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OPPORTUNITY

**ENERGY IS  
GROWTH**



## ANNUAL REPORT

2016-2017



**SHAHJIBAZAR POWER CO. LTD.**

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## COMPANY INFORMATION

Shahjibazar Power Co. Ltd., is a Public Limited Company, registered under The Companies Act, 1994. The Company was incorporated in Bangladesh as a private limited company on 4th November, 2007 vide registration no. C-68888(1400)/07 and subsequently converted into public limited company on 28th September 2009. The registered office of the Company is located at Youth Tower, 822/2, Rokeya Sarani, Dhaka-1216 and the Plant is located at Fatepur, Madhobpur, Hobigonj, Bangladesh. The Company has 86 MW power plant and started commercial production from 10th February, 2009.

Shahjibazar Power Co. Ltd. produce electricity from natural gas and supply to Bangladesh Power Development Board (BPDB) under a 15 year Power Purchase agreement for supply of power with Bangladesh Power Development Board (BPDB) held on 14th February, 2008.

After successful completion of Initial Public Offering (IPO) the Company has started trading of shares in Dhaka and Chittagong-stock exchange from July 15, 2014.

The company has a subsidiary company Petromax Refinery Ltd (PRL) a condensate fractionation plant situated at Mongla, Bagerhat, Bangladesh and an associate company Midland Power Co. Ltd. a 51 MW Independent Power Producer (IPP) situated at Ashuganj, Brahmanbaria.



## CORPORATE DIRECTORY

CORPORATE OBJECTIVES, VALUES & STRUCTURE  
 THE MANAGEMENT & REPORTING  
 COMPLIANCES AND DISCLOSURES  
 FINANCIAL STATEMENTS  
 DIRECTOR'S REPORTS AND FINANCIAL STATEMENTS OF SUBSIDIARY

### Board of Directors:

Mr. Rezakul Haider

Chairman

Mr. Feroz Alam

Managing Director

Mr. Anis Salahuddin Ahmad

Director

Mr. A.K.M Badiul Alam

Director

Mr. Shamsuzzaman

Director

Mr. Mohammad Liaquat Ali

Independent Director

Mr. Golam Nabi FCA

Independent Director

### Company Secretariat:

Mr. Bhulon Kumar Bhowmik

Chief Financial Officer

Mr. Yeasin Ahmed, ACS

Company Secretary

### Registered Office:

822/2 Rokeya Sarani, Mirpur

Dhaka-1216

Tel: +88-02 9025401-2

Fax: +88-02 9032436

E-Mail: info@youthbd.com

Website: www.youthbd.com

### Auditors :

ACNABIN Chartered Accountants

BDBL Bhaban (Level-13 & 14),

12 Kawran Bazar C/A Dhaka - 1215,

Tel: +88-02-814 4347-52

Fax: +88-02-814 4353

www.acnabin.com

### Main Bankers:

Islami Bank Bangladesh Ltd.

Eastern Bank Ltd.

Bank Asia Ltd.

## PARTICULARS OF TOP EXECUTIVES/OFFICERS

### Feroz Alam

Position  
 Educational Qualification  
 Date of Joining  
 Last Five Years' Experience

Director & Managing Director  
 Bachelor of Arts  
 Since start of the Project  
 Worked as Managing Director in different companies within the group

### Engr. Md. Hafizur Rahman

Position  
 Educational Qualification  
 Date of Joining  
 Last Five Years' Experience

Executive Director  
 BSc Engineer – Mechanical (BUET)  
 Since start of the Project  
 Worked as Executive Director in different companies within the group

### Engr. Shariful Islam

Position  
 Educational Qualification  
 Date of Joining  
 Last Five Years' Experience

COO  
 BSc Engineer – Mechanical (RUET)  
 01.01.2010  
 Worked as Sr. Manager in different companies within the group

### Bhulon Bhowmik

Position  
 Educational Qualification  
 Date of Joining  
 Last Five Years' Experience

Chief Financial Officer (CFO)  
 MBA (Finance), LLB, ITP  
 01.01.2008  
 Worked as Sr. Manager in different companies within the group

### Yeasin Ahmed, ACS

Position  
 Educational Qualification  
 Date of Joining  
 Last Five Years' Experience

Company Secretary  
 BBA, MBA (Finance), ACS  
 02.05.2014  
 Worked as Manager in different Group of companies

### Hasan Imam Siddiki, ACA

Position  
 Educational Qualification  
 Date of Joining  
 Last Five Years' Experience

Manager - Finance  
 BBA, MBA (AIS), ACA  
 01.03.2015  
 Worked as Manager in Audit Firms

## LETTER OF TRANSMITTAL

All Members & Shareholders  
Bangladesh Securities and Exchange Commission,  
Registrar of Joint Stock Companies & Firms,  
Dhaka Stock Exchange Limited and  
Chittagong Stock Exchange Limited

Dear Sir(s)

The undersigned on behalf of the Board of Directors of Shahjibazar Power Co. Ltd. is pleased to present herewith the Annual Report together with the Audited Financial Statements which includes Statement of Financial Position as at June 30, 2017 and the related Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended June 30, 2017 and notes thereon.

Thanking You

Sincerely Yours,



Yeasin Ahmed, ACS  
Company Secretary

## CONSOLIDATED KEY HIGHLIGHTS

▲ 8.11%

Revenue  
(2016 BDT 7994.31 Million)  
(2017 BDT 8642.56 Million)

▲ 6.11%

Cost of Sales  
(2016 BDT 6492.90 Million)  
(2017 BDT 6889.32 Million)

▲ 28.17%

Net Profit  
(2016 BDT 741.11 Million)  
(2017 BDT 949.89 Million)

▲ 22.18%

EPS  
(2016 BDT 5.14) (2017 BDT 6.28)

▲ 11.36%

Total Equity  
(2016 BDT 4606.81 Million)  
(2017 BDT 5130.30 Million)

▼ 8.42%

Total Assets  
(2016 BDT 10311.18 Million)  
(2017 BDT 9443.11 Million)

▼ 24.39%

Total Liability  
(2016 BDT 10311.18 Million)  
(2017 BDT 9443.11 Million)

## CORE VALUES & CODE OF CONDUCTS

### 6.1. ETHICS:

Ethics deal primarily with conflicts of interest and integrity. A conflict of interest could be defined as a situation that arises when a decision making authority is seen to have a personal stake in the outcome of the decision itself. This code covers various situations which an SPCL employee may face in the areas of financial control, personal integrity, conflicts, etc, and the role which they should play in such circumstances. This code provides a common code of conduct, which should be adhered to, by all SPCL employees.

### 6.2. CONFLICTS OF INTEREST:

An employee or director of SPCL shall always act in the interest of the company, and ensure that any business or personal association which he / she may have does not involve a conflict of interest with the operations of the company and his / her role therein.

- 6.2.1 An employee of SPCL, shall not accept a position or responsibility in any other non-SPCL company or not-for-profit organization without specific approval
- 6.2.2 Shall not be involved in the decisions pertaining to companies where he / she holds financial interest directly or indirectly, including through close relatives in a company.
- 6.2.3 Shall not direct business to a supplier managed by a relative or close friend.
- 6.2.4 Shall not solicit subcontractors and vendors for donation / advertisements to a charity, in which the employee is involved.
- 6.2.5 Using company facilities for personal purposes or for spouse's / relatives business.
- 6.2.6 Shall not treat personal expenses / trips as business expenses / trips.
- 6.2.7 Shall not take part-time job requiring the employee to spend time, during normal working hours or using office equipment in meeting personal responsibilities.
- 6.2.8 Shall not be in a position to influence career decision about a spouse or relative.
- 6.2.9 Shall not pursue any business or profession outside SPCL including consultancy.

The above shall not apply to (whether for remuneration or otherwise):

- a) Nominations to the boards of SPCL companies, joint ventures or associate companies.
- b) Memberships / positions of responsibility in educational / professional bodies, wherein such association will benefit the employee / SPCL Company.
- c) Nominations / memberships in government committees / bodies or organizations.
- d) Exceptional circumstances, as determined by the competent authority.

### 6.3. MEMBERSHIP OF SOCIAL SERVICE ORGANISATIONS

Potential conflicts arise when executives take up memberships of Organizations and Associations that undertake Social Service of various kinds. Conflicts arise in the form of fund-raising from SPCL for such Associations / Organizations, using company infrastructure and facilities to discharge responsibilities towards that organization and providing use of such facilities directly to the Association / Organizations and its members. Prior approval from the management should be obtained, for undertaking such activities.

### 6.4. GIFTS

- 6.4.1 Buying equipment from suppliers for personal use at high discounts is absolutely prohibited.
- 6.4.2 Accepting free trips / holidays within Bangladesh and / or abroad and / or members of employees family, from suppliers is also absolutely prohibited.
- 6.4.3 Business associates such as JV partners, technology suppliers and other closely related companies may also make similar offers. These should be reported to the management, who shall provide guidance.
- 6.4.4 Small value gifts and flowers on festive occasions from anyone are normally acceptable. High value gifts in extraordinary circumstances, if required, need to be specially approved by the concern management.

### 6.5. CONFIDENTIALITY AND DISCRETION

Executives should, at all times, realize that they are in possession of sensitive, classified and confidential information that should not be parted with, in any circumstances to Competitors, Investment analysts, Stock brokers, Newspaper reporters and Government officials before intimating the same to BSEC, DSE & CSE as material or price sensitive information. Some illustrations of such information are given here.

- 6.5.1 Financial Information.
- 6.5.2 Tax Planning Measures.
- 6.5.3 Potential Joint Venture deals being negotiated.
- 6.5.4 New Product Introductions.
- 6.5.5 Manufacturing Process and Recipe for Products.

Employees should maintain total confidentiality with any such classified information.

### 6.6. PERSONAL INTEGRITY

In day – to – day work most employees are called upon to support broad company objectives like providing equal employment opportunity and environmental protection. Some responsibilities are on a more personal level. For example, every employee also has a direct role in helping to keep the company's records accurate and in protecting company assets.

Sometimes the chance for illegal or unethical personal gain will arise. That is when employees must remember that integrity depends on individual integrity. Every employee should develop the ability to distinguish the right from the wrong and relentlessly follow the right - even when it may be very tempting to do otherwise.

## 6.7. SEXUAL HARASSMENT AT WORKPLACE

Equality in employment can be seriously impaired when women are subjected to gender specific harassment such as sexual harassment at workplace. Such conduct is discriminatory when the woman has reasonable grounds to believe that her objection would disadvantage her in connection with her employment, including recruiting or promotion, or when it creates a hostile working environment.

The following rules are therefore applicable, regarding this matter.

6.8.1 Company should provide a procedure for resolution, settlement or prosecution for acts of sexual harassment, by taking all steps required.

For this purpose, sexual harassment includes such unwelcome sexually determined behavior as

6.8.1.1 Physical contact and advances;

6.8.1.2 A demand or request for sexual favors;

6.8.1.3 Sexually colored remarks;

6.8.1.4 Showing pornography;

6.8.1.5 Any other unwelcome physical, verbal or non-verbal conduct of sexual nature.

All managers or persons in-charge of work place are required to take appropriate steps, to prevent sexual harassment.

## 6.8. CODE OF CONDUCT:

6.8.1 Every employees of SPCL shall devote their whole time and attention to and use their best skills and care in the business and affairs of the Company and at all times faithfully and diligently perform such duties assigned to them by the Company.

6.8.2 They shall not at any time during the continuance of the employment hereunder solicit, seek, engage or be interested or concerned either directly or indirectly or alone or jointly in any other office, trade, business or occupation without the prior permission in writing of the Company.

6.8.3 Notwithstanding anything to the contrary in this document if, in the opinion of the Company, they commit any breach in the observance of performance of their obligations hereunder or if they are, in the opinion of the Company, guilty of any misconduct, including disobedience, breach of duty or gross carelessness or if they absent themselves without leave then and in any and every such case it shall be lawful for the Company, (notwithstanding

any waiver by the Company of antecedent breach or circumstances justifying the termination of their services under this clause) to terminate this employment forthwith without notice whatsoever and/or to dismiss them from the services of the Company without prejudice to the Company's remedial rights in respect of such breach or circumstances. In the event of such termination or dismissal they will be entitled to their salary including all allowances up to the date of termination according to the provisions of labor law.

6.8.4 As a corollary to their obligation, under sub-clause 2 above, they shall devote their whole-time attention to the Company and use their best skills and care for the benefit of the Company and any discovery or invention or secret process or improvement in procedure made or discovered by them or any work capable of copy right whilst in the service of the Company in connection with or in any manner affecting or relating to the business of the Company or capable of being adopted for use therein or in connection therewith, shall forthwith be disclosed to the Company and if and whenever required to do so by the Company, they shall, at the cost the Company, apply or join the Company in applying for letters, patents or other equivalent protection in Bangladesh and in any other part of the world for any such discovery, invention, process or improvement as aforesaid and shall at the cost of the Company execute and do all instruments and things necessary for vesting the said letters patents or other equivalent protection when obtained and all right, title and interest to and in the same shall vest in the Company absolutely and as sole beneficial owner or in such other person as the Company may specify.

6.8.5 During association with the Company, our employees will have access to and be furnished with such information, trade secrets, processes, inventions, customer/supplier lists, etc. which would be sensitive for the Company and therefore would be treated as absolutely confidential (Confidential Information) and they may themselves develop or be a contributory to such Confidential Information. Hence, as a corollary to their duty to act always in the interest of the Company, they shall be obliged not to divulge or communicate to any person other than necessary to those who need to know such information for Company's business and use such Confidential Information solely for the benefit and in the best interests of the Company.

6.8.6 All Confidential Information belongs to the Company and is always to be used for the Company's benefit, needless to mention, such obligation on employee's part will have to be honored, even after they cease to be associated with the Company. Hence, if there is any apprehension that the Confidential Information could be misused to the Company's detriment, you should refrain from associating, joining, or taking up employment with any other person for such period, as is

considered necessary by the Company. They can also during their tenure with the company and during the notice period prior to their separation from the company, be restrained from coming to work, associating or communicating with the Company officials for such time as is considered necessary.

- 6.8.7 Considering the sensitivity of the confidential information which will come to the knowledge, the employee shall not engage in any activity even after ceasing to be in employment with the Company, which will adversely affect the interest of the Company including advising and utilizing the information to the disadvantage of the Company.
- 6.8.8 Every employee shall not at any time within twelve months after the cessation of their employment with the Company, either directly or indirectly, or through any proprietary firm or a partnership firm in which he/she is a partner or through any Company in which he/she is a shareholder or director, or engage with in any manner whatsoever, solicit or seek to employ or appoint as agent, or engage with, any employee or officer or associate of the Company unless a period of twelve months has elapsed since the date of separation of the concerned employee, agent or associate, unless specifically approved by the management of the Company.
- 6.8.9 Every employee shall also not request, encourage or cause any of the past, present or prospective customer, supplier, employee or independent contractor to withdraw, curtail or cancel a business relationship with the Company or otherwise interfere in any manner with the relationship between the Company and such past, present or prospective customer, supplier, employee or independent contractor.

#### 6.9. POLITICAL NON ALIGNMENT

As a secular and nonpolitical enterprise, SPCL shall not have any type of political alignments:

- 6.9.1 SPCL shall be committed to and support the constitution and governance systems of the country in which it operates.
- 6.9.2 SPCL shall not support any specific political party and not have any political affiliations.
- 6.9.3 All SPCL Employees are free to contribute or participate in the political process if it does not create conflict of interest or invade work related commitments.

#### 6.10. PROTECTING COMPANY ASSETS

It is the responsibility of all employees to protect the interests of all stakeholders of the company.

- 6.10.1 The assets of SPCL shall not be misused; they shall be employed primarily and judiciously for the purpose of conducting the business for which they are duly authorized. These include tangible assets such as equipment and machinery, systems, facilities, materials and resources, as well

as intangible assets such as information technology and systems, proprietary information, intellectual property, and relationships with customers and suppliers.

#### 6.11. DONATIONS

Any amount of donation shall be made only with prior approval of Chairman/Board of Directors/CEO. This will include advertisement in the souvenir or any such support directly or indirectly.

#### 6.12. CORPORATE CITIZENSHIP

- 6.12.1 SPCL shall be committed to good corporate citizenship, not only in the compliance of all relevant laws and regulations but also by actively assisting in the improvement of quality of life of the people in the communities in which it operates. The company shall encourage volunteering by its employees and collaboration with community groups.
- 6.12.2 SPCL also encouraged to develop systematic processes and conduct management reviews from time to time so as to set strategic direction for social development activity.
- 6.12.3 SPCL shall not treat these activities as optional, but should strive to incorporate them as an integral part of its business plan.

#### 6.13. REGULATORY COMPLIANCE

- 6.13.1 Employees of SPCL, in their business conduct, shall comply with all applicable laws and regulations, in letter and spirit.
- 6.13.2 Directors of SPCL shall comply with applicable laws and regulations of all the relevant regulatory and other authorities. As good governance practice they shall safeguard the confidentiality of all information received by them by virtue of their position.

#### 6.14. SECURITIES TRANSACTIONS & CONFIDENTIAL INFORMATION

Handling of sensitive and confidential information relating to the business of SPCL is very crucial. It is also a highly regulated area which requires compliance.

- 6.14.1 An employee of SPCL and his / her immediate family shall not derive any benefit or counsel, or assist others to derive any benefit, from access to and possession of information about the company or its clients or suppliers that is not in the public domain and, thus, constitutes unpublished, price-sensitive insider information.
- 6.14.2 An employee of SPCL shall not use or proliferate information that is not available to the investing public, and which therefore constitutes insider information, for making or giving advice on investment decisions about the securities of SPCL client or supplier on which such insider

information has been obtained. Such insider information might include (without limitation) the following:

- 6.14.2.1 Acquisition and divestiture of businesses or business units.
- 6.14.2.2 Financial information such as profits, earnings and dividends.
- 6.14.2.3 Announcement of new product introductions or developments.
- 6.14.2.4 Asset revaluations.

6.14.2.5 Investment decisions / plans.

6.14.2.6 Restructuring plans.

6.14.2.7 Major supply and delivery agreements.

6.14.2.8 Raising of finances.

6.14.3 An employee of SPCL shall also respect and observe the confidentiality of information pertaining to other companies, their patents, intellectual property rights, trademarks and inventions; and strictly observe a practice of non-disclosure.



## CORPORATE GOVERNANCE

Shahjibazar Power believes that the fair practice of excellent corporate governance is fundamental to ensuring sustainability of the Business of the Company. The Board of Directors of Shahjibazar Power Co. Ltd. (SPCL) is responsible for the Corporate Governance of the Company. This statement outlines the policies and practices related to the corporate governance guidelines enacted by the Bangladesh Securities & Exchange Commission (BSEC) and fully adopted by us to keep the Company's business integrity and performance on the right track. The Board of Directors put their best effort to establish an appropriate internal control system and risk management procedures to make sure the accountability, transparency at every level of its operation. Moreover, the Directors follow some principles set for them to oversee the function and set up clear guidelines for the management.

### Board Composition

The Board of SPCL is comprised of seven (7) Directors including the Chairman of the Company. In compliance with the Corporate Governance Guidelines issued by the Bangladesh Securities & Exchange Commission (BSEC), the board has appointed two (2) Independent Directors with diversified knowledge and experience which provides a balance and ensures transparency in decision making process.

### Responsibilities of the Board

The Board assumes overall responsibility for the strategic direction of the Company, retains full and effective control over the company, oversees the operations and activities through appropriate delegation of authority to the management and decisions in subsidiaries. The main role of the Board is to take decisions concerning certain policies, budgets, financing plan and major capital expenditures of the Company. The board is governed by a formal board charter setting out its composition, processes and responsibilities. The primary responsibilities of the board are to:

- Retain full and effective control of the company
- Give strategic direction to the company
- Take decisions concerning certain policies, budgets, financing plan and major capital expenditures of the Company.
- Monitor management in implementing plans and strategies, as approved by the board
- Appoint the CEO and other directors
- Ensure that succession is planned
- Identify and regularly monitor key risk areas and key performance indicators of the business
- Ensure that the company complies with relevant laws, regulations and codes of business practice
- Ensure that the company communicates with shareholders and relevant stakeholders openly and promptly
- Monitoring the company's integrated performance

- Establish a formal and transparent procedure for appointment to the board
- Regularly review the report provided by the Audit Committee
- Assess the performance of the board, its committees and its individual members on a regular basis

In order to fulfill their responsibilities, directors always have unrestricted access to information including financial data, documents, and records of the company.

### Board Meeting

In fulfillment of its responsibilities, the Board of Directors of SPCL holds periodic meetings and takes appropriate decisions. The Board meets not only for scheduled meeting but also on other occasions to deal with urgent matters that require attention; additional meetings are convened on an ad hoc basis.

As per the provision mentioned under Section 96 of the Companies Act-1994, a meeting of the Board of Directors shall be held at least once in every three months and at least four such meetings shall be held in every year.

Pursuant to the above, The Board met Five (5) times during the reporting period and all the directors including both the independent directors were present in most of the meetings. The Company Secretary and the Chief Financial Officer were also present in the Board meetings.

### Rotation of Directors

Under the Companies Act 1994, one third of the directors are required to retire by rotation each year and being eligible, offer themselves for re-election by shareholders at the Annual General Meeting. Here, Mr. Anis Salahuddin Ahmad and Mr. Feroz Alam Directors of the Company retire by rotation and also offer themselves for re-appointment at the ensuing AGM.

### Company Secretary

The Company Secretary, Mr. Yeasin Ahmed, ACS is responsible for providing guidance to the Chairman and Board of Directors in respect of their responsibilities, authorities and power. He is directly accountable to the Board, through the Chairman. He is also responsible to advice on the corporate governance and other rules and regulations imposed by different regulatory authorities including RJSC, DSE, CSE, BSEC. He facilitates the distribution of information to the concerned office or person in a timely manner like agenda items for board meetings, investor communications and any other corporate announcement including Price Sensitive Information which may have significant material impact on the performance of the Company.

### Chief Financial Officer

The name of the Chief Financial Officer is Mr. Bhulon Bhowmik. He is the Assistant General Manager and also the Head of Finance & Accounts of the Company. His certification on the financial statements is disclosed in **Annexure 4**.

### Board Committee- Audit Committee

The SPCL's Audit Committee has been established as a sub-committee of the Board consisting of three (3) Directors. The Chairman of the Committee is an Independent Director, Mr. Golam Nabi FCA. Other members are Mr. Rezakul Haider (Chairman), Mr. A.K.M Badiul Alam (Director). The Audit Committee assists the Board with respect to internal control, financial reporting, risks management, auditing matters, monitoring process, related party transactions etc. The Committee has also the responsibility to make sure that all the rules and regulations issued by the regulatory authorities have been complied with.

### Management Team

The Management team of Shahjibazar Power Co. Ltd. is involved in managing and running the affairs of the Company. The team is in full control of the Company's affair and is also accountable to the Board of Directors. It builds the confidence of the Board by ensuring that all the activities carried out by them are consistent with high ethical standards.

### Risk Management & Internal Control

A detailed framework to review significant risks impacting the performance of the Company has been established. It is the responsibility of Audit Committee to assess the identified risk and to implement the mitigating strategy. Apart from this, the establishment of the effective strong internal control system in all levels of the organization is the sole responsibility of the Audit Committee.

### Separation of work for the Chairman and Chief Executive Officer

Mr. Rezakul Haider is the Chairman and Mr. Feroz Alam is the Chief Executive Officer of the Company. The separation of the position of CEO from that of the Chairman ensures the compliance of corporate governance guidelines imposed by BSEC.

### Subsidiary Boards

Shahjibazar Power Co. Ltd. is the parent company of:

#### • Petromax Refinery Ltd

The Board is aware of the fact that any material issues of the subsidiary companies might have an effect on both the parent company as a whole and its subsidiaries. Therefore, it oversees the operation and performance of the subsidiaries to ensure effective control over the decision making process of the subsidiaries. Under the chapter 'Reports and Financials of Subsidiary Company', detailed discussion on the operation and performance of the subsidiary is disclosed.

### Investor Relation

The Board of Directors of the Company pays great importance to its investors' community and their information requirements. With the sincere desire to stay close with investors' community, the Company always tries to bridge the gap between investors' and the Company.

### Communication with Stakeholders

The Company aims to be transparent with all stakeholders, including the owners of the Company – the Shareholders. The Company holds the Annual General Meeting regularly as per law with adequate notice and disclosures in the Directors' Report and the Auditors' Report on Accounts/Notes and resolutions are passed with consensus and unanimity. The Chairman and other members of the Board answer the questions of the shareholders and note the views and suggestions of them offered at the AGM with utmost seriousness. Quarterly, Half-yearly and the Annual financial statements are also posted at Company's website to keep all the stakeholders informed about the Company's financial results.



# NOTICE OF THE 10TH ANNUAL GENERAL MEETING

Notice is hereby given that the 10Th Annual General Meeting of the Shareholders of Shahjibazar Power Company Limited will be held on Wednesday the 31st day of January, 2018, at KIB Complex Auditorium, Krishi Khamar Road, Farmgate, Dhaka-1215 at 10.30 A.M to transact the following businesses:

## Agenda:

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the year ended June 30, 2017 together with the Auditors' Report thereon
2. To declare dividend for the year 2017 as recommended by the Board of Directors
3. To elect/Re-elect Directors
4. To appoint Auditors for the year 2017-2018 and to fix their remuneration
5. To approve the appointment of Independent director

By order of the Board



(Yeasin Ahmed, ACS)  
Company Secretary

Dhaka, January 9, 2018.

## Notes:

1. Shareholders whose names appeared at the record date i.e. December 3, 2017 in the Share Register of the Company or in the Depository Register on that date will be eligible to attend and vote in the Annual General Meeting and to receive dividend as approved in the AGM.
2. Members entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote on his/her behalf. The proxy form must be affixed with requisite revenue stamp and must be submitted to the Registered Office of the Company not less than 72 hours before the time fixed for the Annual General Meeting.
3. Admission into the meeting venue will be allowed on production of the Attendance Slip attached with the Proxy Form.
4. In case of non-receipt of Annual Report – 2017 sent through courier, Members may collect the same from the Company's share office with in January 30, 2018. No additional annual report will be distributed at AGM venue. Soft copy of the Annual Report is available in investor relation section of Company's website – [www.Youthbd.com](http://www.Youthbd.com)

**Special Note:** No benefit or gift in cash or kind shall be given to the Shareholders for attending the 10th Annual General Meeting as per Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013

(বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের নির্দেশনা অনুযায়ী আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/খাবার কোন ধরনের কুপন প্রদানের ব্যবস্থা থাকবে না।)

## CORPORATE ETHOS

### MISSION

- RELIABLE AND UNINTERRUPTED SUPPLY OF ENERGY TO THE WHOLE COUNTRY PARTNERING WITH THE GOVERNMENT;
- OPTIMUM UTILIZATION OF RESOURCES AND INNOVATIVE TECHNOLOGY TO ACHIEVE HIGHEST GROWTH;
- TRIPLE BOTTOM LINE VIEW OF DOING BUSINESS CARING FOR PEOPLE AND PLANET WHILE GENERATING PROFIT;

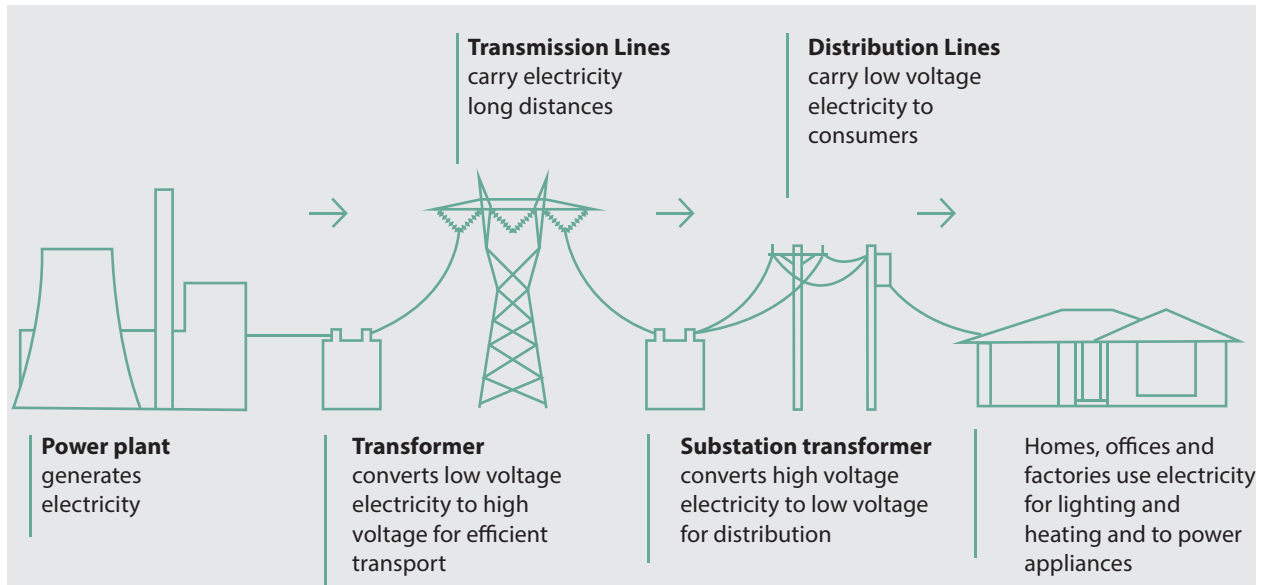
### VISION

- PARTNER IN PROGRESS FOR ENERGY SELF-RELIANT BANGLADESH

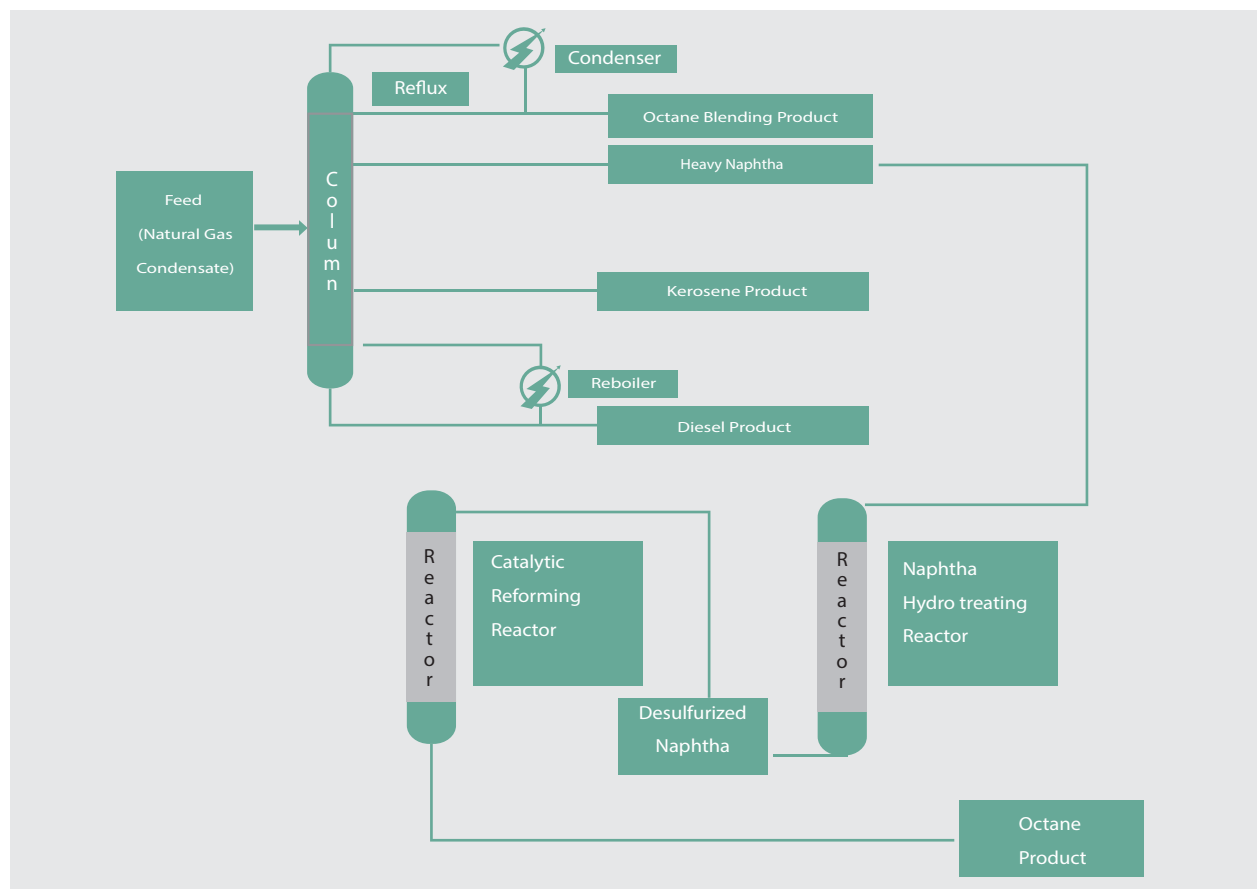
### VALUES

- SUSTAINABLE RELATIONSHIP WITH OUR SHAREHOLDERS BY MAXIMIZING WEALTH, INCLUDING EMPLOYEES, AND ALL BUSINESS PARTNERS THROUGH INTEGRITY, HONESTY AND SINCERITY IN EVERY BUSINESS DEALINGS;
- PASSION TO EXCEL
- INNOVATION TO STAY UPDATED
- DIVERSIFICATION CATER FOR NEW OPPORTUNITIES

## TYPICAL ELECTRICITY TRANSPORT MODEL



## TYPICAL OIL REFINING MODEL



## LETTER FROM THE CHAIRMAN

*"We are working to break our energy dependency on external sources. We face challenges in every step turning them into opportunities and generate values for our stakeholders. Energy is opportunity, Energy is growth"*

**Rezakul Haider**  
Founder Chairman



## Respected Members, Shareholders and Stakeholders,

Welcome to the 10th Annual General Meeting.

I am pleased to report you herewith another year of growth and success of our business. Overall energy market throughout the world envisages a bearish trend. To mitigate against such oversupply, OPEC and Non-OPEC countries are planning to reduce oil production by the end of 2018. Eventually, governments of consuming countries are facing continued pressure on downward adjustment of price while our business is secured by favorable policy and contract with Government.

By the same token, risk of government policy change remains the major challenge for our business. Inconsistent allocation of raw material for oil production segment, shakes the overall performance of consolidated business during the year under report. Continued persuasion with the Government has made some workaround solution of these issues and with our winning team of employees we are still holding the momentum of business.

During the year under report, major breakthrough achievement of power generation segment of your business was to receive LOI from the government for setting up 150 MW HFO Fired Power Plant at Ashugonj, B.Baria under BOO basis by 49% associate company Midland Power Co. Ltd. (MPCL). An SPV company named Midland East Power Ltd (MEPL) has already been formed as a subsidiary to MPCL for the implementation of this project. Partnering with world class engine solution Rolls Royce and EPC partner CRRCL China, the project is marching towards the commercial operation by May 2018.

The refinery segment of our business has struggled during the period due to inconsistent supply of raw material. Applying state of the art technology and skill set of our human capital, we successfully pull through all impediments. We could sustain a positive operating result at the bottom line of the refinery segment.

Your company was able to register a consolidated gross turnover of BDT 8642.56 Million showing 8.11% growth as compared to last year. Net Profit after tax was ramped up by 28.17% as compared to last year amounting BDT 949.89 Million. Netting off the minority interest, BDT 886.37 Million profit was added to the appropriation account. SPCL was separately able to generate BDT 1314.17 Million which was down by 13.03% year-over-year. At the bottom line SPCL manage to sustain BDT 449.73 Million which is 17.10% up year-over-year.

After analyzing current risk profile and opportunities for future growth of your company, the Board has recommended 16% cash and 14% stock dividend for the year under report subject to the approval of the members at 10th Annual General Meeting.

Our employees are the key to our success in business. We continuously invest in training and development to enhance learning of our employees. We motivate, empower and engage them towards achieving positive results. We have implemented world class performance appraisal system to find out talents within our employees and motivate them with rewards and recognition. We retain a solid management structure to communicate top level strategies to middle and lower layers of employees and ensure accountability and transparency conforming the Code of Conduct of doing business.

Finally, on behalf of the honorable Board of Directors (BOD), I would like to extend my sincere thanks to first of all our shareholders, Bangladesh Power Development Board (BPDB), Bangladesh Petroleum Corporation (BPC), Rupantarita Prakritik Gas Company Ltd (RPGCL), Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd, Chittagong Stock Exchange Ltd, Central Depository Bangladesh Limited (CDBL), and Banks and other financial institutions.

We are working to break our energy dependency on external sources. We face challenges in every step turning them into opportunities and generate values for our stakeholders. Energy is opportunity, Energy is growth.



CHAIRMAN  
**SHAHJIBAZAR POWER CO. LTD.**

THE  
MANAGEMENT  
&  
REPORTING

## DIRECTORS PROFILE



### **Rezakul Haider**

Chairman and Member  
of Audit Committee:

Mr. Rezakul Haider aged 61 is the Chairman of the Company, has joined the Board on November 2007. After completing his graduation from University of Chittagong, he has started his career as a businessman dated back from 1982. With a long experience of 34 years, he has established himself as a seasoned Industrialist of different sectors like Readymade Garments, Textile, Apparel, Energy and Power Generation. Sensing the urge of the contribution for the development of the society Mr. Haider has extended his footsteps in School, University and different social welfare organization by his direct participation and generous donations. Mr. Haider has travelled many places throughout the Globe including USA, UK, Germany, Italy, France, Japan, Korea, China, Malaysia, Thailand, Singapore, Srilanka, India, Pakistan to enrich his knowledge and experience in Trade and Business.



### **Feroz Alam**

#### **Director & Managing Director**

Feroz Alam, aged 60 years, Director & Managing Director of the Company. He has joined the Board of the Company on November 2007. He has completed his graduation from University of Chittagong and engaged himself in business. With his true vision and strong leadership quality he has attained the ultimate success in the business arena of the Country. Starting with apparel and textile industry vertical to beverage, Private Power Generation and petrochemical industry he has proved his capacity in building strong footings in all diversified fields. He inherently possesses the expertise of managing manufacturing, marketing and finance area.

Mr. Alam is very much keen to different technical aspects of the business. He always keeps himself updated by studying different development aspects of technical issues. He has been subscribing all related journals, magazine, whitepapers and other publications habitually and keeps himself updated with the continuously changing global business environment. Mr. Alam has extended his steps in School, University and different social welfare organization by his direct participation and generous donations. Extensive business tours in many countries, including America, Japan, Korea, China, India, Germany, U.K, Australia, Italy, France, Austria, Saudi Arab, Hong Kong, Singapore, Canada, Taiwan, Holland and many other countries, have given him an inbuilt power to visualize and foresee the changes in business trends in future which, enables him to take strategic decisions and diversifications in business ventures to keep the investment safe and secured. Mr. Alam has been an extra ordinary Business character in the contemporary business and industrial arena of the Country.



**Anis Salahuddin Ahmad**  
**Director**

Anis Salahuddin Ahmad, aged 51, is the Director of the Company. He has received higher diploma from abroad. He has started his career by start working for a reputed textile trading house and later on he switched in business profession in 1985. He was engaged in different types of local and international businesses. Mr. Ahmad has acquired vast experience in textile trading and other manufacturing business verticals through his many years of high profile service experience and business career. Mr. Ahmad has been associated with and patrons many schools, colleges and different social welfare organizations by his active participation and generous donations. He traveled many countries of America, Europe and Asia to enrich his knowledge and experience.



**A.K.M Badiul Alam**  
**Director and**  
**Member of Audit Committee**

Mr. A.K.M. Badiul Alam, aged 56, is the Director of the Company. He has received Master Degree in Management from the University of Dhaka. He started his career as a businessman after the completion of his education. Mr. Alam acquired vast experience in textile trading and other manufacturing business verticals through his business exposure. He owns a group of full vertical Ready Made Garment named as Amtranet Group with 17 years of legacy. Mr. Alam is associated with and donor of many schools, colleges and different social welfare organizations. He has traveled several Extensive business tours in many countries, including America, Japan, Korea, China, India, Germany, Spain, U.K, Australia, Italy, France, Austria, Saudi Arab, Hong Kong, Singapore, Canada, Taiwan, Holland and many other countries to enrich his knowledge and experience.



**Md. Shamsuzzaman**  
**Director**

Md. Shamsuzzaman, aged 55, is the Director of the Company. He has received his Bachelor of Textile Science & Technology & Post Graduate Diploma in Industrial Management (PGDIM). He started his career as a business man after his academic education. He was engaged in different types of local and international businesses related to textile chemicals and composite knit. He has been the owner of Micro Fibre Group consist of several manufacturing units producing knitwear apparels for the last around 18 years. Md. Shamsuzzaman acquired vast experience in textile, Chemicals trading and other manufacturing business through his 24 years of business career. He is also associated with and donor of many schools, colleges and different social welfare organizations. He traveled many countries of America, Europe and Asia to enrich his knowledge and experience in his career.



**Mr. Mohammad Liaquat Ali**  
**Independent Director**

Mohammad Liaquat Ali, aged 63 is the Independent Director of the Company. He has received his bachelor degree from University of Dhaka in the year 1982 and LL.B from University of Dhaka in the year 1984. He is an advocate of Supreme Court Bangladesh for a long time. He also holds the membership of Supreme Court Bar Association, Judge Court Bar Association Dhaka and Labor Court Bar Association Dhaka. In his career he has moved for various cases relating to company and labor law and obtained extensive experience in the field of Corporate Finance and Accounting, Corporate Tax and labor related laws and implications.



**Mr. Golam Nabi - FCA**  
**Independent Director &**  
**Chair of Audit Committee**

Mr. Golam Nabi FCA, aged 63 is the Independent Director of the Company. He has received his graduation from University of Dhaka back in the year 1965. He then become an Associate Member of Institute of Chartered Accountants of Bangladesh (ICAB) in 1983 and subsequently become Fellow Member of the Institute in 1989. Mr. Nabi is the founding partner of G. Nabi & Co. Chartered Accountants. He has more than 34 years of experience in public and private sector audit. He has been actively involved with designing and implementing accounting system, corporate and investment planning, project implementation of World Bank and other international agencies. He is also an expert of different types of taxes both at corporate and individual level.

## SUCCESS MILESTONES

2007

- ◆ Incorporation of Company As Private Ltd Company Sunday, November 04, 2007
- ◆ Notification of award issued by BPDB Thursday, November 08, 2007

2008

- ◆ Signing of Project Agreement Thursday, February 14, 2008
- ◆ Gas Supply Agreement with (JGTDSL) Wednesday, April 09, 2008
- ◆ Gen-set Supply contract with GE and Other Vendors Friday, April 11, 2008
- ◆ Sub-station equipment Supply Contract Thursday, May 08, 2008
- ◆ Gas RMS supply contract Monday, June 23, 2008

2009

- ◆ Commissioning Tuesday February 10, 2009
- ◆ Commercial Operation Tuesday, February 10, 2009
- ◆ Formal Inauguration Saturday, February 14, 2009
- ◆ Conversion to Private to Public Ltd Co Monday, November 09, 2009

2011

- ◆ Submission of draft prospectus to BSEC Thursday, July 28, 2011

## 2014

- ◆ Accomplished credit rating, Wednesday January 29, 2014
- ◆ Approval of Prospectus for IPO, Tuesday February 18, 2014
  - ◆ Publication of Prospectus, Tuesday February 18, 2014
- ◆ IPO Lottery Drawn, Thursday, May 08, 2014
  - ◆ Listing of Shares with Stock Exchanges Tuesday, July 15, 2014
  - ◆ Starting trade of Shares, Tuesday July 15, 2014

## 2015

- ◆ Certificate of Accreditation for PRL Laboratory, Tuesday, June 9, 2015
- ◆ Condensate Sale & Purchase Agreement Wednesday, June 24, 2015
  - ◆ Awarded as "Best Private Organization" in energy sector Thursday, December 10, 2015

## 2016

- ◆ Condensate Sale & Purchase Agreement for Additional Quantity, Thursday June 23, 2016
- ◆ Awarded as "Best Private Organization" in energy sector, Wednesday December 07, 2016

## 2017

- ◆ Power Purchase Agreement for Midland East Power Ltd with BPDB Monday, December 11, 2017
- ◆ Implementation Agreement (IA) with PGCB, Monday, December 11, 2017

## DIRECTORS REPORT TO SHAREHOLDERS

Respected Members & Shareholders,

Assalamualikum,

I am pleased to welcome you all at the 10th Annual General Meeting of Shahjibazar Power Co. Ltd. As authorized by the honorable Board of Directors of your company, I am hereby presenting you with the Audited Financial Statements for the year then ended June 30, 2017.

The Directors' Report is prepared in compliance with Section 184 of the Companies Act 1994, Financial Reporting Standards adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), The Dhaka and Chittagong Stock Exchange (Listing) Regulations, 2015 and Bangladesh Securities & Exchange Commission's (BSEC) notification no-SEC/CMRRCD/2006-158/134/ Admin/44 dated 07th August 2012 regarding corporate governance guidelines.

### ECONOMY AT A GLANCE

Despite the World economy has been showcasing a positive trend, sustainable growth still cannot be ensured. According to the report of World Economic Outlook (WEO) published by IMF, a 3.2% growth was recorded for the year 2016 and 3.5% can be achieved by the year 2017 as per early estimates. The momentum has been confined by re-balancing all economic activities of China, downward trend of commodity price, downward trend of energy price, conservative Monetary and Fiscal Policy by United States, significant fall in worldwide investment & trade between different countries and decrease in capital flow towards emerging and growth markets.

On the other hand, Bangladesh economy has been consistent with growth. GDP growth was recorded 7.11% year-over-year for 2016. Over 50% of the total GDP is represented by service sector which includes transport, communication, wholesale & retail and real estate renting.

Consumer Price Index (CPI) has reached around 245.86 as of October 2017 which is also a record. Cost of Living has been increasing vis-à-vis the rise in GDP growth. This can only be compensated by rapid capacity expansion by both private and public sectors.

Foreign exchange reserve was reported USD 32910 Million as of September 2017. Export of RMG and remittance inward from manpower export are the top contributor to the reserve. Payment for Import of capital machineries remains the major user of foreign exchange reserve.

Consumer prices in Bangladesh increased 6.04 percent year-on-year in October of 2017, easing slightly from 6.12 percent in the preceding month. Prices rose at a softer pace for food, beverages and tobacco (7.62 percent from 7.87 percent in September); recreation and culture (5.85 percent from 5.88 percent) and furniture and household equipment (5.45 percent from 6.14 percent). Meanwhile, inflation went up slightly for clothing and footwear (2.12 percent from 2.03 percent); transport (3.42 percent from 3.40 percent) and miscellaneous goods and services (1.83 percent from 1.78 percent). Also, inflation was nearly steady for gross rent, fuel and lighting (4.49 percent from 4.48 percent) and health (0.75 percent from 0.74 percent).

It is more or less evident that, the economic scenario of the country is inviting more investment in the industrial sector. Assuming a stable political environment in recent times, the country is set to become the middle income country by 2021.

### POWER SECTOR SCENARIO OF BANGLADESH

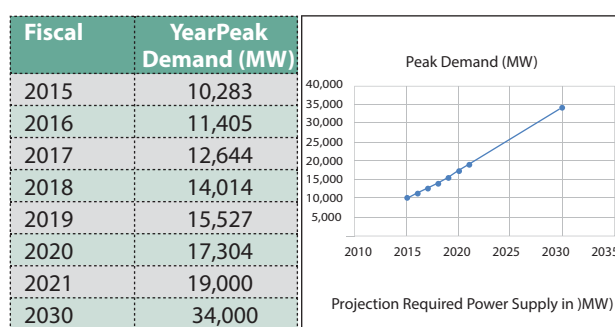
The power sector of Bangladesh perhaps observes the greatest achievement milestone in the history. Longest cherished dream of Nuclear Power Plant breaks the path for a new horizon of Bangladesh. Inaugurating First Concrete Pouring Day (FCD) on November 30, 2017 by the Honorable Prime Minister Sheikh Hasina, Bangladesh has joined the Elite club of Nuclear Power Producing countries throughout the world as the 32nd Member and as the 3rd member within South Asia.

The Russian company Atomstroyexport (a subsidiary of the state-owned nuclear corporation Rosatom) has started to build the 1,200 MWe Rooppur-1 nuclear power unit. The unit will be a modified version of the NPP-2006 VVER-1200 and will be built on the eastern bank of the river Ganges at Rooppur. The Rooppur project will comprise two units with a combined capacity of 2,400 MWe. The commissioning of the two reactors is planned respectively for 2023 and 2024.

By the same token, According to the estimate of Bangladesh Power Development Board (BPDB), existing installed generation capacity of the country is 13,846 MW (Without Captive and SHS) of which 7,701 MW (56%) is being facilitated by Public Sector and rest 6,145 MW (44%) is being facilitated by Private Sector investment.

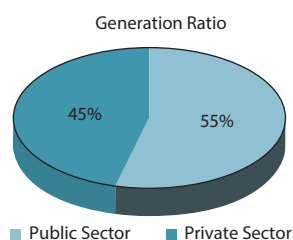
The access to electricity has been raised to 83% and per capita electricity generation improved dramatically (from 220 kWh to 433kWh). Total consumer stands at 27.4 Million (December 2017) and System loss (distribution) reduced to 12.19%.

### Power System Master Plan by BPDB Assuming 7% GDP Growth Rate



## Present Installed Generation Capacity (MW) as on September 2017.

Public Sector	Installed Generation Capacity (MW)	%
BPDB	4402	32.32%
APSCL	1508	11.07%
EGCB	622	4.57%
NWPGCL	718	5.27%
RPCL-BPDB JV	226	1.66%
<b>Sub-Total</b>	<b>7476</b>	<b>54.89%</b>
Private Sector Installed Generation Capacity (MW)		%
IPPs	3245	23.82%
SIIPs (BPDB)	99	0.73%
SIIPs (REB)	251	1.84%
15 Yr Rental	169	1.24%
3/5 Yr Rental	1721	12.63%
Power Import	660	4.85%
<b>Sub-Total</b>	<b>6145</b>	<b>45.11%</b>
<b>Total</b>	<b>13095</b>	<b>100.00%</b>



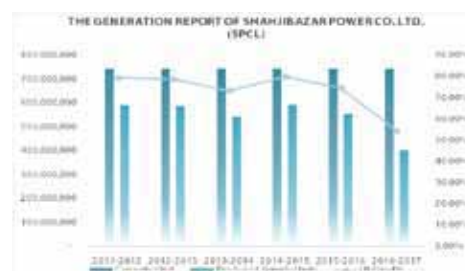
Public and private sector is contributing 55% and 45% respectively in the total generation of power as of September 2017. Amongst the public sector generation units BPDB is playing the champion role as usual.

## BUSINESS ACTIVITIES INCLUDING ITS OPERATING PERFORMANCE

Shahjibazar Power Company Limited (SPCL) has come into the power sector of Bangladesh winning competitive tender beating several other participants with Bangladesh Power Development Board (BPDB) on February 14, 2008. Subsequently the company has entered into Gas Supply Agreement (GSA) with Jalalabad Gas Transmission and Distribution System Limited (JGTDSL) on April 9, 2008. Partnering with US based Company General Electric International, the 86 MW power plant constructed based on PPA (Power Purchase Agreement) between BPDB and the Company to supply electricity to the Government. As of June 30, 2017 the company is producing 54.23% of total capacity on an average. The operational performance of the Company is shown as hereunder:

Fiscal Year	Capacity Unit	Produced Supply Units	Utilized %
2011-2012	743,040,000	589,434,211	79.33%
2012-2013	743,040,000	584,089,568	78.61%
2013-2014	743,040,000	543,261,043	73.11%
2014-2015	743,040,000	593,039,904	79.81%
2015-2016	743,040,000	553,765,512	74.53%
2016-2017	743,040,000	402,946,125	54.23%

## The generation report of Shahjibazar Power Co. Ltd. (SPCL)



## The generation report of Shahjibazar Power Co. Ltd. (SPCL)

In the fiscal year 2016-2017 your company has contributed a total of 402,946,125Kwh to the national grid as compared to 553,765,512 of the Fiscal Year 2015-2016. As usual the lone off-taker of power of your company is Bangladesh Power Development Board (BPDB). Revenue for the year under report stands at Tk.1,314.17 Million as compared to that of the previous year TK 1,511.12 Million which is lower due to lower volume transmission. The reason behind this lower transmission is attributed to collapse of a major tower in 132 KV grid line in Shahjibazar area. Consolidated revenue of Tk. 8,642.56 Million was reported during the year under report as compared to Tk. 7,994.31 Million. Net Profit After Tax (NPAT) with adding subsidiaries performance stands at Tk. 949.89 Million. Refinery segment has delivered around 131.32 Million Liter of different grades of petroleum products including Octane, MS and HSD recording a revenue of Tk.7,328.37 Million separately.

From December 2013 associate of your company Midland Power Co. Ltd (MPCL) has started their commercial operation after successful commissioning. MPCL has generated 229,390,014 Kw against its total capacity 446,760,000 Kw for the year under account. The company has attained 51.35% of its total generation capacity due to lower demand by BPDB.

## SEGMENT WISE PERFORMANCE

Segment/Product	Quantity	Sales in Million Tk.
Power	402,946,125 Kwh	1,314.17
Oil & Gas	131,327,841 Ltr	7,328.37
<b>Total</b>		<b>8,642.54</b>

## CONTRIBUTION TO THE NATIONAL EXCHEQUER

The driving force of growth to any economy is uninterrupted energy supply and your company is supplying energy to the whole country in the form of Power and Oil. In process, As of June 30, 2017 your company has contributed Tk. 246.02 Million as income tax and subsidiary of your company has added Tk. 1098.75 Million in the form of VAT to the national exchequer.

## EXTRA-ORDINARY GAIN OR LOSS

There are no extra ordinary gain or Loss during the reporting period.

## RELATED PARTY TRANSACTION

The related party transactions have been taken place on arm's length basis during the year have been disclosed in the **Annexure - B** to the financial statements

### UTILIZATION OF PROCEEDS FROM PUBLIC ISSUES, RIGHTS ISSUES AND/OR THROUGH ANY OTHER INSTRUMENT

No such event was incurred during the year under report, utilization has completed in the year 2014-2015.

### SIGNIFICANT VARIANCE BETWEEN QUARTERLY AND ANNUAL FINANCIAL STATEMENTS

Variations between quarterly and annual financial statements occurred due to inconsistent supply of raw material in the oil refinery business and lower off-take of generated power by BPDB from power generation business. A major transmission tower was malformed by natural disaster in Shahjibazar 132 KV transmission line where your company off-load generated power in a regular basis.

### REMUNERATION OF DIRECTORS

Remuneration, performance and other related perquisites/benefits of managing director is disclosed in Note 29.01 Other directors are not entitled to remuneration and other facilities for their directorship except the Board Meeting Fee.

### CORPORATE AND FINANCIAL REPORTING FRAMEWORK

As per law the financial statements of your Company has followed International Financial Reporting Standards (IFRS) as adopted by ICAB as Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS). This has been completely followed to fairly present the financial position and performance of the Company. While preparing the financial statements, the following points were considered

- Selection of suitable accounting policies and then applying them consistently,
- Making judgments and estimates that are reasonable and prudent,
- Ensuring that the financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS),
- Preparing the financial statements in an ongoing concern basis unless it is appropriate to presume that the Company will not continue in business. Proper accounting records have been kept so that at any given point the financial position of the Company is reflected with reasonable accuracy, which will enable them to ensure that its financial statements comply with Companies Act 1994 and other required regulatory authorities.

In compliance with the requirements of the SEC's Notification dated 07th August 2012, the Directors are also pleased to make the following declarations in their report:

- The financial statement prepared by the management of your Company fairly presents its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of accounts of your Company have been maintained;
- 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;

- International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any discrepancies have been adequately disclosed;
- The system of internal control is well structured and has been effectively implemented and monitored;
- There are no significant doubts upon your Company's ability to continue as an ongoing concern basis;
- Significant deviations from last year in operating results of the Company are highlighted and the reasons have been explained in financial results & profit appropriation;
- Key operating and financial data has been summarized for the preceding five years;
- Significant plans and decisions, such as corporate restructuring, business expansion and discontinuation of operations as appropriate, future prospects, risks and uncertainties surrounding the Company has been outlined under the related captions of this report;
- The number of Board meetings held during the year and attendance of each director has been disclosed;
- The pattern of shareholding has been reported in **Annexure-3** to disclose the aggregate number of shares.

### FINANCIAL RESULTS AND PERFORMANCE OF THE COMPANY

Consolidated and separate Financial Result compared with last year is detailed below:

Particulars	2016		2017		% Change
	(in Million Taka)	% on Sales	(in Million Taka)	% on Sales	
Revenue	7,994.31		8,642.56		8.11%
Cost of Sales	6,492.90	81%	6,889.32	80%	6.11%
Gross Profit	1,501.42	19%	1,753.24	20%	16.77%
General and Administrative Expenses	122.58	2%	163.66	2%	33.51%
Finance Cost Net	536.62	7%	372.17	4%	-30.65%
Operating Profit	842.22	11%	1,217.41	14%	44.55%
Other Income Net	5.80	0%	2.37	0%	-59.23%
Share of Profit from Associate	69.16	1%	42.70	0%	-38.26%
WPPF	43.68	1%	66.55	1%	52.37%
Net Profit Before Income Tax	873.50	11%	1,195.92	14%	36.91%
Income Tax	132.39	2%	246.03	3%	85.83%
Total Comprehensive Income	741.11	9%	949.89	11%	28.17%
Less: Minority Interest	35.71	0%	63.52	1%	77.89%
Net Profit (After Tax & Minority Interest)	705.40	9%	886.38	10%	25.66%

### Consolidated Summary of Financial Statement of Shahjibazar Power Co. Ltd.

Particulars	2016		2017		% Change
	(in Million Taka)	% on Sales	(in Million Taka)	% on Sales	
Revenue	1,511.12		1,314.17		-13.03%
Cost of Sales	882.31	58%	718.44	55%	-18.57%
Gross Profit	628.81	42%	595.74	45%	-5.26%
General and Administrative Expenses	51.82	3%	58.74	4%	13.36%
Finance Cost Net	136.01	9%	95.66	7%	-29.67%
Operating Profit	440.98	29%	441.34	34%	0.08%
Other Income Net	3.86	0%	133.16	10%	3353.06%
Share of Profit from Associate	69.16	5%	42.70	3%	-38.26%
WPPF	24.48	2%	29.39	2%	20.08%
Net Profit Before Income Tax	489.52	32%	587.81	45%	20.08%
Income Tax	105.46	7%	138.07	11%	30.92%
Total Comprehensive Income	384.06	25%	449.74	34%	17.10%

Separate Summary of Financial Statement of Shahjibazar Power Co. Ltd.

### SIGNIFICANT VARIANCE OF FINANCIAL STATEMENTS

Variations between quarterly and annual financial statements occurred due to inconsistent supply of raw material in the oil refinery business and lower off-take of generated power by BPDB from power generation business. A major transmission tower was malformed by natural disaster in Shahjibazar 132 KV transmission line where your company off-load generated power in a regular basis.

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

Taka in Million

Particulars	2016		2017		% Change
	(in Million Taka)	% on Sales	(in Million Taka)	% on Sales	
Revenue	7,994.31		8,642.56		8.11%
Cost of Sales	6,492.90	81%	6,889.32	80%	6.11%
Gross Profit	1,501.42	19%	1,753.24	20%	16.77%
Operating Profit	842.22	11%	1,217.41	14%	44.55%
Net Profit Before Income Tax	873.50	11%	1,195.92	14%	36.91%
Total Comprehensive Income	741.11	9%	949.89	11%	28.17%
Net Profit (After Tax & Minority Interest)	705.40	9%	886.38	10%	25.66%

### Consolidated

As per the consolidated summary of accounts during the year under report, the revenue of the company was increased by 8.11% and cost of sales was increased by of 6.11%, Gross Profit Margin was 20% as compared to 19% of the previous year and Net Profit Margin was 10% as compared to 9% of the previous year.

Taka in Million

Particulars	2016		2017		% Change
	(in Million Taka)	% on Sales	(in Million Taka)	% on Sales	
Revenue	1,511.12		1,314.17		-13.03%
Cost of Sales	882.31	58%	718.44	55%	-18.57%
Gross Profit	628.81	42%	595.74	45%	-5.26%
Operating Profit	440.98	29%	441.34	34%	0.08%
Net Profit Before Income Tax	489.52	32%	587.81	45%	20.08%
Total Comprehensive Income	384.06	25%	449.74	34%	17.10%

### Separate

As per the separate summary of accounts during the year under report, the revenue of the company has decreased by 13.03% year-over-year and cost of sales was decreased by 18.57%, Gross Profit Margin was 45% as compared to 42% of the previous year and Net Profit Margin was 34% as compared to 25% of the previous year.

### PROFIT APPROPRIATION

During the year under report the consolidated Net Profit After Tax (NPAT) of your company ramped up at Tk. 886.38 Million as compared to Tk. 705.40 Million year-over-year. The Company needs availability of funds for continuous progress to fight against emerging risk factors including abrupt policy change by the Government. Keeping these in mind, Directors would like to report the Company's financial result for

Particulars	Amount in Million Taka
Net Profit for the year 2017	886.38
Profit brought Forward	956.22
Profit available for appropriation	1,842.60
Appropriations:	
Proposed Stock and Cash Dividend	423.74
Transferred to Retained Earning	1,418.86
Profit available for appropriation	1,842.60

### DIVIDEND

Your Board recommends a final cash dividend of 16% and 14% stock dividend for the year 2017 i.e. 14 (Fourteen) Ordinary shares of Taka 10 each for 100 shares held on the record date, subject to approval by the shareholders at the 10th Annual General Meeting.

Dividend Type	30-Jun-17	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13
Cash Dividend (%)	16%	30%	28%	25%	15%
Stock Dividend (%)	14%	3%	3%	5%	0%
<b>Total</b>	<b>30%</b>	<b>33%</b>	<b>31%</b>	<b>30%</b>	<b>15%</b>

## DIRECTORS' MEETING & ATTENDANCE

During the year ended June 30, 2017 The Board of Directors has attended 5 meetings. Directors who attended the board meetings are shown below:

Name of Directors	Attended
Mr. Rezakul Halder	5
Mr. Feroz Alam	5
Mr. Anis Salahuddin Ahmad	5
Mr. A.K.M Badiul Alam	5
Mr. Shamsuzzaman	5
Mr. Mohammad Liaquat Ali	3
Mr. Golam Nabi FCA	5



The directors who could not attend the meetings were granted leave of absence.

## THE PATTERN OF SHAREHOLDING

Annexure-3

Name of Shareholders	Status	Relation	Share Held	Percentage (%)
i) Parent/Subsidiary/Associated Companies and other related parties	-		-	-
ii) Directors				
A. Mr. Rezakul Haider	Chairman		13,721,420	9.71%
B. Mr. Feroz Alam	Managing Director		12,652,033	8.95%
C. Mr. Anis Salahuddin Ahmad	Director		13,902,033	9.84%
D. Mr. A.K.M. Badiul Alam	Director		10,693,872	7.57%
E. Mr. Md. Shamsuzzaman	Director		16,040,808	11.36%
F. Mr. Akbor Haider	Sponsor	Son of Mr. Rezakul Haider	4,846,936	3.43%
G. Mr. Faridul Alam	Sponsor	Son of Mr. Feroz Alam	4,846,936	3.43%
H. Ms. Rezina Alam	Sponsor	Daughter of Mr. Feroz Alam	4,846,936	3.43%
I. Mr. Faisal Alam	Sponsor	Son of Mr. Feroz Alam	4,846,936	3.43%
J. Mr. Asgar Haider	Sponsor	Son of Mr. Rezakul Haider	4,846,936	3.43%
K. Ms. Israt Azim Ahmad	Sponsor	Spouse of Mr. Anis Salahuddin Ahmad	4,846,936	3.43%
L. Mr. Mohammad Liaquat Ali	Independent Director		Nil	Nil
M. Mr. Golam Nabi FCA	Independent Director		Nil	Nil
iii) Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their Spouses and Minor Childrens:				
A. Bhulon Kumar Bhowmik	CFO		0	0.00%
B. Yeasin Ahmed, ACS	Company Secretary		0	0.00%
C. Saiful Islam	Head of Internal Audit		0	0.00%
iv) Executives			Nil	Nil
v. Shareholders Holding 10% or more voting interest in the company: --			-	-
A. Mr. Md. Shamsuzzaman	Director		16,040,808	11.36%

### DIRECTORS' ELECTION & RE-APPOINTMENT:

As per Articles of Association Mr. Feroz Alam and Mr. Anis Salahuddin Ahmad shall retire in 10th Annual General Meeting by rotation and being eligible to offer themselves for re-election. Office of Mr. Mohammad Liaquat Ali has been extended as Independent Director for another one term effective from March 30, 2017 which shall be presented before member's approval in 10th AGM.

### RESUME OF THE DIRECTORS & THEIR EXPERTISE IN SPECIFIC FUNCTIONAL AREA

Described in Directors Profile

### INDEPENDENT DIRECTOR TO THE BOARD OF SUBSIDIARY COMPANY

Mr. Golam Nabi FCA has been continuing as the nominated director in the subsidiary company.

## HOLDING OF DIRECTORSHIP AND MEMBERSHIP OF THE COMMITTEES OF THE BOARD OTHER THAN THIS COMPANY

Companies >>					
Name of Directors					
Mr. Rezakul Haider	√				Petromax Refinery Ltd.
			√	√	Midland Power Company Ltd.
Mr. Feroz Alam	√		√	√	Midland East Power Ltd.
Mr. Anis Salahuddin Ahmad	√		√	√	Petromax LPG LTD
Mr. A.K.M Badiul Alam	√		√	√	Petromax Cylinders LTD
Mr. Shamsuzzaman	√		√	√	Comfit Composite Knit Ltd.
			√	√	Youth Fashion Ltd.
			√	√	Youth Garments Ltd.
	√		√	√	Zenith Islami Life Insurance Ltd
		√	√	√	Islamic Finance & Investment Ltd.
	√				Garments Export Village Ltd.
	√				Grey Stone Sweater Ltd.
	√				Power Vantage Wear Ltd.
	√				Shirts Mine Ltd.
	√				Apparel Marketing & Trading Network Ltd.
	√				Orbital Accessories Ltd.
	√				Eden Multi Care Hospital (Pvt.) Ltd.
√					Orient Chem-Tex Ltd.
√					Micro Fiber Ltd.
√					Liberty Knitwear Ltd
√					Midland Knitwear Ltd.
√					A-One Polar Ltd.
√	√				Midland Bank Limited

## AUDIT COMMITTEE

The Company has an audit committee with an established charter. The audit committee has met four times this year and the committee members' attendance record is disclosed below

Name of Directors	Status	Attended
Mr. Golam Nabi FCA	Chair	4
Mr. Rezakul Haider	Member	4
Mr. A.K.M Badiul Alam	Member	4
Mr. Yeasin Ahmed, ACS	Secretary	4

## AUDITORS

ACNABIN Chartered Accountants was appointed as the auditor of the Company in the 09th Annual General Meeting. They have carried out the audit for the year 2017 and will retire in the 10th Annual General Meeting. ACNABIN Chartered Accountants had expressed their willingness to become appointed as the Statutory Auditor of your company for the Financial Year 2017-2018. Being eligible as per section 212 of Company Act 1994 and a member of list of Panel Auditors by Bangladesh Securities and Exchange Commission (BSEC), the re-appointment of ACNABIN Chartered Accountants shall be presented at the 10th AGM for member's approval



## BUSINESS RISK & UNCERTAINTIES

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the group. The Board is assisted in its oversight role by Audit Committee. Internal Audit, under the purview of Audit Committee, undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Your company operates in a field of involving some internal/external risk factors and those some are avertible; others are beyond control, which may be causes of loss. The management of Shahjibazar Power Company Limited perceives the risk factors which are as follows simultaneously:

Principal Risks	Impact	Key Mitigations
<b>Interest Rate Risk</b>	<ul style="list-style-type: none"> <li>Interest/financial charges are paid against any kind of borrowed fund. Volatility in money market and increased demand for loan process interest rate structure to be fixed at high. Raising of interest rate increases the cost of fund for a company, which has borrowed fund, consequently profit is squeezed.</li> </ul>	<ul style="list-style-type: none"> <li>Prioritize Equity Based Financing</li> <li>Prefer Long Term fund over Short Term due to lower cost</li> <li>Continuously seeking cheap source of fund</li> </ul>
<b>Exchange Rate Risk</b>	<ul style="list-style-type: none"> <li>SPCL imports mostly spare parts (if required) against payment of foreign currency. Unfavorable volatility or currency fluctuation may affect the profitability of the Company</li> </ul>	<ul style="list-style-type: none"> <li>Justified Forward Contract agreements</li> <li>Purchase through L/C which is known to be less exposed method in terms of Forex Risk</li> </ul>
<b>Industry Risk</b>	<ul style="list-style-type: none"> <li>The supply of electricity and alternative energy is not adequate than the demand of it. For that reason organizations engaged in generating electricity can't provide all required amount of electricity. Power companies mainly supply electricity to national power distributors to supply electricity.</li> </ul>	<ul style="list-style-type: none"> <li>Payment is guaranteed by Power Purchase Agreement (PPA) with Bangladesh Power Development Board (BPDB)</li> </ul>

<b>Market And Technology Related Risk</b>	<ul style="list-style-type: none"> <li>Technology is related to generation, transmission, distribution, quantity measuring and maintaining of required electricity generation.</li> </ul>	<ul style="list-style-type: none"> <li>Modernization program after periodic interval</li> </ul>
<b>Potential Or Existing Government Regulations</b>	<ul style="list-style-type: none"> <li>The business activities of SPCL and its Subsidiary Petromax is fully controlled by policies, rules and regulation framed by Government, that is policies related to electricity price fixation, demand &amp; supply and distribution is fully under the control of Government. So, Government policies in this regard may impact business operation of SPCL.</li> </ul>	<ul style="list-style-type: none"> <li>Every possible effect of abrupt policy change by government is communicated with respective authority of the Government time to time</li> <li>Energy sector being one of the priority sector the respective authority</li> </ul>
<b>Potential Changes In The Global or National Policies</b>	<ul style="list-style-type: none"> <li>The performance of the Company may be affected due to unavoidable circumstances in Bangladesh, as such political turmoil, war, terrorism, political unrest in the Country may adversely affect the economy in general. Moreover, natural disasters like Cyclone, Tide, and Earthquake may hamper normal performance of power generation.</li> </ul>	<ul style="list-style-type: none"> <li>Prudent Rehabilitation Scheme</li> <li>Insurance Coverage to all possible extents</li> </ul>
<b>Pricing</b>	<ul style="list-style-type: none"> <li>The BPDB and BPC are the single buyers respectively who purchases total electricity generated and total petroleum items produced. In these circumstances usually they are only buyers who may determine the pricing of the electricity and Petroleum products by the Company.</li> </ul>	<ul style="list-style-type: none"> <li>For Power Generation Segment, BPDB and the Company have pre-determined and contracted terms-conditions regarding the tariff of electricity, expressed under two slabs--(i) Rental Payment (ii) Fuel Payments and Operation &amp; Maintenance Payment according to supplied MW. Tariff for each month adjusted as per price index by the Bangladesh Bank. So, there is no risk associated with tariff value of electricity supplied to BPDP.</li> <li>For Petroleum Segment, pricing of only Raw Material NGC is also administered by the government. Being the industry is under a priority sector of the Government, it is assumed to be guaranteed that no abrupt change of price shall be administered by the government in a foreseeable future.</li> </ul>
<b>Risk Associated With Payment</b>	<ul style="list-style-type: none"> <li>There is an impending risk in the case of delayed payment from BPDB and BPC. In case of any dispute with BPDB and BPC or failure to comply with certain rules and regulations, BPDB and BPC may stop making payments to SPCL and Petromax resulting into non-payment to its lenders</li> </ul>	<ul style="list-style-type: none"> <li>Power Generation Segment is getting the payment regularly from BPDB. Sometimes, there are delays in payment but that is mainly due to administrative reasons. Till date, no payment has been defaulted. As per the PPA, BPDB needs to ensure minimum guaranteed payment supported by Letter of Credit. Which mitigates risk of any non-payments.</li> <li>Petroleum Segment has been collecting payment from BPC in a regular basis. There is no history of default in payment from BPC till today.</li> </ul>
<b>Environmental Pollution</b>	<ul style="list-style-type: none"> <li>SPCL and Petromax plant operation may cause air and water pollution which may affect the ecological balance and living condition and health of the people around the plant.</li> </ul>	<ul style="list-style-type: none"> <li>The operations and maintenance (O&amp;M) contractor of SPCL plant, GE Austria is responsible for environmental management of the project. Plant operation is certified by the Department of Environment, Government of Bangladesh.</li> <li>Petromax Has installed state of the art technology of oil refining equipment that ensures zero emission of spill overs.</li> </ul>

## GOING CONCERN

While approving the financial statements, the Directors have made appropriate enquires and analyzed significant operating and indicative financials which enabled them to understand the ability of the Company to continue its operations for a foreseeable future. The Directors are convinced and have a reasonable expectation that the company has adequate resources and legal instruments to continue its operations without interruptions. Therefore the Company adopted the going concern basis in preparing these financial statements.

## CORPORATE GOVERNANCE

Corporate Governance is the system through which companies are directed, guided and controlled by the Board while keeping in view its accountability to the shareholders. Your Company strives to maintain full compliance with the laws, rules and regulations that govern our business and to uphold the highest standards. Since corporate governance is not a static process, we will always continue to improve our practices.

## CORPORATE SOCIAL RESPONSIBILITY

As a part of the ongoing commitment to the society and environment in which the company conducts its business, your company continues to perform its obligations. As in the previous years, the Company remains committed to support the following CSR activities that included:

- Regular contributor to Bangladesh Scout Annually
- Regular contributor of IEB
- Regular Contributor in National Power & Electricity Week
- Co-organizer of Environment Rally organized by DOE
- Contributor to Muktijudho Academy
- Contribution to Rohingya Camp

## HUMAN RESOURCE MANAGEMENT

Your company recognizes that people are the most important resource and key to success of any organization. To develop and equip the employees with key skills, the company places great emphasis on the development of its people and hence training and workshops are arranged at regular interval for their training and updating knowledge on the respective functional areas.

## STATUS OF COMPLIANCE

In accordance with the requirement stipulated in condition no-7.00 of the Securities & Exchange Commission's notification no-SEC/ CMRRCD/2006-158/Admin/44 dated 07 August 2012 issued under section 2CC of the Ordinance 1969 the Corporate Governance Compliance Report is shown in **Annexure-2**. A certificate from Mazumdar and Associates confirming compliance of conditions of Corporate Governance Guidelines as stipulated under condition 7(i) is also annexed to this report as **Annexure-1**.

## KEY OPERATING AND FINANCIAL DATA:

The summarized key data for last five years is set out in the page No. 36

## ACKNOWLEDGEMENT:

The Board and I would like to take this opportunity to first of all thanks to all shareholders for your continuous trust on us. We shall continue our effort with ultimate sincerity and diligence to make the greatest output possible from your every cent of invested money. We are continuously seeking opportunity to grow your company to reach in a respectable place within the corporate arena.

The board would further like to extend their graceful appreciation for the assistance and co-operation received from Bangladesh Power Development Board (BPDB), Power Cell of the Power Division, MPEMR, Jalalabad Gas T&D System Limited. Banks and financial institutions, Insurance Companies, Service Providers, Bangladesh Securities and Exchange Commission (BSEC), Registrar of Joint Stock Companies & Firms (RJSCF), Dhaka Stock Exchange Ltd (DSE), Chittagong Stock Exchange Ltd (CSE), Central Depository Bangladesh Limited (CDBL) and various government authorities, individual and agencies.

There is an adage goes like "Perfection is not attainable but if we chase perfection we can catch the Excellence". With our winning team of employees we are continuously pursuing excellence in every step we made. We nurture them, train them to bring out their inherent talents and retain by motivation and recognition.

Looking forward for a better future and sustainable growth.

For and On Behalf of the Board



Feroz Alam  
Managing Director

## COMPLIANCES AND DISCLOSURES

## COMPLIANCE REPORT

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No: SEC/CMRRCD/2006-158/134/admin/44 dated August 07, 2012 is presented in Page No. 41-43

## REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Shahjibazar Power Company Ltd (SPCL) a subcommittee of Board of Directors (BOD) was formed and its Charter was approved by the Company's Board. The Audit Committee of SPCL comprises of the following Board members:

1. Mr. Golam Nabi FCA (Chair)
2. Mr. Rezakul Haider (Member)
3. Mr. A.K.M Badiul Alam (Member)
4. Mr. Yeasin Ahmed, ACS (Secretary)

A total of 4 (four) meetings were held since the last Annual General Meeting of SPCL, the last being on 27th April 2017. Besides Company Secretary who supports the committee as its secretary as well, permanent invitees to the meetings were the CFO and Head of Internal Audit. Relevant heads of other functions. The Audit Committee's authorities, duties and responsibilities flow from the Board's oversight function and the terms of reference are detailed in Committee Charter approved by the Board. The major responsibilities of the Committee, among others, include:

1. Reviewing the quarterly, half-yearly and annual financial statements and other financial results of the company and, upon its satisfaction of the review, recommend them to the board for approval.
2. Monitoring and reviewing the adequacy and effectiveness of the company's financial reporting process, internal control and risk management system.
3. Monitoring and reviewing the arrangements to ensure objectivity and effectiveness of the external and internal audit functions. Examine audit findings and material weaknesses in the system and monitor implementation of audit action plans.
4. Recommending to the Board the appointment, re-appointment or removal of external auditors.

5. Reviewing and monitoring the Company's ethical standards and procedures to ensure compliance with the regulatory and financial reporting requirements.

The Committee during the period under report met four times and its activities include:

1. Reviewed, among other issues, the quarterly and half yearly financial statements of the Company and recommended to the Board for adoption and circulation as per the requirement of Bangladesh Securities & Exchange Commission.
2. Also reviewed the audited financial statements of the Company together with consolidated statements with its associate and subsidiary for the year ended June 30, 2017 and being satisfied that the critical accounting policies, significant judgments and practices used by the Company are compliant with the required laws and regulations, also confirmed by the external auditor in their independent report, recommended to Board for adoption.
3. Committee recommended ACNABIN Chartered Accountants, for re-appointment as the external auditors of the Company for the year ending on June 30, 2018;
4. Reviewed the external auditors' findings arising from audit, particularly comments and responses given by the management.
5. Reviewed the matters as per requirement from the Bangladesh Securities and Exchange Commission (BSEC).
6. The committee is of the opinion that reasonable controls and procedures are in place to provide reasonable assurance that the company's assets are safeguarded and the financial position of the Company is adequately managed.

On behalf of the Committee



Mr. Golam Nabi FCA  
 Chairman of the Audit Committee



## MEMORABLE EVENT



AGREEMENT SIGNING CEREMONY BETWEEN  
RPGCL AND PETROMAX

EPC CONTRACT SIGNING CEREMONY WITH  
CRRC CHINA



PPA & IA SIGNING CEREMONY OF  
MIDLAND EAST POWER LTD.



CORPORATE DAYOUT



## PICTURES FROM 09TH ANNUAL GENERAL MEETING



## KEY OPERATING AND FINANCIAL DATA OF PRECEDING 5 (FIVE) YEARSRS

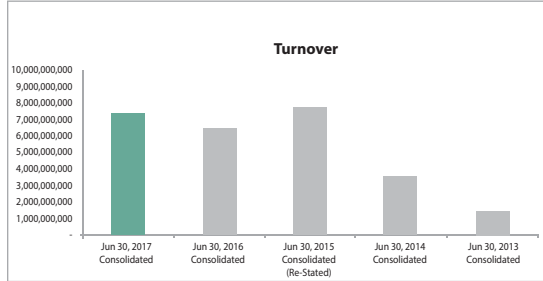
Operational Result	Jun 30,2017 Consolidated	Jun 30,2016 Consolidated	Jun 30,2015 Consolidated (Re-Stated)	Jun 30,2014 Consolidated	Jun 30,2013 Separate
Turnover	8,642,556,150	7,994,314,012	9,182,109,019	5,055,725,129	1,446,883,344
Cost of Sales	6,889,320,961	6,492,895,642	7,527,721,229	3,901,712,993	815,862,827
Gross Profit	1,753,235,189	1,501,418,370	1,654,387,790	1,154,012,136	631,020,517
Profit From Operation	1,217,406,067	842,216,138	1,094,821,715	494,834,849	304,166,086
Net Profit Before Tax	1,195,921,525	873,502,049	1,142,939,876	528,152,702	308,042,435
Net Profit After Tax	949,894,782	741,108,399	1,022,424,882	472,292,475	243,165,931
Net Cash Flow From Operation	1,922,297,991	1,125,147,220	204,248,754	1,873,897,290	463,907,732

Financial Position	Jun 30,2017 Consolidated	Jun 30,2016 Consolidated	Jun 30,2015 Consolidated (Re-Stated)	Jun 30,2014 Consolidated	Jun 30,2013 Separate
Non-Current Assets	6,647,548,177	6,427,200,483	6,666,085,325	6,836,447,741	6,320,805,822
Current Assets	2,795,563,575	3,883,982,475	3,840,511,387	4,275,808,552	1,887,815,472
Inventories	785,392,635	927,183,754	907,674,381	1,125,663,025	130,994,934
Shareholders' Equity	4,871,963,609	4,396,980,445	4,064,363,206	3,214,152,921	2,914,410,607
Long Term Liability	388,672,715	743,784,661	1,359,785,767	2,609,313,244	3,268,408,647
Current Liabilities	3,924,134,964	4,960,592,895	4,908,327,823	5,286,889,808	2,025,274,883
Total Liabilities	4,312,807,679	5,704,377,557	6,268,113,590	7,896,203,052	5,293,683,530

Key Financial Ratio	Jun 30,2017 Consolidated	Jun 30,2016 Consolidated	Jun 30,2015 Consolidated (Re-Stated)	Jun 30,2014 Consolidated	Jun 30,2013 Separate
Current Ratio	0.71	0.79	0.78	0.81	0.93
Quick Ratio	0.51	0.60	0.60	0.60	0.87
Debt to Equity Ratio	0.89	1.30	1.54	2.46	1.82
Net Income Ratio (%)	11%	9%	11%	9%	17%
Return on Equity (%)	19%	17%	25%	15%	8%
Earnings Per Share	6.28	5.14	6.92	4.13	2.13

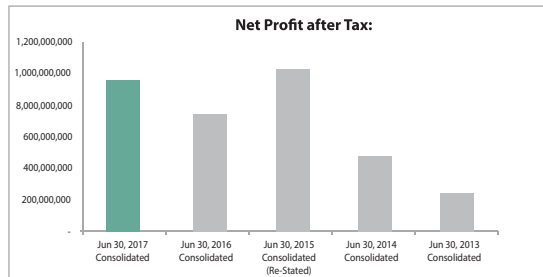
## FINANCIAL REVIEW – 2017

### Revenue:



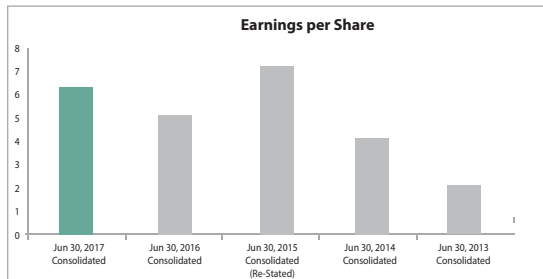
- Consolidated revenue has a slight increase by 8.11% year-over-year.

### Net Profit after Tax:



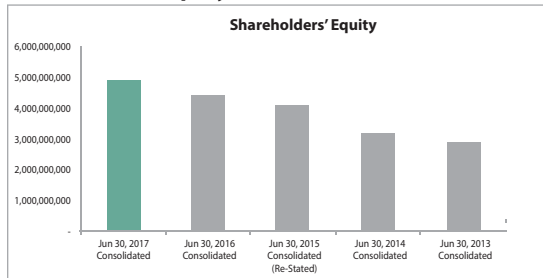
- Net Profit after Tax was ramped up by 28.17%.

### Earnings per Share (EPS)



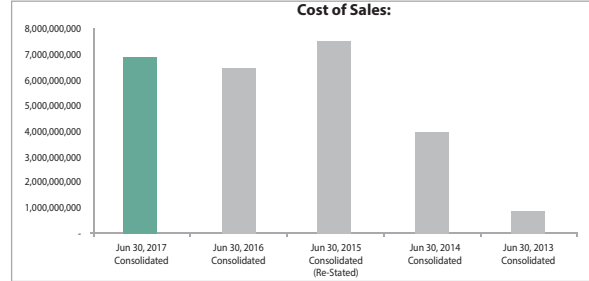
- The EPS was ramped up by 22.18% over the last year's EPS due to extended margin of Petroleum segment of the business

### Shareholders' Equity:



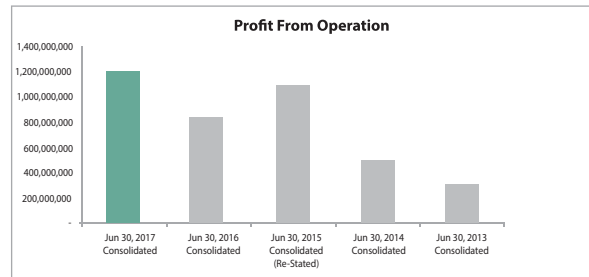
- Shareholders' Equity was ramped up by 10.80% due to the increase in Retained Earnings.

### Cost of Sales:



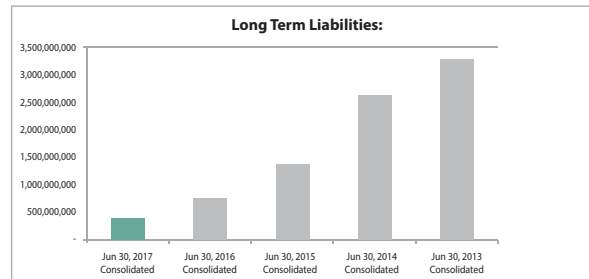
- With the same pace as the revenue goes up, Cost of Sales were also goes up by 6.11% due to the same reason.

### Operating Profit:



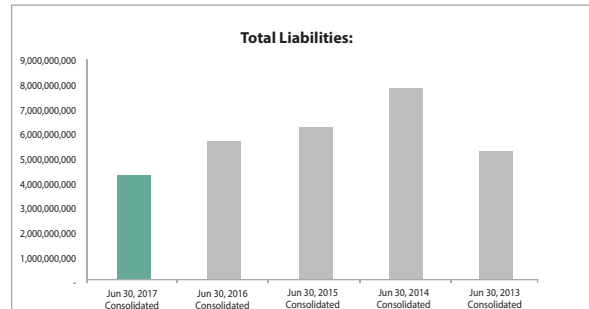
- Operating Profit was ramped up by 29.99% on account of full year performance due to extended margin of Petroleum segment of the business

### Long Term Liabilities:



- The long term liabilities has decreased by 47.74% this year
- The reason of such significant difference can be attributed to the principal repayment of borrowed fund.

### Total Liabilities:



- Total Liabilities of the Company has declined by -24.39% during the year under report due to on time repayment of borrowed fund.

## INVESTOR COMPLAINT REDRESSAL MECHANISM



1. The company has a designated investor grievances E-Mail id [debasish@youthbd.com](mailto:debasish@youthbd.com) on which the client or investor can make their complaints. Apart from that Investors are allowed to call directly to concerned officer of Investor Relation Department through Telephone Numbers.
2. An Investor can make a written complaint through letter addressing to "The Company Secretary, Shahjibazar Power Co. Ltd, 822/2 Rokeya Sarani, Dhaka – 1216" as well.
3. The Company maintains investor grievance register in which full detail of every written complaint shall be entered.
4. The full detail of the written complaint must be passed to the concerned department and inform the compliance officer of the company as soon as it is received.
5. A letter or mail must be written to all the investor who has submitted written complaints by the designated person or Compliance Officer acknowledging receipt of the complaint and informing them it will be dealt with.
6. Compliance Department will obtain all information available on the complaint which is considered necessary for a proper investigation. Look into all the necessary information and resolve them as soon as possible.
7. There is standing policy of the company to resolve the investor complaint within seven days of the receipt of the same expect the complicated case.
8. A serious complaint (where the written response does not settle the issue) must be referred to the higher management of the company.
9. The Compliance Officer of the Company shall review the investor complaint register on weekly basis to find out whether complaint has been resolved within time or not.

## CEO AND CFO'S DECLARATION TO THE BOARD

Dated: October 28, 2017

The Board of Directors  
Shahjibazar Power Co. Ltd.  
822/2 Rokeya Sarani  
Dhaka-1216

### Subject: CEO and CFO's Declaration to the Board

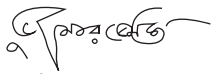
Dear Sirs,

Compliance with the condition no. 6 imposed by Bangladesh Securities & Exchange Commission's Notification No SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

We do hereby certify to the Board that:

1. We have reviewed financial statements for the year ended 30th June, 2017 and that to the best of our knowledge and belief:
  - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
2. 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.

Sincerely yours,



Bhulon Bhowmik  
Chief Financial Officer



Feroz Alam  
Managing Director



## MAZUMDAR SIKDER AND ASSOCIATES

Cost & Management Accountants

### Certificate on Compliance of Conditions of Corporate Governance

#### Guidelines to the Shareholders of Shahjibazar Power Co. Ltd.

We have examined the compliance to the BSEC guidelines on Corporate Governance by Shahjibazar Power Co. Ltd. as at 30th June 2017. These guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 as amended vide notification dated 21 July 2013 and 18 August 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 issued by BSEC.

Place - Dhaka.  
Date - January 04, 2018

**Mazumdar Sikder and Associates**  
Cost & Management Accountants

# STATUS REPORT ON COMPLIANCE WITH THE CONDITIONS IMPOSED BY BSEC

Annexure-2

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

Condition No.	Title	Compliance Status		Remark (If any)
		Complied	Not Complied	
1.	Board of Directors:			
1.1	Board's Size: The number of the board members shall not be less than 5 (Five) and more than 20 (Twenty)	✓		
1.2	Independent Directors:			
1.2(i)	One fifth (1/5) of the total number of directors	✓		
1.2(ii) a)	Does not hold any share or holds less than 1% shares of the total paid-up shares.	✓		
1.2(ii) b)	Not connected with any Sponsor/ Director/ Shareholder who hold 1% or more shares of the total paid-up shares on the basis of family relationship	✓		
1.2(ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary / associated companies.	✓		
1.2(ii) d)	Not a member, director or officer of any stock exchange.	✓		
1.2(ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.	✓		
1.2(ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3(three) years Of any statutory audit firm.	✓		
1.2(ii) g)	Not be an independent director in more than 3 (three) listed companies.	✓		
1.2(ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBFIs.	✓		
1.2(ii) i)	Been Not convicted for a criminal offence involving moral turpitude.	✓		
1.2(iii)	Nominated b the board of directors and approved by the shareholders in the AGM.	✓		The board has decided to extend the office of one Independent Director for another one term On March 30, 2017 and will be placed before the members in 10th AGM for approval. Another Independent Director is continuing his office from February 8, 2016
1.2(iv)	Not remain vacant for more than 90 (ninety) days.	✓		
1.2(v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be Recorded.	✓		
1.2(vi)	Tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		
1.3	Qualification of Independent Director (ID):			
1.3(i)	Knowledge of Independent Directors.	✓		
1.3(ii)	Background of Independent Directors.	✓		
1.3(iii)	Special cases for qualifications.			N / A
1.4	Individual chairman of the Board and CEO.	✓		
1.5	The Directors' Report to Shareholders:			
1.5(i)	Industry outlook and possible future developments in the industry.	✓		
1.5(ii)	Segment-wise or product-wise performance.	✓		
1.5(iii)	Risks and concerns.	✓		
1.5(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	✓		
1.5(v)	Discussion on continuity of any Extra-ordinary gain or loss.	✓		
1.5(vi)	Basis for related party transactions.	✓		

1.5(vii)	Utilization of proceeds from public issues, right issues and /or through any others.			N / A
1.5(viii)	Explanation of the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, and Direct Listing			N / A
1.5(ix)	Explanation of the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, and Direct Listing	✓		
1.5(x)	Remuneration to directors including independent directors.	✓		
1.5(xi)	Fairness of financial Statement.	✓		
1.5(xiii)	Maintenance of proper books of accounts.	✓		
1.5(xiii)	Adoption of appropriate accounting policies and estimates.	✓		
1.5(xiv)	Followed IAS, BAS, IFRS and BFRS in preparation of financial statements.	✓		
1.5(xv)	Soundness of internal control system.	✓		
1.5(xvi)	Ability to continue as a going concern.	✓		
1.5(xvii)	Significant deviations from the last year's.	✓		
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) year.	✓		
1.5(xix)	Reasons for not declared dividend.			N / A
1.5(xx)	Number of board meeting held during the year and attendance.	✓		
1.5(xxi)	Pattern of shareholding:			
1.5(xxi)a)	Parent\Subsidiary/Associated Companies and other related parties.	✓		
1.5(xxi)b)	Directors, CEO, CS, CFO, HIA and their spouses and minor children.	✓		
1.5(xxi)c)	Executives.	✓		
1.5(xxi)d)	10% or more voting interest.	✓		
1.5(xxii)	Appointment/re-appointment of director:			
1.5(xxii)a)	Resume of the director	✓		
1.5(xxii)b)	Expertise in specific functional areas.	✓		
1.5(xxii)c)	Holding of directorship and membership of committees of the board other than this company.	✓		
2.	CFO, Head of Internal Audit (HIA) and CS:			
2.1	Appointment of CFO, HIA and CS and defining their responsibilities.	✓		
2.2	Attendance of CFO and CS at the meeting of the Board of Director.	✓		
3.	Audit Committee:			
3(i)	Constitution of Audit Committee	✓		
3(ii)	Assistance of the Audit Committee to Board of Directors.	✓		
3.(iii)	Responsibility of the Audit Committee.	✓		
3.1	Constitution of the Audit Committee:			
3.1(i)	At least 3 (three) members.	✓		
3.1(ii)	Appointment of members of the Audit Committee.	✓		
3.1(iii)	Qualification of Audit committee members.	✓		
3.1(iv)	Vacancy in Audit Committee making the number lower than 3 to be filled up immediately and within one month			N / A
3.1(v)	Secretary of the Audit Committee.	✓		
3.2(vi)	Quorum of the Audit Committee.	✓		
3.2	Chairman of the Audit Committee:			
3.2(i)	Board of Director shall select the Chairman.	✓		
3.2(ii)	Chairman of the audit committee shall remain present in the AGM.	✓		

3.3	Role of Audit committee.			
3.3(i)	Oversee the financial reporting process.	✓		
3.3(ii)	Monitor choice of accounting policies and principles.	✓		
3.3(iii)	Monitor Internal Control Risk management process.	✓		
3.3(iv)	Oversee hiring and performance of external auditors.	✓		
3.3(v)	Review the annual financial statements before submission to the board for approval	✓		
3.3(vi)	Review 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(viii)	Review statement of significant related party transactions.	✓		
3.3(ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.	✓		
3.3(x)	Disclosure about the uses/applications of funds raised by: IPO/RPO/Right issue.			N / A
3.4	Reporting of the Audit Committee:			
3.4.1	Reporting to the Board of Directors.			
3.4.1(i)	Activities of Audit Committee.	✓		
3.4.1(ii)	The Audit Committee shall immediately report to the Board of Directors on the Following findings, if any			
3.4.1(ii)a	Conflicts of interests.			N / A
3.4.1(ii)b	Material defect in the internal control system.			N / A
3.4.1(ii)c	Infringement of laws, rules and regulations.			N / A
3.4.1(ii)d	Any other matter.			N / A
3.4.2	Reporting to the Authorities.			N / A
3.5	Reporting to the Shareholders and General Investors.	✓		
4	Engagement of External/Statutory Auditors:			
4(i)	Non-engagement in appraisal or valuation services or Fairness opinions.	✓		
4(ii)	Non-engagement in designing and implementing of financial Information Systems.	✓		
4(iii)	Non-engagement in Book-Keeping or accounting	✓		
4(iv)	Non-engagement in Broker-Dealer services.	✓		
4(v)	Non-engagement in Actuarial services	✓		
4(vii)	Non-engagement in Internal Audit services.	✓		
4(viii)	Non-engagement in services that the audit committee determines	✓		
4(viii)	Possessing on share by any partner or employee of the external audit firm during the tenure of their audit assignment of that company	✓		
4 (ix)	Audit/certification services on compliance of corporate governance as required under clause (i) of condition No. 7.	✓		
5	Subsidiary Company:			
5(i)	Composition of the Board of Directors.	✓		
5(ii)	At least 1 (one) independent director to the subsidiary company.	✓		
5(iii)	Submission of Minutes to the holding company.	✓		
5(iv)	Review of Minutes by the holding company.	✓		
5(v)	Review of Financial Statement by the holding company.	✓		The Audit Committee of the holding company has reviewed the Financial Statements of the subsidiary company before submission to the Board Meeting for adoption
6	Duties of Chief Executive Officer and Chief Financial Officer:			
6(i)a	Reviewed the materially untrue of the financial statement.	✓		
6(ii)b	Reviewed about compliance of the accounting standard.	✓		
6(ii)	Reviewed about fraudulent, illegal or violation of the Company's code of conduct.	✓		
7	Reporting and Compliance of Corporate Governance:			
7(i)	Obtain certificate about compliance of conditions of Corporate Governance Guidelines.	✓		
7(ii)	Annexure attached in the directors' report.	✓		

## VARIOUS COMMITTEES

### Audit Committee

Mr. Golam Nabi FCA (Independent Director)	Chair
Mr. Rezakul Haider (Board Chairman)	Member
Mr. A.K.M Badiul Alam (Director)	Member
Mr. Yeasin Ahmed, ACS (Company Secretary)	Secretary

### Purchase Committee

Mr. Rezakul Haider (Chairman)	Chair
Mr. Feroz Alam (Managing Director)	Member
Engr. Md. Hafizur Rahman (Executive Director)	Member
Mr. Bhulon Bhowmik (CFO)	Member

### Operation & Maintenance Committee

Engr. Md. Hafizur Rahman (Executive Director)	Chair
Engr. Shariful Islam (COO)	Member
Engr. Md. Tamiz Uddin (DGM)	Member

## VALUE ADDED STATEMENT

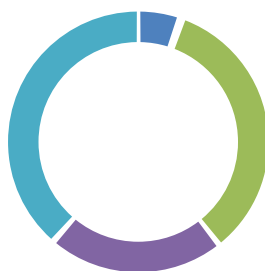
### SHAHJIBAZAR POWER CO. LTD.

Consolidated Value Added Statement

For the year ended June 30, 2017

Particulars	2017 Taka	2016 Taka
Revenue	8,642,556,150	7,994,314,012
Other Income including interest income	2,365,447	5,801,527
Profit Sharing from Associate	42,696,087	69,159,486
Cost of Sales, Excluding Depreciation	(6,568,588,899)	(6,179,868,856)
Other Operating Expenses	(1,964,970)	(18,400,682)
Total Value Added	2,117,063,815	1,871,005,487
Distribution of Added Value		
To Employees as salaries and allowance	55,809,342	50,189,577
To Directors as salaries and allowances	4,000,000	3,945,000
To Banks and other lenders	372,169,002	536,620,602
To Government as Taxes	237,487,526	124,564,252
To Shareholders	423,737,994	452,535,722
	<b>1,093,203,864</b>	<b>1,167,855,154</b>
Retained for Re-investment and Future Growth		
Depreciation and amortization	282,120,421	277,292,892
Retained Profit	741,739,530	425,857,442
	1,023,859,951	703,150,333
<b>Total Value Distributed</b>	<b>2,117,063,815</b>	<b>1,871,005,487</b>

### Distribution of Added Value



- To Employees as salaries and allowance
- To Directors as salaries and allowances
- To Banks and other lenders
- To Government as Taxes
- To Shareholders



**ACNABIN**  
*Chartered Accounts*

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## **Independent Auditors' Report To The Shareholders of Shahjibazar Power Company Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Shahjibazar Power Company Limited ("The Company") which comprise the statement of financial position as at 30 June 2017, statement of Profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information and all related consolidated financial statements of Shahjibazar Power Company Limited including its subsidiary and associate (together referred to as "the Group").

### **Managements's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable, but not absolute assurance whether the financial statements are free from material misstatement due to fraud and error.

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

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

### Opinion

In our opinion, the financial statements including the consolidated financial statements give a true and fair view of the financial position as at 30 June 2017, and of the financial performance and cash flows for the year then ended prepared in accordance with Bangladesh Financial Reporting Standards (BFRS).

### Other Matter

The financial statements of the Company's subsidiary, Petromax Refinery Limited (PRL), was not audited by us. The financial statements of Petromax Refinery Limited shows total assets of Taka 5,804,612,488 as on 30 June 2017 and total revenue of Taka 7,328,382,889 for the year then ended. Aziz Halim Khair Choudhury & Co., Chartered Accountants has audited the Financial Statements of Petromax Refinery Limited and expressed an unmodified opinion. Our opinion, in so far as it relates to the amounts included in respect of the company's subsidiary, is based on the audited financial statements and reports issued by subsidiary's auditor.

### Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987, we also report the following:

- 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 accounts 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 statement of financial position and statement of profit & loss and other comprehensive income dealt with by the report are in agreement with the books of account; and
- d) The expenditure incurred was for the purposes of the company's business.

Dhaka,  
28 October 2017

  
**ACNABIN**  
Chartered Accountants

# SHAHJIBAZAR POWER COMPANY LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### AS AT JUNE 30, 2017

	Notes	June 30, 2017 Taka	June 30, 2016 Taka
<b>ASSETS:</b>			
<b>Non-Current Assets</b>		<b>6,647,548,177</b>	<b>6,427,200,483</b>
Property, Plant and Equipment	4a	5,932,098,205	6,182,626,606
Intangible Assets	5.00	745,787	607,312
Investment Accounted for using the Equity Method	6a	177,731,076	135,034,989
Capital Work In Progress	7a	-	5,923,742
Other Investments	8a	536,973,109	103,007,834
<b>Current Assets</b>		<b>2,795,563,574</b>	<b>3,883,982,475</b>
Inventories	9a	785,392,635	927,183,754
Accounts Receivables	10a	908,417,838	1,083,691,281
Other Receivables	11a	512,032	2,212,221
Advance, Deposits and Prepayments	12a	507,083,848	919,488,307
Financial Assets at fair value through profit or loss	12b	24,774,556	16,223,666
Cash and Cash Equivalents	13a	508,991,093	545,437,741
Goods in Transit	14a	60,391,573	389,745,505
<b>TOTAL ASSETS</b>		<b>9,443,111,751</b>	<b>10,311,182,958</b>
<b>SHARE HOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>		<b>4,871,963,609</b>	<b>4,396,980,445</b>
Share Capital	15.00	1,412,459,981	1,371,320,370
Share Premium	16.00	914,920,000	914,920,000
Tax Holiday Reserve	16a	701,982,235	473,326,411
Retained Earnings	17a	1,842,601,393	1,637,413,664
<b>Non-controlling interests</b>		<b>258,340,464</b>	<b>209,824,956</b>
<b>Total equity</b>		<b>5,130,304,073</b>	<b>4,606,805,401</b>
<b>Non-Current Liabilities</b>		<b>388,672,715</b>	<b>743,784,661</b>
Long Term Loan- Net of Current Maturity	18a	350,426,500	659,254,696
Loan from other than Bank	18b	12,500,000	67,322,967
Deferred Tax Liabilities	19a	25,746,215	17,206,998
<b>Current Liabilities</b>		<b>3,924,134,964</b>	<b>4,960,592,895</b>
L/C Liabilities	20a	65,026,521	1,044,606,057
Short Term Loan	21a	3,130,570,723	2,787,365,765
IPO Application Amount	22a	6,084,318	6,104,318
Long Term Loan - Current Maturity	23a	510,047,371	840,133,369
Sundry Creditors	24a	124,046,922	134,559,807
Liabilities for Expenses	25a	11,495,521	4,715,591
Unclaimed Dividend	25b	10,141,045	20,682,755
Trade Payable	26a	66,722,544	122,425,235
<b>Total liabilities</b>		<b>4,312,807,679</b>	<b>5,704,377,557</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,443,111,751</b>	<b>10,311,182,958</b>
<b>Net Asset Value Per Share (NAVPS)</b>		<b>34.49</b>	<b>32.06</b>

CONTINGENT LIABILITIES &amp; COMMITMENTS

37 &amp; 38

The financial statements were authorised for issuance by the Board of Directors on 28 October 2017



Chairman



Director



Managing Director



Company Secretary

**Report of the Auditors to the Shareholders:**

This is the statement of Consolidated Financial Position referred to in our report of even date.  
 Dhaka,  
 28 October 2017



**ACNABIN**  
 Chartered Accountants

# SHAHJIBAZAR POWER COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2017

	Notes	June 30, 2017 Taka	June 30, 2016 Taka
<b>ASSETS:</b>			
<b>Non-Current Assets</b>		<b>4,321,960,176</b>	<b>4,558,978,445</b>
Property, Plant and Equipment	4.00	2,707,255,991	2,930,935,622
Investment Accounted for using the Equity Method	6.00	177,731,076	135,034,989
Investment in Subsidiary	7.00	900,000,000	900,000,000
Other Investments	8.00	536,973,109	593,007,834
<b>Current Assets</b>		<b>450,457,647</b>	<b>504,654,121</b>
Inventories	9.00	132,208,155	107,136,484
Accounts Receivables	10.00	222,267,768	294,569,121
Other Receivables	11.00	512,032	2,212,221
Advance, Deposits and Prepayments	12.00	39,610,868	55,173,611
Cash and Cash Equivalent	13.00	46,319,577	20,520,138
Goods In Transit	14.00	9,539,247	25,042,546
<b>TOTAL ASSETS</b>		<b>4,772,417,823</b>	<b>5,063,632,566</b>
<b>SHARE HOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>		<b>3,274,160,328</b>	<b>3,235,816,723</b>
Share Capital	15.00	1,412,459,981	1,371,320,370
Share Premium	16.00	914,920,000	914,920,000
Retained Earnings	17.00	946,780,347	949,576,353
<b>Non-Current Liabilities</b>		<b>310,016,228</b>	<b>607,202,248</b>
Long Term Loan- Net of Current Maturity	18.00	284,270,013	589,995,250
Deferred Tax Liabilities	19.00	25,746,215	17,206,998
<b>Current Liabilities</b>		<b>1,188,241,268</b>	<b>1,220,613,594</b>
L/C Liabilities	20.00	58,040,125	34,430,587
Short Term Loan	21.00	556,819,339	572,633,509
IPO Application Amount	22.00	6,084,318	6,104,318
Long Term Loan - Current Maturity	23.00	412,976,929	402,271,153
Sundry Creditors	24.00	80,648,188	78,313,293
Liabilities for Expenses	25.00	3,436,738	825,000
Unclaimed Dividend	25b	10,141,045	20,682,755
Trade Payable	26.00	60,094,587	105,352,980
<b>Total Liabilities</b>		<b>1,498,257,496</b>	<b>1,827,815,842</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,772,417,823</b>	<b>5,063,632,565</b>
Net Asset Value Per Share (NAVPS)		<b>23.18</b>	<b>23.60</b>
<b>CONTINGENT LIABILITIES &amp; COMMITMENTS</b>	<b>37 &amp; 38</b>		

The financial statements were authorised for issuance by the Board of Directors on 28 October 2017

  
Chairman

  
Director

  
Managing Director

  
Company Secretary

### Report of the Auditors to the Shareholders:

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

Dhaka,  
28 October 2017

  
ACNABIN  
Chartered Accountants

# SHAHJIBAZAR POWER COMPANY LIMITED

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### FOR THE YEAR ENDED JUNE 30, 2017

	Notes	For the Year Ended	
		June 30, 2017 Taka	June 30, 2016 Taka
<b>Revenue</b>	<b>27a</b>	8,642,556,150	7,994,314,013
Cost of Sales	<b>28a</b>	6,889,320,961	6,492,895,642
<b>Gross Profit</b>		<b>1,753,235,189</b>	<b>1,501,418,370</b>
<b>Operating Expenses:</b>			
General and Administrative Expenses	<b>29a</b>	163,660,120	122,581,630
Financial Expenses	<b>30a</b>	372,169,002	536,620,602
<b>Operating Profit</b>		<b>1,217,406,067</b>	<b>842,216,138</b>
Non-Operating Income	<b>31a</b>	2,365,447	5,801,527
Share of Profit From Associate	<b>32a</b>	42,696,087	69,159,486
<b>Net Profit before Tax and WPPF</b>		<b>1,262,467,601</b>	<b>917,177,151</b>
Workers' Profit Participation Fund	<b>33a</b>	66,546,076	43,675,102
<b>Net Profit before Tax</b>		<b>1,195,921,525</b>	<b>873,502,049</b>
<b>Income Tax Expenses:</b>	<b>34a</b>	<b>246,026,743</b>	<b>132,393,649</b>
Current Tax		237,487,526	124,564,252
Deferred Tax		8,539,217	7,829,397
<b>Net profit after Tax</b>		<b>949,894,782</b>	<b>741,108,399</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>949,894,782</b>	<b>741,108,399</b>
<b>Profit Attributable to</b>			
Equity holders' of the parent		886,379,275	705,403,358
Non Controlling Interest		63,515,507	35,705,041
		<b>949,894,782</b>	<b>741,108,399</b>
<b>Total Comprehensive Income Attributable to:</b>			
Equity holders' of the parent		886,379,275	705,403,358
Non Controlling Interest		63,515,507	35,705,041
		<b>949,894,782</b>	<b>741,108,399</b>
<b>Earnings Per Share (EPS)</b>	<b>35a</b>	<b>6.28</b>	<b>5.14</b>

The accompanying notes form an integral part of the financial statements

The financial statements were authorised for issuance by the Board of Directors on 28 October 2017

  
Chairman

  
Director

  
Managing Director

  
Company Secretary

#### Report of the Auditors to the Shareholders:

This is the statement of Consolidated Comprehensive Income referred to in our report of even date.

Dhaka,  
28 October 2017

  
ACNABIN  
Chartered Accountants

# SHAHJIBAZAR POWER COMPANY LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### FOR THE YEAR ENDED JUNE 30, 2017

	Notes	For the Year Ended	
		June 30, 2017 Taka	June 30, 2016 Taka
			<b>Re-stated</b>
<b>Revenue from Sales</b>	<b>27.00</b>	<b>1,314,173,261</b>	<b>1,511,116,209</b>
Cost of Sales	<b>28.00</b>	718,436,382	882,308,619
<b>Gross Profit</b>		<b>595,736,879</b>	<b>628,807,590</b>
<b>Operating Expenses:</b>			
General and Administrative Expenses	<b>29.00</b>	58,737,895	51,815,695
Financial Expenses, Net	<b>30.00</b>	95,656,754	136,010,655
<b>Operating Profit</b>		<b>441,342,230</b>	<b>440,981,240</b>
Non-Operating Income	<b>31.00</b>	133,158,559	3,856,248
Share of Profit of Investment Accounted for using Equity Method	<b>32.00</b>	42,696,087	69,159,486
<b>Net Profit before Tax and WPPF</b>		<b>617,196,876</b>	<b>513,996,973</b>
Less: Workers' Profit Participation Fund	<b>33.00</b>	29,390,327	24,476,047
<b>Net Profit before Tax</b>		<b>587,806,548</b>	<b>489,520,926</b>
<b>Income Tax Expenses:</b>	<b>34.00</b>	<b>138,066,833</b>	<b>105,462,932</b>
Current Tax		129,527,615	97,633,535
Deferred Tax		8,539,217	7,829,397
<b>Net profit after Tax</b>		<b>449,739,716</b>	<b>384,057,994</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>449,739,716</b>	<b>384,057,994</b>
<b>Earnings Per Share (EPS)</b>	<b>35.00</b>	<b>3.18</b>	<b>2.80</b>

The accompanying notes form an integral part of the financial statements

The financial statements were authorised for issuance by the Board of Directors on 28 October 2017

  
Chairman

  
Director

  
Managing Director

  
Company Secretary

#### Report of the Auditors to the Shareholders:

This is the statement of Comprehensive Income referred to in our report of even date.

Dhaka,  
28 October 2017

  
**ACNABIN**  
Chartered Accountants

## SHAHJIBAZAR POWER COMPANY LIMITED

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2017

	June 30, 2017 Taka	June 30, 2016 Taka
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipt from customers	8,817,829,593	7,967,490,097
Cash paid to suppliers, employees	(6,178,576,102)	(6,011,809,187)
Cash Paid for operational Expenses	(96,335,476)	(174,691,996)
Cash received from Other Activities	7,104,426	3,934,169
Cash paid for Workers Profit Participation Fund	(37,893,509)	-
Income Tax Paid	(218,635,673)	(123,155,260)
Cash payment for Financial Expenses	(371,195,269)	(536,620,602)
<b>Net Cash flows from operating activities</b>	<b>1,922,297,991</b>	<b>1,125,147,220</b>
<b>B CASH FLOWS IN INVESTING ACTIVITIES</b>		
Acquisition of property plant and equipment	(258,774,374)	(233,198,196)
Disposal of Fixed Assets	225,000	1,700,000
Dividend Received from Associate	-	30,012,500
Goods in Transit	-	(73,792,926)
Investment in Quoted Securities	(8,550,890)	(16,223,666)
Intangible Assets	-	(415,350)
Other Investment	56,034,724	(1,603,768)
<b>Net cash used in investing activities</b>	<b>(211,065,540)</b>	<b>(293,521,406)</b>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank Loan (Short Term )	386,204,958	845,660,820
IPO Application Amount	(20,000)	(120,000)
Payment of L/C Liabilities	(1,003,189,074)	(535,835,746)
Payment of Dividend	(436,937,821)	(358,564,354)
Loan Other Than Bank and Financial Institutes	(54,822,967)	(92,352,508)
Bank Loan (Long Term )	(638,914,195)	(825,235,138)
<b>Net cash used in financing activities</b>	<b>(1,747,679,099)</b>	<b>(966,446,926)</b>
<b>D Net Cash for the year (A+B+C)</b>	<b>(36,446,648)</b>	<b>(134,821,112)</b>
<b>E Opening cash and bank balance</b>	<b>545,437,741</b>	<b>680,258,853</b>
<b>F Closing cash and cash equivalents (D+E)</b>	<b>508,991,093</b>	<b>545,437,741</b>
<b>G Net Operating Cash Flow per share</b>	<b>13.61</b>	<b>8.20</b>

The accompanying notes form an integral part of the financial statements  
 The financial statements were authorised for issuance by the Board of Directors on 28 October 2017

  
Chairman

  
Director

  
Managing Director

  
Company Secretary

#### Report of the Auditors to the Shareholders:

This is the statement of Consolidated cash flow referred to in our report of even date.

Dhaka,  
28 October 2017

  
ACNABIN  
Chartered Accountants

# SHAHJIBAZAR POWER COMPANY LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2017

	June 30, 2017 Taka	June 30, 2016 Taka
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipt from customers	1,386,474,614	1,489,768,012
Cash paid to suppliers, employees	(485,400,852)	(595,214,547)
Cash Paid for operational Expenses	(34,947,049)	(33,814,142)
Cash received from Other Activities	2,897,537	1,988,890
Cash paid for Workers Profit Participation Fund	(37,893,509)	-
Income Tax Paid	(110,675,762)	(96,224,543)
Cash Paid for Financial Expenses	(94,683,021)	(136,010,655)
<b>Net Cash flows from operating activities</b>	<b>625,771,958</b>	<b>630,493,015</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property plant and equipment	(58,440,790)	(150,216,789)
Disposal of Fixed Assets	225,000	1,700,000
Dividend Received from Subsidiary	135,000,000	30,012,500
Loan & Advance (Subsidiary & Associate)	-	8,811,492
Other Investment	56,034,724	(1,603,768)
<b>Net cash flow from investing activities</b>	<b>132,818,934</b>	<b>(111,296,565)</b>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank Loan (Short Term)	(15,814,170)	86,757,081
IPO Application Amount	(20,000)	(120,000)
Dividend Paid	(421,937,821)	(358,564,354)
Bank Loan (Long Term)	(295,019,462)	(402,715,671)
<b>Net cash used financing activities</b>	<b>(732,791,453)</b>	<b>(674,642,944)</b>
<b>D Net Cash inflow/(outflow) for the year (A+B+C)</b>	<b>25,799,439</b>	<b>(155,446,494)</b>
<b>E Opening Cash &amp; Cash Equivalent</b>	<b>20,520,138</b>	<b>175,966,632</b>
<b>F Closing Cash &amp; Cash Equivalent</b>	<b>46,319,577</b>	<b>20,520,138</b>
<b>G Net Operating Cash Flow per share</b>	<b>4.43</b>	<b>4.60</b>

The accompanying notes form an integral part of the financial statements

The financial statements were authorised for issuance by the Board of Directors on 28 October 2017

  
Chairman

  
Director

  
Managing Director

  
Company Secretary

### Report of the Auditors to the Shareholders:

This is the statement of cash flow referred to in our report of even date.

Dhaka,  
28 October 2017

  
**ACNABIN**  
Chartered Accountants

# SHAHJIBAZAR POWER COMPANY LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

Particulars	Attributable to share holders' equity					Non Controlling Interests	Total Equity
	Share Capital	Tax Holiday Reserve	Share Premium	Retained Earning	Total		
<b>Balance as at July 01, 2016</b>	1,371,320,370	473,326,411	914,920,000	1,637,413,664	4,396,980,445	209,824,957	4,606,805,402
Net profit (After Tax) for the period	-	-	-	886,379,275	886,379,275	63,515,507	949,894,782
Bonus Share/Stock Dividend	41,139,611	-	-	(41,139,611)	-	-	-
Cash Dividend Paid	-	-	-	(411,396,111)	(411,396,111)	(15,000,000)	(426,396,111)
Tax Holiday Reserve	-	228,655,824	-	(228,655,824)	-	-	-
<b>Balance as at June 30, 2017</b>	<b>1,412,459,981</b>	<b>701,982,235</b>	<b>914,920,000</b>	<b>1,842,601,393</b>	<b>4,871,963,609</b>	<b>258,340,464</b>	<b>5,130,304,073</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

Particulars	Attributable to share holders' equity					Non Controlling Interests	Total Equity
	Share Capital	Tax Holiday Reserve	Share Premium	Retained Earning	Total		
<b>Balance as at July 01, 2015</b>	1,331,379,000	344,788,265	914,920,000	1,473,275,941	4,064,363,206	174,119,916	4,238,483,122
Net profit (After Tax) for the year	-	-	-	705,403,359	705,403,359	35,705,041	741,108,399
Bonus Share/Stock Dividend	39,941,370	-	-	(39,941,370)	-	-	-
Cash Dividend Paid	-	-	-	(372,786,120)	(372,786,120)	-	(372,786,120)
Tax Holiday Reserve	-	128,538,146	-	(128,538,146)	-	-	-
<b>Balance as at June 30, 2016</b>	<b>1,371,320,370</b>	<b>473,326,411</b>	<b>914,920,000</b>	<b>1,637,413,664</b>	<b>4,396,980,445</b>	<b>209,824,957</b>	<b>4,606,805,401</b>

The accompanying notes form an integral part of the financial statements

The financial statements were authorised for issuance by the Board of Directors on 28 October 2017



**Chairman**

**Report of the Auditors to the Shareholders:**

This is the statement of Consolidated Changes in Equity referred to in our report of even date.

Dhaka,

28 October 2017



**Director**



**Managing Director**



**Company Secretary**



**ACNABIN**

**Chartered Accountants**

# SHAHJIBAZAR POWER COMPANY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

Particulars	Share Capital	Share Premium	Retained Earning	Total Equity
<b>Balance as at July 01, 2016</b>	1,371,320,370	914,920,000	949,576,353	3,235,816,723
Net profit for the year	-	-	449,739,716	449,739,716
Bonus Share/Stock Dividend	41,139,611	-	(41,139,611)	-
Cash Dividend	-	-	(411,396,111)	(411,396,111)
<b>Balance as at June 30, 2017</b>	<b>1,412,459,981</b>	<b>914,920,000</b>	<b>946,780,347</b>	<b>3,274,160,328</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

Particulars	Share Capital	Share Premium	Retained Earning	Total Equity
<b>Balance as at July 01, 2015</b>	1,331,379,000	914,920,000	978,245,849	3,224,544,849
Net profit for the year	-	-	384,057,994	384,057,994
Bonus Share/Stock Dividend	39,941,370	-	(39,941,370)	-
Cash Dividend	-	-	(372,786,120)	(372,786,120)
<b>Balance as at June 30, 2016</b>	<b>1,371,320,370</b>	<b>914,920,000</b>	<b>949,576,353</b>	<b>3,235,816,723</b>

The accompanying notes form an integral part of the financial statements

The financial statements were authorised for issuance by the Board of Directors on 28 October 2017



**Chairman**



**Director**



**Managing Director**



**Company Secretary**

### Report of the Auditors to the Shareholders:

This is the statement of Changes in Equity referred to in our report of even date.

Dhaka,

28 October 2017

  
**ACNABIN**

**Chartered Accountants**

CORPORATE OBJECTIVES, VALUES & STRUCTURE  
THE MANAGEMENT & REPORTING  
COMPLIANCES AND DISCLOSURES  
FINANCIAL STATEMENTS  
DIRECTOR'S REPORTS AND FINANCIAL STATEMENTS OF SUBSIDIARY

# SHAHJIBAZAR POWER COMPANY LIMITED

## Notes to the Financial Statements As on and for the year ended June 30, 2017

### SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION

#### 1. Status of the Reporting Entity

##### 1.1. Corporate History:

The Shahjibazar Power Company Limited is a Public Limited Company listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) registered under The Companies Act 1994. The Company was incorporated in Bangladesh on 4th November, 2007 vide registration no C-68888 (1400)/07. The registered office of the company is located at Youth Tower, 822/2 Rokeya Sarani, Dhaka-1216 and the plant is located at Fatehpur, Madhobpur, Habiganj, Bangladesh.

##### 1.2. Nature of business

The principal activity of this company is to set up power plants for generation and supply of electricity. The agreement for supply of power with Bangladesh Power Development Board (BPDB) held on 14th February, 2008. The company has 86 MW power plants and started commercial production on 10th February, 2009. The company supplies its generated electricity to Bangladesh Power Development Board (BPDB).

The company has a 90% owned subsidiary company namely Petromax Refinery Limited. The principal activity of this company is production and supply of petroleum products like liquid petroleum gas, special boiling point solvent, mineral turpentine, high speed diesel, octane, kerosene and fuel gas to Bangladesh Petroleum Corporation. The company has started its commercial operation on 25 October, 2013.

The company also has an Associates Company namely "Midland Power Co. Ltd" (51 MW Gas based power Plant) and holding 49% shares. This company has started its commercial operation on 7 December, 2013.

The management of the company will continue its operational existence for the foreseeable future on the basis of improved profitability and continued support its bankers, equipment vendors and other contractors, suppliers.

##### 1.3. Description of Subsidiary

Petromax Refinery Limited is a public Company limited by shares and registered under The Companies Act 1994. The Company was incorporated in Bangladesh on 14th May, 2009 vide registration no. C-58744 and not listed with any Stock Exchange in Bangladesh. The Company went into commercial operation on October 25, 2013.

The registered office of the company is located at 822/2 Rokeya Sarani, Dhaka-1216 and the factory is located at 15, Mongla Port Industrial Area, Mongla, Bagerhat, Bangladesh.

The principal activity of this company is production and supply of petroleum products like liquid petroleum gas, special boiling point solvent, mineral turpentine, high speed diesel, octane, kerosene, and fuel gas to Bangladesh Petroleum Corporation.

##### 1.4. Description of Associate

Midland Power Co. Ltd. (hereinafter referred to as "the Company") was incorporated on 27 November 2011 as a private company limited by shares under the Companies Act, 1994. The registered office of the Company is located in Dhaka and the plant is located at Ashuganj, Brahmanbaria.

The principal activity of the Company is to set up 51 MW Gas Fired Power Generating Plant for the generation and supply of electricity. An agreement has been signed for supply of electricity with Bangladesh Power Development Board (BPDB) on 11 April 2012 for a period of 15 years with a provision of further renewal. The Company has started its commercial operation on 7 December 2013.

#### 2. Basis of Preparation:

##### 2.1. Statement of Compliance

The financial statements of Shahjibazar Power Company Limited have been prepared in accordance with the Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

##### 2.2. Application of Standards

The following BASs and BFRSs are applicable for the financial statement for the year 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 18	Revenue
BAS 19	Employee Benefits
BAS 21	The Effects of Changes in Foreign Exchange Rates
BAS 23	Borrowing Costs
BAS 24	Related Party Disclosures
BAS 32	Financial Instrument: Presentation
BAS 33	Earnings per Share
BAS 36	Impairment of Assets
BAS 37	Provisions, Contingent Liabilities and Contingent Assets
BAS 38	Intangible Assets
BAS 39	Financial Instrument: Recognition and measurement
BFRS 7	Financial Instruments: Disclosures
BFRS 8	Operating Segments
BFRS 10	Consolidated Financial Statements
BFRS 12	Disclosure of Interests in other Entities
BFRS 13	Fair Value Measurement

### 2.3. Date of authorization

The consolidated financial statements as well as separate financial statements were authorized by the Board of Directors on 28 October 2017 for publication.

### 2.4. Measurement bases used in Preparing the Financial Statements

The elements of financial statements have been measured on "Historical Cost" basis, which is one of the most commonly adopted base provided in "the framework for the preparation and presentation of financial statements" issued by the International Accounting Standard Committee (IASC).

### 2.5. Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

### 2.6. Accounting Convention and Basis

These Financial Statements have been prepared under the Historical Cost Convention and Going Concern basis in accordance with applicable International Accounting Standards in Bangladesh which does not vary from the requirements of the Companies Act 1994, and other laws and rules applicable in Bangladesh.

### 2.7. Functional and presentational currency and level of precision

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency. All financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

### 2.8. Reporting period

The financial period of the company covers one year from 1 July to 30 June and followed consistently.

### 2.9. Components of the Financial Statements

According to the International Accounting Standard (IAS) 1 as adopted by ICAB as BAS 1 "Presentation of Financial Statements" the complete set of financial statements includes the following components:

- Statement of Financial Position
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements

### 3. Principal Accounting Policies:

The accounting policies set out below have been applied in preparations of these financial statements

### 3.1. Basis of consolidation

#### 3.1.1. Subsidiary

Subsidiaries are entities controlled by Shahjibazar Power Co. Ltd. Control exists when Shahjibazar Power Co. Ltd. has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The

financial statements of subsidiaries have been included in the consolidated financial statements from the date that control commences until the date that it ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by Shahjibazar Power Co. Ltd.

Intra-group balances and transactions and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealized gains arising from transactions with associates are eliminated against the investment to the extent of Shahjibazar Power Co. Ltd. interest in the investee. Unrealized losses, if any, are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

### 3.2. Property, Plant and Equipment

#### 3.2.1. Recognition and Measurement

Items of Property, Plant and Equipment (PPE) are initially measured at cost. After initial recognition, an item of PPE is carried at cost less accumulated depreciation and impairment losses in compliance with the requirements of BAS-16: Property, Plant and Equipment.

#### 3.2.2. Disposal of Fixed Assets

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

#### 3.2.3. Depreciation on Fixed Assets

Depreciation is recognized in the profit and loss account on a straight line basis over the estimated useful life of property, plant and equipment in accordance with the provisions of BAS 16: Property, Plant and Equipment.

Plant and machinery are depreciated from the month on which the asset comes into use or being capitalized. Other items of property, plant and equipment continue to be depreciated for a full year of capitalization respective of the date on which the asset comes into use or being capitalized.

Land is not depreciated. Depreciation on other assets is calculated using straight line method to allocate their cost or revalued amounts to their residual values over their estimated lives, as follows:

Building and Construction	5 to 10 %
Plant and Machinery	6 to 15%
Water Treatment Plant	15%
Mechanical & Electrical Equipment	10%
Computer & Computer Equip.	20%
Motor Vehicles	20%
Office Equipment	15%
Furniture and Fixture	10%

#### 3.2.4. Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the profit and loss account as incurred.

#### 3.2.5. Capitalization of Borrowing Cost

Borrowing cost relating to acquisition of fixed assets is capitalized as per Bangladesh Accounting Standard (BAS) - 23, borrowing costs at the weighted average cost of borrowings. However, capitalization of borrowing costs is ceased when acquisition of relevant asset is completed.

#### 3.2.6. Impairment of Assets

Impairment of assets are carried out if carrying value is less than the value of using the asset or net realizable value of the assets whichever is lower.

### 3.3. Intangibles Assets

Intangible Assets are measured at cost less accumulated amortization and recognized when all the condition as per BAS-38: Intangible Assets are met. Subsequent expenditure is capitalized only when it is probable that the future economic benefits embodied there with will flow to the entity and its cost can be measured reliably. Intangible assets are amortized at the rate of fifteen percent of cost per year.

### 3.4. Capital work in progress

Capital work-in-progress represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use which is measured at cost.

### 3.5. Inventories

Inventories in hand as at 30th June, 2017 have been valued at lower of cost and net realizable value in accordance with BAS -2 "Inventories" after making due allowance for any obsolete or slow moving items.

### 3.6. Accounts Receivables

Accounts Receivables are considering good and realizable. Accounts Receivables are stated at the original invoice value.

### 3.7. Advance, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments or charges to other account heads such as PPE or inventory etc. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to profit and loss account.

### 3.8. Investment in shares of listed companies

Investment in shares of listed companies is classified as financial assets fair value through profit or loss as it is designated as such upon initial recognition. Financial assets fair value through profit or loss are measured at fair value, and changes therein are recognized in comprehensive income.

### 3.9. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and with banks on current and deposit accounts which are held and available for use by the company without any restriction.

### 3.10. Other Current Assets

Other current assets have a value on realization in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the balance sheet.

### 3.11. Other Corporate Debt, Accounts Payable, Trade and Other Liabilities

Liabilities are carried at the anticipated settlement amount in respect of goods and services received, whether or not billed by the supplier.

### 3.12. Taxation

Income Tax expense comprises current and deferred Tax. Income Tax expense is recognized in the statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

#### Current Tax

Current Tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting period. The applicable tax rate for the Company is currently 25%.

#### Deferred Tax

Deferred income Tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of Deferred Income Tax. Deferred Tax liabilities are recognised for all temporary taxable differences.

Deferred Tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### 3.13. Provisions

A provision is recognized on the balance sheet date if, as a result of past events, the company has a presents legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

### 3.14. Revenue Recognition

Invoice are made by survey of meter reading in every month and recognized in the income statement after satisfying all the condition for revenue recognition as provided in BAS 18 "Revenue".

### 3.15. Foreign Currency

Foreign currencies are converted into Bangladesh Taka at the rates ruling on the date of transaction and the balance at bank at the close of the business, at the rate prevailing on the Balance Sheet date in accordance with BAS 21 "The effects of Changes in Foreign Currency Rates."

### 3.16. Finance Income and Expenses

Finance income comprises interest income on funds invested. Interest income is recognized on accrual basis.

Finance expenses comprise interest expenses on loan, overdraft and bank charges. All borrowing costs are recognized in the profit and loss account using effective interest method except to the extent that they are capitalized during construction period of the plants in accordance with BAS-23 Borrowing cost.

### 3.17. Earnings Per Share (EPS)

The Company calculates Earning per Share (EPS) in accordance with BAS 33: Earning per Share, which has been shown on the face of Statement of Comprehensive Income account, and the computation of EPS is stated in **Note 35 & 35a**

#### Basic earnings

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

#### Basic earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding for the year.

#### Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of shares issued during the year multiplied by a time-weighting factor. The time weighting factor is the numbers of days the specific shares are outstanding as a proportion of the total number of days in the year.

#### Diluted earnings per share

No diluted earnings per share are required to be calculated per year as there was no scope for dilution during the year.

### 3.18. Cash flows statement

Cash Flow Statement is prepared in accordance with BAS 7 "Cash Flow Statement". The cash flow from the operating activities have been presented under Direct Method as prescribed by the Securities and Exchange Rules 1987 and considering the provisions of Paragraph 18(b) of BAS-7 which provides that "Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method".

### 3.19. Workers Profit Participation Fund (WPPF)

The company has been providing worker profit participation fund for its employees in accordance with provisions of Bangladesh Labor Act 2006. Section-232(1)

### 3.20. Responsibility for Preparation and Presentation of Financial Statements:

The Management is responsible for the preparation and presentation of Financial Statements under section 183 of the Companies Act, 1994 and as per the Provision of "The Framework for the preparation and presentation of Financial Statements" issued by the International Accounting Standard Board (IASB) as adopted by the Institute of The Chartered Accountants of Bangladesh (ICAB).

### 3.21. Risk and uncertainties for the use of estimates

Preparation of Financial Statements in conformity with the Bangladesh Accounting Standards requires management to make estimates and assumption that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and revenues and expenses during the period reported. Actual result could differ from those estimates. Estimates are used for accounting of certain items such as depreciation and amortization, taxes, reserves and contingencies.

### 3.22. Related Party Transactions

During the year the Company carried out a number of transactions with related parties in the normal course of business and on an arm's length basis. The name of related parties, nature of transactions, their total value and closing balance have been set out in accordance with the provisions of BAS 24.

### 3.23. Comparative Amounts

Comparative period figures have been rearranged to ensure consistency with current year's figures in order to better comparison and presentation;

### 3.24. Segment Reporting

Shahjibazar Power Company Limited generate revenue from only power generation. There no other segment of revenue producing and in this consequence no segment reporting is required.

### 3.25. Measurement of Fair Values

The Company has an established control framework with respect to the measurement of fair values. Management has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of BFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

	June 30, 2017 Taka	June 30, 2016 Taka		
<b>4.00 PROPERTY, PLANT AND EQUIPMENT:</b>				
<b>Cost</b>				
Cost at July 01, 2016	4,689,082,734	4,542,602,865		
Addition during the period	58,440,790	150,216,789		
Disposal during the year	(1,274,000)	(3,736,920)		
Cost at June 30, 2017	4,746,249,524	4,689,082,734		
<b>Accumulated Depreciation</b>				
Balance at July 01, 2016	1,758,147,113	1,484,591,141		
Charged during the year	282,120,421	277,292,892		
Adjustment during the year	(1,274,000)	(3,736,920)		
At June 30, 2017	2,038,993,534	1,758,147,113		
<b>Carrying Value at June 30, 2017</b>	<b>2,707,255,991</b>	<b>2,930,935,622</b>		
<b>LEASEHOLD/FREEHOLD STATUS (at carrying value)</b>				
Land, Building, Plant & Machinery, Furniture fixtures & Others				
Leasehold	-	-		
Freehold	2,707,255,991	2,930,935,622		
	<b>2,707,255,991</b>	<b>2,930,935,622</b>		
<b>For details breakup please refer to Annexure - A</b>				
<b>4a Consolidated Property, Plant and Equipment</b>				
Shahjibazar Power Company Limited	2,707,255,991	2,930,935,622		
Petromax Refinery Limited	3,224,842,214	3,251,690,984		
	<b>5,932,098,205</b>	<b>6,182,626,606</b>		
<b>5.00 Consolidated Intangible Assets</b>				
Shahjibazar Power Company Limited	-	-		
Petromax Refinery Limited	745,787	607,312		
	<b>745,787</b>	<b>607,312</b>		
<b>6.00 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD</b>				
Initial Investment in Midland Power Co. Ltd.	49,000,000	49,000,000		
Share of Post Acquisition Change in Net Asset 6.01	128,731,076	86,034,989		
	<b>177,731,076</b>	<b>135,034,989</b>		
<b>6.01 Share of Post Acquisition Changes in Net Asset</b>				
Opening Balance	86,034,989	46,888,003		
Share of net profit for the this Period	42,696,087	69,159,486		
Interim dividend declared and paid	-	(30,012,500)		
	<b>128,731,076</b>	<b>86,034,989</b>		
<b>6a Consolidated Investment Accounted for using the Equity Method</b>				
Initial Investment	49,000,000	49,000,000		
Share of Post Acquisition Changes in Net Asset	128,731,076	86,034,989		
	<b>177,731,076</b>	<b>135,034,989</b>		
<b>6c Nature of Investment in Associate:</b>				
<b>Name of the Entity</b>	<b>Place of Business/Country of Incorporation</b>	<b>% of ownership Interest</b>	<b>Nature of the relationship</b>	<b>Measurement Method</b>
Midland Power Co. Ltd.	The Company is in corporated and registered in Bangladesh. The plant of the Company is situated at Ashuganj, Brahmanbaria. The Company is engaged in generating supplying electricity to national grid. It has a setup of 51 MW gas based power plant.	49%	Associate	Equity

**June 30, 2017**  
**Taka**

**June 30, 2016**  
**Taka**

Midland Power Company Limited is a private limited company and there is no quoted market price available for its share.

There is no contingent liabilities relating to the group's interest in the associate.

**Summarised financial information for associate**

**Summarised Balance Sheet:**

	June 30, 2017	June 30, 2016
Current:		
Cash & Cash Equivalents	48,368,232	184,408,207
Other Current Assets (excluding cash)	210,460,988	193,779,723
<b>Total Current Assets</b>	<b>258,829,220</b>	<b>378,187,930</b>
Financial liabilities (excluding trade payables)	191,427,098	21,354,390
Other current liabilities	88,528,579	60,921,060
<b>Total Current Liabilities</b>	<b>279,955,677</b>	<b>82,275,450</b>
Non-Current:		
Assets	2,406,039,106	2,493,831,160
<b>Total Non-Current Assets</b>	<b>2,406,039,106</b>	<b>2,493,831,160</b>
Financial Liabilities	1,142,196,168	1,383,259,207
Other Liabilities	-	-
<b>Total Non-Current Liabilities</b>	<b>1,142,196,168</b>	<b>1,383,259,207</b>
<b>Net Assets</b>	<b>1,242,716,481</b>	<b>1,275,581,610</b>
<b>Summarised Statement of Comprehensive Income</b>		
Revenue	633,647,718	713,835,208
Cost of Revenue	421,746,993	468,557,546
Other Expenses	76,819,240	104,135,854
Income Tax Expense	-	-
Post tax profit from continuing operations	87,134,871	141,141,808
Other Comprehensive Income	-	-
<b>Total Comprehensive Income</b>	<b>87,134,871</b>	<b>141,141,808</b>
<b>7.00 INVESTMENT IN SUBSIDIARY:</b>		
Petromax Refinery Limited	900,000,000	900,000,000
	<b>900,000,000</b>	<b>900,000,000</b>
Petromax Refinery Limited is 90% owned subsidiary company of Shahjibazar Power Co. Ltd.		
<b>7a Consolidated Capital Work in Progress:</b>		
Shahjibazar Power Co. Ltd.	-	-
Petromax Refinery Limited	-	5,923,742
	-	<b>5,923,742</b>
<b>8.00 OTHER INVESTMENTS:</b>		
Investment In Mudaraba Term Deposit 8.01	105,773,109	103,007,834
Investment In Associate over share capital as advance	431,200,000	490,000,000
	<b>536,973,109</b>	<b>593,007,834</b>
<b>8.01 Investment in Mudaraba Term Deposit</b>		
Mudaraba Term Deposit Receipt-IBBL	97,919,107	95,751,896
Mudaraba Term Deposit Receipt-IFIL	7,854,003	7,255,938
	<b>105,773,109</b>	<b>103,007,834</b>
<b>Lien Status:</b>		
Under Lien (Against Short Term Loan)	59,892,230	95,751,896
Free from Lien	45,880,879	7,255,938
	<b>105,773,109</b>	<b>103,007,834</b>

**8a Consolidated Other Investment**  
 Shahjibazar Power Company Limited  
 Petromax Refinery Limited

**9.00 INVENTORIES**

Oil & Lubricant  
 Spare parts and others

June 30, 2017 Taka	June 30, 2016 Taka
536,973,109	103,007,834
-	-
<b>536,973,109</b>	<b>103,007,834</b>
2,324,696	4,191,680
129,883,459	102,944,804
<b>132,208,155</b>	<b>107,136,484</b>

Inventories in hand have been valued at lower of cost and net realizable value.

Items	Measurement Unit	Quantity	Value
Oil & Lubricant	Drum	42	2,309,740
	Liter	18	5,496
	Can	25	9,460
Spare Parts & Others	Pieces	59,630	96,070,321
	Packet	125	375,690
	Set	38	370,050
	Roll	1	900
	Rim	3	1,110
	Rft	18,950	27,990,585
	Pairs	185	465,390
	Book	195	18,370
	Box	65	4,209,600
	Kgs	28	82,758
	Lbs	1	1,650
	Mtr	265	297,035
<b>Total</b>			<b>132,208,155</b>

**9a Consolidated Inventories**

Shahjibazar Power Company Limited  
 Petromax Refinery Limited

132,208,155	107,136,484
653,184,480	820,047,270
<b>785,392,635</b>	<b>927,183,754</b>

**10.00 ACCOUNTS RECEIVABLES**

Bangladesh Power Development Board (BPDB)

**Ageing Status of Accounts Receivables**

Less than six months  
 More than six months

<b>222,267,768</b>	<b>294,569,121</b>
222,267,768	294,569,121
-	-
<b>222,267,768</b>	<b>294,569,121</b>

**10a Consolidated Accounts Receivables:**

Shahjibazar Power Company Limited  
 Petromax Refinery Limited

222,267,768	294,569,121
686,150,070	789,122,160
<b>908,417,838</b>	<b>1,083,691,281</b>

June 30, 2017 Taka	June 30, 2016 Taka
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Out of total receivable of Petromax Refinery Limited an amount of Taka : 24,59,98,869.03 is under the process of settlement with BPC. Since the government of Bangladesh has published a gazette reducing the petroleum price with effect from November 1, 2014 dated back on March 5, 2015 and accordingly, against this gazette the company filed a writ petition through Honorable High Court dated on March 16, 2015, therefore considering the old rate total receivable of the company was reported.

#### 11.00 OTHER RECEIVABLES:

Interest on Mudaraba Term Deposit-IFIL  
Interest on Mudaraba Term Deposit-IBBL

304,184	582,716
207,848	1,629,505
<b>512,032</b>	<b>2,212,221</b>

#### 11a Consolidated Other Receivables:

Shahjibazar Power Company Limited  
Petromax Refinery Limited

512,032	2,212,221
-	-
<b>512,032</b>	<b>2,212,221</b>

#### 12.00 ADVANCE, DEPOSITS AND PREPAYMENTS:

Advance 12.01  
Deposits 12.02  
Prepayments 12.03

785,991	5,872,002
14,673,190	14,646,235
24,151,687	34,655,374
<b>39,610,868</b>	<b>55,173,611</b>

#### 12.01 Advances:

##### Advance Income Tax:

Opening Balance  
Add: During this period  
Adjusted with Non-Operating Income Tax Payable

3,682,623	4,055,887
75,000	-
(3,757,623)	(373,264)
-	3,682,623

##### Advance to Others :

Abdullah Electric Co.  
Guraba Engineering Ltd.  
Saudia Electric Co.  
Mahim Traders  
Delcot Ltd.  
Al-Amin Trading Organization  
Inter Space Design  
Assign Engineering Ltd.  
Energypac Engineering Ltd.  
M/S Chunnu Enterprise  
Olympia Machinery Store  
Youth Garments Ltd (C&F).  
UMS Centre

-	200
-	400
-	94,412
-	39,700
-	103,600
-	66,400
-	1,200,000
30,000	-
105,000	-
53,625	-
14,100	-
31,000	-
20,000	-
<b>253,725</b>	<b>1,504,712</b>

##### Advance to Staffs:

Mr. Tamiz Uddin  
Mr. Bhulon Bhowmik  
Mr. Tarekul Islam  
Mr. Faridur Rahman  
Mr. Hasan Imam Siddiki  
Others

327,879	332,044
-	10,533
102,854	35,136
49,384	-
-	225,000
52,149	81,954
<b>532,266</b>	<b>684,667</b>

#### Total Advances :

<b>785,991</b>	<b>5,872,002</b>
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## 12.02 Deposits :

Central Depository Bangladesh Ltd.(CDBL)  
Power Development Board (Hobigonj)  
Bank Guarantee margin - IBBL  
Letter of credit margin - IBBL

### Total Deposits :

## 12.03 Pre-Payments:

Pre-paid Insurance  
Pre-paid Security Guard Bill  
Pre-paid Interest on MPI Loan  
Pre-paid Interest-Bai Murabaha FC bills  
Pre-paid Interest-Bai Murabaha TR Loan  
Pre-paid BG Commission

### Total Prepayments :

June 30, 2017 Taka	June 30, 2016 Taka
500,000	500,000
72,660	72,660
11,530,530	9,889,690
2,570,000	4,183,885
<b>14,673,190</b>	<b>14,646,235</b>
4,976,594	4,668,133
679,574	-
-	161,440
-	3,701,783
17,249,718	18,672,487
1,245,801	7,451,531
<b>24,151,687</b>	<b>34,655,374</b>

Islami Bank Bangladesh Limited has issued Bank Guarantee on behalf of SPCL favoring Bangladesh Power Development Board (BPDB) & Jalalabad Gas Transmission and Distribution Company Limited (JGTDL) regarding Plant Operation & ensuring the bill payment. The Bank has kept a Margin of said Guarantee which will be continued up to 2023.

### Ageing Status of Advance, Deposits & Prepayments

Less than One Year  
More than One Year

39,610,868	50,918,328
-	4,255,283
<b>39,610,868</b>	<b>55,173,611</b>

## 12a Consolidated Advance, Deposits and Prepayments:

Shahjibazar Power Company Limited  
Petromax Refinery Limited  
Less : Loan from Petromax Refinery Limited

39,610,868	545,173,611
701,391,539	565,233,255
(233,918,559)	(190,918,559)
<b>507,083,848</b>	<b>919,488,307</b>

## 12b Consolidated Financial Assets at fair value through profit or loss

Shahjibazar Power Company Limited  
Petromax Refinery Limited

-	-
24,774,556	16,223,666
<b>24,774,556</b>	<b>16,223,666</b>

### Financial Assets at fair value through profit or loss Listed Equity Securities-Held for Trading

ACI Limited  
AB Bank Ltd.  
The ACME Laboratories Limited  
Active Fine Chemicals Limited  
Aman Feed Ltd.  
Apex Footwear Limited  
Appollo Ispat Complex Limited.  
Building Systems Limited  
Bay Leasing & Investment Ltd.  
Bangladesh Thai Aluminium Ltd  
Bangladesh Steel Re-Rolling Mills Limited  
CVO Petrochemical Refinery Limited  
The City Bank Ltd.  
City General Insurance Company Ltd.  
Dhaka Electric Supply Company Limited  
Evince Textiles Ltd.  
Far Chemicals Industries Ltd.  
The IBN SINA Pharmaceutical Industry Limited  
GPH Ispat Ltd.

684,363	4,565,563
233,888	-
-	907,920
354,900	402,360
370,000	-
-	1,335,092
721,000	-
-	976,692
2,490,000	-
697,500	-
1,749,800	1,123,280
1,662,570	1,617,840
935,000	-
360,800	-
303,891	305,109
345,780	-
257,000	-
-	162,750
443,000	-

	June 30, 2017 Taka	June 30, 2016 Taka
Ifad Autos Ltd.	2,023,500	-
Islamic Finance & Investment Ltd.	159,250	-
KDS Accessories Ltd.	190,250	-
Jamuna Oil Company Limited	-	909,000
Lafarge Surma Cement Limited	629,000	791,000
Lankabangla Finance Ltd.	557,000	-
MJL Bangladesh Ltd.	607,500	-
National Polymar Industries Ltd.	1,924,930	-
Premier Leasing & Finance Ltd.	477,500	-
RAK Ceramics (Bangladesh) Limited	316,800	304,500
Summit Alliance Port Limited	-	2,822,560
Saiham Cotton Mills Ltd.	352,000	-
Shahjalal Islami Bank Ltd.	422,625	-
Shepherd Industries Ltd.	710,630	-
Union Capital Ltd.	894,080	-
Western Marine Shipyard Ltd.	3,900,000	-
	<b>24,774,556</b>	<b>16,223,666</b>
Changes in fair value of financial assets at fair value through profit or loss are recorded in Non-operating income and General and Administrative Expense.		
<b>13.00 CASH AND CASH EQUIVALENT:</b>		
<b>Cash in Hand</b>	<b>30,486</b>	<b>90,012</b>
<b>Cash at Bank:</b>	<b>46,289,091</b>	<b>20,430,126</b>
CD Account with Bank Asia Limited # 6128	-	0.20
CD Account with Bank Asia Limited, IPO-USD	96,351	96,351
CD Account with Bank Asia Limited, IPO-GBP	31,778	31,778
CD Account with Bank Asia Limited, IPO-EURO	780	780
STD Account with Bank Asia Limited, IPO-Taka	14,411,411	13,955,925
CD Accounts with Exim Bank Limited # 14088	-	183
CD Account with Islami Bank Bangladesh Ltd# 9396	27,120,153	590,781
CD Account with Islami Bank Bangladesh Ltd# 1250	630,779	12,280
SND Account with Islami Bank Bangladesh Ltd# 49	3,992,089	5,250,734
MDA Account with Islami Bank Bangladesh Ltd# 56512	-	209,796
CD A/C with Standard Chartered Bank # 53917701	5,750	6,900
STD A/C with Exim Bank Limited # 85345	-	4
CD A/C with Eastern Bank Ltd. # 1041060274350	-	274,614
	<b>46,319,577</b>	<b>20,520,138</b>
<b>13a Consolidated Cash and Cash Equivalent</b>		
Shahjibazar Power Company Limited	46,319,577	20,520,138
Petromax Refinery Limited	462,671,516	524,917,603
	<b>508,991,093</b>	<b>545,437,741</b>
<b>14.00 GOODS IN TRANSIT:</b>		
Parts of Plant & Machinery	9,539,247	25,042,546
	<b>9,539,247</b>	<b>25,042,546</b>
<b>14a Consolidated Goods in Transit</b>		
Shahjibazar Power Company Limited	9,539,247	25,042,546
Petromax Refinery Limited	50,852,326	364,702,959
	<b>60,391,573</b>	<b>389,745,505</b>
<b>15.00 SHARE CAPITAL:</b>		
<b>Authorized :</b>		
500,000,000 shares @ Tk.10.00 each	<b>5,000,000,000</b>	<b>5,000,000,000</b>
<b>Issued, Subscribed and paid -up:</b>		
141,245,998 shares @ Tk.10.00 each	<b>1,412,459,981</b>	<b>1,371,320,370</b>

**Movement of Share Capital:**

Opening Balance

Add: Bonus Share issued (3%)

June 30, 2017 Taka	June 30, 2016 Taka
1,371,320,370	1,331,379,000
41,139,611	39,941,370
<b>1,412,459,981</b>	<b>1,371,320,370</b>

**Shareholding position was as follows:**

Name of Shareholders	% of Shareholding 30-Jun-17	% of Shareholding 30-Jun-16
Mr. Rezakul Haider	9.71%	10.60%
Mr. Feroz Alam	8.96%	9.84%
Mr. Anis Salahuddin Ahmad	9.84%	9.84%
Mr. A.K.M.Badiul Alam	7.57%	7.57%
Md. Samsuzzaman	11.36%	11.36%
Ms. Shahida Alam	3.79%	3.79%
Md. Akbor Haider	3.43%	3.79%
Mr. Faridul Alam	3.43%	3.79%
Mr. Rezina Alam	3.43%	3.79%
Mr. Faisal Alam	3.43%	3.79%
Mr. Asgor Haider	3.43%	3.79%
Ms. Israt Azim Ahmad	3.43%	3.79%
General Public	28.18%	24.29%
	<b>100%</b>	<b>100%</b>

**Classification of Shareholders by holding:**

Class by number of shares	Number of Shareholders		Percentage of Shareholding	Percentage of Shareholding
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
Less than 500 Shares	4,799	5,188	55.63%	60.96%
501 to 5,000 shares	3376	3291	35.29%	31.10%
5,001 to 10,000 shares	433	335	3.59%	3.33%
10,001 to 20,000 Shares	245	224	2.40%	1.98%
20,001 to 30,000 Shares	92	109	1.17%	0.96%
30,001 to 40,000 Shares	38	40	0.43%	0.28%
40,001 to 50,000 Shares	35	28	0.30%	0.31%
50,001 to 100,000 Shares	63	45	0.48%	0.50%
100,001 to 1,000,000 Shares	53	51	0.55%	0.42%
Over 1,000,000 Shares	14	15	0.16%	0.17%
	<b>9,148</b>	<b>9,326</b>	<b>100%</b>	<b>100%</b>

**Name of the Directors and their Shareholding position:**

Name of Directors	No of Shareholding 30-Jun-17	No of Shareholding 30-Jun-16
Mr. Rezakul Haider	13,721,420	14,535,360
Mr. Feroz Alam	12,652,033	13,497,120
Mr. Anis Salahuddin Ahmad	13,902,033	13,497,120
Mr. A.K.M.Badiul Alam	10,693,872	10,382,400
Md. Samsuzzaman	16,040,808	15,573,600
<b>Total :</b>	<b>67,010,166</b>	<b>67,485,600</b>

	June 30, 2017 Taka	June 30, 2016 Taka
<b>16.00 SHARE PREMIUM:</b>		
Opening Balance	914,920,000	914,920,000
	<b>914,920,000</b>	<b>914,920,000</b>
<b>16a Consolidated Tax Holiday Reserve</b>		
Shahjibazar Power Company Limited	-	-
Petromax Refinery Limited	701,982,235	473,326,411
	<b>701,982,235</b>	<b>473,326,411</b>
<b>17.00 RETAINED EARNING:</b>		
Opening Balance	949,576,353	978,245,849
Add: Net profit for this year	449,739,716	384,057,994
Less: 30% Cash Dividend	(411,396,111)	(372,786,120)
Less: 3% Stock Dividend	(41,139,611)	(39,941,370)
	<b>946,780,347</b>	<b>949,576,353</b>
<b>17a Consolidated Retained Earning</b>		
Opening Balance	1,637,413,664	1,473,275,941
Net Profit for the period	886,379,275	705,403,359
Bonus Share/Stock Dividend	(41,139,611)	(39,941,370)
Cash Dividend Paid	(411,396,111)	(372,786,120)
Transfer to Tax Holiday Reserve	(228,655,824)	(128,538,146)
	<b>1,842,601,393</b>	<b>1,637,413,664</b>
<b>18.00 LONG TERM LOAN - NET OF CURRENT MATURITY</b>		
Islami Bank Bangladesh Limited	17,261,131	213,315,689
Eastern Bank Limited	267,008,882	376,679,561
	<b>284,270,013</b>	<b>589,995,250</b>

Facility arrangement for bank overdraft, short term bank loan and long term loan, working capital loan and bank guarantee.

Name of the Bank	Working Capital Loan	Short Term Facilities Limit	Long Term Loan Limit	Bank Guarantee
Islami Bank Bangladesh Ltd.	233.80	300.00	1,354.83	290.00
Eastern Bank Limited	300.00	300.00	1,100.00	250.00
<b>Total</b>	<b>533.80</b>	<b>600.00</b>	<b>2,454.83</b>	<b>540.00</b>

**Islami Bank Bangladesh Limited**

**Name of the facility:** HPSM (Project)

**Purpose of Loan:** To import equipment/accessories for the existing power plant.

**Mode of Repayment:** Monthly installment

**Security:** Proportionate ownership of the proposed machinery of the project to be procured valued Tk. 234.37 million shall be retained in the Bank's name by creating hypothecation till full adjustment of Bank's dues.

**Collaterals:** Registered Mortgage/further charge with registered irrevocable power of attorney from the mortgagors in Bank's favor including the clause "Bank can sell the property as per section-12 of Artho Rin Adalat Ain-2003 without the intervention of court in case of default to pay bank's dues within due date by the client"

432.00 decimal project land and building (Total area: 62,360 sft), 199.00 decimal project land and building (Total area: 24,200 sft) & Machineries and vehicles as per Balance sheet.

**Name of facility** Working Capital

**Purpose of Loan:** To procure spare parts, lube oil etc. for the existing power plant

**Mode of Repayment:** Deal to deal basis as per bank's standard norms

June 30, 2017 Taka	June 30, 2016 Taka
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**Security:** Proportionate ownership of the proposed machinery of the project to be procured valued Tk. 234.37 million shall be retained in the Bank's name by creating hypothecation till full adjustment of Bank's dues.

**Collaterals:** Registered Mortgage/further charge with registered irrevocable power of attorney from the mortgagors in Bank's favor including the clause "Bank can sell the property as per section-12 of Artho Rin Adalat Ain-2003 without the intervention of court in case of default to pay bank's dues within due date by the client"

432.00 decimal project land and building (Total area: 62,360 sft), 199.00 decimal project land and building (Total area: 24,200 sft) & Machineries and vehicles as per Balance sheet.

**Eastern Bank Limited**

**Name of the facility:** Term Loan  
**Purpose of Loan:** To takeover the loan from Islami Bank Bangladesh Limited  
**Mode of Repayment:** Monthly installment  
**Tenor:** 4 (Four) Years

**18a Consolidated Long Term Loan- Net of Current Maturity**

Shahjibazar Power Company Limited  
 Petromax Refinery Limited

284,270,013	589,995,250
66,156,487	69,259,446
<b>350,426,500</b>	<b>659,254,696</b>

**18b Consolidated Loan from other than Bank**

Shahjibazar Power Company Limited  
 Petromax Refinery Limited

-	-
12,500,000	67,322,967
<b>12,500,000</b>	<b>67,322,967</b>

**19.00 DEFERRED TAX LIABILITIES:**

Investment in associates carrying value  
 Investment in associates tax base  
**Taxable temporary Difference**  
**Deferred tax liabilities at 20%**

177,731,076	135,034,989
49,000,000	49,000,000
<b>128,731,076</b>	<b>86,034,989</b>
<b>25,746,215</b>	<b>17,206,998</b>

**19a Consolidated Deferred Tax Liabilities**

Shahjibazar Power Company Limited  
 Petromax Refinery Limited

25,746,215	17,206,998
-	-
<b>25,746,215</b>	<b>17,206,998</b>

**20.00 L/C LIABILITIES:**

Liabilities for Letter of Credit

58,040,125	34,430,587
<b>58,040,125</b>	<b>34,430,587</b>

**20a Consolidated LC Liabilities**

Shahjibazar Power Company Limited  
 Petromax Refinery Limited

58,040,125	34,430,587
6,986,396	1,010,175,470
<b>65,026,521</b>	<b>1,044,606,057</b>

**21.00 SHORT TERM LOAN:**

QTDR - Islami Bank Bangladesh Ltd.  
 Bai Murabaha FC Bills-IBBL  
 Bai Murabaha TR-IBBL  
 MPI Loan-IBBL  
 Comfit Composite Knit Ltd.  
 Youth Fashion Ltd.  
 Petromax Refinery Ltd.

59,892,230	59,892,460
-	51,366,818
-	211,217,598
209,320,789	2,946,262
53,649,500	56,225,950
38,261	65,861
233,918,559	190,918,559
<b>556,819,339</b>	<b>572,633,509</b>

Short term loan from Comfit Composite Knit Ltd. and Petromax Refinery Ltd. were taken at zero profit margin basis. This loan was taken due to overcome the short time deficiencies. Repayment will be made on availability of cash.

	June 30, 2017 Taka	June 30, 2016 Taka
<b>21a Consolidated Short Term Loan</b>		
Shahjibazar Power Company Limited	556,819,339	572,633,509
Petromax Refinery Limited	2,807,669,943	2,405,650,815
Less: Intercompany Loan	(233,918,559)	(190,918,559)
	<b>3,130,570,723</b>	<b>2,787,365,765</b>
<b>22.00 IPO APPLICATION AMOUNT:</b>	<b>6,084,318</b>	<b>6,104,318</b>
This amount represents the balance amount of IPO proceeds collected through applications from general public. The company submitted the Return of Allotment to the Registrar of Joint Stock Companies on July 06, 2014 for allotment of 126,80,000 shares of Tk. 10 per share which was approved by RJSC on September 22, 2014. On that day an amount of Tk. 19,02,00,000 was also credited to Share Premium Account. The balance amount are the refund amount of the un-successful applicant of IPO.		
<b>22a Consolidated IPO Application Amount</b>		
Shahjibazar Power Company Limited	6,084,318	6,104,318
Petromax Refinery Limited	-	-
	<b>6,084,318</b>	<b>6,104,318</b>
<b>23.00 LONG TERM LOAN - CURRENT MATURITY:</b>		
Islami Bank Bangladesh Limited	248,305,776	237,600,000
Eastern Bank Limited	164,671,153	164,671,153
	<b>412,976,929</b>	<b>402,271,153</b>
This represents the current portion of Long Term Loan payable with in one year from the Financial Position date.		
<b>23a Consolidated Long Term Loan- Current Maturity</b>		
Shahjibazar Power Company Limited	412,976,929	402,271,153
Petromax Refinery Limited	97,070,442	437,862,216
	<b>510,047,371</b>	<b>840,133,369</b>
<b>24.00 SUNDRY CREDITORS:</b>		
ABB Limited	-	4,375,744
Aamra Networks Ltd	20,000	7,000
Amicus Curiae	15,000	15,000
Arthosuchak	80,000	40,000
Amber IT Ltd.	11,841	-
Clarke Enery Bangladesh Ltd.	92,000	6,000
Square Pharmaceuticals Ltd.	10,200	10,200
Dhaka Stock Exchange	-	40,000
Orient Energy Systems Ltd. Bangladesh	1,319,382	1,319,382
Global Digital mart Ltd.	8,750	-
Provision for WPPF	46,322,638	54,825,819
Payable for Current Tax	32,768,378	17,674,147
	<b>80,648,188</b>	<b>78,313,293</b>
<b>24.01 Payable for Current Tax</b>		
Sales Tax at Source	102,987,976	90,666,973
Previous year Income Tax Payable	17,674,147	16,638,420
Tax on non-operating income	(460,360)	6,966,562
Tax on Dividend	27,000,000	-
Total Payable	<b>147,201,763</b>	<b>114,271,955</b>
Tax paid during this period	(110,675,762)	(96,224,543)
	<b>36,526,001</b>	<b>18,047,412</b>
Adjustment of Non-Opr. Tax with AIT on Share premium	(3,757,623)	373,264
	<b>32,768,378</b>	<b>17,674,147</b>

	June 30, 2017 Taka	June 30, 2016 Taka
<b>24a Consolidated Sundry Creditors</b>		
Shahjibazar Power Company Limited	80,648,188	78,313,293
Petromax Refinery Limited	43,398,733	56,246,514
	<b>124,046,922</b>	<b>134,559,807</b>
<b>25.00 LIABILITIES FOR EXPENSES:</b>		
Salary & Allowance	2,043,363	-
Directors Remuneration	500,000	-
Audit Fees	759,000	660,000
Office Rent	134,375	165,000
	<b>3,436,738</b>	<b>825,000</b>
<b>25a Consolidated Liabilities for Expenses</b>		
Shahjibazar Power Company Limited	3,436,738	825,000
Petromax Refinery Limited	8,058,783	3,890,591
	<b>11,495,521</b>	<b>4,715,591</b>
<b>25b Unclaimed Dividend</b>		
Dividend Payable	10,141,045	20,682,755
	<b>10,141,045</b>	<b>20,682,755</b>
Subsequent to the year end maximum portion of unclaimed dividend has been claimed and disbursed accordingly.		
<b>26.00 TRADE PAYABLE:</b>		
Orient Energy Systems Ltd.	65,200	65,200
MJL Bangladesh Limited	11,627,460	17,297,280
Anwara Trade International	-	3,660
Jalalabad Gas Transmission and Distribution Systems Ltd.	47,906,281	87,887,023
Aqua Care Trading	172,500	75,000
Alpana Tyre Corporation	36,400	-
A to Z Computer	4,600	-
Energy Plus Electric	2,000	-
Metro Police Store	130,000	-
HAMKO Corporation Ltd.	121,824	-
Others	28,322	24,817
	<b>60,094,587</b>	<b>105,352,980</b>
<b>26a Consolidated Trade Payable</b>		
Shahjibazar Power Company Limited	60,094,587	105,352,980
Petromax Refinery Limited	6,627,957	17,072,254
	<b>66,722,544</b>	<b>122,425,235</b>

		2016 - 2017 Taka	2015 - 2016 Taka
<b>27.00 REVENUE</b>			
Sales		1,314,173,261	1,511,116,209
		<b>1,314,173,261</b>	<b>1,511,116,209</b>
<b>27a Consolidated Revenue</b>			
Shahjibazar Power Company Limited		1,314,173,261	1,511,116,209
Petromax Refinery Limited		7,328,382,889	6,483,197,804
		<b>8,642,556,150</b>	<b>7,994,314,013</b>
<b>28.00 COST OF SALES:</b>			
Raw Material Consumed	28.01	359,285,859	538,937,569
Factory Overhead	28.02	359,150,523	343,371,050
		<b>718,436,382</b>	<b>882,308,619</b>
<b>28.01 Raw Material Consumed</b>			
Opening Stock		107,136,484	108,985,944
Purchase During the Year		384,357,530	537,088,109
Closing Stock		(132,208,155)	(107,136,484)
		<b>359,285,859</b>	<b>538,937,569</b>
<b>Consumption of Raw Materials:</b>		<b>2017</b>	<b>2016</b>
Natural Gas Consumption (Cubic Meter)		109,731,541	152,321,464
Lube & Other Oil (Ltrs)		106,545	128,336
<b>28.02 Factory Overhead</b>			
Salary & Allowance		39,255,593	36,501,586
Overtime		888,097	798,186
Festival Bonus		4,084,317	3,011,526
Plant & Machinery maintenance		36,791,987	28,398,604
Fuel & Lubricants for car		1,451,149	1,744,991
Diesel for Generator		175,325	200,669
Depreciation		276,504,056	272,715,487
		<b>359,150,523</b>	<b>343,371,050</b>
<b>28a Consolidated Cost of Sales</b>			
Shahjibazar Power Company Limited		718,436,382	882,308,619
Petromax Refinery Limited		6,170,884,579	5,610,587,023
		<b>6,889,320,961</b>	<b>6,492,895,641</b>
<b>29.00 GENERAL &amp; ADMINISTRATIVE EXPENSES:</b>			
Salary & Allowance		11,581,335	9,878,278
Audit Fee		858,000	760,000
Advertisement & Publicity		1,550,150	1,418,960
Secretarial Expenses		3,014,471	3,660,569
BG Commission		9,167,062	2,940,815
Board Meeting Fees		-	345,000
Credit Rating Expenses		172,500	200,000
Carrying Inwards/C&F Charges		1,758,600	873,000
Gift, Donation & Subscription		1,058,000	5,677,200
Utility Bill		806,936	887,038
Entertainment		3,450,059	3,780,585
Insurance Premium		6,887,965	6,493,960
Legal & Professional Fees		2,000	1,695,271
Directors Remuneration	29.01	4,000,000	3,600,000
Office Maintenance		2,422,827	1,596,103
Printing, Stationary & Supplies		1,139,397	768,430
Registration & Renewals		476,358	909,304
Tool Tax/Land Tax		-	80,040
Traveling & Conveyances		1,392,687	1,640,288
Training & Workshop		279,000	33,450
Civil Works Maintenance		3,104,183	-
Depreciation Expenses		5,616,365	4,577,404
		<b>58,737,895</b>	<b>51,815,695</b>

2016 - 2017 Taka	2015 - 2016 Taka
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#### 29.01 Discloser as per requirement of Schedule XI, Part II, Para 4

Name	Designation	June-2017	June-2016
Feroz Alam	Managing Director	4,000,000	3,600,000
<b>Total</b>		<b>4,000,000</b>	<b>3,600,000</b>

Note: Other directors are not entitled to receive remuneration and other facilities for their directorship.

#### 29a Consolidated General & Administrative Expenses

Shahjibazar Power Company Limited  
 Petromax Refinery Limited

58,737,895	51,815,695
104,922,225	70,765,934
<b>163,660,120</b>	<b>122,581,629</b>

#### 30.00 FINANCIAL EXPENSES, NET

Interest on Loan - Islami Bank Bangladesh Ltd.  
 Interest on Mudaraba Term Deposit  
 Interest on Loan - Eastern Bank Ltd.  
 Bank Charges & Commission  
 Charge for Delay Payment

51,373,445	137,657,553
(2,235,273)	(7,679,244)
44,579,659	5,073,310
586,092	959,036
1,352,831	-
<b>95,656,754</b>	<b>136,010,655</b>

#### 30a Consolidated Financial Expenses

Shahjibazar Power Company Limited  
 Petromax Refinery Limited

95,656,754	136,010,655
276,512,248	400,609,947
<b>372,169,002</b>	<b>536,620,602</b>

#### 31.00 NON-OPERATING INCOME:

Income from Bank Interest  
 Wastage Sale  
 Foreign Exchange Gain  
 Foreign Exchange Loss  
 Gain on sale of vehicle  
 Income from Dividend- Subsidiaries

569,572	760,012
1,542,700	3,258,209
58,809	6,109
(4,237,522)	(1,868,082)
225,000	1,700,000
135,000,000	-
<b>133,158,559</b>	<b>3,856,248</b>

Non-Operating income increased due to receiving of Dividend from Subsidiary Company.

#### 31a Consolidated Non-operating Income

Shahjibazar Power Company Limited  
 Petromax Refinery Limited  
 Less: Inter-company Dividend

133,158,559	3,856,248
4,206,889	1,945,279
(135,000,000)	-
<b>2,365,447</b>	<b>5,801,527</b>

#### 32.00 SHARE OF PROFIT FROM ASSOCIATE:

Net Profit of Associate company  
 Percentage of share holding  
**Share of profit from Associate**

87,134,871	141,141,808
49%	49%
<b>42,696,087</b>	<b>69,159,486</b>

#### 32a Consolidated Share of Profit from Associate:

Shahjibazar Power Company Limited  
 Petromax Refinery Limited

42,696,087	69,159,486
-	-
<b>42,696,087</b>	<b>69,159,486</b>

#### 33.00 WPPF IS BASED ON NET PROFIT BEFORE TAX @ 5%

29,390,327	24,476,046
<b>29,390,327</b>	<b>24,476,046</b>

#### 33a Consolidated Workers' Profit Participant Fund:

Shahjibazar Power Company Limited  
 Petromax Refinery Limited

29,390,327	24,476,046
37,155,749	19,199,056.12
<b>66,546,076</b>	<b>43,675,102</b>

2016 - 2017 Taka	2015 - 2016 Taka
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In accordance with Bangladesh Labor Act 2006 as amended in 2013, the company has made a provision for Workers Profit Participation Fund @ 5% of Profit Before Tax.

#### 34.00 INCOME TAX EXPENSES:

##### Current Tax

Tax on Operating Income	102,987,976	90,666,973
Tax on Non-Operating Income @ 25%	(460,360)	964,062
Tax on Dividend Received @ 20%	27,000,000	6,002,500
Tax on Capital Gain @ 15%	-	-
	<b>129,527,615</b>	<b>97,633,535</b>

In accordance with the provision of Income Tax Ordinance 1984 under section 52N, Bangladesh Power Development Board is deducting tax at source @ 6% on invoice value.

##### Deferred Tax

Deferred Tax on the Profit from Associate accounted for using Equity Method	8,539,217	7,829,397
	<b>8,539,217</b>	<b>7,829,397</b>

Deferred tax has been recognized on Share of Profit of Associate accounted for using Equity Method for the earlier period for better presentation.

#### 34a Consolidated Income Tax Expense

Shahjibazar Power Company Limited	129,527,615	97,633,535
Petromax Refinery Limited	107,959,911	26,930,717
	<b>237,487,526</b>	<b>124,564,252</b>

#### 35.00 EARNING PER SHARE (EPS)

Net Profit After Tax	449,739,716	384,057,994
Number of share	141,245,998	137,132,037
Earnings Per Share	<b>3.18</b>	<b>2.80</b>

#### 35a Consolidated Basic Earning Per Share (EPS)

Profit/(Loss) attributable to equity holder of the parent	886,379,275	705,403,359
Number of share	141,245,998	137,132,037
Earnings Per Share	<b>6.28</b>	<b>5.14</b>

#### 36.00 CAPACITY AND UTILIZATION:

License Capacity (Unit - Kw)	753,360,000	753,360,000
Actual Utilized (Unit - Kw)	402,946,125	553,765,512
Capacity Utilize (Unit - Kw)	<b>53%</b>	<b>74%</b>

During the period license capacity and Actual capacity considered for 12 (Twelve) months.

#### 37.00 CONTINGENT LIABILITIES:

The Company has also Contingent Liabilities of an amount Tk. 32,63,67,025/- which was issued by Shahjibazar Power Company Limited infavour of BPDB, Commissioner of Customs, Chittagong and Jalalabad Gas Transmission & Distribution Systems Ltd, The Chief Controller of Import and Export, The Commissioner of Customs, Benapole. These contingent liabilities created due to released of capital goods from customs authority, guarantee of power sell and gas bill List of contingent liabilities are as follows:

B. G Issued	Beneficiary Name	B.G No	Guarantee Value
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/51	1,897,479
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/57	839,273
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/60	127,431
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/58	648,848
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/61	509,724
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/71	4,247,697
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/75	118,935
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/80	1,136,259
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/81	4,247,696
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/82	4,183,981

2016 - 2017 Taka			2015 - 2016 Taka
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/85	95,572
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/86	1,018,152
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/87	4,183,981
Islami Bank Bangladesh Ltd.	Jalalabad Gas Transm. & Dist. Co. Ltd.	BG/08/91	139,816,591
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/94	4,041,046
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/97	4,041,046
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/98	826,644
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/100	8,082,049
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/101	9,135,058
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/105	8,750,934
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/107	45,875
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/109	8,664,228
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/08/110	420,564
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/09/02	35,043
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/09/03	8,407,253
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/09/10	10,619
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/09/13	467,247
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Ctg.	BG/09/16	20,389
Islami Bank Bangladesh Ltd.	Bangladesh Power Development Board	BG/09/25	91,500,000
Islami Bank Bangladesh Ltd.	Jalalabad Gas Transm. & Dist. Co. Ltd.	Gas Purchase	11,249,611
Islami Bank Bangladesh Ltd.	The Chief Controller of Import & Export	Export-Import Permit	1,263,600
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Benapole	Export-Import Permit	1,263,600
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Benapole	Export-Import Permit	1,263,600
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Benapole	Custom Guarantee	1,263,600
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Benapole	Export-Import Permit	1,263,600
Islami Bank Bangladesh Ltd.	Commissioner of Customs, Benapole	Export-Import Permit	1,279,800
<b>Grand Total</b>			<b>326,367,025</b>

#### 38.00 CAPITAL EXPENDITURE COMMITMENT:

- No capital expenditure contracted or incurred provided for as at 30th June, 2017.
- There was no material capital expenditure authorized by the Board or contracted for as at 30th June, 2017.

#### 39.00 CLAIM ACKNOWLEDGEMENT:

There was no claim against the Company not acknowledged as debt as on June 30, 2017.

#### 40.00 EVENTS AFTER THE REPORTING PERIOD:

The Board of Directors at the Board Meeting held on 28 October 2017, has recommended to the shareholders a cash dividend @ 16% Cash i.e. Tk. 1.6 per share (amounting to Tk. 225,993,597) and stock dividend @14%. This will be considered for approval by the shareholders at the 10th Annual General Meeting (AGM) to be held on 31 January 2018.

#### 41.00 NUMBER OF EMPLOYEES:

Total number of employees is 127 in comparison to 128 in previous year. There is no employees in the company who is entitled to get annual salary below TK. 36,000.

# SHAHJIBAZAR POWER COMPANY LIMITED SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED JUNE 30, 2017

## Annexure - A

SL No.	Particulars	Cost			Depreciation				Written Down Value as on 30.06.2017
		Balance as on 01.07.2016	Addition during this year	Disposal/ Impairment during the year	Balance as on 30.06.17	Rate %	Balance as on 01.07.16	Charged During the year	Balance as on 30.06.2017
01	Land & Land Development	149,587,065	-	-	149,587,065	0.0%	-	-	-
02	Building & Construction	374,855,803	-	-	374,855,803	7.0%	184,861,879	26,239,906	211,101,786
03	Plant & Machineries	4,126,007,503	55,319,025	-	4,181,326,528	6.0%	1,552,805,893	249,488,390	1,802,294,283
04	Mechanical & Electrical Goods	1,072,263	744,000	-	1,816,263	10.0%	587,082	150,259	737,342
05	Office Equipment	3,389,125	1,750	-	3,390,875	15.0%	2,298,785	508,500	2,807,285
06	Computer & Computer Equipment	2,311,970	-	-	2,311,970	20.0%	2,311,970	-	2,311,970
07	Water Treatment Plant	4,170,000	-	-	4,170,000	15.0%	1,477,750	625,500	2,103,250
08	Furniture & Fixture	4,126,755	1,015	-	4,127,770	10.0%	2,779,378	412,716	3,192,094
09	Vehicles	23,562,250	2,375,000	1,274,000	24,663,250	20.0%	11,024,375	4,695,150	14,445,525
	<b>June-2017</b>	<b>4,689,082,734</b>	<b>58,440,790</b>	<b>1,274,000</b>	<b>4,746,249,524</b>		<b>1,758,147,113</b>	<b>282,120,421</b>	<b>2,038,993,534</b>
	<b>June-2016</b>	<b>4,542,602,865</b>	<b>150,216,789</b>	<b>3,736,920</b>	<b>4,689,082,734</b>		<b>1,484,591,141</b>	<b>277,292,892</b>	<b>1,758,147,113</b>

## Allocation Current Year Depreciation:

### Cost of Goods Sold Portion:

Building & Construction	Taka
Plant & Machineries	26,239,906
Mechanical & Electrical Goods	249,488,390
Water Treatment Plant	150,259
<b>Total</b>	<b>625,500</b>
	<b>276,504,056</b>

### General & Amin. Portion:

Office Equipment	508,500
Computer & Computer Equipment	-
Furniture & Fixture	412,716
Vehicles	4,695,150
<b>Total</b>	<b>5,616,365</b>
<b>Grand Total :</b>	<b>282,120,421</b>

**SHAHJIBAZAR POWER COMPANY LIMITED**  
**CONSOLIDATED SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

SL	Particulars	Cost		Balance as on 30.06.17	Rate %	Depreciation			Balance as on 30.06.2017	Written Down Value as on 30.06.2017
		Balance as on 01.07.2016	Addition during the year			Disposal during the year	Adjustment during the year	Charged During the year		
1	Land & Land Development	209,385,174	973,111	210,358,285	0.0%	-	-	-	-	210,358,285
2	Building & Construction	888,641,135	10,232,345	898,873,480	7.0%	-	-	56,782,432	309,688,269	589,185,211
3	Plant & Machineries	6,962,667,922	55,319,025	7,017,986,947	6.0%	-	-	392,924,550	2,337,322,230	4,680,664,717
4	Mechanical & Electrical Goods	1,072,263	744,000	1,816,263	10.0%	-	-	150,259	737,341	1,078,922
5	Office/factory Equipment	10,599,275	639,035	11,238,310	15.0%	-	-	1,303,546	5,527,928	5,710,382
6	Computer & Computer Equipments	3,625,383	295,400	3,920,783	20.0%	-	-	161,883	2,816,999	1,103,784
7	Water Treatment Plant	8,552,645	-	8,552,645	15.0%	-	-	1,071,942	3,783,319	4,769,326
8	Furniture & Fixture	11,031,235	61,133	11,092,368	10.0%	-	-	1,139,568	5,707,345	5,385,023
9	Vehicles	56,573,547	2,375,000	57,674,547	20.0%	-	-	9,697,481	25,491,501	32,183,046
10	Electric Installation	35,456,026	-	35,456,026	15.0%	-	-	3,519,047	14,153,096	21,302,930
11	Fire Extinguisher/Equipments	606,910	37,900	644,810	15.0%	-	-	65,397	239,982	404,827
12	Lab Equipments	2,780,321	10,858	2,791,179	15.0%	-	-	304,640	944,448	1,846,730
13	Refrigerator	28,300	-	28,299	15.0%	-	-	2,734	11,752	16,548
14	Air Conditioner	5,642,540	-	5,642,540	15.0%	-	-	621,003	1,883,235	3,759,306
15	Fork LIFT	1,750,000	-	1,750,000	15.0%	-	-	169,034	726,734	1,023,266
16	Jetty	9,047,777	-	9,047,777	15.0%	-	-	919,083	3,484,007	5,563,770
17	Cylindrical Vertical Steel Tank	105,669,606	5,924,432	111,594,038	15.0%	-	-	10,452,404	43,961,944	67,632,094
18	Generator	20,300,278	-	20,300,278	15.0%	-	-	1,969,624	8,376,955	11,923,324
19	Ship	187,265,927	97,661,780	284,927,707	20.0%	-	-	29,102,925	84,238,754	200,688,953
20	Helicopter	-	90,285,623	90,285,623	10.0%	-	-	4,455,082	4,455,082	85,830,541
21	Solar Power System	560,000	-	560,000	15.0%	-	-	54,092	232,556	327,444
22	Telephone Installation	1,702,088	-	1,702,088	15.0%	-	-	189,791	553,162	1,148,926
23	Water Line Installation	326,395	-	326,395	15.0%	-	-	31,526	135,544	190,851
	<b>June 30, 2017</b>	<b>8,523,284,747</b>	<b>264,559,642</b>	<b>8,786,570,388</b>		<b>1,274,000</b>	<b>1,274,000</b>	<b>515,088,046</b>	<b>2,854,472,183</b>	<b>5,932,098,205</b>
	<b>June 30, 2016</b>	<b>8,231,827,518</b>	<b>295,194,149</b>	<b>8,523,284,747</b>		<b>3,736,920</b>	<b>3,736,920</b>	<b>513,249,140</b>	<b>2,340,658,138</b>	<b>6,182,626,609</b>

## Annexure- B

During the year under review, the Company carried out a number of transactions with related parties in the normal course of business. The name of related parties, nature of these transactions and their value have been set out below in accordance with the provision of BAS 24 "Related Party Disclosure".

Name of the Related Party	Nature of Relationship	Nature of Transaction	Balance as at July 01, 2016	Addition during the period	Adjustment during the period	Balance as at June 30, 2017
Comfit Composite Knit Ltd.	Common Directorship	Short Term Loan	56,225,950	431,110	3,007,560	53,649,500
Petromax Refinery Limited	Parent - Subsidiary	Short Term Loan	190,918,559	43,000,000	-	233,918,559
Youth Fashion Limited	Common Directorship	Short Term Loan	65,861	251,995	279,595	38,261
Youth Garments Limited	Common Directorship	Short Term Loan	-	792,348	823,348	(31,000)
Midland Power Co. Ltd.	Associate Company	Advance	490,000,000	-	58,800,000	431,200,000
Islamic Finance & Inv. Ltd.	Common Directorship	MTDR	7,255,938	40,916,688	41,514,752	6,657,874
Feroz Alam	Managing Director	Remuneration	-	4,000,000	3,500,000	500,000
		Office Rent	82,500	1,301,250	1,249,375	134,375
Yeasin Ahmed	Company Secretary	Salaries and other short term benefit	-	600,000	550,000	50,000
Saiful Islam	Head of Internal Audit	Salaries and other short term benefit	-	282,288	258,764	23,524

## Annexure- C

### Financial risk management

The management has overall responsibility for the establishment and oversight of the company's risk management framework. The company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

#### Credit risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It mainly comprises of accounts/trade receivables, advances to suppliers and trade deposits. The Company's maximum exposure to credit risk at the reporting date is accounts receivables which is also secured by agreement with Bangladesh Power Development Board (BPDB) and Bangladesh Petroleum Corporation (BPC).

#### a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2017	2016
	Taka	Taka
Accounts receivable	908,417,838	1,083,691,281
Advance, Deposit & Prepayments	331,559,958	919,488,307
Other Receivable	1,485,765	2,212,221
	<b>1,241,463,560</b>	<b>2,005,391,809</b>

#### b) Ageing of receivables

Accounts receivable were aged as below:

	2017	2016
	Taka	Taka
Less than six months	817,576,054	837,691,637
More than six months	90,841,784	245,999,644
	<b>908,417,838</b>	<b>1,083,691,281</b>

#### c) Impairment losses

The accounts receivables are secured by agreement with Bangladesh Power Development Board (BPDB) and Bangladesh Petroleum Corporation (BPC). According to the company, recognition of any impairment losses were not necessary as they were fully collectible. Subsequent to year end the collectibles were realised duly.

#### Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) 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.

The contractual maturities of financial liabilities of the Group are as follows:

Particulars	Carrying amount	Cash flows	Up to 1 year	Above 1 Year
As at 30 June 2017	Taka	Taka	Taka	Taka
Short Term interest bearing loans	3,076,882,962	3,076,882,962	3,076,882,962	-
Short Term non-interest bearing loans	53,687,761	53,687,761	53,687,761	-
Long Term interest bearing loans	860,473,871	860,473,871	510,047,371	350,426,500
Long Term non-interest bearing loans	12,500,000	12,500,000	-	12,500,000
Trade creditors/Payable	66,722,544	66,722,544	66,722,544	-
Sundry creditors	123,995,358	123,995,358	123,995,358	-
L/C Liabilities	65,026,521	65,026,521	65,026,521	-
Other liabilities	27,720,883	27,720,883	27,720,883	-
	<b>4,287,009,900</b>	<b>4,287,009,900</b>	<b>3,924,083,401</b>	<b>362,926,500</b>
As at 30 June 2016				
Short Term interest bearing loans	2,731,073,954	2,731,073,954	2,731,073,954	-
Short -Term non interest bearing loans	56,291,811	56,291,811	56,291,811	-
Long Term interest bearing loans	1,499,388,065	1,499,388,065	840,133,369	659,254,696
Long Term non-interest bearing loans	67,322,967	67,322,967	-	67,322,967
Trade creditors/Payable	122,425,235	122,425,235	122,425,235	-
Sundry creditors	131,266,497	131,266,497	131,266,497	-
L/C Liabilities	1,044,606,057	1,044,606,057	1,010,175,470	34,430,587
Other liabilities	31,502,664	31,502,664	31,502,664	-
	<b>5,683,877,250</b>	<b>5,683,877,250</b>	<b>4,922,868,999</b>	<b>761,008,250</b>

### Market risk

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### a) Currency risk/foreign exchange rate risk

The Company's exposure to foreign currency risk at June 30, 2016 are as follows:

	2017	2016
Deferred L/C for Import of Spare Parts (USD)	\$ 35,000.00	\$ -
Deferred L/C for Import of Spare Parts (EURO)	€ 348,208.50	€ 131,059.36
Bank Balance/IPO Fund (USD)	\$ 1,228.97	\$ 1,228.97
Bank Balance/IPO Fund (EURO)	€ 9.00	€ 9.00
Bank Balance/IPO Fund (GBP)	£ 312.90	£ 312.90

#### b) Interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments were as follows:

		2017	2016
		Taka	Taka
<b>Fixed rate instruments</b>	<b>Rate of Interest</b>		
Financial assets	5%-9.50%	103,007,834	101,404,065
Financial liabilities	9.00%-11.50%	4,286,753,830	4,266,328,147
<b>Variable rate instruments</b>			
Financial assets		-	-
Financial liabilities		-	-

## Annexure D

**Reporting under Company Act 1994, section 186(6)**

Investment in Subsidiary		Amount in BDT						
Share of net assets	Current Assets	Non - current Assets	Total Assets	Current Liabilities	Non - current Liabilities	Total Liabilities	Net Assets	
30 June 2017								
Pet romax Refinery Limited	2,579,024,487	3,225,588,001	5,804,612,488	2,969,812,254	78,656,487	3,048,468,741	2,756,143,747	
30 June 2016								
Petromax Refinery Limited	3,080,246,913	3,258,222,039	6,338,468,952	3,930,897,862	136,582,413	4,067,480,273	2,270,988,679	
Share of Net Profit & Loss	Reporting Date	Nature of Investment Controlling Power	Income	Expenses	Tax Expenses	Profit After tax	Share of Profit	
30 June 2017								
Petromax Refinery Limited	17 - Oct - 2017	Subsidiary	7,332,589,777	6,589,474,801	107,959,911	635,155,066	571,639,559	
30 June 2016								
Petromax Refinery Limited	20 - Oct - 16	Subsidiary	6,485,143,083	6,101,161,961	26,930,717	357,050,405	321,345,365	

CORPORATE OBJECTIVES, VISION  
THE MANAGEMENT & REPORTING  
COMPLIANCE AND DISCLOSURES  
FINANCIAL STATEMENTS  
DIRECTORS' REPORTS AND FINANCIAL STATEMENTS OF SUBSIDIARY

DIRECTORS  
REPORTS  
AND  
FINANCIAL  
STATEMENTS  
OF  
SUBSIDIARY

## PETROMAX REFINERY LTD FY 2016-17

### Company Introduction

Petromax Refinery Ltd (PRL) erstwhile Mongla Oil Mills registered under Company Act 1994 Registration No- C – 58744 is a fractionation facility of Hydrocarbon to refine and produce different grades of gasoline. The Plant is situated at the embankment of Poshur River Mongla Industrial Area, Khulna. The facility consists of Condensate Fractionation Unit (CFU), Naphtha Hydro Treating Unit (NHTU) and a Catalytic Reforming Unit (CRU). The only customer of the company is Bangladesh Petroleum Corporation (BPC).

Partnering with some world class energy companies, Petromax has sourced and installed state of the art refining equipment and equipped the project as one of the first of its kind in the Country. In the Petrochemical Industry of Bangladesh PRL is the first company to achieve the quality credentials from Bangladesh Accreditation Board (BAB).

Experiencing several hurdles at the commissioning phase, the Company has been in successful operations since October, 2013.

### Directors Report to Shareholders

Respected Shareholders,

On behalf of the Board of Directors of Petromax Refinery Ltd (PRL) I would like to extend my warm greetings and welcome you all to 12th Annual General Meeting of the Company. Being authorized by the Board of Directors, I am hereby submitting the Audited Financial Statements for the year then ended June 30, 2017.

This Directors' Report is prepared in compliance with Section 184 of the Companies Act 1994.

### Economy at a Glance

Over the last almost one decade the Economy of Bangladesh has been showing a consistent growth of over six percent in terms of GDP. According to several sources, the Economy is going to register a GDP of whopping 7.15% for the period of 2016-17 which is an all-time record.

Foreign Exchange Reserve has reached a record USD 32.91 Billion and GDP Per capita has reached at USD 1029.60 showcasing unprecedented growth.

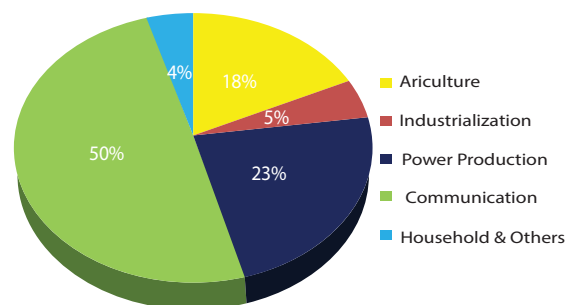
### Petrochemical Sector Scenario of Bangladesh

Business of Petrochemical sector has been lone prerogative of Government of Bangladesh since the inception of the Country. Bangladesh Petroleum Corporation (BPC) a statutory corporation under an ordinance effective from the year 1977 has been given with the only right of Petroleum Import, Collection, Production and Distribution. Government is realizing the matter that, sustainable development can only be possible by ensuring participation of both private and public sector.

Energy is the driving force of economic development. Each dollar investment in energy will return in manifolds to all branches of economy which includes Agriculture, Industrialization,

Power Production, Communication, Households and so forth. For the period of 2015-16 total consumption of petroleum product was 52.56 Lac MT out of which more than 72% was consumed by communication and power production sector.

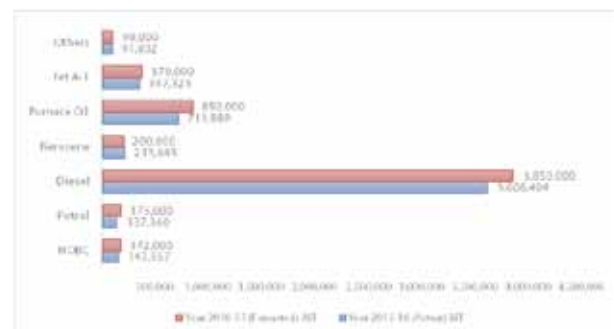
### Sector wise use of Fuel Oil 2015-16



Around 47.66 Lac MT refined oil are imported from abroad and the rest 11.29 Lac MT are being refined within the country by BPC's subsidiary company Eastern Refinery Ltd (ERL) and other Private Fractionation Plants operating within the framework of BERC and MPEMR. The distribution channel is maintained by three state run oil companies PADMA, MEGHNA and JAMUNA through 23 Countrywide Depots. Around 90% of the total petroleum product are distributed through riverine channels using 220 Tanker vessels, rest 10% are being distributed through Railway and Road.



According to the estimates of Bangladesh Petroleum Corporation (BPC), till the year 2020-21 the total size of the market will be around 70.50 Lac MT.



Current oil consumption portfolio shows the dominant use of Diesel. Almost 68% of total oil consumption is covered by Diesel use most of which are imported from overseas market. Existing storage capacity for Petroleum product is somewhere between 11-12 Lac MT in aggregate of both floating and fixed storage capacity.

The sector enjoys subsidies from the Government for a long time. Recent fall of price in petroleum products throughout the world market, has reveal the opportunity for the state owned oil companies to recover huge accumulated loss by making some profit.

Major challenge of the industry remains with pilferages in different stages of refining, collection and distributing throughout the country. The limited storage capacity is also an issue for optimum use of distribution channels and more extension of Refining Capacity.

#### Business Activities Including Its Operating Performance

During the year under report, your company has managed to generate a revenue of Tk. 7328.38 Million as compared to Tk. 6483.19 Million in FY 2015-16 which is 13.04% Higher. The only reason for such increase in revenue is the no price adjustment by the government during the period under report.

Particulars	FY 2016-17	FY 2015-16
Capacity (In liter Per day)	3,97,500	3,97,500
Capacity Utilization (%)	90.52	81.90
Revenue (In Million Taka)	7328.38	6483.19
Gross Profit (In Million Taka)	1157.49	872.61
Profit from Operation (In Million Taka)	1052.57	801.84
Profit Before Tax (In Million Taka)	743.11	383.98
Profit After Tax (In Million Taka)	635.15	357.05
Gross Profit Margin (%)	15.79	13.45
Operating Profit Margin (%)	14.36	12.36
Net Profit Margin (%)	8.67	5.50

To ensure the availability of NGC (Natural Gas Condensate) which is the only feedstock of the plant; there is an agreement between Rupantarita Prakritik Gas Company Ltd (RPGCL) and Your Company for the allocation of 60,000 MT NGC signed and executed on June 24, 2017 for next six months which will expire on December 31, 2017.

For delivery of Finished Oil in different Depots throughout the country operated by PADMA, MEGHNA and JAMUNA Oil Company Ltd, your company is maintaining a fleet of tanker vessel consists of 3 number of Vessels (1000 MT x 3). Apart from that your company is also maintaining a fixed storage capacity of approximately 2300 MT in 12 Tanks installed within the premises of the plant area.

#### Segment Wise Performance

Your company retains the higher ratio of production and sale of HOBC being the higher margin product as per the latest price gazette of the government. By the same token, ratio of diesel production was decreased by 5% by increasing the Petrol production by 7%.

Taka in Million				
Product	Year 2015-16	%	Year 2016-17	%
HOBC	4,400.53	68%	4,947.90	68%
Petrol	512.91	8%	1,068.78	15%
Diesel	1,251.32	19%	1,027.38	14%
Kerosene	318.32	5%	283.75	4%
Others			0.5625	0%
Total	6,483.08	100%	7,328.37	100%

#### Contribution to the National Exchequer

Seamless supply of energy is a prerequisite for the development of economy. Your company is contributing to the economic growth by supplying energy products in the market. Currently your company is enjoying Tax Holiday but still for FY2015-16 your company has added a total of Tk. 90.25 Million as Advance Income Tax and Tk. 1098.75 Million in the form of VAT.

#### Extra-Ordinary Gain or Loss

Bank interest and wastage sale can be termed as Extra-Ordinary Gain which may fluctuate time to time.

#### Related Party Transaction

The related party transactions have been taken place on arm's length basis during the year have been disclosed in the financial statements.

#### Utilization of Proceeds from Public Issues, Rights Issues and/or Through Any Other Instrument

There was no such issues.

#### Remuneration of Directors

Remuneration, performance and other related perquisites/benefits of managing director is disclosed other directors are not entitled to remuneration and other facilities for their directorship except the Board Meeting Fee.

#### Corporate and Financial Reporting Framework

As per law the financial statements of your Company has followed International Financial Reporting Standards (IFRS) as adopted by ICAB as Bangladesh Financial Reporting Standards (BFRS). This has been completely followed to fairly present the financial position and performance of the Company. While preparing the financial statements, the following points were considered –

- Selection of suitable accounting policies and then applying them consistently,
- Making judgments and estimates that are reasonable and prudent,
- Ensuring that the financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS),
- Preparing the financial statements in an ongoing concern basis unless it is appropriate to presume that the Company will not continue in business. Proper accounting records have been kept so that at any given point the financial position of the Company is reflected with reasonable accuracy, which will enable them to ensure that its financial statements comply with Companies Act 1994 and other required regulatory authorities.

## Financial Results and Performance of the Company

Particulars	2016		2017		% Change
	(in Million Taka)	% on Sales	(in Million Taka)	% on Sales	
Revenue	6,483.19		7,328.38		13.04%
Cost of Sales	5,610.58	87%	6,170.88	84%	9.99%
Gross Profit	872.61	13%	1,157.50	16%	32.65%
Other Income Net	1.95	0%	4.21	0%	115.90%
General and Administrative Expenses	70.76	1%	104.92	1%	48.28%
Operating Profit	801.85	12%	1,052.58	14%	31.27%
Finance Costs Net	400.60	6%	276.51	4%	30.98%
WPPF	19.19	0%	37.16	1%	93.64%
Net Profit Before Income Tax	382.06	6%	738.91	10%	93.40%
Income Tax	26.93	0%	107.96	1%	300.89%
Net Profit After Income Tax	357.08	6%	635.16	9%	77.88%

### Significant Variance of Financial Statements & Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin

Gross revenue has increased by around 13.04% due to the steady petroleum price and Cost of Sales was also increased in the same ratio and the company gains 32.65% on Gross Margin. General and Administrative expenses has a significant rise of over 48.28%, due to increase in sales and distribution expenses.

30.98% fall in Net Finance Cost can be attributed to principal repayment of term loans which eventually decreases the interest expenses.

As you know, your company is enjoying Tax Holiday from the date of commercial operation. Therefore, in the earlier years there is lesser provision of Income Tax. During the year under report, 14.61% on Net Profit before Tax (NPBT) was accrued and charged, accordingly 300.89% rise in Income Tax expense was recorded.

### Profit Appropriation

During the year under report the net profit of your company stands at Tk. 635.16 Million as compared to Tk. 357.08 Million in the last year. However, the Company needs availability of funds for continuous progress and investments in new projects. Keeping these in view, the Directors would like to report the Company's financial results for the year that ended on June 30, 2017 with the recommendations for appropriation as follows:

Particulars	Amount in Million Taka
Net Profit for the year 2017	635.16
Profit brought Forward	604.22
Less: Tax Holiday Reserve	(254.06)
Profit available for appropriation	985.32
<b>Appropriations:</b>	
Proposed Stock and Cash Dividend	200.00
Transferred to Retained Earning	785.32
Profit available for appropriation	985.32

### Dividend

Your company has just started commercial operation from October 2013. Generally to attain the operational stability a new company requires some incubation time to attain certain level of resilience to battle unwanted risks. Keeping this in mind your board recommends 20% cash dividend for the year under report.

Dividend Type	30-Jun-17	30-Jun-16	30-Jun-15
Cash Dividend (%)	20%	15%	0%
Stock Dividend (%)	0%	0%	0%
Total	20%	15%	0%

### Directors' Meeting & Attendance

During the year ended June 30, 2017 The Board of Directors held 5 meetings. Directors who attended the board meetings are shown below

Name of Directors	Attended
Mr. Rezaul Haider	5
Mr. Feroz Alam	5
Mr. Anis Salahuddin Ahmad	5
Mr. A.K.M Badiul Alam	4
Mr. Shamsuzzaman	4
Mr. Faridul Alam	4
Mr. Golam Nabi FCA	4

The directors who could not attend the meetings were granted leave of absence.

### The Pattern of Shareholding

Name of Shareholders	Status	Relation	Share Held	Percentage (%)
i) Parent/Subsidiary/Associated Companies and other related parties			-	-
Shahjibazar Power Co. Ltd.	Public Listed Company	Parent	90,000,000	90%
ii) Directors				
A. Mr. Rezaul Haider	Chairman		1,700,000	1.70%
B. Mr. Feroz Alam	Managing Director		1,800,000	1.80%
C. Mr. Anis Salahuddin Ahmad	Director		1,000,000	1.00%
D. Mr. A.K.M Badiul Alam	Director		1,000,000	1.00%
E. Mr. Md. Shamsuzzaman	Director		1,500,000	1.50%
F. Ms. Shahida Alam	Sponsor	Spouse of Mr. A. K. M Badiul Alam	500,000	0.50%
G. Mr. Akbor Haider	Sponsor	Son of Mr. Rezaul Haider	500,000	0.50%
H. Mr. Faridul Alam	Director	Son of Mr. Feroz Alam	500,000	0.50%
I. Mr. Faisal Alam	Sponsor	Son of Mr. Feroz Alam	500,000	0.50%
J. Mr. Asgar Haider	Sponsor	Son of Mr. Rezaul Haider	500,000	0.50%
K. Ms. Israt Azim Ahmad	Sponsor	Spouse of Mr. Anis Salahuddin Ahmad	500,000	0.50%
M. Mr. Golam Nabi FCA	Nominee Director		Nil	Nil
v. Shareholders Holding 10% or more voting interest in the company:				
Shahjibazar Power Co. Ltd.	Public Listed Company	Parent	90,000,000	90%

### Directors' election & re-appointment

As per Articles of Association Mr. Rezaul Haider and Mr. Feroz Alam shall retire in 12th Annual General Meeting by rotation and being eligible to offer themselves for re-election.

### Holding Of Directorship and Membership of the Committees of the Board Other Than This Company

Companies >>	Petromax Refinery Ltd.	Midland Power Company Ltd.	Comit Composite Knit Ltd.	Youth Fashion Ltd.	Youth Garments Ltd.	Chowdhury Apparel (Pvt) Ltd.	Islamic Finance & Investment Ltd.	Garments Export Village Ltd.	Grey Stone Sweater Ltd.	Power Vantage Wear Ltd.	Shirts Mine Ltd.	Apparel Marketing & Trading Network Ltd.	Orbital Accessories Ltd.	Eden Multi Care Hospital (Pvt) Ltd.	Orient Chem-Tex Ltd.	Micro Fiber Ltd.	Liberty Knitwear Ltd.	Midland Knitwear Ltd.	A-One Polar Ltd.	Midland Bank Limited
Name of Directors																				
Mr. Rezaul Haider	√	√	√	√	√	√														
Mr. Feroz Alam	√	√	√	√	√	√														
Mr. Anis Salahuddin Ahmad	√		√																	
Mr. A.K.M Badiul Alam	√							√	√	√	√	√	√							√
Mr. Shamsuzzaman	√														√	√	√	√	√	√
Mr. Faridul Alam	√		√	√																

### Auditors

Being eligible as per section 212 of Company Act 1994, the re-appointment of Aziz Halim Khair Chowdhury Chartered Accountants shall be presented at the 12th AGM for member's approval.

### Business Risk & Uncertainties

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the group. The Board is assisted in its oversight role by Audit Committee. Internal Audit, under the purview of Audit Committee, undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Your company operates in a field of involving some internal/external risk factors and some of those are avertible; others are beyond control, which may be causes of loss. The management of Petromax Refinery Limited perceives the risk factors which are as follows simultaneously:

Private sector oil refinery businesses are very highly exposed to the risk of government policy change. As we all know, like other countries, energy security of the country is the sole jurisdiction of Ministry of Power, Energy and Mineral Resources (MPEMR). During the year under report your company has to struggle for adjustment of price administered by regulatory authority.

Interest/financial charges are paid against any kind of borrowed fund. Volatility in money market and increased demand for loan process interest rate structure to be fixed at high. Raising of interest rate increases the cost of fund for a company, which has borrowed fund, consequently profit is squeezed.

The management of the company is always aware of interest rate, which is connected to the cost of fund of the Company the Management prefers procuring the long-term fund with minimum fixed interest rate and the short term fund with reasonable competitive rate. On the other hand management of the company is emphasizing equity based financing.

Technology always plays a vital role for existence of any industrial concern. Innovation of new and cost effective technology may obsolescence existent technology, which may cause negative impact. The project is equipped with world's modern and latest machineries and technology and to cope with the pace in harmony with modern power sector, the company is continuing modernization program of its machinery.

Apart from the above your company operates under companies act, taxation policy adopted by NBR, Security and Exchange Commission's rule and rules adopted by other regulatory organizations. Any abrupt changes of the policies

formed by those bodies will impact the business of the Company adversely. Unless adverse policies are taken, which may materially affect the industry as a whole; the business of the company will not be effected.

Government emphasizes participation of private sector in energy business. A large amount of foreign currency reserve are spent for importing raw as well as refined oil. A well-organized policy of international standard is still lacking this sector. Sponsors are in process of convincing the authority to formulate a standard policy by infusing favorable terms for private sector investors.

The performance of the Company may be affected by the political and economic instability both in Bangladesh and Global Market. Any instance of political turmoil and disturbance in the country may adversely affect the power production of the company and can adversely impact the profitability of the company.

### Going Concern

While approving the financial statements, the Directors have made appropriate enquires and analyzed significant operating and indicative financials which enabled them to understand the ability of the Company to continue its operations for a foreseeable future. The Directors are convinced and have a reasonable expectation that the company has adequate resources and legal instruments to continue its operations without interruptions. Therefore the Company adopted the going concern basis in preparing these financial statements.

### Corporate Governance

Corporate Governance is the system through which companies are directed, guided and controlled by the Board while keeping in view its accountability to the shareholders. Your Company strives to maintain full compliance with the laws, rules and regulations that govern our business and to uphold the highest standards. Since corporate governance is not a static process, we will always continue to improve our practices.

### Human Resource Management

Your company recognizes that people are the most important resource and key to success of any organization. To develop and equip the employees with key skills, the company places great emphasis on the development of its people and hence regular courses and workshops are arranged at regular interval for their training and updating knowledge on the respective functional areas.

### Acknowledgement

Through the undersigned, the Board of Directors (BOD) would like to extend their sincerest thanks to the shareholders for their continuous support and trust upon the business of the Company.

The board would further like to extend their graceful appreciation for the assistance and co-operation received from Bangladesh Petroleum Corporation (BPC), PetroBangla, Rupantari-  
 taPrakritic Gas Compay Ltd (RPGCL), Registrar of Joint Stock  
 Companies & Firms, and various government authorities,  
 individual and agencies.

The Board of Directors would like to acknowledge the effort of  
 its employees to the Business of the Company. Their commit-  
 ment, passion and teamwork towards the dream of the  
 Company has helped to stand the company where it is today.  
 Looking forward for a better future and sustainable growth.

For and On Behalf of the Board



Rezakul Haider  
 Chairman





**AZIZ HALIM KHAIR CHOUDHURY**  
**CHARTERED ACCOUNTANTS**  
**EXCLUSIVE CORRESPONDENT FIRM OF PKF INTERNATIONAL**

## **Independent Auditors' Report to the Shareholders of Petromax Refinery Limited**

We have audited the accompanying financial statements of **Petromax Refinery Limited** which comprise the Statement of Financial Position as at 30 June 2017, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information for the year then ended.

### **Management's responsibility for the financial statements**

Management of the company is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to preparation and fair presentation 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 are reasonable in 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 due to fraud and error.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements of **Petromax Refinery Limited** prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at 30 June 2017 and of the results of its operations and cash flows for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

### **We also 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 the law have been kept by the company so far as it appeared from our examination of those books;
- c) the Company's Statement of Financial Position and Statement of Profit or Loss and other Comprehensive Income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the company's business.

17 October, 2017  
 Dhaka

*Aziz Halim Khair Choudhury*  
 Aziz Halim Khair Choudhury  
 Chartered Accountants

# Petromax Refinery Limited

## Statement of Financial Position

As at June 30, 2017

	Notes	June 30, 2017	June 30, 2016
<b>ASSETS:</b>			
<b>Non-Current Assets</b>		<b>3,225,588,001</b>	<b>3,258,222,039</b>
Property, Plant and Equipment	4	3,224,842,214	3,251,690,984
Intangible Assets	5	745,787	607,312
Capital Working-In Progress	6	-	5,923,742
<b>Current Assets</b>		<b>2,579,024,487</b>	<b>3,080,246,913</b>
Inventories	7	653,184,480	820,047,270
Accounts Receivable	8	686,150,070	789,122,160
Advance, Deposits and Prepayments	9	701,391,539	565,233,255
Financial Assets at fair value through profit or loss	10	24,774,556	16,223,666
Goods In-transit	11	50,852,326	364,702,959
Cash and Cash Equivalents	12	462,671,516	524,917,603
<b>Total Assets</b>		<b>5,804,612,488</b>	<b>6,338,468,952</b>
<b>Shareholders Equity and Liabilities</b>			
<b>Shareholder's Equity</b>		<b>2,756,143,746</b>	<b>2,270,988,679</b>
Share Capital	13	1,000,000,000	1,000,000,000
Tax Holiday Reserves	14	770,824,933	516,762,906
Retained Earnings	15	985,318,813	754,225,773
<b>Non-Current Liabilities</b>		<b>78,656,487</b>	<b>136,582,413</b>
Loan other than Bank and Financial Institutes	16	12,500,000	67,322,967
Long Term Loan-Net off Current Maturity	17	66,156,487	69,259,446
<b>Current Liabilities</b>		<b>2,969,812,254</b>	<b>3,930,897,859</b>
Accounts Payable	18	6,627,957	17,072,254
Other Payable	19	43,398,733	56,246,514
L/C Liabilities	20	6,986,396	1,010,175,470
Short Term Loan	21	2,807,669,943	2,405,650,815
Long Term Loan-Current Maturity	22	97,070,442	437,862,216
Liabilities for Expenses	23	8,058,783	3,890,591
<b>Total Liabilities</b>		<b>3,048,468,741</b>	<b>4,067,480,273</b>
<b>Total Shareholders Equity and Liabilities</b>		<b>5,804,612,488</b>	<b>6,338,468,952</b>
<b>Net Assets Value Per Share (NAV)</b>		<b>27.56</b>	<b>22.71</b>
Number of Shares used to compute NAV		100,000,000	100,000,000

The accompanying notes 1 to 35 form an integral part of these financial statements.

  
 Managing Director

  
 Director

  
 Chairman

17 October, 2017  
 Dhaka

  
 Aziz Halim Khair Choudhury  
 Chartered Accountants

# Petromax Refinery Limited

## Statement of Profit or Loss and other Comprehensive Income

### For the year ended June 30, 2017

	Notes	June 30, 2017	June 30, 2016
<b>Revenue</b>	<b>24</b>	7,328,382,889	6,483,197,804
Cost of Sales	<b>25</b>	6,170,884,579	5,610,587,023
<b>Gross Profit</b>		<b>1,157,498,310</b>	<b>872,610,781</b>
General and Admin. Expenses	<b>26</b>	104,922,225	70,765,934
<b>Profit/(Loss) from Operation</b>		<b>1,052,576,085</b>	<b>801,844,846</b>
Non-Operating Income	<b>28</b>	4,206,889	1,945,279
Financial Income/(Expenses),net	<b>27</b>	276,512,248	400,609,947
Worker's Profit Participation Fund (WPPF)	<b>29</b>	37,155,749	19,199,056
<b>Net Profit/(Loss) Before Tax</b>		<b>743,114,977</b>	<b>383,981,122</b>
Current Tax	<b>30</b>	107,959,911	26,930,717
<b>Net Profit/(Loss) After Tax</b>		<b>635,155,066</b>	<b>357,050,405</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>635,155,066</b>	<b>357,050,405</b>
<b>Earnings Per Share (EPS)</b>	<b>31</b>	<b>6.35</b>	<b>3.57</b>
Number of Shares used to compute EPS		100,000,000	100,000,000


The accompanying notes 1 to 35 form an integral part of these financial statements.

  
**Managing Director**

  
**Director**

  
**Chairman**

**17 October, 2017**  
**Dhaka**

  
**Aziz Halim Khair Choudhury**  
**Chartered Accountants**

# Petromax Refinery Limited

Statement of Changes in Equity  
For the year ended June 30, 2017

Figures are in Taka

Particulars	Share Capital	Tax Holiday Reserve	Retained Earnings	Total
<b>Balance as at July 01, 2016</b>	1,000,000,000	516,762,906	754,225,773	2,270,988,679
Dividend Payment	-	-	(150,000,000)	(150,000,000)
Net profit for the period	-	-	635,155,066	635,155,066
Tax Holiday Reserve	-	254,062,026	(254,062,026)	-
<b>Balance as at June 30, 2017</b>	<b>1,000,000,000</b>	<b>770,824,932</b>	<b>985,318,813</b>	<b>2,756,143,745</b>

Particulars	Share Capital	Tax Holiday Reserve	Retained Earnings	Total
<b>Balance as at July 01, 2015</b>	1,000,000,000	373,942,744	539,995,530	1,913,938,274
Net profit for the period	-	-	357,050,405	357,050,405
Transfer for the period	-	142,820,162	(142,820,162)	-
<b>Balance as at June 30, 2016</b>	<b>1,000,000,000</b>	<b>516,762,906</b>	<b>754,225,773</b>	<b>2,270,988,679</b>

The accompanying notes 1 to 35 form an integral part of these financial statements.

  
**Managing Director**

17 October, 2017  
Dhaka

  
**Director**

  
**Chairman**  
  
**Aziz Halim Khair Choudhury**  
Chartered Accountants

CORPORATE OBJECTIVES, VALUES & STRUCTURE  
THE MANAGEMENT & REPORTING  
COMPLIANCES AND DISCLOSURES  
FINANCIAL STATEMENTS  
DIRECTORS' REPORTS AND FINANCIAL STATEMENTS OF SUBSIDIARY

# Petromax Refinery Limited

## Statement of Cash Flows For the year ended June 30, 2017

	June 30, 2017	June 30, 2016
<b>Cash Flow from Operating Activities</b>		
Cash receipt from customers	7,431,354,979	6,477,722,086
Cash paid to suppliers, service providers and employees	(5,693,175,250)	(5,398,944,643)
Cash (used)/Generated from operations	(61,388,427)	(167,339,344)
Tax Paid/Deducted	(107,959,911)	(26,930,717)
Cash received from Non-Operating Activities	4,206,889	1,945,279
Financial Charge	(276,512,248)	(400,609,947)
<b>Net Cash Flows from Operating Activities</b>	<b>1,296,526,033</b>	<b>485,842,714</b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(200,333,584)	(82,981,408)
Intangible Assets	-	(415,350)
Investment in quoted Securities	(8,550,890)	(16,223,666)
Goods In Transit	-	(73,792,926)
<b>Net Cash Used in Investing Activities</b>	<b>(208,884,474)</b>	<b>(173,413,350)</b>
<b>Cash Flow from Financing Activities</b>		
Loan other than Bank and Financial Institutes	(54,822,967)	(92,352,508)
Short term Loan	402,019,128	758,903,738
Dividend Paid	(150,000,000)	-
Payment of L/C Liabilities	(1,003,189,074)	(535,835,746)
Project Loan	(343,894,733)	(422,519,466)
<b>Net Cash Used in Financing Activities</b>	<b>(1,149,887,646)</b>	<b>(291,803,982)</b>
Net cash inflow for the period	(62,246,087)	20,625,382
Cash and Cash Equivalent as at July 01, 2016	524,917,603	504,292,221
<b>Cash and Cash Equivalent as at June 30, 2017</b>	<b>462,671,516</b>	<b>524,917,603</b>

The accompanying notes 1 to 35 form an integral part of these financial statements.



Managing Director

17 October, 2017  
Dhaka



Director



Chairman

  
Aziz Halim Khair Choudhury  
Chartered Accountants

# Petromax Refinery Limited

## Notes to the Accounts

As at and for the year ended 30 June, 2017

### SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION:

#### 1. Status of the Reporting Entity

##### 1.1. Legal form of the Company

Petromax Refinery Limited is a public Company limited by shares and registered under The Companies Act 1994. The Company was incorporated in Bangladesh on 14th May, 2009 vide registration no. C – 58744 and not listed with any Stock Exchange in Bangladesh. The Company went into commercial operation on October 25, 2013.

##### 1.2. Registered office

The registered office of the company is located at 822/2 Rokeya Sarani, Dhaka – 1216 and the factory is located at 15, Mongla Port Industrial Area, Mongla, Bagerhat, Bangladesh.

##### 1.3. Nature of business activities

The principal activity of this company is production and supply of petroleum products like liquid petroleum gas, special boiling point solvent, mineral turpentine, high speed diesel, octane, kerosene, and fuel gas to Bangladesh Petroleum Corporation.

The management of the company will continue its operational existence for the foreseeable future on the basis of improved profitability and continued support from its bankers, equipment vendors and other contractors and suppliers.

#### 2. Basis of Preparation and Presentation of Financial Statements

##### 2.1. Statement of Compliance

The financial statements have been prepared and the disclosures of information are made in accordance with the requirements of Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standards (BFRS) as much as practicable. The statement of financial position and statement of comprehensive income have been prepared according to BAS 1 Presentation of Financial Statements on accrual basis of accounting and statement of cash flows is prepared according to "BAS 7 Statement of Cash Flows".

##### 2.2. Other Regulatory Compliances

The company is also required to comply with the following major laws and regulation in addition to the Companies Act 1994:

The Income Tax Ordinance 1984  
 The Income Tax Rules 1984  
 The Value Added Tax Act 1991  
 The Value Added Tax Rules 1991  
 The Customs Act 1969  
 Bangladesh Labor Law 2006  
 Securities and Exchange Rules 1987  
 Other applicable regulations

##### 2.3. Application of Standards

The following BASs and BFRSs are applicable for the financial statements for the year 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 18	Revenue
BAS 19	Employee Benefits
BAS 21	The Effects of Changes in Foreign Exchange Rates
BAS 23	Borrowing Costs
BAS 24	Related Party Disclosures
BAS 33	Earnings Per Share
BAS 37	Provisions, Contingent Liabilities and Contingent Assets
BAS 38	Intangible Assets

#### 2.4. Going Concern Assumption

The company has adequate resources to continue its operation for the foreseeable future and the Directors are of the opinion that the Company is a going concern. Accordingly, Financial Statements are prepared on a going concern basis.

#### 2.5. Measurement bases used in Preparing the Financial Statements

The elements of financial statements have been measured on "Historical Cost" convention except for those which is measured under revaluation model including land, financial instrument, biological assets etc. which is one of the most commonly adopted base provided in "the framework for the preparation and presentation of financial statements" adopted by The Institute of Chartered Accountants of Bangladesh (ICAB).

#### 2.6. Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

#### 2.7. Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are reflected in measuring fair value of Land and Building, calculation of deferred tax liabilities and any other head as appropriate.

#### 2.8. Comparative Information

Comparative information has been disclosed in respect of the year ended 30 June 2016 for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements. Certain figures for the year ended 30 June 2016 have been rearranged wherever considered necessary, to ensure better comparability with the current year's financial and to comply with relevant BAS.

#### 2.9. Accounting Convention and Basis

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, financial assets and financial liabilities (including derivative financial instruments at fair value through profit or loss) and certain biological assets. The financial statement also followed by Going Concern basis in accordance with applicable International Accounting Standards in Bangladesh which does not vary from the requirements of the Companies Act 1994, and other laws and rules applicable in Bangladesh.

#### 2.10. Functional and presentational currency and level of precision

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

#### 2.11. Authorization for issue

The financial statements have been authorized by the Board of Directors on 17 October, 2017

#### 2.12. Reporting period

The financial period of the company covers one year from 1 July to 30 June and followed consistently.

#### 2.13. Components of the Financial Statements

According to the International Accounting Standard (IAS) 1 as adopted by ICAB as BAS 1 "Presentation of Financial Statements" the complete set of financial statements includes the following components:

- i) Statement of Financial Position
- ii) Statement of Profit or Loss and other Comprehensive Income
- iii) Statement of Changes in Equity
- iv) Statement of Cash Flows
- v) Notes to the Financial Statements

### 3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied in preparations of these financial statements.

### **3.1. Property, Plant and Equipment**

#### **3.1.1 Recognition and Measurement**

Items of Property, Plant and Equipment (PPE) are initially measured at cost. After initial recognition, an item of PPE is carried at cost less accumulated depreciation and impairment losses in compliance with the requirements of BAS-16: Property, Plant and Equipment.

#### **3.1.2 Subsequent Cost**

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as incurred.

#### **3.1.3 Disposal of Non-Current Assets**

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

#### **3.1.4 Depreciation on Non-Current Assets**

Depreciation is recognized in the statement of comprehensive Income on a reducing Balance method in accordance with the provisions of BAS 16: Property, Plant and Equipment.

Depreciation is charged on PPE in the following quarter of the procurement because procured assets takes on an average 2 to 3 months for ready to use.

#### **3.1.5 Borrowing Costs**

In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalized. Expenses capitalized are also included in applicable borrowing cost considering the requirement of BAS-23: Borrowing Costs.

#### **3.1.6 Impairment of Assets**

The carrying amounts of the Company's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses, if any, are recognized in the statement of profit or loss and other comprehensive income

### **3.2. Intangible Assets**

Intangible assets are measured at cost less accumulated amortization and recognized when all the conditions for recognition as per BAS-38: Intangible Assets are met. Subsequent expenditure is capitalized only when it is probable that the future economic benefits embodied there with will flow to the Company and its cost can be measured reliably. Intangible assets are amortized at the rate of fifteen percent of cost per year.

### **3.3. Inventories**

Inventories are valued in accordance with BAS-2: Inventories i.e. at cost or estimated net realizable value whichever is lower. The cost of inventories includes expenditure for acquiring the inventories and bringing them to their existing location and condition. Net realizable value is estimated upon selling price in the ordinary course of business less estimated cost of completion and selling. When the inventories are used, the carrying amount of those inventories is recognized in the period in which the related revenue is recognized.

### **3.4. Trade Receivable (Book Debt)**

Book debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the period-end.

### **3.5. Advance, Deposits and Prepayments**

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments or charges to other account. Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to profit and loss account.

### **3.6. Foreign Exchange**

Transactions in foreign currencies are translated at the average rate of the month. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Bangladeshi Taka at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement in accordance with BAS 21 "The effects of Changes in Foreign Currency Rates."

### 3.7. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and with banks on current and deposit accounts which are held and available for use by the company without any restriction.

### 3.8. Other Current Assets

Other current assets have a value on realization in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the balance sheet.

### 3.9. Other Corporate Debt, Accounts Payable, Trade and Other Liabilities

Liabilities are carried at the anticipated settlement amount in respect of goods and services received, whether or not billed by the supplier.

### 3.10. Taxation

#### 3.10.1 Current Tax

No provision is required for current income tax on the company's operating profit because Petromax Refinery Limited has been enjoying tax holiday for 7 years from the date of October 25, 2013 to October 24, 2020 and the rate of tax holiday for the year are 70% and 55%. Moreover tax on remaining 30% and 45% of income had duly been calculated and adjusted with the Tax deducted at source. Again Tax on Non-operating income has been calculated properly and provision made accordingly.

#### 3.10.2 Deferred Tax

As Petromax Refinery Limited has been enjoying Tax holiday for 7 years under income Tax Ordinance 1984 (XXXVI of 1984) section 46B, there is no effect regarding deferred taxation to increase or decrease the current tax liability.

### 3.11. Creditors and Accrued Expenses

#### 3.11.1 Trade and Other Payables

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the Company.

#### 3.11.2 Provisions

The preparation of financial statements in conformity with BAS-37:Provisions, Contingent Liabilities and Contingent Assets, requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities, and the disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

In accordance with the guidelines as prescribed by BAS-37, provisions were recognized in the following situations:

- When the Company has a present obligation as a result of past event;
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

We have shown the provisions in the statement of financial position at an appropriate level with regard to an adequate provision for risks and uncertainties. An amount recorded as a provision, represents the best estimate of the probable expenditure required to fulfill the current obligation on the date of statement of financial position.

Other provisions are valued in accordance with BAS 37 Provisions, Contingent Liabilities and Contingent Assets.

### 3.12. Contingent Liabilities and Assets

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. In accordance with BAS-37, provision, contingent liabilities and contingent assets those are disclosed in the notes to the financial statements.

### 3.13. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity.

### 3.14. Cash flows statement

Cash Flow Statement is prepared in accordance with BAS 7 "Cash Flow Statement". The cash flow from the operating activities have been presented under Direct Method as prescribed by the Securities and Exchange Rules 1987 and considering the provisions of Paragraph 18(b) of BAS-7, which provides that "Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method".

### 3.15. Responsibility for Preparation and Presentation of Financial Statements:

The Management is responsible for the preparation and presentation of Financial Statements under section 183 of the Companies Act, 1994 and as per the Provision of "The Framework for the preparation and presentation of Financial Statements" issued by the International Accounting Standard Board (IASB) as adopted by the Institute of The Chartered Accountants of Bangladesh (ICAB).

### 3.16. Risk and uncertainties for the use of estimates in preparing financial statements

Preparation of Financial Statements in conformity with the Bangladesh Accounting Standards requires management to make estimates and assumption that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and revenues and expenses during the period reported. Actual result could differ from those estimates. Estimates are used for accounting of certain items such as depreciation and amortization, taxes, reserves and contingencies.

### 3.17. Earnings Per Share (EPS)

The Company calculates Earning per Share (EPS) in accordance with BAS 33: Earning per Share, which has been shown on the face of Statement of Comprehensive Income account and computation of EPS is stated in related note.

#### 3.17.1 Basic earnings

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

#### 3.17.2 Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of shares issued during the year multiplied by a time-weighting factor. The time weighting factor is the numbers of days the specific shares are outstanding as a proportion of the total number of days in the year.

#### 3.17.3 Basic earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding for the year.

### 3.18. Workers Profit Participation Fund

The company has created Worker's Profit Participation Fund (WPPF) @ of 5% on Net Profit before Tax in accordance with Chapter XV of Labour Law 2006 as amended in 2013.

### 3.19. Related Party Transaction

During the year the Company carried out a number of transactions with related parties in the normal course of business and on an arm's length basis. The name of related parties, nature of transactions, their total value and closing balance have been set out in accordance with the provisions of BAS 24.

	June 30, 2017	June 30, 2016
<b>4 Property, Plant &amp; Equipment</b>		
<b>Cost</b>		
Opening Balance	3,834,202,013	3,689,224,653
Addition During The Period	206,118,852	144,977,360
Cost at 30 June , 2017	<b>4,040,320,864</b>	<b>3,834,202,013</b>
<b>Accumulated Depreciation</b>		
As at July 01, 2016	582,511,029	346,554,778
Charged during the Period	232,967,622	235,956,251
At 30 June, 2017	815,478,650	582,511,029
Written Down Value at 30 June, 2017	<b>3,224,842,214</b>	<b>3,251,690,984</b>

All assets are freehold to the company and there is no leasehold property presented in the head "Property, Plant & Equipment".

For details please refer to Annexure A

<b>5 Intangible Assets</b>		
<b>Cost</b>		
Opening Balance	681,000	231,000
Addition During the Period	250,000	450,000
Closing Balance	931,000	681,000
<b>Amortization</b>		
Opening Balance	73,688	39,038
Amortization During the Period	111,526	34,650
Closing Balance	185,214	73,688
<b>Written Down Value</b>	<b>745,787</b>	<b>607,312</b>

Intangible assets are amortizing @ 15% on cost as per the Company's policy.

<b>6 Capital Work-In-Progress</b>	-	<b>5,923,742</b>
Transferred to PPE as it is qualified for use.		
<b>7 Inventories</b>		
Raw materials(Condensate)	426,999,679	628,520,153
Work-in-progress	4,639,710	4,976,530
Finished Goods	196,139,154	171,978,094
General Stores	25,405,938	14,572,493
	<b>653,184,480</b>	<b>820,047,270</b>
<b>8 Accounts Receivables</b>		
Bangladesh Petroleum Corporation	682,358,467	784,816,818
Jamuna Spacotech Joint Venture Ltd.	252,430	13,700
Interest Receivable	3,539,172	4,291,642
	<b>686,150,070</b>	<b>789,122,160</b>

Out of total receivable of the Company an amount of Taka : 24,59,98,869.03 is under the process of settlement with BPC. Since government of Bangladesh has published a gazette reducing the petroleum price with effect from November 1, 2014 dated back on March 5, 2015 and accordingly, against this gazette the company filed a writ petition through Honorable High Court dated on March 16, 2015, therefore considering the old rate total receivable of the company was reported.

**Age Analysis of Accounts Receivables**

Less than One Year	411,092,253	543,122,516
More than One Year	275,057,816	245,999,644
	<b>686,150,070</b>	<b>789,122,160</b>
<b>9 Advance, Deposits and Prepayments</b>		
Advances	700,379,544	565,160,239
Deposits	1,011,995	73,016
Prepayments	-	-
	<b>701,391,539</b>	<b>565,233,255</b>

		June 30, 2017	June 30, 2016
<b>Advance</b>			
Advance to Different Suppliers	9.01	211,570,337	135,187,284
Advance for Operational Activities	9.02	624,149	1,641,847
TDS (Tax Deducted at Source)	9.03	45,706,101	26,956,160
VAT Current A/C		13,513,764	39,839,721
Interest Charges in Advance by IBBL for MPI Loan		21,457,532	-
Interest Charges in Advance by IBBL for MTR Loan		173,589,103	170,616,668
Advance to Shahjibazar Power Co. Ltd. (Parent Co.)		233,918,559	190,918,559
		<b>700,379,544</b>	<b>565,160,239</b>
<b>9.01 Advance to Different Suppliers</b>			
Eastern Maritime Corporation		-	32,262,000
Guraba Engineering Ltd.		2,000	2,000
Instrumentation Engineering Services Ltd.		-	40,263
Integrated Design		-	120,000
Inspace Atelier		3,000,000	-
Janata Mechineries		13,400	13,400
Malik Enterprise		-	5,800
Mirzapur Green City		10,000	-
Mission Scientific Company		10,000	10,000
Omi Solutions Ltd.		-	60,000
Robinson Helicopter Company		-	90,156,487
Rupantarita Prakritik Gas Company Ltd.		175,523,890	-
Ecomax Plastics Ltd.		-	100,600
Omera Petroleum Ltd.		310,695	260,356
Petromax Coastal Refinery Ltd.		-	500,000
Petromax LPG Ltd.		28,248,650	165,137
TEAM Investments Ltd.		-	600
S.P. Engineer's		1,000	1,000
ICON Engineering Services		-	850,000
Advance Insurance Premium		4,450,703	1,733,860
Clearing and forwarding agency		-	8,905,782
		<b>211,570,337</b>	<b>135,187,284</b>
<b>9.02 Advance for Operational Activities</b>			
Advance to Different Individual for Official Work		351,819	297,847
Comfit Composite Knit Ltd.		272,330	-
Mr. Khair Ahmed (IMS Group)		-	1,344,000
		<b>624,149</b>	<b>1,641,847</b>
<b>Deposits</b>			
Security Deposit with Pally Biddut Samitee		35,616	35,616
Security Deposit To MPA for Pipeline		938,979	-
Electricity Connection		20,840	20,840
BTRC Demand Note		16,560	16,560
		<b>1,011,995</b>	<b>73,016</b>
<b>9.03 TDS (Tax Deducted at Source)</b>			
TDS (Tax Deducted at Source)		153,666,011	52,549,719
Adjusted with current tax payable		107,959,911	25,593,559
		<b>45,706,101</b>	<b>26,956,160</b>
<b>Ageing Status of Advance, Deposit and Prepayments:</b>			
Less than one year		673,835,963	550,204,771
More than one year		27,555,576	15,028,484
		<b>701,391,539</b>	<b>565,233,255</b>

# 10 Financial Assets at fair value through profit or loss

ACI Limited
AB Bank Ltd.
The ACME Laboratories Limited
Active Fine Chemicals Limited
Amman Feed Ltd.
Apex Footwear Limited
Apollo Ispat Complex Limited.
Building Systems Limited
Bay Leasing & Investment Ltd.
Bangladesh Thai Aluminium Ltd
Bangladesh Steel Re-Rolling Mills Limited
CVO Petrochemical Refinery Limited
The City Bank Ltd.
City General Insurance Company Ltd.
Dhaka Electric Supply Company Limited
Evince Textiles Ltd.
Far Chemicals Industries Ltd.
The IBN SINA Pharmaceutical Industry Limited
GPH Ispat Ltd.
Ifad Autos Ltd.
Islamic Finance & Investment Ltd.
KDS Accessories Ltd.
Jamuna Oil Company Limited
Lafarge Surma Cement Limited
Lankabangla Finance Ltd.
MJL Bangladesh Ltd.
National Polymar Industries Ltd.
Premier Leasing & Finance Ltd
RAK Ceramics (Bangladesh) Limited
Summit Alliance Port Limited
Saiham Cotton Mills Ltd.
Shahjalal Islami Bank Ltd.
Shepherd Industries Ltd.
Union Capital Ltd.
Western Marine Shipyard Ltd.

# 11 Goods In Transit

Goods In Transit- Condensate
Goods In Transit- Machinery/Parts

# 12 Cash and Cash Equivalents

Cash in Hand
Islami Bank Bangladesh Limited (A/C No:9766)
Bank Asia Limited (A/C No:333006320)
Exim Bank Limited (A/C No:125161)
National Bank Ltd. (A/C No:1106001842669)
Islami Bank Bangladesh Limited (A/C No:46-IDB Br.)
Islami Bank Bangladesh Limited (L/C Margin)
Islami Bank Bangladesh Limited (A/C No:560)
Islami Bank Bangladesh Limited (A/C No. 3074816)
Islami Bank Bangladesh Limited (A/C No. 3142812)
Islami Bank Bangladesh Limited (A/C No. 3217512)
Islami Bank Bangladesh Limited (A/C No. 333674)
Exim Bank Limited (MTDR A/C No:272671)
Revolving A/C (Mongla Port Authority)
Ledger Balance of BO Account
Security Deposit against Bank Guarantee

June 30, 2017	June 30, 2016
684,363	4,565,563
233,888	-
-	907,920
354,900	402,360
370,000	-
-	1,335,092
721,000	-
-	976,692
2,490,000	-
697,500	-
1,749,800	1,123,280
1,662,570	1,617,840
935,000	-
360,800	-
303,891	305,109
345,780	-
257,000	-
-	162,750
443,000	-
2,023,500	-
159,250	-
190,250	-
-	909,000
629,000	791,000
557,000	-
607,500	-
1,924,930	-
477,500	-
316,800	304,500
-	2,822,560
352,000	-
422,625	-
710,630	-
894,080	-
3,900,000	-
<b>24,774,556</b>	<b>16,223,666</b>
43,865,930	364,227,008
6,986,396	475,951
<b>50,852,326</b>	<b>364,702,959</b>
86,295	605
12,688,892	39,236,160
2	2
95,699	22,328
-	1,755,540
212,558	23,100
342,100	58,060,979
1,925,712	2,880,015
242,351,856	232,708,863
112,827,672	106,412,083
22,507,079	21,273,514
4,579,000	-
2,002,178	-
10,000	10,000
3,011	4,191
63,039,462	62,530,224
<b>462,671,516</b>	<b>524,917,603</b>

### 13 Share Capital

#### Authorized Capital :

300,000,000 shares @ Tk.10.00 each

#### Issued, Subscribed and Paid-up Capital

10,00,00,000 shares @ Tk.10.00 each

#### Movement of Share Capital:

Opening Balance

Allotment During the Period

#### SHARE HOLDING POSITION:

##### Name of the Share Holder

Feroz Alam  
 Rezakul Haider  
 Anis Salahuddin Ahmad  
 Akbor Haider  
 Asgar Haider  
 Faridul Alam  
 Faisal Alam  
 Shahida Alam  
 Israt Azim Ahmad  
 A.K.M.Badiul Alam  
 Shamsuzzaman  
 Shahjibazar Power Co. Ltd.

### 14 Tax Holiday Reserve

Balance as at 01 July 2016

Addition during the Period

Balance as at 30 June 2017

### 15 Retained Earnings

Balance as at 01 July 2016

Less: Dividend

Add: Net profit/(Loss) for the Period

Less: Transferred to Tax Holiday Reserve

Balance as at 30 June 2017

### 16 Loan Other Than Bank

Comfit Composite Knit Ltd.

Midland Knitwear Ltd.

### 17 Long Term Loan - Net of Current Maturity

Islami Bank Bangladesh Ltd.

- The Company is paying installments against term loan as per schedule.
- The term loan are fully secured to IBBL- Local Office Branch, against registered mortgage on the following:
  - 711.50 Decimal project land at Industrial Plot No.- 15, Mongla Port, Bagherhat.
  - Project Building.
  - Machineries of the project.
- Personal Guarantee of all Directors of the company.

	June 30, 2017	June 30, 2016
Authorized Capital :	3,000,000,000	3,000,000,000
Issued, Subscribed and Paid-up Capital	1,000,000,000	1,000,000,000
Opening Balance	1,000,000,000	1,000,000,000
Allotment During the Period	-	-
	<b>1,000,000,000</b>	<b>1,000,000,000</b>
<b>No. of shares held</b>		<b>Percentage</b>
Feroz Alam	1,800,000	1.80%
Rezakul Haider	1,700,000	1.70%
Anis Salahuddin Ahmad	1,000,000	1.00%
Akbor Haider	500,000	0.50%
Asgar Haider	500,000	0.50%
Faridul Alam	500,000	0.50%
Faisal Alam	500,000	0.50%
Shahida Alam	500,000	0.50%
Israt Azim Ahmad	500,000	0.50%
A.K.M.Badiul Alam	1,000,000	1.00%
Shamsuzzaman	1,500,000	1.50%
Shahjibazar Power Co. Ltd.	90,000,000	90.00%
	<b>100,000,000</b>	<b>100%</b>
Balance as at 01 July 2016	516,762,906	373,942,744
Addition during the Period	254,062,026	142,820,162
Balance as at 30 June 2017	<b>770,824,933</b>	<b>516,762,906</b>
Balance as at 01 July 2016	754,225,773	539,995,530
Less: Dividend	(150,000,000)	-
Add: Net profit/(Loss) for the Period	635,155,066	357,050,405
Less: Transferred to Tax Holiday Reserve	(254,062,026)	(142,820,162)
Balance as at 30 June 2017	<b>985,318,813</b>	<b>754,225,773</b>
Comfit Composite Knit Ltd.	-	27,322,967
Midland Knitwear Ltd.	12,500,000	40,000,000
	<b>12,500,000</b>	<b>67,322,967</b>
Islami Bank Bangladesh Ltd.	66,156,487	69,259,446
	<b>66,156,487</b>	<b>69,259,446</b>

**18 Accounts Payable**

AKH Fashion Ltd.	14,261	7,010
A to Z Computer	3,600	-
Alam Trading Agency	-	2,500
Bata Shoe Company Bangladesh Ltd.	621	621
Balaka Tools Traders	-	32,000
B.K. Instruments & Chemicals	2,180	-
Confidence Design & Construction (CDC) Ltd.	479,368	-
DHL Worldwide Express (Bangladesh) Pvt. Ltd.	9,953	-
Clearing and forwarding agency	83,523	-
EMI Engineering Ltd.	896,706	896,706
Global Digital Mart Ltd.	8,750	-
Hydraulic Collection	-	80,000
H.R.S. Trading Corporation	11,900	-
Integrated Design	240,000	-
Islami Insurance Bangladesh Ltd.	335,044	335,044
JTZ Engineering & Trading Inn.	57,750	-
Lubricants Asia Ltd.	56,000	-
Linde Bangladesh Ltd.	198,542	445,792
Maisha Enterprise Ltd.	2,500,000	2,489,400
Monico Ltd.	178,645	3,078,645
Modern Erection Ltd.	-	40
Mayer Doa Tripal House	360	25,560
Masum Trade International	-	1,105,887
Metro Police Store	45,600	-
Omni Solutions Ltd.	66,000	-
Puradest Prakawshali	-	90,000
Rupali Insurance Co. Ltd.	1,100,319	908,912
Sigma Construction Company	-	7,574,137
Pioneer Scientific Stores	15,086	-
Rabeya Nur Enterprise	19,000	-
Science Museum	4,350	-
Shuvo Boiler & Tools Traders	155,400	-
TG Logistics (BD) Ltd.	145,000	-

**June 30, 2017****June 30, 2016****6,627,957****17,072,254****Age Analysis of Accounts Payable**

Less Than One Year	5,217,563	12,649,859
More Than One Year	1,410,395	4,422,395

**6,627,957****17,072,254****19 Other Payable**

Sahara Trading	54,011	54,011
Audit Fee	402,500	402,500
Raaj Fuel Agency	143	143
Worker's Profit Participation Fund	42,901,979	55,746,230
Danlop Enterprise	17,000	17,000
Al-Amin (Driver)	1,061	-
Asif Ahmed Chowdhury	22,040	26,630

**43,398,733****56,246,514****20 L/C Liabilities**

Islami Bank Bangladesh Ltd.	6,986,396	1,010,175,470
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**6,986,396****1,010,175,470**

		June 30, 2017	June 30, 2016
<b>21 Short Term Loan</b>			
MPI Loan (Mura Post Import-IBBL)		209,210,043	54,612,129
MTR Loan (Murabaha Term Loan-IBBL)		2,530,344,234	2,269,626,334
SOD Loan (Secured Over Draft-EBL)		68,115,666	81,412,352
		<b>2,807,669,943</b>	<b>2,405,650,815</b>
<b>22 Long Term Loan - Current Maturity</b>			
Islami Bank Bangladesh Ltd.		97,070,442	437,862,216
		<b>97,070,442</b>	<b>437,862,216</b>
<b>23 Liabilities for Expenses</b>			
Remuneration		300,000	-
Salary & Allowance - H/O		450,000	-
Salary & Wages - Factory		3,428,809	79,196
Electricity Bill		3,780,593	3,698,489
Water Bill		31,980	83,100
Telephone Bill		925	2,109
Internet Bill		12,513	-
Security Service Charge-H/O		53,963	27,697
		<b>8,058,783</b>	<b>3,890,591</b>
<b>24 Revenue</b>			
Liquid Petroleum Gas (LPG)		562,501	-
High Speed Diesel (HSD)		1,027,382,151	1,251,325,649
Superior Kerosene Oil (SKO)		283,750,514	318,420,183
Motor Spirit (MS)		1,068,783,538	512,919,251
High Octane Blending Component (HOBC)		4,947,904,186	4,400,532,721
		<b>7,328,382,889</b>	<b>6,483,197,804</b>
<b>25 Cost of Sales</b>			
Raw Materials Consumed	25.01	5,626,200,458	5,024,461,111
Factory Overhead	25.02	544,684,122	586,125,912
		<b>6,170,884,579</b>	<b>5,610,587,023</b>
<b>25.01 Raw Materials Consumed</b>			
Opening Stock of Raw Materials		820,047,270	798,688,437
Purchase During the Period		5,459,337,668	5,045,819,944
Less: Closing Stock		(653,184,480)	(820,047,270)
		<b>5,626,200,458</b>	<b>5,024,461,111</b>
<b>25.02 Factory Overhead</b>			
Insurance Premium		13,792,959	6,401,361
Rent & Rates		116,551,130	121,716,978
Electricity, Gas & Water		45,142,725	44,226,702
Wages, Salary & Allowance - Factory		89,937,707	79,562,303
Repair & Maintenance - Factory		37,787,189	71,753,393
Consumable Spare Parts		-	16,268,792
Tiffin & Refreshment - Factory		1,356,061	4,374,691
Medical Expenses		14,915	31,393
Government Taxes & License Fee		733,778	530,617
Office Expenses-Factory		557,698	518,537
Uniform & Liveries		24,569	284,865
Lab Test Fees		149,658	347,302
LPG for Operation		2,225,673	3,738,118
Labour Bill		1,376,035	141,500
Safety Items Expenses		450,100	273,110
Exchange Gain or Loss		6,071,386	-
Depreciation		228,512,540	235,956,251
		<b>544,684,122</b>	<b>586,125,912</b>

	June 30, 2017	June 30, 2016
<b>26 General and Administrative Expenses</b>		
Rent & Rates	1,754,031	2,501,657
Consultancy Fee	600,000	50,000
Carriage Outward	3,523,900	2,131,720
Repair & Maintenance - H/O	597,548	308,789
Vehicles Running & Maintenance	3,147,451	4,179,262
Tiffin & Refreshment	3,179,551	2,932,446
Fees & Subscription	14,977,568	2,432,540
Postage, Telephone, Fax & Telex	648,943	1,653,907
Govt. Taxes, Stamp Duty & License Fee	1,666,424	1,463,991
Advertisement Expenses	328,692	138,810
Audit Fees	402,500	433,550
Insurance Premium of Helicopter	1,154,102	-
BO Account Charge	660	1,270
Board Meeting Fees	-	110,000
Electricity Bill- Office	10,169	19,592
Internet Bill	77,131	81,330
Survey Bill	64,661	840,808
Training & Development	307,131	3,669,127
Stationary	494,055	1,694,223
Overseas Travelling	980,800	1,606,601
Remuneration	6,000,000	3,600,000
Papers, Books & Periodicals	8,060	787
Selling & Distribution Expenses	35,651,442	23,401,764
Salary & Allowance	17,450,218	11,428,715
Security Charge	262,872	243,556
Amortization of Intangible Assets	111,526	34,650
Provision for Unrealized loss on holding shares	-	2,932,758
Operational, Maintenance & Others Charge (Helicopter)	4,759,400	-
Tree Plantation	223,631	379,848
Write off of Receivables	25,067	25,425
Depreciation of Helicopter	4,455,082	-
Fuel & Lubricant- Helicopter	734,000	-
Travelling & Conveyance bill	1,325,610	2,468,809
	<b>104,922,225</b>	<b>70,765,934</b>
<b>27 Financial Expenses</b>		
Interest / Profit Charge	288,804,626	415,078,746
Interest / Profit Income	(18,817,344)	(20,258,547)
Bank Charge	6,524,966	5,789,748
	<b>276,512,248</b>	<b>400,609,947</b>
<b>28 Non-Operating Income</b>		
Wastage Sales	444,636	238,871
Dividend Income	157,882	149,024
Lab Test Income	54,000	-
Unrealized Gain/Loss on Sale of Share	463,144	-
Realized Gain on Sale of Share	3,087,226	1,557,384
	<b>4,206,889</b>	<b>1,945,279</b>
<b>29 Worker's Profit Participation Fund (WPPF)</b>		
Net Profit Before Tax	743,114,977	383,981,122
WPPF @ 5% of Net Profit Before Tax	37,155,749	19,199,056
	<b>37,155,749</b>	<b>19,199,056</b>
<b>30 Income Tax Expenses:</b>		
Current Tax	107,959,911	26,930,717
Deferred Tax	-	-
	<b>107,959,911</b>	<b>26,930,717</b>
<b>31 Earning Per Share</b>		
<b>31.01 Basic Earning Per Share (EPS)</b>		
Net Profit after Tax	635,155,066	357,050,404
Number of Shares Outstanding	100,000,000	100,000,000
<b>Earning Per Share (EPS)</b>	<b>6.35</b>	<b>3.57</b>

### 32 Financial risk management

The company has exposure to the following risks arising from financial instruments:

- a) Credit risk
- b) Market risk
- c) Liquidity risk

#### a) Credit risk

Credit risk represents the financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It mainly comprises of trade receivables, advances to suppliers, trade deposits and bank balances. The Company's maximum exposure to credit risk at the reporting date is trade receivable which is also secured by agreement with Bangladesh petroleum Corporation (BPC), the only one customer of the Company.

#### b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and other price risks. The objective of market risk management is to manage and control market risk exposures within an acceptable range:

##### i) Foreign currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchanges rates. The Company is exposed to currency risk on its purchases that is denominated in foreign currencies. Majority of the Company's foreign currency transactions are denominated in USD. The Company also has exposure in foreign currencies relating to some services.

##### ii) Interest rate risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its long term foreign currency debts with the lender.

Interest bearing financial instruments of the Company at reporting date are as follows:

Financial Liabilities	30-Jun-17	30-Jun-16
Term loan	163,226,929	507,121,662
Short term loan	2,807,669,943	2,405,650,815
	<b>2,970,896,872</b>	<b>2,912,772,477</b>

Including the current portion of long term loan.

#### c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient resources and arrangement of credit lines with the various banks for managing its liquidity risk.

### 33. Related Party Transactions

a) Key management personnel compensation  
 Short term employee benefits (salary & allowances etc.)

Particulars	30.06.2017		30.06.2016	
	Directors	All Managers	Directors	All Managers
Board Meeting Fee	-	-	110,000	-
Remuneration & Allowances	6,000,000	22,021,871	7,050,000	15,423,800
Bonus	120,000	1,636,365	1,030,000	659,463
Total	6,120,000	23,658,236	8,190,000	16,083,263

Transport and other facilities provided to Managing Directors, Directors, GM, DGM, Managers and Deputy Managers:

Designation	Facilities Provided
Managing Director	Mobile Bill & Transport Facility
Directors	Mobile Bill & Transport Facility
GM & DGM	Mobile Bill & Transport Facility
Manager & Deputy Manager	Mobile Bill & Transport Facility

b) Other related party transactions:

Name of the related party	Nature of Relationship	Nature of Transaction	Balance as at July 01, 2016	Amount of Transaction		Balance as at June 30, 2017
				Debit	Credit	
Shahjibazar Power Co. Ltd.	Parent- Subsidiary	Advance	190,918,559	43,000,000	-	233,918,559
Garments Export Village Ltd.	Common Directorship	Short Term Loan	-	-	-	-
Comfit Composite Knit Ltd.	Common Directorship	Short Term Loan	27,322,967	27,908,437	313,140	(272,330)
Youth Garments Ltd.	Common Directorship	Short Term Loan	-	-	-	-
Youth Fashion Ltd.	Common Directorship	Short Term Loan	-	-	-	-
Midland Knitwear Ltd.	Common Directorship	Short Term Loan	40,000,000	27,500,000	-	12,500,000
Mr. Feroz Alam	Directorship	Office Rent	-	206,250	206,250	-
Mr. Rezakul Haider	Directorship	Office Rent	-	1,095,000	1,095,000	-

### 34. Commitments and Contingencies

A) Capital expenditure commitments

B) Bank guarantees

In favor of:

The Commissioner of Customs, Mongla Custom House, Khulna  
 Rupantarita Prakritik Gas Company Limited  
 The Commissioner of Customs, Custom House, Chittagong

30 June 17	30 June 16
528,084,260	528,084,260
3,000,000	3,000,000
5,088,238	-
<b>536,172,498</b>	<b>531,084,260</b>

### 35. Other disclosures

#### 35.1 Number of employees

As at 30 June 2017, number of regular employees receiving salary & allowance above 30,000.00 per month were 92 persons.

#### 35.2 Comparatives

Comparative period figures have been rearranged to ensure consistency with current year's figures in order to better comparison and presentation.

#### 35.3 Events after the reporting period

No material events had occurred after the reporting period to the date of issue of these financial statements, which could affect the values stated in the financial statements.

# Petromax Refinery Limited

## Non-Current Assets Schedule

As at June 30, 2017

Annexure - A

SL	Name of Assets	Cost			Depreciation						Written down Value at June 30, 2017
		Balance at July 01, 2016	Addition during the period	Disposal During the Period	Balance at June 30, 2017	Rate %	Balance at July 01, 2016	Charged During the Period	Adjustment During the Period	Balance at June 30, 2017	
01	Land & Land Development	59,798,109	973,111	-	60,771,220	-	-	-	-	-	60,771,220
02	Building & Construction	513,785,333	10,232,345	-	524,017,678	7%	68,043,958	30,542,526		98,586,484	425,431,193
03	Electric Installation	35,456,026	-	-	35,456,026	15%	10,634,049	3,519,047	-	14,153,096	21,302,930
04	Computer	1,313,413	295,400	-	1,608,813	15%	343,145	161,883	-	505,028	1,103,785
05	Fork LIFT	1,750,000	-	-	1,750,000	15%	557,700	169,034	-	726,734	1,023,266
06	Jetty	9,047,777	-	-	9,047,777	15%	2,564,924	919,083	-	3,484,007	5,563,770
07	Factory Equipments	6,061,259	634,335	-	6,695,594	15%	1,631,613	673,631	-	2,305,244	4,390,350
08	Lab Equipment	2,780,321	10,858	-	2,791,179	15%	639,808	304,640	-	944,448	1,846,731
09	Fire Fighting Equipments	606,910	37,900	-	644,810	15%	174,585	65,397	-	239,982	404,828
10	Plant & Machineries	2,836,660,419	-	-	2,836,660,419	6%	391,591,788	143,436,160	-	535,027,948	2,301,632,471
11	Cylindrical Vertical Steel Tank	105,669,605	5,924,432	-	111,594,037	15%	33,509,540	10,452,404	-	43,961,944	67,632,093
12	Generator	20,300,278	-	-	20,300,278	15%	6,407,330	1,969,624	-	8,376,954	11,923,324
13	Office Equipment	1,148,891	2,950	-	1,151,841	15%	293,984	121,415	-	415,399	736,442
14	Refrigerator	28,300	-	-	28,300	15%	9,019	2,734	-	11,753	16,547
15	Solar Power System	560,000	-	-	560,000	15%	178,464	54,092	-	232,556	327,444
16	Telephone Installation	1,702,089	-	-	1,702,089	15%	363,371	189,791	-	553,162	1,148,927
17	Ship	187,265,926	97,661,780	-	284,927,706	20%	55,135,829	29,102,925	-	84,238,754	200,688,952
18	Helicopter	-	90,285,623	-	90,285,623	10%	-	4,455,082	-	4,455,082	85,830,541
19	Vehicle	33,011,297	-	-	33,011,297	20%	6,043,645	5,002,331	-	11,045,976	21,965,321
20	Air Condition	5,642,540	-	-	5,642,540	15%	1,262,231	621,003	-	1,883,234	3,759,306
21	Water Line Installation	326,395	-	-	326,395	15%	104,018	31,526	-	135,544	190,851
22	Water Treatment Plant	4,382,645	-	-	4,382,645	15%	1,233,627	446,442	-	1,680,069	2,702,576
23	Furniture & Fixture	6,904,480	60,118	-	6,964,598	15%	1,788,399	726,852	-	2,515,251	4,449,347
	<b>June 30, 2017</b>	<b>3,834,202,013</b>	<b>206,118,852</b>	<b>-</b>	<b>4,040,320,864</b>		<b>582,511,029</b>	<b>232,967,622</b>	<b>-</b>	<b>815,478,650</b>	<b>3,224,842,214</b>
	<b>June 30, 2016</b>	<b>3,689,224,653</b>	<b>144,977,360</b>	<b>-</b>	<b>3,834,202,013</b>		<b>346,554,778</b>	<b>235,956,251</b>	<b>-</b>	<b>582,511,029</b>	<b>3,251,690,984</b>

### Depreciation Expenses:

Factory Overhead 228,512,540

General and Administrative 4,455,082

**Total**

**232,967,622**

CORPORATE OBJECTIVES, VALUES & STRUCTURE  
THE MANAGEMENT & REPORTING  
COMPLIANCES AND DISCLOSURES  
FINANCIAL STATEMENTS  
DIRECTORS' REPORTS AND FINANCIAL STATEMENTS OF SUBSIDIARY

**SHAHJIBAZAR POWER CO. LTD.**

**Head Office:** 822/2, Rokeya Sarani, Dhaka-1216, Bangladesh, Tel: 88-02-9025401

Fax: 88-02-9032436, E-mail: [info@youthbd.com](mailto:info@youthbd.com), Web: [www.youthbd.com](http://www.youthbd.com)

**Plant:** Fatepur, Shahjibazar, Madhobpur, Hobigonj, Bangladesh

Affix  
Tk. 20  
Revenue  
Stamp

# PROXY FORM

I/We.....of.....being a shareholder of  
Shahjibazar Power Company Limited and entitled to vote hereby appoint Mr. / Mrs. / Miss. ....  
..... as my / our proxy to attend and vote for me / us and on my / our behalf at the 10<sup>th</sup> Annual  
General Meeting of the Company to be held on Wednesday the 31<sup>st</sup> day of January, 2018, at KIB Complex Auditorium, Krishi  
Khamar Road, Farmgate, Dhaka-1215 at 10.30 A.M. As witness my/our hand this ..... day  
of.....2018.

Signature Shareholder

.....  
Signature of Proxy

BO ID No.

[illegible]

No. of Shares held ..... Dated .....

Notes :

01. This Form of Proxy, duly completed must be deposited at least 48 hours before the meeting of the company's Shares office 822/2, Rokeya Sarani, Dhaka-1216, Bangladesh
02. Proxy is invalid if not signed and stamped as indicated above.

**SHAHJIBAZAR POWER CO. LTD.**

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**Plant:** Fatepur, Shahjibazar, Madhobpur, Hobigonj, Bangladesh

## ATTENDANCE SLIP

I/we hereby record my/our attendance at the 10<sup>th</sup> Annual General Meeting of the Company being held on Wednesday the 31<sup>st</sup> day of January, 2018, at KIB Complex Auditorium, Krishi Khamar Road, Farmgate, Dhaka-1215 at 10.30 A.M.

Name of Member / Proxy : .....

BO ID No.

[illegible]

No. of Shares held .....

Signature Shareholder

Signature of Proxy

Date : .....

- Note: i) Shareholders attending the meeting in person or by proxy are requested to complete Attendance slip and deposit the same at the entrance of the meeting hall.
- ii) No gift or benefit in cash or kind shall be paid / offered to the Shareholders as per Circular No. SEC/CMRRCD/2009. 193/154 dated 24 October 2013 of BSEC for attending the AGM.



## **SHAHJIBAZAR POWER CO. LTD.**

**Corporate Office :** Youth Tower, 822/2, Rokeya Sarani, Dhaka-1216, Bangladesh  
Tel : 88-02-9025401-2, Fax : 88-02-9032436

**Plant :** Fatepur, Shahjibazar, Madhabpur, Hobigonj, Bangladesh  
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