Limited) in terms of this Scheme, the Transferee Company (Shepherd Industries Limited) shall without any further application, act, instrument of deed, issue and allot to the ordinary shareholders of the Transferor Company (Shepherd Yarn Limited whose names are recorded in the Register of Members (the "Member") on a date hereinafter referred to as (the "Record Date") to be fixed by the Board of Directors of the Transferee Company (Shepherd Industries Limited), Ordinary shares of Tk. 100.00 (Taka one hundred) each, credited as fully paid up in the ratio of 1 ordinary shares in the Transferee Company (Shepherd Industries Limited) for every 1 (one) ordinary share of the face value of Tk. 100.00 (Taka one hundred) each held in the Transferee Company (Shepherd Industries Limited).



SECTION (II): CONDITIONS IMPOSED BY THE COMMISSION IN THE CONSENT LETTER

Disclosure In Respect Of Issuance Of Securities In Demat Form

As per provision of the Depository Act, 1999 and regulation made there under, shares will be issued in dematerialized condition. All Transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issue of shares (rights/bonus) will be issued in dematerialized form only.

Conditions Under 2CC Of The Securities And Exchange Ordinance, 1969

PART-A

1. The Company shall go for Initial Public Offer (IPO) for 2,00,00,000 ordinary shares of Tk. 10.00 each at par totaling to **Tk. 20,00,00,000.00 (Taka twenty Crore only)** following the Securities and Exchange Ordinance, 1969, the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, the Depository Act, 1999 and rules made there under.
2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in 4 (Four) national daily newspapers (two in Bangla and two in English), within **02 (two) working days** of issuance of this consent letter. The issuer shall post the full prospectus, vetted by Commission, in the issuer's website and shall also put on the websites of the Commission, stock exchanges, and the issue manager, within **3 (three) working days** from the date of issuance of this letter and shall remain posted till the closure of the subscription list. The issuer shall submit to the Commission, the stock exchanges and the issue manager a diskette containing the text of the vetted prospectus in "MS -Word" format.
3. The company shall submit **40 (Forty)** copies of the printed prospectus to the Commission for official record within **5 (Five) working days** from the date of publication of the abridged version of the prospectus in the newspaper.
4. The issuer company and the issue manager shall ensure transmission of the prospectus and its abridged version for NRBs through email to the Bangladesh Embassies and Missions abroad within **5 (Five) working days** from the date of publication of the abridged version of the prospectus in the newspaper. A compliance report shall be submitted in this respect to the Commission jointly by the issuer and the Issue Manager within **02 (Two) working days** from the date of said transmission of the prospectus.
5. The following declaration shall be made by the company in the prospectus, namely: -

"Declaration about Listing of Shares with the stock exchange (s):

None of the stock exchange(s), if for any reason, grants listing within **75 (Seventy Five) days** from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within **15 (Fifteen) days** from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said **75 (Seventy Five) days**, as the case may be.

In case of non-refund of the subscription money within the aforesaid **15 (Fifteen) days**, the Directors of the company, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of **2% (two percent)** above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within **07 (Seven) days** of expiry of the aforesaid **15 (Fifteen) days** time period allowed for refund of the subscription money."



6. All applicants shall apply for a minimum lot of 500 shares worth Taka 5,000/- (Taka five thousand only) or its multiples.
7. The IPO shall stand cancelled in case of under-subscription in any category above 35%. In such an event, the issuer and issue manger shall inform the Commission **within 2 (two) working days** and release the subscription money within 10 (ten) working days after receiving verification report from CDBL and the information from exchanges regarding subscription.
8. **20% of the securities reserved for other general public shall be reserved for ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী.** In case of under-subscription under any of sub-categories of eligible investors category or general public category, the unsubscribed portion shall be added to other sub-category of the same category. In case of over subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery. In case of over subscription in the eligible investors category, securities shall be allotted on pro-rata basis. No eligible investor shall apply for more than 10% (ten percent) of the total securities reserved for the other eligible investors.
9. An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case, an applicant submits more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.
10. The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% of their subscription money.
11. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the application liable to rejection and subject to forfeiture of 25% of the application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account of the Bangladesh Securities and Exchange Commission (BSEC). This is in addition to any other penalties as may be provided for by the law.
12. The company shall furnish the list of allottees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within **24 (Twenty Four) hours** of allotment.
13. Shares not allotted at the time of according this consent, but allotted after listing, in favor of sponsors, directors or shareholders having 5% or more shares through stock dividends, shall be subject to a lock-in period of 02(two) years from the date of issuance of the prospectus.
14. If any share of Sponsors/Directors/Promoters is in paper format, it shall be handed over to securities custodian registered with the Commission and shall remain held till completion of lock-in period and the name of the securities custodian shall be furnished to the Commission jointly by the issuer and issue manager, along with a confirmation thereof from the custodian, within one week of listing of the shares with the stock exchange(s). Or they (shares of Sponsors/ Directors/ Promoters) can be demated and shall remain in lock-in under CDBL system and issuer shall submit a dematerialization confirmation report generated by CDBL and attested by Managing Director of the company along with the lock-in confirmation to the Commission within one week of listing of the shares with the stock exchange(s). In respect of shares other than Sponsors/Directors/Promoters the issuer will ensure their lock-in of those shares and submit a statement to this effect to the Commission.
15. The company shall not declare any dividend/bonus shares before listing of its capital with any Exchange from the date of this consent for raising of capital.
16. The company shall not engage itself into any merger/amalgamation or acquisition activities without taking "No Objection" from the Commission, on the scheme of the said merger/amalgamation or



acquisition, as recommended by the Board of Directors, before approval by the shareholders in General Meeting.

PART-B

Application Process

Step-1 (Applicant)

1. An applicant for public issue of securities shall submit application/buy instruction to the Stockbroker/Merchant Banker where the applicant maintains customer account, within the cut-off date (i.e. the subscription closing date), which shall be the **25th (twenty fifth) working day** from the date of publication of abridged version of prospectus.
2. The application/buy instruction may be submitted in prescribed paper or electronic form, which shall contain the Customer ID, Name, BO Account Number, Number of Securities applied for, Total Amount and Category of the Applicant. At the same time:
 - a) Other than non-resident Bangladeshi (NRB) and Foreign applicants shall make the application money and service charge available in respective customer account maintained with the Stockbroker/Merchant Banker. No margin facility, advance or deferred payment is permissible for this purpose. In case the application is made through a margin account, the application money shall be deposited separately and the Stockbroker/Merchant Banker shall keep the amount segregated from the margin account, which shall be refundable to the applicant, if become unsuccessful.
 - b) Non-resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the Issuer for an amount equivalent to the application money, with their application to the concerned Stockbroker/Merchant Banker. A Non-resident Bangladeshi (NRB) and Foreign applicant may also submit a single draft against 02(two) applications made by him/her, i.e. one in his/her own name and the other jointly with another person. The draft (FDD) shall be issued by the Bank where the applicant maintains NITA/Foreign Currency account debiting the same account. No banker shall issue more than two drafts from any NITA/Foreign Currency account for any public issue. At the same time, the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/Merchant Banker.

Step-2 (Intermediary)

3. The Stockbroker/Merchant Banker shall maintain a separate bank account only for this purpose namely "Public Issue Application Account". The Stockbroker/Merchant Banker shall:
 - a) post the amount separately in the customer account (other than NRB and Foreign applicants), and upon availability of fund, block the amount equivalent to the application money;
 - b) accumulate all the application/buy instructions received up to the cut-off date, deposit the amount in the "Public Issue Application Account" maintained with its bank within the first banking hour of **next working day** of the cut-off date. In case of application submitted by the Stock-dealer or the Merchant Banker's own portfolio, the application amount should also be transferred to the "Public Issue Application Account";
 - c) instruct the banker to block the account for an amount equivalent to the aggregate application money and to issue a certificate in this regard.
4. Banker of the Stockbroker/Merchant Banker shall block the account as requested for, issue a certificate confirming the same and handover it to the respective Stockbroker/Merchant Banker.



5. For Non-resident Bangladeshi (NRB) and Foreign applicants, the Stockbroker/Merchant Banker shall prepare a list containing the draft information against the respective applicant's particulars.
6. The Stockbroker/Merchant Banker shall prepare category wise lists of the applicants containing Customer ID, Name, BO Account Number and Number of Securities applied for, and **within 03 (three) working days** from the cut-off date, send to the respective Exchange, the lists of applicants in electronic (text format with tilde '~' separator) format, the certificate(s) issued by its banker, the drafts received from Non-resident Bangladeshi (NRB) and Foreign applicants and a copy of the list containing the draft information.
7. **On the next working day**, the Exchanges shall provide the Issuer with the information received from the Stockbroker/Merchant Bankers, the drafts submitted by Non-resident Bangladeshi (NRB) and Foreign applicants and the list containing the draft information. Exchanges shall verify and preserve the bankers' certificates in their custody.
8. The application/buy instructions shall be preserved by the Stockbroker/Merchant Bankers up to 6 months from listing of the securities with exchange.

Step-3 (Issuer)

9. The Issuer shall prepare consolidated list of the applications and send the applicants' BOIDs in electronic (text) format in a CDROM to CDBL for verification. The Issuer shall post the consolidated list of applicants on its website and websites of the Exchanges. CDBL shall verify the BOIDs as to whether the BO accounts of the applicants are active or not.
10. **On the next working day**, CDBL shall provide the Issuer with an updated database of the applicants containing BO Account Number, Name, Addresses, Parents' Name, Joint Account and Bank Account information along with the verification report.
11. After receiving verification report and information from CDBL, the Issuer shall scrutinize the applications, prepare category wise consolidated lists of valid and invalid applications and submit report of final status of subscription to the Commission and the Exchanges **within 10 (ten) working days** from the date of receiving information from the Exchanges.
12. The Issuer and the issue manager shall conduct category wise lottery with the valid applications **within 03 (three) working days** from the date of reporting to the Commission and the Exchanges, if do not receive any observation from the Commission or the Exchanges.
13. The Issuer and issue manager shall arrange posting the lottery result on their websites within **06 (six) hours** and on the websites of the Commission and Exchanges within **12 (twelve) hours** of lottery.
14. Within **02 (two) working days** of conducting lottery, the Issuer shall:
 - a) send category wise lists of the successful and unsuccessful applicants in electronic (text format with tilde '~' separator) format to the respective Exchange.
 - b) send category wise lists of unsuccessful applicants who are subject to penal provisions as per conditions of the Consent Letter issued by the Commission in electronic (text format with tilde '~' separator) format to the Commission and Exchanges mentioning the penalty amount against each applicant.
 - c) issue allotment letters in the names of successful applicants in electronic format with digital signatures and send those to respective Exchange in electronic form.
 - d) send consolidated allotment data (BOID and number of securities) in electronic text format in a CDROM to CDBL to credit the allotted shares to the respective BO accounts.

Step-4 (Intermediary)



15. **On the next working day**, Exchanges shall distribute the information and allotment letters to the Stockbroker/Merchant Bankers concerned in electronic format and instruct them to:
 - a) remit the amount of successful (other than NRB and Foreign) applicants to the Issuer's respective Escrow Account opened for subscription purpose, and unblock the amount of unsuccessful applicants;
 - b) send the penalty amount of other than NRB and Foreign applicants who are subject to penal provisions to the Issuer's respective Escrow Accounts along with a list and unblock the balance application money;
16. **On the next working day** of receiving the documents from the Exchanges, the Stockbrokers/Merchant Banker shall request its banker to:
 - a) release the amount blocked for unsuccessful (other than NRB and foreign) applicants;
 - b) remit the aggregate amount of successful applicants and the penalty amount of unsuccessful applicants (other than NRB and foreign) who are subject to penal provisions to the respective 'Escrow' accounts of the Issuer opened for subscription purpose.
17. **On the next working day** of receiving request from the Stockbrokers/Merchant Bankers, their bankers shall unblock the amount blocked in the account(s) and remit the amount as requested for to the Issuer's 'Escrow' account.
18. **Simultaneously**, the stockbrokers/Merchant Bankers shall release the application money blocked in the customer accounts; inform the successful applicants about allotment of securities and the unsuccessful applicants about releasing their blocked amounts and send documents to the Exchange evidencing details of the remittances made to the respective 'Escrow' accounts of the Issuer. The unblocked amounts of unsuccessful applicants shall be placed as per their instructions. The Stockbroker/Merchant Banker shall be entitled to recover the withdrawal charges, if any, from the applicant who wants to withdraw the application money, up to an amount of Tk. 5.00 (five) per withdrawal.
19. All drafts submitted by NRB or Foreign applicants shall be deposited in the Issuer's respective 'Escrow' accounts and refund shall be made by the Issuer by refund warrants through concerned stockbroker or merchant banker or transfer to the applicant's bank account through banking channel within 10 (ten) working days from the date of lottery.

Miscellaneous:

20. The Issuer, Issue Manager(s), Stockbrokers and Merchant Bankers shall ensure compliance of the above.
21. The bank drafts (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus.
22. Amount deposited and blocked in the "Public Issue Application Account" shall not be withdrawn or transferred during the blocking period. Amount deposited by the applicants shall not be used by the Stockbrokers/Merchant Bankers for any purpose other than public issue application.
23. The Issuer shall pay the costs related to data transmission, if claimed by the Exchange concerned up to an amount of Tk.2,00,000.00 (taka two lac) for a public issue.
24. The Stockbroker/Merchant Bankers shall be entitled to a service charge of Tk.5.00 (taka five) only per application irrespective of the amount or category. The service charge shall be paid by the applicant at the time of submitting application.
25. The Stockbroker/Merchant Banker shall provide the Issuer with a statement of the remittance and drafts sent.



26. The Issuer shall accumulate the penalty amount recovered and send it to the Commission through a bank draft/payment order issued in favor of the Bangladesh Securities and Exchange Commission.
27. The concerned Exchange are authorized to settle any complaints and take necessary actions against any Stockbroker/Merchant Banker in case of violation of any provision of the public issue application process with intimation to the Commission.

PART-C

1. The issue manager shall carefully examine and compare the published prospectus and its abridged version on the date of publication with the copies vetted by the Commission. If any discrepancy is found, both the issuer and the issue manager shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to the Commission and the stock exchanges concerned. In this regard, the issue manager shall submit a compliance report to the Commission within 5 working days from the date of such publications.
2. The fund collected through Public Offering shall not be utilized prior to listing with Exchange(s) and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.
3. **The company shall furnish status report on utilization of Public Offering proceeds audited by foreign affiliated auditors and authenticated by the board of directors to the Commission and the Exchanges within 15 (Fifteen) days of the closing of each month until such fund is fully utilized, as mentioned in the schedule contained in the prospectus. The issuer shall simultaneously post the status report in its website and Exchanges shall also post the same in company information contained in websites of the Exchanges. In the event of any irregularity or inconsistency, the Commission may employ or engage any person to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus.**
4. **While auditing the utilization of IPO proceeds, the auditors will perform their jobs under the following terms of reference (TOR) and confirm the same in their report/certificate:**
 - (a) **Whether IPO proceeds have been utilized for the purposes/heads as specified in the prospectus;**
 - (b) **Whether IPO proceeds have been utilized in line with the condition (if any) of the Commission's consent letter;**
 - (c) **Whether utilization of IPO proceeds have been completed within the time schedule/implementation schedule as specified in the published prospectus;**
 - (d) **Whether utilization of IPO proceeds is accurate and for the purpose of the company as mentioned/specified in the published prospectus; and**
 - (e) **The auditors should also confirm that:(i)assets have been procured/imported/constructed maintaining proper/required procedure as well as at reasonable price; and (ii) auditors' report has been made on verification of all necessary documents/papers/vouchers in support of IPO proceeds making reconciliation with Bank Statement.**
5. All transactions, excluding petty cash expenses, shall be effected by crossed cheques or bank transfers.
6. Proceeds of the public offering shall not be transferred to any other bank account before listing with the Exchange(s). The proceeds shall not be used for any purpose other than those specified in the prospectus without any valid ground. Any deviation in respect of time or purpose of utilization must have prior approval of the shareholders in the general meeting and if approved by the shareholders, the meeting resolution shall be submitted to the Commission and the Exchanges along with reasonable explanations.



7. If any quarter or half-year of the financial year ends after publication of the abridged version of prospectus and before listing of its securities with any exchange, the company shall disseminate/transmit/submit the said quarterly/half yearly financial statements in accordance with the Commission's Notification SEC/CMRRCD/2008-183/admin/03-34 dated September 27, 2009 and Rules 13 of the Securities and Exchange Rules, 1987.
8. In the event of arising issues concerning Price Sensitive Information as defined under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সুবিধাভোগী ব্যবসা নিষিদ্ধকরণ) বিধিমালা ১৯৯৫ after publication of the abridged version of prospectus and before listing of its securities with any exchange, the company shall disseminate/transmit/submit the information as price sensitive in accordance with the Commission's Notification No. SEC/SRMI/200-953/1950 dated October 24, 2000.

PART-D

1. As per provision of the Depository Act, 1999 & Regulations made thereunder, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the depository system of Central Depository Bangladesh Ltd. (CDBL) and any further issuance of shares (including rights/bonus) will be made in dematerialized form only.
2. The issuer and the issue manager shall ensure due compliance of all the above conditions, the 'Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015' and the listing regulations of the Exchanges.
3. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the issuer company.



SECTION (III): DECLARATION AND DUE DILIGENCE CERTIFICATES

DECLARATION ABOUT THE RESPONSIBILITY OF THE DIRECTORS, INCLUDING THE CEO OF THE ISSUER IN RESPECT OF THE PROSPECTUS

[Rule 4(1)(d)]

This prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity, accuracy and adequacy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents, the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative actions against any or all of us as it may deem fit.

We also confirm that full and fair disclosures have been made in this prospectus to enable the investors to make a well informed decision for investment.

Sd/- Kao Wen Fu Managing Director & Director Date: May 10, 2016	Sd/- Chung Wen Kuei Chairman & Director Date: May 10, 2016	Sd/- Yang Ming Te Representative of Eternal Flame Int'l Co. Inc Date: May 10, 2016
Sd/- Lin Chih-Wen Representative of Ever Priority Ltd Date: May 10, 2016		Sd/- Md. Monzur Alam Khan Independent Director Date: May 10, 2016

Statement regarding any material change including raising of paid-up capital after the date of Audited Financial Statements

Date: 23 September 2016

This is to certify that, "Shepherd Industries Limited" has not made any material change including raising of paid up capital after the date of Audited Financial Statements (30 June 2016) as included in the prospectus.

Sd/- (Md. Ataur Rahman) Chief Financial Officer	Sd/- (Kao Wen Fu) Managing Director
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DUE DILIGENCE CERTIFICATE BY ISSUE MANAGER(S)

[Rule 4(1)(d)]

To
The Bangladesh Securities and Exchange Commission

Sub: Public Issue of 20,000,000 Ordinary Shares of Tk. 200,000,000.00 by Shepherd Industries Limited.

Dear Sir,

We, the issue manager to the above-mentioned forthcoming issue, state and confirm as follows:

- (1) We have examined all the documents submitted with the application for the above mentioned public issue, visited the premises of the issuer and interviewed the Chairperson, Directors and key management personnel of the issuer in connection with the finalization of the prospectus pertaining to the said issue;
- (2) On the basis of such examination and the discussions with the directors, officers and auditors of the issuer, other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer.

WE CONFIRM THAT:

- (a) The prospectus filed with the Commission is in conformity with the documents, materials and papers relevant to the issue;
- (b) All the legal requirements relating to the issue as also in the rules, notification, guidelines, instructions, etc. framed/issued by the Commission, other competent authorities in this behalf and the Government have been duly complied with;
- (c) The disclosures made in prospectus are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue and such disclosures are in accordance with the requirements of the Companies Act, 1994, the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 and other applicable laws;
- (d) Besides ourselves, all the intermediaries named in the prospectus are registered with the Commission and that till date such registrations are valid;
- (e) We have satisfied ourselves about the capability of the underwriters to fulfill their underwriting commitments;
- (f) The proposed activities of the issuer for which the funds are being raised in the present issue fall within the 'main objects' listed in the object clause of the Memorandum of Association or other charter of the issuer and that the activities which have been carried out till now are valid in terms of the object clause of its Memorandum of Association;
- (g) Necessary arrangements have been made to ensure that the moneys to be received pursuant to the issue shall be kept in a separate bank account and shall be used for the purposes disclosed in the use of proceeds section of the prospectus;
- (h) All the applicable disclosures mandated in the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 have been made in addition to other disclosures which, in our view, are fair and adequate to enable the investor to make a well informed decision;
- (i) We enclose a note explaining how the process of due diligence has been exercised by us in view of the nature of current business background or the issuer, situation at which the proposed business stands, the risk factors, sponsors experiences etc. We also confirm that the due diligence related process, documents and approval memos shall be kept in record by us for the next 5 (five) years after the IPO for any further inspection by the Commission;
- (j) We enclose a checklist confirming rule-wise compliance with the applicable provisions of the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 containing details such as the rule



number, its text, the status of compliance, page numbers of the prospectus where the rules has been complied with and our comments, if any;

(k) We also declare that we have managed the public issue of following issuers in the last 05 (five) years:

Serial. No.	Name of the Issue	Month/Year	Issue Price (Tk.)	Dividend Payment History	
				Cash	Bonus
1	Mozaffar Hossain Spinning Mills Limited	September/2013	10.00	- -	25% 2014, 20% 2015*
2	Hwa Well Textiles (BD) Ltd.	April/2014	10.00	15% , 2014 15%, 2015	-
3	Ifad Autos Limited	June/2014	30.00	7%, 2015	30% 2015

**15% Stock Dividend for the year ended on June 30, 2015 has been credited to all the shareholders' respective BO accounts through CDBL system as per Order dated 17.01.2016 passed by the Hon'ble High Court Division of the Supreme Court of Bangladesh in Writ Petition No. 447/2016. The Court did not provide any Decision regarding the remaining 5% dividend yet.*

Place: Dhaka
Date: May 10, 2016

Sd/-
Noor Ahamed, FCA
CEO & Managing Director
Alpha Capital Management Limited



DUE DILIGENCE CERTIFICATE BY THE UNDERWRITER(S)

[Rule 4(1)(d)]

To
The Bangladesh Securities and Exchange Commission

Sub: Public offer of 20,000,000 Ordinary Shares of Tk. 10.00 of Shepherd Industries Limited

Dear Sir,

We, the under-noted Underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

(1) We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to our underwriting decision; and

(2) On the basis of such examination and the discussions with the issuer company, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

WE CONFIRM THAT:

(a) We are registered with the Bangladesh Securities and Exchange Commission as a merchant banker and eligible to carry out the underwriting activities. Our present paid-up capital stands at Tk. 255,500,000 (Twenty five crore and Fifty Five Lac) and we have the capacity to underwrite a total amount of Tk. 1,277,500,000 (One hundred twenty Seven crore Seventy Fifty Lac) as per relevant legal requirements. We have committed to underwrite for up to Tk. 70,000,000 (Seven crore) for the upcoming issue.

(b) At present, the following underwriting obligations are pending for us:

Sl	Name of the issue	Amount underwritten (Tk.)
i)	IDLC Finance Limited	30,000,000
ii)	GPH Ispat Limited	262,500,000
iii)	BD Thai Aluminium Ltd.	30,000,000
iv)	Fortune Shoes Limited	14,000,000
Total		406,500,000

(c) All information as are relevant to our underwriting decision have been received by us and the draft prospectus forwarded to the Commission has been approved by us;

(d) We shall subscribe and take up the un-subscribed securities against the above-mentioned public issue within 15 (fifteen) days of calling up thereof by the issuer; and

(e) This underwriting commitment is unequivocal and irrevocable.

For the Underwriter:

Sd/-

Noor Ahamed, FCA

CEO & Managing Director

Alpha Capital Management Ltd

Date: May 10, 2016



SECTION: (IV): ABOUT THE ISSUER

Particulars	Description
Name of the issuer	: Shepherd Industries Limited
Dates of incorporation	: Shepherd Industries Limited was incorporated as a private limited company on August 21, 2000 under the Companies Act 1994 with the registrar of Joint Stock companies and Firms, Bangladesh vide registration no: C-401066(425)/2000 and was subsequently converted in to a public limited company on June 08, 2015. Shepherd Industries Limited was amalgamated by the scheme of amalgamation with Shepherd Yarn Limited by the order of the Honorable High Court of The Supreme Court of Bangladesh dated December 15, 2014; with effect from April 01, 2015.
Commencement of its commercial operations	: October 18, 2001.
Logo	: 
Addresses of its registered office	: House # 24, Road # 04, Sector #4, Uttara Model Town, Dhaka-1230
Other offices and plants (Factory)	: Bagrapara, Kathalia, Bhaluka, Mymensingh
Telephone number	: +88-02-7913340-42
Fax number	: +88-02-7913359-60
Contact person	: Md. Aatur Rahman, Chief Financial Officer
Website address	: www.shepherdibd.com
E-mail address	: aatur.accounts@shepherdibd.com

b) The names of the sponsors and directors of the issuer:

Sponsors:

Sl.	Name	Present Status in the company	Remarks
1	Mr. Chen Kuo Kung	Resigned and left the company	Transferred his entire shares
2	Mr. Mafiz Ahmed Bhuyian	Resigned and left the company	Transferred his entire shares
3	A.K.M Zakir Hossain	Resigned and left the company	Transferred his entire shares
4	Mr. Cheng Che Seng	Shareholder	Resigned from the post of director
5	Mr. Yang Ming Te	Shareholder and representative of Eternal Flame Int'l. Co. Inc.	
6	Ms Chiu Ching Ping	Resigned and left the company	Transferred her entire shares

Directors:

Sl. No.	Directors
1	Mr. Kao Wen Fu, Managing Director
2	Eternal Flame Int'l. Co. Inc (Represented by Mr. Yang Ming Te), Director
3	Ever Priority Ltd. (Represented by Lin Chih-Wen), Director
4	Chung Wen Kuei, Chairman
5	Mr. Md Monzur Alam Khan, Independent Director



(c) The name, logo and address of the auditors along with their telephone numbers, fax numbers, contact persons, website and e-mail addresses:

Particulars		Description
Name	:	MAHFEL HUQ & CO.
Logo	:	
Address	:	BGIC Tower (4 th Floor), 34, Topkhana Road Dhaka-1000.
Telephone number	:	+88-02-7171316, +88-02-9553143
Fax numbers	:	+88-02-9571005
Contact person	:	Abdul Kayum Akhunjee, Manager
Website address	:	www.mahfelhuq.com
E-mail address	:	mahfelcofca@yahoo.com

(d) The name(s) of the stock exchanges where the specified securities are proposed to be listed.

Stock Exchanges	DHAKA STOCK EXCHANGE LIMITED 9/F Motijheel C/A, Dhaka 1000.	Tel: +88-02-9564601, 9576210-18 Fax: +88-02-9564727, +88-02-9569755
	CHITTAGONG STOCK EXCHANGE LTD. CSE Building, 1080, Sheikh Mujib Road Chittagong 4100.	Tel: +880-2-9513911-15 Fax: +880-2-9513906



SECTION (V): CORPORATE DIRECTORY OF THE ISSUER

Company Name	:	Shepherd Industries Limited
Logo	:	
Legal Position	:	Shepherd Industries Limited was incorporated as a private limited company on August 21, 2000 under the Companies Act 1994 with the registrar of Joint Stock companies and Firms, Bangladesh vide registration no: C-401066(425)/2000 and was subsequently converted in to a public limited company on June 08, 2015. Shepherd Industries Limited was amalgamated by the scheme of amalgamation with Shepherd Yarn Limited by the order of the Honorable High Court of The Supreme Court of Bangladesh dated December 15, 2014; with effect from April 01, 2015.
Incorporation & Reg. No.	:	August 21, 2000& C-41066(425)/2000.
Commencement of Commercial Production	:	October 18, 2001.
Authorized Capital	:	Tk. 1,900,000,000 divided into 190,000,000 ordinary shares of tk. 10.00 each
Paid up Capital	:	Tk. 1,042,059,860 divided into 104,205,986 ordinary shares of tk. 10.00 each
Registered office	:	House # 24, Road # 04, Sector #4, Uttara Model Town, Dhaka-1230 Telephone: +88-02-7913340-42, Fax: +88-02-7913359-60 Web: www.shepherdbd.com Email: ataur.accounts@shepherdbd.com
Factory	:	Bagrapara, Kathalia, Bhaluka, Mymensingh Telephone: 09022-56122, 56124-25, 56127,56142 Fax: 09022-56126, 56288, 56105
Board of Directors	:	5 Directors
Auditor	:	MAHFEL HUQ & CO. Chartered Accountants BGIC Tower (4th Floor) 34, Topkhana Road Dhaka-1000.
Tax Consultant	:	Md. Delwar Hossain, ITP Commissioner of Taxes (Retired) House#32, Road # 4, Block # D, Banasree Project, Rampura Dhaka-1219 Mobile: +88-01715-161172
Legal Advisor	:	Podder & Associates 6/A/1 Segun Bagicha (ground floor) Topkhana Road,Dhaka-1000 Mobile: 01819-286959
Banker for IPO	:	IFIC Bank Limited
Banker of the Company	:	IFIC Bank Limited Trust Bank Limited Southeast Bank Limited
Compliance officer	:	Mr. Mohammed Abu Zafar, Company Secretary



SECTION (VI): DESCRIPTION OF THE ISSUER

(a) Summary:

(i) The summary of the industry and business environment of the issuer

Dyeing is the process of adding color to textile products like fibers, yarns, and fabrics. Dyeing is normally done in a special solution containing dyes and particular chemical material. After dyeing, dye molecules have uncut chemical bond with fiber molecules. The temperature and time controlling are two key factors in dyeing.

Bangladesh is one of the largest producers of textiles and garments products. Abundant availability of raw materials and cheap labor has made the country a sourcing hub. With the improvement of the Textile & RMG sector in Bangladesh a lot of backward linkage industries have been established to support the Textile & RMG sector. Dyeing industry is one of the most important backward linkage industries for the Textile & RMG sector, the demand of which is increasing day by day considering the development of the Textile & RMG sector.

Business environment:

The Issuer's business environment is conducive to the business as we have good supply of raw materials and cheap labour. Labour has become skilled over the period. Moreover, favorable government policy towards the export oriented sector has created business friendly situation.

(ii) Summary of consolidated financial, operating and other information.

This information is not applicable for the issuer since it has no subsidiary or associate company.



(b) General Information:

(i) Name and address, telephone and fax numbers of the registered office, corporate head office, other offices, factory, business premises and outlets of the issuer;

Particulars	Description
Name and Address of the registered office	Shepherd Industries Limited House # 24, Road # 4, Sector # 04, Uttara Model Town, Dhaka-1230
Corporate head office	Shepherd Industries Limited House # 24, Road # 4, Sector # 04, Uttara Model Town, Dhaka-1230
Telephone and fax numbers of the registered/corporate office	Telephone: +88-02-7913340-42 Fax: +88-02-7913359-60
Factory	Bagrapara, Kathalia, Bhaluka, Mymensingh
Telephone and fax numbers of the factory	Telephone: 09022-56122,56124-25,56127,56142 FAX: 09022-56126,56288,56105
Outlets of the issuer	As 100% export oriented industry, we have no outlets.
Other Offices	No other offices

(ii) The board of directors of the issuer;

Sl	Board of Directors	Designation
1	Chung Wen Kuei	Chairman & Director
2	Mr. Kao Wen Fu	Managing Director & Director
3	Mr. Yang Ming Te Representative: Eternal Flame Int'l Co. Inc	Director
4	Mr. Lin Chih-Wen, Representative: Ever Priority Ltd.	Director
5	Mr. Md Monzur Alam Khan (Barrister-at-Law)	Independent Director



(iii) Names, addresses, telephone numbers, fax numbers and e-mail addresses of the chairman, managing director, whole time directors, etc. of the issuer;

Sl. No.	Name	Designation	Address		Telephone & fax numbers	E-mail address
			Foreign Address	Local Address		
1	Chung Wen Kuei	Chairman & Director	167 Dingcheng 3 rd St. Xindia Dist. New Taipei City 23153, Taiwan (R.O.C).	Shepherd Industries Limited House # 24, Road # 4, Sector # 4, Uttara, Dhaka-1230	Tel: +88-02-7913340-42 Fax: +88-02-7913359-60	mark.chung@shepherd-group.com.tw
2	Mr. Kao Wen Fu	Managing Director & Director	4-FL-1, 250, Sec-4, Chung Hsiau, E, RD. Taipei, Taiwan.			winston321@gmail.com
3	Mr. Yang Ming Te Representative: Eternal Flame Int'l Co. Inc	Director	4-FL-1, 250, Sec-4, Chung Hsiabu Br. Taipei, Taiwan			Amy0425amy@gmail.com
4	Mr. Lin Chih-Wen, Representative: Ever Priority Ltd.	Director	6F-1, No. 538, Sec-4, Chung Yang, N.RD, Taipei, Taiwan			cwlin4950@gmail.com
5	Md. Monzur Alam Khan	Independent Director	-	Suite No. 12/09 & 12/10 (12 th Floor), Eastern Commercial complex, 73 Kakrail, Dhaka-1000	Tel: +88-02-9338437	monzurkhn@yahoo.co.uk

(iv) Names, addresses, telephone numbers, fax numbers and e-mail addresses of the CFO, company secretary, legal advisor, auditors and compliance officer;

Sl No	Names	Designation	Address	Telephone Number	Fax number	E-mail addresses
1	Mr. Ataur Rahman	Chief Financial Officer	House # 24, Road # 4, Sector # 04, Uttara Model Town, Dhaka-1230.	+88-02-7913340-42	+88-02-7913359-60	ataur.accounts@shepherdbd.com
2	Mohammed Abu Zafar	Company Secretary				zafar@shepherdbd.com
3	Mahfel Huq & Co. Chartered Accountants	Auditors	BGIC Tower (4 th Floor) 34, Topkhana Road Dhaka-1000.	+88-02-7171316, +88-02-9553143	+88-02-9571005	mahfelcofca@yahoo.com
4	Podder & Associates	Legal Advisor	6/A/1, (Ground Floor), Topkhana road, Segun Bagicha, Dhaka-1000	Mob: 01819-286959	-	sosanta.podder@gmail.com
5	Mohammed Abu Zafar	Compliance Officer	House # 24, Road # 4, Sector # 04, Uttara Model Town, Dhaka-1230.	+88-02-7913340-42	+88-02-7913359-60	zafar@shepherdbd.com



Shepherd Industries Limited

(v) Names, addresses, telephone numbers, fax numbers, contact person, website addresses and e-mail addresses of the issue manager(s);

Name	Address	Telephone Number	Fax Number	Contact Person	Website Address	E-mail Address
Alpha Capital Management Limited	Eastern Arzoo Complex (7th Floor), 61 Bijoy Nagar, Dhaka-1000	+88-02-8313947, 8316519, 8316540;	+88-02-8316547	Noor Ahamed, FCA CEO & Managing Director	www.acmlbd.com	alpha.acml@gmail.com

(vi) Details of Credit Rating:

The company is issuing shares at par. As such no credit rating is required.

(vii) Following details of underwriter:

a) The names, addresses, telephone numbers, fax numbers, contact persons and e-mail addresses of the underwriters and the amount underwritten by them;

Names	Address	Contact Person	Telephone & Fax Number and E-mail address	Amount Underwritten
Alpha Capital Management Limited	Eastern Arzoo Complex (7th Floor), 61 Bijoy Nagar, Dhaka-1000	Noor Ahamed, FCA CEO & Managing Director	Tel: +88-02-8316540, 8313947, 8316519; Fax: +88-02-8316547 E-mail: alpha.acml@gmail.com ; Web: www.acmlbd.com	70,000,000



b) Declaration by the underwriters that they have sufficient resources as per the regulatory requirements to discharge their respective obligations;

Declaration by Alpha Capital Management Limited

We the underwriter(s) have sufficient resources as per the regulatory requirements to discharge our respective obligations.

Place: Dhaka
Date: September 23, 2016

Sd/-
Noor Ahamed FCA
CEO & Managing Director
Alpha Capital Management Limited

c) Major terms and conditions of the underwriting agreements.

- (i) The IPO shall stand cancelled if at least 65% in any category of the IPO is not subscribed.
- (ii) In case of under subscription in any category by up to 35% of the IPO the under-subscribed securities shall be taken up by the underwriters.
- (iii) Notwithstanding anything contained in the agreement in case of inconsistency between the provision of the agreement and the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, the Public Issue Rules shall prevail.
- (iv) Prior to publication of the prospectus, the Company shall have obtained consent from the Bangladesh Securities and Exchange Commission permitting the issue as described in Article 2.01 and providing for payment of underwriting commission **1% (One percent)** on the amount underwritten.
- (v) If and to the extent that the shares offered to the public by a Prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the Closing Date, the Company shall within **10 (ten) days** of the closure of subscription call upon the underwriters in writing with a copy of the said writing to the Bangladesh Securities and Exchange Commission, to subscribe the shares not so subscribed by the closing date and to pay for in cash in full, inclusive of any premium if applicable, for such unsubscribed shares within **15 (fifteen) days** after being called upon to do so. The amount so received shall be credited to the share subscription account of the Company within the said period. If payment is made by Cheque/Bank Draft by the Underwriter, it will be deemed that the Underwriter has not fulfilled his obligation towards his underwriting commitment under this Agreement, until such time as the Cheque/Bank Draft has been encashed and the Company's share subscription account credited.

In any case within **7 (seven) days** after the expiry of the aforesaid 15 (fifteen) days, the Company shall send proof of subscription and payment by the Underwriters to the Commission.

In the case of failure by the underwriter to pay for the shares within the stipulated time, the Company/Issuer will be under no obligation to pay any underwriting commission under this Agreement.



(c) Capital Structure:

- (i) Authorized, issued, subscribed and paid up capital (number and class of securities, allotment dates, nominal price, issue price and form of consideration);

Particulars	No. of Ordinary Shares	Nominal price	Issue price	Amount in Taka
Before IPO:				
Authorized Capital	190,000,000	10	10	1,900,000,000
Issued, Subscribed and Paid up capital	104,205,986	10	10	1,042,059,860
Total paid up capital before IPO (A)	104,205,986	10	10	1,042,059,860
After IPO:				
To be issued as IPO (B)	20,000,000	10	10	200,000,000
Paid up capital (Post IPO) (A+B)	124,205,986	10	10	1,242,059,860

The Company has raised its paid-up capital in following phases:

Particulars	Date	Consideration		No of Ordinary Shares	Amount Tk.
		Cash	Other than cash		
MOA and AOA	01/08/2000	60,600	-	60,600	606,000
1st Allotment	01/07/2002	7,939,400	-	7,939,400	79,394,000
2nd Allotment	12/11/2011	857,400	-	857,400	8,574,000
3rd Allotment (Through Amalgamation with Shepherd Yarn Limited)	01/04/2015	-	10,262,000	10,262,000	102,620,000
4th Allotment	14/02/2016	85,086,586	-	85,086,586	850,865,860
Total				104,205,986	1,042,059,860

**Face value of company's share was Tk. 100/- each and was converted in to Tk. 10/- vide EGM dated June 08, 2015; Face value of shares on the above table was considered at Tk. 10/- for better presentation.*

- (ii) Size of the present issue, with break-up (number of securities, description, nominal value and issue amount);

Particulars/Description			%	No of Ordinary Shares	Nominal Value per share	Issue Price	Total Amount in BDT
Initial Public Offering Under Fixed Price Method	For EIS	Mutual Funds	10%	2,000,000	10	10	20,000,000
		Other EIs	40%	8,000,000			80,000,000
	For General Public	NRB	10%	2,000,000			20,000,000
		Others*	40%	8,000,000			80,000,000
Total			100%	20,000,000			200,000,000

Others*: 8,000,000 ordinary shares will be reserved for general public and Small Affected Investors.

- (iii) Paid up capital before and after the present issue, after conversion of convertible instruments (if any) and share premium account (before and after the issue);

Particulars	Amount in Tk.
Paid up capital before the present issue	1,042,059,860
Paid up capital after the present issue	1,242,059,860
Paid up capital after conversion of convertible instruments (if any)	No convertible Instrument
Share premium account before the present issue	No share premium account
Share premium account after the present issue	

**The Company has no convertible instruments and share premium account.*



(iv) Category wise shareholding structure with percentage before and after the present issue and after conversion of convertible instruments (if any);

Category	Sl	Name	Position	Date of Acquisition	No of Shares	Total	Percentage		*Lock-in Period
							Pre-IPO	Post-IPO	
Director or Sponsors	1	Yang Ming TE	Sponsor	MOA 01/07/2002	10,000 1,310,000	1,320,000	1.27%	1.063%	3 Years
	2	Kao Wen FU	Managing Director & Shareholder	01/07/2002 28/09/2000 01/04/2015 14/02/2016	1,310,000 10,000 1,780,660 616,889	3,717,549	3.57%	2.99%	3 Years
	3	Ever Priority Ltd	Director	26/09/2013 26/07/2009 01/04/2015 14/02/2016	1,320,000 200,000 1,160,000 1,360,000 6,640,000 32,355,650	43,035,650	41.30%	34.65%	3 Years
	4	Mr. Cheng Che Seng	Sponsor	MOA 01/07/2002 01/04/2015	10,000 1,310,000 400,680	1,720,680	1.65%	1.39%	3 Years
	5	Mr. Chung Wen Kuei	Chairman	12/11/2011 01/04/2015 14/02/2016	857,400 1,440,000 964,015	3,261,415	3.13%	2.63%	3 Years
	6	Eternal Flame International	Director	17/05/2015 14/02/2016	100 10,886,480	10,886,580	10.45%	8.76%	3 Years
Other Than Director or Sponsor	1	Mr. Seng Ming Hsiung	Shareholder	01/04/2015	560	560	0.00%	0.00%	1 Year
	2	CHANG, HUNG-JUNG	Shareholder	14/02/2016	250,000	250,000	0.24%	0.20%	1 Year
	3	CHANG, SHIH-LIN	Shareholder	14/02/2016	903,500	903,500	0.87%	0.73%	1 Year
	4	CHANG, SHU-LING	Shareholder	14/02/2016	661,761	661,761	0.64%	0.53%	1 Year
	5	CHEN HUANG, LEE-BE	Shareholder	14/02/2016	1,787,735	1,787,735	1.72%	1.44%	1 Year
	6	CHEN XIAO YUAN	Shareholder	14/02/2016	600,000	600,000	0.58%	0.48%	1 Year
	7	CHEN, CHEN-YEN	Shareholder	14/02/2016	3,209,115	3,209,115	3.08%	2.58%	1 Year
	8	CHEN, SHU-FEN	Shareholder	14/02/2016	1,400,000	1,400,000	1.34%	1.13%	1 Year
	9	HUANG, CHENG-FEI	Shareholder	14/02/2016	1,632,456	1,632,456	1.57%	1.31%	1 Year
	10	KAO CHI FU	Shareholder	14/02/2016	300,000	300,000	0.29%	0.24%	1 Year
	11	KAO, CHUN-CHE	Shareholder	14/02/2016	1,807,001	1,807,001	1.73%	1.45%	1 Year
	12	LEE KANGOK	Shareholder	14/02/2016	2,000,000	2,000,000	1.92%	1.61%	1 Year
	13	LEE, HUEI-CHUN	Shareholder	14/02/2016	903,501	903,501	0.87%	0.73%	1 Year
	14	LI, HSING-CHIEH	Shareholder	14/02/2016	652,665	652,665	0.63%	0.53%	1 Year
	15	LIANG, XIAOPING	Shareholder	14/02/2016	1,050,000	1,050,000	1.01%	0.85%	1 Year
	16	LIN, WEN-YU	Shareholder	14/02/2016	3,974,048	3,974,048	3.81%	3.20%	1 Year
	17	LIU SHUANG-CHUAN	Shareholder	14/02/2016	2,500,000	2,500,000	2.40%	2.01%	1 Year
	18	LIU, LIANG-CHING	Shareholder	14/02/2016	700,000	700,000	0.67%	0.56%	1 Year
	19	THITIPONG APITANOTA	Shareholder	14/02/2016	1,160,000	1,160,000	1.11%	0.93%	1 Year
	20	TSENG YA FEN	Shareholder	14/02/2016	2,428,750	2,428,750	2.33%	1.96%	1 Year
	21	WANG CHUN TA	Shareholder	14/02/2016	250,000	250,000	0.24%	0.20%	1 Year
	22	YANG BO-CHEN	Shareholder	14/02/2016	652,665	652,665	0.63%	0.53%	1 Year
	23	YANG, WAN-CHLTN	Shareholder	14/02/2016	960,000	960,000	0.92%	0.77%	1 Year
	24	YAO JIANZHONG	Shareholder	14/02/2016	1,160,000	1,160,000	1.11%	0.93%	1 Year
	25	YIN, SHIH-WEN	Shareholder	14/02/2016	3,220,355	3,220,355	3.09%	2.59%	1 Year
	26	MD.ABDUL MANNAN	Shareholder	14/02/2016	1,100,000	1,100,000	1.06%	0.89%	1 Year
	27	ABU SALEH ABDUL MUIZ	Shareholder	14/02/2016	500,000	500,000	0.48%	0.40%	1 Year
	28	A. H. ENTERPRISE	Shareholder	14/02/2016	750,000	750,000	0.72%	0.60%	1 Year



29	SYEDA LULU MUBIN	Shareholder	14/02/2016	350,000	350,000	0.34%	0.28%	1 Year
30	NAHID CHOWDHURY	Shareholder	14/02/2016	500,000	500,000	0.48%	0.40%	1 Year
31	KONIKA KAISER	Shareholder	14/02/2016	100,000	100,000	0.10%	0.08%	1 Year
32	Md. DELWAR HOSSAIN	Shareholder	14/02/2016	100,000	100,000	0.10%	0.08%	1 Year
33	AGRO ATMOSPHERE LTD	Shareholder	14/02/2016	750,000	750,000	0.72%	0.60%	1 Year
34	J. K. ENTERPRISE LTD	Shareholder	14/02/2016	850,000	850,000	0.82%	0.68%	1 Year
35	NADIA SHAH	Shareholder	14/02/2016	600,000	600,000	0.58%	0.48%	1 Year
36	NUSRAT JAHAN RIMI	Shareholder	14/02/2016	300,000	300,000	0.29%	0.24%	1 Year
37	MOHAMMAD ZULKER NAIM	Shareholder	14/02/2016	200,000	200,000	0.19%	0.16%	1 Year
Total				104,205,986	104,205,986	100.00%	84%	

**The Company did not convert any instrument as there is none.*



- (v) Where shares have been issued for consideration in other than cash at any point of time, details in a separate table, indicating the date of issue, persons to whom those are issued, relationship with the issuer, issue price, consideration and valuation thereof, reasons for the issue and whether any benefits have been accrued to the issuer out of the issue;

The company did not issue any share for consideration in other than cash except the shares allotted through amalgamation. A company named Shepherd Yarn Limited in 2005 was formed by the directors of Shepherd Industries Limited with the same line of business. The management decided to amalgamate both the companies to bring synergy, growth, to increase supply-chain power and to eliminate competition within the common management, which ultimately helped to gain large market share in the dying industry.

Sl.	From	No. of Shares		Total Number of Shares	Amount of Tk.
		Transferor (SYL)	Transferee (SIL)		
1	Under Scheme of Amalgamation with Shepherd Yarn Limited	(1,026,200)	1,026,200	1,026,200	102,620,000
Total		(1,026,200)	1,026,200	1,026,200	102,620,000

- Shares issued through amalgamation are as under:

Sl	date of issue	persons to whom shares are issued	relationship with the issuer	Number of Shares	Issue Price	consideration	valuation	Reason
1	01/04/2015	Kao Wen Fu	Managing Director & Director	178,066	100	In exchange of Ordinary Shares	At par	Amalgamation
2		Cheng Che Seng	Shareholder	40,068				
3		Ever Priority Ltd.	Shareholder	664,000				
4		Chung Wen Kuei	Chairman	144,000				
5		Shen Ming Hsiung	Shareholder	66				

No benefit have been accrued to the issuer out of the Issue

- (vi) Where shares have been allotted in terms of any merger, amalgamation or acquisition scheme, details of such scheme and shares allotted;

The company issued shares in terms of amalgamation scheme. Shepherd Yarn Limited was amalgamated with Shepherd Industries Limited in pursuant to Extra ordinary General Meeting dated: 26.06.2014, both the companies applied for approval of the Honorable High Court Division of The Supreme Court of Bangladesh which was approved on December 15, 2014 and the decision was adopted by the company on April 01, 2015. As per direction of the approved scheme by the honorable high court, Shepherd Industries Limited issued and allotted one new ordinary share with a face value of Tk. 100 per share for every one share held with a face value of Tk. 100 by the shareholders of Shepherd Yarn Limited as purchase consideration. Consequently, 1,026,200 numbers of ordinary shares were issued.



SCHEME OF AMALGAMATION:

1. PART-I GENERAL

This scheme of Amalgamation (hereinafter referred to as the "Scheme") provides for the amalgamation of Shepherd Yarn Limited (Transferor Company) with Shepherd Industries Limited pursuant to section 228 and 229 of the Companies Act, 1994 (the Act) and other related provisions of the Act.

In this Scheme, unless repugnant to the meaning or context thereof, the expressions used herein shall have the following meanings:-

- (a) "The Act" means the Companies Act, 1994 including any amendments hereto.
- (b) "Appointed Date" means 31st July, 2014 or such other date as may be approved by the Hon'ble High Court Division of the Supreme Court of Bangladesh or any other appropriate authority.
- (c) "Assets" or "Undertakings" means- and includes all the undertakings, the entire business, all the properties (whether movable or immovable, tangible or intangible) lands, buildings, plant and machinery, capital works in progress, furniture, fixtures, office equipment, appliance, vehicles, other fixed assets, all stocks, investments of all kinds (including shares, scraps, cash, balance with banks on any deposit or other accounts, financial assets, leases, tenancies, contingents rights or benefits, agreements, contracts, powers, approvals, allotments, authorities, permits, consents, quotas, rights, entitlements, licenses (industrial or otherwise) or any other benefits, patents trademarks, copy rights and other intellectual property rights, rights to use and avail of telephones, telexes, facsimiles, e-mail, internet connections and installations, utilities, electricity and other service, all files, records, papers, manuals, programmers data, catalogues, sales and advertising materials and other records, whether in Bangladesh or abroad.
- (d) "Effective Date" or "Coming into effect of this Scheme" of Effectiveness of the Scheme" means the day on which the certified copies of the order of the Hon'ble High Court Division of the Supreme Court of Bangladesh under section 228 read with section 229 of the Companies Act sanctioning the scheme are filed with the Registrar of Joint Stock Companies & Firms.
- (e) "Transferee Company" means Shepherd Industries Limited, a Private company limited by shares, incorporated under the relevant provisions of the Act and having its registered office at House No. 24, Road No.04, Sector No.04, Uttara Model Town, Dhaka-1230.
- (f) "Transferor Company" means Shepherd Yarn Limited, a private company limited by shares, incorporated under the Act and having its office at House No. 24, Road No.04, Sector No.04, Uttara Model Town, Dhaka-1230.

2. PART-II CAPITAL

The summary of share capital of Transferor company as of 30th October, 2011 is as follows:-

(a) Authorized: 10,00,000 Ordinary Shares of Tk. 100/-	Tk. 10,00,00,000/-
(b) Issued, Subscribed and paid up: 8,82,000 Ordinary Shares of Tk. 100.00 each	Tk. 8,82,20,000/-

3. The summary of Share capital of Transferee Company as of 26th July, 2013 is as follows:

(a) Authorized: 60,00,000 Ordinary Shares of Tk. 100/-	Tk. 60,00,00,000/-
(b) Issued, Subscribed and paid up: 8,85,74,000 Ordinary Shares of Tk. 100/- each	Tk. 8,85,74,000/-



4. TRANSFER AND VESTING

(a) With effect from the appointed date and subject to the terms of this Scheme, the entire business and whole of the undertakings of the Transferor Company including all its properties and assets (whether movable or immovable, tangible or intangible) of whatsoever nature, shall pursuant to Section 229(2) of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been and stand Transferred to and vested in the Transferee Company as a going concern so as to become as and from the Appointed Date, a part and parcel of the assets, rights, title, interests and authorities of the Transferee Company.

(b) Without prejudice to sub- Clause (a) as above, in respect of such of the assets or the undertaking as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same may be so transferred by the Transferor Company; and upon such transfer become the property, assets, rights, title, interest and authorities of the Transferee Company.

(c) All the license, permits, quotas, approvals, permissions, incentives, loans, subsidies, concessions, grants, rights, claims, lease, tenancies and other benefits of privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued which may accrue to the Transferee Company shall, pursuant to the provisions of Section 229(2) of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and available to the Transferee Company so as to become as and from the Appointed Date the licenses, permits, quota, approvals, permissions incentives, loans, subsidies, concessions, grants, rights, claims, leases, tenancies and other benefits or privileges of the transferee Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under law. It is hereby clarified that all inter party transactions between any/or all of the Transferor Company and the Transferee Company shall be considered as intra party transactions for all purposes from the Appointed Date.

(d) All the assets, rights, interest, license, permits, quotas, approvals, permissions, incentives, loans, subsidies, concessions, grants, claims, leases, tenancies and other benefits or privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued, which may rue to the Transferor Company after the Appointed Date and prior to the Effective Date in connection with or in relation to the Undertaking shall, pursuant to the provisions of Section 22(2) of the Act, without any further instrument or deed, be and stand transferred to and vested in or deemed have been transferred to and vested in and available to the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under law.

5. Upon the coming into effect of this Scheme and with effect from the Appointed Date:

(a) All secured and unsecured debts (whether in taka or in foreign Company) all liabilities, duties and obligations of the Transferor Company along with any charge, encumbrance, lieu or security-thereon (hereinafter referred to as the "said liabilities" shall pursuant to the provisions of Section 229(2) of the Act, without any further act, instrument or deed, be and stand transferred to and vested in or deemed to have been transferred to and vested loan, so as to become the debts, liabilities, duties and obligation of the Transferee Company, and further that it shall not be necessary to obtain in the consent of any third party or other persons who is a party to any contract or arrangement by virtue of such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause. It is clarified that in so far as the assets of the Transferor Company are concerned, the security or charge over such assets or any part thereof, relating to any loans, debentures or borrowings of the Transferor Company, shall, without, any further act or deed continue to relate such assets or any part thereof, after the Effective Date and shall not relate to or be available as security in relation to any, or any part of the assets of the Transferee Company save to the extent warranted by the terms of the existing security arrangements to which any of/or the Transferor Company and the Transferee Company save to the extent warrant by the terms of the existing security arrangement to which



any of the Transferor Company and the Transferee Company are party, and consistent with the joint obligation assumed by them under such arrangement.

(b) (i) All debentures, bonds, notes, or other debit securities of the Transferor Company, whether convertible into shares or otherwise (hereinafter referred to as "the Transferor Company" Securities) shall, pursuant to the Provisions of Section 229(2) of the Act, without any further act, instrument or deed become securities of Transferee Company and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in or deemed to have been transferred to and vested in and shall be exercised by or against the Transferee Company as if were the Transferor Company in respect of the Transferor Company Securities so transferred.

(ii) Loans, advances and other obligations (including any guarantees, letter of credit or any other instruments or arrangement which may give rise to contingent liabilities in any form) if any, due or which may at any time in future become due between the Transferor Company and the Transferee Company shall stand discharged and there shall no liabilities in that behalf on either party.

(iii) Any debentures or notes or other debt securities, if any, issued by the Transferor Company and held by the Transferee Company, and vice versa, shall, unless sold or Transferred by the Transferor Company or the Transferee Company, as the Effective date, and shall be of no legal effect and Transferor Company or the Transferee Company, as the case may be, shall have no further obligation in that behalf.

(e) (i) Where any of the liabilities and obligations of the Transferor Company as on the Appointed Date Transferred to the Transferee Company have been discharged by Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.

(ii) All loans raised and utilized and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Company in relation to or in connection with the undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or underrated for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon coming into effect of this Scheme, pursuant to the provisions of Section 229 (2) of the act, without any further act, instrument or deed be and stand transferred to or vested in or be deemed to have been Transferred to or vested in the Transferee Company and shall become the debt, duties, undertaking, liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy same.

(iii) All assets, rights, title, interest and authorities accrued to and/or acquired by the Transferor Company in relation to or in connection with the Undertaking after the Appointed Date and prior to the Effective Date shall be learned to have been accrued to and/or acquired for and on behalf of the Transferee Company and shall upon coming into effect of the Scheme pursuant to the provisions of Section 229(2) of the act, without any further act, instrument or deed be and stand transferred to or vested in or be deemed to have been transferred to or vested in the Transferee Company to the extent and shall become the assets, rights, title, interests and authorities of the Transferee Company.



6. With effect from the Appointed Date and up to the Effective Date —

(i) The Transferor Company shall carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Undertaking on account of the for the benefit of and in trust for the Transferee Company.

(ii) All the profits or incomes accruing or arising to the Transferor Company or expenditures or losses arising or incurred (including the effect or taxes, if any, thereon) by the Transferor Company shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes or expenditures or taxes of the Transferee Company, as the case may be.

7. (a) Upon the coming into effect of this Scheme, and subject to the provisions of this Scheme all contract, deeds, bonds, agreements, arrangements and other instruments (including all tenancies, leases, license- and other assurances in favour of the Transferor Company or powers or authorities granted by or to it) of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed, be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced fully and effectively as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or oblige thereto. The transferee Company shall, at any time prior to the Effective Date, wherever necessary, enter into, and/or execute deeds, writings, confirmations, any tripartite arrangements or notations to which the Transferor Company will, if necessary also be a party in order to give formal effect to the provisions of this Clause.

(b) The Transferee Company may, at any time after coming into effect of this Scheme in accordance with the provisions hereto if so required under any law or otherwise, entire into issue or execute deeds, Writings confirmations any tripartite arrangements novations, declaration or other documents with or in favour of any party to any contract or arrangement to which the Transferee Company is party or any writings to which the Transferee Company is party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliance required for the purpose referred to above of the part of the Transferor Company.

8. (a) Upon the coming into effect of the Scheme, all employees of the Transferor Company in service on the Effective Date shall become the employees of the Transferee Company on such date without any break or interruption in service and on such terms and conditions that were agreed between the employees and the Transferor Company. The Transferee Company undertakes to continue to abide by any agreement settlement, if any, entered into by the Transferor Company with any employees.

(b) The existing provident fund, gratuity or other employee related funds created by the Transferor Company shall at an appropriate stage be transferred to the relevant funds of the Transferee Company and till such time shall be maintained separately. The Transferee Company undertakes to continue to abide by the provisions of any, "Trust Deeds" of any such funds.



D. PART-IV-RE-ORGANIZATION OF CAPITAL

9. Upon the coming into effect of this Scheme and in consideration of the transfer of and vesting of the Undertaking and the Liabilities of the Transferor Company to the Transferee Company in terms of this Scheme, the Transferee Company shall without any further application, act, instrument of deed, issue and allot to the ordinary shareholders of the Transferor Company whose names are recorded in the Register of Members (the "Member") on a date hereinafter referred to as the "Record Date") to be fixed by the Board of Directors of the Transferee Company, Ordinary shares of Taka 100.00 (Taka one hundred) each, credited as fully paid up in the ratio of 1 ordinary shares in the Transferee Company for every 1 (one) ordinary share of the face value of Tk. 100.00 (Taka one hundred) each held in the Transferor Company.

10. No certificate(s) shall be issued in respect of fractional entitlements if any, by the Transferee Company, to which the Members may be entitled on issue an allotment of share of the Transferee Company. The Board of Directors of the Transferee Company shall, instead consolidate all such fractional entitlements and thereupon issue and allot shares in lieu thereof to the Company Secretary or such other persons as the Board of Directors of the Transferee Company shall appoint in this behalf who shall hold the shares in trust on behalf of the members entitled to fractional entitlements with the express understanding that such Companies Secretary or persons shall sell the same in the market at such time or times; at such price or prices; and at such exchange or exchanges as he may deem fit and pay to the Transferee Company, the net sale proceed thereof, whereupon members in proportion to their respective fractional entitlements.

11. (a) Ordinary shares of the Transferee Company, if any, held by Transferee Company on the Record Date shall be cancelled and deemed to have been cancelled without any further act or deed, and no shares of the Transferee Company are required to be issued in lieu thereof

(b) Ordinary shares of the Transferee Company, if any, held by Transferee Company on the Record Date shall be cancelled and deemed to have been cancelled without any further act or deed, and shares of the Transferee Company are required to be issued in lieu thereof.

12. Ordinary shares issued and allotted by the Transferee Company in terms of this Scheme shall be subject to the provisions of the memorandum and Articles of Association of the Transferee Company and shall rank pari-passu in all respects with the then existing ordinary share of the Transferee Company, including in respect of dividends, if any that may be declared by the Transferee Company, on or after the Effective date.

E. PART-V- GENERAL TERMS AND CONDITIONS:

13. With effect from the date of filing of this Scheme with the Hon'ble High Court Division of the Supreme Court of Bangladesh (hereinafter called the "High Court") and up to and including the Effective Date, the Transferee Company shall be entitled to declare, and pay dividends whether interim or final, to their ordinary shareholders in respect of the accounting period after the Appointed Date and prior to the Effective Date.

14. (a) Upon the coming into effect of this Scheme and with effect from the Appointed Date, for the purpose of accounting and dealing with the value of the assets and liabilities of the Transferee Company in the books of Company, the assets and liabilities of the Transferee Company as appear in its audited financial statements as of the Appointed date shall be accounted.

(b) Any excess of the net assets of the Transferor Company over the paid up value of the shares to be issued and allotted by the Transferee Company pursuant to this scheme, shall be transferred and credited to the "Capital Reserve" in the books of the Transferee Company.



15. The Board of Directors of the transferor company and the Transferee Company may assent on behalf of I concerned from time to time to any modifications or amendments or additions to this Scheme or to any conditions, which the High Court Division may under law thinks fit to approve or impose and may do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect or to review position relating to the satisfaction of the conditions to this Scheme and it necessary to waive any of those (to the extent permissible under the law for bringing this Scheme into effect.

16. This Scheme is conditional upon and subject to the sanction by the Hon'ble High Court Division of the Supreme Court of Bangladesh pursuant to Section 228 read with Section 229 of the Act, and to requisite orders made by the Hon'ble High Court Division pursuant to 228 read with Section 229 of the Act for amalgamation of the Transferor Company with the Transferee Company. This Scheme shall be deemed to have been effective on the date the certified copy of the order passed by the Hon'ble High Court Division is filed with Registrar of Joint Stock Companies, Dhaka, Bangladesh.

17. All cost, charges, expenses, including any taxes and duties of the Transferor Company and the Transferee Company respectively in relation to or in connection with this Scheme and incidental to the completion of the amalgamation of the Transferor Company in pursuance of this Scheme shall be born and paid by the Transferee Company.

18. In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se by parties hereto or their shareholders or creditors or employees or any other person(s).

• **Shares issued through amalgamation are as under:**

SI	date of issue	persons to whom those are issued	relationship with the issuer	Number of Shares	Issue Price	consideration	valuation	Reason
1	01/04/2015	Kao Wen Fu	Managing Director & Director	178,066	100	In exchange of Ordinary Shares	At par	Amalgamation
2		Cheng Che Seng	Shareholder	40,068				
3		Ever Priority Ltd.	Shareholder	664,000				
4		Chung Wen Kuei	Chairman	144,000				
5		Shen Ming Hsiung	Shareholder	66				

No benefit have been accrued to the issuer out of the Issue



(vii) Where the issuer has issued equity shares under one or more employee stock option schemes, date-wise details of equity shares issued under the schemes, including the price at which such equity shares were issued;

The Company has not issued equity shares to employees under any stock option. However, Shares have been allotted in cash to Mr. Md. Abdul Mannan, Deputy Managing Director of the company. Details of which are as under:

Sl	Name	Position	Date of Allotment	Number of Shares	Issue Price	Amount in Tk.
1	Md. Abdul Mannan	Deputy Managing Director	14/02/2016	1,100,000	Issued at Par	11,000,000

(viii) If the issuer has made any issue of specified securities at a price lower than the issue price during the preceding two years, specific details of the names of the persons to whom such specified securities have been issued, relation with the issuer, reasons for such issue and the price thereof;

There is no such transaction where the company has made any issue of specified securities at a price lower than the issue price during the preceding two years.

(ix) The decision or intention, negotiation and consideration of the issuer to alter the capital structure by way of issue of specified securities in any manner within a period of one year from the date of listing of the present issue;

The Company has no such decision or intention, negotiation and consideration to alter the capital structure by way of issue of specified securities in any manner within a period of one year from the date of listing of the present issue.



- (x) The total shareholding of the sponsors and directors in a tabular form, clearly stating the names, nature of issue, date of allotment, number of shares, face value, issue price, consideration, date when the shares were made fully paid up, percentage of the total pre and post issue capital, the lock in period and the number and percentage of pledged shares, if any, held by each of them;

Sl.	Name of Director and Sponsor	Position	Nature of Issue	Date of Allotment	No of Shares	Face Value/Issue Price	Consideration	Total	Percentage		*Lock-in Period	% of Pledge Share
									Pre-IPO	Post-IPO		
1	Chen Kuo Kung	Sponsor	Ordinary	MOA(01/08/2000)	10,000	10	Cash	Presently this Sponsors do not hold any share of the company	0.00%	0.00%	N/A	No Pledge
				Transfer (28/09/2000)	(10,000)		Cash (Transfer)					
2	Chiu Ching Ping	Sponsor	Ordinary	MOA(01/08/2000)	10,000	10	Cash		0.00%	0.00%	N/A	No Pledge
				01/07/2002	1,310,000		Cash					
3	Mafiz Ahmed Bhuiyan	Sponsor	Ordinary	Transfer (26/09/2013)	(1,320,000)	10	Cash (Transfer)		0.00%	0.00%	N/A	No Pledge
				MOA(01/08/2000)	10,300		Cash					
4	A.K.M. Zakir Hossain	Sponsor	Ordinary	01/07/2002	1,349,700	10	Cash		0.00%	0.00%	N/A	No Pledge
				Transfer (26/07/2009)	(1,360,000)		Cash (Transfer)					
5	Yang Ming TE	Sponsor	Ordinary	MOA(01/08/2000)	10,300	10	Cash	1,320,000	1.27%	1.06%	3 Years	No Pledge
				01/07/2002	1,310,000		Cash					
6	Kao Wen FU	Managing Director	Ordinary	01/07/2002	1,310,000	10	Cash	3,717,549	3.57%	2.99%	3 Years	No Pledge
				28/09/2000	10,000		Cash					
7	Ever Priority Ltd. Represented by Lin Chih-Wen	Director	Ordinary	01/04/2015	1,780,660	10	Other than Cash	43,035,650	41.30%	34.65%	3 Years	No Pledge
				14/02/2016	616,889		Cash					
8	Mr. Cheng Che Seng	Sponsor	Ordinary	26/09/2013	1,320,000	10	Cash	1,720,680	1.65%	1.39%	3 Years	No Pledge
				26/07/2009	200,000		Cash					
9	Mr. Chung Wen Kuei	Chairman	Ordinary	01/04/2015	1,160,000	10	Cash	3,261,415	3.13%	2.63%	3 Years	No Pledge
				12/11/2011	857,400		Other than Cash					
10	Eternal Flame International Co. Inc. Represented by Yang Ming Te	Director	Ordinary	01/04/2015	1,440,000	10	Cash	10,886,580	10.45%	8.76%	3 Years	No Pledge
				14/02/2016	964,015		Cash					

[*Lock-in starts from the issue date of Prospectus]

Face value of company's share was Tk. 100/- each and was converted in to Tk. 10/- vide EGM dated June 08, 2015; Face value of shares on the above table was considered at Tk. 10/- for better presentation.



- (xi) The details of the aggregate shareholding of the sponsors and directors, the aggregate number of specified securities purchased or sold or otherwise transferred by the sponsor and/or by the directors of the issuer and their related parties within six months immediate preceding the date of filing the prospectus;

Aggregate shareholding of the sponsors and directors:

Sl.	Name of Director and Sponsor	Position	Date of Allotment	No of Shares	Total	Percentage	
						Pre-IPO	Post-IPO
1	Chen Kuo Kung	Sponsor	MOA(01/08/2000)	10,000	Presently these Sponsors do not hold any share of the company	0.00%	0.00%
			Transfer (28/09/2000)	(10,000)			
2	Chiu Ching Ping	Sponsor	MOA(01/08/2000)	10,000		0.00%	0.00%
			01/07/2002	1,310,000			
			Transfer (26/09/2013)	(1,320,000)			
3	Mofiz Ahmed Bhuiyan	Sponsor	MOA(01/08/2000)	10,300		0.00%	0.00%
			01/07/2002	1,349,700			
			Transfer (26/07/2009)	(1,360,000)			
4	A.K.M. Zakir Hossain	Sponsor	MOA(01/08/2000)	10,300		0.00%	0.00%
			01/07/2002	1,349,700			
			Transfer (09/08/2005)	(1,360,000)			
5	Yang Ming TE	Sponsor	MOA(01/08/2000)	10,000	1,320,000	1.27%	1.06%
			01/07/2002	1,310,000			
6	Kao Wen FU	Managing Director	01/07/2002	1,310,000	3,717,549	3.57%	2.99%
			28/09/2000	10,000			
			01/04/2015	1,780,660			
			14/02/2016	616,889			
7	Ever Priority Ltd. Represented by Lin Chih-Wen	Director	26/09/2013	1,320,000	43,035,650	41.30%	34.65%
			26/07/2009	200,000			
				1,160,000			
				1,360,000			
			01/04/2015	6,640,000			
8	Mr. Cheng Che Seng	Sponsor	MOA(01/08/2000)	10,000	1,720,680	1.65%	1.39%
			01/07/2002	1,310,000			
			01/04/2015	400,680			
			12/11/2011	857,400			
9	Mr. Chung Wen Kuei	Chairman	01/04/2015	1,440,000	3,261,415	3.13%	2.63%
			14/02/2016	964,015			
			17/05/2015	100			
10	Eternal Flame International Co. Inc. Represented by Yang Ming Te	Director	14/02/2016	10,886,480	10,886,580	10.45%	8.76%

No specified securities purchased or sold or otherwise transferred within six months immediate preceding the date of filing the prospectus i.e. within November 19, 2015 by the sponsors and/or by the directors of the issuer and their related parties except the following newly issued shares:

Sl.	Name	Position	Date of Acquisition	Newly issued No of Shares
1	Kao Wen FU	Managing Director	14/02/2016	616,889
2	Ever Priority Ltd	Director	14/02/2016	32,355,650
3	Chung Wen Kuei	Chairman	14/02/2016	964,015
4	Eternal Flame Int'l Co. Inc.	Director	14/02/2016	10,886,480



- (xii) The name and address of any person who owns, beneficially or of record, 5% or more of the securities of the issuer, indicating the amount of securities owned, whether they are owned beneficially or of record, and the percentage of the securities represented by such ownership including number of equity shares which they would be entitled to upon exercise of warrant, option or right to convert any convertible instrument;

SL	Name of Shareholders	Address	Position	No of Shares	%	No of Equity Shares entitled to upon exercise of warrant, option or right to convert any convertible instrument
1	Ever Priority Ltd	6F-1, No. 538, SEC-4, Chung Yang N Road, Taipei, Taiwan.	Director	43,035,650	41.30%	N/A
2	Eternal Flame Int'l Co. Inc	4FL-250, SEC-4, Chung Hsiau, E-Rd, Taipei, Taiwan.	Director	10,886,580	10.45%	N/A

- (xiii) The number of securities of the issuer owned by each of the top ten salaried officers, and all other officers or employees as group, indicating the percentage of outstanding shares represented by the securities owned.

No officer of the company own shares of Shepherd Industries Limited as on 30June 2016 except Mr. Kao Wen Fu, Managing Director and Mr. Md Abdul Mannan, Deputy Managing Director of the company. Details of their holdings are as under:

SL	Name of Shareholders	Address	Position	No of Shares	Pre IPO Percentage
1	Kao Wen FU	4-FL-1, 250, Sec-4, Chung Hsiau, E, RD. Taipei, Taiwan.	Managing Director	3,717,549	3.57%
2	Md Abdul Mannan	Hose-10, Road-3, Sector-11, Uttara Model Town, Dhaka-1230	Deputy Managing Director	1,100,000	1.06%



(d) DESCRIPTION OF BUSINESS:

- (i) The date on which the issuer company was incorporated and the date on which it commenced operations and the nature of the business which the company and its subsidiaries are engaged in or propose to engage in;**

The company was incorporated as a private Limited company under the Companies Act 1994, vide registration no: C-41066(425)/2000 on August 21, 2000 subsequently was converted to public Limited company on June 08, 2015. Shepherd Yarn Limited was amalgamated with Shepherd Industries Limited by the order of Hon'able High court division of Supreme Court of Bangladesh dated 15th December 2014 with effect from April 01, 2015.

The company started its commercial operation on October 18, 2001

The Company has no subsidiary and/or associate company.

Nature of Business: Shepherd Industries limited is a 100% export oriented company engaged in dyeing of different counts of yarn and market the processed yarn as deemed exporter.

(ii) Location of the project: Factory of the company is located at Bagrapara, Kathalia, Bhaluka, Mymensingh.

- (iii) Plant, machinery, technology, process, etc.**

Shepherd Industries Limited has been using State of the Art machineries and technologies in order to dye of (acrylic, wool, cotton, viscos etc.) yarn. Its manufacturing process is heavily technology driven, dynamic in nature with cutting edge technology. Shepherd Industries Limited has modern research and development facilities, up-to-date water generation and fire management system and eco friendly biological effluent treatment plant. Total quality management lead by the trained professionals, strict monitoring, and true measurement always provided competitive advantage.



iv) Details of the major events in the history of the issuer, including details of capacity/facility creation, launching of plant, products, marketing, change in ownership and/or key management personnel etc.;

Date of Incorporation:	As a private limited company on 21st August, 2000 having a Vide Registration No. C-41066(425)/2000.			
Private to Public:	Converted into a public limited company on 8 th June,, 2015 with Register of Joint Stock Companies and Firms (RJSC) in Bangladesh under the Companies Act, 1994.			
Amalgamation:	The company was amalgamated with Shepherd Yarn Limited, under the scheme of amalgamation by the order of the Hon’able High Court Division of Supreme Court Bangladesh dated December 15, 2014 with effect from April 01, 2015.			
Capacity:	80,000Lbs/day.			
Launching of Plant:	13 September, 2001			
Launching of Products:	8 October, 2001			
Launching of Distribution Channel:	18 October, 2001			
Date of Commercial Operation:	18 October, 2001.			
Change in Owner Ship	Name	Position	Date of Change in Ownership	Remarks
	Chen Kuo Kung	Chairman	28/09/2000	Transferred his entire share to Mr. Kao Wen Fu
	Chiu Ching Ping	Sponsor Director	26/09/2013	Transferred her entire share to Ever Priority Limited
	A.K.M Zakir Hossain	Director	09/08/2005	Transferred 200,000 shares to Neaz Ahmed Bhuyian and 11,60,000 shares to Ms. Mahnur Ummel Ara; later on they transferred their entire shares to Ever Priority Limited on 26/07/2009
	Mafiz Ahmed Bhuiyan	Managing Director	26/07/2009	Transferred his entire shares to Ever Priority Limited.
Chang in Key Management Personnel	There were no changes in Key Management personnel except the change of Managing Director mentioned above. Presently Mr. Kao Wen Fu is holding the office of Managing Director.			
Appointment of Independent Director:	Appointment of Mr. Md. Monzur Alam Khan(Barrister-at-Law) is approved by the shareholders in the AGM held on 28/08/2016.			



- (v) **Principal products or services of the issuer and markets for such products or services. Past trends and future prospects regarding exports (if applicable) and local market, demand and supply forecasts for the sector in which the product is included with source of data;**

Shepherd Industries Limited operates its business as a backward linkage industry and engaged in dyeing different count of cotton, acrylic, wool and viscos yarn in Bangladesh. SIL is a 100% export oriented industry. SIL sells its products through L/Cs to the 100% export oriented sweater manufacturers who consume the dyed yarn as raw material for production of readymade sweater to export abroad. Therefore, the final destination of the company's products is overseas market. Shepherd Industries Limited ultimately produces yarn for renowned sweater manufacturers which are later on consumed by the world famous brand.

Past Trends:

Last five years sales of Shepherd Industries Limited:

Particular	01-04-16 to 30-06-2016	01-04-2015 to 31-03-2016	01-01-2015 to 31-03-2015	01-01-2014 to 31-12-2014	01-01-2013 to 31-12-2013	01-01-2012 to 31-12-2012	01-01-2011 to 31-12-2011
Turnover	756,861,925	2,636,557,896	390,141,810	1,780,751,795	1,878,484,554	1,883,339,590	1,179,310,883

Future Prospects:

Bangladesh Export sector is heavily inclined to RMG. RMG and textile sector contributes maximum of national export of Bangladesh. This sector has remarkable growth and huge contribution to the overall export of the country. As a backward linkage of RMG sector SIL also has the opportunity to increase its export.

- (vi) **If the issuer has more than one product or service, the relative contribution to sales and income of each product or service that accounts for more than 10% of the company's total revenues;**

Since, the company is engaged in the business of yarn dyeing. Hence, dyed yarn is the only product contributes 100% on the total revenue.

- (vii) **Description of associates, subsidiary and holding company of the issuer and core areas of business thereof;**

Shepherd Industries Limited has no associate, subsidiary and holding company.

- (viii) **How the products or services are distributed with details of the distribution channel. Export possibilities and export obligations, if any;**

On receiving orders from customers, Shepherd Industries Limited manufactures the products and supplies to the destination as per their requirements of the customer. Since the company is deemed exporter, it supplies the products to the local destinations.



Process Flow:

For Acrylic, Wool, Nylon and Viscos:



For Cotton:



Export possibilities and export obligations:

We do not have any export obligation rather there is good potential of expansion for export.

(ix) Competitive conditions in business with names, percentage and volume of market shares of major competitors;

There is huge demand –supply gap for the product of the Company in the sweater manufacturing market (Local and International market). Being one of the high quality yarn dyeing Industry in the country, SIL is capable of exploiting the opportunities though there are a number of competitors in the local market. Such as:

Sl. No.	Name	Sl. No	Name
1	Kung Keng Ltd	7	Tamishna Yarn Dyeing Limited
2	Chunji Ltd	8	Belly Yarn Dyeing Limited
3	Ring Shine Ltd	9	Masuma Kahatun Yarn Dyeing
4	Everway Textile Ltd	10	F M Yarn Dyeing Ltd
5	Dongbeng Ltd	11	Queen South Textiles (BD) Ltd
6	Labib Yarn Dyeing Ltd	12	Anlima Yarn Dying Limited

** No market data regarding volume and market shares of the aforementioned companies are available.*



(X) Sources and availability of raw materials, names and addresses of the principal suppliers and contingency plan in case of any disruption:

Basic raw materials used for production are raw yarn and dyes chemical which are mostly procured from abroad. For the better quality assurance the company mostly looks for foreign sources. However, to maintain the steady production sometimes the company has to procure from local sources as well. Suppliers are evaluated periodically on supplier's reliability, quality and prices with new suppliers being added after they meet the required quality and reliability benchmarks. Names of main suppliers are mentioned below:

SL. No.	Supplier Name	Address
1	Full Excellent Corp.	2F., No-105 Wuxing St., Xinyi, Dist., Taipei City, 110, Taiwan R.O.C Tel- (0) 2773-4337
2	Purbani Synthetic Spinning Ltd	Dewaliabari, Konabari, Gazipur , Bangladesh
3	Kung Keng Textile (BD) Ltd.	Dhaka Export Processing Zone (Ext), Plot. 133-148 and 164, Savar, Dhaka, Bangladesh
4	BTO Singapore PTE Ltd.	31 Jurong Port Road 06- 04/05, Jurong Logistics Hub, Singapore ,619115
5	Sonic Eagle Industry Ltd	No 167, Dingcheng 3 rd ST, Xindian Dist, New Taipei City 231 , Taiwan ROC , Tel- +886963-099092
6	Bay Poly and Packaging Ltd	47/Ka, East Islambag, Chakbazar, Dhaka , Bangladesh
7	MEGA Hope Textile Ltd.	7F-1, No. 518, Fuxtile N. RD, Zhongs, Dist, Taipei City 104, Taiwan ROC. Tel. 886-2-82112066
8	P.T. Pini Jaya Indusrti	JL. Palem I Blok DS No. 3B, Kawasan Indusrti, Hyundai Lippo, Cikarang Bekasi 17550, Bekasi- Indonesia.
9	Jiangsu Guo Tai International Group Guo Mao Co. LTD.	22F, Guotai Times Plaza, Building A, No.65, Ren Min Road, Zhangjiagang, Jiangsu, China
10	PT. Kahatex	JL. K.H.Wahid Hasyim 119, Jakarta, Indonesia.
11	Full Harvest Limited	4F., No 3, Ln 36, Shuiyuan St., Yonghe Dist., New Taipei City 234, Taiwan (R.O.C)
12	Hussain Mills Limited	Fazalabad Vehari Road, Multan, Pakistan
13	Damodar Industries Limited	A1/202, Centre Point, 243 N.M. Joshi Marg Lower Parel €, Mumbai-400013
14	Mega Hope Textile Limited	7F-1, No.518, Fuxing n. Rd., Zhongshan Dist., Taipei City 104, Taiwan(R.O.C)
15	Nahar Spinning Mills Limited	373, Industrial Area-A, Ludhiana-141003, India
16	Vardhaman Polytex Limited	341 K-1, Mundian Khurd, Chandigarh Road, Ludhiana-141 123 Punjab, India.

Contingency Plan: As numbers of suppliers of raw materials are plenty in the market, if one fails to provide raw material there are always another suppliers available. So there is no possibility of disruption.

(xi) Sources of, and requirement for, power, gas and water; or any other utilities and contingency plan in case of any disruption;

Power (Captive): Shepherd Industries Limited has own power generation source by gas and Diesel generator. The required power is available from own captive power generator. List of generators are stated below:

SI	Run By	Capacity
1	Natural Gas	1700 KVA
2	Natural Gas	1030 KW
3	Natural Gas	1030 KW

Water:The requisite water supply is available from the own deep tube-well installed in the factory premises.

Gas:SIL needs gas for captive power plant. SIL meets the requirement of GAS from TITAS Gas Transmission and Distribution Company Limited (TGTDCL)

Contingency plan in case of any disruption: In addition to the GAS generators the company has one 260 KVA and three 250KVA diesel stand by generators and will be used in case of any disruption.



(xii) Names, address(s), telephone number, web address, e-mail and fax number of the customers who account for 10% or more of the company's products/services with amount and percentage thereof;

Shepherd Industries Limited has no customers who are purchasing 10% or more of the company's products during the period ended June 30, 2016.

(xiii) Names, address(s), telephone number, web address, e-mail and fax number of the suppliers from whom the issuer purchases 10% or more of its raw material/finished goods with amount and percentage thereof;

The Company has the following suppliers from whom the company purchases 10% or more of its raw materials/finished goods.

SL. No.	Supplier Name	Address	Telephone No.	Web Address	E-mail	Fax Number	Amount in Tk. 01-04-2016 to 31-06-2016	Percentage
1	Full Harvest Ltd	4F., No 3, Ln 36, Shuiyuan St., Yonghe Dist., New Taipei City 234, Taiwan (R.O.C)	+6928312354	No web address	K33424@hotmail.com	No Fax Number	10.47 crore	34.90%
2	Full Excellent	2F., No-105 Wuxing St., Xinyi, Dist., Taipei City, 110, Taiwan R.O.C	2773-4337	No web address	jasmont@hotmail.com	No Fax Number	5.25 crore	17.49%



(xiv) Description of any contract which the issuer has with its principal suppliers or customers showing the total amount and quantity of transaction for which the contract is made and the duration of the contract. If there are not any of such contracts, a declaration is to be disclosed duly signed by CEO/MD, CFO and Chairman on behalf of Board of Directors;

The company has not entered into any contract with any of its suppliers or customers.

Declaration regarding contract with principal suppliers or customers

September 23, 2016

We, on behalf of the Board of Directors certify that the Shepherd Industries Limited did not enter into contract with its principal suppliers or customers.

Sd/-

Kao Wen Fu

Managing Director & Director

Sd/-

Chung Wen Kuei

Chairman & Director

Sd/-

Md. Ataur Rahman

Chief Financial Officer



xv) Description of licenses, registrations, NOC and permissions obtained by the issuer with issue, renewal and expiry dates;

Sl.	Name of License/Registration/NOC	License Issuer/Issuing Authority	Certificate / License No.	Issue Date	Validity Status
1	Trade License	Bhaluka Powroshova	01562	08-07-2015	Valid up to 2016-17
2	ERC	CCI&E	Ra 53255	30-01-2001	Valid up to 2016-17
3	IRC	CCI&E	BA 104118	30-07-2001	Valid up to 2016-17
4	Fire	Bangladesh Fire Service and Civil Defense	Mymen/811/2001	01-08-2001	Valid up to 2016-17
5	Kolkarkhana o Protishthan	Prodhan Poridorshok Kolkarkhana O Protishthan	10958/Mymensingh	16-08-2001	Valid up to June, 2017
6	Bonded Warehouse	Customs Bond Commissionerate	5(13) 210/cus-bond/li:/2001/part-3/2014/13721	18-08-2015	Valid up to 15-08-2017
7	BOI Registration	Board of Investment	BOI/R&I-1/2520/2001/62	21-01-2001	N/A
8	Environment Certificate	Department of Environment	Poribesh/dhabi/3704/2557	31-10-2016	Valid up to 22-06-2017
9	Boiler	Office of Chief Boiler Inspector	বাঃবঃ ২৭৫৩	30/12/15	29/11/2016
			বাঃবঃ ২৩১১	30/12/15	29/11/2016
			বাঃবঃ ৩৫৩৯	30/12/15	29/11/2016
			বাঃবঃ ২২৭৯	10/08/16	10/02/2017
10	Membership Certificate	The Maymensingh Chamber of Commerce & Industry	Sl. No. 17867	14-07-2016	Valid up to 30-06-2017
11	Membership Certificate	Bangladesh Dyed Yarn Exporters Association	Sl. No. 12	21-01-2013	Valid up to 31-12-2016
12	TIN Certificate	National Board of Revenue	e-TIN: 815674589022	06-10-2013	N/A
13	Value Added Tax	National Board of Revenue	18091004625	13-11-2012	N/A
14	Oeko-Tex Standard 100 HKYO 105586 Testex	Institute of the International Association for Research and Testing in the Field of Textile Ecology	BD-2240 Mymenshing	07-10-2015	Valid until 15-08-2017

(xvi) Description of any material patents, trademarks, licenses or royalty agreements;

The Company neither obtained any patent right/trademarks nor signed any royalty agreement with any party.



(xvii) Number of total employees and number of full-time employees;

The company has 596 full-time permanent employees as of June 30, 2016 and all the employees are receiving more than 3,000/ months. Details are as follows:

As per audited accounts

All the employees receive salary/wages in excess of Tk. 3,000 per month.	
Number of permanent staff	210
Number of permanent workers	386
Number of temporary staff/worker	-
Total:	596

(xviii) A brief description of business strategy;

SIL's key strategic objectives are to:

- The company established State-of-the-art manufacturing facilities for ensuring best quality products to its customers.
- Expansion of existing and development of new large scale projects for a diversified product range to stimulate the growth.
- Expansion of ETP, establishment of washing plant & BMRE of the existing Unit to cope up with the market demand.
- Continuously seeking new ways of working to improve efficiency and ensure sustainability.

(xix) A table containing the existing installed capacities for each product or service, capacity utilization for these products or services in the previous years, projected capacities for existing as well as proposed products or services and the assumptions for future capacity utilization for the next three years in respect of existing as well as proposed products or services. If, the projected capacity utilization is higher than the actual average capacity utilization, rationale to achieve the projected levels.

Existing Capacity Utilization:

Description	Installed Capacity	Actual Production	% of Capacity Utilization
Different Count of Yarn Dyeing	80,000 Lbs/Day	63,256 Lbs/Day	79.07%

Projected capacity utilization:

Sl. No	Name of Product	2018-19			2017-18			2016-17		
		Production Capacity/day	Capacity Utilization /day	Utilization (%)	Production Capacity /day	Capacity Utilization Yds	Utilization (%)	Production Capacity /day	Capacity Utilization Yds	Utilization (%)
1	Dyed Yarn	100,000 Lbs	82,000	82%	100,000 Lbs	81,000	81%	90,000 Lbs	69,200 Lbs	77%
2	Washing of garments	8,000 Dz	5,600 Dz	70%	8,000 Dz	5,200 Dz	65%	8,000 Dz	4,800 Dz	60%

ASSUMPTIONS FOR FINANCIAL CALCULATION:

Profitability potential of the project has been estimated for five years of operation to assess the financial viability of the project. The capacity build up has been assumed to be achieved gradually at the rate of 60%, 65%, 70% 75% & 80% of estimated attainable capacity in the 1st, 2nd, 3rd, 4th and 5th year of operations and onwards for the washing plant. Moreover, the market of yarn dyeing is increasing and the projected capacity shown in the above table for dyeing unit up to 2018-19 is very reasonable and achievable.

RATIONALE TO ACHIEVE:

The company has projected that the capacity utilization will be increased due to installation of new machine as well as increase in the market demand for dyed yarn and washing of garments. The company will utilized its remaining capacity to meet the additional market demand for existing products as well as new products.



(e) Description of Property:

The Written down value of Property, Plant and equipment's owned by the company as per audited accounts as on 30th June, 2016 are stated below:

**SHEPHERD INDUSTRIES LIMITED
Schedule of Property, Plant & Equipment
as on June 30, 2016**

Amount in Taka	
Particulars	Written Down Value as on 30-06-16
Building - Factory	111,370,979
Land & Land Development	263,658,642
Plant & Machinery	167,499,919
ETP	45,760,672
Electric Equipment & Line Installation	10,628,135
Fire Fighting Equipment	475,191
Tools & Equipments	9,554,843
Gas Line Installation	2,391,584
Building - Head Office	51,663,152
Office Equipment	5,234,278
Air Conditioner & Electric Appliance	1,125,394
Lift - Head Office, Uttara	1,245,507
Furniture & Fixture	2,197,361
Office Decoration	1,323,603
Car & Vehicles	20,378,008
Telephone Equipments	1,604,039
Sub Total	696,111,307
<u>REVALUATION PART</u>	
Land & land Development	547,605,914
Building	90,518,456
Sub Total	638,124,370
Total as on 30.06.2016	1,334,235,677
Total as on 31.03.2016	1,302,877,602



(i) Location and area of the land, building, principal plants and other property of the company and the condition thereof;

The entire assets are located at the Company's head office at House No-24, Road No.-4, Sector No-4, Uttara Model Town, Dhaka-1230 and its factory at Bagrapara, Kathalia, Bhaluka, Mymenshingh, Bangladesh. 2108.61 decimals of land of the company are located at Kathalia & Paragaon of Bhaluka, Mymenshingh, Uttara Model Town of Dhaka and Rupgoang (Purbachal) of Narayngang, Bangladesh. Details are as under:

Sl. No.	Particulars	Location and Area	Condition of the Property
01	Land	Kathalia & Paragaon Bhaluka, Mymenshingh, Factory Area	Position hold by the company.
		Head Office, Uttara Model Town, Dhaka	
		Rupgoang (Purbachal), Narayngang	
02	Building	Kathalia, Bhaluka, Mymenshingh, Factory Area	Factory sheds are in good condition.
		Head Office, Uttara Model town, Dhaka	6 storied Building
03	Principal plants and Machineries	Kathalia, Bhaluka, Mymenshingh, Factory Area	Working in good condition
04	Office equipment	At Factory and Head Office	Good Condition
05	Furniture & Fixture	At Factory and Head Office	Good Condition
06	Vehicles	At Factory and Head Office	Running

(ii) Whether the property is owned by the company or taken on lease;

All the assets of the Company are in its own name except a car which is financed by IDLC Tk.76 lac. However, to comply with the requirement of BAS-17 the said car has been accounted for under finance lease in the Financial Statement and the title deed shall be transferred in the name of the company after final settlement of lease payment.



iii) Dates of purchase, last payment date of current rent (খাজনা) and mutation date of lands, deed value and other costs including details of land development cost, if any and current use thereof;

Sl. No.	Location	Sale Deed No.	Reg. Date	Name of Seller	Land Purchase (Decimal)	Actual Mutation done(in Decimal)	Last Payment Date of Rent	Mutation date	Deed Value in BDT	Current Use of Land	Seller's relation with sponsor/director
1	Bhaluka	2642	08/04/2001	Mrs. Shamima akter	331.5	673	19/04/2016	07/05/2001	3,315,000	Factory Building	No Relation
2	Bhaluka	2643	08/04/2001	Salim Buiyan	309.5				3,095,000	Factory Building	No Relation
3	Bhaluka	2644	08/04/2001	Salim Buiyan	32				320,000	Factory Building	No Relation
4	Bhaluka	3188	20/04/2004	Md. Majid Sarkar	44				903,000	Factory Building	No Relation
5	Bhaluka	3647	13/06/2004	Mrs. Jolakha katun	4.5				93,000	Factory Building	No Relation
6	Bhaluka	3552	22/06/2004	Md. Jamad Ali	35				719,000	Factory Building	No Relation
7	Bhaluka	3377	22/06/2004	Golap jan Bibi	4.5				93,000	Factory Building	No Relation
8	Bhaluka	6971	12/10/2004	Md. Majid Sarker	5				103,000	Factory Building	No Relation
9	Bhaluka	6847	16/10/2004	Most. Maleka Khatun	4.5				93,000	Factory Building	No Relation
10	Bhaluka	8258	10/11/2004	Hazi Md. Aziz sarker	20.5				421,000	Factory Building	No Relation
11	Bhaluka	8259	10/11/2004	Hazi Md. Aziz sarker	1.75				36,000	Factory Building	No Relation
12	Bhaluka	1600	01/03/2005	Sholamannasa Gong	35.25	35.25	19/04/2016	2005-2006	852,000	Factory Building	No Relation
13	Bhaluka	3019	24/07/2006	Sultan Uddin	39	42	19/04/2016	20/03/2011	762,000	Factory Building	No Relation
14	Bhaluka	3002	24/07/2006	Sultan Uddin	3				59,000	Factory Building	No Relation
15	Bhaluka	3276	03/08/2006	Niranjana Das	410				8,158,000	Dormitory & Vacant Land	No Relation
16	Bhaluka	515	13/02/2007	Md. Jamad Ali	42	42	19/04/2016	26/05/2011	1,267,000	Vacant Land	No Relation
17	Bhaluka	4335	28/04/2011	Md. Mafiz Ahamed Bhuiyan	432	432			39,931,000	ETP and R.C.C and prefabricated Building	Sponsor Director and former Managing Director, Now does not hold any share
18	Bhaluka	10730	28/11/2011	Md. Hafizul Islam	39	39	19/04/2016	20/06/2012	4,565,000	Vacant Land	No Relation
19	Bhaluka	10390	05/12/2013	Hazi Md. Aziz sarker	21	21	19/04/2016	17/04/2014	2,496,000	Vacant Land	No Relation
20	Bhaluka	2426	19/03/2014	Hazi Md. Aziz Sarker	62.75	62.5	16/05/2014	28/04/2014	15,000,000	Vacant Land	No Relation
21	Bhaluka	8103	29/09/2014	Md. Ataur Rahaman Khan	177	171	16/06/2015	24/05/2015	6,700,000	Vacant Land	No Relation
22	Bhaluka	2625	05/04/2015	Md. Aminul Islam	24	24	09/11/2016	01/11/2016	1,062,000	Vacant Land	No Relation
23	Rupgoang	13683	11/12/2013	Md. Iskander Ali	8.52	8.52	02/03/2016	15/02/2016	1,250,000	Vacant Land	No Relation
24	Rupgoang	13684	11/12/2013	Dr. Md. Abdun Noor	8.52	8.52	02/03/2016	15/02/2016	1,250,000	Vacant Land	No Relation
25	Rupgoang	13353	03/12/2013	Mostaq Ahmed	8.25	-		Under process	1,200,000	Vacant Land	No Relation
26	Uttara	4992	02/04/2011	Khandaker Abdul Jamil Mahabub Hossain	11.82	11.82	07/04/2013	25/09/2012	28,000,000	Head office	No Relation
				Total	2114.86	2100.36			121,743,000		
	Add: Registration and other cost								11,869,926		
	Add: Development Cost								130,045,716		
	Total Cost of Land Asset								263,658,642		

**out of 2114.86 decimal s land 2100.36 decimals land are mutated in the name of Shepherd Industries Limited. The company completed all the formalities and paid requisite fees to RAJUK for mutation of 8.25 decimals land and mutation of rest 6.25 decimals land could not be mutated as the land area falls into road.



- (iv) The names of the persons from whom the lands has been acquired/proposed to be acquired along with the cost of acquisition and relation, if any, of such persons to the issuer or any sponsor or director thereof;

Sl. No.	Location	Name of Seller	Cost of acquisition/Deed value	Seller's relation with sponsor/director
1	Bhaluka	Mrs. Shamima akter	3,315,000	Buyer-Seller
2	Bhaluka	Salim Buiyan	3,095,000	
3	Bhaluka	Salim Buiyan	320,000	
4	Bhaluka	Md. Majid Sarker	903,000	
5	Bhaluka	Mrs. Jolakha katun	93,000	
6	Bhaluka	Md. Jamad Ali	719,000	
7	Bhaluka	Golap jan Bibi	93,000	
8	Bhaluka	Md. Majid Sarker	103,000	
9	Bhaluka	Most. Maleka Khatun	93,000	
10	Bhaluka	Hazi Md. Aziz sarker	421,000	
11	Bhaluka	Hazi Md. Aziz sarker	36,000	
12	Bhaluka	Sholamannasa Gong	852,000	
13	Bhaluka	Sultan Uddin	762,000	
14	Bhaluka	Sultan Uddin	59,000	
15	Bhaluka	Niranjana Das	8,158,000	
16	Bhaluka	Md. Jamad Ali	1,267,000	
17	Uttara	Khandaker Abdul Jamil Mahabub Hossain	28,000,000	
18	Bhaluka	Md. Mafiz Ahamed Bhuiyan	39,931,000	Sponsor Director and former Managing Director. Now does not hold any share
19	Bhaluka	Md. Hafizul Islam	4,565,000	Buyer-Seller
20	Bhaluka	Hazi Md. Aziz sarker	2,496,000	
21	Rupgoang	Md. Iskander Ali	1,250,000	
22	Rupgoang	Dr. Md. Abdun Noor	1,250,000	
23	Rupgoang	Mostaq Ahmed	1,200,000	
24	Bhaluka	Hazi Md. Aziz Sarker	15,000,000	
25	Bhaluka	Md. Ataur Rahaman Khan	6,700,000	
26	Bhaluka	Md. Aminul Islam	1,062,000	
Total			121,743,000	

- (v) Details of whether the issuer has received all the approvals pertaining to use of the land, if required;

The Company has all the approval related to factory premises from the Bhaluka Powroshova, Mymensingh and for the Head Office from RAJUK and other land located at Rupgonj is vacant.



vi) **If the property is owned by the issuer, whether there is a mortgage or other type of charge on the property, with name of the mortgagee;**

The factory building, all the plant and machineries, all spare parts along with the belowmentioned 1760.75 decimal lands are under registered mortgage to the lending banks as follows:

Sl. No.	Mortgage	Deed No.	Date	Description of land/Plot No.	Area in Decimal	Location
1	IFIC	2642	08/04/2001	SA Dag No.-154	331.50	Bhaluka, Mymensingh Bhaluka
2		794	08/04/2001	RS Dag No.-5475,5474,5475/5491	309.50	
3		2644	08/04/2001	RS Dag No.-5475,5474,5475/5491	32.00	
4		4335	28/04/2011	RS Dag No.-5474,78.82.6910.11.14	432.00	
		Sub Total			1,105.00	
5	SEBL	3188	20/04/2004	RS Dag No.-5463, 64, 66, 5461	44.00	Bhaluka, Mymensingh Bhaluka
6		3647	13/06/2004	RS Dag No.-5460	4.50	
7		3552	22/06/2004	RS Dag No.-5467-68	35.00	
8		3377	22/06/2004	RS Dag No.-5458.5464.5461	4.50	
9		6971	12/10/2004	RS Dag No.-5457-58-61-60	5.00	
10		6847	16/10/2004	RS Dag No.-5458, 5464	4.50	
11		2426	19/03/2014	RS Dag No.-6927	62.50	
12		8259	10/11/2004	RS Dag No.-5462	1.75	
13		3019	24/07/2006	RS Dag No.-5465	39.00	
14		3276	03/08/2006	SA Dag No.-148	410.00	
15		515	13/02/2007	RS Dag No.-5471-73	42.00	
16		3002	24/07/2006	RS Dag No-5465	3	
		Sub Total			655.75	
		Grand Total			1760.75	

*Mentionable here that the rest of the land 316.75 decimals located at Bhaluka, Mymensingh, 25.29 Decimals land at Rupgong, Narayangong and 11.82 decimal lands at Uttara, Dhaka are not mortgaged.

(vii) **If the property is taken on lease, the expiration dates of the lease with name of the lessor, principal terms and conditions of the lease agreements and details of payment;**

Sl.	Date of Agreement	Lease Property	Lessor Name	Lease Amount	Date of expiration	Details of payment	No of Installment paid up to June 30, 2016	Outstanding Balance as on 30 June 2016
1	March 23, 2015	Jeep (Toyota Prado, TX-LTD)	IDLC Finance Ltd.	76 Lac	March 2019	48 equal monthly installment @ BDT 207,110	14	5,797,118



(viii) Dates of purchase of plant and machineries along with sellers name, address, years of sale, condition when purchased, country of origin, useful economic life at purchase and remaining economic life, purchase price and written down value;

Name of Machinery	Nos. of Machinery(Set/Pcs)	Date of purchase	Name of Supplier	Address of Supplier	Year of Sale	Condition	Country of Origin	Useful Economic Life at purchase	Estimated Remaining Useful Life	Total purchase price with other cost	Written Down value (Amount in BDT)
3 Bed Flowing Softener	1	13/01/2001	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	China	20	6	1,340,233	291,527
Filter Tank GLD 2000	1				Not Sold			20	6	972,014	211,432
Stainless Water Tank Sxy	1				Not Sold			20	6	809,667	176,119
Air Tank	1				Not Sold			20	6	403,452	87,759
Horizontal Smoke-Tube Boiler	1	15/01/2001	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	Taiwan	20	6	4,862,144	1,057,609
Horizontal Smoke-Tube Boiler	1				Not Sold			20	6	4,974,061	1,081,953
Rapid Lab Dyeing Machine	1	15/01/2001	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	Taiwan	20	6	585,834	127,430
Rapid Lab Dyeing Machine	2				Not Sold			20	6	651,049	141,616
Hot Circulator Oven RHD	1				Not Sold			20	6	69,084	15,028
Whole Set Lab Bottles	1				Not Sold			20	6	165,802	36,066
Electric Precise Scale	1				Not Sold			20	6	182,382	39,672
Electric MRW-30	3				Not Sold			20	6	124,352	27,048
Accessories for Lab Dying Machine	1 lot				Not Sold			20	6	580,307	126,227
30 HP Pump	1				Not Sold			20	6	766,834	166,800
5HP Pump	3				Not Sold			20	6	145,906	31,736
Air Compressor Pump	1				Not Sold			20	6	321,656	69,966
Petal Curved	2				Not Sold			20	6	3,386,783	736,689
Boiler	1				Not Sold			20	6	359,238	78,141
Overhaul	2				Not Sold			20	6	138,168	30,054
Trolley Spare Parts	2				Not Sold			20	6	69,084	15,028
Soft Winder with Inverter	3	16/01/2001	Eternal Flame International	No.27 Allay 1, Lane 94 Taipet,	Not Sold	Brand new	China	20	6	4,766,808	1,036,871



Grooved Drum Winder	3		Co.	Taiwan,	Not Sold			20	6	4,455,929	969,248
Computerized Cone Dyeing Machine	6	16/01/2001	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	Taiwan	20	6	20,708,673	4,504,528
Preheating Tank	2				Not Sold			20	6	2,323,992	505,514
Auto Controlled steam	2				Not Sold			20	6	2,509,137	545,786
Dyeing Tube	20000Pcs				Not Sold			20	6	917,438	199,562
Diesel Generator 250KVA	2	18/01/2001	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	China	20	6	4,752,991	1,033,866
Accessories for Machine	1 lot	25/02/2001	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	Taiwan	20	6	829,010	180,326
Dyeing Machine GFS-10	5	15/03/2001	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	Hong Kong	20	6	2,162,335	470,349
Crane & Rail	1	05/04/2001	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	Taiwan	20	6	967,178	210,381
Installation Charge	1	05/04/2001	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	-	China	20	6	2,763,367	601,085
Deep Tube Well	1	05/04/2001	Purbachal Traders	Local Purchase	Not Sold	Brand new		20	6	2,181,606	474,541
Water Tank	1	05/04/2001	Badsha Traders	Local Purchase	Not Sold	Brand new		20	6	145,440	31,636
Oil Tank	1	10/02/2002	The Moon Engineering	Local Purchase	Not Sold	Brand new		20	7	168,576	36,669
Water Tank	1	10/04/2002	The Moon Engineering	Local Purchase	Not Sold	Brand new		20	7	481,646	104,767
Water Tank	1	13/05/2002	The Moon Engineering	Local Purchase	Not Sold	Brand new		20	7	144,494	31,431
Water Iron Removing Filter	1	16/06/2002	The Moon Engineering	Local Purchase	Not Sold	Brand new		20	7	457,564	99,528
Water Tank	1	31/07/2002	The Moon Engineering	Local Purchase	Not Sold	Brand new		20	7	361,235	78,576
Water Tank	1	08/09/2002	The Moon Engineering	Local Purchase	Not Sold	Brand new		20	7	240,823	52,384



Automatic Dispensing System and Copower	1	31/08/2003	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	Taiwan	20	8	2,250,704	543,968
Heating Apparatus	3	31/08/2003	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	Hong Kong	20	8	212,365	51,326
Auto Controlled Steam Dryer	2	18/10/2003	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	China	20	8	1,754,581	424,060
Petal Curved Hydro extractor	1	18/10/2003	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	China	20	8	1,135,032	274,323
Computerized Cone Dyeing Machine	1				Not Sold			20	8	9,523,138	2,301,625
Hand Pallet Truck	2				Not Sold			20	8	78,654	19,011
Air Filter Machine	2				Not Sold			20	8	423,519	102,361
Soft Winder with Inverter	1	18/10/2003	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	China	20	8	1,107,201	267,598
Grooved Drum Winder	1				Not Sold			20	8	1,034,598	250,050
Effluent treatment plant	1	10/06/2003	Akar Impex Pvt Ltd.	Local Purchase	Not Sold	Brand new		20	8	3,182,446	769,158
Gas Generator	1	06/01/2004	Caterpillar Inc.	7 Tractor Road, Singapore 627968	Not Sold	Brand new	United State	20	9	21,020,964	5,645,008
Soft Winder with Inverter	4	15/07/2004	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	China	20	9	5,233,151	1,405,319
Grooved Drum Winder	4				Not Sold			20	9	5,486,828	1,473,443
Auto Controlled Steam Dryer	3	15/07/2004	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	China	20	9	3,459,908	929,130
Computerized Cone Dyeing Machine	7	15/09/2004	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	Taiwan	20	9	35,440,206	9,517,176
Air Tank	1				Not Sold			20	9	104,178	27,977
Air Filter	3				Not Sold			20	9	833,713	223,885
Hand Plaet	3				Not Sold			20	9	138,952	37,315
Grane & Rail	1				Not Sold			20	9	2,146,276	576,366
Petal Curved Hydro extractor	3				Not Sold			20	9	4,425,091	1,188,323



3 HP Sus Pump	1				Not Sold			20	9	85,509	22,963
1/2 HP Sus pump	1				Not Sold			20	9	38,265	10,277
Horizontal Smoke-Tube Boiler	1	15/09/2004	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	Taiwan	20	9	8,353,161	2,243,174
High Frequency Fiber Dyeing	1	15/09/2004	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	Taiwan	20	9	6,641,200	1,783,439
MT-200 Crane	2	15/09/2004	Shepherd Shing Trading	4FL-1,250 Sec-4, Hsiao E RD,Taipei, Taiwan	Not Sold	Brand new	Taiwan	20	9	403,317	108,308
Electric Scale	2				Not Sold			20	9	92,635	24,876
Deep Tube Well	1	27/05/2004	Milnars pump ltd.	Local Purchase	Not Sold	Brand new		20	9	617,565	165,843
Deep Tube Well	1	08/06/2004	Milnars pump ltd.	Local Purchase	Not Sold	Brand new		20	9	430,146	115,511
Gas generator	1	26/06/2004	Bangla cat	Local Purchase	Not Sold	Brand new		20	9	210,841	56,621
Gas Generator	1	31/05/2005	Caterpillar Inc.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	USA	20	10	29,753,669	8,877,894
Air Compressor	1	31/05/2005	Puma Industrial Co. Ltd.	70 Tien-Chung, Chang-HWA, Taiwan,520.	Not Sold	Brand new	Taiwan	20	10	475,986	142,024
High Frequency Fiber Drying	1	26/06/2005	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	Taiwan	20	10	7,162,839	2,137,247
Diesel Generator	1	03/05/2005	International Leasing	Local purchase	Not Sold	Brand new		20	10	6,158,820	1,837,668
Drying Machine	1	01/06/2005	International Leasing	Local purchase	Not Sold	Brand new		20	10	1,690,348	504,367
Cone Dyeing Machine	8sets	17/05/2005	Phoenix Leasing Co Ltd	Local purchase	Not Sold	Brand new		20	10	15,404,311	7,003,291
Color matching light box with standard accessories	4 Sets	28/07/2006	Shepherd Shing Trading	4FL-1,250 Sec-4, Hsiao E RD,Taipei, Taiwan	Not Sold	Brand new	Taiwan	20	11	585,880	194,239



Computerized Cone Dyeing Machine	2	22/12/2006	Shepherd Shing Trading	4FL-1,250 Sec-4, Hsiao E RD, Taipei, Taiwan	Not Sold	Brand new	Taiwan	20	11	5,015,728	1,662,879
Knitting Machine	19	15/06/2006	RSS Trade International	104, Irish Noor Jahan Tower, Kakrail, Dhaka	Not Sold	Brand new	Taiwan	20	11	565,782	187,575
Resin Tank	1	16/02/2007	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	China	20	12	2,766,399	1,019,060
Auto Controlled Lab Dyeing	1	20/09/2007	Shepherd Shing Trading	4FL-1,250 Sec-4, Hsiao E RD, Taipei, Taiwan	Not Sold	Brand new	Taiwan	20	12	858,699	316,319
Dyeing Machine	14	15/11/2007	Eternal Flame International Co.	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	China	20	12	6,930,052	2,552,824
Water pump	1	17/05/2007	Sigma Pump Ltd	Local purchase	Not Sold	Brand new		20	12	600,967	221,378
Deep tubewell	1	03/06/2007	Shahid Engineering	Local purchase	Not Sold	Brand new		20	12	209,153	77,046
Cone Dyeing Machine with Accessories	11	24/01/2008	Eternal Flame International	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	China	20	13	5,190,373	2,124,421
Dyeing Machine Accessories	420pcs	25/03/2008	Shepherd Shing Trading	4FL-1,250 Sec-4, Hsiao E RD, Taipei, Taiwan	Not Sold	Brand new	Taiwan	20	13	679,820	278,250
Lab Sacker Machine	1	16/04/2008	Shepherd Shing Trading	4FL-1,250 Sec-4, Hsiao E RD, Taipei, Taiwan	Not Sold	Brand new	Taiwan	20	13	727,616	297,814
Soft Winding Machine	1	26/05/2008	Eternal Flame International	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	China	20	13	5,852,111	2,395,269
Hydro Machine	1	11/06/2008	Moon	Local Purchase	Not Sold	Brand new	-	20	13	3,751,353	1,535,429



			Engineering Works								
Winding Machine	1	12/06/2008	Moon Engineering Works	Local Purchase	Not Sold	Brand new	-	20	13	2,434,028	996,248
Air Compressor	1	10/07/2008	Shepherd Shing Trading	4FL-1,250 Sec-4, Hsiao E RD,Taipei, Taiwan	Not Sold	Brand new	Taiwan	20	13	1,145,663	468,920
Dyeing Machine	1	25/11/2008	Shepherd Shing Trading	4FL-1,250 Sec-4, Hsiao E RD,Taipei, Taiwan	Not Sold	Brand new	Taiwan	20	13	4,184,260	1,712,618
Knitting Machine	1	25/11/2008	Eternal Flame International	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not Sold	Brand new	China	20	13	637,730	261,024
Water pump	1	04/03/2008	Milners Pump Ltd.	Local Purchase	Not Sold	Brand new		20	13	167,588	68,593
Water pump	1	23/04/2008	Milners Pump Ltd.	Local Purchase	Not Sold	Brand new		20	13	241,754	98,950
Water pump	1	01/06/2008	Pragati Corporation	Local Purchase	Not Sold	Brand new		20	13	11,410	4,669
Air tank	1	20/11/2008	Bhandar Sharif	Local Purchase	Not Sold	Brand new		20	13	229,249	93,833
Sludge Pump	1	19/07/2009	Equip well Marketing	43300 Seri Kembangan, Slangor Darul ehsan ,	Not Sold	Brand new	Malaysia	20	14	157,562	71,656
Filter Press	1				Not Sold			20	14	1,147,723	521,958
Packing & Freight Charge	1				Not Sold			20	14	94,377	42,921
Effluent Treatment Plant	1	08/02/2009	Sarker Steel	Local Purchase	Not sold	Brand new	-	20	14	240,108	109,196
Water Pump	1	01/03/2009	Milnars pump Ltd.	Local Purchase	Not sold	Brand new	-	20	14	61,096	27,785
Air Compressor Machine	1	08/03/2009	Puma BangladeshLtd.	Local Purchase	Not sold	Brand new	-	20	14	50,543	22,987
Auto Cone Machine	1	22/03/2009	Sarker Steel	Local Purchase	Not sold	Brand new	-	20	14	222,169	101,037
Water Pump	1	26/05/2009	Milnars Pump Ltd.	Local Purchase	Not sold	Brand new	-	20	14	325,421	147,995
Effluent treatment plant	1	06/08/2009	Sarker Steel	Local Purchase	Not sold	Brand new	-	20	14	18,107	8,235



Water Pump	1	13/09/2009	Milners Pump Ltd.	Local Purchase	Not sold	Brand new	-	20	14	15,552	7,073
Wax dice machine	1	25/10/2009	Dider Engineering	Local Purchase	Not sold	Brand new	-	20	14	27,771	12,630
Dryer Machine with Accessories	1	10/05/2010	Eternal Flame International	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not sold	Brand new	China	20	15	2,203,406	1,113,401
Dyeing Machine with Accessories	1				Not sold			20	15	4,529,650	2,288,873
Water Pump	1	10/08/2010	Milnars Pumps Ltd.	Local Purchase	Not sold	Brand new	-	20	15	189,115	95,562
Wax dice machine	1	07/09/2010	Dider Engineering Ltd.	Local Purchase	Not sold	Brand new	-	20	15	74,641	37,717
Crane with Standard Accessories	2	10/01/2011	Trade Asia Int'PTE Ltd		Not sold	Brand new	-	20	16	403,129	226,339
Spare Parts Winding Machine	1 lot	27/02/2011	Eternal Flame International	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not sold	Brand new	China	20	16	364,527	204,666
Dryer Machine with all standard accessories	1	40877	Full Harvest Ltd.	12F, 336-1, Shing Yeh W.RD. Chia-Yi City, Taiwan	Not sold	Brand new	China	20	16	9,209,112	5,170,495
Lab Dyeing Machine	1				Not sold			20	16	276,273	155,116
Dryer Machine	6				Not sold			20	16	3,223,189	1,809,674
Hydro Accessories	2				Not sold			20	16	2,332,975	1,309,858
160 KW Inverter	1	10/07/2011	Puma Engineering Automation	Local Purchase	Not sold	Brand new	-	20	16	539,063	302,659
Dryer Machine	1	05/04/2012	Shepherd Shing Trading	4FL-1,250 Sec-4, Hsiao E RD,Taipei, Taiwan	Not sold	Brand new	Taiwan	20	17	1,165,153	726,866
Dryer Machine	1	03/05/2012	Shepherd Shing Trading	4FL-1,250 Sec-4, Hsiao E RD,Taipei, Taiwan	Not sold	Brand new	Taiwan	20	17	1,707,553	1,065,236
Air splicer Machine	1	10/04/2012	Full Harvest Ltd.	12F, 336-1, Shing Yeh W.RD. Chia-Yi City, Taiwan	Not sold	Brand new	China	20	17	4,783,128	2,983,898
50 HP Screw type air compressor	1	08/08/2012	Shepherd Shing Trading	4FL-1,250 Sec-4, Hsiao E RD,Taipei,	Not sold	Brand new	Taiwan	20	17	926,276	577,847



				Taiwan							
Hydro Extractor Centrifugal	1	16/09/2012	Full Harvest Ltd.	12F, 336-1, Shing Yeh W.RD. Chia-Yi City, Taiwan	Not sold	Brand new	-	20	17	13,309,574	8,303,018
Centrifugal Pump	1 set	07/06/2012	The Milners Pump	Local purchase	Not sold	Brand new	-	20	17	561,747	350,440
Constant Pressure water pump & Control Panel	1 Set	03/01/2013	Full Harvest Ltd.	12F, 336-1, Shing Yeh W.RD. Chia-Yi City, Taiwan	Not sold	Brand new	China	20	18	618,387	428,638
Machine with Accessories& Spare Parts	1 lot	08/03/2013	Full Harvest Ltd.	12F, 336-1, Shing Yeh W.RD. Chia-Yi City, Taiwan	Not sold	Brand new	China	20	18	927,918	643,190
Water Pump	1 set	07/05/2013	Milners Pump Ltd.	Local purchase	Not sold	Brand new	-	20	18	449,736	311,737
Moulding Machine with standard accessories	1 set	15/02/2014	Shepherd Shing Trading	4FL-1,250 Sec-4, Hsiao E RD,Taipei,	Not sold	Brand new	-	20	19	9,615,412	7,405,505
Centrifugal Pump	1 set	15/01/2014	Milners Pump Ltd.	Local purchase	Not sold	Brand new	-	20	19	75,457	58,116
Water Pump	1 set	01/11/2014	Milners Pump Ltd.	Local purchase	Not sold	Brand new	-	20	19	25,655	19,759
Hydro Extractor with standard accessories	2	42014	Full Harvest Ltd.	12F, 336-1, Shing Yeh W.RD. Chia-Yi City, Taiwan	Not sold	Brand new	China	20	20	1,713,819	1,466,592
Laboratory Dyeing Machine	2				Not sold			20	20	257,073	219,989
Screw Air Compressor	1	26/11/2015	Shepherd Shing Trading	4FL-1,250 Sec-4, Hsiao E RD,Taipei, Taiwan	Not sold	Brand new	Taiwan	20	20	412,388	352,898
Knitting Machine 12GG	14	13/09/2015	Farid Sweing & Kniting Center	Local purchase	Not sold	Brand new	-	20	20	154,093	131,864
Electric Motor Purchase	1	30/12/2015	Milners Pump Ltd.	Local purchase	Not sold	Brand new	-	20	20	138,289	118,340
Sample Knitting Machine	18	31/12/2015	Farid Sweing & Kniting Center	Local purchase	Not sold	Brand new	-	20	20	203,191	173,880
Sample Knitting Machine	22	31/12/2015	Farid Sweing & Kniting Center	Local purchase	Not sold	Brand new	-	20	20	247,433	211,739
Generator	1	01/06/2005	Caterpillar Inc.	7 Tractor Road,	Not sold	Brand new	United	20	10	21,351,97	7,865,430



				Singapore 627968			State			8	
Hank Dyeing Machine	1	31/08/2005	Ah Choi Machinery Works	7C, Sheung Hei Street, San Po Kong, Kowloon, Hong Kong	Not sold	Brand new	China	20	10	1,881,869	693,225
Hank Dyeing Machine	1	31/08/2005	Ah Choi Machinery Works	7C, Sheung Hei Street, San Po Kong, Kowloon, Hong Kong	Not sold	Brand new	China	20	10	5,091,180	1,875,438
Hank real Machine	1	26/10/2005	Eternal Flame International	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not sold	Brand new	China	20	10	262,624	96,743
Deep Tubewel	1	26/10/2005	Purbachan Drelars	Local purchase	Not sold	Brand new		20	10	1,957,435	721,061
Digital Truck weighting Scale	1	28/12/2005	Bengal Scale	Local purchase	Not sold	Brand new		20	10	1,087,854	400,733
Dyeing Machine	2	01/04/2006	Shepherd Shing Trading	4FL-1,250 Sec-4, Hsiao E RD,Taipei, Taiwan	Not sold	Brand New	Taiwan	20	11	803,947	296,150
Packing Machine	1				Not sold			20	11	669,956	246,792
Computerized Dyeing Machine	42	29/01/2007	Shepherd Textile Ltd.	Local purchase	Not sold	Recondition	-	20	11	59,177,60 5	21,799,260
Deep Tube-well	1	11/04/2006	Tanvir & Co.	Local purchase	Not sold	Brand new	-	20	11	221,471	81,583
Centrifugal pump	1	06/06/2006	Milnars Pump Ltd.	Local purchase	Not sold	Brand new	-	20	11	571,745	210,615
Gas Burn Boiler	1	10/07/2006	Moon Engineering Works	Local purchase	Not sold	Brand new	-	20	11	492,212	181,317
Gas Burn Boiler	1	25/07/2006	Moon Engineering Works	Local purchase	Not sold	Brand new	-	20	11	492,212	181,317
Packing Machine	1	13/02/2008	Eternal Flame International	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not sold	Brand new	-	20	12	270,243	110,610
Dyeing Machine	1	13/02/2008	Eternal Flame International	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not sold	Brand new	-	20	12	2,587,491	1,059,060



Mixture Machine	1	07/05/2007	Al-Noor Scintific	Local purchase	Not sold	Brand new	-	20	12	95,385	39,041
Centrifuge Pump	1	02/03/2008	Minars pump Ltd.	Local purchase	Not sold	Brand new		20	12	264,498	108,260
Dyeing Machine	1	24/04/2008	Eternal Flame International	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not sold	Brand New	China	20	13	255,327	116,118
Dyeing Machine	1				Not sold			20	13	442,566	201,269
Dyeing Machine	1				Not sold			20	13	638,317	290,292
Dyeing Machine	2				Not sold			20	13	1,514,939	688,961
Dyeing Machine	1				Not sold			20	13	987,264	448,987
Dryer Machine	6				Not sold			20	13	2,655,399	1,207,615
Winding Machine	12	06/06/2008	Eternal Flame International	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not sold	Brand new	-	20	13	1,248,264	567,683
Yarn Stretcher	4				Not sold			20	13	127,663	58,058
Hanks Machine	1	08/04/2008	Techno Tower Co. Ltd.	Local purchase	Not sold	Brand New	--	20	13	87,248	39,679
Hanks Machine	1	01/02/2009	Techno Tower Co. Ltd.	Local purchase	Not sold	Brand New	-	20	13	168,867	76,799
Hanks Machine	1	05/02/2009	Techno Tower Co. Ltd.	Local purchase	Not sold	Brand New	-	20	13	78,803	35,839
Dryer machine	200pcs.	01/02/2010	Eternal Flame International	No.27 Allay 1, Lane 94 Taipet, Taiwan,	Not sold	Brand New	China	20	14	620,116	313,351
7GG Kniting Machine	1	09/07/2009	Farid Sweing & Knitting Center	Local purchase	Not sold	Brand New	-	20	14	113,450	57,329
Winding Machine	1	22/03/2010	Farid Sweing & Knitting Center	Local purchase	Not sold	Brand New	-	20	14	174,386	88,119
Boiler Diz	1	16/10/2010	Dong Bng Textiles Ltd.	Local purchase	Not sold	Brand New	-	20	15	3,565,081	2,001,630
Spacco 200 RT Cooling tower	1	13/03/2012	RSS Trade International	Local purchase	Not sold	Brand New	-	20	16	180,000	112,291
Motor Pump	1	06/05/2012	Gazi International	Local purchase	Not sold	Brand New	-	20	17	147,410	102,177
Dyeing Machine	2	13/03/2014	Sonic Engle	167, Dingcheng 3rd st, Xindian dist. New Taipet city 231 , Taiwan	Not sold	Brand New	-	20	18	3,152,094	2,427,650
Knitting Machine	1	31/03/2015	Farid Sweing & Knitting Center		Not sold		Local	20	19	22,000	18,826



ix) **Details of the machineries required to be bought by the issuer, cost of the machineries, name of the suppliers, date of placement of order and the date or expected date of supply, etc.**

No machineries are required to be bought by the issuer except machineries to be bought from IPO proceeds as under:

Sl.	List of Machineries For Washing Plant and BMRE	Quantity Sets	Already Arrived	Date of BOE	To be arrived	Name of the suppliers	Date of Placement Order	Date or Expected date of Supply
1	Radio Frequency Dryer for yarn packages with standard accessories	1	1	02/02/2016	-			
	Radio Frequency Dryer for yarn packages with standard accessories	1	1	04/05/2016	-			
2	Hank to Cone Winding Machine 24 Spindles with standard accessories	20	20	10/01/2016	-	Sonic Eagle No 167, Dingcheng 3 rd ST, Xindian Dist, New Taipei City 231 , Taiwan ROC , Tel- +886963-099092	Some Machinery (mentioned here) have already arrived and for the rest the company will place order by December, 2016 through 360 days deferred L/C the payment of which will be made after receiving the IPO proceeds	120 days from placement of order
3	Horizontal Yarn Expansion Machine with standard accessories	5	5	10/01/2016	-			
4	Yarn Pressure and Yarn Carrier Machine with Standard Accessories				-			
i	Mode No YS20T	1	1	16/01/2016	-			
ii	Mode No YS10T	1	1	16/01/2016	-			
5	Industrial Washing Machine With standard accessories	40	20	22/02/2016,25/05/2016	20			
6	Industrial Washing Machine With standard accessories	12	6	22/02/2016	6			
7	Industrial Drying Machine with Standard Accessories	40	20	22/02/2016 & 25/05/2016	20			
8	Industrial Drying Machine with Standard Accessories	4	2	22/02/2016	2			
9	Industrial Hydro Extractor with Standard Accessories	4	2	25/05/2016	2			
10	Industrial Hydro Extractor with Standard Accessories	4	2	22/02/2016	2			
11	Hand Brushing Machine with Standard Accessories	30	15	22/02/2016	15			
12	Screw Air Compressor	4	2	25/05/2016	2			
13	Industrial Trolley for Dyeing with Standard Accessories	80	40	22/02/2016 & 25/05/2016	40			
14	Industrial Pallet Truck	4	2	22/02/2016	2			
15	Dyeing Machine	2	2		-			
16	Industrial Ozone Sterilizing machine with standard accessories	2	2	25/05/2016	-			
17	Industrial Air cooler	16	16	22/03/2016	-			
	Total							

*The company has planned to establish the Washing plant and expansion of the dyeing unit within the shortest possible time so that the proposed projects can start generating revenue. In view of the above the company already started importing the machineries through 360 days deferred L/C and the payment of which will be made after receiving the IPO proceeds. For the remaining machineries to be imported; the company has not placed any order yet. However, the management will place the order soon.



(x) In case the machineries are yet to be delivered, the date of quotations relied upon for the cost estimates given shall also be mentioned;

No machineries are required to be bought by the issuer except the machineries to be bought from IPO proceeds. There are no such machineries which are yet to be delivered.

(xi) If plant is purchased in brand new condition then it should be mentioned;

All the plants and machineries are in good condition and most of them are brand new except some re-conditioned machineries.

DECLARATION RELATED TO MACHINERIES

We do hereby certify that all the plants and machineries of the company are brand new except the following reconditioned machineries as under:

Sl	Name of Machinery	Qty.
1	Computerized Controlled Dyeing Machine with all standard accessories	1
2	Hank Dyeing Machine with all standard accessories	1
3	Computerized Hank Dyeing Machine with all standard accessories	1
4	Computerized Controlled Dyeing Machine	2
5	Computerized Dyeing Machine 10LBS with all standard accessories	1
6	Sampling Machine 10 LBS with all standard accessories	2
7	Juki Brand Machine with all standard accessories	2
8	Juki Brand Machine with all standard accessories	1
9	Juki Brand Machine with all standard accessories	1
10	Juki Brand Machine with all standard accessories	1
11	Hydro Extractor with all standard accessories	1
12	Hydro Extractor with all standard accessories	1
13	Packing Machine with all standard accessories	1
14	Auto steam Dryer with all standard accessories	1
15	Boiler with all standard accessories	1
16	Horizontal Smoke Tube Boiler with all standard accessories	1
17	Boiler with all standard accessories	1
18	Generator with all standard accessories Model No: 200GF142	1
19	Generator with all standard accessories	1
20	Filter Tank with all standard accessories	1
21	Resin Tank with all standard accessories	1
22	Hand Driven Machine 3.5 G	2
23	Hand Driven Machine 5 G	2
24	Hand Driven Machine 7 G	2
25	Hand Driven Machine 12 G	2
26	Linking Machine 5 G	1
27	Linking Machine 10 G	1
28	Linking Machine 12 G	1
29	Computerized Dyeing Machine 400LBS with all standard accessories	4
30	Computerized Dyeing Machine 200LBS with all standard accessories	1
31	Computerized Dyeing Machine 1000LBS with all standard accessories	1
32	Computerized Dyeing Machine 50LBS with all standard accessories	1
	Total	42

All the machineries are running in good condition.

Place: Dhaka
Date: September 25, 2016

Sd/-
Mahfel Huq & Co.
Chartered Accountants



(xii) Details of the second hand or reconditioned machineries bought or proposed to be bought, if any, including the age of the machineries, balance estimated useful life, etc. as per PSI certificates of the said machineries as submitted to the Commission;

The Company has no plan to purchase any second hand or reconditioned machineries. There are some second hand/re-conditioned machineries in company's possession. List of reconditioned machineries purchased by the company after due verification is as under:

Sl	Name of Machinery	Qty.	Unit Price US\$	Total Price US\$	Age of Machinery	Remaining useful life
1	Computerized Controlled Dyeing Machine with all standard accessories	1	106,173	106,173	9 Years	7-10 Years
2	Hank Dyeing Machine with all standard accessories	1	81,900	81,900	9 Years	7-10 Years
3	Computerized Hank Dyeing Machine with all standard accessories	1	7,500	7,500	9 Years	7-10 Years
4	Computerized Controlled Dyeing Machine	2	1,900	3,800	9 Year s	7-10 Years
5	Computerized Dyeing Machine 10LBS with all standard accessories	1	15,050	15,050	9 Years	7-10 Years
6	Sampling Machine 10 LBS with all standard accessories	2	5,300	10,600	9 Years	7-10 Years
7	Juki Brand Machine with all standard accessories	2	500	1,000	9 Years	7-10 Years
8	Juki Brand Machine with all standard accessories	1	1,010	1,010	9 Years	7-10 Years
9	Juki Brand Machine with all standard accessories	1	3,650	3,650	9 Years	7-10 Years
10	Juki Brand Machine with all standard accessories	1	1,430	1,430	9 Years	7-10 Years
11	Hydro Extractor with all standard accessories	1	9,000	9,000	9 Years	7-10 Years
12	Hydro Extractor with all standard accessories	1	15,086	15,086	9 Years	7-10 Years
13	Packing Machine with all standard accessories	1	19,000	19,000	9 Years	7-10 Years
14	Auto steam Dryer with all standard accessories	1	22,600	22,600	9 Years	7-10 Years
15	Boiler with all standard accessories	1	98,800	98,800	9 Years	7-10 Years
16	Horizontal Smoke Tube Boiler with all standard accessories	1	15,000	15,000	9 Years	7-10 Years
17	Boiler with all standard accessories	1	22,800	22,800	9 Years	7-10 Years
18	Generator with all standard accessories Model No: 200GF142	1	57,000	57,000	9 Years	7-10 Years
19	Generator with all standard accessories	1	15,000	15,000	9 Years	7-10 Years
20	Filter Tank with all standard accessories	1	11,400	11,400	9 Years	7-10 Years
21	Resin Tank with all standard accessories	1	13,110	13,110	9 Years	7-10 Years
22	Hand Driven Machine 3.5 G	2	322	644	9 Years	7-10 Years
23	Hand Driven Machine 5 G	2	307	614	9 Years	7-10 Years
24	Hand Driven Machine 7 G	2	307	614	9 Years	7-10 Years
25	Hand Driven Machine 12 G	2	464	928	9 Years	7-10 Years
26	Linking Machine 5 G	1	232	232	9 Years	7-10 Years
27	Linking Machine 10 G	1	225	225	9 Years	7-10 Years
28	Linking Machine 12 G	1	277	277	9 Years	7-10 Years
29	Computerized Dyeing Machine 400LBS with all standard accessories	4	45,600	182,400	9 Years	7-10 Years
30	Computerized Dyeing Machine 200LBS with all standard accessories	1	30,400	30,400	9 Years	7-10 Years
31	Computerized Dyeing Machine 1000LBS with all standard accessories	1	17,100	17,100	9 Years	7-10 Years
32	Computerized Dyeing Machine 50LBS with all standard accessories	1	8,550	8,550	9 Years	7-10 Years
	Total	42		772,893		

*Shepherd Industries Limited bought the above reconditioned machineries in the year 2007 for which it was not necessary to get the machineries inspected before shipment as well as the PSI certificate as the re-conditioned machineries were not imported from abroad rather bought from Shepherd Textile (BD) Limited located in the Export Processing Zone during that time. We have provided a post Landing Inspection certificate from Beaurau Veritas (Bureau Veritas is an inspection company incorporated in France) about the present condition and remaining estimated life of the aforesaid re-conditioned machineries.



- xiii) **A physical verification report by the issue manager(s) regarding the properties as submitted to the Commission;**

PHYSICAL VERIFICATION REPORT BY THE ISSUE MANAGER(S)

Of

SHEPHERD INDUSTRIES LIMITED

This is to certify that we have visited the registered office and factory of Shepherd Industries Limited on March 20, 2016 and April 06, 2016 respectively and we have found the registered office and factory as details below:

Visited and Accompanied by:

Particulars		Name & Designation	Company
Visited by	:	Noor Ahamed FCA CEO & Managing Director	Alpha Capital Management Limited
Accompanied by	:	Md. Ataur Rahman Chief Financial Officer	Shepherd Industries Limited
		Mohammed Abu Zafar Company Secretary	

Registered Office:

The registered office of the company is located at House#24, Road#04, Sector#04, Uttara Model Town, Dhaka-1230.

Location of the Factory

Bagrapara, Kathalia, Bhaluka, Mymensingh.

Nature of Business

The company is engaged in dyeing of different counts and types of yarn and to market the processed yarn as deemed exporter.

Products

Dyeing of various types of cotton, Acrylic, Wool, Nylon Viscose blended yarn.

Description of Property:

We have identified the properties of Shepherd Industries Limited are as follows:

- Office Building:** 6 storied building 3811.19 sft/floor at House#24, Road#04, Sector#04, Uttara Model Town, Dhaka-1230. Total area of land is 11.82 decimal.
- Land:** We have found 1,754 decimals of land surrounded by boundary wall at Bagrapara, Kathalia, Bhaluka, Mymensingh.

Factory Building: Details of the buildings status are as follows:



No of Building	Building Description	Type (Brick/Tin/Prefabricated Steel)	Total Building Area Each floor (sft)	Usages (sft)
Building-1	Three separate Still Structured Shed	Pre-fabricated steel structured building for manufacturing	59,965	59,965
Building-2			36,301	36,301
Building-3			71,204	71,204
Building-4	Three Storied	R.C.C building, Executive dormitory, Canteen & Child Care: RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC-Slab with Beam, RCC-Stair, RCC- Lintel, Brick Wall, Plaster, Wall Paint, Inside wall- Plastic Paint, Outside Wall- Weather Coat Thai Aluminum & 5mm Glass in window, Door, M.S Grill in Window.	2,148	6,444
Building-5	Two storied	R.C.C Building for Gas Generator: RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC-Slab with Beam, RCC-Stair, RCC- Lintel, Brick Wall, Plaster, Wall Paint, Inside wall- Plastic Paint, Outside Wall- Weather Coat, Thai Aluminum & 5mm Glass in window, Door, M.S Grill in Window	1,598.625	3,197.25
Building-6	Six storied	R.C.C building for ware house: RCC- Slab with Beam, RCC-Lintel, Brick Wall Plaster, Wall Paint, Inside side, Plastic Paint, Outside Wall- Weather Coat, Thai Aluminum & 5mm Glass in window	9,500	57,000
Building-7	Semi pucca	Semi pucca building for workers dormitory: Brick Wall & Teen Shed Roof with M.S angle	3,000	3,000
Building-8	Semi pucca	Semi pucca building for factory office: Brick Wall & Teen Shed Roof with M.S angle	3,000	3,000
Building-9	Semi pucca	Semi pucca building for executive dormitory: Brick Wall & Teen Shed Roof with M.S angle	3,000	3,000
Building-10	Tin Shed	5 separate Tin shed warehouse : Brick Pillar & Teen Shed Roof with M.S angle.	7,000	7,000



3) Plant & Machinery and Office Equipment:

Name of Machinery	Nos. of Machinery(Set/Pcs)	Condition
3 Bed Flowing Softener	1	Brand new
Filter Tank GLD 2000	1	
Stainless Water Tank Sxy	1	
Air Tank	1	
Horizontal Smoke-Tube Boiler	1	Brand new
Horizontal Smoke-Tube Boiler	1	
Rapid Lab Dyeing Machine	1	Brand new
Rapid Lab Dyeing Machine	2	
Hot Circulator Oven RHD	1	
Whole Set Lab Bottles	1	
Electric Precise Scale	1	
Electric MRW-30	3	
Accessories for Lab Dying achine	1 lot	
30 HP Pump	1	
5HP Pump	3	
Air Compressor Pump	1	
Petal Curved	2	
Boiler	1	
Overhaul	2	
Trolley Spare Parts	2	
Soft Winder with Inverter	3	
Grooved Drum Winder	3	
Computerized Cone Dyeing Machine	6	Brand new
Preheating Tank	2	
Auto Controlled steam	2	
Dyeing Tube	20000Pcs	
Diesel Generator 250KVA	2	Brand new
Accessories for Machine	1 lot	Brand new
Dyeing Machine GFS-10	5	Brand new
Crane & Rail	1	Brand new
Installation Charge	1	-
Deep Tube Well	1	Brand new
Water Tank	1	Brand new
Oil Tank	1	Brand new
Water Tank	1	Brand new
Water Tank	1	Brand new
Water Iron Removing Filter	1	Brand new
Water Tank	1	Brand new
Water Tank	1	Brand new
Automatic Dispensing System and Copower	1	Brand new
Heating Apparatus	3	Brand new
Auto Controlled Steam Dryer	2	Brand new
Petal Curved Hydro extractor	1	Brand new
Computerized Cone Dyeing Machine	1	
Hand Pallet Truck	2	
Air Filter Machine	2	
Soft Winder with Inverter	1	Brand new



Grooved Drum Winder	1	
Effluent treatment plant	1	Brand new
Gas Generator	1	Brand new
Soft Winder with Inverter	4	Brand new
Grooved Drum Winder	4	
Auto Controlled Steam Dryer	3	Brand new
Computerized Cone Dyeing Machine	7	Brand new
Air Tank	1	
Air Filter	3	
Hand Palet	3	
Grane & Rail	1	
Petal Curved Hydro extractor	3	
3 HP Sus Pump	1	
1/2 HP Sus pump	1	
Horizontal Smoke-Tube Boiler	1	Brand new
High Frequency Fiber Dyeing	1	Brand new
MT-200 Crane	2	Brand new
Electric Scale	2	
Deep Tube Well	1	Brand new
Deep Tube Well	1	Brand new
Gas generator	1	Brand new
Gas Generator	1	Brand new
Air Compressor	1	Brand new
High Frequency Fiber Drying	1	Brand new
Diesel Generator	1	Brand new
Drying Machine	1	Brand new
Cone Dyeing Machine	8sets	Brand new
Color matching light box with standard accessories	4 Sets	Brand new
Computerized Cone Dyeing Machine	2	Brand new
Knitting Machine	19	Brand new
Resin Tank	1	Brand new
Auto Controlled Lab Dyeing	1	Brand new
Dyeing Machine	14	Brand new
Water pump	1	Brand new
Deep tubewell	1	Brand new
Cone Dyeing Machine with Accessories	11	Brand new
Dyeing Machine Accessories	420pcs	Brand new
Lab Sacker Machine	1	Brand new
Soft Winding Machine	1	Brand new
Hydro Machine	1	Brand new
Winding Machine	1	Brand new
Air Compressor	1	Brand new
Dyeing Machine	1	Brand new
Knitting Machine	1	Brand new
Water pump	1	Brand new
Water pump	1	Brand new
Water pump	1	Brand new
Air tank	1	Brand new
Sludge Pump	1	Brand new
Filter Press	1	
Packing & Freight Charge	1	



Effluent Treatment Plant	1	Brand new
Water Pump	1	Brand new
Air Compressor Machine	1	Brand new
Auto Cone Machine	1	Brand new
Water Pump	1	Brand new
Effluent treatment plant	1	Brand new
Water Pump	1	Brand new
Wax dice machine	1	Brand new
Dryer Machine with Accessories	1	Brand new
Dyeing Machine with Accessories	1	
Water Pump	1	Brand new
Wax dice machine	1	Brand new
Crane with Standard Accessories	2	Brand new
Spare Parts Winding Machine		Brand new
Dryer Machine with all standard accessories	1	Brand new
Lab Dyeing Machine	1	
Dryer Machine	6	
Hydro Accessories	2	
160 KW Inverter	1	Brand new
Dryer Machine	1	Brand new
Dryer Machine	1	Brand new
Air splicer Machine	1	Brand new
50 HP Screw type air compressor	1	Brand new
Hydro Extractor Centrifugal	1	Brand new
Centrifugal Pump	1 set	Brand new
Constant Pressure water pump & Control Panel	1 Set	Brand new
Machine with Accessories& Spare Parts	1 lot	Brand new
Water Pump	1 set	Brand new
Moulding Machine with standard accessories	1 set	Brand new
Centrifugal Pump	1 set	Brand new
Water Pump	1 set	Brand new
Hydro Extractor with standard accessories	2	Brand new
Laboratory Dyeing Machine	2	
Screw Air Compressor	1	Brand new
Knitting Machine 12GG	14	Brand new
Electric Motor Purchase	1	Brand new
Sample Knitting Machine	18	Brand new
Sample Knitting Machine	22	Brand new
Generator	1	Brand new
Hank Dyeing Machine	1	Brand new
Hank Dyeing Machine	1	Brand new
Hank real Machine	1	Brand new
Deep Tubewel	1	Brand new
Digital Truck weighting Scale	1	Brand new
Dyeing Machine	2	Brand New
Packing Machine	1	
Computerized Dyeing Machine	42	Recondition
Deep Tube-well	1	Brand new
Centrifugal pump	1	Brand new
Gas Burn Boiler	1	Brand new
Gas Burn Boiler	1	Brand new



Packing Machine	1	Brand new
Dyeing Machine	1	Brand new
Mixture Machine	1	Brand new
Centrifuge Pump	1	Brand new
Dyeing Machine	1	Brand New
Dyeing Machine	1	
Dyeing Machine	1	
Dyeing Machine	2	
Dyeing Machine	1	
Dryer Machine	6	
Winding Machine	12	Brand new
Yarn Stretcher	4	
Hanks Machine	1	Brand New
Hanks Machine	1	Brand New
Hanks Machine	1	Brand New
Dryer machine	200pcs.	Brand New
7GG Kniting Machine	1	Brand New
Winding Machine	1	Brand New
Boiler Diz	1	Brand New
Spacco 200 RT Cooling tower	1	Brand New
Motor Pump	1	Brand New
Dyeing Machine	2	Brand New
Knitting Machine	1	

- 4) **ETP:** The Company has modern biological Effluent Treatment Plant (ETP) consisting of 6 (Six) large water tanks with capacity of holding 4,300 cubic meter per day to purify the said waste water biologically. The company also follows the rules and guidelines, policies and directives of the environment department.

5) **Fire Fighting Equipment:**

List of Fire Fighting Equipment are as follows:

SL. NO	Details	Quantity
1	Fire Extinguisher	73
2	Fire Alarm	1
3	Fire Hose Pipe box	16 sets
4	Motor Control Panel	1 set
5	Installation & Others	
	Total	

Besides these assets we have also found other assets like Furniture & Fixture, Vehicles, Electrical Substation, Electrical Equipment, Tube Well and Others.

It is also mentionable here that during our visit, we also checked Inventory register and roster (Workers' duty register) and found satisfactory. We also noticed that all machineries of SIL are in good condition and running well.

6) **Signboard:**

The signboard of the Company is well displayed at the factory premises.

Place: Dhaka

Date: November 09, 2016

Sd/-
Noor Ahamed, FCA
CEO & Managing Director



- (xiv) If the issuer is entitled to any intellectual property right or intangible asset, full description of the property, whether the same are legally held by the issuer and whether all formalities in this regard have been complied with;

The Company has no intellectual property right but is has intangible asset i.e. software and software development. Written down value of which as on 30.06.2016 is Tk. 169,068 and it is legally held by the company.

- (xv) Full description of other properties of the issuer:

SHEPHERD INDUSTRIES LIMITED Schedule of Property, Plant & Equipment as on June 30, 2016	
Particulars	Amount in Taka Written Down Value as on 30-06-16
Building - Factory	111,370,979
Land & Land Development	263,658,642
Plant & Machinery	167,499,919
ETP	45,760,672
Electric Equipment & Line Installation	10,628,135
Fire Fighting Equipment	475,191
Tools & Equipments	9,554,843
Gas Line Installation	2,391,584
Building - Head Office	51,663,152
Office Equipment	5,234,278
Air Conditioner & Electric Appliance	1,125,394
Lift - Head Office, Uttara	1,245,507
Furniture & Fixture	2,197,361
Office Decoration	1,323,603
Car & Vehicles	20,378,008
Telephone Equipments	1,604,039
Sub Total	696,111,307
<u>REVALUATION PART</u>	
Land & land Development	547,605,914
Building	90,518,456
Sub Total	638,124,370
Total as on 30.06.2016	1,334,235,677
Total as on 31.03.2016	1,302,877,602



Details of the factory Building:

No of Building	Building Description	Type (Brick/Tin/Prefabricated Steel)	Total Building Area Each floor (sft)	Usages (sft)
Building-1	Three separate Still Structured Shed	Pre-fabricated steel structured building for manufacturing	59,965	59,965
Building-2			36,301	36,301
Building-3			71,204	71,204
Building-4	Three storied	R.C.C building, Executive dormitory, Canteen & Child Care- RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC-Slab with Beam, RCC-Stair, RCC-Lintel, Brick Wall, Plaster, Wall Paint, Inside wall-Plastic Paint, Outside Wall- Weather Coat Thai Aluminum & 5mm Glass in window, Door, M.S Grill in Window.	2,148	6,444
Building-5	Two storied	R.C.C Building for Gas Generator- RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC-Slab with Beam, RCC-Stair, RCC-Lintel, Brick Wall, Plaster, Wall Paint, Inside wall-Plastic Paint, Outside Wall- Weather Coat, Thai Aluminum & 5mm Glass in window, Door, M.S Grill in Window	1,598.625	3,197.25
Building-6	Six storied	R.C.C building for ware house- RCC- Slab with Beam, RCC-Lintel, Brick Wall Plaster, Wall Paint, Inside side, Plastic Paint, Outside Wall- Weather Coat, Thai Aluminum & 5mm Glass in window	9,500	57,000
Building-7	Semi pucca	Semi pucca building for workers dormitory- Brick Wall & Teen Shed Roof with M.S angle	3,000	3,000
Building-8	Semi pucca	Semi pucca building for factory office- Brick Wall & Teen Shed Roof with M.S angle	3,000	3,000
Building-9	Semi pucca	Semi pucca building for executive dormitory- Brick Wall & Teen Shed Roof with M.S angle	3,000	3,000
Building-10	Tin Shed	5 separate Tin shed warehouse Brick Pillar & Teen Shed Roof with M.S angle.	7,000	7,000

Head office Building:

Registered office 11.82 decimal land with 6 storied building Total 3811.19 sft/floor at House# 24, Road# 04, Sector# 04, Uttara Model Town, Dhaka-1230.

ETP:

The Company has modern biological ETP established in the factory premises to purify the waste water.

Fire Fighting Equipment:

List of Fire Fighting Equipments are as follows:

SL. NO	Details	Quantity
1	Fire Extinguisher	73
2	Fire Alarm	1
3	Fire Hose Pipe box	16 sets
4	Motor Control Panel	1 set
	Total	



Car & Vehicles:

The company at present owns following car and vehicles:

SL #	Vehicle Number	Vehicle Type	Chassis & Engine Number
1	DM-Gha-15-0041	Land cruiser prado	TRJ150-0025568/ZTR-1145377
2	DM-Ga-17-0596	Hard Jeep, N/X Trail	NT32-001331/MR20-514073B
3	DM-Ga-27-7098	Axio	NZE141-6022160, 1NZ-C523275
4	DM-Ga-27-8253	X Corolla	NZE121-0404078/1NZ-C259424
5	DM-Ga-27-5022	X Corolla	NZE121-3283073, 1NZ-B352902
6	DM-Ga-22-5025	Probox	NCP51-0256034, 1NZ-D815773
7	DM-Cha-53-8928	Hiace Micro	TRH200-0102504/1TR-0782849
8	DM-Ma-11-0840	Covered Van (Small)	LY102-0004049/5L-5120434
9	D.M-GA-29-2967	Car saloon	NZT260-3048413/ 1NZ-D453053
10	DM-Cha-11-9792	Car saloon	JN1CEAN16ZO-015229, QG13-306556
11	D.M-CHA-53-4572	MICROBUS	KR42-5074708/7K-0874032
12	DM-Ma-11-3767	COVERED VAN	MAT5240004FSR03300, 497SPT29DUY15591
13	D.M-AU-14-1025	COVERED VAN	MAT38653477R34946/ 497TC93JSZ888500



(f) Plan of Operation and Discussion of Financial Condition:

(ii) If the issuer had been in operation, the issuer's revenue and results from operation, financial position and changes in financial position cash flows for the last five years or from commercial operation, which is shorter, shall be furnished in tabular form which shall, among others, include the following information:

The Company's revenue and results from operations, Statement of Financial position, changes in financial position and statement of cash flows for the last five years are mentioned below:

B) the statement of operating results of the company is as follow:

Particulars	Amount in Taka						
	01-Apr-16 to 30-Jun-16	01-Apr-15 to 31-Mar-16	01-Jan-15 to 31-Mar-15	01-Jan-14 to 31-Dec-14	01-Jan-13 to 31-Dec-13	01-Jan-12 to 31-Dec-12	01-Jan-11 to 31-Dec-11
	Re-stated			Re-stated			
Sales Revenue	756,861,925	2,636,557,896	390,141,810	1,780,751,795	1,878,484,554	1,883,339,590	1,179,310,883
Cost of Sales	669,410,501	2,331,681,538	346,930,751	1,576,699,811	1,667,224,358	1,732,311,277	1,067,359,827
Gross Profit	87,451,424	304,876,358	43,211,059	204,051,984	211,260,196	151,028,313	111,951,056
FC Gain/(Loss)	-9,602,729	8,775,285	-	-	-	-	-
Less: Operating Expenses	14,282,881	51,242,737	7,666,970	22,651,894	28,880,864	26,144,032	28,103,743
Administrative expenses	12,305,498	42,533,765	7,367,962	21,233,510	26,642,038	24,593,968	26,821,347
Selling , Marketing & Distribution Expenses	1,977,383	8,708,972	299,008	1,418,384	2,238,826	1,550,063	1,282,396
Operating Profit for the Year	63,565,814	262,408,906	35,544,089	181,400,090	182,379,332	124,884,281	83,847,313
Add: Other Income	12,466,474	8,772,225	749,707	5,278,561	7,611,179	6,517,548	3,484,615
Profit Before Financial Expenses and Tax	76,032,288	271,181,131	36,293,796	186,678,651	189,990,511	131,401,830	87,331,928
Less: Financial Expenses	16,131,226	123,982,237	21,950,951	94,903,033	135,797,935	129,299,474	86,133,559
Net profit before tax	59,901,062	147,198,894	14,342,845	91,775,618	54,192,576	2,102,355	1,198,369
Less: Income tax expense	11,701,414	15,858,066	2,301,368	15,462,577	19,223,204	315,353	179,755
Net profit/(Loss) after Tax for the Year	48,199,648	131,340,828	12,041,477	76,313,041	34,969,372	1,787,002	1,018,614

- Please see section 135 note-05 of the audited financial statement of 30 June 2016 for the reason of restatement in accounts.



Financial Position:

Particulars	Amount in Taka							
	01-Apr-16 to 30-Jun-16	01-Apr-15 to 31-Mar-16	01-Apr-2015	01-Jan-15 to 31-Mar-15	01-Jan-14 to 31-Dec-14	01-Jan-13 to 31-Dec-13	01-Jan-12 to 31-Dec-12	01-Jan-11 to 31-Dec-11
	Re-stated			Re-stated				
NON-CURRENT ASSETS								
Property, Plant & Equipment	1,334,235,677	1,302,877,602	1,354,364,604	830,378,882	834,781,166	754,374,214	676,087,949	684,962,135
Capital Work in Progress	50,407,119	43,123,793	-	-	-	-	-	-
Intangible Asset	169,068	177,966	-	-	-	-	-	-
Deferred Revenue Expenditure	-	-	-	-	-	-	4,643,837	4,643,837
Total Non-Current Assets	1,384,811,864	1,346,179,361	1,354,364,604	830,378,882	834,781,166	754,374,214	680,731,786	689,605,972
CURRENT ASSETS								
Inventory	1,184,165,958	1,380,280,441	1,268,250,601	689,510,352	799,961,176	781,725,397	792,562,751	609,129,692
Trade & other receivables	1,091,466,500	937,947,151	659,502,234	399,208,926	434,311,953	624,280,581	655,777,453	429,650,932
Investment	62,232,899	62,232,899	36,592,718	36,592,718	29,358,589	38,993,424	68,406,879	44,492,535
Advance, Deposits & Prepayments	77,844,133	74,963,426	60,975,070	47,414,639	52,144,201	42,967,179	42,263,764	19,491,488
Current a/c with related entity	15,100,000	29,100,000	279,349,957	373,407,931	371,738,996	260,840,604	242,768,630	242,768,630
Cash and Cash Equivalents	40,654,383	47,332,408	19,082,645	15,641,656	56,246,170	27,421,566	11,772,625	9,911,857
Total Current assets	2,471,463,873	2,531,856,325	2,323,753,225	1,561,776,222	1,743,761,085	1,776,228,751	1,813,552,102	1,355,445,135
TOTAL ASSETS	3,856,275,737	3,878,035,686	3,678,117,829	2,392,155,104	2,578,542,251	2,530,602,965	2,494,283,888	2,045,051,107
EQUITY & LIABILITIES								
Equity attributable to share holders								
Issued, Subscribed & paid up capital	1,042,059,860	1,042,059,860	191,194,000	88,574,000	88,574,000	88,574,000	88,574,000	88,574,000
Share Money Deposit	-	33,728,933	476,927,129	443,238,343	443,238,343	449,693,116	449,693,116	448,024,535
Revaluation Reserve	552,651,670	554,262,515	609,128,159	376,214,916	377,795,306	384,819,262	410,930,263	410,930,263
Retained earnings	353,760,682	303,605,008	157,668,849	32,355,290	18,733,423	-55,502,229	-39,865,601	-38,871,544
Total Shareholders' equity	1,948,472,212	1,933,656,316	1,434,918,137	940,382,549	928,341,072	867,584,149	909,331,778	908,657,254
NON-CURRENT LIABILITIES								
Long Term Foreign Loan	-	-	38,505,032	38,505,032	38,505,032	38,505,032	38,505,032	38,505,032
Deferred Tax Liability	119,181,887	119,542,249	131,165,464	81,152,358	81,653,857	82,851,877	-	-
Obligation under Finance Lease	4,003,683	4,475,454	-	-	-	-	-	-
Total non-current liabilities	123,185,570	124,017,703	169,670,496	119,657,390	120,158,889	121,356,909	38,505,032	38,505,032
CURRENT LIABILITIES								
Trade & other Payables	968,869,108	1,043,939,623	867,628,960	561,066,650	919,635,893	1,081,766,139	845,663,373	359,961,022
Short Term Bank Loan	652,665,292	637,766,832	1,110,873,232	701,982,922	549,706,078	412,363,327	666,026,125	700,567,541
Liabilities for Expenses	127,561,187	136,922,468	95,027,004	69,065,593	60,700,319	47,532,441	34,757,580	37,360,259
Obligation under Finance Lease-Current Portion	1,793,435	1,732,744	-	-	-	-	-	-
Loan from shareholders	33,728,933	-	-	-	-	-	-	-
Total Current Liabilities	1,784,617,955	1,820,361,667	2,073,529,196	1,332,115,165	1,530,042,290	1,541,661,907	1,546,447,078	1,097,888,821
Total Liabilities	1,907,803,525	1,944,379,370	2,243,199,692	1,451,772,555	1,650,201,179	1,663,018,816	1,584,952,110	1,136,393,853
TOTAL EQUITY & LIABILITIES	3,856,275,737	3,878,035,686	3,678,117,829	2,392,155,104	2,578,542,251	2,530,602,965	2,494,283,888	2,045,051,107



Statement of Changes in Financial Position:

For the period ended June 30, 2016, March 31 2016, 2015 and for the year ended December 31 2014, 2013, 2012, 2011

Particulars	Ordinary Share Capital	Share Money Deposit	Revaluation Reserve	Retained Earnings	Total
Balance as on December 31, 2011	88,574,000	448,024,535	410,930,263	-38,871,544	908,657,254
Balance as on December 31, 2012	88,574,000	449,693,116	410,930,263	-39,865,601	909,331,778
Balance as on December 31, 2013	88,574,000	449,693,116	384,819,262	-55,502,229	867,584,149
Balance as on December 31, 2014	88,574,000	443,238,343	377,795,306	18,733,423	928,341,072
Balance as on March 31, 2015	88,574,000	443,238,343	376,214,916	32,355,290	940,382,549
Balance as on March 31, 2016	1,042,059,860	33,728,933	554,262,515	303,605,008	1,933,656,316
Balance as on June 30, 2016	1,042,059,860	-	552,651,670	353,760,682	1,948,472,212



C) The statement of cash flows of the company was as under

Particulars	Amount in Taka					
	30-Jun-16	31-Mar-16	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
		Re-stated		Re-stated		
a) Cash flow from operating activities :						
Received from Customers and Others	599,748,935	2,418,101,520	1,975,636,588	1,918,291,263	1,663,730,617	1,258,752,698
Payment to Creditors, Suppliers, Employees & Others	(586,950,452)	(2,353,639,971)	(1,751,390,979)	(1,406,253,335)	(1,439,968,250)	(1,337,740,348)
Income Tax Paid	(4,226,203)	(19,587,571)	(12,686,934)	(16,338,570)	(13,939,876)	(4,542,070)
Net cash provided by operating activities	8,572,280	44,873,978	211,558,675	495,699,357	209,822,490	(83,529,720)
b) Cash flow from investing activities						
Acquisition of Property Plant and Equipment	(24,149,832)	(26,614,290)	(118,205,459)	(115,656,059)	(23,800,325)	(28,314,517)
Proceeds from Sales of Property Plant and Equipment	600,000	28,800,000	750,000	1,045,000	-	-
Payment for Capital-Work-in-Progress	(3,657,898)	(14,396,325)				
Advance Lease Deposits	-	(414,220)				
Investment in Share Money Deposit of Taiwan Food & Processing Industries Limited	-	(62,000,000)				
Investment/(Encashment) in FDR	-	36,359,819	9,634,835	29,413,455	(23,914,344)	(24,137,146)
Net cash used by investing activities	(27,207,730)	(38,265,016)	(107,820,624)	(85,197,604)	(47,714,669)	(52,451,663)
c) Cash flow from financing activities :						
Share Money Deposit Received		40,144	43,816,847	-	1,668,581	16,531,500
Proceed from Issuance of Share		407,627,520	-	-	-	-
Short Term Loan Received/(Paid)-Net	14,898,460	(473,106,401)	137,342,751	(253,662,798)	(34,541,416)	211,321,633
Obligation under Finance Lease Received/(paid)	(411,080)	6,208,198				
Payment of Long Term Foreign Loan		(38,505,032)				(11,551,518)
Financial Expenses Paid	(16,131,226)	(131,609,554)	(94,903,033)	(133,872,679)	(127,374,218)	(86,133,559)
Current a/c with Related Entity	14,000,000	250,249,957	(161,170,012)	(7,317,335)	-	10,498,981
Net cash provided by financing activities	12,356,154	20,904,832	(74,913,447)	(394,852,812)	(160,247,053)	140,667,037
d) Net increase in cash (a+b+c)	(6,279,296)	27,513,794	28,824,604	15,648,941	1,860,768	4,685,654
e) Cash at beginning at the period	47,332,408.00	19,082,645	27,421,566	11,772,625	9,911,857	5,226,203
f) Unrealized gain/(loss)	(398,729.00)	735,969	-	-	-	-
g) Cash at the end of the period (d+e+f)	40,654,383	47,332,408	56,246,170	27,421,566	11,772,625	9,911,857



a) Internal and external sources of cash;

Particulars	01-Apr-16 to 30-Jun-16	01-Apr-15 to 31-Mar-16	01-Apr-2015	01-Jan-15 to 31-Mar-15	01-Jan-14 to 31-Dec-14	01-Jan-13 to 31-Dec-13	01-Jan-12 to 31-Dec-12	01-Jan-11 to 31-Dec-11
Internal Source of Cash		Re-stated				Re-stated		
Share Capital	1,042,059,860	1,042,059,860	191,194,000	88,574,000	88,574,000	88,574,000	88,574,000	88,574,000
Share Money Deposit	-	33,728,933	476,927,129	443,238,343	443,238,343	449,693,116	449,693,116	448,024,535
Retained earnings	353,760,682	303,605,008	157,668,849	32,355,290	18,733,423	(55,502,229)	(39,865,601)	(38,871,544)
Sub Total	1,395,820,542	1,379,393,801	825,789,978	564,167,633	550,545,766	482,764,887	498,401,515	497,726,991
External Sources of cash								
Long Term Foreign Loan	-		38,505,032	38,505,032	38,505,032	38,505,032	38,505,032	38,505,032
Obligation under Finance Lease	5,797,118	6,208,198	-	-	-	-	-	-
Loan from Shareholders	33,728,933	-	-	-	-	-	-	-
Short Term Bank loan	652,665,292	637,766,832	1,110,873,232	701,982,922	549,706,078	412,363,327	666,026,125	700,567,541
Sub Total	692,191,343	643,975,030	1,149,378,264	740,487,954	588,211,110	450,868,359	704,531,157	739,072,573
Grand Total	2,088,011,885	2,023,368,831	1,975,168,242	1,304,655,587	1,138,756,876	933,633,246	1,202,932,672	1,236,799,564

b) Any material commitments for capital expenditure and expected sources of funds for such expenditure;

SIL has no other material commitments for capital expenditures except for those mentioned in the Utilization of IPO proceeds in this prospectus.



C) Causes for any material changes from period to period in revenues, cost of goods sold, other operating expenses and net income;

The Company's revenue and other income as well as operating expenses and net income have continued to change due to increasing business volume. Moreover, the company has paid off significant amount of bank liability with the proceeds received from the raising of paid up capital and the company is saving huge amount of interest which will eventually increase net profit of the company:

Particulars	Amount in Taka						
	01-Apr-16 to 30-Jun-16	01-Apr-15 to 31-Mar-16	01-Jan-15 to 31-Mar-15	01-Jan-14 to 31-Dec-14	01-Jan-13 to 31-Dec-13	01-Jan-12 to 31-Dec-12	01-Jan-11 to 31-Dec-11
	Re-stated			Re-stated			
Sales Revenue	756,861,925	2,636,557,896	390,141,810	1,780,751,795	1,878,484,554	1,883,339,590	1,179,310,883
Cost of Sales	669,410,501	2,331,681,538	346,930,751	1,576,699,811	1,667,224,358	1,732,311,277	1,067,359,827
Gross Profit	87,451,424	304,876,358	43,211,059	204,051,984	211,260,196	151,028,313	111,951,056
FC Gain/(Loss)	-9,602,729	8,775,285	-	-	-	-	-
Less: Operating Expenses	14,282,881	51,242,737	7,666,970	22,651,894	28,880,864	26,144,032	28,103,743
Administrative expenses	12,305,498	42,533,765	7,367,962	21,233,510	26,642,038	24,593,968	26,821,347
Selling , Marketing & Distribution Expenses	1,977,383	8,708,972	299,008	1,418,384	2,238,826	1,550,063	1,282,396
Operating Profit for the Year	63,565,814	262,408,906	35,544,089	181,400,090	182,379,332	124,884,281	83,847,313
Add: Other Income	12,466,474	8,772,225	749,707	5,278,561	7,611,179	6,517,548	3,484,615
Profit Before Financial Expenses and Tax	76,032,288	271,181,131	36,293,796	186,678,651	189,990,511	131,401,830	87,331,928
Less: Financial Expenses	16,131,226	123,982,237	21,950,951	94,903,033	135,797,935	129,299,474	86,133,559
Net profit before tax	59,901,062	147,198,894	14,342,845	91,775,618	54,192,576	2,102,355	1,198,369
Less: Income tax expense	11,701,414	15,858,066	2,301,368	15,462,577	19,223,204	315,353	179,755
Net profit/(Loss) after Tax for the Year	48,199,648	131,340,828	12,041,477	76,313,041	34,969,372	1,787,002	1,018,614



Causes for changes are as under:

Period	Sales	COGS	Operating Expenses	Net Profit
<u>30-06-2016</u>	Slight increase in sales of the company were observed in 30 June 2016 than 30 June 2015.	Cost of goods sold of the company also increased during this period due to increase in sales.	Operating expenses of the company also increased in consistent with sales and cost of goods sold.	Net profit the company was increased by reason of increased gross profit and decreased finance expenses.
<u>31-03-2016</u>	Sales of the company increased in 2016 due to amalgamation with Shepherd Yarn Limited.	COGS also increased during this period due to amalgamation.	Operating expenses also increased due to amalgamation.	Net profit and gross profit of the company increased due to increased sales and reduced operating expenses because of this amalgamation with Shepherd Yarn Limited.
<u>31-03-2015</u>	Sales of the company decreased by 20% from 01April 2014 to 31 March 2015 due to political unrest in the country.	Cost of goods sold of the company had also changed in line with sales.	The company's administrative and selling and distribution expenses were maintained efficiently, and there were general changes in operating expenses in this period.	Net profit of the company had decreased due to decrease in gross profit and increase in operating expenses.
<u>31-12-2014</u>	Slightly decreased in sales of the company were observed from 01 January 2014 to 31 December 2014 due to political unrest in the country.	In this period raw material consumption, overhead expenses and cost of production was efficiently managed and the cost of goods sold decreased due to decreased in sales in that period.	The company's administrative and selling and distribution expenses were maintained efficiently, and there were general changes in operating expenses in this period.	In spite of decrease of gross profit by 3%, net profit had increased by 118% due to decreased finance cost by 30%.
<u>31-12-2013</u>	Sales of the company were almost steady (decrease of .2%) from 01 January 2013 to 31 December 2013.	In this period raw material consumption, overhead expenses and cost of production was efficiently managed and the cost of goods sold decreased by 3%.	The company's administrative and selling and distribution expenses were maintained efficiently, and there were general changes in operating expenses in this period.	Net profit of the company had highly increased due to increase of gross profit and other income.
<u>31-12-2012</u>	Sales of Shepherd Industries Limited had increased from 01 January 2012 to 31 December 2012 due to introduce some machinery in the production line to cope up with the demand.	Costs of goods sold werechanged in line with sales.	In operating expenses, administrative expenses had decreased because of tied internal control and selling and distribution expenses had increased due to increase of sales in this period.	In spite of increase of finance expenses by 50%, net profit had increased by 76% due to increase of gross profit by 36%.



d) Any seasonal aspects of the issuer's business;

The demand for company's product goes high between February to September. The company dyes yarn for the 100% export oriented sweater industries and generally demand goes high between the said periods to the sweater industries for manufacturing of finished goods before winter.

e) Any known trends, events or uncertainties that may have material effect on the issuer's future business;

Though there are no known trends, events and/or uncertainties that shall have a material impact on the company's future business, the business operation of the Company may be affected by the following events:

i) Political Unrest	ii) Natural Disaster
iii) Increased Competition	iv) Entrance of New Technology
v) Down Trend Demand in International Market	

f) Any assets of the company used to pay off any liabilities;

The company sold 536.5 decimal lands which was not adjacent to the factory on 18/01/2016 at Tk. 2,76,40,000 to Shepherd Textile (BD) Ltd and proceeds received from the sales was used to pay off short term bank of IFIC Bank amounting Tk. 18,652,981.



g) Any loan taken from or given to any related party or connected person of the issuer with details of the same;

The company gives loans to its related party which are under common management during last five years are as follows:

	Relationship	Nature of Transaction	30-Jun-16	31-Mar-16	31-Mar-15	01-Apr-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
Shepherd Textile (Bd) Ltd.	Common Management	Intercompany Loan	15,100,000	29,100,000	155,536,975	221,665,109	156,407,111	108,801,074	142,126,879	130,714,477
Shepherd Yarn Ltd.	Common Management	Intercompany Loan	-	-	173,058,897	-	176,412,296	126,461,362	85,788,138	97,085,507
Shepherd Electric Ltd.	Previously Common Management but at present no relationship	Intercompany Loan	-	-	-	-	-	793,132	793,132	793,132
Shepherd Asia Zipper Ltd.			-	-	-	-	-	13,991,477	13,991,477	13,991,477
Shepherd Apparels Washing Limited			-	-	-	-	-	38,920	38,920	38,920
Taiwan Food & Processing Industries Ltd.	Common Management	Intercompany Loan	-	-	44,812,059	57,684,848	38,919,589	10,754,639	-	-
Eternal Flame Int'l Co. Inc.	Director	Long Term Foreign Loan	-	-	(38,505,032)	(38,505,032)	(38,505,032)	(38,505,032)	(38,505,032)	(38,505,032)
		Interest on Foreign Loan	-	(11,625,225)	(19,252,542)	(19,252,542)	(19,252,542)	(17,327,286)	(15,402,030)	(13,476,774)
		Shareholders loan	(4,351,405)	-	-	-	-	-	-	-
Kao Wen Fu	Managing Director	Shareholders loan	(10,554,794)	-	-	-	-	-	-	-
Ever Priority Limited	Director	Shareholders loan	(18,786,859)	-	-	-	-	-	-	-
Chen Che Seng	Sponsor	Shareholders loan	(6,597)	-	-	-	-	-	-	-
Chung wen Kuei	Chairman	Shareholders loan	(29,278)	-	-	-	-	-	-	-

** Figures in bracket indicate Credit balances.



- h) **Any future contractual liabilities the issuer may enter into within next one year, and the impact, if any, on the financial fundamentals of the issuer;**

The company neither has any future contractual liabilities nor has any plan to enter into any contractual liabilities other than normal course of business within next one year that would impact the financial fundamentals of the company.

- i) **The estimated amount, where applicable, of future capital expenditure;**

The Company has no plan to make any capital expenditure except for those mentioned in the 'Use of Proceeds' section in this prospectus.

- j) **Any VAT, income tax, customs duty or other tax liability which is yet to be paid, including any contingent liabilities stating why the same was not paid prior to the issuance of the prospectus. Updated income tax status for the last 5 years or from commercial operation, which is shorter;**

Value Added Tax (VAT):

The SIL has the VAT registration No. 18091004625, area code-180204. Since the company is 100% export oriented company, as per Value Added Tax Act, 1991, Chapter-2, Section-3, Clause (2), the applicable rate of VAT is zero. Therefore, no VAT liability is there.

Income Tax:

Shepherd Industries Limited having its TIN No. 815674589022 and regularly pays income taxes. The company pays income tax at reduced rate which is 15% on income from export. Following is the summary of income taxes of the company:

Accounting Year	Assessment Year	Status	Remarks
2011	2012-2013	Assessment Completed	Total tax liability for the year after final assessment is tk. 4,309,482 including interest of tk. 231,913 out of which tk. 348,461 adjusted from tax deducted at source and tk. 179,755 paid through pay order. Due tax amount is Tk. 3,781,266.
2012	2013-2014	Assessment Completed	Total tax liability for the year after final assessment is Tk. 9,416,698 against which Tk. 11,484,516 has been deducted at source/paid in advance. Because of excess advance tax there is no tax liability & the excess shall be adjusted/refunded by the tax authority later.
2013	2014-2015	Assessment Completed	Total tax liability for the year after final assessment is Tk. 11,450,388 against which Tk. 15,315,941 has been deducted at source/paid in advance. Because of excess advance tax there is no tax liability & the excess shall be adjusted/refunded by the tax authority later.
2014	2015-2016	Assessment Completed	Total tax liability for the year after final assessment is Tk. 1,54,84,502 out of which Tk. 126,86,934 has been paid as advance tax and due tax amount is Tk. 27,97,568.
2015-16	2016-2017	Return submitted assessment under process	

Customs Duty:

SIL pays all customs duty as per the customs act of the country and there is no due in this regard pending.

Contingent Liability:

There exists no situation involving SIL for which any liability for the company is most likely to occur or which may create any possibility of company's liability in the near future.

- k) Any financial commitment, including lease commitment, the company had entered into during the past five years or from commercial operation, which is shorter, giving details as to how the liquidation was or is to be effected;



Financial and Lease commitments during last five years

a) Financial Commitment (Long Term)

SL #	Company	Type of Loan (Foreign Loan)	Total Amount (Sanctioned)	Rate of Interest (%)	Sanction date	Half yearly Installment	Outstanding Balance as of 30 June 2016
01	Eternal Flame Int'l Co. Inc (Taiwanese)	Related party	\$ 2,000,000.00	5%	2004	\$ 41,695.63	-

b) Financial Commitment (Short Term)

SL #	Bank	Type of loan	Limit of loan (million)	Rate of Interest (%)	Outstanding Balance as of 30 June 2016
01	IFIC Bank Limited	Demand Loan	250	12	143,171,891
02	IFIC Bank Limited	LDBP Loan	600	12	124,423,101
03	IFIC Bank Limited	SOD - IFIC Bank	50	12	48,661,724
04	Trust Bank Limited	LDBP Loan	300	14.5	169,370,800
05	Southeast Bank Limited	LDBP Loan	500	13	119,338,454
06	Southeast Bank Limited	SOD-Southeast Bank	30	13	30,929,053
07	Southeast Bank Limited	Loan Against Trust Receipts	100	13	16,770,269
	Total				652,665,292

SL #	Company	Type of Loan	Total Amount as on 30-06-2016	Rate of Interest (%)	Outstanding Balance as of 30 June 2016
01	Loan received from Shareholders	Related party	33,728,933	-	33,728,933

c) Lease commitment

Shepherd Industries Ltd entered into the following lease commitment during the last five years. The status and outstanding as on 30 June 2016 are presented below:

SL.	NBFI	Type of Loan	Total Amount (Sanctioned)	Rate of Interest (%)	Sanction date	Monthly Installment	Outstanding Balance as of 30 June 2016
1	IDLC Finance Ltd	Car	7,600,000	13.85	23/03/2015	207,110	5,797,118

l) Details of all personnel related schemes for which the company has to make provision for in future years;



The company considers its human resources as the most valuable assets and the profitability of the company largely depends on the effective and efficient productivity of human resources. The company provides various benefit packages to its employees in addition to monthly benefit of salary, wages and allowances. Lists of provided benefits are as under:

Festival Bonus	:	The Company Pays two festival bonuses @ 68% of gross salaries.
Yearly Increment/Promotions	:	Employees are awarded with a minimum increment of at least 10% of salary and promotion for extra ordinary performances.
Group Insurance	:	The company has established group insurance policy with Metlife Alico for its permanent employees.
Provident Fund	:	The company has been maintaining a recognized contributory provident fund for all of its permanent executives. The fund is administrated by a board of trustee and is funded by 10% contributions from the salaries equally by the employees and the company.
Gratuity	:	The company Introduced gratuity scheme for the confirmed employees of the company during the year 2015.
Medical Treatment Facility	:	Employees of Shepherd Industries Limited receive medical treatment facility for any kind of injury during the course of their service in the company.
Childcare	:	Women workers are entitled for child care facilities in the factory premises while they are at work.
Leave encashment	:	Employees are entitled to enjoy encashment against leave if not enjoyed.

m) Break down of all expenses related to the public issue;

Sl.	Particulars	Basis	Amount in BDT (approx.)	
A.	MANAGERS TO THE ISSUE FEES			2,300,000
1	Managers to the Issue fee	1% of public offering, Maximum 3,000,000 (Thirty Lac)	2,000,000	
2	VAT against Issue Management Fees	15% of issue management fees	300,000	
B.	FEES RELATED TO LISTING WITH THE STOCK EXCHANGES			5,123,004
3	Prospectus Submission Fees to DSE & CSE	Tk. 50,000 for each stock exchanges	100,000.00	
4	DSE and CSE Annual Fee	0.05% Up to Tk. 100 crore and 0.02% up above Tk. 100 cr. paid up capital	1,096,824	
5	Fees related to Listing with the stock exchanges	@ 0.25% on Tk. 10 Crore and 0.15% on the rest amount of paid up capital range; (minimum 50 thousand maximum Tk. 1 Crore for each exchanges)	3,926,180	
C.	BSEC FEES			850,000
6	Application fee	Fixed	50,000	
7	Consent fee	fee @ 0.40% on entire offer	800,000	
D.	IPO RELATED FEES			900,000
8	Underwriting commission (1%)	Commission @ 1% on Underwritten Amount	700,000	
9	Auditors Certification fees	Estimated (to be paid at actual)	200,000	
E.	CDBL FEES AND EXPENSES			794,809
10	Security Deposit	At Actual	500,000	
11	Documentation fee	At Actual	2,500	
12	Annual fee	At Actual	100,000	
13	Connection Fee (TK. 500 per month* 12)	At Actual	6,000	
14	Initial Public Offering fee	0.015% of the Issue size and 0.015% of Pre IPO paid up capital	186,309	
F.	PRINTING AND POST PUBLIC OFFER EXPENSES			5,032,187
15	Publication of prospectus	Estimated (to be paid at actual)	600,000	
16	Abridge Version of Prospectus and Notice in 4 daily news paper	Estimated (to be paid at actual)	500,000	
17	Notice for prospectus, Lottery, Refund etc .in 4 daily news paper	Estimated (to be paid at actual)	300,000	
18	Lottery related expenses including BUET fee	Estimated (to be paid at actual)	850,000	
19	Data Processing and Share Software Charge	Estimated (to be paid at actual)	2,400,000	
20	Courier expenses	Estimated (to be paid at actual)	150,000	
21	Administrative & Stationary Expense	Estimated (to be paid at actual)	232,187	
Grand Total				15,000,000

N:B: Actual costs will differ if above mentioned estimates differ and will be adjusted accordingly

- n) If the issuer has revalued any of its assets, the name, qualification and experiences of the valuer and the reason for the revaluation, showing the value of the assets prior to the revaluation separately for each asset revalued in a manner which shall facilitate comparison between the historical value and the amount after revaluation and giving a summary of the valuation report along with basis of pricing and certificates required under the revaluation guideline of the Commission;



Shepherd Industries Limited has revalued its fixed assets in the financial year 2010 and 2011, which has been reflected in the financial statements of the company. Shepherd Yarn Limited has also revalued land and building in 2011 and in 2014.

Dates of revaluation performed in different times are follows:

Sl. No	Date	Performed by	Valuer
1	29-03-2011	Shepherd Industries Limited	Mridha & Associates (Consulting Engineers Architects Planners Builders Surveyors Real Estate Developers Graphic & Interior Decoration Designers Projected Profile & Valuation Engineers) Sugandha Super Market (-2 nd Floor), Savar Bazar Bus Stand, Savar Dhaka. Phone: +88-02-774812 Mobile: 01715-013253, 01682-121672 email: mdayubalimridha@yahoo.com
2	12-03-2012	Shepherd Industries Limited	
3	30-03-2011	Shepherd Yarn Limited	
4	30-04-2014	Shepherd Yarn Limited	

Experience of the Valuer:

Mridha and Associates performed following nos valuation during the year 2015:

Particulars	No.
a) Valuation of Land & Building :	350- Nos.
b) Valuation of Machinery & Equipment :	100- Nos.
c) Valuation of stock / Inventory :	50- Nos.

Purpose of Valuation: To reflect the fair value of lands and buildings. Mentionable here, that due to amalgamation we have disclosed the information of Shepherd Yarn Limited.

Basis of Revaluation:

The Valuer has estimated the value of the assets of the company on the basis of current market price by taking into consideration of the location and recent transfer of the land in the same vicinity depending on the nature of assets and rationale applicable.



1 st Revaluation (Shepherd Industries Limited)						
Particulars of the assets	Name of the Valuer	Qualification of the Valuer	Date of Revaluation	Carrying amount of Assets	Value of Assets after revaluation	Revaluation Surplus
Land: 792.75 Decimal	Mridha & Associates	Consulting Engineers Architects Planner	29/03/2011	20,189,297	248,369,000	228,179,703
Factory Building and Other construction				39,495,352	135,845,912	96,350,560
Total				59,684,649	384,214,912	324,530,263

Auditors' certificate on compliance of BSEC notification dated August 18, 2013 regarding revaluation of assets

This is to certify that Shepherd Industries Limited revalued its assets on 29 March 2011 which was done by Mridha & Associates. In our opinion, the company has recognized its assets revaluation in its financial statements as per decision of Board of Directors of the Company and as per requirements of BAS 16.

We also certify that the recognition of revaluation was done before the issuance of BSEC notification SEC/CMRRCD/2009-193/150/Admin/51 dated 18 August 2013 complying all except the conditions # A4, A6, B1,B12 in the revaluation guideline.

Sd/-
Mahfel Huq & Co
Chartered Accountants

Dhaka
Date: September 23, 2016

2 nd Revaluation (Shepherd Industries Limited)						
Particulars of the assets	Name of the Valuer	Qualification of the Valuer	Date of Revaluation	Carrying amount of Assets	Value of Assets after revaluation	Revaluation Surplus
Land: 1224.75 decimal	Mridha & Associates	Consulting Engineers Architects Planner	12-03-2012	70,193,330	384,773,033	314,579,703
Total				60,120,297	384,773,033	314,579,703
Auditors' certificate on compliance of BSEC notification dated August 18, 2013 regarding revaluation of assets						
This is to certify that Shepherd Industries Limited revalued its assets on 12 March 2012 which was done by Mridha & Associates. In our opinion, the company has recognized its assets revaluation in its financial statements as per decision of Board of Directors of the Company and as per requirements of BAS 16.						
We also certify that the recognition of revaluation was done before the issuance of BSEC notification SEC/CMRRCD/2009-193/150/Admin/51 dated 18 August 2013 complying all except the conditions # A4, A6, A8, B1 in the revaluation guideline.						
Dhaka Date: September 23, 2016				Sd/- Mahfel Huq & Co Chartered Accountants		

1 st Revaluation (Shepherd Yarn Limited)						
Particulars of the assets	Name of the Valuer	Qualification of the Valuer	Date of Revaluation	Carrying amount of Assets	Value of Assets after revaluation	Revaluation Surplus
Land: 410 decimal	Mridha & Associates	Consulting Engineers Architects Planner	30/03/2011	15,158,034	150,200,000	135,041,966
Land:119.25 decimal						
Building and Others				33,907,430	96,381,700	62,474,270
Total				49,065,464	246,581,700	197,516,236
<u>Auditors' certificate on compliance of BSEC notification dated August 18, 2013 regarding revaluation of assets</u>						
This is to certify according to revaluation report of Shepherd Yarn Limited, report dated 30-March-2011 which was done by Mridha & Associates. In our opinion, the company has recognized its assets revaluation in its financial statements as per decision of Board of Directors of the Company and as per requirements of BAS 16.						
We also certify that the recognition of revaluation was done before the issuance of BSEC notification SEC/CMRRCD/2009-193/150/Admin/51 dated 18 August 2013 complying all except the conditions # A4, A6, B1, B12 in the revaluation guideline.						
Dhaka Date: September 23, 2016				Sd/- Mahfel Huq & Co Chartered Accountants		

2 nd Revaluation (Shepherd Yarn Limited)						
Particulars of the assets	Name of the Valuer	Qualification of the Valuer	Date of Revaluation	Carrying amount of Assets	Value of Assets after revaluation	Revaluation Surplus
Land: 11.81 decimal	Mridha & Associates	Consulting Engineers Architects Planner	30-04-2014	34,394,355	132,378,600	97,984,245
Existing Six Storied Office Building				5,7897,180	5,7897,180	-
Total				92,291,535	190,275,780	97,984,245
<u>Auditors' certificate on compliance of BSEC notification dated August 18, 2013 regarding revaluation of assets</u>						
This is to certify that Shepherd Yarn Limited revalued its assets on 30 April, 2014 which was done by Mridha & Associates. In our opinion, the company has recognized its assets revaluation in its financial statements as per decision of Board of Directors of the Company and as per requirements of BAS 16.						
We also certify that the recognition of revaluation was done after the issuance of BSEC notification SEC/CMRRCD/2009-193/150/Admin/51 dated 18 August 2013 complying all except the conditions # A4 in the revaluation guideline.						
Dhaka Date: September 23, 2016				Sd/- Mahfel Huq & Co Chartered Accountants		

- o) **Where the issuer is a holding/subsidiary company, full disclosure about the transactions, including its nature and amount, between the issuer and its subsidiary/holding company, including transactions which had taken place within the last five years of the issuance of the prospectus or since the date of incorporation of the issuer, whichever is later, clearly indicating whether the issuer is a debtor or a creditor;**

The Company neither has any subsidiary nor it is operated under a holding company.



Shepherd Industries Limited

- p) **Financial Information of Group Companies: following information for the last three years based on the audited financial statements, in respect of all the group companies of the issuer, wherever applicable, along with significant notes of auditors:**

Shepherd Industries Ltd. has no associate or subsidiary company. Financial performances of the company under common management are as under:

SI	Particulars	Shepherd Textile (BD) Limited			Taiwan Food & Processing Industries Limited			Shepherd Yarn Limited		
		2014-15	2013-14	2012-13	2014-15	2013-14	2012-13	2014-15	2013-14	2012-13
1	Date of Incorporation	16/11/1997			22/07/2013			06/04/2005		
2	Nature of Business	Knit Fabrics Manufacturer			Different Types of Food Processing and export.			Dyeing of different counts of Yarn to export oriented garments industry as deemed exporter		
4	Equity Capital (paid up capital)	46,058,800	46,058,800	42,058,800	500,000	500,000	-	102,620,000	102,620,000	102,620,000
3	Reserves (Retained Earnings)	73,317,413	42,689,169	5,489,254	(27,350,633)	-	-	125,313,558	88,532,009	49,484,215
5	Sales	1,227,254,643	1,061,636,058	636,890,859	8,104,015	-	-	750,609,459	769,505,430	701,850,740
6	Profit after tax	30,628,244	37,199,914	17,967,068	(27,350,633)	-	-	32,227,175	36,082,590	64,649
7	EPS Tk. 100 per share	66.50	80.77	42.72	(5,470.13)	-	-	31.40	29.91	0.063
	EPS (Diluted)	66.50	80.77	42.72	(5,470.13)	-	-	31.40	29.91	0.063
8	Net Asset Value (NAV) Tk.	558	492	440	16058.47	7217.13	-	481.91	455.69	379.37
9	Status of Listing	non-listed			non-listed			non-listed		
10	Information regarding significant adverse factors	No Significant Adverse factors			Operating Loss			No Significant Adverse factors The company is amalgamated with Shepherd Industries Limited		
11	has become sick or is under winding up;	NO			No			No		

September 23, 2016

Information regarding significant adverse factors

This is to certify that, the company has no significant adverse factors relating to the financial information of the group.

Sd/- Kao Wen Fu Managing Director & Director	Sd/- Chung Wen Kuei Chairman & Director	Sd/- Lin Chih-Wen Representative of Ever Priority Ltd	Sd/- Md. Monzur Alam Khan Independent Director	Sd/- Yang Ming Te Representative of Eternal Flame Int'l Co. Inc
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12. The related business transactions within the group and their significance on the financial performance of the issuer:

There are no business transactions which will impact financial performances of the company except the rental income received from the related party.

13. Sales or purchase between group companies/ subsidiaries/ associate companies when such sales or purchases exceed in value in the aggregate ten per cent of the total sales or purchases of the issuer and also material items of income or expenditure arising out of such transactions:

There were no transactions of Shepherd Industries limited between group companies/ subsidiaries/ associate companies which exceeded in value in the aggregate 10% of the total sales or purchases of the company.

14. Where the issuer is a banking company, insurance company, non-banking financial institution or any other company which is regulated and licensed by another primary regulator, a declaration by the board of directors shall be included in the prospectus stating that all requirements of the relevant laws and regulatory requirements of its primary regulator have been adhered to by the issuer;

Not Applicable



Shepherd Industries Limited

15. A report from the auditors regarding any allotment of shares to any person for any consideration otherwise than cash along with relationship of that person with the issuer and rationale of issue price of the shares;

Auditor's Certificate regarding allotment of shares to Sponsor/Director/Shareholders for consideration in cash/other than cash

After verification, we certify the paid up capital of Shepherd Industries Limited as at 30 June, 2016 was BDT 1,042,059,860 divided into 104,205,986 ordinary shares of taka 10/- each made up as follows:

Particulars	Date	Consideration		No of Ordinary Shares	Amount Tk.
		Cash	Other than cash		
MOA and AOA	01/08/2000	60,600	-	60,600	606,000
1st Allotment	01/07/2002	7,939,400	-	7,939,400	79,394,000
2nd Allotment	12/11/2011	857,400	-	857,400	8,574,000
3rd Allotment (Through Amalgamation with Shepherd Yarn Limited)	01/04/2015	-	10,262,000	10,262,000	102,620,000
4th Allotment	14/02/2016	85,086,586	-	85,086,586	850,865,860
Total				104,205,986	1,042,059,860

As a natural follow up, Board of Directors both the companies decided to amalgamate the Shepherd Yarn Limited with Shepherd Industries Limited. As such applied for same to Honorable High Court Division of Bangladesh Supreme Court and eventually obtain verdict in favor of amalgamation dated 15-12-2014. After that, as part of completion of amalgamation procedure the company issued 1,026,200 ordinary shares @ Tk. 100/- each as purchase consideration.

The company, however has sub divided the face value of its ordinary shares from taka 100/- to taka 10/- by passing special resolution in its extra ordinary general meeting held on 08-06-2015 and necessary amendments in the capital clause of Memorandum and Articles of Association were made accordingly. Hence, the paid up capital of the company comes to taka 191,194,000 divided into 19,119,400 ordinary shares of taka 10.00 each.

Again the company applied and obtains approval from Bangladesh Securities and Exchange Commission (BSEC) vide its Letter No. BSEC/CI/CPLC-519/2015/582 dated: 24/11/2015 for issuance of 85,086,586 Ordinary shares of Tk. 10.00 each against existing and other than existing shareholders of the company.

Dated: Dhaka
September 23, 2016

Sd/-
Mahfel Huq & Co.
Chartered Accountants

16. Any material information, which is likely to have an impact on the offering or change the terms and conditions under which the offer has been made to the public;

There is no such material information which is likely to have an impact on the offering or change the terms and conditions under which the offer has been made to the public

17. Business strategies and future plans. Projected statement of financial position, comprehensive statement of income and earnings per share for the next three accounting years as per the issuers own assessment.

The company has no subsidiary or associate company. Hence, this section is not applicable for us.



q) Discussion on the results of operations shall inter-alia contain the following:

1) A summary of the past financial results after adjustments as given in the auditor's report containing significant items of income and expenditure;

There was no significant adjustment given by the last five years audited adjustment except amalgamation with Shepherd Yarn Limited.

Summary of the results and operations are presented below:

Particulars	01-Apr-16 to 30-Jun-16	01-Apr-15 to 31-Mar-16 (Re-stated)	01-Apr-2015	01-Jan-15 to 31-Mar-15	01-Jan-14 to 31-Dec-14	01-Jan-13 to 31-Dec-13 (Re-stated)	01-Jan-12 to 31-Dec-12	01-Jan-11 to 31-Dec-11
Non-Current Assets	1,384,811,864	1,346,179,361	1,354,364,604	830,378,882	834,781,166	754,374,214	680,731,786	689,605,972
Current Asset	2,471,463,873	2,531,856,325	2,323,753,225	1,561,776,222	1,743,761,085	1,776,228,751	1,813,552,102	1,355,445,135
Shareholders' Equity	1,948,472,212	1,933,656,316	1,434,918,136	940,382,549	928,341,072	867,584,149	909,331,778	908,657,254
Non-Current Liability	123,185,570	124,017,703	169,670,497	119,657,390	120,158,889	121,356,909	38,505,032	38,505,032
Current Liabilities	1,784,617,955	1,820,361,667	2,073,529,196	1,332,115,164	1,530,042,290	1,541,661,907	1,546,447,078	1,097,888,822
Turnover	756,861,925	2,636,557,896	-	390,141,810	1,780,751,795	1,878,484,554	1,883,339,590	1,179,310,883
Gross Profit	87,451,424	304,876,358	-	43,211,059	204,051,984	211,260,196	151,028,313	111,951,056
Net profit before tax	59,901,062	147,198,194	-	14,342,845	91,775,618	54,192,576	2,102,356	1,198,369
Net Profit after tax	48,199,648	131,340,828	-	12,041,477	76,313,041	34,969,372	1,787,003	1,018,614

*Due to amalgamation no information of turnover and profit is available on the date April 01, 2015.

2) A summary of major items of income and expenditure;

Major items of income:

Particulars	01-Apr-16 to 30-Jun-16	01-Apr-15 to 31-Mar-16 Re-stated	01-Jan-15 to 31-Mar-15	01-Jan-14 to 31-Dec-14	01-Jan-13 to 31-Dec-13 Re-stated	01-Jan-12 to 31-Dec-12	01-Jan-11 to 31-Dec-11
Turnover	756,861,925	2,636,557,896	390,141,810	1,780,751,795	1,878,484,554	1,883,339,590	1,179,310,883
Gross Profit	87,451,424	304,876,358	43,211,059	204,051,984	211,260,196	151,028,313	111,951,056
Net profit before tax	59,953,562	147,198,194	14,342,845	91,775,618	54,192,576	2,102,356	1,198,369
Net Profit after tax	48,244,273	131,340,828	12,041,477	76,313,041	34,969,372	1,787,003	1,018,614

Major items of expenditure:

Particulars	01-Apr-16 to 30-Jun-16	01-Apr-15 to 31-Mar-16 (Re-stated)	01-Apr-2015	01-Jan-15 to 31-Mar-15	01-Jan-14 to 31-Dec-14	01-Jan-13 to 31-Dec-13 (Re-stated)	01-Jan-12 to 31-Dec-12	01-Jan-11 to 31-Dec-11
Cost of Sales	669,410,501	2,331,681,538	-	346,930,751	1,576,699,811	1,667,224,358	1,732,311,277	1,067,359,827
Selling distribution expenses	1,977,383	8,708,972	-	299,008	1,418,384	2,238,826	1,550,063	1,282,396
Administrative Expense	12,305,498	42,533,765	-	7,367,962	21,233,510	26,642,038	24,593,968	26,821,347
Financial Expenses	16,131,226	123,982,237	-	21,950,951	94,903,033	135,797,935	129,299,474	86,133,559
Income Tax Expense	11,701,414	15,858,066	-	2,301,368	15,462,577	19,223,204	315,353	179,755



3) The income and sales on account of major products or services;

Since, the company is engaged in the business of yarn dyeing. Hence, dyed yarn is the only product which contributes 100% on the total revenue.

4) In case, other income constitutes more than 10% of the total income, the breakup of the same along with the nature of the income, i.e., recurring or non-recurring;

The Company's other income is not more than 10% of the total income.

5) If a material part of the income is dependent upon a single customer or a few major customers, disclosure of this fact along with relevant data. Similarly, if any foreign customer constitutes a significant portion of the issuer's business, disclosure of the fact along with its impact on the business considering exchange rate fluctuations;

The Company's material part of the income is not dependent upon a single customer or a few major customers. The company has huge customer base and sells its products to 100% export oriented industries. Due to huge volume of buyer we did not include the list of buyers in the prospectus but lists of buyers/receivables can be found at Annexure-C of the audited Financial Statements incorporated in this prospectus.

6) In case the issuer has followed any unorthodox procedure for recording sales and revenues, its impact shall be analyzed and disclosed.

The issuer has not followed any unorthodox procedure for recording sales and revenues.



Shepherd Industries Limited

- r) Comparison of recent financial year with the previous financial years on the major heads of the profit and loss statement, including an analysis of reasons for the changes in significant items of income and expenditure, inter-alia, containing the following:

Revenue And Results From Operation

Particulars	Amount in Taka						
	01-Apr-16 to 30-Jun-16	01-Apr-15 to 31-Mar-16	01-Jan-15 to 31-Mar-15	01-Jan-14 to 31-Dec-14	01-Jan-13 to 31-Dec-13	01-Jan-12 to 31-Dec-12	01-Jan-11 to 31-Dec-11
	Three Months	Re-stated		Re-stated			
Sales Revenue	756,861,925	2,636,557,896	390,141,810	1,780,751,795	1,878,484,554	1,883,339,590	1,179,310,883
Cost of Sales	669,410,501	2,331,681,538	346,930,751	1,576,699,811	1,667,224,358	1,732,311,277	1,067,359,827
Gross Profit	87,451,424	304,876,358	43,211,059	204,051,984	211,260,196	151,028,313	111,951,056
FC Gain/(Loss)	(9,602,729)	8,775,285	-	-	-	-	-
Less: Operating Expenses	14,282,881	51,242,737	7,666,970	22,651,894	28,880,864	26,144,032	28,103,743
Administrative expenses	12,305,498	42,533,765	7,367,962	21,233,510	26,642,038	24,593,968	26,821,347
Selling , Marketing & Distribution Expenses	1,977,383	8,708,972	299,008	1,418,384	2,238,826	1,550,063	1,282,396
		-		-	-		
Operating Profit for the Year	63,565,814	262,408,906	35,544,089	181,400,090	182,379,332	124,884,281	83,847,313
Add: Other Income	12,466,474	8,772,225	749,707	5,278,561	7,611,179	6,517,548	3,484,615
Profit Before Financial Expenses and Tax	76,032,288	271,181,131	36,293,796	186,678,651	189,990,511	131,401,830	87,331,928
Less: Financial Expenses	16,131,226	123,982,237	21,950,951	94,903,033	135,797,935	129,299,474	86,133,559
Net profit before tax	59,901,062	147,198,894	14,342,845	91,775,618	54,192,576	2,102,355	1,198,369
Less: Income tax expense	11,701,414	15,858,066	2,301,368	15,462,577	19,223,204	315,353	179,755
Net profit/(Loss) after Tax for the Year	48,199,648	131,340,828	12,041,477	76,313,041	34,969,372	1,787,002	1,018,614



- 1) **Unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc.**

There are no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income or discretionary reduction of expenses except amalgamation and changes in accounting policies as under.

Changes in accounting policy FY	:	Changes
March 31, 2016	:	Introduction of BAS-19: Employee benefit for employees provident fund and Gratuity
April 01, 2015	:	Introduction of BFRS-3 for adoption of necessary changes for amalgamation
2014	:	Introduction of BAS-12: Income Taxes
2013	:	Nil

- 2) **Significant economic changes that materially affect or are likely to affect income from continuing operations;**

The company recently raised its paid up capital and paid off significant amount of bank loan and thus debt to equity ratio has been significantly decreased which will eventually boost up the profitability of the company by reducing the financial expenses.

- 3) **Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations;**

Though there are no known trends, events and/or uncertainties that shall have a material impact on the company's future business, the business operation of the Company may be affected by the following events:

- i. Decrease in the demand of readymade garments products in the local and International Market,
- ii. Increased production cost
- iii. Decrease in product selling price
- iv. Increased Competition
- v. Scarcity of GAS, Electricity and raw materials
- vi. Govt. Policy Changes towards the industry,
- vii. Political unrest
- viii. Natural disaster

- 4) **Future changes in relationship between costs and revenues, in case of events such as future increase in labor or material costs or prices that will cause a material change are known;**

We are aware of the fact that future is always uncertain that might affect business and plan as well. Thus, in future labor cost or material price may change which may affect the company's business. However, revenue is always adjusted and follows the trend in line with production cost. Hence, any change in cost will be reflected in sales price. We have strong influence over market to set the trend as well.

- 5) **The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices;**

We are expecting increased net sales or revenue because of sales volume, new product line added to the company. It is forecasted that we will be able to increase our net sales or revenue around 27 percent on an average for the next 3 years.

6) **Total turnover of each major industry segment in which the issuer operated;**

Year	Export of RMG (in Million US\$)	Total Export (In million US\$)	% of RMG's to total Export
2009-10	12,496	16,204	77.12%
2010-11	17,914	22,924	78.15%
2011-12	19,089	24,287	78.60%
2012-13	21,515	27,018	79.63%
2013-14	24,491	30,186	81.13%
2014-15	25,491	31,208	81.68%
2015-16 (July-Feb)	18,128	22,123	81.94%

Source: EPB (Export Promotion Bureau). Since, there is no direct data of dying industry we could not provide any data related to the dying industry.

7) **Status of any publicly announced new products or business segment;**

The company is in the process of establishing washing plant for 100% export oriented garments/sweater industries for which the company already started importing machineries through 360 days deferred L/C; payment of which will be made through the fund received from IPO proceeds.

8) **The extent to which the business is seasonal.**

Generally demand for company's product goes high between February to September.

s) **Defaults or rescheduling of borrowings with financial institutions/banks, conversion of loans into equity along with reasons thereof, lock out, strikes and reasons for the same etc.**

The Company neither has defaulted nor rescheduled of borrowings with financial institutions/banks nor has converted any of its loan into equity since inception.

t) **Details regarding the changes in the activities of the issuer during the last five years which may had a material effect on the profits/loss, including discontinuance of lines of business, loss of agencies or markets and similar factors;**

There were no changes in the activities of the Company during the last five years and had not any material effect on the profits/loss, including discontinuance of lines of business, loss of agencies or markets and similar factors.

u) **Injunction or restraining order, if any, with possible implications;**

The company never faces any injunction or restraining order from any court of law or from any competent authority.

v) **Technology, market, managerial competence and capacity built-up;****Technology**

Shepherd Industries Limited has been using State of the Art machineries and technologies in order to dye of (acrylic, wool, cotton, viscos etc.) yarn. Its manufacturing process is heavily technology driven, dynamic in nature with cutting edge technology imported from different countries. Shepherd Industries Limited has modern research and development facilities, up-to-date water generation and fire management system and eco friendly biological effluent treatment plant. Total quality management is lead by the trained professionals, strict monitoring and true measurement always provided competitive advantage.

Market

Bangladesh is one of the largest producers of textiles and garments products. Abundant availability of raw materials and cheap labour has made the country a sourcing hub. With the improvement of the Textile & RMG sector in Bangladesh a lot of backward linkage industries have been established to support the Textile & RMG. Dyeing industry is one of the most

important backward linkage industries for the Textile & RMG, the demand of which is increasing day by day considering the development of the Textile & RMG.

Shepherd Industries Limited has good market position with nearly 16 years of experience in dying industries. SIL dyes different types of yarn includes various types of cotton, Acrylic, Acrylic Wool, Nylon and Viscose blended yarn etc.

Managerial competence

All the members of the management team of the company are highly qualified, trained & skilled professionals, well experienced and extremely devoted. The management team is lead by Mr. Kao Wen Fu, Managing Director who acts for the best interest of the company.

The expert team of Shepherd industries Limited, consists of a good number of professionals from various disciplines, is seasoned and experienced enough to use the facilities for production to fulfill the demand of the target of customers. Successive and sustainable strong financial performance is the result of unwavering commitment of the promoters, management efficiency, employees' sincerity, use of appropriate technology.

Capacity builds up

To keep space with the contemporary technology and customer demand the company continuously investing and deploying enough resources including human resources. To cope up with the growing market demand and strengthening long term sustainability.

w) Changes in accounting policies in the last three years;

Changes in accounting policy FY	:	Changes
March 31, 2016	:	Introduction of BAS-19: Employee benefit for employees; provident fund and Gratuity
April 01, 2015	:	Introduction of BFRS-3 for adoption of necessary changes for amalgamation
2014	:	Introduction of BAS-12: Income Taxes

- x) **Significant developments subsequent to the last financial year: A statement by the directors whether in their opinion there have arisen any circumstances since the date of the last financial statements as disclosed in the prospectus and which materially and adversely affect or is likely to affect the trading or profitability of the issuer, or the value of its assets, or its ability to pay its liabilities within the next twelve months;**

OTI

September 23, 2016

Statement regarding significant developments subsequent to the last financial year

This is to certify that In our opinion, there have not arisen any circumstances since the date of the last financial statements as disclosed in the prospectus which materially and adversely affect or is likely to affect the trading or profitability of the Shepherd Industries Limited or the value of its assets, or its ability to pay its liabilities within the next twelve months.

Sd/-
Kao Wen Fu
Managing Director & Director

Sd/-
Chung Wen Kuei
Chairman & Director

Sd/-
Yang Ming Te
Representative of Eternal Flame Int'l Co. Inc

Sd/-
Lin Chih-Wen
Representative of Ever Priority Ltd

Sd/-
Md. Monzur Alam Khan
Independent Director

- y) **If any quarter of the financial year of the issuer ends after the period ended in the audited financial statements as disclosed in the prospectus, unaudited financial statements for each of the said quarters duly authenticated by the CEO and CFO of the issuer;**

Duly authenticated audited financial statements for the period ended June 30, 2016 have been incorporated in the draft prospectus. Unaudited financial statements for the period ended September 30, 2016 is incorporated in the prospectus.



SHEPHERD INDUSTRIES LIMITED

Statement of Financial Position

as on September 30, 2016

	Amount in Taka 30.09.2016	Amount in Taka 30.06.2016
ASSETS AND PROPERTIES		
Non-Current Assets	1,376,487,921	1,384,811,864
Property, Plant & Equipment	1,325,920,187	1,334,235,677
Capital Work-in-Progress	50,407,119	50,407,119
Intangible Asset	160,615	169,068
Current Assets	2,187,580,661	2,471,463,873
Inventories	1,229,345,758	1,184,165,958
Trade & other Receivables	845,100,268	1,091,466,500
Investment	-	62,232,899
Advance, Deposits & Prepayments	85,102,071	77,844,133
Current a/c with Related Entity	13,100,000	15,100,000
Cash and Cash Equivalents	14,932,564	40,654,383
	3,564,068,582	3,856,275,737
EQUITY AND LIABILITIES		
Shareholders' Equity	1,970,701,465	1,948,472,212
Share Capital	1,042,059,860	1,042,059,860
Revaluation Reserve	551,080,762	552,651,670
Retained Earnings	377,560,843	353,760,682
Non-Current Liabilities	122,219,879	123,185,570
Obligation under Finance Lease	3,515,388	4,003,683
Deferred Tax liabilities	118,704,491	119,181,887
Current Liabilities	1,471,147,238	1,784,617,955
Loan from Shareholders'	33,728,933	33,728,933
Trade & other Payables	716,419,216	968,869,108
Obligation under Finance Lease-Current Portion	1,856,252	1,793,435
Short Term Bank Loan	567,498,386	652,665,292
Liabilities for Expenses & Provisions	151,644,451	127,561,187
	3,564,068,582	3,856,275,737
Net Asset Value Per Share (With Revaluation Reserve)	18.91	18.70
Net Asset Value Per Share (Without Revaluation Reserve)	13.62	13.39

Sd/-
Chief Financial OfficerSd/-
Company SecretarySd/-
DirectorSd/-
Managing DirectorSd/-
Chairman

SHEPHERD INDUSTRIES LIMITED
Statement of Profit or Loss and Other Comprehensive Income
for the period from July 01 to September 30, 2016

	Amount in Taka	Amount in Taka
	30.09.2016	30.09.2015
Revenue	560,275,381	556,484,437
Less: Cost of Sales	(495,913,808)	(493,370,227)
Gross Profit	64,361,573	63,114,210
Foreign Currency Gain/(Loss)	(4,674,105)	604,499
Add: Other income	1,744,889	2,331,625
Less: Operating Expenses	(14,285,057)	(13,952,421)
Selling & Distribution Expenses	(2,479,066)	(2,305,139)
Administrative Expenses	(11,805,991)	(11,647,282)
Profit before Financial Expenses & Tax	47,147,300	52,097,913
Less: Financial Expenses	(20,672,025)	(32,206,910)
Net Profit/ (Loss) before tax	26,475,275	19,891,003
Income Tax Expense:	(4,582,646)	(3,852,007)
Current Tax	(4,723,418)	(3,963,271)
Deferred Tax Income/(Expenses)	140,772	111,264
Net Profit/ (Loss) after Tax for the period	21,892,629	16,038,996
Basic Earning Per share (Par Value of Tk. 10/- each)	0.21	0.84
Re-stated Earning Per share (Par Value of Tk. 10/- each)	0.21	0.25

Sd/-

Chief Financial Officer

Sd/-

Company Secretary

Sd/-

Director

Sd/-

Managing Director

Sd/-

Chairman

z) **Factors that may affect the results of operations.**

Though there are no known trends, events and/or uncertainties that shall have a material impact on the company's future business, the business operation of the Company may be affected by the following events:

- i. Decrease in demand of readymade garments products in the local and International Market,
- ii. Increased production cost
- iii. Decrease in per unit sales price
- iv. Increased Competition
- v. Scarcity of GAS, Electricity and raw materials
- vi. Govt. Policy Changes towards the industry,
- vii. Political unrest
- viii. Natural disaster

SECTION (VII): MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

a) **Overview of business and strategies:**

Shepherd Industries Limited (SIL), one of the leading export oriented yarn dyeing factory in Bangladesh. SIL was incorporated on 21 August 2000 vide registration no. C-41066(425)/2000 as private limited company. The Company started its commercial operation in October 18, 2001. SIL has been converted in to a public limited company on 8th June, 2015 with RJSC under the Companies Act, 1994. The main activities of the Company are concentrated in Dyeing of different types and count of yarn for 100% Export oriented Sweater industries. SIL sells its products through L/C to the 100% export oriented sweater manufacturers who consume the dyed yarn as raw materials of their products. Therefore, the final destination of the company's products is overseas market. The company amalgamated with Shepherd Yarn Limited, under the scheme of amalgamation by the order of the Hon'able High Court Division of Supreme Court Bangladesh dated December 15, 2014 with effect from April 01, 2015.

Business Strategy:

- The Company established State-of-the-art manufacturing facilities for ensuring best quality products to its customers.
- Expansion of existing and development of new large scale projects for a diversified product range to stimulate the growth.
- Expansion of ETP, establishment of washing plant & BMRE of the existing Unit to cope up with the market demand.
- Continuously seeking new ways of working to improve efficiency and ensure sustainability.

b) **SWOT ANALYSIS:**

Company Background

Name:	Shepherd Industries Limited
Industries served:	Textile & RMG Sector
Factory:	Bagrapara, Kathalia, Bhaluka, Mymensingh, Bangladesh
Corporate Office:	House#24, Road#04, Sector#04, Uttara, Dhaka-1230
Current Managing Director:	Mr. Kao Wen Fu
Revenue:	Tk. 756,861,925(01-April-16 to 30-Jun-16)
Net Profit:	Tk. 48,199,648(01-April-16 to 30-Jun-16)
Employees:	596 (2016)
Main Competitors:	Kung Keng Ltd, Chungi Ltd, Ring Shine Ltd, Everway Textile Ltd, Dongbeng Ltd, Dayue Bangladesh Ltd., Tamishna Yarn Dyeing Limited, Belly Yarn Dyeing Limited, Crown Yarn Dyeing Limited, Paban Textile Limited, Queen South Textiles (BD) Ltd, F M Dyeing Limited.

	SI	SWOT Variables	Description
Strengths	1	Brand loyalty	The Quality of Company's products to its customers have enabled the company to capture significant market share in the sector. We have a very strong customer base and healthy business relationship and doing business for a long time
	2	Market share	We have good market share in the export oriented sweater industry.
	3	Mass production setup	High volume production capacity per unit time
	5	Cost conscious business	Product costing in all the aspects (Production cost, purchasing cost, market selling price and cost involved in the entire supply chain is properly maintained to provide quality product to its customer at a reasonable price.
	6	Strong R & D for dyeing and finishing	Research and Development activities for new product development and existing product improvement, SIL has a state of the art laboratory with experienced technician,
	7	Low labour cost	Countrywide low labour cost has enabled us to compete with foreign competitors outside Bangladesh.
	8	Capital investment availability	SIL Always keen to develop new products and invest in new profitable venture.
	9	Raw material supply	Trouble free supply of input materials for processing with a wide range of dedicated manufacturers and suppliers.
	10	Supportive management	Support from the management for the managerial decision making
	11	High performance machineries	State of the art high performance machinery for production
	12	Production of value added quality products	SIL produces quality dyed yarn for 100% export oriented sweater industries.
Weakness	1	Slim profit margin	Since SIL is engaged in producing single component of production for sweater industries profit is relatively lower than the composite sweater industry.
	2	Work environment	High temperature, heat, RH inside the production plant due to processing machines exhaust except for the factory Office and Lab as well head office which are properly air-conditioned.
	3	Physical Hazards	Chances of accidents, physical damage to the workers, process hazards such as Chemical Explosion etc.
	4	Operatives fatigue	Tiredness of operatives due to movement of materials
	5	Fragmented company	Different geographical location of value chain of the company
	6	Cost of maintenance and spare parts	High cost of new spare parts and high cost of maintenance (Consumables and technician)

Opportunity	1	Helped by the government policy	All the Garments, Textile and backward linkage industries enjoy special tax rates, Tax holidays and subsidies from the government for the development of this sector.
	2	Easy Bank loan	All the industries involved in this sector to get finance easily form any financial institute.
	3	Market orders exports	Huge volumes of orders from export oriented textile industries
	4	New developments in dyes, pigments and chemicals	New developments in dye stuff, pigments for colouring of yarn, also in chemicals for less effluent loads and faster lead time of production
	5	Low cost dyes and chemicals	Low cost of dyes and chemicals available in due to the high competition in the dyestuff manufacturer
	6	Mass production capacity	Mass production capacity for different count of yarn is available and the factory runs 24 hours and required power for production is generated through gas generator.
Threats	1	Intense competition	Global competition in this sector may affect the profitability of the company
	3	Government regulation	Governments restriction if imposed will create new complications
	4	Political unrest	Political unrest is a big threat for any company. A sound political environment is required for a sustainable growth in this sector.
	5	Availability fuel for steam generation	Bangladesh is going through natural GAS crisis which might cause problem in textile and garments sector
	6	Social awareness	Social and employee welfare
	7	High water consumption / effluent generation	High water consumption and effluent generation per unit of product
	8	Disposal of solid waste generated from effluent	Sludge waste as by product during the effluent treatment
	9	High inventory cost	Inventory cost goes high if exchange rate fluctuates since raw material for production is mostly imported from abroad.
	10	Chances of high environment pollution	The company established effluent treatment plant to control pollution.



- c) Analysis of the financial statements of last five years with reason(s) of fluctuating revenue/sales, other income, total income, cost of material, finance cost, depreciation and amortization expense, other expense; changes of inventories, net profit before & after tax, EPS etc.

Particulars	01-Apr-16 to 30-Jun-16	01-Apr-15 to 31-Mar-16 (Re-stated)	01-Jan-15 to 31-Mar-15	01-Jan-14 to 31-Dec-14	01-Jan-13 to 31-Dec-13 (Re-stated)	01-Jan-12 to 31-Dec-12	01-Jan-11 to 31-Dec-11
Revenue	756,861,925	2,636,557,896	390,141,810	1,780,751,795	1,878,484,554	1,883,339,590	1,179,310,883
Other Income	12,466,474	8,772,225	749,707	5,278,561	7,611,179	6,517,548	3,484,615
Total Income	769,328,399	2,645,330,121	390,891,517	1,786,030,356	1,886,095,733	1,889,857,138	1,182,795,498
Cost of Material	669,410,501	2,331,681,538	346,930,751	1,576,699,811	1,667,224,358	1,725,232,206	1,067,359,827
Other Expenses	14,230,381	51,242,737	7,666,970	22,651,894	28,880,864	26,144,031	28,103,743
Finance Cost	16,131,226	123,982,237	21,950,951	94,903,033	135,797,935	129,299,474	86,133,559
Depreciation	12,891,947	52,197,137	8,595,248	37,410,904	35,626,136	32,674,511	33,768,610
Amortization	8,898	44,492	-	-	4,643,837	-	-
Inventory	1,184,165,958	1,380,280,441	689,510,352	799,961,176	781,725,397	792,562,751	609,129,692
Changes of Inventory	-14.21%	8.83%	-13.81%	2.33%	-1.37%	30.11%	70.19%
Net profit before tax	59,901,062	147,198,894	14,342,845	91,775,618	54,192,576	2,102,356	1,198,369
Net profit after tax	48,199,648	131,347,828	12,041,477	76,313,041	34,969,372	1,787,003	1,018,614
EPS	0.46	4.37	1.36	8.62	3.95	0.2	0.12

Reason of Fluctuation:

Revenue

Sales of the company was almost steady year to year except in 2012 in which some new modern machineries were introduced in the production line to cope up with the demand for which capacity as well as revenue of the company increased and in 2016 due to amalgamation with Shepherd Yarn Limited. However, a minor dropdown in sales were observed in the year 2014 due to political unrest in the country over the year.

Other Income

Other income consists of interest on FDR, Rental income, Gain/(Loss) of sale of property plant & equipment if any, wastage sales etc. The major reason for fluctuation in other income is for interest from FDR and Gain/(Loss) of sale of property plant & equipment.



Total Revenue

In fact combined effect of revenue and other income are reflected in total income. So the reasons for fluctuation in the revenue and other income as stated above are the reason for fluctuation in total revenue.

Cost of Material

Company's raw material consumption, overhead expenses and cost of production was efficiently managed and the Cost of Goods sold was in a steady level. However a slight cost reduction is seen for which gross profit ratio slightly increased over the years.

Finance Cost

The Company's main source of debt finance is short term loan from bank which mainly depends on the import of raw materials and discounting of export documents. When the sales increase, the company had to import more material from overseas and more discounting of export documents to retain the cash flow unaffected resulting in more short term loan from bank and more finance cost. Finance cost increased in the year 2012 with compared to 2011 due to significant increase in the sales and import. In the year 2014, finance cost decreased considerably due to less discounting of export documents. In 31-03-2016 finance cost again increased for amalgamation with the Shepherd Yarn Limited. However, the company has paid of 40.76 crore short term bank loan which will reduce 6.00 crore (appx) finance cost in the coming years for which time interest earned ratio will be better in the future.

Depreciation and Amortization

The depreciation slightly changed year to year due to some additions the company had made but in the year ended 31-03-2016 and period ended 30-06-2016 depreciation considerably increased due to amalgamation with the Shepherd Yarn Limited. The company had a balance of deferred revenue expenditure for capitalization of pre-operating expenses which was fully amortized in the year 2013.

Other Expenses:

Other expenses were steady year to year but increased in 31-03-2016 due to amalgamation.

Change in Inventory

Inventory level was almost consistent year to year except in the year 2012 and 30-06-2016. In 2012 a considerable growth was in the export sales resulting in more imports. In 31-03-2016 and 30-06-2016 considerable change of inventories of Shepherd Industries Limited were added due to the result of amalgamation.

Net profit before & After Tax and Earning per Share (EPS)

The company's net profit before and after tax considerably increased in the year 2013, 2014, 31-03-2015 & 31-03-2016. In the year 2013, gross profit ratio increased from 8.02% to 11.25% due to reduction the cost of material imported. In 2014, the main reason was for reduction in the finance cost due to less discounting of export documents as stated earlier. The fluctuation in 31-03-2016 is mainly the result of amalgamation with Shepherd Yarn Limited.

As EPS is calculated by dividing net profit after tax by weighted average number of shares and the company's net profit increased year to year for the reason as stated above, EPS of the company increased year to year as there was no considerable allotment of new shares upto 2014. But in 31-3-2016, a considerable allotment of shares was taken place for which EPS decreased.

d) Known trends, demands, commitments, events or uncertainties that are likely to have an effect on the company's business:

Though there are no known trends, events and/or uncertainties that shall have a material impact on the company's future business, the business operation of the Company may be affected by the following events:

- I. Decrease in demand of readymade garments products in the local and International Market,
- II. Increased production cost
- III. Decrease in per unit sales price
- IV. Increased Competition
- V. Scarcity of GAS, Electricity and raw materials
- VI. Govt. Policy Changes towards the industry,
- VII. Political unrest
- VIII. Natural disaster

e) Trends or expected fluctuations in liquidity:

The company has been operating with moderate liquidity. The company is currently enjoying working capital facilities in different modes from various banks, through which it is managing liquidity and meeting the import payments to procuring raw materials to carry out the production.

From the cash flow of the company, it has been revealed that the company can generate sufficient fund internally to service its debt burden and other liabilities also. The company generated operating cash flow of Tk.8,572,280 for the period ended June 30, 2016 to meet its liquidity and obligation.

f) Off-balance sheet agreements those have or likely to have a current or future effect on financial condition:

There are no off-balance sheet agreements those have or likely to have a current or future effect on financial condition.



SECTION (VIII): DIRECTORS AND OFFICERS

a) **Name, Father's Name, age, Residential address, Educational qualification, experience and position of each director and nominated director with nomination period, organization name:**

Name	Father's Name	Age	Residential address	Educational Qualification	Experience	Position	Name of the nominator and duration of nomination
Mr. Kao WEN FU	Kao Ken Yuan	60	4-FL-1, 250, Sec-4, Chung Hsiau, E. RD. Taipei, Taiwan.	BBA	36 Years	Managing Director & Director	N/A
Mr. Chung Wen Kuei	Chung A-Kuei	55	167 Dingcheng 3rd St. Xindia Dist. New Taipei City 23153, Taiwan (R.O.C).	Graduate	28 Years	Chairman	N/A
Lin Chih-Wen, Nominated Director	Lin-Chin-Sheng	55	6F-1, No. 538, Sec-4, Chung Yang, N.RD, Taipei, Taiwan	Graduate	36 Years	Director	Ever Priority Limited (Nominated from 20-04-15 to till date)
Yang Ming TE, Nominated Director	Yang Hsing	61	4-FL-1, 250, Sec-4, Chung Hsiabu Br. Taipei, Taiwan	Graduate	31 Years	Director	Eternal Flame Int'l Co. Inc. (Nominated from 25-02-2016 to till date)
Md. Monzur Alam Khan	Golam Mostafa	46	Suite No. 12/09 & 12/10 (12th Floor), Eastern Commercial complex, 73 Kakrail, Dhaka-1000	LLB (Hons), LLM, Barrister at Law	23 years	Independent Director	N/A

b) **Date of first Directorship and Expiry of Current Tenure of the directors:**

SL	Name of the Director	Position	Date of first Directorship	Date of Expiration of Current term
1	Mr. Kao WEN FU	Director & MD	28.09.2000	AGM of 2021
2	Mr. Chung Wen Kuei	Chairman	12.11.2011	AGM of 2018
3	Lin Chi-Wen, Representative: Ever Priority Ltd	Nominated Director	20.04.2015	AGM of 2017
4	Yang Ming TE, Representative: Eternal Flame Int'l Co. Inc	Nominated Director	25.02.2016	AGM of 2017
5	Md. Monzur Alam Khan	Independent Director	25.02.2016	AGM of 2019

c) **Name of Interest and Involvement in other business/organization of directors:**

Name	Designation	Directorship/Sponsorship/ Ownership with other organization	Type of Business	Position
Mr. Kao Wen Fu	Managing Director	Taiwan Food and Processing Industries Limited	Food Processing	Chairman
		Shepherd Textile (BD) Limited	Textile	Chairman
Mr. Chung Wen Kuei	Chairman	Taiwan Food and Processing Industries Limited	Food Processing	Managing Director
		Shepherd Textile (BD) Limited	Textile	Shareholder
Mr. Yang Ming Te Representative of Eternal Flame Int'l Co. Inc.	Director	N/A	-	Director
Lin Chih-Wen Representative of Ever Priority Limited	Director	N/A	-	Director
Md. Monzur Alam Khan	Independent Director	Legal Professional (Proprietorship Business)	Legal Service	Owner of Law firm

**Involvement in Bangladeshi organizations is considered only.*

- d) Statement of if any Directors of the issuer are associated with the securities market in any manner and any director of the issuer company is also director of any issuer of other listed securities during last three years with dividend payment history and market performance:

Nether any of the director of SIL is associated with the security market in any manner nor become director of other listed securities during last three years.

- e) Family relationship (father, mother, spouse, brother, sister, son, daughter, spouse's father, spouse's mother, spouse's brother, spouse's sister) among the directors and top five officers:

Family relationship among directors:

SL	Name	Designation	Relationships
1	Mr. Kao WEN FU	Director & Managing Director	No family relation with other directors
2	Mr. Chung Wen Kuei	Chairman	No family relation with other directors
3	Li Chin-Wen, Nominated Director of Ever-Priority Limited	Nominated Director	No family relation with other directors
4	Mr. Yang Ming Te Nominated director of Eternal Flame Int'l Co. Inc.	Nominated Director	No family relation with other directors
5.	Md. Monzur Alam Khan	Independent Director	No family relation with other directors

Family relationship among directors and top five officers of the Company:

There are no family relationship among the directors and top five officials of the company.

- f) Brief description of other businesses of the directors:

Mr. Kao WEN FU(Managing Director)

Sl. No.	Name of Companies	Date of Incorporation	Nature of Business	Equity capital	Position
1	Taiwan Food and Processing Industries Limited	22 nd July 2013	Different Types of Food Processing and export.	500,000	Chairman
2	Shepherd Textile (BD) Limited	16 th November 1997	Knit Fabrics Manufacturing.	46,058,800	Chairman
3	Shepherd Industries Limited	21 st August 2000	Dyeing of different count of yarn	1,042,059,860	Managing Director

Chung Wen Kuei (Chairman)

Sl. No.	Name of Companies	Date of Incorporation	Nature of Business	Equity capital	Position
1	Taiwan Food and Processing Industries Limited	22 nd July 2013	Different Types of Food Processing and export.	500,000	Managing Director
2	Shepherd Textile (BD) Limited	16 th November 1997	Knit Fabrics Manufacturing.	46,058,800	Shareholder
3	Shepherd Industries Limited	21 st August 2000	Dyeing of different count of yarn	1,042,059,860	Chairman

Li Chin-Wen (Representative Director of Ever-Priority Limited)

Mr. Lin Chih-Wen is not associated with any other business except Shepherd Industries Limited.

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

Mr. Yang Ming-Te is not associated with any other business except Shepherd Industries Limited.

Mr. Monzur Alam Khan (Independent Director)

Sl. No.	Name of Companies	Date of Commencement	Nature of Business	Equity capital	Position
01	Legal professional	18/09/2014	Law Firm	N/A(Proprietorship business)	Proprietor
02	Shepherd Industries Limited	21 st August 2000	Dyeing of different count of yarn	1,042,059,860	Independent Director

g) Short bio-data of each director:

Mr. Chung Wen Kuei

Chairman

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

Mr. Kao Wen Fu

Managing Director

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

Mr. Lin Chih-Wen

Director

Representative of Ever Priority Ltd.

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

Mr. Yang Ming Te

Director

Representative of Eternal Flame int'l Co. Inc.

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

Mr. Md. Monzur Alam Khan

Independent Director

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

h) Loan status of the issuer, its directors and shareholders who hold 5% or more shares in the paid-up capital of the issuer in terms of the CIB Report of Bangladesh Bank:

Neither the Company nor any of its Directors or shareholders who hold 5% or more shares in the paid up capital of the issuer is loan defaulter in terms of the CIB report of Bangladesh Bank.



- i) Name, position, educational qualification, age, date of joining in the company, overall experience (in year), previous employment, salary paid for the financial year of the CEO, MD, CFO, CS, Advisers, Consultants and all Departmental Heads. If the Chairman, any director or any shareholder received any monthly salary than this information should also be included:

Sl	Name	Position	Educational Qualification	Age	Date of Joining	Overall experience	Previous employment	Salary paid for the Period ended April 01, 2016 to June 30, 2016	Salary paid for the financial year April 01, 2015 to March 31, 2016
1	Mr. Abdul Mannan	Deputy Managing Director& head of Marketing	MBA	49	21.08.2000	25	Rajlakshmi Sweater, CSD	839,555	2,913,002
2	Mr. Md. Ataur Rahman	Chief Financial Officer	B.Com (Hons), M.com, LLB.	48	21.08.2000	19	TOP Stuff Limited, Vanik Bangladesh Limited	772,156	2,679,147
3	Abdullah Al Harun Eusuf	Deputy general Manager and Head of commercial and procurement	MBA	43	21.08.2000	18	Tallu Spinning Mills Limited	599,509	2,080,114
4	Mohammed Abu Zafar	Company Secretary	MBA (Finance)	43	01.08.2005	11	SF Services Limited	276,000	921,520
5	Md. Moklesur Rahman	Factory In-charge	B.Com, LLB	40	01.01.2001	16	N/A	276,000	670,592
6	Md. Delwar Hossai	Tax Consultant	MA in English	65	01.01.2010	35	Commissioner of Taxes (retired)	210,000	840,000
7	Li Zhi Yang	Lab In-Charge	BSc. Hons Chemistry	43	16.02.2016	15	Shepherd Textile (BD) Ltd.	187,200	93,600

*None of the directors including Managing Director and Chairman did not enjoy any facilities from the company during that period.



j) **Changes in the key management persons during the last three years:**

No changes occurred in the key management persons during last three years.

k) **A profile of the sponsors including their names, father's names, age, personal addresses, educational qualifications, and experiences in the business, positions/posts held in the past, directorship held, other ventures of each sponsor and present position:**

Name	Father's Name	Age (years)	Personal address	Educational Qualification	Experience in Years	Position/Post		Other venture of each sponsor and present position
						Present	Past	
Mr. Chen Kuo Kung	Chan Da Lin	66	4FL-1, 250, Sec-4, Chung Hsiao –ERD, Taipei, Taiwan	Special Education from High School	35	-	Director	-
Mr. Cheng Che Seng	Cheng Yen Yuan	61	4FL-1, 250, Sec-4, Chung Hsiao –ERD, Taipei, Taiwan	Graduate	32	Sponsor Shareholder	Director	Shepherd Textile Limited
Ms. Chiu Ching Ping	Chiu Kuing Ming	38	6F. No 1-1, Alley-17, Lane 170, Sec-4, Chung Hsiao ERD. Taipei, Taiwan	MSc. in Finance	16	-	Director	-
Mr. Yang Ming-TE	Yang Hsing	61	4FL-1, 250, Sec-4, Chung Hsiao –ERD, Taipei, Taiwan	Graduate	31	Representative Director	Director	-
Mr. Mafiz Ahmed Bhuiyan	Late Sultan Ahmed Bhuiyan	-	Rose Villa, Flat # C-2, House # 32A, Road-2, Dhanmondi R/A, Dhaka	-	-	-	Managing Director	-
A.K.M Zakir Hossain	Late Md. Abdul Latif	-	62, North Kafrul, Dhaka Cant. Dhaka	Masters in Economics	-	-	Director	-

l) **If the present directors are not the sponsors and control of the issuer was acquired within five years immediately preceding the date of filing prospectus details regarding the acquisition of control, date of acquisition, terms of acquisition, consideration paid for such acquisition etc.**

Name	Acquisition of control	Date of acquisition	Terms of acquisition	Consideration paid for such acquisition
Mr. Kao Wen Fu	Managing Director	28/09/2000	No terms at acquisition	Cash
Mr. Chung Wen Kuei	Chairman	12/11/2011		Cash
Ever Priority Ltd Represented by Lin Chih-Wen	Director	26/07/2009		Cash
Eternal Flame Int'l Co. Inc Represented by Yang Ming TE	Director	14/02/2016		Cash
Md. Monzur Alam Khan	Independent Director	-		Cash

m) **If the sponsors/directors do not have experience in the proposed line of business, the fact explaining how the proposed activities would be carried out/managed:**

All the directors have adequate knowledge to carry out this line of business.

n) **Interest of the key management persons:**

There is no other interest of the key management except that remuneration/salary and allowances paid to them as stated in serial (i) of this section.

o) **All interests and facilities enjoyed by the directors, whether pecuniary or non-pecuniary:**

None of the directors including Managing Director enjoyed any facilities. However the Managing Director has recently received approval from Board of Investment Bangladesh and will start to receive remuneration from July, 2016. Facilities whether pecuniary or non-pecuniary enjoyed by the Directors will remain unchanged during the publication period of the Prospectus except the remuneration paid to the Managing Director. Interest and facility is already disclosed in Executive Compensation of the Prospectus.

p) Number of shares held and percentage of shareholding (pre issue):

Sl.	Name	Position	Total No of Shares	Percentage of Pre-IPO
1	Yang Ming TE	Sponsor & Representative Director of Eternal Flame Int'l Co. Inc.	1,320,000	1.27%
2	Kao Wen FU	Managing Director	3,717,549	3.57%
3	Ever Priority Ltd.	Director	43,035,650	41.30%
4	Mr. Cheng Che Seng	Sponsor	1,720,680	1.65%
5	Mr. Chung Wen Kuei	Chairman	3,261,415	3.13%
6	Eternal Flame Int'l Co. Inc.	Director	10,886,580	10.45%
7	Mr. Md. Abdul Mannan	Deputy Managing Director	1,100,000	1.06%
Total			65,041,874	62.43%

q) Change in board of directors during last three years:

Changes in the board of directors during last three years are as under:

Name	Previous position	Current Position	Remarks
Ms. Chiu Ching Ping	Director	-	Left the company by transferring entire shares on 26/09/2013
Mr. Chung Wen Kuei	Director	Chairman	Joined the board as chairman on 14/02/2016
Mr. Kao Wen FU	Managing Director & Chairman	Managing Director	Resigned from the post of Chairman and holding the office of Managing Director only from 14/02/2016
Mr. Yang Ming Te	Director	Representative Director of Eternal Flame Int'l Co. Inc.	Resigned from the post of shareholder director and joined the board as representative of Eternal Flame Int'l Co. Inc. on 25/02/2016
Mr. Cheng Che Seng	Shareholding Director	Shareholder	Resigned from the post of the Director on 25/02/2016
Md. Monzur Alam Khan	-	Independent Director	Joined the board of Shepherd Industries Limited on 25/02/2016 to ensure corporate governance within the industries
Mr. Shih Hsui Feng & Ms. Chien U Huan	Representative Director of Ever Priority Ltd.	Withdrawn	Withdrawn by Ever priority Ltd on 20/04/2015
Mr. Lin Chih-Wen	-	Representative Director of Ever Priority Ltd.	Joined the board as director on 20/04/2015

r) Director's engagement with similar business:

None of the Directors are involved with similar business.



SECTION (IX): CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

a. Description of any transaction during the last five years, or any proposed transactions certified by the auditors, between the issuer and any of the following persons, giving the name of the persons involved in the transaction, their relationship with the issuer, the nature of their interest in the transaction and amount of such interest.

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This is to certify that the Financial Statements of Shepherd Industries Limited furnished for our audit does not have any transaction during the last five years, or any proposed transaction, between the issuer and any of the following persons:

- (i) Any director or sponsor or executive officer of the issuer
- (ii) Any person holding 5 % or more of the outstanding shares of the issuer
- (iii) Any related party or connected person of any of the above persons

Except the transactions described in the following table:

	Relationship	Nature of Transaction	30-Jun-16	31-Mar-16	01-Apr-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
Shepherd Textile (Bd) Ltd.	Common Management	Intercompany Loan	15,100,000	29,100,000	221,665,109	156,407,111	108,801,074	142,126,879	130,714,477
		Sale of Land	-	(27,640,000)	-	-	-	-	-
		Rental Income	(324,615)	(1,220,929)	-	-	-	-	-
Shepherd Yarn Ltd.	Common Management	Intercompany Loan	-	-	-	176,412,296	126,461,362	85,788,138	97,085,507
Shepherd Electric Ltd.	Previously Common Management but at present no relationship	Intercompany Loan	-	-	-	-	793,132	793,132	793,132
Shepherd Asia Zipper Ltd.			-	-	-	-	13,991,477	13,991,477	13,991,477
Shepherd Apparels Washing Limited			-	-	-	-	38,920	38,920	38,920
Fancy Yarn Department	Connected Entity	Advance for Purchase	-	-	-	-	-	-	145,117
Bentech Chemical Co. Ltd.	Connected Entity	Advance for Purchase	-	-	-	-	-	30,083	-
Taiwan Food & Processing Industries Ltd.	Common Management	Intercompany Loan	-	-	57,684,848	38,919,589	10,754,639	-	-
		Investment	62,000,000	62,000,000	-	-	-	-	-
		Rental Income	(199,650)	(728,116)	-	-	-	-	-
Eternal Flame Int'l Co. Inc.	Director	Long Term Foreign Loan	-	-	(38,505,032)	(38,505,032)	(38,505,032)	(38,505,032)	(38,505,032)
		Interest on Foreign Loan	-	(11,625,225)	(19,252,542)	(19,252,542)	(17,327,286)	(15,402,030)	(13,476,774)
		Share Money deposit	(4,351,405)	(4,351,405)	(127,605,337)	(108,864,801)	(108,864,801)	(108,864,801)	(108,864,801)
Kao Wen Fu	Managing Director	Share Money deposit	(10,554,794)	(10,554,794)	(10,849,017)	(294,223)	(294,223)	(294,223)	(294,223)
Ever Priority Limited	Director	Share Money deposit	(18,786,859)	(18,786,859)	(327,914,080)	(323,556,499)	(279,739,651)	(279,739,651)	(279,739,651)
Chen Che Seng	Sponsor	Share Money deposit	(6,597)	(6,597)	(300,820)	(294,223)	(294,223)	(294,223)	(294,223)
Chung wen Kuei	Chairman	Share Money deposit	(29,278)	(29,278)	(9,669,431)	(9,640,153)	(9,640,153)	(9,640,153)	(7,971,572)
Mr. Yang Ming Te	Sponsor	Share Money deposit	-	-	(294,223)	(294,223)	(294,223)	(294,223)	(294,223)
Ms Chiu Ching Ping	Ex-Director/Sponsor	Share Money deposit	-	-	(294,223)	(294,223)	(294,223)	(294,223)	(294,223)

** Figures in brackets indicates credit balances.

** Balance amount of share money deposit of Eternal Flame Int'l Co. Inc., Kao Wen Fu, Ever Priority Limite and Chen Che Seng trasferred to loan from shareholder during the period ended June 30, 2016

Place: Dhaka

Date: 25 September 2016

SD/-
MAHFEL HUQ & CO
Chartered Accountants



b. Any transaction or arrangement entered into by the issuer or its subsidiary or associate or entity owned or significantly influenced by a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of the prospectus:

There is no transaction or arrangement entered into by the issuer or its subsidiary or associate or entity owned or significantly influenced by a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of the prospectus except the transaction mentioned in the section IX (a).

c. Any loans either taken or given from or to any director or any person connected with the director, clearly specifying details of such loan in the prospectus, and if any loan has been taken from any such person who did not have any stake in the issuer, its holding company or its associate concerns prior to such loan, rate of interest applicable, date of loan taken, date of maturity of loan, and present outstanding of such loan:

The company has not taken from or given to any loans to any director or any person connected with the director except loan taken from or given to related entity mentioned below:

	Relationship	Nature of Transaction	30-Jun-16	31-Mar-16	01-Apr-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
Shepherd Textile (Bd) Ltd.	Common Management	Intercompany Loan	15,100,000	29,100,000	221,665,109	156,407,111	108,801,074	142,126,879	130,714,477
		Sale of Land	-	(27,640,000)	-	-	-	-	-
		Rental Income	(324,615)	(1,220,929)	-	-	-	-	-
Shepherd Yarn Ltd.	Common Management	Intercompany Loan	-	-	-	176,412,296	126,461,362	85,788,138	97,085,507
Shepherd Electric Ltd.	Previously Common Management but at present no relationship	Intercompany Loan	-	-	-	-	793,132	793,132	793,132
Shepherd Asia Zipper Ltd.			-	-	-	-	13,991,477	13,991,477	13,991,477
Shepherd Apparels Washing Limited			-	-	-	-	38,920	38,920	38,920
Fancy Yarn Department	Connected Entity	Advance for Purchase	-	-	-	-	-	-	145,117
Bentech Chemical Co. Ltd.	Connected Entity	Advance for Purchase	-	-	-	-	-	30,083	-
Taiwan Food & Processing Industries Ltd.	Common Management	Intercompany Loan	-	-	57,684,848	38,919,589	10,754,639	-	-
		Investment	62,000,000	62,000,000	-	-	-	-	-
		Rental Income	(199,650)	(728,116)	-	-	-	-	-
Eternal Flame Int'l Co. Inc.	Director	Long Term Foreign Loan	-	-	(38,505,032)	(38,505,032)	(38,505,032)	(38,505,032)	(38,505,032)
		Interest on Foreign Loan	-	(11,625,225)	(19,252,542)	(19,252,542)	(17,327,286)	(15,402,030)	(13,476,774)
		Share Money deposit	(4,351,405)	(4,351,405)	(127,605,337)	(108,864,801)	(108,864,801)	(108,864,801)	(108,864,801)
Kao Wen Fu	Managing Director	Share Money deposit	(10,554,794)	(10,554,794)	(10,849,017)	(294,223)	(294,223)	(294,223)	(294,223)
Ever Priority Limited	Director	Share Money deposit	(18,786,859)	(18,786,859)	(327,914,080)	(323,556,499)	(279,739,651)	(279,739,651)	(279,739,651)
Chen Che Seng	Sponsor	Share Money deposit	(6,597)	(6,597)	(300,820)	(294,223)	(294,223)	(294,223)	(294,223)
Chung wen Kuei	Chairman	Share Money deposit	(29,278)	(29,278)	(9,669,431)	(9,640,153)	(9,640,153)	(9,640,153)	(7,971,572)
Mr. Yang Ming Te	Sponsor	Share Money deposit	-	-	(294,223)	(294,223)	(294,223)	(294,223)	(294,223)
Ms Chiu Ching Ping	Ex-Director/Sponsor	Share Money deposit	-	-	(294,223)	(294,223)	(294,223)	(294,223)	(294,223)



SECTION (X): EXECUTIVE COMPENSATION

- a) The total amount of remuneration/salary/perquisites paid to the top five salaried officers of the issuer in the last accounting year and the name and designation of each such officer:

SL	Name	Designation	Salaries for the period ended April 01, 2016-30 June, 2016 (Taka)	Salaries for the year ended 31 March 2016 (Taka)
1	Mr. Md. Abdul Mannan	Deputy Managing Director	839,555	2,913,002
2	Mr. Md. Ataur Rahman	Chief Financial Officer	772,156	2,679,147
3	Mr. Abdullah Al Harun Eusuf	Deputy General Manager& Head of Commercial and Procurement	599,509	2,080,114
4	Mohammed Abu Jafar	Company Secretary	276,000	921,520
5	Mr. Moklesur Rahman	Factory In-Charge	276,000	670,592
Total			2,763,220	9,264,375

- b) Aggregate amount of remuneration paid to all directors and officers as a group during the last accounting year:

Sl.	Particular	Nature of Payments	Remuneration for the period ended April 01, 2016-30 June, 2016 (Taka)	Remuneration for the Year ended March 31, 2016 (Taka)
1.	Directors	Remuneration	Nil	Nil
2.	Officers and Staffs	Salary and Allowances	16,288,826	45,194,796
Total			16,288,826	45,194,796

- c) If any shareholder director received any monthly salary/perquisite/benefit it must be mentioned along with date of approval in AGM/EGM, terms thereof and payments made during the last accounting year:

No Shareholder Director of the company received any remuneration or perquisite benefit of Shepherd Industries Limited during the period ended June 30, 2016.

- d) The board meeting attendance fees received by the director including the managing director along with date of approval in AGM/EGM:

The Board of Directors did not receive any board meeting attendance fees.

- e) Any contract with any director or officer providing for the payment of future compensation:

There is no such contract between the company and any of directors or officers regarding any future compensation to be made to them.

- f) If the issuer intends to substantially increase the remuneration paid to its directors and officers in the current year, appropriate information regarding thereto:

The company has no plan for substantially increasing remuneration to its directors and/or officers except for those that are paid as annual increment to their salaries.

- g) Any other benefit/facility provided to the above persons during the last accounting year:

No other benefit/facility provided to the above persons during the last accounting year.

SECTION (XI): OPTIONS GRANTED TO DIRECTORS, OFFICERS AND EMPLOYEES

The Shepherd Industries Limited did not grant any options to its directors, officers and/or any other employees for the purpose of issuing shares.

SECTION (XII): TRANSACTION WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

- (a) a) The names of the directors and subscribers to the memorandum, the nature and amount of anything of value received or to be received by the issuer from the above persons, or by the said persons, directly or indirectly, from the issuer during the last five years along with the description of assets, services or other consideration received or to be received;

The Directors and subscribers to the memorandum have not received any benefits directly or indirectly during the last five years except allotment of share against cash and other than cash as stated in Section i(g) of the prospectus.

- (b) **Directors and Subscribers' Assets to the Company:**

The issuer also has not received any assets, services or other considerations from its Directors and subscribers to the memorandum except assets against allotment through amalgamation with Shepherd Yarn Limited and land purchased from Mr. Mafiz Ahamed Bhuiyan following arms length transaction. Details of the purchase from Mr. Mafiz Ahamed Bhuyian (Former sponsor Director and Shareholder) are as under:

SI	Names of the persons from whom the lands have been acquired	Deed No	Date	Area(Decimal)	Cost of Acquisition	Relation
1	Md. Mafiz Ahamed Bhuiyan (Former sponsor Shareholder and former Managing Director of the company)	4335	28-04-2011	432	39,931,000	Sponsor Director (left the. company by transferring his entire shares)

Cost of acquisition of the aforesaid land amounting Tk. 39,931,000 was paid earlier only registration cost amounting Tk. 3,995,225 was paid during the year.

SECTION (XIII): OWNERSHIP OF THE COMPANY'S SECURITIES

- a) The names, addresses, BO ID Number of all shareholders of the company before IPO, indicating the amount of securities owned and the percentage of the securities represented by such ownership:

Sl.	Name of the Shareholders	Position	Address	BO ID	No. of Share	Percentage	
						Pre-IPO	Post-IPO
1	Yang Ming TE	Sponsor Shareholder	4FL-1, 250, Sec-4, Chung Hsiau –ERD, Taipei, Taiwan	1605550061237900	1,320,000	1.27%	1.06%
2	Kao Wen FU	Managing Director	4FL-1, Sec-4, Chung Hsiau E Rd, Taipei, Taiwan (ROC), N/A	1605550061233739	3,717,549	3.57%	2.99%
3	Ever Priority Ltd	Director	6F-1, No.538, Sec-4, Chung Yang N Rd, Taipei, Taiwan, N/A	1605550061246691	43,035,650	41.30%	34.65%
4	Mr. Cheng Che Seng	Sponsor Shareholder	4-FL-1, 250, SEC-4, Chung Hsiau, East Road, Taipei, Taiwan, N/A	1605550061237927	1,720,680	1.65%	1.39%
5	Mr. Chung Wen Kuei	Chairman	167 Dingcheng 3rd ST, Xindlan Dist KL, New City 23153, Taiwan, N/A	1605550061237895	3,261,415	3.13%	2.63%
6	Mr. Seng Ming Hsiung	Shareholder	2F., No.10, WANGZI 5 th st Zhongli Street, TAOYUAN City, 320, Taiwan (R.O>C)	1605550061237919	560	0.00%	0.00%
7	Eternal Flame International co. Inc	Director	4FL-250, Sec-4, Chung Hsiau E Rd, Taipei, Taiwan, N/A	1605550061246705	10,886,580	10.45%	8.76%
8	CHANG, HUNG-JUNG	Shareholder	NO 5, Ln. 37, Fengshu 6th St., Guishan Dist., Taoyuan City 333, Taiwan (R.O.C.), N/A	1605550061222282	250,000	0.24%	0.20%
9	CHANG, SHIH-LIN	Shareholder	12F.' NO.210, Xinfu- Rd., Fengshan Dist., Kaohsiung City 830, Taiwan	1605550061222365	903,500	0.87%	0.73%

			(R.O.C.) , N/A				
10	CHANG, SHU-LING	Shareholder	3F NO.7, Aly. 37, Ln. 600, Wuxing St., Dist., Xinyi Dist Taipei City 110, Taiwan (R.O.C.) , N/A	1605550061222258	661,761	0.64%	0.53%
11	CHEN HUANG, LEE-BE	Shareholder	4F., NO..17, Ln. 1,Xindong St., Songshan Dist., Taipei City 105, Taiwan (R.O.C.) , N/A	1605550061222241	1,787,735	1.72%	1.44%
12	CHEN XIAO YUAN	Shareholder	Flat NO 402, Building 85, Huatai, Garden No-2, Daqiao, Jangyin City, Jiangsu Province,China, N/A	1605550061233811	600,000	0.58%	0.48%
13	CHEN, CHEN-YEN	Shareholder	NO.39, Haojin Rd.,Puyan Township,Changha County 516, Taiwan (R.O.C.) , N/A	1605550061222381	3,209,115	3.08%	2.58%
14	CHEN, SHU-FEN	Shareholder	3F., NO.111-6, Sec. 1, Chongyang Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.) , N/A	1605550061222274	1,400,000	1.34%	1.13%
15	HUANG, CHENG-FEI	Shareholder	4F., No.911, Sec. 4, Bade Rd., Nangang Dist, Taipei City 115, Taiwan (R.O.C.) , N/A	1605550061222266	1,632,456	1.57%	1.31%
16	KAO CHI FU	Shareholder	9F., No.106, Sec. 2, Hankou St.,Wanhua Dist., Taipei City 108, Taiwan (R.O.C.) , N/A	1605550061233747	300,000	0.29%	0.24%
17	KAO, CHUN-CHE	Shareholder	No. 12, Ln. 171, Sec. 1, Daye Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.) , N/A	1605550061222357	1,807,001	1.73%	1.45%
18	KANG OK LEE	Shareholder	703 HO, Hwanggyng Plaza Building 318-5,Shinjeongl, Dong,Yang Cheou-Ku, Seoul, Korea , N/A	1605550061233781	2,000,000	1.92%	1.61%
19	LEE, HUEI-CHUN	Shareholder	10F. No.16, Ln. 201, Huaide St., Bancqiao -Dist., New Taipei City 220, Taiwan (R.O.C.) , N/A	1605550061222373	903,501	0.87%	0.73%
20	LI, HSING-CHIEH	Shareholder	10F, NO 15. Jinming St., Luzhu Dist., Taoyuan City,338, Taiwan (R.O.C.) , N/A	1605550061222330	652,665	0.63%	0.53%
21	LIANG, XIAO PING	Shareholder	301,Unit 1, Building 1,NO.138, Jiefang South Road, Chengzhong Zone, Liuzhou,Guangxi,China, N/A	1605550061233755	1,050,000	1.01%	0.85%
22	LIN, WEN-YU	Shareholder	NO.21 ,Tianshui W. 3rd St., Xltun Dist., Taichung City 407, Taiwan (R.O.C.) , N/A	1605550061222231	3,974,048	3.81%	3.20%
23	LIU SHUANG-CHUAN ,	Shareholder	NO.38-30,Lancheng Rd.,Yuanshan Township, Yilan County 264, Taiwan (R.O.C.) , N/A	1605550061222306	2,500,000	2.40%	2.01%
24	LIU, LIANG-CHING	Shareholder	NO..13, Liucuo, Xigang, Dist., Tainan City 723, Taiwan (R.O.C.) , N/A	1605550061233720	700,000	0.67%	0.56%
25	THITIPONG APITANOTA	Shareholder	3056 Moo.14 Soi Santikam 8, Sukhumvit 109 Rd., North Samrong, Muang, Samutprakarn. 10270 , N/A	1605550061233771	1,160,000	1.11%	0.93%
26	TSENG YA FEN	Shareholder	4F.,,No.40, Qiaozhong 2nd	1605550061222314	2,428,750	2.33%	1.96%

			St., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.), N/A				
27	WANG CHUN TA	Shareholder	19F, NO.181 Sec.2 Wenhua 2nd Rd., Linkou Dist, New Taipei City 24458 Taiwan (R.O.C.),N/A	1605550061233798	250,000	0.24%	0.20%
28	YANG BO-CHEN	Shareholder	9F., NO.2-1, Zhongzheng Rd., Luzhu Dist, Taoyuan City 338, Taiwan (R.O.C.), N/A	1605550061222322	652,665	0.63%	0.53%
29	YANG, WAN-CHUN	Shareholder	6F.,NO.5, Sec. 2, Roosevelt Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.), N/A	1605550061222290	960,000	0.92%	0.77%
30	YAO JIAN ZHONG	Shareholder	N0,12 Renmin Road,Wutong Street,Tongxiang City,Theliang Province, China , N/A	1605550061233763	1,160,000	1.11%	0.93%
31	YIN, SHIH-WEN	Shareholder	4F., NO.3, Ln. 36, Shuiyuan St. Yonghe Dist., New Taipei City 234, Taiwan (R.O.C.), N/A	1605550061222349	3,220,355	3.09%	2.59%
32	MD.ABDUL MANNAN	Shareholder	House-10 Road-3 Sector-11 Uttara Dhaka-1230 , Dhaka	1605550061246713	1,100,000	1.06%	0.89%
33	ABU SALEH ABDUL MUIZ	Shareholder	Bakali House, House - 32, Flat - 5B, Road-116, Gulshan-01,, Dhaka	160555007748542	500,000	0.48%	0.40%
34	A. H. ENTERPRISE	Shareholder	79/2, East Rampura, Dhaka , Dhaka	1605550061258214	750,000	0.72%	0.60%
35	SYEDA LULU MUBIN	Shareholder	House- 08, Road- 11, Block - E, Banani, Dhaka	1605550061455590	350,000	0.34%	0.28%
36	NAHID CHOWDHURY	Shareholder	Apt-B3, House-52, Road 8/A, Dhanmondi R/A, Dhaka-1209. ,Dhaka	1605550057725605	500,000	0.48%	0.40%
37	KONIKA KAISER	Shareholder	House -- 29; Road -13, Block -G, Niketon, Gulshan, Dhaka , Dhaka	1605550061258206	100,000	0.10%	0.08%
38	Md. DELWAR HOSSAIN	Shareholder	House 32, Road - 04, Block - D, Banasree housing Project, Rampura, Dhaka , Dhaka	1203190011732275	100,000	0.10%	0.08%
39	AGRO ATMOSPHERE LTD	Shareholder	296 , Free School Street (Ground Floor) , Kathalbagan Dhaka- 1205, Dhaka	1205690057925356	750,000	0.72%	0.60%
40	J. K. ENTERPRISE LTD	Shareholder	34, Atish Dipankar Road, Sabujbag, Bashabo, Dhaka-1214, Dhaka	1203680060785393	850,000	0.82%	0.68%
41	NADIA SHAH	Shareholder	1A Summit Heaven, H-32, Road # 9A, Dhanmondi, R/A, Dhaka , Dhaka	1605550049331348	600,000	0.58%	0.48%
42	NUSRAT JAHAN RIMI	Shareholder	90, Kalabagan, 2nd Lane, New Market-1205, Dhaka., Dhaka	1605550050533472	300,000	0.29%	0.24%
43	MOHAMMAD ZULKER NAIM	Shareholder	12 Gausul Azam Avenue, Sector # 13, Uttara, Dhaka-1230 , Dhaka	1605550047499471	200,000	0.19%	0.16%
				Total	104,205,986	100.00%	84%



b) There shall also be a table showing the name and address, age, experience, BO ID Number, TIN number, numbers of shares held including percentage, position held in other companies of all the directors before the public issue:

Sl.	Name of the Shareholders	Address	Age	Experience	BO ID	TIN	No. of Share	(%)	Position held in other organization	
									other organization	Position
1	Kao Wen FU	4FL-1, Sec-4, Chung Hslau E Rd, Taipei, Taiwan (ROC) , N/A	60	36 Years	1605550061233739	266448414596	3,717,549	3.57%	Taiwan Food and Processing Industries Limited	Chairman
									Shepherd Textile (BD) Limited	
2	Lin Chih-Wen Representative of Ever Priority Ltd	6F-1, No.538, Sec-4, Chung Yang N Rd, Taipei, Taiwan , N/A	55	36 Years	1605550061246691	**	43,035,650	41.30%	Shepherd Industries Limited	Director
									Ever Priority Limited	
3	Mr. Chung Wen Kuei	167 Dingcheng 3rd ST, Xindlan Dist KL , New City 23153, Taiwan , N/A	55	28 Years	1605550061237895	**	3,261,415	3.13%	Taiwan Food and Processing Industries Limited	Managing Director
									Shepherd Textile (BD) Limited	Shareholder
4	Eternal Flame Int'l. Co. Inc. Represented by Yang Ming Te	4FL-250, Sec-4, Chung Hsiau E Rd, Taipei, Taiwan , N/A	61	31 Years	1605550061246705	**	10,886,580	10.45%	Shepherd Industries Limited	Director
5	Md. Monzur Alam Khan	Suite No: 12/9, Eastern Commercial Complex, 73 Kakrail, Dhaka-1000	46	23 years	-	131825935568	-	0.00%	Md. Monzur Alam khan, Barrister-at-Law	Independent Director

** No Tin number in Bangladesh as the directors are not working in Bangladesh and not receiving any remuneration.

c) The average cost of acquisition of equity shares by the directors certified by the auditors:

To Whom It May Concern

This is to certify that the shares in the equity of **Shepherd Industries Limited** have been allotted at face value in cash and other than cash and the average cost of acquisition of equity by the directors is Tk. 10.00 each. Name wise shareholdings position, allotment date and consideration are given below:

Date of Allotment	Allotment/ Transfer	Chen Kuo Kung	Chiu Ching Ping	Mafiz Ahmed Bhuiyan	A.K.M. Zakir Hossain	Neaz Ahmed Bhuiyan	Ms. Mahanur Ummel Ara	Yang Ming TE	Kao Wen FU	Ever Priority Ltd	Cheng Che Seng	Chung Wen Kuei	Shen Ming Hsiung	Eternal Flame International	Consideration	Face value of Share (Tk.)
01/08/2000 (Incorporation)	Allotment	10,000	10,000	10,300	10,300			10,000	-	-	10,000	-	-	-	Cash	10
28-Sep-2000	Transfer	(10,000)							10,000		-	-	-	-	Cash	10
01-Jul-02	Allotment		1,310,000	1,349,700	1,349,700			1,310,000	1,310,000	-	1,310,000	-	-	-	Cash	10
09-Aug-05	Transfer				(1,360,000)	200,000	1,160,000								Cash	10
26-Jul-09	Transfer			(1,360,000)		(200,000)	(1,160,000)		-	2,720,000	-	-	-	-	Cash	10
12-Nov-11	Allotment							-	-	-	-	857,400	-	-	Cash	10
26-Sep-13	Transfer		(1,320,000)							1,320,000					Cash	10
01-Apr-15	Allotment (Amalgamation)							-	1,780,660	6,640,000	400,680	1,440,000	660	-	Other than Cash	10
17-May-15	Transfer							-	-	-	-	-	(100)	100	Cash	10
14-Feb-16	Allotment							-	616,889	32,355,650		964,015		10,886,480		10
Total Shareholding:		-	-	-	-	-	-	1,320,000	3,717,549	43,035,650	1,720,680	3,261,415	560	10,886,580		

**Face value of company's share was Tk. 100/- each and was converted in to Tk. 10/- vide EGM dated June 08, 2015; Face value of shares on the above table was considered as Tk. 10/- for better presentation.*

Place: Dhaka
Date: May 09, 2016

Sd/-
Mahfel Huq & Co.
Chartered Accountants



Shepherd Industries Limited

d) A detail description of capital built up in respect of shareholding (name-wise) of the issuer's sponsors/ directors. In this connection, a statement to be included: -

Yang Ming Te

Date of Allotment/ Transfer of fully paid- up shares	Consideration	Nature of issue	No. of Equity shares	Face value	Issue Price/Acquisition Price/Transfer Prices	Cumulative no. of Equity shares	% Pre- issue paid up capital	% Post issue paid up capital	Sources of fund
MOA & AOA	Cash	Ordinary Share	10,000	10	10	10,000	1.27%	1.06%	Own Source
01-Jul-02			1,310,000			1,320,000			

Kao Wen Fu

Date of Allotment/ Transfer of fully paid- up shares	Consideration	Nature of issue	No. of Equity shares	Face value	Issue Price/Acquisition Price/Transfer Prices	Cumulative no. of Equity shares	% Pre- issue paid up capital	% Post issue paid up capital	Sources of fund
01-Jul-02	Cash	Ordinary Share	1,310,000	10	10	1,310,000	3.57%	2.99%	Own Source
28-09-2000 (Transfer)	Cash		10,000			1,320,000			
01/04/2015 (Amalgamation)	Other than Cash		1,780,660			3,100,660			
14-Feb-16	Cash		616,889			3,717,549			

Ever Priority Ltd. (represented by Lin Chi-Wen)

Date of Allotment/ Transfer of fully paid- up shares	Consideration	Nature of issue	No. of Equity shares	Face value	Issue Price/Acquisition Price/Transfer Prices	Cumulative no. of Equity shares	% Pre- issue paid up capital	% Post issue paid up capital	Sources of fund
(26-09-2013) Transfer	Cash	Ordinary Share	1,320,000	10	10	1,320,000	41.30%	34.65%	Own Source
26-Jul-09	Cash		2,720,000			4,040,000			
01/04/2015 (Amalgamation)	Other than Cash		6,640,000			10,680,000			
14-Feb-16	Cash		32,355,650			43,035,650			

Cheng Che Seng

Date of Allotment/ Transfer of fully paid- up shares	Consideration	Nature of issue	No. of Equity shares	Face value	Issue Price/Acquisition Price/Transfer Prices	Cumulative no. of Equity shares	% Pre- issue paid up capital	% Post issue paid up capital	Sources of fund
01/08/2000 (Incorporation)	Cash	Ordinary Share	10,000	10	10	10,000	1.65%	1.39%	Own Source
01-Jul-02	Cash		1,310,000			1,320,000			
01/04/2015 (Amalgamation)	Other than Cash		400,680			1,720,680			

Chung Wen Kuei

Date of Allotment/ Transfer of fully paid- up shares	Consideration	Nature of issue	No. of Equity shares	Face value	Issue Price/Acquisition Price/Transfer Prices	Cumulative no. of Equity shares	% Pre- issue paid up capital	% Post issue paid up capital	Sources of fund
12-Nov-11	Cash	Ordinary Share	857,400	10	10	857,400	3.13%	2.63%	Own Source
01/04/2015 (Amalgamation)	Other than Cash		1,440,000			2,297,400			
14-Feb-16	Cash		964,015			3,261,415			

Eternal Flame Int'l Co. Inc.(represented by Yang Ming-TE)									
Date of Allotment/ Transfer of fully paid- up shares	Consideration	Nature of issue	No. of Equity shares	Face value	Issue Price/Acquisition Price/Transfer Prices	Cumulative no. of Equity shares	% Pre- issue paid up capital	% Post issue paid up capital	Sources of fund
Transferred from Shen Ming Hsiung 17/05/2015	Cash	Ordinary Share	100	10	10	100	10.45%	8.76%	Own Source
14-Feb-16			10,886,480			10,886,580			

**Face value of company's share was Tk. 100/- each and was converted in to Tk. 10/- vide EGM dated June 08, 2015; Face value of shares on the above table was considered at Tk. 10/-.*



Shepherd Industries Limited

e) Detail of shares issued by the company at a price lower than the issue price:

All the shares are issued by the Company at face value of Tk. 10.00 before this issue.

f) History of significant (5% or more) changes in ownership of securities from inception:

Date of Transfer	Name of the Shareholders	Transferred Quantity	% of Transferred	Balance of Shareholding	Name of the Shareholders	Transferred quantity	% received	Balance Shareholding
28/09/2000	Chun Kuo Keng	10,000	16.50%	-	Kao Wen Fu	10,000	16.50%	10000
09/08/2005	A K M Zakir Hossain	1,360,000	17.00%	-	Neaz Ahmed Bhuyian	200,000	2.50%	200,000
					Mahnur Ummel Ara	1,160,000	14.50%	1,160,000
26/07/2009	Mafiz Ahmed Bhuyian	1,360,000	17.00%	-	Ever Priority Limited	1,360,000	17.00%	1,360,000
26/07/2009	Neaz Ahmed Bhuyian	200,000	2.50%	-	Ever Priority Limited	200,000	2.50%	1,560,000
26/07/2009	Mahnur Ummel Ara	1,160,000	14.50%	-	Ever Priority Limited	1,160,000	14.50%	2,720,000
26/09/2013	Chiu Ching Ping	1,320,000	14.90%	-	Ever Priority Limited	1,320,000	14.90%	4,040,000

GSECTION (XIV): CORPORATE GOVERNANCE

a) Management disclosure regarding compliance with the requirements of Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission (BSEC);

The Company declares that it has been complied with the requirements of the applicable regulations of Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC) and accordingly constitutes several committees under the board for good governance. A certificate of compliance from competent authority has been incorporated accordingly.

Sd/-

Kao Wen Fu

Managing Director

Shepherd Industries Limited

b) A compliance report of Corporate Governance requirements certified by competent authority;

CERTIFICATE ON CORPORATE GOVERNANCE COMPLIANCE OF SHEPHERD INDUSTRIES LIMITED

We have examined the compliance to the BSEC guidelines on Corporate Governance by **Shepherd Industries Limited** for the period from April 01, 2016 to June 30, 2016. These guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 and subsequently amended through their notification no. SEC/CMRRCD/2006-158/147/Admin/48 dated July 21, 2013 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of the company. Our examination was limited to the procedures and implementation thereof as adopted by the management in ensuring compliance to the conditions of Corporate Governance.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines is issued by BSEC.

Place -Dhaka.

Date- September 25, 2016

Sd/-

Aftab Ahmed & Co.

Chartered Accountants

Status of compliance with the conditions of Corporate Governance Guidelines as set by Bangladesh Securities and Exchange Commission (BSEC) by the Notification No SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 and subsequently amended through their notification no. SEC/CMRRCD/2006-158/147/Admin/48 dated July 21, 2013 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1.	Board of Directors:			
1.1	Board's Size			
	The number of the board members of the company shall not be less than 5(Five) and more than 20 (Twenty).	√		
1.2	Independent Directors:			
1.2(i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	√		Appointment Date of Independent Director 25.02.2016
1.2(ii) a)	Does not hold any share in the company or holds less than one present (1%) shares of the total paid-up shares of the company;	√		
1.2(ii) b)	The independent director does not a sponsor of the company and is not connected with company's any Sponsor/ Director/ Shareholder who hold one present (1%) or more shares of the total paid -up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares of the company.	√		
1.2.(ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	√		
1.2(ii) d)	Not a member, director or officer of any stock exchange;	√		
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	√		
1.2(ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3(three) years of the concern company's statutory audit firm;	√		
1.2(ii) g)	Not be an independent director in more than 3 (three) listed companies;	√		
1.2(ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);	√		
1.2(ii) i)	Not been convicted for a criminal offence involving moral turpitude.	√		
1.2(iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	√		Appointed by the board of Director on 25.02.2016 and Approved by shareholders in AGM
1.2(iv)	Not remain vacant for more than 90 (ninety) days.	√		
1.2(v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		
1.2(vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	√		
1.3	Qualification of Independent Director (ID)			
1.3(i)	Independent director shall be knowledgeable individual with integrity who is able to ensure compliance with financials, regulatory and corporate laws and can make meaningful contribution to	√		

	business.			
1.3(ii)	The person should be a Business Leader/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants and Chartered Secretaries. The Independent director must have a least 12 (twelve) years of corporate management/professional experiences.	✓		
1.3(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the commission.			N/A
1.4	Chairman of the Board and Chief Executive Officer			
	The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the chairman and the Chief Executive Officer.	✓		
1.5	The Directors' Report to Shareholders:			
	The director of the company shall include the following additional statements in the Director' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994)	✓		
1.5(i)	Industry outlook and possible future developments in the industry.	✓		
1.5(ii)	Segment-wise or product-wise performance.			N/A
1.5(iii)	Risks and concerns.	✓		
1.5(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	✓		
1.5(v)	Discussion on continuity of any Extra-ordinary gain or loss.			N/A
1.5(vi)	Basis for related party transactions- a statement of all related party transaction should be disclosed in the Annual Report.	✓		
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.			N/A
1.5(viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc.			N/A
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.			N/A
1.5(x)	Remuneration to directors including independent directors.	✓		
1.5(xi)	The Financial Statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operation, cash flows and changes in equity.	✓		
1.5(xii)	Proper books of accounts of the issuer company have been maintained.	✓		
1.5(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓		
1.5(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be	✓		

	disclosed.			
1.5(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.			N/A
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
1.5(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	√		Due to business expansion dividend was not declared
1.5(xx)	Number of board meetings held during the year and attendance by each director shall be disclosed.	√		
1.5(xxi)	Pattern of shareholding shall be reported to disclose the aggregate number of shares held by:			
1.5(xxi)a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details).	√		
1.5(xxi)b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		Only director hold share of the company
1.5(xxi)c)	Executives.	√		
1.5(xxi)d)	Shareholders holding ten percent (10%) or more vote's interest in the company (name wise details).	√		
1.5(xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
1.5(xxii)a)	A brief resume of the director;	√		
1.5(xxii)b)	Nature of his/her expertise in specific functional areas;	√		
1.5(xxii)c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
2.	Chief Financial Officer (CFO), Head of Internal Audit and Company secretary (CS)			
2.1	Appointment			
	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Director should clearly respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	√		
2.2	Requirement to attend the Board Meetings			
	The CFO and the Company Secretary of the companies shall attend the meeting of the Board of Directors, provided that the CFO and /or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	√		
3.	Audit Committee:			
3(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		
3(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		
3(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
3.1	Constitution of the Audit Committee:			

3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	✓		
3.1(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	✓		
3.1(iii)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management experience.	✓		
3.1(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.			N/A
3.1(v)	The company secretary shall act as the secretary of the Committee.	✓		
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
3.2	Chairman of the audit committee:			
3.2(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	✓		
3.2(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		
3.3	Role of Audit Committee:			
3.3(i)	Oversee the financial reporting process.	✓		
3.3(ii)	Monitor choice of accounting policies and principles.	✓		
3.3(iii)	Monitor Internal Control Risk management process.	✓		
3.3(iv)	Oversee hiring and performance of external auditors.	✓		
3.3(v)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		
3.3(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
3.3(vii)	Review the adequacy of internal audit function.	✓		
3.3(vii)	Review statement of significant related party transactions submitted by the management.	✓		
3.3(ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.	✓		
3.3(x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.			N/A
3.4	Reporting of the Audit Committee:			
3.4.1	Reporting to the Board of Directors	✓		
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
3.4.1(ii)	The Audit committee shall immediately report to the Board of Directors on the following findings, if any;			

3.4.1(ii)a	Report on conflicts of interests;			N/A
3.4.1(ii)b	Suspected or presumed fraud or irregularity or material defect in the internal control system;			N/A
3.4.1(ii)c	Suspected infringement of laws, including securities related laws, rules and regulations;			N/A
3.4.1(ii)d	Any other matter which shall be disclosed to the Board of Directors immediately			N/A
3.4.2	Reporting to the Authorities.			
	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee shall report such finding to the commission, upon reporting of such matters of the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	-	-	N/A
3.5	Reporting to the Shareholders and General Investors.			
	Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	√		
4	External/Statutory Auditors:	√		
4(i)	Appraisal or valuation services or Fairness opinions.	√		
4(ii)	Financial information systems design and Implementation.	√		
4(iii)	Book-keeping or other services related to the accounting record or financial statements.	√		
4(iv)	Broker-dealer services.			N/A
4(v)	Actuarial services			N/A
4(vi)	Internal audit services.	√		
4(vii)	Any other service that the Audit Committee determines.	√		
4(viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	√		
4(ix)	Audit/Certification service on compliance of corporate governance as required under clause (i) of condition 7.	√		
5	Subsidiary Company:			
5(i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			N/A
5(ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.			N/A
5(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.			N/A
5(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.			N/A
5(v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
6	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO):			
6(i)	The CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their	√		

	knowledge and belief.			
6(i)a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
6(i)b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
6(ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	√		
7	Reporting and Compliance of Corporate Governance:			
7(i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		
7(ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√		

c) Details relating to the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committees operate.

In accordance with the currently accepted best practice and Corporate Governance Guidelines adopted by Bangladesh Securities and Exchange Commission (BSEC), the board appointed audit committee and remuneration committee comprises of the following:

Audit Committee Members Name	Remuneration Committee Members Name
- Mr. Md. Monzur Alam Khan (Independent Director) Chairman of the Committee - Mr. Kao Wen Fu, Managing Director - Mr. Chung Wen Kuei, Chairman - Mohammed Abu Zafar, Secretary of the committee	- Mr. Kao Wen Fu-Chairman of the Committee - Mr. Ataur Rahman - Mr. Md. Abdul Mannan - Mr. Mohammed Abu Zafar, Secretary to the committee - Mr. Md. Monzur Alam Khan (Independent Director)

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

- To review all internal and external audit report.
- To recommend the statutory annual audited financial statements to the Board of Directors for approval.
- To review the finding of the internal and external auditors.
- To review and approve the Annual "Audit Plan" of the Internal Audit Department.
- To monitor the implementation of the recommendations of the Internal and External auditors.
- To review the performance of the external auditors and make recommendations to the Board regarding their appointment and fees.
- To review the quarterly, half yearly and annual financial statements before submission to the Board.
- To review the company's statement on internal control systems prior to endorsement by the Board.
- The company secretary shall be the secretary of the audit committee.
- To monitor choice of accounting policies and principles.
- To monitor internal control risk management process.
- To review the statement of related party transaction.
- To review the management letter issued by external auditor.

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

- To assist the Board in developing and administering a fair and transparent procedure for setting policy on the remuneration of the directors and senior management of the company.
- To Determine the remuneration packages
- To Review the Annual Confidential report (ACR) of senior management of the company
- To Review and oversee the company's overall human resource strategy

SECTION (XV): VALUATION REPORT OF SECURITIES PREPARED BY THE ISSUE MANAGER

The valuation report of securities offered of Shepherd Industries Limited prepared by Issue manager on the basis of financial and all other pertinent to the issue.

Qualitative & quantitative factors for valuation:

Qualitative justification:

1. Managed by the Qualified foreign investors
2. Equipped with State of the Art Technology
3. Properly structured and professionally run company

Quantitative justifications:

Primary valuation method for the company is considered on the basis of Net Assets Value based valuation, Earnings based valuation per share and average market price of similar stock.

Methods 1: Share price on Net Asset Value (NAV)/ Equity based value per share:

Calculation of Methodologies		
Method 1: Share price on Net Asset Value (NAV)/Equity based value per share		
Sl. No.	Particulars	Amount (in Tk.)
a)	Share Capital	1,042,059,860
b)	Retained Earnings	353,760,682
c)	Revaluation reserve	552,651,670
Total Shareholders' Equity (with revaluation reserve)		1,948,472,212
Total Shareholders' Equity (without revaluation reserve)		1,395,820,542
Number of Shares		104,205,986
Net Asset Value per share (with revaluation reserve) as per Audited Report as on 30 June, 2016		18.70
Net Asset Value per share (without revaluation reserve) as per Audited Report as on 30 June, 2016		13.39

Method 2: Historical Earnings based value per share

Average Price Earnings of Market & Sector		
Month	Sector	Market
Jul-16	9.90	14.70
Aug-16	9.35	14.66
Sep-16	9.79	15.12
Average	9.68	14.83
Considering Lower P/E of 9.68 & 14.83 is 9.68		

Source: DSE Monthly Review.

Period	No. of Share	Net Profit after tax	Weight of No. of Shares	Weighted Average of Net Profit after tax
01-Jan-11 to 31-Dec-11	8,857,400	1,018,614	0.06	64,613
01-Jan-12 to 31-Dec-12	8,857,400	1,787,002	0.06	113,354
01-Jan-13 to 31-Dec-13	8,857,400	34,969,372	0.06	2,218,186
01-Jan-14 to 31-Dec-14	8,857,400	76,313,041	0.06	4,840,708
01-Jan-15 to 30-Jun-16	104,205,986	191,581,953	0.75	142,972,052
Total	139,635,586		1.00	150,208,913
No of shares outstanding before IPO				104,205,986
Diluted EPS based on weighted Average of Net Profit after Tax				1.44
Present Market P/E (Considering Lower P/E of 9.68 & 14.83 is 9.68)				9.68
Earnings based Value per share based on overall Market P/E				13.95

*As per section 9 of Finance Act 2015, all companies except Bank, Insurance or Financial Institutions shall change its Financial Year Starting at July 01 and ending at June 30. To comply with the requirement of such section SIL has changed its financial year to June 30. As such 18 months from 01 January 2015 to June 30, 2016's earnings is considered to calculate Earnings based Value per share.

Method 3: Average market price per share of similar stocks:**Last One Year (Month ended) Closing Share Price of Similar Stock**

Anlima Yarn Dyeing Limited		
Sl. No.	Month	Closing Price
1	29-Oct-15	22.7
2	30-Nov-15	19.4
3	31-Dec-15	21.9
4	31-Jan-16	22.9
5	29-Feb-16	21.9
6	31-Mar-16	22.9
7	28-Apr-16	25.4
8	28-May-16	25.4
9	30-Jun-16	28.3
10	31-Jul-16	34.9
11	31-Aug-16	30.5
12	29-Sep-16	30.5
Average Price		25.56

Sources of information:

1. Annual Report of the issuer company
2. Monthly review published by Dhaka Stock Exchange Ltd.

Therefore, the issue managers and management of the Company believes that the offering price of Tk. 10 per share is justified.

Offer Price:

Based on the above-mentioned valuation methodologies as per Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, the management of the company in consultation with the Issue Manager has set the issue price at BDT 10.00 each at par value.

Reference and explanation of similarities:

Anlima Yarn Dyeing Limited is the only listed company engaged in yarn dyeing as there is no other yarn dyeing company to consider the average price of similar stock of Shepherd Industries Limited, we have considered only Anlima Yarn Dyeing Limited to calculate average market price. As a deemed exporter Anlima Yarn Dyeing Limited dyed different types of cotton yarn which is used in sweater knitting industries and knit textile industries. And the business nature of Shepherd Industries Limited is almost similar to Anlima Yarn Dyeing Limited. Thus, Anlima Yarn Dyeing Limited is selected to calculate the average market price.

SECTION (XVI): DEBT SECURITIES

The company neither issued nor has any plan to issue any debt security within next six month.

SECTION (XVII): PARTIES INVOLVED AND THEIR RESPONSIBILITIES, AS APPLICABLE

a. Issue manager

The issuer has appointed **Alpha Capital Management Limited** as issue manager to the issue for the public issue as described in the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015. The issue manager shall be entitled to fees and be responsible for the issue including preparation and disclosures made in the prospectus and all other responsibilities given in the due diligence and relevant securities laws.

b. Underwriters

The company has appointed **Alpha Capital Management Limited** as underwriter. The responsibility of the underwriter is to take up the un-subscribed securities against the Initial Public Offering.

c. Auditors

The auditor of the company is **Mahfel Huq & Company**, Chartered Accountants.

Auditor's responsibility is to express an opinion on the financial statements based on their audit. An Auditor will conduct the audit in accordance with Bangladesh Standards on Auditing (BSA) is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud and error. Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the BSAs.

d. Cost and Management Accountants

Not applicable for the companies

e. Valuers

The valuer of the company is **Mridha and Associates**.

The responsibility of the valuer is to value the property in accordance with International Valuation Standards (IVSs) and condition and guidelines for valuation of assets by Bangladesh Securities and Exchange Commission (BSEC).

The valuer's responsibility is to conduct and prepare and appraisal on valuation of land, factory building as owned by the company. The purpose of the valuation is to identify the fair value of the assets & restate accordingly in the books of accounts. Accordingly, the valuer have performed the necessary inspection, made relevant inquiries and obtained such further information available for the purpose of providing the opinion on the value of land and Building.

f. Credit Rating

Not Applicable as the company issuing share at par.

SECTION (XVIII): MATERIAL CONTRACTS

The following are material contracts in the ordinary course of business, which have been entered into by the Company:

(a) Major agreements entered into by the issuer;

- i) Underwriting Agreement between the Company and the Underwriters.
- ii) Issue Management Agreement between the Company and the Managers to the issue, Alpha Capital Management Limited.

(b) Material parts of the agreements;

i. Material Parts of the Underwriting Agreement with ACML

Contract	Material Parts of the agreement	
Underwriting Agreement With Alpha Capital Management Limited	Signing Date:	April 20, 2016
	Tenure:	This Agreement shall be valid until completion of subscription of shares and unless this Agreement is extended or earlier terminated in accordance with the terms of this Agreement.
	Principal Terms and Contract:	If and to the extent that the shares offered to the public by a Prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the Closing Date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriters in writing with a copy of the said writing to the Bangladesh Securities and Exchange Commission, to subscribe the shares not so subscribed by the closing date and to pay for in cash in full, inclusive of any premium if applicable, for such unsubscribed shares within 15 (fifteen) days after being called upon to do so. The amount so received shall be credited to the share subscription account of the Company within the said period. If payment is made by Cheque/Bank Draft by the Underwriter, it will be deemed that the Underwriter has not fulfilled his obligation towards his underwriting commitment under this Agreement, until such time as the Cheque/Bank Draft has been encased and the Company's share subscription account credited. In any case within 7 (seven) days after the expiry of the aforesaid 15 (fifteen) days, the Company shall send proof of subscription and payment by the Underwriters to the Commission.

ii. **Material Parts of the Issue Management Agreement with ACML:**

Contract	Material Parts of the agreement	
Issue Management Agreement With Alpha Capital Management Limited	Signing Date:	January 06, 2016
	Tenure:	This Agreement shall be valid until completion of subscription of shares and unless this Agreement is extended or earlier terminated in accordance with the terms of this Agreement.
	Principal Terms and Contract:	1. MANAGER TO THE ISSUE 1.1. Subject to the terms and conditions hereunder, the Issuer shall engage the Issue Manager for rendering services in relation to PUBLIC ISSUE. 1.2 That the Issue Manager shall act as the Manager to the Issue and render financial advisory services to the PUBLIC ISSUE as described hereunder in Clause 2. 2. SCOPE OF SERVICES The scope of the services to be rendered by the Issue Manager to the Issuer under this Agreement shall be as detailed hereunder: 2.1. CONSULTANCY SERVICE I. Capital Structuring of the public issue. II. Advice for documentation and preparation of related papers III. Liaison with other financiers like Banks/ Institutions etc. IV. Advice for making necessary amendments in the memorandum and Articles of Association if needed before going for Public Issue. 2.2. ISSUE MANAGEMENT SERVICES 2.2.1. Regulatory compliance i. Review the documents related to submission of prospectus ii. Preparation of Prospectus iii. Incorporation of modification suggested by the BSEC iv. Preparation of all necessary papers and deeds for submission to the BSEC for making the Public Issue effective v. Follow up with BSEC vi. Selection of main banker in consultation with the Issuer vii. Obtaining approval from the BSEC viii. Filing of the BSEC approved prospectus with Register of Joint Stock Companies and Firms (RJSC). 2.2.2. Underwriting Co-operation i. Placing of underwriting proposals to the potential underwriters ii. Co-ordination with the Underwriters iii. Documentation/Preparation of underwriting agreement etc. 2.2.3. After consent tasks i. Filing of application for listing on Dhaka Stock Exchange Ltd. (DSE) & Chittagong Stock Exchange Ltd. (CSE) ii. Reply of the query, if any iii. Monitoring of distribution of prospectus and form to banks and members of DSE and CSE iv. Monitoring of subscription v. Monitoring of compliance issues. 2.3. The Issue Manager's take such steps as are necessary to ensure completion of allotment and dispatch of letters of allotment and refund warrants to the applicants according to the basis of allotment approved by the Bangladesh Securities and Exchange Commission. The Issuer undertakes to bear all expenses relevant to the share application processing, allotment and dispatch of letters of allotment and refund

		warrant. The Issuer shall also bear all expenses related to printing and issuance of share certificate and connected govt. stamps and hologram expenses. 2.4. The Issue Manager's will also monitor & co-ordinate the post issue work as required by the Issuer. 2.5. Notwithstanding the above, if any other services required but not listed herein above for the effective Public Issue shall be performed by the same.
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(c) Fees payable to different parties.

Fees for the issue management services:

As per Rule 14 of the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, the Issue Managers will get 1% on the Public Offering or Tk. 30.00 (Thirty) Lac whichever is lower as issue management fee.

Commission for Underwriters: The Company shall pay to the underwriters an underwriting commission at the rate of 1% of 35% of the total IPO amount (i.e. Tk. 70,000,000) of the issue value of shares underwritten by them.

Copies of the above mentioned contracts and documents and the Consent Order from the Bangladesh Securities and Exchange Commission may be inspected on any working day during office hours at the Company's Registered Office.

SECTION (XIX): OUTSTANDING LITIGATIONS, FINE OR PENALTY

- (a) **The following outstanding litigations against the issuer or any of its directors and fine or penalty imposed by any authority:**

The issuer or any of its directors was not involved in any of the following type of legal proceedings mentioned below;

- (i) Litigation involving Civil Laws
- (ii) Litigation involving Criminal Laws
- (iii) Litigation involving Securities, Finance and Economic Laws
- (iv) Litigation involving Labor Laws
- (v) Litigation involving Taxation (Income tax, VAT, Customs Duty and any other taxes/duties)
- (vi) Litigation involving any other Laws

- (b) **Outstanding cases filed by the Company or any of its directors:**

- (i) **Litigation involving Civil Laws:** *The company sues a litigation against sale of yarn to New Horizon (BD) Ltd. for US\$ 60,000 following civil procedure in the court of 2nd district Judge, Dhaka, Money Suit No. 16 of 2013 and still waiting for verdict.*
- (ii) **Litigation involving Criminal Laws:** No cases field by the company or any of its directors.
- (iii) **Litigation involving Securities, Finance and Economic Laws:** No cases field by the company or any of its directors.
- (iv) **Litigation involving Labor Laws:** No cases field by the company or any of its directors.
- (v) **Litigation involving Taxation (Income tax, VAT, Customs Duty and any other taxes/duties):** No cases field by the company or any of its directors.
- (vi) **Litigation involving any other Laws:** No cases field by the company or any of its directors.

SECTION (XX): RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT THE RISKS

(i) **Internal risk factors may include, among others:**

a) **Credit Risk:**

This is the risk of default on a debt that may arise because of default by the borrower to pay the loan. In operating any business there is always credit risk lies in the business. As there is always lending and borrowing between parties in the form of money and goods.

Management Perception:

Management has credit policy in place and exposure to credit risk is well-monitored. In order to control the credit risk the management ensure strong credit control and collection policies. We have highly dedicated team to maintain credit policy.

b) **Liquidity Risk:**

The risk that a company may be unable to meet short term financial requirements. This usually occurs due to the inability to convert its current assets to cash without a loss of capital or income. Liquidity is a common phenomenon of the business.

Management Perception:

Shepherd Industries Limited is doing its level best to manage working capital management in efficient way to maintain liquidity risk. Management is dealing with accounts payable, inventory and accounts receivable efficiently.

c) **Risk associated with the issuer's interest in subsidiaries, joint ventures and associates:**

Management Perception: *Shepherd Industries Limited has no subsidiaries, joint ventures and associate.*

d) **Significant revenue generated from limited number of customers, losing any one or more of which would have a material adverse effect on the issuer.**

Management Perception:

Our management is always keen to find out new buyers to boost up the sales. So we are not dependent on any particular or limited number of customers to operate our business. Moreover our reputation in the market always gives us an extra cushion, we would also like to inform the investors we there is huge demand and supply gap in this industry and we do not even meet up the 50% demand in supplying the dyed yard to our local textile exporters.

e) **Dependency on a single or few suppliers of raw materials, failure of which may affect production adversely.**

Management Perception: *We have a very strong supplier base. Being a Taiwanese owned company we already built a reputation in the market and we built a huge reputation in this sector and purchase product through strong supplier network.*

f) **More than 20% revenue of the issuer comes from sister concern or associate or subsidiary**

Management Perception: *We do not generate 20% or more revenue from any of our sister concerns or associate or subsidiary.*

- g) **Negative earnings, negative cash flows from operating activities, declining turnover or profitability, during last five years, if any.**

Management Perception: We have been operating our business efficiently. Cash flows from operating activities of the company were always positive except in the year 2011. As we experienced huge growth in business we experienced negative operating cash flow in the year 2011. The company managed and maintained the receivable and inventory in an optimum level and with the upright trend of sales the company did not experience any of the aforementioned issues in last five years.

- h) **Loss making associate/subsidiary/group companies of the issuer.**

Management Perception: We do not have any investment in subsidiary or associates.

- i) **Financial weakness and poor performance of the issuer or any of its subsidiary or associates**

Management Perception: We do not have any investment

- j) **Decline in value of any investment**

Management Perception: The Company did not invest in any other business except Taiwan Food & Processing Industries Limited; Taiwan food & Processing Industries Limited started their commercial operation in 2014 and the venture will start making profit within a short span of time. Hence, risk of decline in value of investment is negligible. However, the management of the company has withdrawn the investment of Tk. 6.20 crore in Taiwan Food and Processing Industries Limited on 21 September 2016 as decided by the Board.

- k) **Risk associated with useful economic life of plant and machinery, if purchased in second hand or reconditioned.**

Management Perception: The Company is using machineries of the world's most reputed and renowned brand and most of them were imported in brand new condition. However, there are only few types of machinery which were purchased in secondhand condition by completing all the formalities which, includes inspection by the eligible surveyors, required to maintain the desired standard as approved by Bangladesh Customs Authority.

- l) **Adverse effect on future cash flow if interest free loan given to related party or such loans taken from directors may recall.**

Management Perception: There were some transactions with related parties an i.e. intercompany transaction normally occurs between the companies and usually interest free. The company provided loan to related parties and also taken loan from related parties. The transactions occurred in both ways and all the parties were mutually benefited from the transactions. Since, the company is converted into a public limited company and to protect the interest of the shareholders the management of the company decided not to do any related party transactions and started collecting the debt with the related entity.

- m) **Potential conflict of interest, if the sponsors or directors of the issuer are involved with one or more ventures which are in the same line of activity or business as that of the issuer and if any supplier of raw materials or major customer is related to the same sponsors or directors.**

Management Perception: There is common management with one or more ventures but business activities are not in the same line.

- n) **Related party transactions entered into by the company those may adversely affect competitive edge.**

Management Perception: we would like to inform you that with the related party transactions between the companies run under common management were to help each other. The management allowed inter-company transactions. Since, the company decided to raise fund through IPO, management of the company

therefore, decided to close all related party transactions to protect the interest of the general shareholders. Hence, the risk associated with the related party transactions is mitigated.

- o) **Any restrictive covenants in any shareholders' agreement, sponsors' agreement or any agreement for debt or preference shares or any restrictive covenants of banks in respect of the loan/ credit limit and other banking facilities.**

Management Perception: There are no restrictive covenants in any shareholders' agreement, sponsors' agreement or any agreement relating to debt or preference shares or any restrictive covenants of Banks in respect of loan or credit limit and other banking facilities.

- p) **Business operations may be adversely affected by strikes, work stoppages or increase in wage demands by employees.**

Management Perception: Shepherd Industries Limited is very much concern about compliance and employee benefit. Since inception there was no issue by the employees i.e. work stoppages or any demand for increase wage, because, the minimum wages of the company was always above the states defined minimum wage. Hence, the employees are always satisfied as such there was no such issue related to employees. Strikes and other political situations are beyond our control. The factory of the company is situated in industrial area and political issues cannot affect the company's production.

- q) **Seasonality of the business of the issuer**

Management Perception: Shepherd industries Limited is engaged in the business of dyeing of different count acrylic and cotton yarn and serving the textile industry as a backward linkage industry. Textile and garments are the leading industrial sector of the country. Seasonality is observed in the business of Shepherd Industries Limited. Pick time for the business is considered as February to September,

- r) **Expiry of any revenue generating contract that may adversely affect the business**

Management Perception: In our country there are huge demands for dyed yarn for the textile industry. We started our business when only few companies were in the yarn dyeing industry. With the sincere effort of the management of Shepherd Industries Limited is doing business with reputation and we have a strong customer base, sometimes we have to refuse orders of the customers due to huge demand of our product and due to that reason management decided to go for expansion. Since we do not have any revenue generating contract, we do not have any risks associated with the said term.

- s) **Excessive dependence on debt financing which may adversely affect the cash flow.**

Management Perception: The Company is more focused on equity financing and has been reducing debt dependency. The company raised its paid up capital recently and paid off substantial amount of debt. For last five years we have been reducing our dependence on debt financing and it is now less than 1 in comparison with debt to equity ratio.

- t) **Excessive dependence on any key management personnel absence of whom may have adverse effect on the issuer's business performance.**

Management Perception: Corporate Governance is well practiced in our company. We have also well placed organogram in our company. So any change in the key management can be replaced with other person. It is mentioned-worthy that the industry is growing over 20 years. So we can hire key management as per our needs.

- u) **Enforcement of contingent liabilities which may adversely affect financial condition.**

Management Perception: We do not have any contingent liabilities which may adversely affect financial condition.

v) **Insurance coverage not adequately protect against certain risks of damages.**

Management Perception: We have different insurance coverage for all the relating issues that are risky to operating our business. While we maintain insurance coverage, in amounts which we believe are commercially appropriate are taken into consideration. We may not have sufficient insurance coverage to cover all possible economic losses as the losses are not always quantifiable. Additionally, there may be other risks which are uninsurable of or not insurable in commercially acceptable terms. Apart from that the company's insurance policies are adequate for protection against risks of damages.

w) **Absence of assurance that directors will continue its engagement with Company after expiry of lock in period.**

Management Perception: Our directors are involved in the business for long time and they will continue the business after expiry of lock in period. The company has decided to offload only 16.10% shares to public so that the general investors can get the benefit of Shepherd Industries Limited.

x) **Ability to pay any dividends in future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditure.**

Management Perception: We have been a profitable entity over a long time and the profit is on the uptrend. So we are in belief that we will be able to pay dividend from our earning profit. Our board of directors has a strong intention to declare a handsome dividend to the shareholders of the company.

y) **History of non-operation, if any:**

Management perception: After the inception its commercial operation, our company has grown consistently. It has achieved successes in every instance. Expertise and discretion of our management have made it possible. The company never been in non-operative.

z) **Risks related to Engagement in new type of business, if any:**

Management perception:

Shepherd Industries Limited has decided to establish a washing plant within the existing factory premises of the company. The management of the company has done a lot of groundwork on the business viability of the washing plant. We have included a summary of the feasibility report in relation to the washing plant. While conducting the study we found positive projected results. Therefore, engagement with the new type has minimum risks and experience management has the ability to control those minor issues.

aa) **Risk in investing the securities being offered with comparison to other available investment options.**

Management Perception:

Shepherd Industries Limited is a profitable entity over long time and the management operate the business efficiently. There is a presence of certain degree of risk associated with investing the securities in the capital market. The potential investors are requested to carefully read the prospectus and understand the business potential of the company before make investment decision.

bb) Any penalty or action taken by any regulatory authorities for non-compliance with provisions of any law.

Management Perception:

The management believes that it is highly unlikely of any penalty or action taken by any regulatory authorities for non-compliance with provisions of any law.

cc) Litigations against the issuer for Tax and VAT related matters and other government claims, along with the disclosures of amount, period for which such demands or claims are outstanding, financial implications and the status of the case

Management Perception:

The company doesn't have any litigation relating to Tax, VAT or other government claims against the company.

dd) Registered office or factory building or place of operation is not owned by the issuer.

Management Perception:

Registered office and factory building is owned by the Company.

ee) Lack of renewal of existing regulatory permissions/ licenses.

Management Perception:

There is no such issue relating to lack of existing regulatory permissions/ licenses.

ff) Failure in holding AGM or declaring dividend or payment of interest by any listed securities of the issuer or any of its subsidiaries or associates

Management Perception:

There is no incident of failure in holding AGM or declaring dividend or payment of interest by the issuers.

gg) Issuances of securities at lower than the IPO offer price within one year

Management Perception:

The company never issued any of its securities at lower than the IPO offer.

hh) Refusal of application for public issue of any securities of the issuer or any of its subsidiaries or associates at any time by the Commission.

Management Perception:

Bangladesh Securities and Exchange Commission (BSEC) has not refused of application for public issue of any securities of the issuer or any of its subsidiaries or associates at any time

(ii) External Risk Factors may include among others:

a. Interest Rate Risks:

Interest rate is concerned with borrowed funds of short term & long-term maturity. Interest rate risk is the risk that company faces due to unfavorable movements in the interest rate. Volatility in money market & increasing demand for loans/investment funds raise the rate of interest. A change in the government's policy also tends to increase the interest rate. High rate of interest enhances the cost of fund of a company. Such rise in the interest rates however mostly affect companies having floating rate loans.

Management perception: The Management of SIL always emphasizes on the management of its finance to an optimum capital structure of the company, so that the cost of capital remains minimum. The management prefers to procure long-term loan with minimum interest rate and the short term fund with reasonable competitive rate. Moreover, the company has been repaying borrowed funds on a continuous basis. Additionally, the management of the Company emphasizes on equity base financing to reduce the dependency on borrowing, suggesting the management perception for interest rate risk to have a minimal impact on the company's profitability and viability.

b. Exchange rate risks:

Exchange rate risk relates to the core business of Shepherd Industries Limited, since it mostly imports materials from abroad in foreign currency. The Company imports raw various types of acrylic Industries ,dyes and chemicals against payment of foreign currency and the price of above materials in the international market is relatively volatile. Unfavorable volatility or currency fluctuation may affect the profitability of the Company.

Management perception: Shepherd Industries Limited mostly imports material from abroad in foreign currency. As well, this company also sale out finished product to local export oriented sweater industries in foreign currency. At the time of export documents negotiation/bills discounting 70% money kept by bank in FC accounts for import payments. Balance amount keep for working capital and financial expenses. Therefore fluctuation in exchange rate especially devaluation of local currency may significantly affect Shepherd Industries Limited. However, Shepherd Industries Limited can significantly reduce the foreign currency risk and price escalation risk through forward bookings if it is justifiable in terms of cost benefit analysis. The company also maintains Economic Order Quantity (EOQ) for its material imports, which provides considerable cushion against adverse movement of exchange rate and price in international market.

c. Industry risks:

The Company is operating in an industry where there is a gap between demand and supply. Although textile and yarn producing business has a huge demanding in the international market, chances are there that excessive competition may hamper the company's business. Increasing competition may force Shepherd Industries Limited to reduce prices of their products which may cause dropping of their revenue and margin, and/or decrease its market share, either of which could have an adverse effect on their business, financial condition and results of operation.

Management perception: Shepherd Industries Limited is engaged in dyeing of different counts of Yarn. The business has a huge demand. Moreover, Shepherd Industries Limited is still concerned about the market competition and its highly competent research team always working for the development of products. In addition, there are only few recognized competitors of similar size in the country, which allows the benefit of economics of scale when competing with new entrants.

d. Economic and Political Risk

Bangladesh is prone to serious unrest in the political condition which produces Hartal, Road-blockade and many other barriers to the business. This could also propel the cost of the products upwards.

Management perception: Although the country has passed through political turmoil in past few years a sound political atmosphere is prevailing these days and expected to be continued in future.

e. Market and Technology-related Risks:

Market risks refer to the risk of the 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 to increase their customer base.

Technology always plays a vital role for any business for ensuring better product quality, for providing better services to the customers and for minimizing costs. SIL a technology based industry and continuous technological improvement is an integral part of this business. Obsolete technology or machineries will make it difficult for any company to sustain in such a competitive industry.

Management perception: *Strong brand loyalty of the company's products to its customers has enabled the company to capture significant market share in the sector. And the company is continuously penetrating into the market and upgrading the quality of the products to minimize the market risks. Shepherd Industries Limited is always aware of technological advancement in the industry and adopt very timely to keep the operational efficiency at the highest achievable level. The management frequently visit the other foreign factories with similar line of business and technological fair in abroad for up-gradation of technological and/or software.*

f. Potential or existing government regulations:

Company's sales and revenues are dependent on the aggregate demand of its products and also on the country's GDP. Any economic recession, changes in requirements, national income and other related factors may cause to decline the market demand of the company products.

Management Perception: *Over the last decade the macro economy of Bangladesh has developed consistently; country's GDP has increased remarkably and living standard of the people has been higher. Most importantly, Government spending and public and private consumption have increased drastically. All these macroeconomic features indicate larger economic activities in the country. Consequently, demand for the company's products has increased in multiple times. Our management perceives that this economic trend will continue in the foreseeable future which will see good business profitability in the days to come.*

g. Potential changes in global or national policies:

The Company's product lines are primarily based on imported raw materials. Any scarcity due to changes in policy in the international market might dent the production level and profitability. The performance of the company may be affected due to unavoidable circumstances both in Bangladesh and worldwide, as such political turmoil and disturbance in the country may adversely affect the economy in general.

Management perception: *The management of the company is always concerned about the prevailing and future changes in the global and national policy and shall response appropriately and timely to safeguard its interest. Shepherd Industries Limited's brand image and wide distribution network amongst its customer group will always enable it to withstand any such potential threats. The company's supply chain is robust in accommodating large number of suppliers with proper contingency plan in place. The company can prosper in situation of political stability and a congenial business environment. Political turmoil and the disturbance are bad for the economy and so also for the company.*

h. Statutory clearance and approvals those are yet to be received by the Issuer

Management perception: All the required statutory approvals to run the day to day operation of the business is obtained. So there is no such risk.

i. Competitive Condition of the Business:

Management Perception: Strong Brand Loyalty of the company's product to its customer has enabled the company to capture significant market share in the sector. Management is always aware about the condition and the market team is continuously working to achieve significant growth to eliminate competition.

j. Complementary and Supplementary Products/Services which may have impact on business of the issuer

Management Perception: The Company has not faced any such challenges so far, Management is always keen to look for new business opportunities and if necessary will take required initiatives in future.

k. Operational risk:

Shortage of power supply, labor unrest, unavailability or price increase of raw material, natural calamities like flood, cyclone, earthquake, fire etc. may disrupt the production of the Company and can adversely impact the profitability of the Company.

Management perception: The compensation as well the benefit package will restrain the employees to leave their assignment and go for any employee movement for higher benefit packages. The project of the Company is situated at a high land where less amount of flood is recorded. The factory building has strong RCC foundation, RCC floor, prefabricated steel structure to withstand wind, storm, rain etc. along with good drainage facility. The risks from these factors are also covered through Insurance.

l. Changes in Environmental Laws and Regulations

Shepherd Industries Limited is subject to environmental laws and regulation which limits the discharge of pollutants into the air, water, sound, soil and established standards for the treatment, storage and disposal of solid and hazardous wastes. These laws and regulations require investment of capital and other expenditure for ensuring compliance. The operation of plant entails inherent risk of environmental damages and the company may incur liabilities in the future arising from the discharge of pollutants into the environment or waste disposal or hazardous material handling practices.

Management perception: Shepherd Industries Limited is highly conscious about its reputation in the local government agencies. Hence regularly examine the environmental issues and concerns with potential business activities. Moreover, Shepherd Industries Limited workers are provided with hand gloves and masks, as per normal precautionary measures. Exhaust fans have been installed in the factories for better and adequate ventilation.

Other Risks

a) Only two suppliers supplied 52.39% raw materials of the company for the period ended June 30, 2016

Management perception: These two suppliers are trusted and we have long term relationship with these suppliers. Good quality raw materials are procured to SIL in competitive price. On the other hand, numbers of suppliers of raw materials are plenty in the market, if one fails to provide raw materials there are always another suppliers available. Thus, this risk may not create any disruption.

- b) Risk related to increase of production cost, if the price of gas is increased resulting decrease of profit.**

Management perception: If the price of gas increase production cost of SIL will also increase this will ultimately reduce the net profit of the company. The same will happen to the other companies operating in the similar industry. The management of the company will adjust the product price according to mitigate the effect of increased gas price.

- c) Risk related establishment of washing plant from IPO proceeds in which SIL has no previous business experience.**

Management perception: The management opted to establish a state of the art washing plant with washing capacity of 8,000 dozens per day. SIL is operating in a backward linkage of garments and textile industry and has a strong customer base who also needs garments wash. Considering the huge demand of garments wash management of the company decided to go for establishment of washing plant. To establish washing plant, SIL will recruit experience personnel for smooth operation of washing plant successfully.

- d) Shepherd Industries Limited and Shepherd Textile Limited use same name shepherd. Thus, reputational loss of one company may affect other company reputation**

Management perception: Both the companies are performing their business with reputation and good track record of satisfying customers and employees need. Both the companies are operating business under common name, if any of the companies are affected business of another company may also be affected. Both companies are running under common management and have good corporate governance sense. The reputation was earned overtime and will be maintained strictly and under no circumstances standard parameters will be compromised strict. Companies are always ensured to mitigate such type of threats issued for using common name.

- e) The company has planned to establish washing plant for which the company has not obtained clearance from the environment department yet which may create issues/problem for the establishment to going into production.**

Management Perception: The company will expand ETP for the proposed washing plant which is the requirement of the environment department. The company treats its waste water through Biological ETP and proposed extension will sufficient enough to treat the additional waste water of washing plant. The company will apply to the environment department after establishment of washing plant and expansion of ETP and after proper verification the department of environment will issue clearance or they may suggest some additional work if they want. The company is always concern about the environment issues and will perform if any additional tasks are required.

SECTION (XXI): DESCRIPTION OF THE ISSUE

a) Issue Size:

I. Number of securities to be issued;

Public issue of 20,000,000 ordinary shares.

II. Authorized capital and paid-up capital;

Authorized capital: Tk. 1,900,000,000.00

Paid-up capital: Tk. 1,042,059,860.00

III. Face value, premium and offer price per unit of securities;

Face Value: Tk. 10.00

Offer Price per unit of securities: Tk. 10.00 at par

IV. Number of securities to be entitled for each category of applicants;

IPO size will be 20,000,000 ordinary shares @ TK. 10.00 each at partotaling Tk. 200,000,000.00. As per the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, 10% of total Initial Public Offering shall be reserved for mutual funds, 40% for other eligible investors (EIs), 10% for non-resident Bangladeshi (NRB) and 40% for other general public. The position is thus as follows:

Category	Particulars	No of Ordinary Shares	Issue Price per Share	Total Amount in BDT
For EIS	10% of IPO i.e. 2,000,000 Ordinary Shares shall be reserved for Mutual Funds	2,000,000	10	20,000,000
	40% of IPO i.e. 8,000,000 Ordinary Shares shall be reserved for Other Eligible Investors (EIs)	8,000,000		80,000,000
For General Public	10% of IPO i.e. 2,000,000 Ordinary Shares shall be reserved for Non-Resident Bangladeshi (NRBs)	2,000,000		20,000,000
	40% of IPO i.e. 8,000,000 Ordinary Shares shall be reserved for ঋতিগ্রহীত্ব ক্ষুদ্র বিনিয়োগকারী and General Public	8,000,000		80,000,000
Total		20,000,000		200,000,000

V. Holding structure of different classes of securities before and after the issue;

The Company has issued only ordinary shares.

VI. Objective of the issue including financing requirements and feasibility in respect of enhanced paid-up capital.

Net Proceeds from initial public offering (IPO) will be used for civil construction, acquisition and installation of new machineries, Expansion of ETP, Repayment of loan and to meet the IPO expenses for the Washing plant and BMRE of the existing unit.

Sl	Particulars		Amount in Tk.
1	Civil Construction		28,140,524
2	Machineries		96,970,692
i.	Dyeing	56,510,220	
ii.	Washing	27,410,760	
iii.	Duties, Insurance, L/ C Commission, Inland Carrying, C&F	7,175,244	
iv.	Erection and Installation	5,874,469	
6	Expansion of ETP		15,424,550
7	Repayment of short term loan		44,464,234
8	IPO Expenses		15,000,000
	Total		200,000,000

Summary of feasibility report in respect of enhances paid up capital as prepared by Mr. Abu Sayeed Ahmed, FCA of Aftab Ahmed & Co. is enclosed section (XXI)/k.

SECTION (XXII): USE OF PROCEEDS

USE OF PROCEEDS

SOURCES OF FUND:

Issue size (Number of share to be issued)	Issue price	Amount in Taka
20,000,000 Shares	Tk. 10.00 per share at par	200,000,000
Net IPO Proceeds		200,000,000

Use of the net proceeds from the IPO:

Net Proceeds from initial public offering (IPO) will be used for civil construction (for washing Plant), acquisition and installation of new machineries (for washing plant and expansion unit), Expansion of ETP (For Washing plant and BMRE), to repay the short term bank loan of the company and to meet up the IPO expenses. The details of which is stated as under:

Sl	Particulars		Amount in Tk.
1	Civil Construction		28,140,524
2	Machineries		96,970,692
i.	Dyeing	56,510,220	
ii.	Washing	27,410,760	
iii.	Duties, Insurance, L/ C Commission, Inland Carrying, C&F	7,175,244	
iv.	Erection and Installation	5,874,469	
3	Expansion of ETP		15,424,550
4	Repayment of short term loan		44,464,234
5	IPO Expenses		15,000,000
	Total		200,000,000

BREAKDOWN OF IPO EXPENSES:

DETAILS OF BUILDING & OTHER CIVIL WORKS (FOR WASHING PLANT):

Sl.	Particulars	Area (sqft)	Rate per sqft	Amount in Tk.
A	Factory Building with heavy foundation for installing heavy machinery	23,750	1185 (Approx)	28,140,524
Total				28,140,524

1. Details of Factory Building with heavy foundation for installing heavy machinery:

General Specification:	Civil Construction work of Cast in situ Piling & Column by stone chip, Beam & Floor slab by Brick Chips, Peripheral 5" Brick work up to 2' height, Plaster and painting works. Reinforcement: RSRM, BSRM, AKS, KSRM or Equivalent Quality Concrete: Floor, Roof Slab & all Concrete casting by local mixer machine mix concrete in project site and wooden shuttering. Cement: Brand: Scan, Crown, Holcim.
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Summary of the projected cost is as under:

1	Layout of the building as per drawing.						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Sft)	Tk/Sft	Amount (Tk)
Floor	110	43.18	1	1	4,750		
Total					4,750	2	9,500
2	Mobilization & De-mobilization : Mobilization and cleaning site before commencing actual physical work and during contract period and demobilization after completion of the Works.						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (L/S)	Tk	Amount (Tk)
Cleaning				1	1		
Total					1	80000	80,000
3	Pilling Works : RCC 20" Dia Cast in situ Piling 60'-0" Length and Reinforced cement concrete (1:1.5:3) works by Shingles stone and best quality coarse sand and all complete with concrete cost, Poring cost, Boring, washing and labour cost and all complete as per drawing and design.						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Rft)	Tk/Rft	Amount (Tk)
P1		1.66	60	42	2,520		
Total					2,520	1320	3,326,400
4	Earth work in excavation						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Cft)	Tk/cft	Amount (Tk)
P1PC2	7	2.5	3.25	6	341		
P1TCP	22.42	2.83	3.25	2	412		
P1PC3	7.5	6.81	3.25	8	1,328		
FLOOR	48	31	2.23	1	3,318		
Total					5,400	8	43,200
5	Back Filling						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Cft)	Tk/cft	Amount (Tk)
FLOOR	60	40	1.08	1	2,592		
Total					2,592	12	31,104
6	Sand Filling in Floor						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Cft)	Tk/cft	Amount (Tk)
FLOOR	106	38	3.016	1	12,150		
Total					12,150	22	267,300

7	Preparation of bed Leveling , Dressing and compting:						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Sft)	Tk/Sft	Amount (Tk)
GB 1	108	4		3	1,296		
GB 2	40	3.1		6	744		
GB 3	20	3		2	120		
Total					2,160	12	25,920
8	3" Thick One layer of brick flat soling in foundation or in floor or Beam by first class:						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Sft)	Tk/Sft	Amount (Tk)
P1PC2	7	2.83		6	119		
P1TCP	22.42	2.5		2	112		
P1PC3	7.5	6.81		8	409		
FLOOR	36.4	40		1	1,456		
GB	108	1		3	324		
GB	40	1		6	240		
GB3	20	1		2	40		
Total					2,700	55	148,500
9	Polythene laying						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Sft)	Tk/Sft	Amount (Tk)
P1PC2	7	2.83		6	119		
P1TCP	22	2.5		2	110		
P1PC3	7.5	6.78		8	407		
FLOOR	44	40		1	1,760		
GB	108	1		3	324		
GB	40	1		6	240		
GB3	20	1		2	40		
Total					3,000	6	18,000
10	Reinforced cement concrete (1:1.5:3) works by Stone-chips using 20mm down well graded stone chips:						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Cft)	Tk/cft	Amount (Tk)
P1PC2	7	2.83	1.66	6	197		
P1TCP	22.42	2.5	2.17	2	243		
P1PC3	7.5	6.81	2.75	8	1,124		
C1C2	1.17	1.83	57.29	4	491		
C3C4C5	1.4	1.83	63	10	1,614		
C6C7	1.4	2.17	57.29	4	696		
GB	550	1	1.5	1	825		
Total					5,190	310	1,608,900
11	Reinforced cement concrete (1:1.5:3) works by Brick chips using 1st Class Brick Chips						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Cft)	Tk/cft	Amount (Tk)
FLOOR	108	40	0.5	5	10,800		
BEAM	608	1	1.66	5	5,046		
ST BEAM	82	1	1.66	2	272		
ST ROOF	25	16	0.5	2	400		
RAMP	25	15	0.83	1	311		
DRAIN	143.5	4.5	0.5	1	323		
LINTEL	608	0.5	0.665	4	809		
S SHADE	7	2	0.5	72	504		
Total					18,465	280	5,170,200

12	Supplying, fabrication and fixing to details as per Design deformed bar reinforcement in concrete.						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Kg)	Tk/Kg	Amount (Tk)
FLOOR					52,640		
BEAM					12,400		
PILE					26,550		
P CAP					9,800		
COLUMN					19,920		
ST BEAM					2,620		
ST ROOF					4,290		
RAMP					1,590		
DRAIN					3,420		
LINTEL					2,950		
S SHADE					1,820		
Total					138,000	75	10,350,000

13	Making , placing in position the Wooden centering Shuttering in position and removing accordingly.						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (sft)	Tk/sft	Amount (Tk)
FLOOR	108	40		5	21,600		
ST BEAM	82	3		2	492		
F BEAM	608	3		5	9,120		
COLUMN	63	8		18	9,072		
ST ROOF	25	16		2	800		
DRAIN	143.5	4.5		1	646		
LINTEL	608	1.25		1	760		
S SHADE	2.5	7		72	1,260		
P1PC2	7	3.32		6	139		
P1TCP	22.42	4.34		2	195		
P1PC3	7.5	5.5		8	330		
Eadge	1186	1		1	1,186		
Total					45,600	35	1,596,000

14	125 mm thick Brick works in Peripheral Walls						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (sft)	Tk/sft	Amount (Tk)
FLOOR	296		1.8155	4	2,150		
Total					2,150	85	182,750

15	250 mm thick Brick works in bellow of stair landing						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Cft)	Tk/Cft	Amount (Tk)
FLOOR	8.08	0.83	11	8	590		
Total					590	165	97,350

16	Minimum 12 mm thick cement sand (F.M. 1.2) plaster in proportion (1:4)						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (sft)	Tk/sft	Amount (Tk)
FLOOR	108	40		6	25,920		
ST BEAM	82	3		2	492		
F BEAM	608	3		5	9,120		
COLUMN	63	8		18	9,072		
ST ROOF	25	16		4	1,600		
DRAIN	143.5	6		1	861		
LINTEL	608	1.25		1	760		
S SHADE	2.5	7	2	72	2,520		
5 WALL	296	2	1.8155	4	4,299		

10 WALL	8.08	2	11	4	711		
Eadge, BIT	3295				3,295		
Total					58,650	35	2,052,750
17	Window Grills						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (sft)	Tk/sft	Amount (Tk)
Window	5.25	4.5		36	850		
Total					850	125	106,250
18	Thai Aluminum & Glass Work						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (sft)	Tk/sft	Amount (Tk)
Window	5.25	4.5		36	850		
Total					850	390	331,500
19	Wall Sheeting Works by .47mm Thick Industrial Profile sheet and Related bracing fittings.						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (sft)	Tk/sft	Amount (Tk)
Window	296		62.028	1	18,360		
Total					18,360	110	2,019,600
20	Plastic Paint works						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (sft)	Tk/sft	Amount (Tk)
FLOOR	108	40		4	17,280		
ST BEAM	82	3		1	246		
F BEAM	608	3		4	7,296		
COLUMN	63	8		18	9,072		
ST ROOF	25	16		2	800		
Eadge, BIT	956				956		
Total					35,650	12	427,800
21	Weather Coat in wall						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (sft)	Tk/sft	Amount (Tk)
wall	296	2	1.8155	4	4,299		
wall	8.08	1	11	4	356		
Total					4,655	15	69,819
22	Roof Treatment by Water Proofing Chemical						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (L/s)	Tk	Amount (Tk)
Roof	1			1	1		
Total					1	177681	177,681
Total Amount For Civil Construction Works							28,140,524

2. Details of Capital Machineries required for the Expansion of dyeing unit and setting up of washing plant:

	Sl.	Name of Machineries	Model	Country of Origin	Quantity Sets	Unit Price US\$	Cost of the machineries	
							US\$	BDT
Dyeing	1	Radio Frequency Dryer for yarn packages with standard accessories	GFD-85KW	China	1	93,500	93,500	7,293,000
	2	Radio Frequency Dryer for yarn packages with standard accessories	GFD-85KW	China	1	92,100	92,100	7,183,800
	3	Hank to Cone Winding Machine 24 Spindles with standard accessories	FH230D	China	20	8,795	175,900	13,720,200
	4	Horizontal Yarn Expansion Machine with standard accessories	FH-420-6	China	5	1,500	7,500	585,000
	5	Yarn Pressure and Yarn Carrier Machine with Standard Accessories				-	-	-
	i)		Mode No YS20T	China	1	12,000	12,000	936,000
	ii)		Mode No YS10T	China	1	8,000	8,000	624,000
	6	Dyeing Machine	TDCH-125HP	Taiwan	1	160,990	160,990	12,557,220
	7	Dyeing Machine	TDCH-150HP	Taiwan	1	174,500	174,500	13,611,000
	Sub total						724,490	56,510,220
Washing	8	Industrial Washing Machine With standard accessories	XSJ-300	China	40	3,426	137,040	10,689,120
	9	Industrial Washing Machine With standard accessories	XSJ-50	China	12	1,120	13,440	1,048,320
	10	Industrial Drying Machine with Standard Accessories	JN-150	China	40	3,240	129,600	10,108,800
	11	Industrial Drying Machine with Standard Accessories	GYJ-3	China	4	670	2,680	209,040
	12	Industrial Hydro Extractor with Standard Accessories	TSJ-42	China	4	2,410	9,640	751,920
	13	Industrial Hydro Extractor with Standard Accessories	TSJ-16	China	4	850	3,400	265,200
	14	Hand Brushing Machine with Standard Accessories	ML-1	China	30	110	3,300	257,400
	15	Screw Air Compressor	UT-50	China	4	2,780	11,120	867,360
	16	Industrial Trolley for Dyeing with Standard Accessories		China	80	280	22,400	1,747,200
	17	Industrial Pallet Truck		China	4	350	1,400	109,200
	18	Industrial Ozone Sterilizing machine with standard accessories	BF-YE-300g	China	2	7,500	15,000	1,170,000
	19	Industrial Air cooler	B2-1.5	China	16	150	2,400	187,200
	Sub Total						351,420	27,410,760
	Total						1,075,910	83,920,980
	Duties, Insurance, L/ C Commission, Inland Carrying, C&F							7,175,244
	Erection and Installation							5,874,469
	Total							96,970,692

*The company has planned to establish the Washing plant and expansion of the dyeing unit within the shortest possible time so that the proposed projects can start generating revenue. In view of the above the company already started importing the machines through 360 days deferred L/C and the payment of which will be made after receiving the IPO proceeds. For the remaining machineries to be imported the company has not placed any order yet. However, the management will place the order soon.



3. Details of ETP Expansion are as under:

General Specification:	Civil Construction work and Cast in Situ Piling works. Reinforcement: RSRM, BSRM, AKS, KSRM or Equivalent Quality. Concrete: Floor, wall, slab & all Concrete casting by local mixer machine mix concrete in project site and wooden shuttering. Cement: Brand: Scan, Crown, Holcim
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Summary of the projected cost is as under:

1	Layout of the building as per drawing.						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Sft)	Tk/Sft	Amount (Tk)
Floor	157.52	29.52	1	1	4,650		
Total					4,650	2	9,300
2	Mobilization & De-mobilization : Mobilization and cleaning site before commencing actual physical work and during contract period and demobilization after completion of the Works.						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (L/S)	Tk	Amount (Tk)
Cleaning				1	1		
Total					1	120000	120,000
3	Pilling Works : RCC 20" Dia Cast in situ Piling 45'-0" Length and Reinforced cement concrete (1:1.5:3) works by Shingles stone and best quality coarse sand and all complete with concrete cost, Poring cost, Boring, washing and labour cost and all complete as per drawing and design.						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (rft)	Tk/Rft	Amount (Tk)
P1		1.66	45	27	1,215		
Total					1,215	1320	1,603,800
4	Earth work in excavation						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Cft)	Tk/cft	Amount (Tk)
Tank	157	29	15.32	1	69,750		
Total					69,750	8	558,000
5	Back Filling						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Cft)	Tk/cft	Amount (Tk)
T wall	372	0.53	15.32	1	3,000		
Total					3,000	12	36,000
6	Sand Filling in Floor						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Cft)	Tk/cft	Amount (Tk)
FLOOR	158	28	0.565	1	2,500		
Total					2,500	22	55,000
7	Preparation of bed Leveling , Dressing and compting:						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Sft)	Tk/Sft	Amount (Tk)
Floor	157.52	29.52	1	1	4,650		
Total					4,650	12	55,800
8	3" Thick One layer of brick flat soling in foundation or in floor or Beam by first class:						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Sft)	Tk/Sft	Amount (Tk)
Floor	157.52	29.52	1	1	4,650		
Total					4,650	55	255,750
9	Polythene laying						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Sft)	Tk/Sft	Amount (Tk)
Floor	157.52	29.52	1	1	4,650		
Total					4,650	6	27,900
10	Reinforced cement concrete (1:1.5:3) works by Stone-chips using 20mm down well graded stone chips:						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Cft)	Tk/cft	Amount (Tk)
BOTTO M	155	28	1.83	1	7,940		
P WALL	366	1.176	25	1	10,760		
I WALL	84	1	25	1	2,100		
Total					20,800	310	6,448,000

11	Supplying, fabrication and fixing to details as per Design deformed bar reinforcement in concrete.						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (Kg)	Tk/Kg	Amount (Tk)
BOTTOM					26,015		
P WALL					21,808		
I WALL					5,647		
PILE					14,530		
Total					68,000	75	5,100,000
12	Making , placing in position the Wooden centering Shuttering in position and removing accordingly.						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (sft)	Tk/sft	Amount (Tk)
P WALL	366	25		1	9,150		
WALL UP	366	8.6		1	3,150		
I WALL	84	25		2	4,200		
Total					16,500	35	577,500
13	Minimum 12 mm thick cement sand (F.M. 1.2) plaster in proportion (1:4)						
Mark	Length (ft)	Width (ft)	Height (ft)	Quantity	Volume (sft)	Tk/sft	Amount (Tk)
P WALL	366	25		1	9,150		
WALL UP	366	8.6		1	3,150		
I WALL	84	25		2	4,200		
Total					16,500	35	577,500
Total Amount For Civil Construction Works							15,424,550

Sd/-
 Ataur Rahman
 Chief Financial Officer
 Date: 10/11/2016

Sd/-
 Kao Wen Fu
 Managing Director

b) Where the sponsors' contribution or privately placed fund has been brought prior to the public issue and has already deployed by the issuer, indication of use of such funds in the cash flow statement; Tk. 850,865,860 (Eighty Five Crore Eight Lac Sixty Five Thousand Eight Hundred Sixty Only) has been raised through sponsors' contribution and private placement prior to public issue with the approval of Bangladesh Securities and Exchange Commission no: BSEC/CI/CPLC-519/2015/582 on dated November 24, 2015. i.e. Tk. 407,627,520 received freshly received and the amount mentioned below is used to pay off short term bank loan.

Accounting Years	Item	Amount	Reflected in Cash Flow
2002	Acquisition of fixed assets	1,176,890	In the Statement of Cash flows for the year ended 31 December 2002,the figure is included in the head acquisition of assets under the Investing activities
2003	Acquisition of fixed assets	7,249,072	In the Statement of Cash flows for the year ended 31 December 2003,the figure is included in the head acquisition of assets under the Investing activities
2007	Acquisition of fixed assets	20,963,046	In the Statement of Cash flows for the year ended 31 December 2007,the figure is included in the head acquisition of assets under the Investing activities
	Payment of long term loan	27,529,911	In the Statement of Cash flows for the year ended 31 December 2007,the figure is included in decrease in long-term loan under the financing activities
	Working capital	218,187,781	In the Statement of Cash flows for the year ended 31 December 2007,the figure is included in movement of working capital under the head operating activities
2008	Acquisition of fixed assets	31,406,639	In the Statement of Cash flows for the year ended 31 December 2008,the figure is included in the head acquisition of fixed assets under the Investing activities
	Payment of long term loan	39,045,158	In the Statement of Cash flows for the year ended 31 December 2008,the figure is included in decrease in long-term loan under the financing activities
	Working capital	44,236,916	In the Statement of Cash flows for the year ended 31 December 2008,the figure is included in movement of working capital under the head operating activities
2011	Acquisition of fixed assets	7,957,500	In the Statement of Cash flows for the year ended 31 December 2011,the figure is included in the head Purchase under the Investing activities
2012	Acquisition of fixed assets	16,685,81	In the Statement of Cash flows for the year ended 31 December 2012,the figure is included in the head Purchase under the Investing activities
2014	Acquisition of fixed assets	43,816,847	In the Statement of Cash flows for the year ended 31 December 2012,the figure is included in the head Purchase under the Investing activities
2015	Short term loan repayment	407,608,197	In the Statement of Cash flows for the year ended April 01, 2015 to March 31, 2016, the figure is included in the head Short Term Loan received/paid-Net under the Financing activities

c) If one of the objects is an investment in a joint venture, a subsidiary, an associate of the investment, brief description of business and financials of such venture:

The issuer has no objects to invest in a joint venture, a subsidiary, an associate or any acquisition.

d) If IPO proceeds are not sufficient to complete the project, then source of additional fund must be mentioned. In this connection, copies of contract to meet the additional funds are required to be submitted to the Commission. The means and source of financing, including details of bridge loan or other financial arrangement, which may be repaid from the proceeds of the issue along with utilization of such funds:

IPO proceeds are sufficient to complete the project except the working capital the balance of which will be managed from the company's own source.

Summary of project cost (washing plant and bmre of the dying unit) and means of finance are as under:

COST OF THE PROJECT		Taka in '000'			Remarks
Items		Total Cost	From IPO	From Own Source	
Land & Land Development Cost		7,875	-	7,875	Already Incurred
Building and Civil Construction		44,437			
i.	Civil Construction	28,141	28,141	-	To be incurred
ii.	Expansion of ETP	15,425	15,425	-	To be incurred
iii.	Contingency 2%	871	-	871	To be incurred if required
Plant and Machineries		107,880			
i.	For dying Unit	56,510	56,510	-	To be incurred
ii.	For Washing Unit	27,411	27,411	-	To be incurred
iii.	Duties, Insurance, L/ C Commission, Inland Carrying, C&F	7,175	7,175	-	To be incurred
iv.	Erection & Installation	5,874	5,874	-	To be incurred
v.	Electrical Fittings (Annexure: 1)	10,910	-	10,910	To be incurred
Furniture & Fixture		88	-	88	To be incurred
Office Equipment's		160	-	160	To be incurred
Preliminary & Pre-operating Expenses		2,000	-	2,000	To be incurred
Total Fixed Cost		162,440	140,536	21,904	To be incurred
Net Working Capital		144,599	-	144,599	To be incurred
Total Project Cost/Mean of Finance		307,039	140,536	166,503	

Break down of Electrical Fittings required for installation of new machineries:

Item No	Short Description	Qty	Unit	Rate in taka	Amount in taka
1.00	<u>LIGHT FITTING</u>				
	Supply & Installation of following light fitting including Fitting, Fixtures, and bulb/lamp etc. all consumable accessories and shall be as per recommendation of manufacturer and direction of Engineer in charge. Product shall be as mentioned brand or approved equivalent.				
1.01	Single Tube light (TL/ETL): Supply & installation of Single tube light with base frame, Electric blast and completed with all accessories.	540	Nos	560	302,400
2.00	Exhaust Fan(EF): Supply & installation of Exhaust fan of 36" sweep complete with all accessories. The product shall be National or GFC or approved equivalent	40	Nos	15,600	624,000
3.00	SWITCH BOARD :				
	Supply & installation 10A /220V gang switches flush mounted towel, concealed type of MK /Crabtree /legrand/approved equivalent including the box of 16 SWG galvanized sheet steel, Cover plate, SS machine screws, Earthing block etc. complete with all accessories, Conforming to BS1363.				
3.01	4gang one way switch	25	set	940	23,500
4.00	SOCKETS :				
	Supply & installation 5A /13A/15A//20A/ 3PIN 220V Combined switches and shuttered Socket flush mounted to wall, concealed type of MK /Crabtree /legrand/approved equivalent including the box of 16 SWG galvanized sheet steel, Cover plate, SS machine screws, Earthing block etc. complete with all accessories, Conforming to BS1363.				
4.01	three pin socket (RS):1Gang 20A 3-pin Shuttered socket out let with SP Switch at Switch board level	200	Nos	1,800	360,000
5.00	Distribution Board:	4	nos	150,000	600,000
	Supply & installation DB/EDB/SDB/ESDB shall be constructed with 16 SWG sheet steel clade, dust & vermin proof, flush mounting in wall/Floor standing indoor type, painted with power coted paint over a coat of primer. all the boards shall be housed with proper size of bus bar, Earthing bar, insulator, Volt Meter, Selector switch and Amp Meter, Surge Protector for incoming MCCB/MCB Etc. Complete with all accessories, size of hear down electrolyte copper bus bar shall be proposed by the bidder. all live wire and connection shall be well protected. Panel shall concealed flush mounted type having incoming breakers knob Extended beyond inner skin of the panel. MCCB inside the panel shall not be less than 16KA.The produced shall be Schneider/Telemecanique/ABB/Legrand/Marlin Gerin or approved Equivalent. All SDB/ESDB shall be accommodated in one box and breakers installed as per drawing.	0			
5.01	MDB- (At Substation Room)	1	set	250,000	250,000
	32A SP MCB 6KA	35	Set	680	23800
	100A TP MCCB 16KA	30	nos	14500	435000

	150A TP MCCB 16KA	18	nos	25000	450000
	250A TP MCCB 25KA	15	nos	20000	300000
	350A TP MCCB 36KA	16	nos	67000	1072000
	420A TP MCCB 65KA	11	nos	70000	770000
	460A TP MCCB 65KA	15	nos	80000	1200000
		-			-
6.00	PVC CONDUIT:				
6.01	EXPOSED CONDUIT:				
	Supply & laying of following water grade PVC pipe (2mm thick) Concealed in ceiling Tray/Surface with galvanized Saddle/Hanger as per routing showing the drawing, Specification & direction. the rate should be inclusive change for installation & pipe accessories such as bends, tee, Sockets, Circular boxes, pull wire, 18SWG m.s Sheet joint box Etc. The joint should be done with PVC Solvent.				
a	50mm dia	1500	RM	75	112,500
b	75mm dia	1380	RM	92	126,960
7.00	CABLE TRAY:				
	Supply & Installation of galvanized sheet steel cable /ladder of following sizes in ceiling/false Ceiling area as per drawing & direction. Cable tray shall be made of 16SWG sheet and shall be painted with two coat of anamel paint over a base coat good for galvanized sheet and shall be hangered from ceiling by using Galvanized steel bar of size 3mmx30mm @ of 1500mm interval & each change of direction, 9mm dia galvanized steel rod, lock nut, Expansion nut etc. all accessories. The cable tray shall be of perforated tray.				
7.01	600mm W x 75mm D Ladder	150	RM	1,800	270,000
7.02	PVC Insulated Cable:				
	Supply & laying of following PVC insulated fire retardant Single/Four core cable BYA/BYM type with copper conductor through per-laid conduit and cable duct /trunking as per drawing, Specification & direction. The cable should be made according to BS 6004 & BS 2004 BDS 900/9001, 1979. With rated voltage 450/6750V. The product shall be BRB/BBS/Eastern/Paradise or approved Equivalent.				
7.03	1c-4 sqmm (BYA)	2500	RM	165	412,500
7.04	1X2c-10 sqmm (BYM)	1200	RM	560	672,000
8.00	PVC Insulated & PVC Sheathed Cable:				
	Supply, laying & termination at following PVC insulated & PVC Sheathed single core cable (NYY/FR type) or PVC Sheathed/XLPE insulated (XPLE TYPE) with copper conductor in pre laid pipe as per drawing, Specification & direction. The cable should be made according to VDE 0271/3.69 & BDS-901.85 WIYH RATED VOLTAGE 600/100V. The product shall be BRB/BBS/Eastern/Paradise or approved Equivalent.				
9.01	1C-400sq mm NYY	200	RM	4,800	960,000
9.02	1C-300sq mm NYY	250	RM	3,200	800,000
9.03	1C-35sq mm NYY	125	RM	3,800	475,000
9.04	1C-16sq mm NYY	125	RM	2,800	350,000
					-

10.00	EARTH CONTINUITY CONDUCTOR (ecc)				-
					-
	Supply ,laying& termination at following PVC insulated ELECTROLYTIC copper earth continuity conductor (green color) along the cable as per drawing ,specification & driction .				-
					-
10.01	1.5 Sq mm Ecc	175	RM	40	7,000
10.02	2.5 Sq mm Ecc	150	RM	65	9,750
10.03	10Sq mm Ecc	150	RM	220	33,000
					-
					-
11.00	Testing and commissioning :				-
	Testing, commissioning and balancing of the system shall be done as per recommended practice and as per direction of the Engineer- in-charge/Consultant. Measuring of all equipment ,line ,conductor, Testing of insulation ,all protective device ,Phase sequence, Polarity Permanent phase marking etc. Shall be done in present of consultant and proper document shall be submitted for approval.	1	job	270,317	270,317
GRAND-TOTAL AMOUNT TAKA					10,909,727

In words: One Corer Nine Lac Nine Thousand Seven Hundred Twenty Seven Taka Only.

e) Implementation schedule

Particulars	Progress made so far	Approximate date of completion of project	Projected date of commercial operation
Civil Construction	Civil construction will be started after receiving of IPO fund	within 12 (Twelve) months of receiving IPO fund	Within three month of the completion of the project
Machineries, Erection, Electrical Fittings and Installation	The company partially received some machineries and the rest they are in a process of placing order to the supplier; through 360 day deferred L/C and will pay the money after receiving the IPO FUND	within 12 (Twelve) months of receiving IPO fund	
Expansion of ETP	Expansion of ETP will be started after receiving of IPO fund	within 18 (Eighteen) months of receiving IPO fund	
Repayment of Loan	N/A	within 3 (three) months of receiving IPO fund	N/A

Sd/-
Ataur Rahman
Chief Financial Officer

Sd/-
Kao Wen Fu
Managing Director

f) Terms of contract:

As per Annexure-E(B)(21)(f) of the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 there is no contract covering any of the activities of the issuer Company for which the proceeds of sale of securities from IPO is to be used.

g) If one of the objects of the issue is utilization of the issue proceeds for working capital, basis of estimation of working capital requirement along with the relevant assumptions, reasons for raising additional working capital substantiating the same with relevant facts and figures and also the reasons for financing short with long term investments and an item wise break-up of last three years working capital and next two years projection;

No objectives of the issue are utilization of the issue proceeds for working capital

Item wise breakup of last three years working capital and next two years projection:

N/A

(h) Where the issuer proposes to undertake one or more activities like diversification, modernization, expansion, etc. The total project cost activity-wise or project wise, as the case may be;

The company has planned to expand its activities through new business segment washing plant and expansion of existing project with new machineries and installation of the same, ETP expansion and civil construction, which have been mentioned in the Summary of feasibility report.

(i) Where the issuer is implementing the project in a phased manner, the cost of each phase, including the phases, if any, which have already been implemented;

The company has already started importing machineries for the proposed washing plant and expansion of the existing dying unit. The total import till for washing plant and expansion stands at Tk. 2.91 crore and the payment of which will be made through 360days deferred L/C and the imported machineries will be installed in the existing facilities of the factory premises and the rest expansion will be performed after the IPO approval.

(j) The details of all existing or anticipated material transactions in relation to utilization of the issue proceeds or project cost with sponsors, directors, key management personnel, associates and group companies;

There is no existing or anticipated material transaction in relation to utilization of the issue proceeds or project cost with sponsors, directors, key management personnel, associates and group companies.

(k) Summary of the project appraisal/ feasibility report by the relevant professional people with cost of the project and means of finance, weaknesses and threats, if any, as given in the appraisal/ feasibility report.

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Summary of feasibility report in respect of enhances paid up capital as prepared by Mr. Abu Sayeed Ahmed, FCA of Aftab Ahmed & Co. is enclosed below:

Summary of Feasibility of Shepherd Industries Limited

EXECUTIVE SUMMARY:

Shepherd Industries Limited (SIL) is a 100% export oriented yarn dyeing Industry located in Bagrapara, Kathalia, Bhaluka, Mymensingh a north-east district of Bangladesh. The company was established in 2000 with daily capacity of dyeing of 20,000 LBS yarn per day and subsequently increased to 50,000 Lbs per day. The company was incorporated as a private limited company on August 21 and subsequently converted into a public limited company on June 08, 2015.

Shepherd Yarn Limited was amalgamated with Shepherd Industries Limited with the permission of the Honorable high court division of The Supreme Court of Bangladesh with effect from April 01, 2015. After amalgamation the capacity increased to 80,000 Lbs per day.

Shepherd Industries Limited is the pioneer amongst the dyeing industries in Bangladesh. With nearly 20 years of experience of the management of Shepherd Industries Limited in dye industry, to cope with the increasing demand, the management has now decided to expand the existing capacity of dyeing by 20,000 Lbs per day with a cost of BDT 204.35 million including working capital of BDT 117.99 million. It has also decided to establish a washing plant with the state of the art machineries and modern garments wash facilities with capacity of 8,000 dozens per day with a cost of BDT 102.69 million including working capital of Tk. BDT 26.61 million.

After the expansion and establishment of the washing plant unit, the project is expected to generate a total of BDT 3,766.74 million revenues in the first 5 years' time having the Project IRR estimated to be 40.70%, ROE 20.42% in the first year and NPV BDT 404.45 Million at 12% Cost of Capital in the 10 years' life time. The proposed project shall earn a net profit to sales ratio of 12.53% in the 1st year, while Break even sales is 219.99 million and project pay-back period is 3 years.

Shepherd Industries Limited expects BDT 140.54 million of total investment to be raised through Initial Public offering (IPO) as part of the equity investment for the proposed project. Total additional capital requirement for the proposed project will be BDT 307.04 million including working capital of BDT 144.60 million.

VISION:

SIL's Vision aims to be:

- A company with trustworthy name for our consumers;
- Our customers' preferred supplier;
- A strong and sound company for our stakeholders; and
- An extraordinary place to work in

MISSION:

SIL has some clear mission in terms of financial and strategic perspectives which are as under:

- To serve our customers efficiently and effectively, fulfilling their needs and expectations
- To train and develop our employees
- To provide optimum return to our investors
- To utilize company resources efficiently and effectively so as to achieve comparative advantage over our competitors.
- To gain sustainable market shares of the business in the days ahead

PRODUCTS OF THE COMPANY:

Dyed yarn of various specification, composition and qualities. After expansion washing of garments shall be added as a service of the company.

PRODUCTION CAPACITY:

Post Expansion project as an integrated unit will have the following installed capacity:

Activity	Existing Capacity / day	Capacity to be increased / day	Capacity post Expansion / day
Yarn Dyeing	80,000 Lbs	20,000 Lbs	100,000 Lbs
Washing	Nil	8,000 Dzs	8,000 Dzs

TECHNOLOGY CONSIDERATION:

Power:

The Prime Source of power will be project's own Generator. The existing project already has 03(three) sets of Gas Generator with capacity of 1,700 KVA, 1030 KW & 1030 KW for supplying the required electricity to the Existing project. It has also 01 (one) set of Diesel Generator having capacity 260 KW & 03 (three) sets 250 KW as back-up generator. No further generator is required for the proposed projects.

Water:

The total requirement of water for the project will be made available from project's own Deep-Tube-well.

Gas:

SIL needs gas for captive power plant, boiler to generate steam. SIL meets the requirement of GAS from TITAS Gas Transmission and Distribution Company Limited (TGTDC)

PRODUCT MARKET PLACE:

SIL is the backward linkage industry of 100% export oriented local sweater industries who consume dyed yarn as raw materials of their goods and export to overseas market. Therefore as a 100% deemed export the ultimate destination of the SIL's product is the overseas market.

MARKETING STRATEGY:

After receiving the orders from the customers, SIL dyes the yarn as per customers' specification & colour and delivers to the destination as specified by the customer. As export of the company is deemed export, the company usually delivers the products to local destination. After establishing the washing plant, SIL will wash the garments of 100% export oriented industries after receiving order and subsequently the garments. The payment shall be received through L/Cs.

6. SWOT ANALYSIS

	SI	SWOT Variables	Description
Strengths	1	Brand loyalty	The Quality of Company's products to its customers have enabled the company to capture significant market share in the sector. We have a very strong customer base and healthy business relationship and doing business for a long time
	2	Market share	We have good market share in the export oriented sweater industry.
	3	Mass production setup	High volume production capacity per unit time
	5	Cost conscious business	Product costing in all the aspects (Production cost, purchasing cost, market selling price and cost involved in the entire supply chain is properly maintained to provide quality product to its customer at a reasonable price.
	6	Strong R & D for dyeing and finishing	Research and Development activities for new product development and existing product improvement, SIL has a state of the art laboratory with experienced technician,
	7	Low labour cost	Countrywide low labour cost has enabled us to compete with foreign competitors outside Bangladesh.
	8	Capital investment availability	SIL Always keen to develop new products and invest in new profitable venture.
	9	Raw material supply	Trouble free supply of input materials for processing with a wide range of dedicated manufacturers and suppliers.
	10	Supportive management	Support from the management for the managerial decision making
	11	High performance machineries	State of the art high performance machinery for production
	12	Production of value added quality products	SIL produces quality dyed yarn for 100% export oriented sweater industries.
Weakness	1	Slim profit margin	Since SIL is engaged in producing single component of production for sweater industries profit is relatively lower than the composite sweater industry.
	2	Work environment	High temperature, heat, RH inside the production plant due to processing machines exhaust except for the factory Office and Lab as well head office which are properly air-conditioned.
	3	Physical Hazards	Chances of accidents, physical damage to the workers, process hazards such as Chemical Explosion etc.
	4	Operatives fatigue	Tiredness of operatives due to movement of materials
	5	Fragmented company	Different geographical location of value chain of the company
	6	Cost of maintenance and spare parts	High cost of new spare parts and high cost of maintenance (Consumables and technician)

Opportunity	1	Helped by the government policy	All the Garments, Textile and backward linkage industries enjoy special tax rates, Tax holidays and subsidies from the government for the development of this sector.
	2	Easy Bank loan	All the industries involved in this sector to get finance easily from any financial institute.
	3	Market orders exports	Huge volumes of orders from export oriented textile industries
	4	New developments in dyes, pigments and chemicals	New developments in dye stuff, pigments for colouring of yarn, also in chemicals for less effluent loads and faster lead time of production
	5	Low cost dyes and chemicals	Low cost of dyes and chemicals available in due to the high competition in the dyestuff manufacturer
	6	Mass production capacity	Mass production capacity for different count of yarn is available and the factory runs 24 hours and required power for production is generated through gas generator.
Threats	1	Intense competition	Global competition in this sector may affect the profitability of the company
	3	Government regulation	Governments restriction if imposed will create new complications
	4	Political unrest	Political unrest is a big threat for any company. A sound political environment is required for a sustainable growth in this sector.
	5	Availability fuel for steam generation	Bangladesh is going through natural GAS crisis which might cause problem in textile and garments sector
	6	Social awareness	Social and employee welfare
	7	High water consumption / effluent generation	High water consumption and effluent generation per unit of product
	8	Disposal of solid waste generated from effluent	Sludge waste as by product during the effluent treatment
	9	High inventory cost	Inventory cost goes high if exchange rate fluctuates since raw material for production is mostly imported from abroad.

FINANCIAL PROJECTIONS:

Profitability potential of the proposed project has been estimated for five years of operation to assess the financial viability of the project. The financial projections include estimates of sales, operating cost, administrative and selling expenses and financial overheads.

The assumptions underlying the earning forecast are as under:

- The project will operate for 280 days in a year two shifts operation basis of 16 hours per shift.
- The capacity buildup has been assumed to be achieved gradually at the rate of 60%, 65%, 70%, 75% & 80 % of estimated attainable capacity in the 1st, 2nd, 3rd, 4th and 5th year of operations and onwards.
- The price of raw materials and finished goods have been assumed to remain constant throughout the projected years of operation with the assumption that increase in the price of raw materials will be offset by the corresponding increase in the price of Selling price.
- Sales prices of the proposed product have been assumed on the basis of price of such products prevailing in the market.
- Stores and Spares for the Project has been calculated at 0.5%, 1.0%, 1.5%, 2% and 2% for the 1st, 2nd, 3rd, 4th and 5th year of the machinery.
- The cost of repair and maintenance for the project has been calculated at 0.5%, 1.0%, 1.5%, 2% and 2% for the 1st, 2nd, 3rd, 4th and 5th year on the building & civil construction.
- Rent, Tax, Insurance etc. for the project has been calculated 1.00% every year on the fixed cost.
- Annual increment of 10% has been considered for calculation of wages and salaries.
- Depreciation has been charged on reducing balance method at the following rates

Machinery	10%
Building	10%
Furniture & Fixture	10%
Office Equipments	10%
- Economic life of the project has been assumed to be 10 years without any major replacement.

SUMMARY OF PROJECT COST AND MEANS OF FINANCE:

COST OF THE PROJECT		Taka in '000'	
Items	Foreign Currency	Local Currency	Total Cost
Land & Land Development Cost	-	7,875	7,875
Building & Civil Works Cost	-	44,436	44,436
Plant and Machineries	83,921	23,959	107,880
Furniture & Fixture	-	88	88
Office Equipment's	-	160	160
Preliminary & Pre-operating Expenses	-	2,000	2,000
Total Fixed Cost	83,921	78,519	162,440
Net Working Capital	-	144,599	144,599
Total Project Cost	83,921	223,118	307,039
MEANS OF FINANCE:			
Initial Public Offering	83,921	56,615	140,536
Own Source	-	166,503	166,503
Total Equity	83,921	223,118	307,039
Total Means of Finance	83,921	223,118	307,039

ESTIMATED STATEMENT OF FINANCIAL POSITION

Tk. In '000'

As the Closing day of	Year -0	Year -1	Year -2	Year -3	Year -4	Year -5
ASSETS:						
NON-CURRENT ASSETS:						
Fixed Assets at Cost	160,440	160,440	160,440	160,440	160,440	160,440
Less: Accumulated Depreciation	-	15,256	28,987	41,345	52,467	62,477
Net Fixed Assets	160,440	145,183	131,452	119,095	107,973	97,963
Preliminary & Pre-operating Expenses	2,000	1,600	1,200	800	400	-
Total Non-Current Assets	162,440	146,783	132,652	119,895	108,373	97,963
CURRENT ASSETS:						
Inventory:						
Raw Material	-	217,330	235,441	253,552	271,663	289,774
Work in Process (WIP)	-	4,176	4,514	4,854	5,195	5,528
Finished Goods (FG)	-	14,505	15,791	16,979	18,173	19,338
Storage & Spares and Others	-	187	373	560	747	747
Receivable	-	241,965	269,925	290,500	310,975	330,962
Short Term Investment	-	-	-	-	-	-
Cash & Bank Balance	144,599	103,447	187,977	285,624	389,163	500,289
Total Current Assets	144,599	581,611	714,021	852,068	995,915	1,146,638
TOTAL ASSETS	307,039	728,394	846,673	971,963	1,104,288	1,244,601
EQUITY & LIABILITIES:						
Equity:						
Initial Public Offering	140,536	140,536	140,536	140,536	140,536	140,536
Own Source	166,503	166,503	166,503	166,503	166,503	166,503
Retained Earnings	-	78,787	167,824	264,358	367,996	479,490
Total Equity & Reserve	307,039	385,826	474,863	571,397	675,035	786,528
Current Liabilities:						
Accounts Payable		325,995	353,162	380,328	407,494	434,660
Salary & Wages	-	2,669	2,936	3,203	3,470	3,737
Provision for Tax	-	13,904	15,712	17,035	18,289	19,675
Total Current Liabilities	-	342,568	371,810	400,566	429,253	458,073
TOTAL EQUITY & LIABILITIES	307,039	728,394	846,673	971,963	1,104,288	1,244,601

PROJECTED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME:

Particulars	Taka in '000'				
	Year -1	Year -2	Year -3	Year -4	Year -5
Capacity Utilization	60%	65%	70%	75%	80%
Sales	628,589	702,730	757,548	811,813	866,062
Cost of Goods sold	524,258	584,837	629,416	673,778	717,085
Gross Profit	104,331	117,893	128,132	138,035	148,977
Operating Expense	11,640	13,144	14,563	16,107	17,808
Operating Profit	92,691	104,749	113,569	121,927	131,169
Financial Expenses	-	-	-	-	-
Profit before Other Income	92,691	104,749	113,569	121,927	131,169
Income From Short Term Investment	-	-	-	-	-
Income Before WPPF	92,691	104,749	113,569	121,927	131,169
Workers Participation Fund	-	-	-	-	-
Profit after WPPF	92,691	104,749	113,569	121,927	131,169
Income Tax	13,904	15,712	17,035	18,289	19,675
Net Profit for the year	78,787	89,037	96,534	103,638	111,494
Last Year Balance	-	78,787	167,824	264,358	367,996
Cumulative Retained Earnings	78,787	167,824	264,358	367,996	479,490
Ratios (%) :-					
Gross Profit to Sales	16.60%	16.78%	16.91%	17.00%	17.20%
Operating Profit to Sales	14.75%	14.91%	14.99%	15.02%	15.15%
Income after tax to Sales	12.53%	12.67%	12.74%	12.77%	12.87%
Return on Equity	20.42%	18.75%	16.89%	15.35%	14.18%
Income after tax to Fixed Cost	48.50%	54.81%	59.43%	63.80%	68.64%
Income after tax to Total Project Cost	25.66%	29.00%	31.44%	33.75%	36.31%

Pay –back period

The Pay Back period of the project is calculated to determine the period required to recuperate the original investment outlay through the profits earned by the project. The calculated payback period of the project is 3 years.

Break even analysis

The break even analysis has been carried out the basis of cost and sales data of 3rd year of operation and is shown its work sheet. The project is expected to break even at 29.04% of the assumed capacity with sales revenue of BDT 219.99 million i.e 20.28% of the rated capacity utilization.

CONCLUSION AND RECOMMENDATION

The feasibility reveals that the project is viable considering all aspects. The demand of dyed yarn is very high in Bangladesh and it is gradually increasing on consideration of development of RMG sector. Moreover, in Bangladesh all the RMG industries do not have modern washing plant, who seeks washing of their garment from outside. Therefore, it can be concluded that the project has the potential for investment so that it will contribute in the sector of RMG as well as ultimate development of the country.

Place: Dhaka
Date: October 18, 2016

Sd/-
Aftab Ahmed & Co.
Chartered Accountants

SECTION (XXIII): LOCK-IN

(a) Ordinary shares of the issuer shall be subject to lock-in, from the date of issuance of prospectus or commercial operation, whichever comes later, in the following manner:

(1) All shares held, at the time of according consent to the public offer, by sponsors, directors and shareholders holding 5% or more shares, other than alternative investment funds, for 03(three) years;

(2) All shares allotted, before 02(two) years of according consent to the public offer, to any person, other than alternative investment funds, for 03(three) years

(3) In case any existing sponsor or director of the issuer transfers any share to any person, other than existing shareholders, within preceding 12 (twelve) months of submitting an application for raising of capital or initial public offer (IPO), all shares held by those transferee shareholders, for 03(three) years;

(4) 25% of the shares allotted to eligible investors, for 03 (three) months and other 25% of the shares allotted to them, for 06 (six) months;

(5) All shares held by alternative investment funds, for 01(one) year; and

(6) Shares allotted, within two years of according consent to the public offer, to any person other than the shares mentioned in sub-rules (1), (2), (3), (4), and (5) above, for 01(one) year.

(b) The following table indicates the **Lock-in** status of the shareholders of Shepherd Industries Limited:

Sl	Name	BO ID	Position	Date of Acquisition	No of Shares	Total	%	*Lock-in Period
1	Yang Ming TE	1605550061237900	Sponsor	MOA	10,000	1,320,000	1.27%	3 Years
				01/07/2002	1,310,000			
2	Kao Wen FU	1605550061233739	Managing Director	01/07/2002	1,310,000	3,717,549	3.57%	3 Years
				28/09/2000	10,000			
				01/04/2015	1,780,660			
				14/02/2016	616,889			
3	Ever Priority Ltd	1605550061246691	Director	26/09/2013	1,320,000	43,035,650	41.30%	3 Years
					200,000			
				26/07/2009	1,160,000			
					1,360,000			
				01/04/2015	6,640,000			
4	Mr. Cheng Che Seng	1605550061237927	Sponsor	MOA	10,000	1,720,680	1.65%	3 Years
				01/07/2002	1,310,000			
				01/04/2015	400,680			
5	Mr. Chung Wen Kuei	1605550061237895	Chairman	12/11/2011	857,400	3,261,415	3.13%	3 Years
				01/04/2015	1,440,000			
				14/02/2016	964,015			
6	Eternal Flame International	1605550061246705	Director	17/05/2015	100	10,886,580	10.45%	3 Years
				14/02/2016	10,886,480			
7	Mr. Seng Ming Hsiung	1605550061237919	Shareholder	01/04/2015	560	560	0.00%	1 Year
8	CHANG, HUNG-JUNG	1605550061222282	Shareholder	14/02/2016	250,000	250,000	0.24%	1 Year
9	CHANG, SHIH-LIN	1605550061222365	Shareholder	14/02/2016	903,500	903,500	0.87%	1 Year
10	CHANG, SHU-LING	1605550061222258	Shareholder	14/02/2016	661,761	661,761	0.64%	1 Year
11	CHEN HUANG, LEE-BE	1605550061222241	Shareholder	14/02/2016	1,787,735	1,787,735	1.72%	1 Year
12	CHEN XIAO YUAN	1605550061233811	Shareholder	14/02/2016	600,000	600,000	0.58%	1 Year
13	CHEN, CHEN-YEN	1605550061222381	Shareholder	14/02/2016	3,209,115	3,209,115	3.08%	1 Year
14	CHEN, SHU-FEN	1605550061222274	Shareholder	14/02/2016	1,400,000	1,400,000	1.34%	1 Year
15	HUANG, CHENG-FEI	1605550061222266	Shareholder	14/02/2016	1,632,456	1,632,456	1.57%	1 Year
16	KAO CHI FU	1605550061233747	Shareholder	14/02/2016	300,000	300,000	0.29%	1 Year
17	KAO, CHUN-CHE	1605550061222357	Shareholder	14/02/2016	1,807,001	1,807,001	1.73%	1 Year
18	LEE KANGOK	1605550061233781	Shareholder	14/02/2016	2,000,000	2,000,000	1.92%	1 Year
19	LEE, HUEI-CHUN	1605550061222373	Shareholder	14/02/2016	903,501	903,501	0.87%	1 Year

20	LI, HSING-CHIEH	1605550061222330	Shareholder	14/02/2016	652,665	652,665	0.63%	1 Year
21	LIANG, XIAOPING	1605550061233755	Shareholder	14/02/2016	1,050,000	1,050,000	1.01%	1 Year
22	LIN, WEN-YU	1605550061222231	Shareholder	14/02/2016	3,974,048	3,974,048	3.81%	1 Year
23	LIU SHUANG-CHUAN ,	1605550061222306	Shareholder	14/02/2016	2,500,000	2,500,000	2.40%	1 Year
24	LIU, LIANG-CHING	1605550061233720	Shareholder	14/02/2016	700,000	700,000	0.67%	1 Year
24	THITIPONG APITANOTA	1605550061233771	Shareholder	14/02/2016	1,160,000	1,160,000	1.11%	1 Year
26	TSENG YA FEN	1605550061222314	Shareholder	14/02/2016	2,428,750	2,428,750	2.33%	1 Year
27	WANG CHUN TA	1605550061233798	Shareholder	14/02/2016	250,000	250,000	0.24%	1 Year
28	YANG BO-CHEN	1605550061222322	Shareholder	14/02/2016	652,665	652,665	0.63%	1 Year
29	YANG, WAN-CHLTN	1605550061222290	Shareholder	14/02/2016	960,000	960,000	0.92%	1 Year
30	YAO JIANZHONG	1605550061233763	Shareholder	14/02/2016	1,160,000	1,160,000	1.11%	1 Year
31	YIN, SHIH-WEN	1605550061222349	Shareholder	14/02/2016	3,220,355	3,220,355	3.09%	1 Year
32	MD.ABDUL MANNAN	1605550061246713	Shareholder	14/02/2016	1,100,000	1,100,000	1.06%	1 Year
33	ABU SALEH ABDUL MUIZ	160555007748542	Shareholder	14/02/2016	500,000	500,000	0.48%	1 Year
34	A. H. ENTERPRISE	1605550061258214	Shareholder	14/02/2016	750,000	750,000	0.72%	1 Year
35	SYEDA LULU MUBIN	1605550061455590	Shareholder	14/02/2016	350,000	350,000	0.34%	1 Year
36	NAHID CHOWDHURY	1605550057725605	Shareholder	14/02/2016	500,000	500,000	0.48%	1 Year
37	KONIKA KAISER	1605550061258206	Shareholder	14/02/2016	100,000	100,000	0.10%	1 Year
38	Md. DELWAR HOSSAIN	1203190011732275	Shareholder	14/02/2016	100,000	100,000	0.10%	1 Year
39	AGRO ATMOSPHERE LTD	1205690057925356	Shareholder	14/02/2016	750,000	750,000	0.72%	1 Year
40	J. K. ENTERPRISE LTD	1203680060785393	Shareholder	14/02/2016	850,000	850,000	0.82%	1 Year
41	NADIA SHAH	1605550049331348	Shareholder	14/02/2016	600,000	600,000	0.58%	1 Year
42	NUSRAT JAHAN RIMI	1605550050533472	Shareholder	14/02/2016	300,000	300,000	0.29%	1 Year
43	MOHAMMAD ZULKER NAIM	1605550047499471	Shareholder	14/02/2016	200,000	200,000	0.19%	1 Year
Total					104,205,986	104,205,986	100%	

***Note: Lock-in period starts from the issue date of prospectus**

SECTION (XXIV): MARKETS FOR THE SECURITIES BEING OFFERED

Stock Exchanges:

The issuer shall apply to the following bourses for listing shares within 7 (seven) working days from the date of consent accorded by the Commission to issue the prospectus:



Dhaka Stock Exchange Limited (DSE)
9/F, Motijheel C/A, Dhaka-1000; and



Chittagong Stock Exchange Limited (CSE)
CSE Building, 1080 Sheikh Mujib Road, Chittagong.

Declaration about Listing of Shares with Stock Exchanges:

None of the Stock Exchanges, if for any reason, grant listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the Company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchange, or from the date of expiry of the said 75 (seventy-five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the Company directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer Company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days' time period allowed for refund of the subscription money.

Trading and Settlement;

Trading and Settlement Regulation of the stock exchanges will apply in respect of trading and settlement of the shares of the Company.

THE ISSUE SHALL BE PLACED IN "N" CATEGORY

SECTION (XXV): DESCRIPTION OF SECURITIES OUTSTANDING OR BEING OFFERED

(a) Dividend, voting and preemption rights;

The Share Capital of the company is divided into Ordinary Shares, carrying equal rights to vote and receive dividend in terms of the relevant provisions of the Companies Act 1994 and the Articles of Association of the company. All Shareholders shall have the usual voting rights in person or by proxy in connection with, among others, election of Directors & Auditors and other usual agenda of General Meeting – Ordinary or Extra-ordinary. On a show of hand, every shareholder presents in person and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present or by proxy shall have one vote for every share held by him or her.

In case of any additional issue of shares for raising further capital the existing shareholders shall be entitled to Right Issue of shares in terms of the guidelines issued by the BSEC from time to time.

(b) Conversion and liquidation rights;

In terms of provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are freely transferable. The Company shall not charge any fee for registering transfer of shares. No transfer shall be made to a firm, an infant or person of unsound mind.

(c) Dividend policy;

- i. The profit of the Company, subject to any special right relating thereto created or authorized to be created by the Memorandum and subject to the provisions of the Articles of Association, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively.
- ii. No large dividend shall be declared than is recommended by the Directors, but the Company in its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of Net profit of the Company shall be conclusive.
- iii. No dividend shall be payable except out of the profits of the Company or any other undistributed profits. Dividend shall not carry interest as against the Company.
- iv. The Directors may from time to time pay the members such interim dividend as in their judgment the financial position of the Company may justify.
- v. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.
- vi. No limitation in payment of dividend is stipulated in any debt instrument or otherwise.

(d) Other rights of the securities holders;

In terms of the provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are transferable. The Company shall not charge any fee, other than Government duties for registering transfer of shares. No transfer shall be made to a minor or person of unsound mind.

The Directors shall present the financial statements as required under the law & International Accounting Standard. Financial statements will be prepared in accordance with the International Accounting Standards consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and International Accounting Standard to the shareholders regarding the financial and operational position of the company. The shareholders shall have the right to receive all periodical statement and reports, audited as well as un audited, published by the company from time to time.

The shareholder holding minimum of 10% shares of paid-up capital of the company shall have the right to requisition extra ordinary General Meeting of the company as provided for the section 84 of the Companies Act 1994.

SECTION (XXVI): FINANCIAL STATEMENTS

Independent Auditors' Report To the shareholders of Shepherd Industries Limited

We have audited the accompanying Financial Statements of **Shepherd Industries Limited, Dhaka** which comprises the Statement of Financial Position as at 30 June 2016, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended and other explanatory notes forming part of the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS)/ Bangladesh Accounting Standards, the Companies Act 1994, Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes designing, implementing internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error selecting and applying appropriate accounting policies and making accounting estimates that reasonable in the circumstances.

Auditors' Responsibility

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

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

Basis of Opinion

We have conducted audit in accordance with Bangladesh Standards on Auditing (BSA) and accordingly we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements prepared in accordance with the Bangladesh Accounting Standards (BAS) / Bangladesh Financial Reporting Standards (BFRS) present fairly, in all material respects, the financial position of **the company** as at 30 June 2016 and the result of its operation and its cash flows for the period then ended and comply with the Companies Act 1994, Securities and Exchange Rules 1987 and other applicable laws and regulations.

We further report that:

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

Dated. Dhaka:
22 September 2016

Sd/-
MAHFEL HUQ & Co.
Chartered Accountants

SHEPHERD INDUSTRIES LIMITED
Statement of Financial Position
as on June 30, 2016

	Notes	Amount in Taka 30.06.2016	Amount in Taka 31.03.2016	Amount in Taka 01.04.2015
ASSETS AND PROPERTIES				
Non-Current Assets		1,384,811,864	1,346,179,361	1,354,364,604
Property, Plant & Equipment	4	1,334,235,677	1,302,877,602	1,354,364,604
Capital Work-in-Progress	5	50,407,119	43,123,793	-
Intangible Asset	6	169,068	177,966	-
Current Assets		2,471,463,873	2,531,856,325	2,323,753,225
Inventories	7	1,184,165,958	1,380,280,441	1,268,250,601
Trade & other Receivables	8	1,091,466,500	937,947,151	659,502,234
Investment	9	62,232,899	62,232,899	36,592,718
Advance, Deposits & Prepayments	10	77,844,133	74,963,426	60,975,070
Current a/c with Related Entity	11	15,100,000	29,100,000	279,349,957
Cash and Cash Equivalents	12	40,654,383	47,332,408	19,082,645
		3,856,275,737	3,878,035,686	3,678,117,829
EQUITY AND LIABILITIES				
Shareholders' Equity		1,948,472,212	1,933,656,316	1,434,918,136
Share Capital	13	1,042,059,860	1,042,059,860	191,194,000
Share Money Deposit	14	-	33,728,933	476,927,129
Revaluation Reserve	15	552,651,670	554,262,515	609,128,159
Retained Earnings	16	353,760,682	303,605,008	157,668,848
Non-Current Liabilities		123,185,570	124,017,703	169,670,497
Long Term Foreign Loan		-	-	38,505,032
Obligation under Finance Lease	17	4,003,683	4,475,454	-
Deferred Tax liabilities	18	119,181,887	119,542,249	131,165,465
Current Liabilities		1,784,617,955	1,820,361,667	2,073,529,196
Loan from Shareholders'	19	33,728,933	-	-
Trade & other Payables	20	968,869,108	1,043,939,623	867,628,960
Obligation under Finance Lease-Current Portion	17	1,793,435	1,732,744	-
Short Term Bank Loan	21	652,665,292	637,766,832	1,110,873,232
Liabilities for Expenses & Provisions	22	127,561,187	136,922,468	95,027,004
		3,856,275,737	3,878,035,686	3,678,117,829
Net Asset Value Per Share (With Revaluation Reserve)		18.70	18.56	75.05
Net Asset Value Per Share (Without Revaluation Reserve)		13.39	13.24	43.19

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

Sd/- Chief Financial Officer	Sd/- Company Secretary	Sd/- Director	Sd/- Managing Director	Sd/- Chairman
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This is the Statement of Financial Position referred to in our separate report of even date.

Dated: Dhaka
22 September 2016

Sd/-
MAHFEL HUQ & CO.
Chartered Accountants

SHEPHERD INDUSTRIES LIMITED
Statement of Profit or Loss and Other Comprehensive Income
for the period from April 01 to June 30, 2016

	Notes	Amount in Taka 30.06.2016	Amount in Taka 30.06.2015
Revenue	23	756,861,925	750,786,410
Less: Cost of Sales	24	(669,410,501)	(664,678,992)
Gross Profit		87,451,424	86,107,418
Foreign Currency Gain/(Loss)	25	(9,602,729)	(913,448)
Add: Other income	26	12,466,474	1,312,711
Less: Operating Expenses		(14,282,881)	(9,511,702)
Selling & Distribution Expenses	27	(1,977,383)	(975,556)
Administrative Expenses	28	(12,305,498)	(8,536,146)
Profit before Financial Expenses & Tax		76,032,288	76,994,979
Less: Financial Expenses	29	(16,131,226)	(35,276,513)
Net Profit/ (Loss) before tax		59,901,062	41,718,466
Income Tax Expense:		(11,701,414)	(1,316,736)
Current Tax	30	(11,716,595)	(7,312,199)
Deferred Tax Income/(Expenses)		15,181	5,995,463
Net Profit/ (Loss) after Tax for the period		48,199,648	40,401,730
Basic Earning Per share (Par Value of Tk. 10/- each)	31	0.46	2.11
Re-stated Earning Per share (Par Value of Tk. 10/- each)	31	0.46	0.64

The annexed notes form an integral part of the Statement of Profit or Loss and Other Comprehensive Income.

Sd/- Sd/- Sd/- Sd/- Sd/-
Chief Financial Officer Company Secretary Director Managing Director Chairman

This is the Statement of Profit & Loss and Comprehensive Income referred to in our separate report of even date.

Dated: Dhaka
22 September 2016

Sd/-
MAHFEL HUQ & CO.
Chartered Accountants

SHEPHERD INDUSTRIES LIMITED

Statement of Cash Flows

For the period from April 01 to June 30, 2016

Particulars	Notes	Amount in Taka 30.06.2016	Amount in Taka 30.06.2015
A) Cash Flows from Operating Activities			
Received from customers and others	32	599,748,935	458,697,047
Payment to Creditors, Suppliers, Employees and Others	33	(586,950,452)	(432,344,223)
Cash inflow/(outflow) from operation		12,798,483	26,352,824
Income Tax Paid	34	(4,226,203)	(4,247,255)
Net cash provided by Operating Activities		8,572,280	22,105,569
B. Cash Flows from Investing Activities			
Acquisition of Property, Plant & Equipments		(24,149,832)	(13,822,325)
Proceeds from Sale of Property, Plant & Equipments		600,000	-
Payment for Capital Work-in-Progress	35	(3,657,898)	-
Investment in FDR		-	(6,411,981)
Investment in Share Money Deposit of Taiwan Food and Processing Industries Limited		-	(62,000,000)
Advance Lease Deposits		-	(414,220)
Net cash used in Investing Activities		(27,207,730)	(82,648,526)
C. Cash Flow from Financing Activities			
Short Term Loan Received/(Paid)-Net		14,898,460	6,906,049
Obligation under Finance Lease Received/(Paid)-Net		(411,080)	7,359,835
Financial Expenses Paid		(16,131,226)	(35,276,513)
Current a/c with Related Entity		14,000,000	151,841,548
Net cash provided by Financing Activities		12,356,154	130,830,919
D. Net Increase/(Decrease) in cash and Cash Equivalent		(6,279,296)	70,287,962
E. Cash & Cash Equivalent at beginning at the period		47,332,408	19,082,645
F. Unrealized gain/(loss)		(398,729)	(97,250)
G. Cash & Cash Equivalent at the end of the period		40,654,383	89,273,357
Net Operating Cash Flow per Share		0.08	1.16

The annexed notes form an integral part of the Statement of Cash Flows

Sd/- Sd/- Sd/- Sd/- Sd/-
Chief Financial Officer Company Secretary Director Managing Director Chairman

This is the Statement of Cash Flows referred to in our separate report of even date.

Dated: Dhaka
22 September 2016

Sd/-
MAHFEL HUQ & CO.
Chartered Accountants



Shepherd Industries Limited

SHEPHERD INDUSTRIES LIMITED
Statement of Changes in Equity
for the period from April 01 to June 30, 2016

Particulars	Paid up Capital	Share Money Deposit	Revaluation Reserve	Retained Earnings	Total Equity
Opening balance	1,042,059,860	33,728,933	554,262,515	303,605,008	1,933,656,316
Less: Transfer to Loan from Shareholders		(33,728,933)	-	-	(33,728,933)
Less: Depreciation on revaluation transfer to retained earnings-net off tax	-	-	(1,956,026)	1,956,026	-
Add/(Less): Deferred Tax Income/(Expenses) during the period	-	-	345,181	-	345,181
Add: Net profit/(loss) for the period	-	-	-	48,199,648	48,199,648
Closing balance on 30 June 2016	1,042,059,860	-	552,651,670	353,760,682	1,948,472,212

Statement of Changes in Equity
for the period from April 01 to June 30, 2015

Particulars	Paid up Capital	Share Money Deposit	Revaluation Reserve	Retained Earnings	Total Equity
Opening balance	191,194,000	476,927,129	609,128,159	157,668,848	1,434,918,136
Prior year adjustment:					-
Prior years' adjustment for excess transfer of depreciation from revaluation reserve			8,430,037	(8,430,037)	-
Prior years' adjustment for deferred tax on revaluation recognized in statement of profit or loss and other comprehensive income			(56,432,237)	56,432,237	-
Retrospective adjustment for employees' gratuity fund for introduction of Gratuity Policy				(23,970,636)	(23,970,636)
Retrospective adjustment for recognition of Intangible Assets				(17,770,413)	(17,770,413)
Restated opening Balance	191,194,000	476,927,129	561,125,959	163,929,999	1,393,177,087
Less: Depreciation on revaluation transfer to retained earnings-net off tax			(11,415,123)	11,415,123	-
Add/(Less): Deferred Tax Income/(Expenses) during the period			381,644		381,644
Add: Net profit (Loss) for the period				40,401,730	40,401,730
Closing Balance on 30 June 2015	191,194,000	476,927,129	550,092,480	215,746,852	1,433,960,461

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

Sd/-
Director

Sd/-
Managing Director

Sd/-
Chairman

This is the Statement of Changes in Equity referred to in our separate report of even date.

Dated: Dhaka
22 September 2016

Sd/-
MAHFEL HUQ & CO.
Chartered Accountants



SHEPHERD INDUSTRIES LIMITED
Notes to the Financial Statements
for the period from April 01 to June 30, 2016

1 About the Company

1.01 SHEPHERD INDUSTRIES LIMITED, a private limited company limited by shares incorporated with the Registrar of Joint Stock Companies & Firms under the Companies Act 1994 on 21 August 2000 vide registration No. C-41066(425)/2000. The registered office of the company is located at House # 24, Road # 04, Sector # 04, Uttara Model Town, Dhaka-1230, Bangladesh. The Industrial unit is located at Kathalia, Bhaluka, Mymensingh. The company converted into public limited company with effect from June 08, 2015. The commercial production of the company was commenced on 18 October 2001. Under a scheme of amalgamation passed by the Honorable High Court Division dated December 15, 2014, Shepherd Yarn Limited (incorporated in 2005) has been amalgamated with Shepherd Industries Ltd with effect from April 01, 2015.

1.02 **Nature of Business Activities**

Shepherd Industries limited is a 100% export oriented company engaged in dyeing of different counts of yarn and market the processed yarn as deemed exporter.

2 Significant Accounting Policy for the presentation of the financial Statements

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

2.01 **Corporate Financial Statements**

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

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

The financial statements comprises the following;

- Statement of Financial Position as on June 30, 2016
- Statement of Profit or Loss and other Comprehensive Income for the period ended on June 30, 2016
- Statement of Change in Equity for the period ended on June 30, 2016
- Statement of Cash Flows for the period ended on June 30, 2016
- Accounting Policies and explanatory notes to the Financial Statements for the period ended on June 30, 2016

2.03 **Functional and presentation currency**

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

2.04 **Comparative Information**

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

Previous period figure has been re-arranged/re-stated whenever considered necessary to ensure comparability with the current period presentation as per BAS-8: Accounting Policies, Changes in Accounting Estimates and Errors. During the period adjustment has been made as per note # 36

2.05 **Going Concern**

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

2.06 **Foreign Currency Transaction:**

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

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

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

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

2.07 **Reporting Period**

The financial statements covers three months from April 01, 2016 to June 30, 2016.

2.08 **Authorization for issue**

The Financial Statements have been authorized for issue by the board of directors on 22 September 2016.

2.09 **Fundamental Accounting Concepts/ Assumption**

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

2.10 **Use of estimates and judgments**

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

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

2.11 **Regulatory Compliance**

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

The Companies Act, 1994

The Bangladesh Securities and Exchange Rule 1987

The Bangladesh Securities and Exchange Commission Act 1993.

The Income Tax Ordinance, 1984

The Income Tax Rules, 1984

The Value Added Tax (VAT) Act, 1991

The Custom Act 1969

2.12 **Compliance with BAS & BFRS**

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

- BAS 1 Presentation of Financial Statements
- BAS 2 Inventories
- BAS 7 Statement of Cash Flows
- BAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- BAS 10 Events after the Reporting Period
- BAS 12 Income Taxes
- BAS 16 Property, Plant and Equipment
- BAS 17 Leases

BAS 18	Revenues
BAS 19	Employee Benefits
BAS 21	The Effects of Changes in Foreign Exchange Rates
BAS 23	Borrowing Cost
BAS 24	Related Party Disclosures
BAS 32	Financial Instruments : Presentation
BAS 33	Earnings Per Share
BAS 34	Interim Financial Reporting
BAS 36	Impairment of Assets
BAS 37	Provisions, Contingent Liabilities and Contingent Assets
BAS 38	Intangible Assets
BAS 39	Financial Instruments : Recognition and Measurement
BAS 40	Investment Property

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

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

2.13 Events after the Reporting Period

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

The management of the company has withdrawn the investment of Tk. 6.20 crore in Taiwan Food and Processing Industries Limited on 21 September 2016 as decided the Board.

2.14 Recognition and Measurement of Tangible Fixed Assets

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

2.15 Revaluation of Property, Plant & Equipment (PPE)

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

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

2.16 Depreciation of Tangible Fixed Assets

Depreciation on Property, Plant & Equipment other than Land & Land Development have been computed during the year using the reducing balance method so as to write off the assets over their expected useful life. Depreciation has been charged on addition when the related property, plant & equipments are ready for use as per management intention.

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

	Rate (%)
Building - Factory	10%
Land & Land Development	0%
Plant & Machinery	10%
ETP	15%
Electric Equipment & Line Installation	10%
Fire Fighting Equipment	10%
Tools & Equipments	20%
Gas Line Installation	10%
Building - Head Office	5%

Office Equipment	10%
Air Conditioner & Electric Appliance	10%
Lift - Head Office, Uttara	10%
Furniture & Fixture	10%
Office Decoration	10%
Car & Vehicles	15%
Telephone Equipments	10%

2.17 **Impairment of assets**

I) Financial Assets

Accounts receivable and others receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default of delinquency by a debtor, indicates that a debtor of issuer will enter bankruptcy etc.

II) Non-Financial assets

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

2.18 **Inventories**

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

2.19 **Trade and Other Receivables**

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

2.20 **Cash & Cash Equivalents**

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

2.21 **Income Tax**

- Current Tax:** Provision for income tax has been made @ 15% on net profit before tax of the company except other income as per Income Tax Ordinance 1984. However provision @ 35% has been made on other income of the company.
- Deferred tax:** Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the financial statement date.

During the year ended 31 March 2016, as the tax provision is being at actual and deducted at source under section 53BBBB as final settlement as per section 82(c) (2)(kk) of ITO 1984, no deferred tax asset or liabilities except deferred tax on revaluation reserve were recognized in the financial statements and deferred tax recognized prior to that year was reversed accordingly.

During the period section 82(c) has been changed by the Finance Act 2016 from final settlement to minimum tax for which tax deducted at source shall not be considered as final settlement of tax liability rather shall be treated as minimum tax payable. Thus deferred tax has been recognized in the financial statements and retrospective effect has been given accordingly as per requirement of BAS-8: "Accounting policies, Changes in Accounting Estimates and Errors."

2.22 **Leased Assets**

In compliance with BAS 17, Lease in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases and all other leases are classified as operating lease. Upon initial recognition, the lease assets is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payment. Subsequent to initial recognition, the assets is accounted for in accordance with accounting policy applicable to the assets.

2.23 **Revenue Recognition**

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

2.24 **Employee Benefits**

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

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

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

2.25 **Borrowing Cost**

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

2.26 **Financial expenses**

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

2.27 **Statement of Cash Flows**

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

2.28 **Earnings Per Share (EPS)**

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

Basic Earnings per share (Numerator /Denominator)

Earnings (Numerator)

*This represents earning for the period attributable to ordinary shareholders

No. of ordinary shares (Denominator)

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

Diluted Earnings per share

As per the existing conditions of the loans taken by the company from various financial institutions or other contracts with various parties including employees, there is no condition related to conversion or

stipulation related to share based payments for material and services supplied by them to the company. Hence , Diluted EPS of the company is same as basic EPS.

2.29 **Provisions**

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

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

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

2.30 **Contingent Liabilities and Contingents Assets**

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

During the period there was no such assets or liabilities.

2.31 **Intangible Assets**

In Compliance with the requirements of BAS, 38 Intangible Assets

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

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

An asset is a resource:

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

Intangible assets are being written off @20% on reducing balance method

2.32 **Financial Instrument**

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

Financial assets:

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

Financial liability:

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

2.33 **Related Party Disclosures**

The Company in normal course of business carried out a number of transactions with directors/entities that fall within the definition of related party contained in Bangladesh Accounting Standard 24: Related Party Disclosures. The disclosure relating to related parties have been shown in note # 36.

2.34 **Business Combinations**

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

Applying the acquisition method requires:

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

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

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

2.35 **Investment Property**

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

3 **Risk exposure**

3.01 **Interest rate risk**

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

Management perception

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

3.02 **Exchange rate risk**

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

Management perception

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

3.03 **Industry risks**

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

Management perception

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

3.04 **Market risks**

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

Management perception

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

3.05 **Operational risks**

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

Management perception

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

3.06 **Liquidity risk**

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

Management perception

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

4 Property, Plant & Equipment**A. Cost**

	Amount in Taka 30.06.2016	Amount in Taka 31.03.2016
Opening balance	1,808,295,374	1,807,952,324
Add: Purchase/ constructed during the period/year	33,064,832	26,614,290
Add: Transfer from Capital Work-in-Progress	12,000,000	-
Less: Disposal made during the period/year	(2,241,996)	(26,271,240)
	1,851,118,210	1,808,295,374

B. Accumulated Depreciation

Opening balance	505,417,772	453,810,178
Add: Charged during the period/year	12,891,947	49,459,443
Add: Correction for under charged depreciation	-	2,737,695
Less : Adjustments made during the period/year	(1,427,186)	(589,544)
Accumulated Depreciation Restated	516,882,533	505,417,772
Written Down Value (A - B)	1,334,235,677	1,302,877,602

The PPE includes one leased Car which have been recognized as per BAS 17. A detailed schedule on Property, Plant and Equipment has been given in **Annexure - A**

5 Capital Work-in-Progress

Building-Factory	12,000,000	12,000,000
Plant & Machineries	50,407,119	31,123,793
	62,407,119	43,123,793
Less: Transfer to Property, Plant & Equipments	12,000,000	-
	50,407,119	43,123,793

The above represents the amount paid against imported machineries which is not installed as on the reporting date. These amount shall be transferred to Property, Plant & Equipments when the installation of machineries will be completed and ready for use as per management's intention.

6 Intangible Asset

Software and Software Development	177,966	222,458
Less: Write off 20%	(8,898)	(44,492)
Written Down Value	169,068	177,966

7 Inventories

Raw Materials	885,778,015	1,079,455,235
Dyes & Chemical	180,962,892	182,518,968
Work-in-Process	25,369,907	24,190,990
Finished Goods	76,105,239	81,031,479
Packing Materials	5,428,062	5,184,031
Stores & Spares	10,521,843	7,899,738
	1,184,165,958	1,380,280,441

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

8 Trade & other Receivables

This has been arrived as under;

Accounts receivable	1,091,246,714	937,767,678
Other Receivable	219,786	179,473
	1,091,466,500	937,947,151

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

The company has pending suits against receivables to be received from New Horizon (BD) Ltd for the outstanding amount following money suits in the court of 2nd District Judge, Dhaka, Money Suit No. 16 of 2013 and still waiting for judgment by the Ld Court for which a provision for doubtful debts of Tk. 42,22,845/ has already been provided in the financial statements for the year ended 31 March 2016.

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

i) Accounts Receivable considered good in respect of which the company is fully secured	1,091,246,714	937,767,678
ii) Accounts Receivable considered good in respect of which the company holds no security other than the debtor's personal security	219,786	179,473
iii) Accounts Receivable considered doubtful or bad	4,222,845	4,222,845
iv) Accounts Receivable due by any director or other officer of the company	-	-
v) Accounts Receivable due by Common management	-	-
vi) The maximum amount of receivable due by any director or other officer of the company	-	-
	<u>1,095,689,345</u>	<u>942,169,996</u>
Less: Provision for doubtful debt	<u>4,222,845</u>	<u>4,222,845</u>
	<u>1,091,466,500</u>	<u>937,947,151</u>

The aging of accounts and other receivables as follows:

	Accounts receivable	Other Receivable	Total	Total
Within Three Months	756,861,925	219,786	757,081,711	803,682,845
Three to Six Months	334,384,789	-	334,384,789	122,869,881
More than Six Months		-	-	11,394,425
	<u>1,091,246,714</u>	<u>219,786</u>	<u>1,091,466,500</u>	<u>937,947,151</u>

9 Investment

This has been

arrived as under;

Investment in FDR

Investment in Taiwan Food & Processing Industries Ltd.

232,899	232,899
62,000,000	62,000,000
<u>62,232,899</u>	<u>62,232,899</u>

Investment of Tk. 6,20,00,000 in Share Money Deposit of Taiwan Food & Processing Industries Ltd. which has been withdrawn by the company on 21 September 2016 as disclosed in note # 2.13 : Events after the Reporting Period.

10 Advance, Deposits & Prepayments

The Break-up of the Amount is given below:

Advances	68,527,471	62,200,354
Deposits	9,316,662	12,763,072
	<u>77,844,133</u>	<u>74,963,426</u>

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

11 Current Accounts with Related Entity

This has been arrived as under;

Party Wise break down given below:

Shepherd Textile (BD.) Limited

15,100,000	29,100,000
15,100,000	29,100,000

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

12 Cash and Cash Equivalents

The Break-up of the Amount is given below:

Cash in Hand

Cash at Bank (Note: 12.1)

525,665	2,076,692
40,128,718	45,255,716
40,654,383	47,332,408

12.1 Cash at Bank**Bank Name & Account Number**

Agrani Bank CD-2227	-	526
Al-Arafah Islami Bank CD # 0171020062933	1,475	2,050
Bank Alfalah CD-070201701321	28,845	28,845
Bank Alfalah CD-070201701323	118,327	118,327
Bank Asia # 0563300338	179,719	180,294
City Bank CD A/C- 1101471199001	32,523	32,868
Dhaka Bank CD A/C# 0212100000003142	18,029	18,604
IFIC Bank CD # 1002-753374-001	-	458
IFIC Bank CD # 1002-535257001	1,150,392	89,199
Southeast Bank FBPA/C # 0060	1,587	
Bangladesh Krishi Bank CD-509	1,968	2,543
National Bank A/C. # 0043-33017514	49,240	1,366,918
National Bank#33004091	361,142	363,562
National Bank-CD-272 (Bhaluka)	32,624	9,650
IFIC A/C # 1002-535257-836 (USD A/c)	518,814	1,008,067
NBL FC A/C-0043-84004808 (USD A/c)	160,119	676,984
NBL- FCBPAR # 004342000069 (USD A/c)	-	270,950
Southeast Bank # 15500000371 (USD A/c)	13,252,672	21,932,165
Southeast Bank # 15500000360 (USD A/c)	-	2,117
Trust Bank A/C # 5025000416 (USD A/c)	21,510,643	17,329,850
Pubali Bank CD # 4465901009224	1,371,928	-
NBL-FBAR (Taka A/c)	-	25,531
NCCBL CD # 0012-0210001626	-	38,022
Sonali Bank # 11069	12,028	12,603
Sonali Bank-Bhaluka Br- 3005442	15,698	15,698
Southeast Bank # 11100012503	53,118	86,181
Southeast Bank CD# 111-17190	292,254	837,387
Trust Bank CD # 0210010201	47,997	49,147
Trust Bank CD # 9820	894,266	733,285
Woori Bank A/C # CD-2820	23,310	23,885
	40,128,718	45,255,716

13 Share Capital**Authorized Capital:**

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

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

104,205,986 ordinary shares @ Tk.10/- each

1,042,059,860	1,042,059,860
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The present shareholding position of the company has been shown in Annexure: E

14 Share Money Deposit

This has been arrived as under;

Opening Balance
 Add: Share Money deposit during the period
 Less: Share Allotted during the year
 Less: Transfer to Loan from Shareholders'

33,728,933	476,927,129
-	40,144
-	(443,238,340)
(33,728,933)	
-	33,728,933

The balance of the share money deposit has been transferred to loan from shareholders as per decision of the Board.

15 Revaluation Reserve

This has been arrived as under;

Opening Balance
 Add: Prior years' adjustment for excess transfer of depreciation to retained earnings
 Less: Prior years' adjustment for deferred tax on revaluation recognized in statement of profit or loss and other comprehensive income

Re-stated opening balance

Less: Depreciation on revaluation transfer to retained earnings-net off tax
 Add/(Less): Deferred Tax Income/(Expenses) during the period

554,262,515	609,128,159
-	8,430,037
-	(56,432,237)
554,262,515	561,125,959
(1,956,026)	(8,334,181)
345,181	1,470,737
552,651,670	554,262,515

16 Retained Earnings

This has been arrived as under;

Opening balance
 Less: Prior years' adjustment for excess transfer of depreciation from revaluation reserve
 Add: Prior years' adjustment for deferred tax on revaluation recognized in statement of profit or loss and other comprehensive income
 Less: Retrospective adjustment for employees' gratuity fund for introduction of Gratuity Policy
 Less: Retrospective adjustment for recognition of Intangible Assets

Re-stated opening balance

Add: Net profit (Loss) for the period
 Add: Depreciation transfer from revaluation reserve

303,605,008	157,668,848
-	(8,430,037)
-	56,432,237
-	(23,970,636)
-	(17,770,413)
303,605,008	163,929,999
48,199,648	131,340,828
1,956,026	8,334,181
353,760,682	303,605,008

17 Obligation under finance lease

This consist of the following;

Lease Liability-IDLC

Less: Current portion

Non-Current portion**Aging Schedule for lease finance**

Within One year

One year to Four years

5,797,118	6,208,198
1,793,435	1,732,744
4,003,683	4,475,454
1,793,435	1,732,744
4,003,683	4,475,454
5,797,118	6,208,198

Nature:	Lease Finance
Purpose:	Acquisition of vehicle
Tenure:	4 years
Repayment:	48 monthly equal installment @ Tk.2,07,110
Rate of Interest:	13.85%
Security:	Security deposit Tk.4,14,220 equivalent 2 monthly installments

18 Deferred Tax liabilities

This has been arrived as under;

Opening Balance

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

Statement of Profit or Loss and other comprehensive income

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

in Statement of Changes in Equity

119,542,249	131,165,465
(15,181)	(10,152,479)
(345,181)	(1,470,737)
119,181,887	119,542,249

The details have been shown in **Annexure-F****19 Loan from Shareholders'**

This has been arrived as under;

Opening Balance

Add: Transfer from Share Money Deposit

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

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

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

20 Trade & Other Payables

This has been arrived as under;

Trade Payable

Other Payable

949,384,564	1,022,104,937
19,484,544	21,834,686
968,869,108	1,043,939,623

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

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

Ageing Schedule:

	Trade Payable	Other Payable	Total	Total
Within Three Months	375,688,503	13,892,357	389,580,860	695,573,973
Three months to six months	556,684,254	2,301,436	558,985,690	311,713,225
More than six months	17,011,807	3,290,751	20,302,558	36,652,425
	949,384,564	19,484,544	968,869,108	1,043,939,623

21 Short Term Bank Loan

This consist of the following;

Demand Loan	IFIC Bank Limited	143,171,891	164,453,024
LDBP Loan	IFIC Bank Limited	124,423,101	109,387,501
LDBP Loan	Southeast Bank Limited	119,338,454	121,578,149
LDBP Loan	Trust Bank Limited	169,370,800	82,889,300
SOD - IFIC Bank	IFIC Bank Limited	48,661,724	48,035,569
SOD-Southeast Bank	Southeast Bank Limited	30,929,053	30,887,498
Loan Against Trust Receipts	Southeast Bank Limited	16,770,269	18,269,445
Time Loan	Southeast Bank Limited	-	44,368,105
Time Loan	Trust Bank Limited	-	17,898,241
		652,665,292	637,766,832

Nature:	Short term loan
Purpose:	Working capital
Tenure:	One year
Repayment:	From Export Proceed
Rate of Interest:	13% to 17.50%
Security:	Mortgage of 432 Decimals of land with factory premises, 655.75 decimals at Bhaluka and 673 decimals land with two pre-fabricated and three semi pacca building, Post dated cheque, Hypothecation of machineries, raw materials, work in process & finished goods duly insured covering the risk of fire and personal guarantee of all directors.

22 Liabilities for Expenses & provisions

This consist of the following;

Salary & Allowance-Payable	915,279	8,017,012
Tax Deduction at Source	2,276,479	2,540,275
Gas, Electric Bill & Internet Bill Payable	14,426,933	16,435,047
Audit & Professional Fees Payable	517,500	402,500
Employees CPF Payable	256,494	710,524
Interest Payable - Foreign Loan	-	11,625,225
Provision for Employees' Gratuity Fund	26,720,846	26,460,824
Provision for Income Tax	82,447,656	70,731,061
	127,561,187	136,922,468

Note-22.01

22.01 Provision for Income Tax

Opening Balance	70,731,061	48,691,500
Add: Provided during the period/year	11,716,595	26,010,545
	82,447,656	74,702,045
Less: Paid during the period/year	-	(3,970,984)
Less: Adjusted during the period/year	-	-
	82,447,656	70,731,061

23 Revenue

Export Sales (Deemed):	Qty in Lbs		
Dyed Yarn	4,142,680	756,861,925	750,786,410
		756,861,925	750,786,410

24 Cost of Sales

This has been arrived as under;

Work in process (opening)		24,190,990	26,193,712
Add: Raw Material Consumed	Note-24.1	594,754,899	643,010,365
Add: Factory Overhead	Note-24.2	70,908,279	53,445,668
Less: Work in Process (Closing)		(25,369,907)	(24,527,277)
Cost of Production		664,484,261	698,122,468
Add: Finished Goods (Opening)		81,031,479	46,195,204
Finished Goods Available for sale		745,515,740	744,317,672
Less: Finished Goods (Closing)		(76,105,239)	(79,638,680)
Cost of Sales		669,410,501	664,678,992

24.1 Raw Material Consumed

Opening Stock	1,267,158,234	1,195,861,685
Raw Materials	1,079,455,235	1,002,791,041
Dyes & Chemicals	182,518,968	183,154,837
Packing Materials	5,184,031	9,915,807
Add: Cost of Materials Purchased	399,765,634	600,082,675
Raw materials	288,634,367	488,364,804
Dyes & chemicals	100,968,791	100,062,121
Packing materials	6,688,045	4,457,436
Carrying inward	1,993,224	4,149,700
Insurance	675,047	1,263,789
Clearing & forwarding expenses	806,160	1,784,825
Raw Materials available for Consumption	1,666,923,868	1,795,944,360
Less : Closing Stock	1,072,168,969	1,152,933,995
Raw Materials	885,778,015	969,715,899
Dyes & Chemicals	180,962,892	179,035,518
Packing Materials	5,428,062	4,182,578
Raw Materials Consumed	594,754,899	643,010,365

24.2 Factory Overheads

This has been arrived as under;

Ansar Guard Expenses	15,600	15,000
Conveyance	107,617	91,180
Contribution to Gratuity Fund	562,174	562,174
Contribution to Provident Fund	72,603	-
Crockeries & Cutleries	16,888	11,983
Depreciation	11,166,392	11,759,112
Electricity Bill	78,366	153,029
ETP Expenses	245,040	88,871
Fire Fighting Expenses	50,690	420

Forms, Stamps, Documents etc.	21,036	16,820
Fuel, Oil & Lubricants	385,760	341,500
Gas Bill	29,968,129	18,817,555
Gas Bill-Factory Residence	9,915	12,695
Hangs, Twisting & Winding Expenses	175,976	172,114
Loading & Unloading Charge	152,807	361,618
Medical Expenses	21,627	22,065
Printing- Factory	139,662	97,415
Rates & Taxes	119,490	47,463
Rent- Generator	-	240,000
Repair & Maintenance of Building, Machineries etc.	3,050,944	2,915,721
Stationeries	369,901	426,587
Sundry Expenses	474,789	142,835
Testing Charge	16,753	5,725
Tiffin, Refreshment & Entertainment	153,746	94,345
Uniform & Liveries	18,990	19,350
Wages, Salaries & Allowances	23,476,764	17,014,254
Washing & Cleaning Expenses	36,620	15,837
	70,908,279	53,445,668

25 Foreign Currency Gain/(Loss)

25.1 Realized Foreign Exchange Gain/(Loss)

Particulars	Actual Realized/ settled amount	Realized/ settled as per Book	Gain/(Loss) in Taka	Gain/(Loss) in Taka
Trade Receivable	598,733,190	606,915,272	(8,182,082)	15,002,718
Trade Payable	431,432,982	428,804,559	(2,628,423)	(16,109,646)
Total:			(10,810,505)	(1,106,928)

25.2 Unrealized Foreign Exchange Gain/(Loss)

Particulars	Monetary Asset in FC as per Bank Statement	BDT as on 30/06/2016 as per closing rate	BDT as per Books of Accounts	Gain/(Loss) in Taka	Gain/(Loss) in Taka
IFIC FC A/C # 1002-535257-836	\$ 6,617.53	518,814	534,134	(15,320)	(531)
NBL FC A/C-0043-84004808	\$ 2,042.33	160,119	171,500	(11,381)	(24,072)
NBL- FCBPAR USD # 004342000069	\$ -	-	4,816	(4,816)	(21,462)
Southeast Bank FC#15500000371	\$ 169,039.18	13,252,672	13,576,671	(323,999)	-
Southeast Bank USD # 15500000360	\$ -	-	1,617	(1,617)	(51,184)
Trust Bank A/C # 5025000416	\$ 274,370.45	21,510,643	21,552,239	(41,596)	(1)
Trade Receivable	\$ 13,972,825.98	1,095,469,559	1,091,937,177	3,532,382	(2,427,987)
Trade Payable	\$ 10,769,828.06	844,354,520	842,428,643	(1,925,877)	2,718,717
Total:				1,207,776	193,480
Total gain/(Loss) (24.1+24.2)				(9,602,729)	(913,448)

26 Other Income:

This consist of the followings;

Income from Interest on FDR	3,785	309,513
Land and House Rent	723,915	703,325
Gain/(Loss) from sale of fixed assets	(214,810)	-
Waiver of Interest-Foreign Loan	11,625,225	-
Sundry Income	328,359	299,873
	12,466,474	1,312,711

26.1

26.1 Profit/(Loss) on Sale of Fixed Assets

Sales Value of Motor Vehicle
Less:WDV of Motor Vehicle

600,000
(814,810)
(214,810)

-
-

27 Selling & Distribution Expenses

This consist of the followings;

Salary and Allowances
Travelling & Conveyance
Stationeries
Mobile Bill
Contribution to Gratuity Fund
Contribution to Provident Fund

889,350
910,885
36,742
16,823
73,287
50,296
1,977,383

751,350
93,670
35,649
21,600
73,287
-
975,556

28 Administrative Expenses

This has been arrived as under;

Advertising Expenses
Amortization of Intangible Assets
Audit Fees
Professional Fees
Automobile Expenses
Contribution to Gratuity Fund
Contribution to Provident Fund
Depreciation-Administrative
Electricity Bill
Forms, Stamps, Documents etc.
Gas Bill
Generator Expenses
Insurance-Motor
Internet Expenses
Licence & Renewal Fees
Office Maintenance Expenses
Papers & Periodicals
Postage & Courier
Printing & Photocopy
Salary & Allowances
Satellite Cable Rent
Stationeries
Sundry Expenses
Telephone & Mobile Expenses
Tiffin, Refreshment & Entertainment
Travelling & Conveyance
Water Bill

4,000
8,898
115,000
910,850
898,039
124,561
201,106
1,725,555
465,150
150,689
15,470
29,500
147,319
77,405
18,520
173,619
53,460
41,911
56,255
6,182,739
2,700
278,562
174,503
72,594
162,044
173,999
41,050
12,305,498

-
11,123
57,500
365,266
692,098
124,561
74,290
1,670,445
465,203
155,277
12,642
30,400
-
60,360
32,070
126,345
2,970
25,483
44,062
3,553,751
2,700
364,562
161,204
148,624
112,593
212,363
30,254
8,536,146

29 Financial Expenses

This consist of the followings;

Bank Charges & Commission
Bank Charges on Proceeds Realization
Interest on Short Term Loan
Interest on Obligation under Finance Lease

1,728,159
1,137,574
13,055,242
210,251
16,131,226

1,960,830
576,761
32,564,867
174,055
35,276,513

30 Current tax:

The above balance is made up as follows:

Income tax on business income	30.1	7,353,329	6,852,750
Income tax on other income	30.2	4,363,266	459,449
Total		11,716,595	7,312,199

30.1 Income tax on business income:

Profit before tax	59,901,062	41,718,466
Add: Accounting depreciation & Write Off	12,900,845	13,429,557
Add: Contribution to Employees' Gratuity Fund	760,022	760,022
Less: Tax depreciation	(11,573,265)	(8,910,331)
Less: Contribution to Employees' Gratuity Fund	(500,000)	-
Less: Other income	(12,466,474)	(1,312,711)
Taxable business income	49,022,190	45,685,003
Tax rate	15%	15%
Income tax on business income	7,353,329	6,852,750

30.2 Income tax on other income:

Other Income	12,466,474	1,312,711
Tax rate	35%	35%
Income tax on other income	4,363,266	459,449

31 Earning per share**Basic Earning per Share:**

Net profit after tax attributable to ordinary shareholders of the company	48,199,648	40,401,730
Weighted average number of share (Note-31.1)	104,205,986	19,119,400
Basic EPS for the period	0.46	2.11

Re-stated Earning Per Share for**Capitalization of Share Money Deposit:**

Net profit after tax attributable to ordinary shareholders of the company	48,199,648	40,401,730
Number of Share considered to Calculate re-stated EPS (Note-31.2)	104,205,986	63,439,220
	0.46	0.64

31.1 Weighted average number of share

Particulars	Number of share	Number of share
19,119,400 No. of Ordinary Shares for 91 days	-	19,119,400
104,205,986 No. of Ordinary Shares for 91 days	104,205,986	-
	104,205,986	19,119,400

31.2 Number of Share considered to calculate re-stated EPS

Particulars	Number of share	Number of share
19,119,400 No. of Ordinary Shares for 91 days	-	19,119,400
44,319,800 No. of Ordinary Shares for 91 days capitalized from share money deposit during the period ended 30.06.2016	-	44,319,820
104,205,986 No. of Ordinary Shares for 91 days	104,205,986	-

104,205,986

63,439,220

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32 Received from Customers & Others

Revenue during the period	756,861,925	750,786,410
Adjustment for Intangibles recognized in Accounts Receivable adjusted with retained earnings	-	(17,770,413)
Adjustment for Foreign Exchange Gain / (Loss) for Trade Receivable	(4,649,700)	12,574,731
Other Income	12,466,474	1,312,711
Adjustment for Profit/(Loss) on sale of Fixed Assets	214,810	-
Adjustment for Waiver of Interest on foreign loan included in other income	(11,625,225)	-
Opening Accounts & Other Receivable	937,947,151	659,502,234
Closing Accounts & Other Receivable	(1,091,466,500)	(947,708,626)
	599,748,935	458,697,047

33 Payment to Creditors, Suppliers, Employees and Others

Cost of goods Sold	(669,410,501)	(664,678,992)
Selling & Distribution Expenses	(1,977,383)	(975,556)
Administrative Expenses	(12,305,498)	(8,536,146)
Adjustment for Depreciation	12,891,947	13,429,557
Adjustment for Write off of Intangible Assets	8,898	11,123
Adjustment for Gratuity Fund adjusted with retained earnings	-	(23,970,636)
(Increase)/Decrease in Inventory	196,114,483	1,586,829
(Increase)/Decrease Advance Deposits & Prepayments	(2,880,707)	6,844,702
Increase/(Decrease) in Trade and Other Payables	(75,070,515)	232,637,839
Increase/(Decrease) in Liabilities for Expenses	(9,452,651)	21,536,511
Adjustment for Foreign Exchange Gain / (Loss) for Trade Payable	(4,554,300)	(13,390,929)
Payable included in Trade & Other Payable considered in acquisition of property, plant and equipments of Investing Activities	(8,915,000)	-
Payable included in Trade & Other Payable considered in Capital Work-in-progress of Investing Activities	(15,625,428)	-
Lease Deposit included in Advance Deposits & Prepayments considered separately in investing activity	-	414,220
Net Advance Income Tax included in Advance Deposits & Prepayments considered separately	4,226,203	2,747,255
	(586,950,452)	(432,344,223)

34 Income Tax Paid

Opening Advance Income Tax	58,001,751	42,385,164
Closing Advance Income Tax	(62,227,954)	(45,132,419)
Closing Income Tax Provision	82,447,656	54,503,699
Opening Income Tax Provision	(70,731,061)	(48,691,500)
Current Tax during the period	(11,716,595)	(7,312,199)
	(4,226,203)	(4,247,255)

35 Payment for Capital Work-in-Progress

Opening Capital Work-in-Progress	43,123,793	-
Closing Capital Work-in-Progress	(50,407,119)	-
Transfer to Property, Plant & Equipments	(12,000,000)	-

Payable for imported machineries included in Trade & Other Payable

15,625,428	-
(3,657,898)	-

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36 Disclosure as per requirement of BAS-8: "Accounting Policies, Changes in Accounting Estimates and Errors"

During the period the following retrospective adjustment has been made in the financial statements for change in accounting policy/correction of errors:

- 36.01** During the year ended 31 March 2016 depreciation was erroneously understated by Tk. 2,737,695 for which correction has been made retrospectively as under:

Corrected Depreciation

Factory Overheads	45,418,352
Administrative Expenses	6,778,786
	52,197,138

Depreciation charged as per financial statement for the year ended 31 March 2016:

Factory Overheads	43,851,803
Administrative Expenses	5,607,640
	49,459,443

Depreciation undercharged

Accumulated depreciation has been re-stated as under:

Opening balance as on 01 March 2015 as per Financial Statements	453,810,178
Add: Charged during the year ended 31 March 2016	49,459,443
Add: Correction for under charged depreciation	2,737,695
Less : Adjustments made during the year	(589,544)
Restated Accumulated Depreciation as on 31.03.2016	505,417,772

Net profit before tax has been re-stated as under:

Net Profit before tax as per Financial Statements	149,936,589
Less: Depreciation understated	(2,737,695)
Corrected Net Profit before tax	147,198,894

- 36.02** During the year ended 31 March 2016, as the tax provision is being at actual and deducted at source under section 53BBBB as final settlement as per section 82(c) (2)(kk) of ITO 1984, no deferred tax asset or liabilities except deferred tax on revaluation reserve were recognized in the financial statements and deferred tax recognized prior to that year was reversed accordingly.

During the period section 82(c) has been changed by the Finance Act 2016 from final settlement to minimum tax for which tax deducted at source shall not be considered as final settlement of tax liability rather shall be treated as minimum tax payable. Thus deferred tax has been recognized in the financial statements and retrospective effect has been given as under:

Opening balance as on 01 March 2015 as per Financial Statements	131,165,465
Add/(Less): Deferred Tax Expenses/(Income) recognized in Statement of Profit or Loss and other comprehensive income	(10,152,479)
Add/(Less): Deferred Tax Expenses/(Income) recognized directly in Statement of Changes in Equity	(1,470,737)
Re-stated deferred Tax Liabilities/(Assets) as on 31.03.2016	119,542,249

The detailed calculation of deferred tax (Income)/expenses has been given in Annexure: F

- 36.03** Prior to current period, depreciation on revaluation to be transferred from revaluation reserve to retained earnings was wholly transferred instead of transferring net of tax. Moreover, deferred tax on revaluation of property, plant and equipments which should be recognized directly in equity as per para 58 and 61A of BAS-12: "Income Taxes", recognized in Profit or Loss and other Comprehensive Income. These are corrected as under:

Depreciation transferred as per Financial Statements up to 31.03.2015	56,200,248
Actual transfer of depreciation should be after netting of tax @15%	47,770,211
Excess depreciation on revaluation transferred from revaluation reserve to retained earnings which is deducted from retained earning and added to revaluation surplus to re-state the opening balance as on 01.04.2015	8,430,037
Deferred Tax expenses/(income) on revaluation recognized in profit or loss and other comprehensive income of financial statements up to 31.03.2015 which is deducted from revaluation reserve and added to retained earnings	56,432,237

- 36.04** For the adjustments made in note 35.01 and 35.02, income tax expenses, Net profit after tax, Earning per share has been changed as under:

Corrected net profit before tax as calculated in note 35.01	147,198,894
Less: Income Tax Expenses	(15,858,066)
Current Tax (Expenses)/Income	(26,010,545)
Deferred Tax (Expenses)/Income Annexure: F	10,152,479
Corrected Net Profit after tax for the year ended 31.03.2016	131,340,828
Weighted Average number of share to calculate Basic earnings per share	30,075,755
Basic Earning Per Share	4.37
Current tax:	
Income tax on business income	22,711,661
Income tax on other income	3,298,884
Total	26,010,545
Income tax on business income:	
Corrected net profit before tax as calculated in note 35.01	147,198,894
Add: Accounting depreciation & Write Off	52,241,630
Add: Contribution to Employees' Gratuity Fund	3,040,188
Add: Provision for Doubtful Debt	4,222,845
Less: Tax depreciation	(45,970,257)
Less: Contribution to Employees' Gratuity Fund	(550,000)
Less: Other Income	(8,772,225)
Taxable business income	151,411,075
Tax Rate	15%
Current tax on business income	22,711,661
Income tax on other income:	
(A) Income tax @ 35% except Capital Gain on Sale of Land	2,193,284
(B) Income Tax @ 4% of deed value or 15% on Capital Gain of Sale of Land whichever is higher	1,105,600
Total (A+B)	3,298,884

37 Disclosure as per requirement of schedule XI, Part-II of companies Act 1994**37.1 Commission, Brokerage or Discount against sales:**

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

37.2 Related party disclosures

The Company has entered into transactions with other entities that fall within the definition of related party as contained in BAS-24 "Related Party Disclosures" The Company opines that terms of related transaction do not significantly differ from those that could have been obtained from third parties . Total transactions of the significant related parties as at 30.06.2016 are as follows:

Name of Related Party	Relationship	Nature of Transaction	30.06.2016	31.03.2016
Shepherd Textile (BD.) Limited	Common Management	Intercompany Loan	15,100,000	29,100,000
Shepherd Textile (BD.) Limited	"	Office & Land Rent	324,615	1,220,929
Shepherd Textile (BD.) Limited	"	Sale of Land	-	27,640,000
Taiwan Food & Processing Industries Ltd.	"	Investment	62,000,000	62,000,000
Taiwan Food & Processing Industries Ltd.	"	Office Rent	199,650	728,116
Kao Wen Fu	Managing Director	Initially received as Share money Deposit and trasferred to loan from shareholder during the period	10,554,794	10,554,794
Ever Priority Ltd.	Director	"	18,786,859	18,786,859
Chen Che Seng	Shareholder	"	6,597	6,597
Eternal Flame Int'l Co. Inc.	Director	"	4,351,405	4,351,405
Chung Wen Kuei	Chairman	"	29,278	29,278

a) Key Management Personnel:

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

No.	Particulars	30.06.2016	30.06.2015
(a)	Managerial Remuneration paid or payable during the period to the directors, including managing directors, a managing agent or manager	2,900,625	2,514,750
(b)	Expenses reimbursed to Managing Agent	-	-
(c)	Commission or Remuneration payable separately to a managing agent or his associate	-	-
(d)	Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company	-	-
(e)	The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial period.	-	-
(f)	Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.		
(g)	Other allowances and commission including guarantee commission	-	-
(h)	Pensions etc.	-	-
	(i) Pensions	-	-
	(ii) Gratuities	164,369	142,503
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	197,244	171,003
(i)	Share Based payments		-

As per BAS- 24:

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

(a) Short-term employee benefits	2,900,625	2,514,750
(b) Post-employee benefits	361,613	313,506
(c) Other long term benefits	-	-
(d) termination benefits and	-	-
(e) share- based payment	-	-
Total:	3,262,238	2,828,256

37.3 Production capacity and utilization:

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

Description	Installed Capacity	Actual Production	% of Capacity Utilization
Different Count of Yarn Dyeing	80,000 Lbs/Day	63,256 Lbs/Day	79.07%

37.4 Value of Import at CIF basis:

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

<u>Particulars</u>	<u>Amount (Tk.)</u>
Raw Yarn	227,665,605
Dyes & Chemicals	98,835,080
Spare Parts	341,484
Machineries	15,625,428
Tools	6,072,900
	<u>348,540,497</u>

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

	<u>Amount (BDT)</u>	<u>Percentage (%)</u>
Raw Materials	481,132,670	81.53%
Dyes & Chemicals	102,524,867	17.37%
Packing Materials	6,444,014	1.09%
	<u>590,101,551</u>	<u>100.00%</u>

37.6 Payment in foreign currency:

	<u>Foreign Currency (USD)</u>
Raw Yarn	6,861,272
Dyes & Chemicals	1,194,316
Tools & Equipments	42,283

38 Number of Employees

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

Number of permanent staff	210
Number of permanent workers	386
Number of temporary staff/worker	-
Total:	<u><u>596</u></u>



SHEPHERD INDUSTRIES LIMITED

Schedule of Property, Plant & Equipment
as on June 30, 2016

Annexure-A

Amount in Taka

Particulars	Cost				Depreciation					Written Down Value as on 30-06-2016
	Opening Balance as on 01-04-2016	Addition / Transfer	Disposal	Closing Balance as on 30-06-2016	Rate (%)	Opening balance as on 01.04.2016	Charged during the period	Disposal	Closing Balance as on 30-06-2016	
	1	2	3	4=(1+2-3)	5	6	7=(4-6)×5	8	9=(6+7-8)	10=4-9
Building - Factory	136,278,694	35,039,845	-	171,318,539	10%	57,700,580	2,246,980	-	59,947,560	111,370,979
Land & Land Development	263,443,642	215,000	-	263,658,642	0%	-	-	-	-	263,658,642
Plant & Machinery	467,998,721	-	-	467,998,721	10%	296,240,531	4,258,271	-	300,498,802	167,499,919
ETP	73,844,334	-	-	73,844,334	15%	26,323,826	1,759,836	-	28,083,662	45,760,672
Electric Equipment & Line Installation	29,741,989	618,100	-	30,360,089	10%	19,471,911	260,043	-	19,731,954	10,628,135
Fire Fighting Equipment	1,096,354	-	-	1,096,354	10%	609,082	12,081	-	621,163	475,191
Tools & Equipments	3,750,163	7,147,010	-	10,897,173	20%	1,075,156	267,174	-	1,342,330	9,554,843
Gas Line Installation	6,755,553	-	-	6,755,553	10%	4,303,169	60,800	-	4,363,969	2,391,584
Building - Head Office	64,152,000	-	-	64,152,000	5%	11,837,639	651,209	-	12,488,848	51,663,152
Office Equipment	12,021,112	274,910	-	12,296,022	10%	6,932,436	129,308	-	7,061,744	5,234,278
Air Conditioner & Electric Appliance	1,430,516	212,200	-	1,642,716	10%	490,359	26,963	-	517,322	1,125,394
Lift - Head Office, Uttara	1,820,971	64,977	-	1,885,948	10%	609,324	31,117	-	640,441	1,245,507
Furniture & Fixture	4,001,177	70,365	-	4,071,542	10%	1,818,634	55,547	-	1,874,181	2,197,361
Office Decoration	2,285,053	-	-	2,285,053	10%	927,801	33,649	-	961,450	1,323,603
Car & Vehicles	29,863,586	1,377,600	2,241,996	28,999,190	15%	9,290,968	757,400	1,427,186	8,621,182	20,378,008
Telephone & Equipments	3,380,765	44,825	-	3,425,590	10%	1,781,189	40,362	-	1,821,551	1,604,039
Sub Total	1,101,864,630	45,064,832	2,241,996	1,144,687,466		439,412,605	10,590,740	1,427,186	448,576,159	696,111,307
REVALUATION PART										
Land & land Development	547,605,914	-	-	547,605,914	-	-	-	-	-	547,605,914
Building	158,824,830	-	-	158,824,830	10%	66,005,167	2,301,207	-	68,306,374	90,518,456
Sub Total	706,430,744	-	-	706,430,744		66,005,167	2,301,207	-	68,306,374	638,124,370
Total as on 30.06.2016	1,808,295,374	45,064,832	2,241,996	1,851,118,210		505,417,772	12,891,947	1,427,186	516,882,533	1,334,235,677
Total as on 31.03.2016	1,807,952,324	26,614,290	26,271,240	1,808,295,374		453,810,178	52,197,138	589,544	505,417,772	1,302,877,602



Shepherd Industries Limited

Annexure-B

SHEPHERD INDUSTRIES LIMITED Schedule of Closing Inventory as on June 30, 2016

Name of Items	30.06.2016			31.03.2016		
	Qty in Lbs/Kg	Average Rate	Total Tk	Qty in Lbs/Kg	Average Rate	Total Tk
A) RAW MATERIALS:						
Raw Yarn	7,660,763	115.63	885,778,015	9,331,631	115.68	1,079,455,235
B) DYES & CHEMICALS:						
Dyes	140,278	874.57	122,682,947	141,051	874.45	123,342,432
Chemicals	425,246	137.05	58,279,945	430,845	137.35	59,176,536
	565,524	319.99	180,962,892	571,896	319.15	182,518,968
C) Work in Process:	198,117	128.06	25,369,907	189,000	127.99	24,190,990
D) Finished Goods:						
Dyed Yarn	470,981	161.59	76,105,239	505,186	160.40	81,031,479
E) Packing Materials			5,428,062			5,184,031
F) Store & Spares			10,521,843			7,899,738
Grand total (A+B+C+D+E+F):			1,184,165,958			1,380,280,441

SHEPHERD INDUSTRIES LIMITED
Schedule of Accounts & Other Receivables
as on June 30, 2016

S.L	Particulars	Amount in Taka	Amount in Taka
		30.06.2016	31.03.2016
Trade Receivable			
1	AB Sweater Ltd	12,784,182	4,359,256
2	AKR Fashion Ltd	134,993	134,993
3	Al- Amin Export Ltd	2,625,281	274,292
4	Aman Knitters Ltd.	-	1,065,131
5	AMS Int'l Sweater Ltd	2,034,323	2,034,323
6	Annanta Huazin Ltd.	3,358,894	3,358,894
7	Annesha Style Ltd	3,468,184	13,742,898
8	Anzir Apparels Limited	1,842,265	180,783
9	As Apparels Ltd.	33,115,434	33,115,434
10	Azam Knitting Ltd	-	2,225,607
11	Banga Fashion Ltd	1,086,585	-
12	Best Wool Sweater Ltd.	101,299,324	82,914,597
13	Body Fashion (PVT) Ltd	1,130,776	-
14	Claxton Apparels	4,378,887	3,684,693
15	Cosmos Sweater Ltd	13,308,065	84,600,529
16	Crown Fashion & Sweater	-	-
17	Crown Yarn Dyeing Ltd	-	1,136,800
18	Daeyu Bangladesh Ltd.	-	1,048,796
19	Desh Sweater Ltd	75,243	309,816
20	Dhaka Pullover Ltd.	2,314,317	-
21	Diganta Sweater Ltd	77,377,808	29,754,363
22	Din Apparels Ltd.	1,560,060	3,187,056
23	Dody Export Wear Ltd	730,711	2,517,714
24	D & S Pretty Fashion	722,821	2,237,180
25	Ducati Apparels Ltd	957,912	1,942,028
26	Dynamic Sweater Ltd	7,517,590	2,510,619
27	Ehsan Fashion Ltd	3,077,811	2,616,184
28	Ekram Sweater Ltd.	13,478,665	415,622
29	En Rich Ltd.	14,785	14,785
30	ESE Knitwear Ltd	5,553,307	-
31	Eva Sweater Ltd.	5,601,029	1,948,248
32	Everbright Sweater Ltd	3,926,997	1,339,731
33	Evergreen Sweater	2,207,270	1,926,907
34	Fancy Yarn Department	140,532	140,532
35	Fashion Design Ltd	1,277,046	1,277,046
36	FB Fashion (Pvt) Ltd.	937,060	2,050,004
37	Freedom Knit Ltd	1,883,591	-
38	Fyne Sweater Ltd.	1,694,224	-
39	Global Knitwear Ltd.	14,990,997	26,122,549
40	Golden Times Sweater Ltd.	-	1,090,092
41	Green Arrow Sweater Ltd.	4,969,956	10,184,776
42	Haesong Korea Ltd.	18,224,856	-
43	Haesong Sweater Ltd	248,504	-
44	Hamid Fashion Ltd.	3,480,874	-
45	Hannan Fashion Ltd		1,711,258
46	Helicon Ltd.	9,839,431	7,635,666
47	Impulse Sweater Ltd	5,076,760	3,500,631
48	Indesore Sweater Ltd.	12,946,494	8,206,654
49	Intramex Sweater Ltd.	387,649	-
50	Irish Fashion Ltd.	31,804,255	19,889,842

51	Jams Sweater Ltd	4,997,742	1,378,385
52	Jazz Sweater Ltd	5,441,542	-
53	Knitexpo Ltd	7,075,530	1,073,795
54	Knit Studio Ltd.	2,695,417	-
55	Kuliarchar Sweater	7,426,065	921,476
56	Lusine Fashion Ltd.	22,340,745	3,264,367
57	Magpie Knitwear Ltd.	34,135,998	3,623,570
58	Mahdeen Sweater Ltd.	13,771,034	22,172,931
59	Mantrust Sweater Ltd.	-	99,176
60	Mark Sweater Ltd.	-	667,321
61	Masihata Sweater Ltd	-	2,089,360
62	Matrix Sweater	25,991,799	20,246,863
63	McCoy Sweater Ltd.	369,107	-
64	Meditex Ind. Ltd.	32,154,701	38,065,482
65	Meek Sweater Ltd	1,689,050	1,689,050
66	Merline Knittwear Ltd	-	8,636,978
67	M.G. Knit Fiairs Ltd	3,663,005	12,348
68	Micro Tex Ltd	217,764	217,764
69	Midline Fashion Ltd	-	1,306,881
70	M I Knit Wear Ltd	2,346,355	-
71	MK Sweater	3,545,507	2,940,329
72	Moni Fashion Ltd	39,385,263	17,588,312
73	Natural Sweater Village	10,039,144	-
74	Natural Wool Sweater	866,442	-
75	Naziat Sweaters Ltd.	1,808,225	1,470,761
76	New Horizon Ltd.	4,222,845	4,222,845
77	Nexus Sweater	6,957,745	2,321,834
78	Nurani Deying	-	2,884,893
79	Oasis Fashions Ltd	13,662,313	-
80	Ocean Sweater Ltd	-	1,032,014
81	Odessa Fashion Ltd.	5,032,395	5,242,385
82	Omega Sweater	2,199,241	177,321
83	Oriental Wool Wear Ltd	-	1,294,447
84	Orpat Sweater Ltd	2,078,215	562,763
85	Padma Sweater	202,861	202,860
86	Panache Knitted Creation	70,560	70,560
87	Pandora Fashion Ltd	3,993,117	9,839,091
88	Pioneer Sweater Ltd.	130,580,546	93,219,486
89	Posmi Sweater Ltd	1,784,499	1,122,372
90	Pretty Sweater Ltd	37,758,321	7,278,923
91	Prodridhi Apparel Ltd	2,470,074	1,538,271
92	Pro- Maker Sweater	5,097,594	3,396,016
93	Radient Sweater Ltd.	6,641,634	3,625,794
94	Rahimaaziz Knits Ltd	1,883,364	-
95	Raozan Sweater Ltd.	6,347,858	11,299,549
96	Red & Green Textile	361,267	-
97	RGR Sweater Ltd	2,687,507	4,761,285
98	Riverside Sweater Ltd	3,119,536	2,096,040
99	R M M Sweater Ltd	4,189,365	10,298,873
100	Rose Sweater Ltd.	928,960	6,540,111
101	R S Sweater Ltd	4,157,094	1,147,961
102	Running Fashion Ltd.	4,723,083	3,473,708
103	Rupa Sweater Ltd.	19,843	1,610,932
104	Saadatia Sweater Ltd.	3,121,164	3,021,334
105	Sahaba Yarn Ltd	2,263,941	2,263,941
106	Salek Textile Ltd. (Receivable)	8,163,102	-
107	Scandex (BD) Ltd.	580,356	-

108	Seowan Bangladesh Ltd.	13,076,648	94,541,223
109	SFS Sweater Ltd	-	330,534
110	S F Sweaters Ltd.	3,615,233	5,500,620
111	Sharin Fashion Ltd	9,929,497	7,850,439
112	Shezads Designer	11,209,619	536,021
113	Shomahar Sweater	15,745,823	112,952
114	Sinha Knit Ind. Ltd	9,237,209	1,101,642
115	Smung Sweater Ltd	550,598	12,537,958
116	Sonia & Sweater Ltd.	7,848	-
117	Southend Sweater Ltd	1,261,272	2,271,085
118	Southern Clothing Ltd.	-	5,096,439
119	Space Sweater Ltd	1,901,639	1,890,067
120	Spring Trade	10,712,807	23,913,222
121	SQ Celsius Ltd	6,820,769	-
122	SQ Huse LTD	-	290,425
123	Sung Kwang Apparels	21,162,512	40,696,367
124	Sunkit Textile Ltd.	77,357	-
125	Tapestry Design Co.	137,200	137,200
126	Target Fine Knit Industries Ltd.	16,870,360	10,282,984
127	T. Design	93,139	-
128	That's It Knit Ltd.	149,609	4,778,099
129	Titas Sweater Ind. Ltd	2,228,175	314,384
130	TJ Sweater Ltd	7,295,711	439,290
131	Top Tex Ltd	2,433,765	231,264
132	Unicorn Sweater	1,694,042	-
133	Welldone Apparels Ltd	42,943,958	36,653,638
134	Woolen & Wool Ltd	2,255,132	-
135	Y.K. Sweater Ltd	7,764,949	9,854,152
136	Your Fashion Ltd	7,450,105	-
137	Zon Ron Sweater Ltd.	-	445,527
138	Z.R Sweater Ltd	-	3,767,904
Total Trade Receivable		1,095,469,559	941,990,523
Less: Provision for Doubtful Debts- New Horizon (BD) Ltd.		4,222,845	4,222,845
Total Receivable Considered as Good		1,091,246,714	937,767,678
Other Receivable			
	Office Rent	214,739	178,211
	Interest Receivable on FDR	5,047	1,262
Total Other Receivable		219,786	179,473

SHEPHERD INDUSTRIES LIMITED
Schedule of Advance, Deposit & Prepayments
as on June 30, 2016

S.L	Particulars	Amount in Taka	Amount in Taka
		30.06.2016	31.03.2016
A)	ADVANCES:		
1	Advance Tax Paid	62,227,954	58,001,751
2	Advance against consultancy	1,862,500	1,462,500
3	Abdullah Al Harun Eusuf	19,493	34,493
4	Anamul Haque Mollah	46,875	56,250
5	BITS Solutions Ltd	-	275,000
6	BRB Cable Industries Ltd	-	2,068
7	Capt. Arifur Rahman	-	52,000
8	Bentech Chemical Co. Ltd	-	782
9	Fency Yarn Department	2,675,663	1,293,468
10	Taipei Office	415,200	435,200
11	Ejajul Ashik (Sr. Com.)	2,500	10,000
12	Genetic Power & Engineering Ltd	787,000	287,000
13	Idyllic Technology	160,000	150,000
14	Mark Trade International	57,162	57,162
15	Md. Shopon Miah (Peon)	2,000	8,000
16	Babul Bhuiyan- Driver	14,000	26,000
17	Ring Shine Textile Ltd.	18,680	18,680
18	M/S Nazrul and Brother	43,740	
19	Salek Textile Ltd.	97,704	
20	Tahmina Carrying Center	97,000	30,000
	Sub Total:	68,527,471	62,200,354
B)	DEPOSITS:		
1	Anser and VDP	185,532	185,532
2	Bank Guarantee Margin	3,150,507	3,150,507
3	Israil Talukder	50,000	50,000
4	L/C Margin- Southeast	-	3,344,750
5	L/C- Margin Trust Bank	-	101,660
6	Lease Deposit	414,220	414,220
7	PDB (Bhaluka)	563,500	563,500
8	RAK Security and Services (Pvt) Ltd.	30,000	30,000
9	Security Deposit- DESCO	144,000	144,000
10	Titas Gas T&D Co. Ltd.	4,778,903	4,778,903
	Sub Total:	9,316,662	12,763,072
	Grand Total:	77,844,133	74,963,426

SHEPHERD INDUSTRIES LIMITED**Schedule of Paid up Capital**

as on June 30, 2016

SL.No.	Name of Shareholder	No. of Shares	Amount	% of Shares
01	A.H. Enterprise	750,000	7,500,000	0.72%
02	Abu Saleh Abdul Muiz	500,000	5,000,000	0.48%
03	Agro Atmosphere Ltd	750,000	7,500,000	0.72%
04	Chang Hung Jung	250,000	2,500,000	0.24%
05	Chang Shih Lin	903,500	9,035,000	0.87%
06	Chang Shu Ling	661,761	6,617,610	0.64%
07	Chen Chen Yen	3,209,115	32,091,150	3.08%
08	Chen Huang Lee Be	1,787,735	17,877,350	1.72%
09	Chen Shu Fen	1,400,000	14,000,000	1.34%
10	Chen Xiao Yuan	600,000	6,000,000	0.58%
11	Cheng Che Seng	1,720,680	17,206,800	1.65%
12	Chung Wen Kuei	3,261,415	32,614,150	3.13%
13	Eternal Flame Int'l Co.Inc.	10,886,580	108,865,800	10.45%
14	Ever Priority Ltd	43,035,650	430,356,500	41.30%
15	Huang Cheng Fei	1,632,456	16,324,560	1.57%
16	J.K. Enterprise	850,000	8,500,000	0.82%
17	Kang Ok Lee	2,000,000	20,000,000	1.92%
18	Kao Chi Fu	300,000	3,000,000	0.29%
19	Kao Chun Che	1,807,001	18,070,010	1.73%
20	Kao Wen Fu	3,717,549	37,175,490	3.57%
21	Konika Kaiser	100,000	1,000,000	0.10%
22	Lee Huei Chun	903,501	9,035,010	0.87%
23	Li Hsing Chieh	652,665	6,526,650	0.63%
24	Liang Xiao Ping	1,050,000	10,500,000	1.01%
25	Lin Wen Yu	3,974,048	39,740,480	3.81%
26	Liu Liang Ching	700,000	7,000,000	0.67%
27	Liu Shuang Chuan	2,500,000	25,000,000	2.40%
28	Md. Abdul Manan	1,100,000	11,000,000	1.06%
29	Md. Delwar Hossain	100,000	1,000,000	0.10%
30	Mohammad Zulkar Naim	200,000	2,000,000	0.19%
31	Nadia Shah	600,000	6,000,000	0.58%
32	Nahid Chowdhury	500,000	5,000,000	0.48%
33	Nusrat Jahan Rimi	300,000	3,000,000	0.29%
34	Shen Ming - Hsiung	560	5,600	0.00%
35	Syeda Lulu Mubin	350,000	3,500,000	0.34%
36	Thitiping Apitanota	1,160,000	11,600,000	1.11%
37	Tseng Ya Fen	2,428,750	24,287,500	2.33%
38	Wang Chun Ta	250,000	2,500,000	0.24%
39	Yang Bo Chen	652,665	6,526,650	0.63%
40	Yang Ming Te	1,320,000	13,200,000	1.27%
41	Yang Wan Chun	960,000	9,600,000	0.92%
42	Yao Jian Zhong	1,160,000	11,600,000	1.11%
43	Yin Shih Wen	3,220,355	32,203,550	3.09%
	Total:	104,205,986	1,042,059,860	100.00%

Shepherd Industries Ltd				
Calculation of Deferred Tax				
Particulars	01.04.2016 to 30.06.2016	01.04.2015 to 31.03.2016	01.04.2015 to 30.6.2015	01.01.2015 to 31.03.2015
A. D.Tax (income) / expenses recognized in profit and loss and other comprehensive income:				
Cost:				
Carrying amount:				
Property , Plant and Equipment	432,452,665	399,008,383	419,080,411	418,365,612
Intangible Assets	169,068	177,966	211,335	222,458
Provision for Doubtful Debt	(4,222,845)	(4,222,845)	-	-
Provision for gratuity	(26,720,846)	(26,460,824)	-	-
	401,678,042	368,502,680	419,291,746	418,588,070
Tax base:				
Property , Plant and Equipment	245,194,507	211,912,914	234,967,001	194,286,390
Intangible Assets	61,992	67,018	88,559	95,740
Provision for Doubtful Debt	-	-	-	-
Provision for gratuity	-	-	-	-
	245,256,499	211,979,932	235,055,560	194,382,130
Taxable /(Deductible) temporary difference	156,421,543	156,522,748	184,236,186	224,205,940
Income Tax rate	15.00%	15.00%	15.00%	15.00%
Deferred Tax Liabilities/(Assets) at the end of the year/period	23,463,231	23,478,412	27,635,428	33,630,891
Closing Deferred Tax Liabilities/(Assets)	23,463,231	23,478,412	27,635,428	33,630,891
Opening Deferred Tax Liabilities/(Assets)	(23,478,412)	(33,630,891)	(33,630,891)	
D.Tax (income) / expenses recognized in profit and loss and other comprehensive income	(15,181)	(10,152,479)	(5,995,463)	
B. D.Tax (income) / expenses recognized in Revaluation Reserve:				
Revaluation:				
Carrying Amount:				
Land and Land Development	547,605,914	547,605,914	547,605,914	547,605,914
Building	90,518,456	92,819,663	100,080,288	102,624,582
	638,124,370	640,425,577	647,686,202	650,230,496
Tax base:				
Land and Land Development	-	-	-	-
Building	-	-	-	-
	-	-	-	-
Taxable /(Deductible) temporary difference	638,124,370	640,425,577	647,686,202	650,230,496
Tax rate	15.00%	15.00%	15.00%	15.00%
Deferred tax liability end of the year/period	95,718,656	96,063,837	97,152,930	97,534,574
Closing Deferred Tax Liabilities/(Assets)	95,718,656	96,063,837	97,152,930	97,534,574
Opening Deferred Tax Liabilities/(Assets)	96,063,837	97,534,574	97,534,574	-
D.Tax (income) / expenses recognized in Revaluation Reserve:	(345,181)	(1,470,737)	(381,644)	
C. Total Deferred tax liability at end of the year/period as shown in the Statement of Financial Position (A+B)	119,181,887	119,542,249	124,788,358	131,165,465

SHEPHERD INDUSTRIES LIMITED
Schedule of Trade & Other Payables
as on June 30, 2016

S.L	Particulars	Amount in Taka 30.06.2016	Amount in Taka 31.03.2016
A: Accounts Payables for Trade			
1	Ben Tech Chemicals Co. Ltd.	101,818	1,691,613
2	Chin Hung Fabred Ltd	1,814,827	-
3	Everlight Chemical Industrial	5,699,680	4,417,840
4	Foshan Shunde Aolaimei Fine Chemicals Co.Ltd	1,657,454	-
5	Full Excellent Corp.	36,482,091	34,114,981
6	Full Harbest Ltd.	336,551,587	545,453,038
7	Guangzhou Chemicals Import & Export Co. Ltd	1,470,000	1,470,000
8	Hwa Tal Industries Ltd	-	1,481,760
9	Jiangsu Gtig Hubo Co. Ltd	-	-
10	Jiangsu Gua Tai International Group Guo Mao Co Ltd	4,106,694	-
11	Jolly Enterprise India	7,342,180	-
12	Kung Keng Textile (BD) Ltd.	50,594,596	88,968,160
13	Mega Hope Textile Ltd	25,667,908	397,488
14	Ming Tai Textile Ltd	-	-
15	MPI Polyester Industries Sbn.Bhd	10,484,151	-
16	Nagoreeka Exports Ltd.	10,972,503	-
17	Nahar Spinning Mills Ltd	-	-
18	Premier Cotton Textiles. India	10,289,152	-
19	Shepherd Shing Trading Co. Ltd	19,814,877	22,859,594
20	Sonic Eagle Industries Ltd	286,122,879	207,851,448
21	Sportking India Ltd	16,074,363	5,099,247
22	S.Raza Export Pvt. Ltd	5,040,487	5,040,487
23	Sutiej Textile & industries India	-	8,614,526
24	ST. Cottex Exports Pvt. Ltd. India	11,203,368	-
25	Textilchemie DR. Petry GMBH	1,575,840	-
26	Zhejiang Transfar Co. Ltd	1,288,065	4,648,549
27	ASM Chemical Industries Ltd.	1,505,027	735,947
28	Astar Recycle Industries	560,000	210,000
29	Badsha Textiles Ltd	27,431,250	43,890,000
30	Bismilah Paper Cone & Tube	350,000	350,000
31	G Q Industries Ltd	-	659,269
32	Grand Traders	-	383,140
33	Fast Bio Chem	4,600	-
34	GDS Chemical Bangladesh Ltd	10,775	-
35	H.M. Accessories	182,250	-
36	Israq Textile Mills Ltd	15,060,797	25,398,709
37	Jafar Traders	437,500	-
38	Lucy Enterprise	73,000	-
39	Maksons Spinning Mills Ltd	18,384,717	-
40	M/S.K.S. Enterprise	4,776,200	4,400,000
41	Purbani Spinnning Mills	-	11,351,340
42	Nabila Enterprise	20,475	-
43	NRG Composite Yarn Dyeing	720,000	1,113,324
44	Purbani Spinnning Mills	23,544,570	-
45	SAF Camicals	-	231,747
46	Sparrow Corporation	-	175,000
47	Tamijuddin Textile Mills Ltd	-	1,097,730
48	R F Trading Corporation	81,500	-
49	R S Plastic Enterprise	1,017,600	-
50	R S S Trade International	191,000	-
51	Suprob Composite Knit Ltd	8,632,260	-
52	Tex Solution Services	621,404	-
53	United Chemical	1,020,000	-
54	Xin Xing Yang International Co. Ltd	405,120	-
Sub Total		949,384,564	1,022,104,937
B: Accounts Payables for others			
1	Abdul Khaleq	160,000	160,000
2	Akata Container Carrier Service	62,250	62,250
3	Akota Verities Store	-	8,300
4	Al Hera Design & Printers	-	64,323

5	Apparel Solution Ltd.	200,000	200,000
6	Artistic Properties Limited	8,915,000	-
7	Automation Eng. & Controls Ltd	-	90,382
8	Bangla Trac limited	-	987,046
9	Bhander Sharif Trading Corporation	1,284,890	1,311,087
10	Billal Trading PTE Ltd.	-	175,000
11	Bismillah Transport Agency	6,000	6,000
12	Build Asia	1,064,659	1,864,659
13	DYK Associates	140,686	140,686
14	Effat Shipping Agency	-	509,006
15	Golden State	300,000	300,000
16	Hoque Chemicals Works	598,500	1,866,900
17	Joy Enterprise	134,520	88,493
18	Lucy Enterprise	-	35,000
19	Mahfel Huq & Co.	-	15,250
20	Milnars Pumps Limited	-	139,000
21	Monzurul Haque	200,000	200,000
22	Motaleb Hossain	6,514	6,514
23	Nabila Enterprise	-	20,475
24	Navana Poly Packaging Limited	-	439,346
25	Navana Toyota 3s Center	-	4,463
26	Nazia Books	-	24,730
27	Nilufar Zaker	-	20,000
28	Picker Limited	-	341,715
29	Puma Engineering	-	70,000
30	Rahat Tyre and Battery	-	24,000
31	Rf Trading Construction	-	39,500
32	Rifat Enterprise	2,984,951	3,000,000
33	Rs Plastic Enterprise	-	729,600
34	RSS Trading International	1,133,000	1,324,000
35	Sq wire and cables	-	247,500
36	Super sign industries cables	-	65,000
37	Super tax cune	-	396,728
38	T & M Interlining Co. Ltd	100,000	100,000
39	Tanim hua quan fine cse co	-	42,000
40	Tax Soutlion services	-	621,404
41	The National Carrier	2,193,574	5,667,124
42	Trust printing and accseroes	-	18,000
43	Urmi Auto mobiles	-	4,085
44	xin xing yang international company ltd	-	405,120
Sub Total		19,484,544	21,834,686
Grand Total (A+B)		968,869,108	1,043,939,623



Shepherd Industries Limited

Auditor's certificate regarding calculation of EPS and Ratios

This is to certify that Shepherd Industries Limited has maintained the following ratios as computed on the basis of the audited financial statements for the year ended 30 June 2016, 31 March 2016, 31 December 2014, 2013, 2012 and 2011.

Particulars	Formula	30-Jun-16	31-Mar-16	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
		Ratio					
Liquidity Ratios: (Times)							
Current Ratio	Current assets/Current liabilities	1.38	1.39	1.14	1.15	1.17	1.23
Quick Ratio	(Current assets-Inventories)/Current liabilities	0.72	0.63	0.62	0.65	0.66	0.68
Times Interest Earned Ratio	Operating Profit/Financial Expenses	3.94	2.12	1.91	1.34	0.97	0.97
Debt to Equity Ratio	Total debt/Total equity	0.98	1.01	1.78	1.92	1.74	1.25
Operating Ratios: (Times)							
Accounts Receivable Turnover Ratio	Net Credit Sales/Average Accounts Receivables	0.75	3.94	3.36	2.93	3.47	2.52
Inventory Turnover Ratio	Cost of Goods Sold /Average inventory	0.52	2.25	1.99	2.12	2.47	2.02
Asset Turnover Ratio	Net Sales/Average Total Assets	0.20	0.84	0.70	0.75	0.83	0.61
Profitability Ratios:							
Gross Margin Ratio	Gross profit/Net Sales	11.55%	11.56%	11.46%	11.25%	8.02%	9.49%
Operating Profit Ratio	Operating profit/Net Sales	8.40%	9.95%	10.19%	9.71%	6.63%	7.11%
Net Profit Ratio (After Tax)	Net profit after tax/Net Sales	6.37%	4.98%	4.29%	1.86%	0.09%	0.09%
Return on Assets Ratio	Net profit after tax/Average Total Assets	1.25%	4.19%	2.99%	1.39%	0.08%	0.05%
Return on Equity Ratio	Net profit after tax/Total Shareholders equity	2.47%	6.79%	8.22%	4.03%	0.20%	0.11%
Earnings Per Share (EPS)	Net profit after tax/Total Number of Share	0.46	4.37	8.62	3.95	0.20	0.12
EBITDA Margin	EBITDA=(EBIT+Depreciation+Amortization)/Total Revenue	11.75%	11.78%	12.58%	12.01%	8.71%	10.27%
Coverage Ratio:							
Debt to Assets Ratio	Total debt/Total Assets	49.47%	50.14%	64.00%	65.72%	63.54%	55.57%
Debt Service Coverage Ratio	Operating Profit/Long Term & Short Term Loan	0.10	0.41	0.31	0.40	0.18	0.11
Cash Flow:							
Net Operating Cash Flow per Share	Net Operating Cash Flow/Total number of Share	0.08	1.49	23.88	55.96	23.69	(9.43)
Net Operating Cash Flow per Share/EPS	Net Operating Cash Flow per Share/EPS	0.18	0.34	2.77	14.18	117.42	(82.00)

Sd/-

Place: Dhaka

Date: September 25, 2016

Mahfel Huq & Co.
Chartered Accountants

Ratio Calculation													
Particulars	Formula	For the period ended											
		30-06-16		31-03-16		31-12-14		31-12-13		31-12-12		31-12-11	
		Calculation	Ratio	Calculation	Ratio	Calculation	Ratio	Calculation	Ratio	Calculation	Ratio	Calculation	Ratio
Liquidity Ratios: (Times)													
Current Ratio	Current assets/Current liabilities	2,471,463,873	1.38	2,531,856,325	1.39	1,743,761,085	1.14	1,776,228,751	1.15	1,813,552,102	1.17	1,355,445,135	1.23
		1,784,617,955		1,820,361,667		1,530,042,290		1,541,661,907		1,546,447,078		1,097,888,821	
Quick Ratio	(Current assets-Inventories)/Current liabilities	1,287,297,915	0.72	1,151,575,884	0.63	943,799,909	0.62	994,503,354	0.65	1,020,989,351	0.66	746,315,442	0.68
		1,784,617,955		1,820,361,667		1,530,042,290		1,541,661,907		1,546,447,078		1,097,888,821	
Times Interest Earned Ratio	Operating Profit/Financial Expenses	63,565,814	3.94	262,408,906	2.12	181,400,090	1.91	182,379,332	1.34	124,884,281	0.97	83,847,313	0.97
		16,131,226		123,982,237		94,903,033		135,797,935		129,299,474		86,133,559	
Debt to Equity Ratio	Total debt/Total equity	1,907,803,525	0.98	1,944,379,370	1.01	1,650,201,179	1.78	1,663,018,816	1.92	1,584,952,110	1.74	1,136,393,853	1.25
		1,948,472,212		1,933,656,316		928,341,072		867,584,149		909,331,778		908,657,254	
Operating Ratios: (Times)													
Accounts Receivable Turnover Ratio	Net Credit Sales/Average Accounts Receivables	756,861,925	0.75	2,636,557,896	3.94	1,780,751,795	3.36	1,878,484,554	2.93	1,883,339,590	3.47	1,179,310,883	2.52
		1,014,706,826		668,578,039		529,296,267		640,029,017		542,714,193		467,629,532	
Inventory Turnover Ratio	Cost of Goods Sold /Average inventory	669,410,501	0.52	2,331,681,538	2.25	1,576,699,811	1.99	1,667,224,358	2.12	1,732,311,277	2.47	1,067,359,827	2.02
		1,282,223,200		1,034,895,397		790,843,287		787,144,074		700,846,222		529,333,159	
Asset Turnover Ratio	Net Sales/Average Total Assets	756,861,925	0.20	2,636,557,896	0.84	1,780,751,795	0.70	1,878,484,554	0.75	1,883,339,590	0.83	1,179,310,883	0.61
		3,867,155,712		3,135,095,395		2,554,572,608		2,512,443,427		2,269,667,497		1,947,444,595	
Profitability Ratios:													
Gross Margin Ratio	Gross profit/Net Sales	87,451,424	11.55%	304,876,358	11.56%	204,051,984	11.46%	211,260,196	11.25%	151,028,313	8.02%	111,951,056	9.49%
		756,861,925		2,636,557,896		1,780,751,795		1,878,484,554		1,883,339,590		1,179,310,883	
Operating Profit Ratio	Operating profit/Net Sales	63,565,814	8.40%	262,408,906	9.95%	181,400,090	10.19%	182,379,332	9.71%	124,884,281	6.63%	83,847,313	7.11%
		756,861,925		2,636,557,896		1,780,751,795		1,878,484,554		1,883,339,590		1,179,310,883	
Net Profit Ratio	Net profit after tax/Net Sales	48,199,648	6.37%	131,340,828	4.98%	76,313,041	4.29%	34,969,372	1.86%	1,787,002	0.09%	1,018,614	0.09%
		756,861,925		2,636,557,896		1,780,751,795		1,878,484,554		1,883,339,590		1,179,310,883	
Return on Assets Ratio	Net profit after tax/Average Total assets	48,199,648	1.25%	131,340,828	4.19%	76,313,041	2.99%	34,969,372	1.39%	1,787,002	0.08%	1,018,614	0.05%
		3,867,155,712		3,135,095,395		2,554,572,608		2,512,443,427		2,269,667,497		1,947,444,595	
Return on Equity Ratio	Net profit after tax/Total Shareholders equity	48,199,648	2.47%	131,340,828	6.79%	76,313,041	8.22%	34,969,372	4.03%	1,787,002	0.20%	1,018,614	0.11%
		1,948,472,212		1,933,656,316		928,341,072		867,584,149		909,331,778		908,657,254	
Earnings Per Share (EPS)	Net profit after tax/Total Number of Share	48,199,648	0.46	131,340,828	4.37	76,313,041	8.62	34,969,372	3.95	1,787,002	0.20	1,018,614	0.12
		104,205,986		30,075,755		8,857,400		8,857,400		8,857,400		8,857,400	
EBITDA Margin	EBITDA=(EBIT+Depreciation+Amortization)/To tal Revenue	88,933,133	11.75%	310,684,934	11.78%	224,089,555	12.58%	225,616,647	12.01%	164,076,341	8.71%	121,100,538	10.27%
		756,861,925		2,636,557,896		1,780,751,795		1,878,484,554		1,883,339,590		1,179,310,883	
Coverage Ratio:													
Debt to Assets Ratio	Total debt/Total Assets	1,907,803,525	49.47%	1,944,379,370	50.14%	1,650,201,179	64.00%	1,663,018,816	65.72%	1,584,952,110	63.54%	1,136,393,853	55.57%
		3,856,275,737		3,878,035,686		2,578,542,251		2,530,602,965		2,494,283,888		2,045,051,107	
Debt Service Coverage Ratio	Debt Service Coverage Ratio= (Operating Profit/Long Term & Short Term Loan+lease)	63,565,814	0.10	262,408,906	0.41	181,400,090	0.31	182,379,332	0.40	124,884,281	0.18	83,847,313	0.11
		658,462,410		643,975,030		588,211,110		450,868,359		704,531,157		739,072,572	
Cash Flow:													
Net Operating Cash Flow per Share	Net Operating Cash Flow/Total number of Share	8,572,280	0.08	44,873,978	1.49	211,558,675	23.88	495,699,357	55.96	209,822,490	23.69	(83,529,720)	(9.43)
		104,205,986		30,075,755		8,857,400		8,857,400		8,857,400		8,857,400	
Net Operating Cash Flow per Share/EPS	Net Operating Cash Flow per Share/EPS	0.08	0.18	1.49	0.34	23.88	2.77	55.96	14.18	23.69	117.42	(9.43)	(82.00)
		0.46		4.37		8.62		3.95		0.20		0.12	

Industry Average Ratios compare with Shepherd Industries limited:

Comparison with the industry average ratios :

Shepherd Industries Ltd.

Particulars	30-06-16	31-03-16	
	SIL	Industry Avg. ***	Remark /Explanation
Liquidity Ratios: (Times)			
Current Ratio	1.38	0.48	SIL's Current ratio is better than the industry average current ratio because of relatively lower current liabilities.
Quick Ratio	0.72	0.32	SIL's ratio is better than the industry average ratio as quick assets are relatively higher.
Times Interest Earned Ratio	3.94	9.54	SIL's ratio is not satisfactory with the average industry
Debt to Equity Ratio	0.98	1.05	SIL's ratio is better than the industry average ratio as debt burden is lower than equity
Operating Ratios: (Times)			
Accounts Receivable Turnover Ratio	0.75	2.41	SIL's ratio is not satisfactory with the average industry
Inventory Turnover Ratio	0.52	3.28	SIL's ratio is satisfactory with inventory maintain optimum level.
Asset Turnover Ratio	0.20	0.37	SIL's ratio is not satisfactory with the average industry
Profitability Ratios:			
Gross Margin Ratio	11.55%	21.00%	SIL's ratio is not satisfactory with the average industry.
Operating Profit Ratio	8.40%	12.39%	SIL's ratio is not satisfactory with the average industry.
Net Profit Ratio	6.37%	8.54%	SIL's ratio is not satisfactory with the average industry.
Return on Assets Ratio	1.25%	3.00%	SIL's ratio is better than the industry average ratio as higher net profit
Return on Equity Ratio	2.47%	7.00%	SIL's ratio is better than the industry average ratio as higher net profit
Earnings Per Share (EPS)	0.46	0.81	EPS of the company is created from quarter period.
EBITDA Margin	11.75%	0.23	SIL's ratio is not satisfactory with the average industry.
Coverage Ratio:			
Debt to Assets Ratio	49.47%	50.51%	SIL's ratio is better than the industry average ratio as debt burden is lower than equity
Debt Service Coverage Ratio	0.10	0.11	SIL's ratio is not satisfactory as net operating profit is sufficient to pay financial expense and long term debt.
Cash Flow:			
Net Operating Cash Flow per Share	0.08	1.15	SIL's ratio is not satisfactory as net operating cash flow is positive
Net Operating Cash Flow per Share/EPS	0.18	1.43	SIL's ratio is not satisfactory as net operating cash flow is positive

*** The Industry average ratio is calculated through using the ratio of Anlima Yarn Dyeing Limited for the year ended March 31 , 2016 to compare 30 June, 2016 due to inavailability of market data.
(Source: www.anlima.com/financialreport.html)

Comparison with the industry average ratios of same periods:

Shepherd Industries Ltd.

Particulars	31-03-16		Remark /Explanation
	SIL	Industry Avg. ***	
Liquidity Ratios: (Times)			
Current Ratio	1.39	0.48	SIL's Current ratio is better than the industry average current ratio because of relatively lower current liabilities.
Quick Ratio	0.63	0.32	SIL's ratio is better than the industry average ratio as quick assets are relatively higher.
Times Interest Earned Ratio	2.12	9.54	SIL's ratio is not satisfactory with the average industry
Debt to Equity Ratio	1.01	1.05	SIL's ratio is better than the industry average ratio as debt burden is lower than equity
Operating Ratios: (Times)			
Accounts Receivable Turnover Ratio	3.94	2.41	SIL's ratio is satisfactory with the average industry
Inventory Turnover Ratio	2.25	3.28	SIL's ratio is satisfactory with inventory maintain optimum level.
Asset Turnover Ratio	0.84	0.37	SIL's ratio is satisfactory with the average industry
Profitability Ratios:			
Gross Margin Ratio	11.56%	21.00%	SIL's ratio is not satisfactory with the average industry.
Operating Profit Ratio	9.95%	12.39%	SIL's ratio is not satisfactory with the average industry.
Net Profit Ratio	4.98%	8.54%	SIL's ratio is not satisfactory with the average industry.
Return on Assets Ratio	4.19%	3.00%	SIL's ratio is not better than the industry average ratio as higher net profit
Return on Equity Ratio	6.79%	7.00%	SIL's ratio is better than the industry average ratio as higher net profit
Earnings Per Share (EPS)	4.37	0.81	SIL's ratio is satisfactory with the average industry.
EBITDA Margin	11.78%	23.00%	SIL's ratio is not satisfactory with the average industry.
Coverage Ratio:			
Debt to Assets Ratio	50.14%	50.51%	SIL's ratio is better than the industry average ratio as debt burden is lower than equity
Debt Service Coverage Ratio	0.41	0.11	SIL's ratio is satisfactory as net operating profit is sufficient to pay financial expense and long term debt.
Cash Flow:			
Net Operating Cash Flow per Share	1.49	1.15	SIL's ratio is satisfactory as net operating cash flow is positive
Net Operating Cash Flow per Share/EPS	0.34	1.43	SIL's ratio is not satisfactory as net operating cash flow is positive

*** The Industry average ratio is calculated through using the ratio of Anlima Yarn Dyeing Limited for the year ended March 31 , 2016. (Source: www.anlima.com/financialreport.html)

Comparison with the industry average ratios of same periods:

Shepherd Industries Ltd.

Particulars	31-Dec-14		Remark /Explanation
	SIL	Industry Avg.***	
Liquidity Ratios: (Times)			
Current Ratio	1.14	0.39	SIL's Current ratio is better than the industry average current ratio because of relatively lower current liabilities.
Quick Ratio	0.62	0.15	SIL's ratio is better than the industry average ratio as quick assets are relatively higher.
Times Interest Earned Ratio	1.91	3.57	SIL's ratio is not satisfactory with the average industry
Debt to Equity Ratio	1.78	1.05	SIL's ratio is not better than the industry average ratio as debt burden is higher than equity
Operating Ratios: (Times)			
Accounts Receivable Turnover Ratio	3.36	5.33	SIL's ratio is not satisfactory with the average industry
Inventory Turnover Ratio	1.99	3.07	SIL's ratio is satisfactory with inventory maintain optimum level.
Asset Turnover Ratio	0.70	0.48	SIL's ratio is satisfactory with the average industry
Profitability Ratios:			
Gross Margin Ratio	11.46%	20.98%	SIL's ratio is not satisfactory with the average industry.
Operating Profit Ratio	10.19%	14.37%	SIL's ratio is not satisfactory with the average industry.
Net Profit Ratio	4.29%	8.11%	SIL's ratio is not satisfactory with the average industry.
Return on Assets Ratio	2.99%	3.90%	SIL's ratio is better than the industry average ratio as higher net profit
Return on Equity Ratio	8.22%	8.68%	SIL's ratio is better than the industry average ratio as higher net profit
Earnings Per Share (EPS)	8.62	1.04	SIL's ratio is satisfactory with the average industry.
EBITDA Margin	12.58%	19.70%	SIL's ratio is not satisfactory with the average industry.
Coverage Ratio:			
Debt to Assets Ratio	64.00%	52.93%	SIL's ratio is not better than the industry average ratio as debt burden is higher than equity
Debt Service Coverage Ratio	0.31	0.16	SIL's ratio is satisfactory as net operating profit is sufficient to pay financial expense and long term debt.
Cash Flow:			
Net Operating Cash Flow per Share	23.88	3.53	SIL's ratio is satisfactory as net operating cash flow is positive
Net Operating Cash Flow per Share/EPS	2.77	3.39	SIL's ratio is not satisfactory as net operating cash flow is positive

*** The Industry average ratio is calculated through using the ratio of Anlima Yarn Dyeing Limited for the year ended December 31 , 2014. (Source: www.anlima.com/financialreport.html)

Shepherd Industries Ltd.

Particulars

31-Dec-13	
SIL	Industry Avg.***

Remark /Explanation

Liquidity Ratios: (Times)

Current Ratio	1.15	0.42
Quick Ratio	0.65	0.20
Times Interest Earned Ratio	1.34	3.57
Debt to Equity Ratio	1.92	1.33

SIL's Current ratio is better than the industry average current ratio because of relatively lower current liabilities.
SIL's ratio is better than the industry average ratio as quick assets are relatively higher.
SIL's ratio is not satisfactory with the average industry
SIL's ratio is not better than the industry average ratio as debt burden is higher than equity

Operating Ratios: (Times)

Accounts Receivable Turnover Ratio	2.93	4.04
Inventory Turnover Ratio	2.12	2.93
Asset Turnover Ratio	0.75	0.46

SIL's ratio is not satisfactory with the average industry
SIL's ratio is satisfactory with inventory maintain optimum level.
SIL's ratio is satisfactory with the average industry

Profitability Ratios:

Gross Margin Ratio	11.25%	21.56%
Operating Profit Ratio	9.71%	16.06%
Net Profit Ratio	1.86%	10.00%
Return on Assets Ratio	1.39%	4.63%
Return on Equity Ratio	4.03%	7.71%
Earnings Per Share (EPS)	3.95	1.04
EBITDA Margin	12.01%	20.99%

SIL's ratio is not satisfactory with the average industry.
SIL's ratio is not satisfactory with the average industry.
SIL's ratio is not satisfactory with the average industry.
SIL's ratio is better than the industry average ratio as higher net profit
SIL's ratio is better than the industry average ratio as higher net profit
SIL's ratio is satisfactory with the average industry.
SIL's ratio is not satisfactory with the average industry.

Coverage Ratio:

Debt to Assets Ratio	65.72%	57.10%
Debt Service Coverage Ratio	0.40	0.16

SIL's ratio is not better than the industry average ratio as debt burden is higher than equity
SIL's ratio is satisfactory as net operating profit is sufficient to pay financial expense and long term debt.

Cash Flow:

Net Operating Cash Flow per Share	55.96	4.25
Net Operating Cash Flow per Share/EPS	14.18	3.13

SIL's ratio is satisfactory as net operating cash flow is positive
SIL's ratio is satisfactory as net operating cash flow is positive

*** The Industry average ratio is calculated through using the ratio of Anlima Yarn Dyeing Limited for the year ended December 31 , 2013. (Source: www.anlima.com/financialreport.html)

Comparison with the industry average ratios of same periods:

Shepherd Industries Ltd.

Particulars	31-Dec-12		Remark /Explanation
	SIL	Industry Avg.***	
Liquidity Ratios: (Times)			
Current Ratio	1.17	0.45	SIL's Current ratio is better than the industry average current ratio because of relatively lower current liabilities.
Quick Ratio	0.66	0.23	SIL's ratio is better than the industry average ratio as quick assets are relatively higher.
Times Interest Earned Ratio	0.97	3.37	SIL's ratio is not satisfactory with the average industry
Debt to Equity Ratio	1.74	1.79	SIL's ratio is better than the industry average ratio as debt burden is lower than equity
Operating Ratios: (Times)			
Accounts Receivable Turnover Ratio	3.47	4.23	SIL's ratio is not satisfactory with the average industry
Inventory Turnover Ratio	2.47	2.69	SIL's ratio is satisfactory with inventory maintain optimum level.
Asset Turnover Ratio	0.83	0.43	SIL's ratio is satisfactory with the average industry
Profitability Ratios:			
Gross Margin Ratio	8.02%	21.18%	SIL's ratio is not satisfactory with the average industry.
Operating Profit Ratio	6.63%	15.06%	SIL's ratio is not satisfactory with the average industry.
Net Profit Ratio	0.09%	8.89%	SIL's ratio is not satisfactory with the average industry.
Return on Assets Ratio	0.08%	3.83%	SIL's ratio is better than the industry average ratio as higher net profit
Return on Equity Ratio	0.20%	10.95%	SIL's ratio is better than the industry average ratio as higher net profit
Earnings Per Share (EPS)	0.20	1.19	SIL's ratio is not satisfactory with the average industry.
EBITDA Margin	8.71%	21.18%	SIL's ratio is not satisfactory with the average industry.
Coverage Ratio:			
Debt to Assets Ratio	63.54%	64.15%	SIL's ratio is better than the industry average ratio as debt burden is lower than equity
Debt Service Coverage Ratio	0.18	0.12	SIL's ratio is satisfactory as net operating profit is sufficient to pay financial expense and long term debt.
Cash Flow:			
Net Operating Cash Flow per Share	23.69	2.80	SIL's ratio is satisfactory as net operating cash flow is positive
Net Operating Cash Flow per Share/EPS	117.42	2.35	SIL's ratio is satisfactory as net operating cash flow is positive

*** The Industry average ratio is calculated through using the ratio of Anlima Yarn Dyeing Limited for the year ended December 31 , 2012. (Source: www.anlima.com/financialreport.html)

Comparison with the industry average ratios of same periods:

Shepherd Industries Ltd.

Particulars	31-Dec-11		Remark /Explanation
	SIL	Industry Avg.***	
Liquidity Ratios: (Times)			
Current Ratio	1.23	0.42	SIL's Current ratio is better than the industry average current ratio because of relatively lower current liabilities.
Quick Ratio	0.68	0.19	SIL's ratio is better than the industry average ratio as quick assets are relatively higher.
Times Interest Earned Ratio	0.97	3.11	SIL's ratio is not satisfactory with the average industry
Debt to Equity Ratio	1.25	1.92	SIL's ratio is better than the industry average ratio as debt burden is lower than equity
Operating Ratios: (Times)			
Accounts Receivable Turnover Ratio	2.52	4.16	SIL's ratio is not satisfactory with the average industry
Inventory Turnover Ratio	2.02	2.80	SIL's ratio is satisfactory with inventory maintain optimum level.
Asset Turnover Ratio	0.61	0.43	SIL's ratio is satisfactory with the average industry
Profitability Ratios:			
Gross Margin Ratio	9.49%	20.64%	SIL's ratio is not satisfactory with the average industry.
Operating Profit Ratio	7.11%	14.57%	SIL's ratio is not satisfactory with the average industry.
Net Profit Ratio	0.09%	8.72%	SIL's ratio is not satisfactory with the average industry.
Return on Assets Ratio	0.05%	3.76%	SIL's ratio is better than the industry average ratio as higher net profit
Return on Equity Ratio	0.11%	10.86%	SIL's ratio is better than the industry average ratio as higher net profit
Earnings Per Share (EPS)	0.12	1.17	SIL's ratio is not satisfactory with the average industry.
EBITDA Margin	10.27%	20.57%	SIL's ratio is not satisfactory with the average industry.
Coverage Ratio:			
Debt to Assets Ratio	55.57%	65.79%	SIL's ratio is better than the industry average ratio as debt burden is lower than equity
Debt Service Coverage Ratio	0.11	0.66	SIL's ratio is not satisfactory as net operating profit is sufficient to pay financial expense and long term debt.
Cash Flow:			
Net Operating Cash Flow per Share	-9.43	3.02	SIL's ratio is not satisfactory as net operating cash flow is positive
Net Operating Cash Flow per Share/EPS	-82.00	2.59	SIL's ratio is not satisfactory as net operating cash flow is positive

*** The Industry average ratio is calculated through using the ratio of Anlima Yarn Dyeing Limited for the year ended December 31 , 2011. (Source: www.anlima.com/financialreport.html)

Auditors' report under section-135 (1) and para-II of schedule -III of the companies act 1994

We have complied the accompanying statement of Shepherd Industries Ltd under Section -135 (1) and para -24(1) of Schedule-III of the Companies Act 1994 . The statement comprises of the financial information for the period ended 30 June 2016 , 31 March 2016, 01 April 2015, 31 March 2015 and 31 December 2014, 2013, 2012 audited by Mahfel Huq & Co , Chartered Accountants and for the period ended 2011 audited by ACNABIN Chartered Accountants. Our report is as under:

1. The shepherd industries ltd was incorporated on 21 August 2000.
2. The Financial position of the Company over the last 5 years is as follows:

A) The statement of assets and liabilities of the company was as under:

Particulars	Amount in Taka						
	30-Jun-16	31-Mar-16	01-Apr-15	31-Mar-15	31-Dec-14	31-Dec-13	31-Dec-12
NON-CURRENT ASSETS	Three Months	Re-stated				Re-stated	
Property, Plant & Equipment	1,334,235,677	1,302,877,602	1,354,364,604	830,378,882	834,781,166	754,374,214	676,087,949
Capital Work in Progress	50,407,119	43,123,793	-	-	-	-	-
Intangible Asset	169,068	177,966	-	-	-	-	-
Deferred Revenue Expenditure	-	-	-	-	-	-	4,643,837
Total Non-Current Assets	1,384,811,864	1,346,179,361	1,354,364,604	830,378,882	834,781,166	754,374,214	680,731,786
CURRENT ASSETS							
Inventory	1,184,165,958	1,380,280,441	1,268,250,601	689,510,352	799,961,176	781,725,397	792,562,751
Trade & other receivables	1,091,466,500	937,947,151	659,502,234	399,208,926	434,311,953	624,280,581	655,777,453
Investment	62,232,899	62,232,899	36,592,718	36,592,718	29,358,589	38,993,424	68,406,879
Advance, Deposits & Prepayments	77,844,133	74,963,426	60,975,070	47,414,639	52,144,201	42,967,179	42,263,764
Current a/c with related entity	15,100,000	29,100,000	279,349,957	373,407,931	371,738,996	260,840,604	242,768,630
Cash and Cash Equivalents	40,654,383	47,332,408	19,082,645	15,641,656	56,246,170	27,421,566	11,772,625
Total Current assets	2,471,463,873	2,531,856,325	2,323,753,225	1,561,776,222	1,743,761,085	1,776,228,751	1,813,552,102
TOTAL ASSETS	3,856,275,737	3,878,035,686	3,678,117,829	2,392,155,104	2,578,542,251	2,530,602,965	2,494,283,888
EQUITY & LIABILITIES							
Equity attributable to share holders							
Issued, Subscribed & paid up capital	1,042,059,860	1,042,059,860	191,194,000	88,574,000	88,574,000	88,574,000	88,574,000
Share Money Deposit		33,728,933	476,927,129	443,238,343	443,238,343	449,693,116	449,693,116
Revaluation Reserve	552,651,670	554,262,515	609,128,159	376,214,916	377,795,306	384,819,262	410,930,263
Retained earnings	353,760,682	303,605,008	157,668,849	32,355,290	18,733,423	-55,502,229	-39,865,601
Total Shareholders equity	1,948,472,212	1,933,656,316	1,434,918,137	940,382,549	928,341,072	867,584,149	909,331,778
NON-CURRENT LIABILITIES							
Long Term Foreign Loan	-	-	38,505,032	38,505,032	38,505,032	38,505,032	38,505,032
Deferred Tax Liability	119,181,887	119,542,249	131,165,464	81,152,358	81,653,857	82,851,877	-
Obligation under Finance Lease	4,003,683	4,475,454	-	-	-	-	-

Total non-current liabilities	123,185,570	124,017,703	169,670,496	119,657,390	120,158,889	121,356,909	38,505,032	38,505,032
CURRENT LIABILITIES								
Trade & other Payables	968,869,108	1,043,939,623	867,628,960	561,066,650	919,635,893	1,081,766,139	845,663,373	359,961,022
Short Term Bank Loan	652,665,292	637,766,832	1,110,873,232	701,982,922	549,706,078	412,363,327	666,026,125	700,567,541
Liabilities for Expenses	127,561,187	136,922,468	95,027,004	69,065,593	60,700,319	47,532,441	34,757,580	37,360,259
Obligation under Finance Lease-Current Portion	1,793,435	1,732,744	-	-	-	-	-	-
Loan from shareholders	33,728,933	-	-	-	-	-	-	-
Total Current Liabilities	1,784,617,955	1,820,361,667	2,073,529,196	1,332,115,165	1,530,042,290	1,541,661,907	1,546,447,078	1,097,888,821
Total Liabilities	1,907,803,525	1,944,379,370	2,243,199,692	1,451,772,555	1,650,201,179	1,663,018,816	1,584,952,110	1,136,393,853
TOTAL EQUITY & LIABILITIES	3,856,275,737	3,878,035,686	3,678,117,829	2,392,155,104	2,578,542,251	2,530,602,965	2,494,283,888	2,045,051,107
NAV (With revaluation reserve)	18.7	18.56	75.05	106.17	104.81	97.95	102.66	102.59
NAV (Without revaluation reserve)	13.39	13.24	43.19	63.69	62.16	54.5	56.27	56.19

Share split on June 8, 2015; face value per share from tk. 100.00 Tk. 10.00. Thus, Net Asset Value (NAV) per Share for all the years is calculated through using tk. 10.00 per share.

Auditors' report under section 135(1) of the Companies Act, 1994 has been prepared on the basis of latest financial statements.

Place: Dhaka
Date: November 10, 2016

Sd/-
Mahfel Huq & Co.
Chartered Accountants

B) the statement of operating results of the company is as follow:

Particulars	Amount in Taka						
	30-Jun-16	31-Mar-16	31-Mar-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
	Three Months	Re-stated			Re-stated		
Sales Revenue	756,861,925	2,636,557,896	390,141,810	1,780,751,795	1,878,484,554	1,883,339,590	1,179,310,883
Cost of Sales	669,410,501	2,331,681,538	346,930,751	1,576,699,811	1,667,224,358	1,732,311,277	1,067,359,827
Gross Profit	87,451,424	304,876,358	43,211,059	204,051,984	211,260,196	151,028,313	111,951,056
FC Gain/(Loss)	-9,602,729	8,775,285	-	-	-	-	-
Less: Operating Expenses	14,282,881	51,242,737	7,666,970	22,651,894	28,880,864	26,144,032	28,103,743
Administrative expenses	12,305,498	42,533,765	7,367,962	21,233,510	26,642,038	24,593,968	26,821,347
Selling , Marketing & Distribution Expenses	1,977,383	8,708,972	299,008	1,418,384	2,238,826	1,550,063	1,282,396
Operating Profit for the Year	63,565,814	262,408,906	35,544,089	181,400,090	182,379,332	124,884,281	83,847,313
Add: Other Income	12,466,474	8,772,225	749,707	5,278,561	7,611,179	6,517,548	3,484,615
Profit Before Financial Expenses and Tax	76,032,288	271,181,131	36,293,796	186,678,651	189,990,511	131,401,830	87,331,928
Less: Financial Expenses	16,131,226	123,982,237	21,950,951	94,903,033	135,797,935	129,299,474	86,133,559
Net profit before tax	59,901,062	147,198,894	14,342,845	91,775,618	54,192,576	2,102,355	1,198,369
Less: Income tax expense	11,701,414	15,858,066	2,301,368	15,462,577	19,223,204	315,353	179,755
Net profit/(Loss) after Tax for the Year	48,199,648	131,340,828	12,041,477	76,313,041	34,969,372	1,787,002	1,018,614
Basic Earnings Per Share (EPS)	0.46	4.37	1.36	8.62	3.95	0.20	0.12
Adjusted Earnings Per Share (EPS)	0.46	1.26	0.12	0.73	0.34	0.02	0.01

Share split on June 8, 2015; face value per share from tk. 100.00 tk 10.00 .Thus, Basic Earnings Per Share (EPS) per Share for all the years is calculated through using tk. 10.00 per share. Adjusted Earnings Per Share (EPS) for all the years is calculated considering the latest number of share i.e. 104,205,986

Place: Dhaka
Date: November 10, 2016

Sd/-
Mahfel Huq & Co.
Chartered Accountants



3 Dividend Declared

Particulars	30-Jun-16	31-Mar-16	31-Mar-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
	Three Months						
Cash Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Stock Dividend (Bonus Shares)	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- 4 Shepherd Industries Ltd was incorporated in Bangladesh as a private limited company with the issuance of Certificate of incorporation bearing no. c-41066(425)/2000. dated on August 21, 2000 by the registrar of joint stock companies & firms. The company converted to public limited company on June 8, 2015 and split of share value Tk. 10 dated on 08 June 2015.

5 Reason for restatement:

a) During the year ended 31 March 2016 depreciation was erroneously understated by Tk. 2,737,695 for which correction has been made retrospectively.

b) During the year ended 31 March 2016, as the tax provision is being at actual and deducted at source under section 53BBBB as final settlement as per section 82(c) (2)(kk) of ITO 1984, no deferred tax asset or liabilities except deferred tax on revaluation reserve were recognized in the financial statements and deferred tax recognized prior to that year was reversed accordingly. During the period ended 30 June 2016 section 82(c) has been changed by the Finance Act 2016 from final settlement to minimum tax for which tax deducted at source shall not be considered as final settlement of tax liability rather shall be treated as minimum tax payable. Thus deferred tax has been recognized in the financial statements and retrospective effect has been made accordingly.

c) Prior to current period ended 30 June 2016, depreciation on revaluation to be transferred from revaluation reserve to retained earnings was wholly transferred instead of transferring net of tax. Moreover, deferred tax on revaluation of property, plant and equipment which should be recognized directly in equity as per para 58 and 61A of BAS-12: "Income Taxes", recognized in Profit or Loss and other Comprehensive Income and correction has been made accordingly.

d) During the year ended 31 December 2014, the company applied deferred tax for which retrospective adjustment had been made accordingly.

- 6 Shepherd Industries Limited was amalgamated by the scheme of amalgamation with Shepherd Yarn Limited by the order of the Honorable High Court of Supreme Court of Bangladesh dated December 15, 2014; with effect from April 01, 2015. Financial position as at 01 April 2015 had been prepared for incorporating the effect of said amalgamation.

- 7 The company started its commercial operation in 18 October 2001.
- 8 The company has no subsidiary company as on balance sheet date.
- 9 Comparative period/ year's figure have been rearranged or reclassified whenever considered necessary with conform to current period presentation.
- 10 No financial statement of the company has been audited for the period subsequent to 30 June 2016.
- 11 Financial Statements for the period ended 30 June 2016 had been prepared to comply of section 9 of the finance act, 2015.

Place: Dhaka

Date: November 10, 2016

Sd/-
Mahfel Huq & Co.
Chartered Accountants



e) Financial Spread Sheet Analysis

Statement of Financial Position

Particulars	30-Jun-16	
	Amount in Taka	% on Total Asset
NON-CURRENT ASSETS		
Property, Plant & Equipment	1,334,235,677.00	34.60%
Capital Work in Progress	50,407,119.00	1.31%
Intangible Asset	169,068.00	0.0044%
Deferred Revenue Expenditure	-	
Long Term Security Deposit	-	
Total Non-Current Assets	1,384,811,864	35.91%
CURRENT ASSETS		
Inventory	1,184,165,958	30.71%
Accounts & other receivables	1,091,466,500	28.30%
Investment in FDR	62,232,899	1.61%
Advance, Deposits & Prepayments	77,844,133	2.02%
Intercompany current a/c	15,100,000	0.39%
Cash and Cash Equivalents	40,654,383	1.05%
Total Current assets	2,471,463,873	64.09%
TOTAL ASSETS	3,856,275,737	100.00%
EQUITY & LIABILITIES		
Equity attributable to share holders		
Issued, Subscribed & paid up capital	1,042,059,860	27.02%
Revaluation Reserve	552,651,670	14.33%
Retained earnings	353,760,682	9.17%
Total Shareholders' equity	1,948,472,212	50.53%
NON-CURRENT LIABILITIES		
Long Term Foreign Loan		
Deferred Tax Liability	119,181,887	3.09%
Obligation under Finance Lease	4,003,683	0.10%
Total non-current liabilities	123,185,570	3.19%
CURRENT LIABILITIES		
Trade & other Payables	968,869,108	25.12%
Short Term Bank Loan	652,665,292	16.92%
Liabilities for Expenses	127,561,187	3.31%
Obligation under Finance Lease-Current Portion	1,793,435	0.05%
Loan from shareholders	33,728,933	0.87%
Total Current Liabilities	1,784,617,955	46.28%
Total Liabilities	1,907,803,525	49.47%
TOTAL EQUITY & LIABILITIES	3,856,275,737	100.00%

Shepherd Industries Limited
Statement of Profit and Loss and Other Comprehensive income
For the period from April 01, 2016 to June 30, 2016

Particulars	30-Jun-16	
	Amount in Taka	% on Total Sales
Sales Revenue	756,861,925.00	100.00%
Cost of Sales	669,410,501.00	88.45%
Gross Profit	87,451,424	11.55%
FC Gain/(Loss)	-9,602,729	-1.27%
Less: Operating Expenses	14,282,881	1.89%
Administrative expenses	12,305,498	1.63%
Selling , Marketing & Distribution Expenses	1,977,383	0.26%
Operating Profit for the Year	63,565,814	8.40%
Add: Other Income	12,466,474	1.65%
Profit Before Financial Expenses and Tax	76,032,288	10.05%
Less: Financial Expenses	16,131,226	2.13%
Net profit before tax	59,901,062	7.91%
Less: Income tax expense	11,701,414	1.55%
Net profit/(Loss) after Tax for the Year	48,199,648	6.37%



f) Earnings per Share (EPS) on fully diluted basis (The total existing no. of shares):

S.L	Particulars	Amount in Taka
1	Profit Attributable/Net profit after Tax	48,199,648
2	No. of shares before IPO	104,205,986
3	Earnings per Share (EPS)	0.46

g) All extra-ordinary income or non-recurring income coming from other than operations should be shown separately while showing the Net Profit as well as the Earnings per Share:

SL	Particulars	Amount in Taka
1	Net profit before Tax	59,901,062
2	Less: Other Income	(12,466,474)
3	Net Profit before tax except other income	47,434,588
4	Add: Deferred Tax Income	15,181
5	Less: Provision for Taxation	(11,716,595)
6	Net profit after tax except other income	35,733,174
7	No. of shares	104,205,986
8	Earnings per Share (EPS)	0.34

h) Quarterly or half-yearly EPS should not be annualized while calculating the EPS:

Not applicable for Shepherd Industries Limited.

i) Net Asset Value (with and without considering revaluation surplus/reserve) per unit of the securities being offered at the date of latest audited statement of financial position:

a) Net Asset value without Revaluation Reserve:

b) Net Asset value with Revaluation Reserve:

SL	Particulars	Amount in Taka
1	Paid up Capital	1,042,059,860
2	Retained Earnings	353,760,682
3	Revaluation Surplus	552,651,670
4	Total Shareholders' Equity (With Revaluation Reserve)	1,948,472,212
5	Total Shareholders' Equity (Without Revaluation Reserve)	1,395,820,542
6	Total Number of Ordinary Share	104,205,986
7	b) Net Asset value with Revaluation Reserve:	18.70
8	a) Net Asset value without Revaluation Reserve:	13.39

j) The commission may require the issuer to re-audit the audited financial statements, if any deficiency/anomaly is found in the financial statements. In such a case, cost of audit should be borne by the concerned issuer:

Not applicable for Shepherd Industries Limited.



(K) Auditors Certificate

i) Statement of Long Term and Short Term Borrowings Including Borrowing from Related Party or Connected Persons

Certification on Statement of Long Term and Short Term Borrowings Including Borrowing from Related Party or Connected Persons

After due verification, we certify that the Long Term and Short Term Borrowings Including Borrowing from Related Party or Connected Persons of Shepherd Industries Limited. for the last five years made up as follows:

For the period from April 01, 2016 to 30 June 2016

Name Of the Parties	Nature of Relationship	Nature of Borrowings	Balance as on June 30, 2016	Interest Rate (%)	Interest Paid (BDT)	Interest Accrued (BDT)
IFIC Bank Ltd. Gulshan Branch	Lender	Short Term	316,256,716	12% to 15.50% and LIBOR+5%	7,082,362	7,082,362
Southeast Bank Ltd. Gulshan Branch	Lender	Short Term	167,037,776	13%	3,645,022	3,645,022
Trust Bank Ltd. Gulshan Corporate Branch	Lender	Short Term	169,370,800	14.5% & 6% incase of foreign currency	2,327,858	2,327,858
IDLC	Lessor	Lease	5,797,118	13.85%	210,251	210,251
Loan from Shareholders'	Shareholder	Loan	33,728,933	0%	-	-
Grand Total			692,191,343		13,265,493	13,265,493

For the period from April 01 2015 to March 31, 2016:

Name Of the Parties	Nature of Relationship	Nature of Borrowings	Balance as on March 31, 2016	Interest Rate (%)	Interest Paid (BDT)	Interest Accrued (BDT)
IFIC Bank Ltd. Gulshan Branch	Lender	Short Term	321,876,094	12% to 15.50% and LIBOR+5%	29,861,487	29,861,487
Southeast Bank Ltd. Gulshan Branch	Lender	Short Term	215,103,197	13%	35,632,697	35,632,697
Trust Bank Ltd. Gulshan Corporate Branch	Lender	Short Term	100,787,541	14.5% & in case of foreign currency 6%	17,702,478	17,702,478
IDLC	Lessor	Lease	6,208,198	13.85%	886,408	886,408
National Bank	Lender	Short Term	-	6%, 15.5%, 17.5%	31,325,784	31,325,784
Eternal Flame Int. Co. Ltd.	Lender	Long Term (Foreign Loan)	-	5%	-	-
		Interest Accrued	11,625,225		7,627,317	-

		Sub-Total	11,625,225		7,627,317	-
Grand Total			643,975,030	-	115,408,854	115,408,854

For the Year ended December 31, 2014:

Name Of the Parties	Nature of Relationship	Nature of Borrowings	Balance as on 31 Dec. 2014	Interest Rate (%)	Interest Paid (BDT)	Interest Accrued (BDT)
National Bank Ltd. Mohakhali Branch	Lender	Short Term	393,733,243	6%, 15.5%, 17.5%	49,222,697	49,222,697
IFIC Bank Ltd. Gulshan Branch	Lender	Short Term	147,933,460	15.50%	17,514,552	17,514,552
Trust Bank Ltd. Gulshan Corporate Branch	Lender	Short Term	8,039,375	15.50%	2,088,996	2,088,996
Eternal Flame Int. Co. Ltd.	Lender	Long Term (Foreign Loan)	38,505,032	5%	-	-
		Interest Accrued	19,252,542		-	1,925,256
		Sub-Total	57,757,574		-	1,925,256
Grand Total			607,463,652		68,826,245	70,751,501

For the Year ended December 31, 2013:

Name Of the Parties	Nature of Relationship	Nature of Borrowings	Balance as on 31 Dec. 2013	Interest Rate (%)	Interest Paid (BDT)	Interest Accrued (BDT)
National Bank Ltd. Mohakhali Branch	Lender	Short Term	243,503,535	15.50%	65,353,296	65,353,296
IFIC Bank Ltd. Gulshan Branch	Lender	Short Term	72,780,885	15.50%	1,110,885	1,110,885
Bank Alfalah Ltd. Gulshan Branch	Lender	Short Term	1,421,895	14.50%	50,971	50,971
Trust Bank Ltd. Gulshan Corporate Branch	Lender	Short Term	94,657,012	15.50%	43,744,642	43,744,642
Eternal Flame Int. Co. Ltd.	Lender	Long Term (Foreign Loan)	38,505,032	5%	-	-
		Interest Accrued	17,327,286		-	1,925,256
		Sub Total	55,832,318		-	1,925,256
Grand Total			468,195,645		110,259,794	112,185,050

For the Year ended December 31, 2012:

Name Of the Parties	Nature of Relationship	Nature of Borrowings	Balance as on 31 Dec. 2012	Interest Rate (%)	Interest Paid (BDT)	Interest Accrued (BDT)
National Bank Ltd. Mohakhali Branch	Lender	Short Term	454,049,019	16%	75,723,401	75,723,401
Trust Bank Ltd. Gulshan	Lender	Short Term	211,977,106	14.50%	27,128,726	27,128,726

Corporate Branch						
Eternal Flame Int. Co. Ltd.	Lender	Long Term (Foreign Loan)	38,505,032	5%		-
		Interest Accrued	15,402,030			1,925,256
		Sub Total	53,907,062		-	1,925,256
Grand Total			719,933,187		102,852,127	104,777,383

For the Year ended December 31, 2011:

Name Of the Parties	Nature of Relationship	Nature of Borrowings	Balance as on 31 Dec. 2011	Interest Rate (%)	Interest Paid (BDT)	Interest Accrued (BDT)
National Bank Ltd. Mohakhali Branch	Lender	Short Term	563,569,870	15%	67,444,032	67,444,032
Trust Bank Ltd. Gulshan Corporate Branch	Lender	Short Term	136,997,671	14.50%	4,280,380	4,280,380
Eternal Flame Int. Co. Ltd.	Lender	Long Term (Foreign Loan)	38,505,032	5%	-	-
		Interest Accrued	13,476,774		-	1,925,256
		Sub Total	51,981,806		-	1,925,256
Grand Total			752,549,347		71,724,412	73,649,668

Place: Dhaka
Date: 25 September 2016

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



i) Statement of Principal Terms of Secured Loans and Assets on which Charge have been Created against Those Loans

Certification on statement of Principal Terms of Secured Loans and Assets on which on which Charge have been Created Against those Loans with names of landers , purpose, sanctioned amount , rate of interest , primary security , collateral/other security , re-payment schedule and status;						
Particulars	30-Jun-16	31-Mar-16	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
Names of lenders	Southeast Bank Ltd.	Southeast Bank Ltd.	Southeast Bank Ltd.	Southeast Bank Ltd.	Southeast Bank Ltd.	Southeast Bank Ltd.
Purpose	Working Capital	Working Capital	No loan was taken	No loan was taken	No loan was taken	No loan was taken
Collateral Asset	655.75 Decimal Land	655.75 Decimal Land				
Sanctioned Amount	1604.30 Millions	1604.30 Millions				
Rate of Interest	13.00%	13.00%				
Collateral	Post dated cheque, Hypothecation of imported goods, Machinery, Equipment duly insured covering the risk of fire and personal guarantee of all directors.	Post dated cheque, Hypothecation of imported goods, Machinery, Equipment duly insured covering the risk of fire and personal guarantee of all directors.				
Re-payment schedule	Re-payment from proceed realization	Re-payment from proceed realization				
Status (Outstanding balance Tk.)	167,037,776	215,103,197				

Particulars	30-Jun-16	31-Mar-16	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
Names of lenders	IFIC Bank Ltd.	IFIC Bank Ltd.	IFIC Bank Ltd.	IFIC Bank Ltd.	IFIC Bank Ltd.	IFIC Bank Ltd.
Purpose	Working Capital	Working Capital	Working Capital	Working Capital		
Collateral Asset	1105 Decimal Land with two pre-fabricated and three semi pacca buildings	673 Decimal Land with two pre-fabricated and three semi pacca buildings	432 Decimal Land with construction of factory premises	No loan was taken	No loan was taken	No loan was taken
Sanctioned Amount	3800 Millions	3800 Millions	1530 Millions	1530 Millions		
Rate of Interest	12.00%	12.00%	15.50%	15.50%		
Collateral	Post dated cheque, Hypothecation of imported goods, Machinery, Equipment duly insured covering the risk of fire and personal guarantee of all directors.	Post dated cheque, Hypothecation of imported goods, Machinery, Equipment duly insured covering the risk of fire and personal guarantee of all directors.	Post dated cheque, Hypothecation of imported goods, Machinery, Equipment duly insured covering the risk of fire and personal guarantee of all directors.	Post dated cheque, Hypothecation of imported goods, Machinery, Equipment duly insured covering the risk of fire and personal guarantee of all directors.	No loan was taken	No loan was taken
Re-payment schedule	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization		
Status (Outstanding balance Tk.)	316,256,716	321,876,094	147,933,460	72,780,885		

Particulars	30-Jun-16	31-Mar-16	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
Names of lenders	Trust Bank Ltd.	Trust Bank Ltd.	Trust Bank Ltd.	Trust Bank Ltd.	Trust Bank Ltd.	Trust Bank Ltd.
Purpose	Working Capital	Working Capital	Working Capital	Working Capital	Working Capital	Working Capital
Collateral Asset	None	79.50 Decimals Land (Third Party)	-	432 Decimal Land	432 Decimal Land	432 Decimal Land
Sanctioned Amount	900 Millions	900 Millions	370 Millions	1500 Millions	2037.9 Millions	2037.9 Millions
Rate of Interest	14.50%	14.50%	15.50%	15.50%	14.50%	14.50%
Collateral	Hypothecation of machineries, raw materials, work in process & finished goods with notarized IGPA duly insured under bank's mortgage clause. Personal guarantee of all the directors	Post dated cheque, Hypothecation of imported goods, Machinery, Equipment duly insured covering the risk of fire and personal guarantee of all directors.	Post dated cheque, Hypothecation of imported goods, Machinery, Equipment duly insured covering the risk of fire and personal guarantee of all directors.	Post dated cheque, Hypothecation of imported goods, Machinery, Equipment duly insured covering the risk of fire and personal guarantee of all directors.	Post dated cheque, Hypothecation of imported goods, Machinery, Equipment duly insured covering the risk of fire and personal guarantee of all directors.	Post dated cheque, Hypothecation of imported goods, Machinery, Equipment duly insured covering the risk of fire and personal guarantee of all directors.
Re-payment schedule	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization
Status (Outstanding balance Tk.)	169,370,800	100,787,541	8,039,375	94,657,012	211,977,106	136,997,671

Particulars	30-Jun-16	31-Mar-16	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
Names of lenders	National Bank Ltd.	National Bank Ltd.	National Bank Ltd.	National Bank Ltd.	National Bank Ltd.	National Bank Ltd.
Purpose	No Loan was taken	Loan Fully Re-paid	Working Capital	Working Capital	Working Capital	Working Capital
Collateral Asset			673 Decimal Land with 2 pre-fabricated and 3 semi pacca building	673 Decimal Land with 2 pre-fabricated and 3 semi pacca building	673 Decimal Land with 2 pre-fabricated and 3 semi pacca building	673 Decimal Land with 2 pre-fabricated and 3 semi pacca building
Sanctioned Amount			2097 Millions	1785 Millions	1635 Millions	1955 Millions
Rate of Interest			15.5% & 17.50%	15.5% & 17.50%	15% & 16%	13% & 15%
Collateral			Post dated cheque,	Post dated	Post dated	Post dated

			Hypothecation of imported goods, Machinery, Equipment duly insured covering the risk of fire and personal guarantee of all directors.	cheque, Hypothecation of imported goods, Machinery, Equipment duly insured covering the risk of fire and personal guarantee of all directors.	cheque, Hypothecation of imported goods, Machinery, Equipment duly insured covering the risk of fire and personal guarantee of all directors.	cheque, Hypothecation of imported goods, Machinery, Equipment duly insured covering the risk of fire and personal guarantee of all directors.
Re-payment schedule			Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization
Status (Outstanding balance Tk.)			393,733,243	243,503,535	454,049,019	563,569,870

Place: Dhaka
Date: 25 September 2016

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



Shepherd Industries Limited

iii) Statement of unsecured loan with terms and conditions of Shepherd Industries Limited.

Certification on unsecured loan with terms and conditions of Shepherd Industries Limited.

This is to certify that Shepherd Industries Limited did not take any unsecured loan from 1 April 2016 to 30 June 2016 except Loan from shareholders' of Tk. 33,728,933 converted from share money deposit as per decision of the Board which is interest free and repayable within one year from the date of conversion.

Place: Dhaka
Date: 25 September 2016

Sd/-
MAHFEL HUQ & CO
Chartered Accountants

iv) Statement of inventories:

Certification on statement of inventories raw material, dyes & chemical, packing material, work-in process, stores & spares and finished goods inventory etc.

After due verification, we certify that the statement of inventories showing amount of raw material, dyes & chemical, packing material, work-in process, stores & spares and finished goods inventory of Shepherd Industries Limited for the last five years were as follows;

Particulars	Amount in Taka						
	30-Jun-16	31-Mar-16	01-Apr-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
	Three Months						
Raw Material	885,778,015	1,079,455,235	1,002,791,041	609,644,366	585,195,740	585,052,053	447,404,316
Dyes & Chemicals	180,962,892	182,518,968	183,154,837	143,177,511	94,670,555	97,594,052	88,933,185
Work-In-Process	25,369,907	24,190,990	26,193,712	16,407,463	39,886,871	25,152,932	8,530,473
Finished Goods	76,105,239	81,031,479	46,195,204	19,662,095	54,750,408	72,327,887	57,888,227
Packing Materials	5,428,062	5,184,031	9,915,807	11,069,742	7,221,823	12,435,827	6,373,491
Stores & Spares	10,521,843	7,899,738	-	-	-	-	-
Total	1,184,165,958	1,380,280,441	1,268,250,601	799,961,176	781,725,397	792,562,751	609,129,692

Place: Dhaka
Date: 25 September 2016

Sd/-
MAHFEL HUQ & CO
Chartered Accountants

v) Statement of Trade Receivables of Shepherd Industries Limited.

Certification on statement of trade receivables showing receivable from related party and connected persons of Shepherd Industries Limited

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After due verification , we certify that Statement of trade receivables showing receivables from related party and connected persons of shepherd Industries Ltd for last five years were as follows:

Particulars	Amount in Taka						
	30-Jun-16	31-Mar-16	01-Apr-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
General	1,091,246,714	937,767,678	639,670,289	432,781,314	621,861,002	652,171,772	427,102,413
From Related Party	-	-	-	-	-	-	-
From Connected Persons	-	-	-	-	-	30,083	145,117
Total	1,091,246,714	937,767,678	639,670,289	432,781,314	621,861,002	652,201,855	427,247,530

Place: Dhaka
Date: 25 September 2016

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



Shepherd Industries Limited

VI) Loan Given to Related Party or Connected Persons by the Shepherd Industries Limited.

Certification on statement of any Loan Given by the issuer including loan to Related Party or Connected Persons with rate of interest and interest realized/accrued by the Shepherd Industries Limited.

Particulars	Amount in Taka						
	30-Jun-16	31-Mar-16	01-Apr-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
Related Party	15,100,000	29,100,000	279,349,957	371,738,996	260,840,604	242,768,630	242,768,630
Connected Person		-	-	-	-	-	-
General		-	-	-	-	-	-
Total	15,100,000	29,100,000	279,349,957	371,738,996	260,840,604	242,768,630	242,768,630

** The above balances was the result of inter company transactions which are interest free.

Place: Dhaka
Date: 25 September 2016

Sd/-
MAHFEL HUQ & CO
Chartered Accountants

Vii) Statement of Other Income of Shepherd Industries Limited.**Certification on Statement of Other Income showing interest income , dividend income, discount received , other non-operating income of Shepherd Industries Limited.**

After due verification, we certify that the other income showing interest income, dividend income, discount received and other non-operating income of Shepherd Industries Ltd. for the last five years were as follows;

Particulars	Amount in BDT					
	30-Jun-16	31-Mar-16	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
Interest Income	3,785	1,710,751	3,794,371	8,220,285	6,187,548	3,484,615
Land and House rent	723,915	3,106,105	-	-	-	-
Gain/(Loss) from Sales of Fixed assets	(214,810)	3,118,304	362,397	(698,658)	-	-
Sundry Income	328,359	837,065	1,121,793	89,552	330,000	-
Waiver of interest-foreign loan	11,625,225					
Total	12,466,474	8,772,225	5,278,561	7,611,179	6,517,548	3,484,615

Place: Dhaka
Date: 25 September 2016

Sd/-
MAHFEL HUQ & CO
Chartered Accountants

viii) Statement of Turnover of Shepherd Industries Limited.**Certification on Statement of Turnover showing separately in cash and through banking channel of Shepherd Industries Limited.**

After due verification, we certify that the turnover showing separately in cash and through banking channel of Shepherd Industries Limited. During last five years were as follows;

Particulars	30-Jun-16 Three Months	31-Mar-16	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
In Cash	-	-	-	-	-	-
Through Banking Channel	756,861,925	2,636,557,896	1,780,751,795	1,878,484,554	1,883,339,590	1,179,310,883
Total	756,861,925	2,636,557,896	1,780,751,795	1,878,484,554	1,883,339,590	1,179,310,883

Place: Dhaka
Date: 25 September 2016

Sd/-
MAHFEL HUQ & CO
Chartered Accountants

ix) Statement of Related Party Transaction of Shepherd Industries Limited.

Certification on Statement of Related Party Transaction of Shepherd Industries Limited.

After due verification, we certify that the status of related party transactions of Shepherd Industries Ltd. for the last five years were as follows;

Particulars	Relationship	Nature of Transaction	30-Jun-16	31-Mar-16	01-Apr-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
Shepherd Textile (Bd) Ltd.	Common Management	Intercompany Loan	15,100,000	29,100,000	221,665,109	156,407,111	108,801,074	142,126,879	130,714,477
		Sale of Land	-	(27,640,000)	-	-	-	-	-
		Rental Income	(324,615)	(1,220,929)	-	-	-	-	-
Shepherd Yarn Ltd.	Common Management	Intercompany Loan	-	-	-	176,412,296	126,461,362	85,788,138	97,085,507
Shepherd Electric Ltd.	Previously Common Management but at present no relationship	Intercompany Loan	-	-	-	-	793,132	793,132	793,132
Shepherd Asia Zipper Ltd.			-	-	-	-	13,991,477	13,991,477	13,991,477
Shepherd Apparels Washing Limited			-	-	-	-	38,920	38,920	38,920
Fancy Yarn Department	Connected Entity	Advance for Purchase	-	-	-	-	-	-	145,117
Bentech Chemical Co. Ltd.	Connected Entity	Advance for Purchase	-	-	-	-	-	30,083	-
Taiwan Food & Processing Industries Ltd.	Common Management	Intercompany Loan	-	-	57,684,848	38,919,589	10,754,639	-	-
		Investment	62,000,000	62,000,000	-	-	-	-	-
		Rental Income	(199,650)	(728,116)	-	-	-	-	-
Eternal Flame Int'l Co. Inc.	Director	Long Term Foreign Loan	-	-	(38,505,032)	(38,505,032)	(38,505,032)	(38,505,032)	(38,505,032)
		Interest on Foreign Loan	-	(11,625,225)	(19,252,542)	(19,252,542)	(17,327,286)	(15,402,030)	(13,476,774)
		Share Money deposit	(4,351,405)	(4,351,405)	(127,605,337)	(108,864,801)	(108,864,801)	(108,864,801)	(108,864,801)
Kao Wen Fu	Managing Director	Share Money deposit	(10,554,794)	(10,554,794)	(10,849,017)	(294,223)	(294,223)	(294,223)	(294,223)
Ever Priority Limited	Director	Share Money deposit	(18,786,859)	(18,786,859)	(327,914,080)	(323,556,499)	(279,739,651)	(279,739,651)	(279,739,651)
Chen Che Seng	Sponsor	Share Money deposit	(6,597)	(6,597)	(300,820)	(294,223)	(294,223)	(294,223)	(294,223)
Chung wen Kuei	Chairman	Share Money deposit	(29,278)	(29,278)	(9,669,431)	(9,640,153)	(9,640,153)	(9,640,153)	(7,971,572)
Mr.Yang Ming Te	Sponsor	Share Money deposit	-	-	(294,223)	(294,223)	(294,223)	(294,223)	(294,223)
Ms Chiu Ching Ping	Ex-Director	Share Money deposit	-	-	(294,223)	(294,223)	(294,223)	(294,223)	(294,223)

** Figures in brackets indicates credit balances.

** Balance amount of share money deposit of Eternal Flame Int'l Co. Inc., Kao Wen Fu, Ever Priority Limited and Chen Che Seng transferred to loan from shareholder during the period ended June 30, 2016

Place: Dhaka

Date: 25 September 2016

Sd/-
MAHFEL HUQ & CO
Chartered Accountants

x) Reconciliation of Business Income Shown in Tax Return with Net Income Shown in Audited Financial Statements

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Certification regarding Reconciliation of Business Income Shown in Tax Return with Net Income Shown in Audited Financial Statements Shepherd Industries Ltd for the last five years.

Particulars	Assessment Year					
	2016-2017 (3 Months)	2016-17	2015-16	2014-15	2013-14	2012-13
Income Shown in Audited Financial Statements	-	-	91,775,618	54,192,576	2,102,356	1,198,369
Less: Other Income	-	-	5,278,561	7,611,179	6,517,548	3,484,615
Add: Accounting Depreciation	-	-	37,410,904	35,626,138	32,674,511	33,768,610
Add: Inadmissable Item	-	-	2,843,408	17,488,171	34,783,228	8,885,648
	-	-	126,751,369	99,695,706	63,042,547	40,368,012
Less: Admissible Expenses	-	-	430,410	12,380,446	245,832	3,350,334
Less: Depreciation	-	-	35,674,391	31,686,347	24,366,873	24,616,328
	-	-	90,646,568	55,628,913	38,429,842	12,401,350
Add: Other Income	-	-	6,028,561	9,306,627	6,517,548	3,484,615
Income Shown in Tax Return	-	-	96,675,129	64,935,540	44,947,390	15,885,965

***The time for submission of the Financial Statements for the period ended 30 June 2016 and for the year ended 31 March 2016 have not been expired yet.

Place: Dhaka
Date: 25 September 2016

Sd/-
MAHFEL HUQ & CO
Chartered Accountants

xi) Auditors disclosure regarding confirmation that all receipts and payments of the issuer above Tk. 500,000/- (Tk. Five Lac) were made through banking channel

Certification on receipts and payments above Tk. 5,00,000 (Five lac) were made through banking channel of Shepherd Industries Limited.

This is to certify that all receipts and payments of Shepherd Industries Limited above Tk. 500,000 (Five lac) were made through banking channel from 1 January 2011 to 30 June 2016.

Place: Dhaka
Date: 25 September 2016

Sd/-
MAHFEL HUQ & CO
Chartered Accountants

xii) Auditors disclosure regarding confirmation that bank statements of the issuer are in conformity with its books of accounts

Certification on books of accounts of Shepherd Industries Limited are in conformity with bank statements

This is to certify that the books of accounts of Shepherd Industries Limited from January 01, 2011 to June 30, 2016 are in conformity with bank statements.

Place: Dhaka
Date: 25 September 2016

Sd/-
MAHFEL HUQ & CO
Chartered Accountants

xiii) Statement of payment of TAX, VAT and other Tax/Duties

Certification on status of payment of Tax , VAT and Other Taxes / Duties of Shepherd Industries Ltd.

After due verification, we certify that the status of Tax, VAT, and Other Taxes/Duties payment of Shepherd Industries Ltd for the last five years were as follows:

Particulars	Payment Status						
	30-Jun-16	31-Mar-16	31-Mar-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
TAX	4,226,203	19,587,571	2,512,810	12,686,934	16,338,570	13,939,876	4,542,070
VAT	Exempted	Exempted	Exempted	Exempted	Exempted	Exempted	Exempted
Other Taxes/Duties	NA*	NA*	NA*	NA*	NA*	NA*	NA*

* Import under Bond Facilities

Place: Dhaka
Date: 25 September 2016

Sd/-
MAHFEL HUQ & CO
Chartered Accountants

SECTION XXVII: PUBLIC ISSUE APPLICATION PROCEDURE

Step-1 (Applicant)

1. An applicant for public issue of securities shall submit application/buy instruction to the Stockbroker Merchant Banker where the applicant maintains customer account, within the cut-off date (i.e. the subscription closing date), which shall be the 25th (twenty fifth) working day from the date of publication of abridged version of prospectus.
2. The application/buy instruction may be submitted in prescribed paper or electronic form, which shall contain the Customer ID, Name, BO Account Number, Number of Securities applied for, Total Amount and Category of the Applicant. At the same time:
 - a) Other than non-resident Bangladeshi (NRB) and Foreign applicants shall make the application money and service charge available in respective customer account maintained with the Stockbroker/Merchant Banker. No margin facility, advance or deferred payment is permissible for this purpose. In case the application is made through a margin account, the application money shall be deposited separately and the Stockbroker/Merchant Banker shall keep the amount segregated from the margin account, which shall be refundable to the applicant, if become unsuccessful.
 - b) Non-resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the Issuer for an amount equivalent to the application money, with their application to the concerned Stockbroker/Merchant Banker. A Non-resident Bangladeshi (NRB) and Foreign applicant may also submit a single draft against 02(two) applications made by him/her, i.e. one is his/her own name and the other jointly with another person. The draft (FDD) shall be issued by the Bank where the applicant maintains NITA/Foreign Currency account debiting the same account. No banker shall issue more than two drafts from any NITA/Foreign Currency account for any public issue. At the same time, the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/Merchant Banker.

Step-2 (Intermediary)

3. The Stockbroker/Merchant Banker shall maintain a separate bank account only for this purpose namely "Public Issue Application Account". The Stockbroker/Merchant Banker shall:
 - c) post the amount separately in the customer account (other than NRB and Foreign applicants), and upon availability of fund, block the amount equivalent to the application money;
 - d) accumulate all the application/buy instructions received up to the cut-off date, deposit the amount in the "Public Issue Application Account" maintained with its bank within the first banking hour of next **working day** of the cut-off date. In case of application submitted by the Stock-dealer or the Merchant Banker's own portfolio, the application amount should also be transferred to the "Public Issue Application Account";
 - e) instruct the banker to block the account for an amount equivalent to the aggregate application money and to issue a certificate in this regard.
4. Banker of the Stockbroker/Merchant Banker shall block the account as requested for, issue a certificate confirming the same and handover it to the respective Stockbroker/Merchant Banker.
5. For Non-resident Bangladeshi (NRB) and Foreign applicants, the Stockbroker/Merchant Banker shall prepare a list containing the draft information against the respective applicant's particulars.
6. The Stockbroker/Merchant Banker shall prepare category wise lists of the applicants containing Customer ID, Name, BO Account Number and Number of Securities applied for, and **within 03 (three)**

working days from the cut-off date, send to the respective Exchange, the lists of applicants in electronic (text format with tilde '~' separator) format, the certificate(s) issued by its banker, the drafts received from Non-resident Bangladeshi (NRB) and Foreign applicants and a copy of the list containing the draft information.

7. **On the next working day**, the Exchanges shall provide the Issuer with the information received from the Stockbroker/Merchant Bankers, the drafts submitted by Non-resident Bangladeshi (NRB) and Foreign applicants and the list containing the draft information. Exchanges shall verify and preserve the bankers' certificates in their custody.
8. **The** application/buy instructions shall be preserved by the Stockbroker/Merchant Bankers up to 6 months from listing of the securities with exchange.

Step-3 (Issuer)

9. The Issuer shall prepare consolidated list of the applications and send the applicants' BOIDs in electronic (text) format in a CDROM to CDBL for verification. The Issuer shall post the consolidated list of applicants on its website and websites of the Exchanges. CDBL shall verify the BOIDs as to whether the BO accounts of the applicants are active or not.
10. **On the next working day**, CDBL shall provide the Issuer with an updated database of the applicants containing BO Account Number, Name, Addresses, Parents' Name, Joint Account and Bank Account information along with the verification report.
11. After receiving verification report and information from CDBL, the Issuer shall scrutinize the applications, prepare category wise consolidated lists of valid and invalid applications and submit report of final status of subscription to the Commission and the Exchanges **within 10 (ten) working days** from the date of receiving information from the Exchanges.
12. The Issuer and the issue manager shall conduct category wise lottery with the valid applications **within 03 (three) working days** from the date of reporting to the Commission and the Exchanges, if do not receive any observation from the Commission or the Exchanges.
13. The Issuer and issue manager shall arrange posting the lottery result on their websites within 06 (six) hours and on the websites of the Commission and Exchanges within **12 (twelve) hours** of lottery.
14. **Within 02 (two) working days** of conducting lottery, the Issuer shall:
 - e) send category wise lists of the successful and unsuccessful applicants in electronic (text format with tilde ' separator) format to the respective Exchange.
 - f) send category wise lists of unsuccessful applicants who are subject to penal provisions as per conditions of the Consent Letter issued by the Commission in electronic (text format with tilde separator) format to the Commission and Exchanges mentioning the penalty amount against each applicant.
 - g) issue allotment letters in the names of successful applicants in electronic format with digital signatures and send those to respective Exchange in electronic form.
 - h) send consolidated allotment data (BOLD and number of securities) in electronic text format in a CDROM to CDBL to credit the allotted shares to the respective BO accounts.

Step-4 (Intermediary)

15. **On the next working day**, Exchanges shall distribute the information and allotment letters to the Stockbroker/Merchant Bankers concerned in electronic format and instruct them to:

- c) remit the amount of successful (other than NRB and Foreign) applicants to the Issuer's respective Escrow Account opened for subscription purpose, and unblock the amount of unsuccessful applicants;
- d) send the penalty amount of other than NRB and Foreign applicants who are subject to penal provisions to the Issuer's respective Escrow Accounts along with a list and unblock the balance application money;

16. **On the next working day** of receiving the documents from the Exchanges, the Stockbrokers/Merchant Banker shall request its banker to:

- c) release the amount blocked for unsuccessful (other than NRB and foreign) applicants;
- d) remit the aggregate amount of successful applicants and the penalty amount of unsuccessful applicants (other than NRB and foreign) who are subject to penal provisions to the respective 'Escrow' accounts of the Issuer opened for subscription purpose.

17. **On the next working day** of receiving request from the Stockbrokers/Merchant Bankers, their bankers shall unblock the amount blocked in the account(s) and remit the amount as requested for to the Issuer's 'Escrow' account.

18. **Simultaneously**, the stockbrokers/Merchant Bankers shall release the application money blocked in the customer accounts; inform the successful applicants about allotment of securities and the unsuccessful applicants about releasing their blocked amounts and send documents to the Exchange evidencing details of the remittances made to the respective 'Escrow' accounts of the Issuer. The unblocked amounts of unsuccessful applicants shall be placed as per their instructions. The Stockbroker/Merchant Banker shall be entitled to recover the withdrawal charges, if any, from the applicant who wants to withdraw the application money, up to an amount of Tk. 5.00 (five) per withdrawal.

19. All drafts submitted by NRB or Foreign applicants shall be deposited in the Issuer's respective 'Escrow' accounts and refund shall be made by the Issuer by refund warrants through concerned stockbroker or merchant banker or transfer to the applicant's bank account through banking channel within 10 (ten) working days from the date of lottery.

Miscellaneous:

20. The Issuer, Issue Manager(s), Stockbrokers and Merchant Bankers shall ensure compliance of the above.

21. The bank drafts (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus.

22. Amount deposited and blocked in the "Public Issue Application Account" shall not be withdrawn or transferred during the blocking period. Amount deposited by the applicants shall not be used by the Stockbrokers/Merchant Bankers for any purpose other than public issue application.

23. The Issuer shall pay the costs related to data transmission, if claimed by the Exchange concerned up to an amount of Tk.2,00,000.00 (taka two lac) for a public issue.

24. The Stockbroker/Merchant Bankers shall be entitled to a service charge of Tk.5.00 (taka five) only per application irrespective of the amount or category. The service charge shall be paid by the applicant at the time of submitting application.

25. The Stockbroker/Merchant Banker shall provide the Issuer with a statement of the remittance and drafts sent.

26. The Issuer shall accumulate the penalty amount recovered and send it to the Commission through a bank draft/payment order issued in favor of the Bangladesh Securities and Exchange Commission.

27. The concerned Exchange are authorized to settle any complaints and take necessary actions against any Stockbroker/Merchant Banker in case of violation of any provision of the public issue application process with intimation to the Commission.

All eligible Stock Brokers and Merchant Bankers shall receive the IPO Subscription.

Others:

The IPO subscription money collected from investors will be remitted in following bank accounts with IFIC Bank Limited:

SL #	Account Bearing No.	Account Title	Currency
For Resident Bangladeshis			
01	1002-063136-041	Shepherd Industries Limited	BDT
For Non-Resident Bangladeshis			
02	1002-063136-051	Shepherd Industries Limited	USD
03	1002-063136-052	Shepherd Industries Limited	GBP
04	1002-063136-053	Shepherd Industries Limited	EUR

APPLICATION FORM

“পুঁজিবাজারে বিনিয়োগ ঝুঁকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন”

APPLICATION FOR PUBLIC ISSUE

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Date:

Name of applicant	:														
Client Code	:														
BO ID No.	:														
Category of applicant	:														
Name of the Company	:														
Number of Shares	:	Shares of Tk.....each													
Total amount in Tk.	:														
Amount in word	:														

Applicants

Authorized Officer

SECTION (XXVIII): AUDITORS' ADDITIONAL DISCLOSURES:

1. Please provide a schedule from auditor mentioning last three years payment/ expense for childcare service and leave encashment service to workers;

Auditors' Response: Details of payment/expense for child care service and leave encashment service to workers are as under:

Particulars	30/06/2016	31/03/2016	31/12/2014	31/12/2013
Leave encashment	-	726,685	425,373	265,659
Salary for childcare facilities	405,868	370,656	312,000	249,600

2. It is observed from the draft prospectus of the company that Eternal Flame Int'l Co. Inc. holds 10.45% pre-IPO shares. It is also observed that most of the plant and machineries of the company were purchased from Eternal Flame Intl Co. Inc. Mention whether the transactions made with Eternal Flame Int'l Co. Inc. were on arm's length basis or not;

Auditors' Response: The Company purchased capital machineries through Eternal Flame Int'l Co. Inc. from 2001 and all the transactions were completed through arms' length basis.

3. It is observed from the audited financials para 18(a) of BAS-24 is not complied in disclosing transactions with related parties. As per cash flow statements transaction volume with related parties was Tk. 1.40 crore during the year.

Auditors' Response: Para 18A of BAS-24 is not applicable for the company as there is no amount incurred by the company for the provision of key management personnel services that are provided by a separate management entity. All the key management personnel of SIL are dedicated only for the company. As such no information was disclosed in the notes to the financial statements.

The management of the Company decided not to do financial transactions with related parties and started recovering the loans provided to companies under common management. Net Tk. 1.40 crore was received during the year from Shepherd Textiles Limited as part of the said recovery process.

4. Disclosure as per Schedule XI , Part — II, Para 8 (a) to 8 (e);

Auditors' Response: Disclosure as per schedule XI, Part-II, Para 8 (a) to (c) of the companies Act 1994 has been included in note # 37.1 to 37.6 of the audited financial statements for the year ended June 30, 2016.

SIL has not received in foreign currencies from exports of goods calculated on FOB basis, royalty, know-how, professional and consultation fees, interest and dividend and other income, indicating the nature thereof. Thus, Para 8(d) & 8(e) is not applicable for the company.

5. Year-wise break-up of interest charged on different bank loans, capitalization of loan interest and interest charged as financial expenses on the income statement;

Auditors' Response: Year-wise break-up of interest charged on different bank loans, capitalization of loan interest and interest charged as financial expenses on the income statement are as follows:

FY/Period	Name Of the Parties	Interest Accrued (BDT)	capitalization of loan interest (BDT)	Interest charged as finance expenses on the income statement (BDT)
April 01, 2016 to June 30, 2016	IFIC Bank Ltd. Gulshan Branch	7,082,362	-	7,082,362
	Southeast Bank Ltd. Gulshan Branch	3,645,022	-	3,645,022
	Trust Bank Ltd. Gulshan Corporate Branch	2,327,858	-	2,327,858
	IDLC	210,251	-	210,251
	Sub Total	13,265,493	-	13,265,493
April 01, 2015 to March 31, 2016	IFIC Bank Ltd. Gulshan Branch	29,861,487	-	29,861,487
	Southeast Bank Ltd. Gulshan Branch	35,632,697	-	35,632,697
	Trust Bank Ltd. Gulshan Corporate Branch	17,702,478	-	17,702,478
	IDLC	886,408	-	886,408
	National Bank	31,325,784	-	31,325,784
	Sub Total	115,408,854	-	115,408,854
31-Dec-14	National Bank Ltd. Mohakhali Branch	49,222,697	-	49,222,697
	IFIC Bank Ltd. Gulshan Branch	17,514,552	-	17,514,552
	Trust Bank Ltd. Gulshan Corporate Branch	2,088,996	-	2,088,996
	Eternal Flame Int. Co. Ltd.	1,925,256	-	1,925,256
	Sub Total	70,751,501	-	70,751,501
31-Dec-13	National Bank Ltd. Mohakhali Branch	65,353,296	-	65,353,296
	IFIC Bank Ltd. Gulshan Branch	1,110,885	-	1,110,885
	Bank Alfalah Ltd. Gulshan Branch	50,971	-	50,971
	Trust Bank Ltd. Gulshan Corporate Branch	43,744,642	-	43,744,642
	Eternal Flame Int. Co. Ltd.	1,925,256	-	1,925,256
	Sub Total	112,185,050	-	112,185,050
31-Dec-12	National Bank Ltd. Mohakhali Branch	75,723,401	-	75,723,401
	Trust Bank Ltd. Gulshan Corporate Branch	27,128,726	-	27,128,726
	Eternal Flame Int. Co. Ltd.	1,925,256	-	1,925,256
	Sub Total	104,777,383	-	104,777,383
31-Dec-11	National Bank Ltd. Mohakhali Branch	67,444,032	-	67,444,032
	Trust Bank Ltd. Gulshan Corporate Branch	4,280,380	-	4,280,380
	Eternal Flame Int. Co. Ltd.	1,925,256	-	1,925,256
	Sub Total	73,649,668	-	73,649,668
	Total	490,037,949		490,037,949

6. Auditors confirmation regarding obtaining balance confirmation certificates from all debtors as shown in note 8.00;

Auditors' Response: Shepherd Industries Limited is a 100% Export oriented industry. The Company sells its products through Letter of Credit (L/C). The receivables are confirmed by the L/C opening corresponding bank. Hence, we did not sent balance confirmation letter to confirm the balances from debtors as mentioned in note 8.00.

7. Subsequent realization status of trade receivables on the signing date of audit report;

Auditors' Response: Subsequent realization status of trade receivables on the signing date of audit report is enclosed herewith. (Annex: I)

8. Details of factory building;

Auditors' Response: Details of Factory Building are as under:

No of Building	Building Description	Type (Brick/Tin/Prefabricated Steel)	Total Building Area Each floor (sft)	Usages (sft)	Rate/Sft	Amount in Tk.
Building-1	Three separate Still Structured Shed	Pre-fabricated steel structured building for manufacturing	59,965	59,965	420	25,179,975
Building-2			36,301	36,301	421	15,299,590
Building-3			71,204	71,204	418	29,742,026
Building-4	Three Storied	R.C.C building, Executive dormitory, Canteen & Child Care- RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC-Slab with Beam, RCC-Stair, RCC-Lintel, Brick Wall, Plaster, Wall Paint, Inside wall- Plastic Paint, Outside Wall- Weather Coat Thai Aluminum & 5mm Glass in window, Door, M.S Grill in Window.	2,148	6,444	1247	8,035,418
Building-5	Two storied	R.C.C Building for Gas Generator- RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC-Slab with Beam, RCC-Stair, RCC-Lintel, Brick Wall, Plaster, Wall Paint, Inside wall- Plastic Paint, Outside Wall- Weather Coat, Thai Aluminum & 5mm Glass in window, Door, M.S Grill in Window	1,598.625	3,197.25	1124	3,593,913
Building-6	Six storied	R.C.C building for ware house- RCC- Slab with Beam, RCC- Lintel, Brick Wall Plaster, Wall Paint, Inside side, Plastic Paint, Outside Wall- Weather Coat, Thai Aluminum & 5mm Glass in window	9,500	57,000	1324	75,490,800
Building-7	Semi pucca	Semi pucca building for workers dormitory- Brick Wall & Teen Shed Roof with M.S angle	3,000	3,000	1236	3,706,902
Building-8	Semi pucca	Semi pucca building for factory office- Brick Wall & Teen Shed Roof with M.S angle	3,000	3,000	1183	3,549,335
Building-9	Semi	Semi pucca building for	3,000	3,000	1224	3,672,971

	pucca	executive dormitory- Brick Wall & Teen Shed Roof with M.S angle				
Building-10	Tin Shed	5 separate Tin shed warehouse Brick Pillar & Teen Shed Roof with M.S angle.	7,000	7,000	435	3,047,609
Total cost as at 30.06.2016						171,318,539
Add: Revaluation Surplus						158,824,830
Less: Accumulated Depreciation						(128,253,934)
Written down value as at 30.06.2016						201,889,435

9. Details of land & land development expenses with location;

Auditors' Response: Disclosure regarding land and land development cost as shown in note 4 in the audited financial statement.

Sl. No.	Location	Sale Deed No.	Area in Decimal	Deed Value in BDT
1	Bhaluka	2642	331.5	3,315,000
2	Bhaluka	2643	309.5	3,095,000
3	Bhaluka	2644	32	320,000
4	Bhaluka	3188	44	903,000
5	Bhaluka	3647	4.5	93,000
6	Bhaluka	3552	35	719,000
7	Bhaluka	3377	4.5	93,000
8	Bhaluka	6971	5	103,000
9	Bhaluka	6847	4.5	93,000
10	Bhaluka	8258	20.5	421,000
11	Bhaluka	8259	1.75	36,000
12	Bhaluka	1600	35.25	852,000
13	Bhaluka	3019	39	762,000
14	Bhaluka	3002	3	59,000
15	Bhaluka	3276	410	8,158,000
16	Bhaluka	515	42	1,267,000
17	Bhaluka	4335	432	39,931,000
18	Bhaluka	10730	39	4,565,000
19	Bhaluka	10390	21	2,496,000
20	Bhaluka	2426	62.75	15,000,000
21	Bhaluka	8103	177	6,700,000
22	Bhaluka	2625	24	1,062,000
23	Rupgoang	13683	8.52	1,250,000
24	Rupgoang	13684	8.52	1,250,000
25	Rupgoang	13353	8.25	1,200,000
26	Uttara	4992	11.82	28,000,000
			2114.86	121,743,000
	Add: Registration and other cost			11,869,926
	Add: Development Cost			130,045,716
	Total Cost of Land Asset			263,443,642

10. Compliance of para 59 of BAS-16 regarding changing depreciation on land development expenses;

Auditors' Response: According to BAS-16 para 59 "If the cost of land includes the costs of site dismantlement, removal and restoration, that portion of the land asset is depreciated over the period of benefits obtained by incurring those costs. In some cases, the land itself may have a limited useful life, in which case it is depreciated in a manner that reflects the benefits to be derived from it."

Land development cost of shepherd Industries Limited does not include any cost of site dismantlement, removal or restoration as there is no any such case. Thus no depreciation was considered on land development cost of Shepherd Industries Limited.

11. NPAT, EPS for the year ended 30-06-2016 considering charging depreciation on land development expenses from inception;

Auditors' Response: Depreciation is not applicable on land and land development, therefore, NPAT and EPS for the year ended 30-06-2016 will remain unchanged.

12. Details of ETP including related civil construction;

Auditors' Response: Details of ETP including related civil construction is as under:

SL.	Details	Taka
1	Machinery and Equipment	37,255,000
	Civil construction:	
2	Materials	15,610,161
3	Labour	191,900
4	Professional fee	6,200,000
5	Construction work	14,587,273
	Total	73,844,334

13. Details of fire-fighting equipment in factory building;

Auditors' Response: Details of fire-fighting equipment in factory building is as follows:

SL. NO	Details	Quantity	Taka
1	Fire Extinguisher	73	365,760
2	Fire Alarm	1	9,500
3	Fire Hose Pipe box	16 sets	156,000
4	Motor Control Panel	1 set	23,000
5	Installation & Others	-	542,094
	Total		1,096,354

14. Details of building in head office (Location, Floor area, Number of floors);

Auditors' Response: Details of building in head office are as follows:

Particulars	Location	Number of Floor	Area/Floor
Head Office Building	House # 24, Road # 4, Sector # 4, Uttara, Dhaka-1230	G+5	3811.19 Sft

15. List of vehicles with oil, fuel & lubricants used during 2016 by each vehicle and whether they run with CNG;

Auditors Response: List of vehicles with oil, fuel & lubricants used for the three months period ended 30 June 2016 by each vehicle is as follows:

Shepherd Industries Ltd
For the period 1st April'2016 To 30 June'2016

SL #	Vehicle Number	Vehicle Type	Chassis & Engine Number	Fuel Charge Taka	Repairing & Service and others Taka	Total Taka
1	DM-Gha-15-0041	Land cruiser prado	TRJ150-0025568/ZTR-1145377	101,326.00	8,292.00	109,618.00
2	DM-Ga-17-0596	Hard Jeep, N/X Trail	NT32-001331/MR20-514073B	43,659.00	2,481.00	46,140.00
3	DM-Ga-27-7098	Axio	NZE141-6022160, 1NZ-C523275	41,711.00	15,065.00	56,776.00
4	DM-Ga-27-8253	X Corolla	NZE121-0404078/1NZ-C259424	44,274.00	12,104.00	56,378.00
5	DM-Ga-27-5022	X Corolla	NZE121-3283073, 1NZ-B352902	19,130.00	4,600.00	23,730.00
6	DM-Ga-22-5025	Probox	NCP51-0256034, 1NZ-D815773	34,871.00	12,100.00	46,971.00
7	DM-Cha-53-8928	Hiace Micro	TRH200-0102504/1TR-0782849	102,181.00	10,568.00	112,749.00
8	DM-Ma-11-0840	Covered Van (Small)	LY102-0004049/5L-5120434	56,675.00	8,250.00	64,925.00
9	D.M-GA-29-2967	Car saloon	NZT260-3048413/ 1NZ-D453053	36,645.00	2,569.00	39,214.00
10	DM-Cha-11-9792	Car saloon	JN1CEAN16ZO-015229, QG13-306556	29,738.00	38,490.00	68,228.00
11	D.M-CHA-53-4572	MICROBUS	KR42-5074708/7K-0874032	32,500.00	22,390.00	54,890.00
12	DM-Ma-11-3767	COVERED VAN	MAT5240004FSR03300, 497SPT29DUY15591	119,925.00	4,330.00	124,255.00
13	D.M-AU-14-1025	COVERED VAN	MAT38653477R34946/ 497TC93JSZ888500	75,085.00	19,080.00	94,165.00
				737,720.00	160,319.00	898,039.00



16. Break-up of salary & allowances;

Auditors' Response: Breakup of salary and allowances are as follows:

Break up salary and allowances:						
Head Office						
Particulars	30/06/2016	31/03/2016	31/12/2014	31/12/2013	31/12/2012	31/12/2011
Salary	5,128,343	14,516,665	10,232,408	9,534,763	11,570,850	104,788,121
Bonus	1,052,016	1,097,267	759,209	854,665	759,826	780,810
Leave encashment	2,380	494,395		134,664	106,166	-
	6,182,739	16,108,327	10,991,617	10,524,092	12,436,842	11,259,622

17. Whether the company has complied with the requirement of the provision of the 'BAS-21' regarding foreign currency transactions;

Auditors' Response: The Company has complied with the requirement of the provision of the 'BAS-21' regarding foreign currency transactions and is disclosed in note: 2.06 of the audited financial statements for the year ended June 30, 2016.

18. Separate disclosures of salary & wages;

Auditors' Response: Breakup of salary and wages are as follows:

Break up salary and allowances:						
Factory						
Particulars	30/06/2016	31/03/2016	31/12/2014	31/12/2013	31/12/2012	31/12/2011
Salary	8,526,718	31,935,317	15,396,552	13,688,083	14,044,777	14,100,651
Bonus	1,579,369	2,278,427	1,616,034	1,528,993	1,491,610	1,946,481
Leave encashment	-	726,685	425,373	265,659	220,111	-
Wages-worker	6,418,609	21,117,531	12,041,862	14,160,240	13,020,232	12,038,648
Bonus-worker	1,183,804	2,694,059	1,321,751	1,568,739	1,420,639	866,770
Overtime	4,639,121	13,698,566	7,425,695	7,652,477	6,414,579	2,530,482
Tiffin & Refreshment	1,129,143	3,047,108	1,973,704	2,318,984	2,327,171	2,118,890
	23,476,764	75,497,693	40,200,971	41,183,175	38,939,119	33,601,922

19. list of foreign employees working in the company during the year ended 30-06-2016;

Auditors' Response: During the year ended 30-06-2016, two foreign employees worked in the company which is listed below:

SL #	Name of the employee	Period of work
01	Mr. Lei Bin	from 13.12.2015
02	Mr. Li Zhiyang	from 16.02.2016

20. Detailed disclosures regarding capital working-in-progress;

Auditors' Response: Detailed disclosures regarding capital working-in-progress are as follows:

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Capital Working Progress (Machineries)					
Sl.No.	L/C No. & Supplier	Particulars of machineries	Invoice Value (USD)	Invoice Value (BDT)	Present status
1	L/C No. 080215026201 Sonic Eagle Industries Limited	Yarn pressure and yarn carrier machine, Model No. YS20T-1set and YS10T-1set	20,000	1,560,000	Machinery arrived Installation under process
2	L/C No. 080215026201 Sonic Eagle Industries Limited	Hanks to Cone Winding Machine, Model No. FH230D, 20 sets and Horizontal Yarn Expansion Machine, Model-FH420-6, 5 sets	183,400	14,305,200	Machinery arrived Installation under process
3	L/C No. 0802160204250 Sonic Eagle Industries Limited	Radio Frequency Dryer with standard accessories, Model No. GFD-85KW, 1 set	92,100	7,183,800	Machinery arrived Installation under process
4	L/C No. 080215027379 Sonic Eagle Industries Limited	Radio Frequency Dryer with standard accessories, Model No. GFD-85KW, 1 set	93,500	7,293,000	Machinery arrived Installation under process
5	L/C No. 235716020009 Sonic Eagle Industries Limited	1) Industrial Washing Machine, Model-XSJ-300, 9 sets, Model-XSJ-50, 6sets, 2) Industrial Drying Machine Model-JN-150, 8 set, Model-GYJ-3, 2 sets 3) Industrial Hydro Extractor, Model-TSJ-42, 2 sets 4) Hand Brashing, Model-ML-1, 15 sets 5) Industrial Trolley, 15 sets 6) Hand Pallet Truck, 2 sets	76,184	5,942,352	Machinery arrived Installation under process
6	L/C No. 235716020009 Sonic Eagle Industries Limited	1) Industrial Washing Machine, Model-XSJ-300, 11 2) Industrial Drying Machine Model-JN-150, 12 set, 3) Industrial Hydro Extractor, Model-TSJ-16, 2 sets 4) Screw Air Compressor, Model-UT-50, 2 sets 5) Industrial Trolley, 25 sets 6) Ozone Sterilizing, 2 sets	105,826	8,254,428	Machinery arrived Installation under process
Sub Total:			2,400	187,200	
7	Local cost	C&F, Carrying, Cable, Hardware materials etc.		5,681,139	
Grand Total:				50,407,119	

21. Detailed disclosures regarding trade receivables as per requirement of schedule XI of the Companies Act, 1994;

Auditors' Response: Disclosers regarding trade receivables as per requirement of schedule XI of the Companies Act, 1994 has been disclosed in note: 8 of the audited financial statements.

22. Detailed disclosures of current Account with related party as shown in the cash flow statement;

Auditors' response: Disclosers of current Account with related party as shown in the cash flow statement of Audited Financial Statements are as follows:

Statement of Cash Flows (Extract)			
Cash Flows From Financing Activities:			
Current A/C with related entity	Opening Balance as on 01/04/2016	Movement during the year (Payment)	Closing Balance as on 30/06/2016
Shepherd Textile (BD) Limited	29,100,000	(14,000,000)	15,100,000
Total	29,100,000	(14,000,000)	15,100,000

23. Dates of loan provided to related parties as disclosed in note 11.

Auditors' response: The balance amount of Tk. 15,100,000 is actually the balance of intercompany current account. Movement of transactions between the companies under common management has been shown in the auditors' additional disclosure # 25.

24. Disclosure regarding origination of Fictitious Assets and reason for adjustment thereof;

Auditors' Response: Fictitious asset of tk. 1,77,70,413 was originated from the excess amount of trading addition made through assessment of income by the tax authority for Shepherd Yarn Ltd.(Amalgamated Company) for the assessment year from 2009-2010 to 2012-2013. Such trading addition has been recognized in the financial statements for the year ended March 31, 2013 by debiting intangible out of assessment and crediting retained earnings to reconcile the accounting profit with the tax profit.

Though intangible assets out of assessment is accepted by the tax authority, as there was originally no existence of such transaction the management of the company has decided to derecognize the transaction and adjustment has been made accordingly by debiting retained earnings and crediting intangibles out of assessment to fairly reflect the statement of financial position.

25. It appears from the statement of cash flows that you have considered receipt from Intercompany current account under the head cash flow from financing activities which is not in line with the BAS-7 para 16(e).

Auditors' Response: Cash flow statements for the period ended June 30, 2016 shall be read as follows:

Particulars	Notes	Amount in Taka	Amount in Taka
		30.06.2016	30.06.2015
A) Cash Flows from Operating Activities			
Received from customers and others	32	599,748,935	458,697,047
Payment to Creditors, Suppliers, Employees and Others	33	(586,950,452)	(432,344,223)
Cash inflow/(outflow) from operation		12,798,483	26,352,824
Income Tax Paid	34	(4,226,203)	(4,247,255)
Net cash provided by Operating Activities		8,572,280	22,105,569
B. Cash Flows from Investing Activities			
Acquisition of Property, Plant & Equipment's		(24,149,832)	(13,822,325)
Proceeds from Sale of Property, Plant & Equipment's		600,000	-
Payment for Capital Work-in-Progress	35	(3,657,898)	-
Current a/c with Related Entity		14,000,000	151,841,548
Investment in FDR		-	(6,411,981)
Investment in Share Money Deposit of Taiwan Food and Processing Industries Limited		-	(62,000,000)
Advance Lease Deposits		-	(414,220)
Net cash provided by Investing Activities		(13,207,730)	69,193,022
C. Cash Flow from Financing Activities			
Short Term Loan Received/(Paid)-Net		14,898,460	6,906,049
Obligation under Finance Lease Received/(Paid)-Net		(411,080)	7,359,835
Financial Expenses Paid		(16,131,226)	(35,276,513)
Net cash used in by Financing Activities		(1,643,846)	(21,010,629)
D. Net Increase/(Decrease) in cash and Cash Equivalent		(6,279,296)	70,287,962
E. Cash & Cash Equivalent at beginning at the period		47,332,408	19,082,645
F. Unrealized gain/(loss)		(398,729)	(97,250)
G. Cash & Cash Equivalent at the end of the period		40,654,383	89,273,357
Net Operating Cash Flow per Share		0.08	1.16

26. Auditors' disclosure regarding advance of Taipei office and subsequent status thereof;

Auditors' Response: Actually the amount was paid as advance to the dedicated personnel of the company to meet up the travelling expenses of foreign delegates visited with the directors for business purpose. The name Taipei office was commonly used for the expenses of all such foreign delegate's and later on adjusted after due authorization by the management.

Subsequent status of the said advances is as follows:

Particulars	Amount in Tk. As on 30.06.2016	Subsequent Status
Balance of advance to foreign delegates for the period ended June 30, 2016	415,200	-
Total	415,200	-

27. Break-up of acquisition of property plant and equipment as shown in the cash flow statement;

Auditors' Response: Break-up of acquisition of property plant and equipment as shown in the cash flow statement are as follows:

Particulars	Amount (Tk.)
Asset addition during the period ended June 30, 2016 as per schedule of property, plant & equipment :	(45,064,832)
Less: Transfer from capital work in progress :	12,000,000
Less: Payable for acquisition of property, plant & equipment :	8,915,000
Acquisition of property, plant & equipment as shown in the Statement of cash flows :	(24,149,832)

28. Contingent liability disclosure regarding Bank Guarantee Margin with reference to note 2.30.

Auditors Response: The Company has a contingent liability of Tk. 19,211,326 against bank guarantee issued by different banks at different dates for different purposes for which the company has paid Tk. 3,150,507 as bank guarantee margin. Contingent liability disclosure for the period ended June 30, 2016 shall be read as follows:

“Contingent Liabilities and Contingent Assets are present or possible obligations on liabilities or assets, arising from past events and existence of which depends upon the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company or which amount of the obligations cannot be measured with sufficient reliability in accordance with BAS-37. The company has a contingent liability of Tk. 19,211,326 against total bank guarantee of Tk. 22,361,833 issued by different banks at different dates for different purposes for which the company has paid Tk. 3,150,507 as bank guarantee margin.”

29. Revised disclosure as per schedule XI para 4 of the Companies Act 1994 for remuneration paid to MD and directors as shown in the note:37.2(a)

Auditors Response: Disclosure as per schedule XI para 4 of the Companies Act 1994 for remuneration paid to MD and directors as shown in the note: 37.2(a) shall be read as follows:

a)	Key Management Personnel:		
	As per Company Act , 1994 part-II , Schedule-XI (4) The profit and loss account will give by way of a note detailed information , showing separately the following payments provided or made during the financial year to the directors , including managing director , the managing agents or manager , if any ,by the company , subsidiaries of the company and any other person:-		
No	Particulars	30.06.2016	30.06.2015
(a)	Managerial Remuneration paid or payable during the period to the directors, including managing directors, a managing agent or manager	-	-
(b)	Expenses reimbursed to Managing Agent	-	-
(c)	Commission or Remuneration payable separately to a managing agent or his associate	-	-
(d)	Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company	-	-
(e)	The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial period.	-	-
(f)	Any other perquisite or benefits in cash or in kind stating approximate money value where applicable.		
(g)	Other allowances and commission including guarantee commission	-	-
(h)	Pensions etc.	-	-
	(i) Pensions	-	-
	(ii) Gratuities	-	-
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	-	-
(i)	Share Based payments	-	-
	As per BAS- 24:		
	An entity shall disclose key management personnel compensation in total and for each of the following benefits:		
	(a) Short-term employee benefits	2,900,625	2,514,750
	(b) Post-employee benefits	361,613	313,506
	(c) Other long term benefits	-	-
	(d) termination benefits and	-	-
	(e) share- based payment	-	-
	Total:	3,262,238	2,828,256

Place: Dhaka
Date: 09 November 2016

Sd/-
MAHFEL HUQ & CO
Chartered Accountants

SHEPHERD INDUSTRIES LIMITED			
SUBSEQUENT REALIZATION STATUS OF ACCOUNTS RECEIVABLE AS ON 22.09.2016			
S.L	Particulars	Amount in Taka	Amount in Taka
		30.06.2016	Subsequent realization as on 22.09.2016
1	AB Sweater Ltd	12,784,182	8,762,718
2	AKR Fashion Ltd	134,993	-
3	Al- Amin Export Ltd	2,625,281	2,625,480
4	Aman Knitters Ltd.	-	-
5	AMS Int'l Sweater Ltd	2,034,323	-
6	Annanta Huazin Ltd.	3,358,894	-
7	Annesha Style Ltd	3,468,184	3,287,814
8	Anzir Apparels Limited	1,842,265	684,450
9	As Apparels Ltd.	33,115,434	19,992,000
10	Azam Knitting Ltd	-	-
11	Banga Fashion Ltd	1,086,585	1,085,175
12	Best Wool Sweater Ltd.	101,299,324	94,420,989
13	Body Fashion (PVT) Ltd	1,130,776	8,219,578
14	Claxton Apparels	4,378,887	4,818,996
15	Cosmos Sweater Ltd	13,308,065	13,303,539
16	Crown Yarn Dyeing Ltd	-	-
17	Daeyu Bangladesh Ltd.	-	-
18	Desh Sweater Ltd	75,243	-
19	Dhaka Pullover Ltd.	2,314,317	-
20	Diganta Sweater Ltd	77,377,808	75,063,374
21	Din Apparels Ltd.	1,560,060	1,787,520
22	Dody Export Wear Ltd	730,711	460,522
23	D & S Pretty Fashion	722,821	788,449
24	Ducati Appaearls Ltd	957,912	1,470,000
25	Dynamic Sweater Ltd	7,517,590	-
26	Ehsan Fashion Ltd	3,077,811	3,135,608
27	Ekram Sweater Ltd.	13,478,665	12,518,175
28	En Rich Ltd.	14,785	-
29	ESE Knitwear Ltd	5,553,307	-
30	Eva Sweater Ltd.	5,601,029	5,587,842
31	Everbright Sweater Ltd	3,926,997	-
32	Evergreen Sweater	2,207,270	2,207,309
33	Fancy Yarn Department	140,532	-
34	Fashion Design Ltd	1,277,046	-
35	FB Fashion (Pvt) Ltd.	937,060	1,402,948
36	Freedom Knit Ltd	1,883,591	-
37	Fyne Sweater Ltd.	1,694,224	1,694,224
38	Global Knitwear Ltd.	14,990,997	11,121,824
39	Golden Times Sweater Ltd.	-	-
40	Green Arrow Sweater Ltd.	4,969,956	3,146,231
41	Haesong Korea Ltd.	18,224,856	10,221,400
42	Haesong Sweater Ltd	248,504	-
43	Hamid Fashion Ltd.	3,480,874	-
44	Hannan Fashion Ltd	-	3,371,827
45	Helicon Ltd.	9,839,431	9,847,765
46	Impulse Sweater Ltd	5,076,760	2,746,232
47	Indesore Sweater Ltd.	12,946,494	5,339,568
48	Intramex Sweater Ltd.	387,649	-

49	Irish Fashion Ltd.	31,804,255	20,961,950
50	Jams Sweater Ltd	4,997,742	2,625,616
51	Jazz Sweater Ltd	5,441,542	3,053,437
52	Knitexpo Ltd	7,075,530	5,488,627
53	Knit Studio Ltd.	2,695,417	-
54	Kuliarchar Sweater	7,426,065	7,054,993
55	Lusine Fashion Ltd.	22,340,745	13,443,124
56	Magpie Knitwear Ltd.	34,135,998	3,996,930
57	Mahdeen Sweater Ltd.	13,771,034	9,856,812
58	Mantrust Sweater Ltd.	-	-
59	Mark Sweater Ltd.	-	-
60	Masihata Sweater Ltd	-	-
61	Matrix Sweater	25,991,799	25,715,200
62	Mccoy Sweater Ltd.	369,107	-
63	Meditex Ind. Ltd.	32,154,701	39,783,978
64	Meek Sweater Ltd	1,689,050	1,689,050
65	Merline Knittwear Ltd	-	-
66	M.G. Knit Fiairs Ltd	3,663,005	3,322,822
67	Micro Tex Ltd	217,764	-
68	Midline Fashion Ltd	-	767,481
69	M I Knit Wear Ltd	2,346,355	-
70	MK Sweater	3,545,507	2,327,657
71	Moni Fashion Ltd	39,385,263	11,949,420
72	Natural Sweater Village	10,039,144	9,719,524
73	Natural Wool Weater	866,442	-
74	Naziat Sweaters Ltd.	1,808,225	-
75	New Horizon Ltd	4,222,845	-
76	Nexus Sweater	6,957,745	954,089
77	Nurani Deying	-	-
78	Oasis Fashions Ltd	13,662,313	6,604,714
79	Ocean Sweater Ltd	-	-
80	Odessa Fashion Ltd.	5,032,395	-
81	Omega Sweater	2,199,241	-
82	Oriental Wool Wear Ltd	-	-
83	Orpat Sweater Ltd	2,078,215	2,089,404
84	Padma Sweater	202,861	202,860
85	Panache Knitted Creation	70,560	-
86	Pandora Fashion Ltd	3,993,117	3,125,949
87	Perfect Sweater Ltd	-	502,788
89	Pioneer Sweater Ltd.	130,580,546	38,966,088
90	Platinum Sweater Ltd	-	-
91	Posmi Sweater Ltd	1,784,499	522,340
92	Pretty Sweater Ltd	37,758,321	18,886,043
93	Prodridhi Apparel Ltd	2,470,074	932,568
94	Pro- Maker Sweater	5,097,594	4,204,886
95	Radient Sweater Ltd.	6,641,634	5,492,171
96	Rahimaaziz Knits Ltd	1,883,364	-
97	Raozan Sweater Ltd.	6,347,858	117,718
98	Red & Green Textile	361,267	361,267
99	RGR Sweater Ltd	2,687,507	6,702,541
100	Riverside Sweater Ltd	3,119,536	3,119,536
101	R M M Sweater Ltd	4,189,365	3,662,648
102	Rose Sweater Ltd.	928,960	1,868,664
103	R S Sweater Ltd	4,157,094	759,696
104	Running Fashion Ltd.	4,723,083	4,870,992

105	Rupa Sweater Ltd.	19,843	-
106	Saadatia Sweater Ltd.	3,121,164	2,251,082
107	Sahaba Yarn Ltd	2,263,941	2,257,920
108	Salek Textile Ltd. (Receivable)	8,163,102	-
109	Scandex (BD) Ltd.	580,356	-
110	Seowan Bangladesh Ltd.	13,076,648	9,276,413
111	SFS Sweater Ltd	-	-
112	S F Sweaters Ltd.	3,615,233	-
113	Sharin Fashion Ltd	9,929,497	6,189,360
114	Shezads Designer	11,209,619	9,880,360
115	Shomahar Sweater	15,745,823	9,896,350
116	Sinha Knit Ind. Ltd	9,237,209	-
117	Smung Sweater Ltd	550,598	-
118	Sonia & Sweater Ltd.	7,848	-
119	Southend Sweater Ltd	1,261,272	1,229,312
120	Southern Clothing Ltd.	-	-
121	Space Sweater Ltd	1,901,639	1,902,925
122	Spring Trade	10,712,807	10,719,632
123	SQ Celsius Ltd	6,820,769	6,820,769
124	SQ Huse LTD	-	-
125	Sung Kwang Apparels	21,162,512	20,618,755
126	Sunkit Textile Ltd.	77,357	-
127	Tapestry Design Co.	137,200	-
128	Target Fine Knit Industries Ltd.	16,870,360	5,024,264
129	T. Design	93,139	177,615
130	That's It Knit Ltd.	149,609	291,824
131	Titas Sweater Ind. Ltd	2,228,175	1,788,108
132	TJ Sweater Ltd	7,295,711	6,467,796
133	Top Tex Ltd	2,433,765	-
134	Unicorn Sweater	1,694,042	1,505,280
135	Welldone Apparels Ltd	42,943,958	23,725,109
136	Woolen & Wool Ltd	2,255,132	2,538,929
137	Y.K SWEATER LTD	7,764,949	141,857
138	Your Fashion Ltd	7,450,105	4,547,474
139	Zon Ron Sweater Ltd.	-	-
140	Z.R Sweater Ltd	-	-
Total Trade Receivable		1,095,469,559	702,066,274

Place: Dhaka
Date: November 09, 2016

Sd/-
Mahfel Huq & Co.
Chartered Accountants

SECTION (XXIX): MANAGEMENT'S ADDITIONAL DISCLOSURES REQUIRED TO SUBMIT AND INCORPORATED IN THE PROSPECTUS.

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1. Justification of going into IPO for Tk. 20 (Twenty) crore in spite of having investment in FDR of Tk. 2,32,899 and Taiwan Food and Processing Industries Limited amounting to 6.2 (Six point Two) crore and balance of interest free loan amounting to Tk. 2.91 (Two point nine one) crore given to sister concern is to be submitted and the same is to be incorporated in the draft prospectus under management disclosure;

Management Response: Investment in Taiwan Food and Processing Industries Limited is already withdrawn by the company on 21-09-2016. Management of the company has already decided to stop the intercompany transactions and will be recovered as soon as possible. Investment in FDR is a very nominal amount and will not help the company to establish the washing plant and in expansion of business.

2. It appears that company has given loan to eight related parties without interest and taken loan from one related with interest. Explain why you have provided interest free loan taken from related party while no interest is charged on loan given to the related party;

Management Response: Eternal Flame Int'l Co. Inc. deposited share money deposit in 2008 to Shepherd Industries Limited (SIL). SIL received loan from Eternal Flame Int'l Co. Inc. back in 2004 when SIL has only business relationship with the said company. The amount received was actually foreign loan and was received at 5% interest rate. The company has settled all the transactions with Eternal Flame Int'l Co. Inc and balance amount of interest amounting Tk.11,625,225 has been waived by Eternal Flame Int'l Co. Inc.

The loan given to the related parties are the intercompany current account transactions between the companies under common management and the companies are operating business in Bangladesh and all the transactions occurred was without interest. The company is already in a process of settling transactions between the inter companies and will not provide any loan to the companies under common directorship the remaining balances of the intercompany current account will be recovered as soon as possible.

3. You have made agreement with only one underwriter who is also your issue manager;

Management Response: 35% of the total issue size has been underwritten and the underwriter has the sufficient resources as per the regulatory requirement to discharge the required obligations to underwrite.

4. Environment certificate of proposed washing plant;

Management Response: For environment clearance of the proposed washing unit and BMRE of the dying unit the company will apply to the environment authorities, which are the norms for obtaining any approval. Moreover, the company has a large biological ETP and Expansion is under process the company will obtain the environment clearance after completion of the required tasks.

5. Your company has not recognized Worker's Profit Participation and Welfare Fund in the financial statements prepared for the year ended on June 30, 2016. Provide management disclosure regarding this and incorporate the same in the draft prospectus;

Our Response: Shepherd Industries Limited (SIL) is a 100% export oriented company and member of Bangladesh Dyed Yarn Exporters Association (BDYEA).

As per Section 232 of Bangladesh Labor (Amendments) Act. 2013, which states that in sub-section 2 “ The Government may, by notification in the official gazette apply this chapter to such other companies as it may specify therein.” And in Sub-section “notwithstanding anything contained in the sub-section (1) and (2), in Industrial Sector which is hundred percent export oriented or which is hundred percent foreign invested. The government may, by rules, for the beneficiaries working in such sectors, from sector-wise a central fund consolidating buyers and owners, fund management board, determine amount of donation and procedure for recovery thereof, adopt rules for using money of that fund and relevant other rules. Provided that, such board, may very prior approval of government adopt regulations for the purpose of this section.”

For the above reason management didn't start making provision for WPPF because of not yet forming Board for fund raise and utilization by the government. The board shall format the rules of determination of subscription, procedure of collection and utilization of fund. SIL is a 100% export oriented company also the member of BDYEA, that's why in the audited financial statements did not recognize WPPF.

6. A declaration from issuer & issue manager regarding whether Cost Audit is mandatory as per provision of the Companies Act, 1994.

Our Response: Declaration from the issuer and issue manager is as follows:

Date: 23 September 2016

Statement regarding Cost Audit

This is to certify that, as per provision of the Companies Act 1994, Cost Audit by Professional Accountant is not applicable for “Shepherd Industries Limited”.

Sd/-

(Md. Ataur Rahman)
Chief Financial Officer
Shepherd Industries Limited

Sd/-

(Kao Wen Fu)
Managing Director
Shepherd Industries Limited

Sd/-

(Noor Ahamed FCA)
CEO & Managing Director
Alpha Capital Management Limited

**SECTION (XXX): CERTIFICATE FROM AN INDEPENDENT AUTHORITY REGARDING
CAPACITY OF ETP MACHINE:**

Date: October 02, 2016

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To Whom It May Concern:

This is to certify that **M/S. Shepherd Industries Ltd.** Corporate Office: Shepherd Tower, House-24, Road-4, Sector-4, Uttara, Dhaka-1230, having factory at Bagrapara, Kathali, Bhaluka, Mymensingh. We visited the factory for inspection of ETP. We found in our observation that Shepherd Industries Ltd. has a Biological Effluent Treatment Plant (ETP) having 06 (six) water tanks with capacity of 4300 m³/day. According to DOE (Department Of Environment) norms total waste water come from the production must be purified through the existing ETP. As per management's future plan about the expansion of production will be held soon & the requirement of additional treatment plant (ETP) will be 3700 m³/day. In order to purify the additional waste water M/S. Shepherd Industries Ltd. will set up additional necessary tank. The capacity of the additional tank will be 3700 m³/day. As a result the total flow of waste water including additional 3700 m³/day will be treated accordingly to follow the DOE (Department Of Environment) norms as well as to keep the smooth production.

Sd/-

Md. Helal Uddin

B.Sc Engineer (Mechanical)

General Manager (Technical)

Texmac (Bangladesh) Ltd.