

DIRECTORS REPORT TO SHAREHOLDERS

Respected Members & Shareholders,

Assalamualikum,

Turning over to another year I am delighted to extend warm welcome to all distinguished members of Shahjibazar Power Co. Ltd. at the 11th Annual General Meeting. As authorized by the Board of Directors, I am presenting you herewith the Audited Financial Statements for the year then ended June 30, 2018.

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-BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018 regarding Corporate Governance Code.

ECONOMY AT A GLANCE

Global growth for 2018 and 2019 is projected at 3.9 percent, as forecasted in the April 2018 by World Economic Outlook. The tension rises from recently announced tariff increases by the United States and retaliatory measures by trading partners mostly China have increased the likelihood of escalating and sustained trade tensions. This could derail several other economies to write down growth projections and be a major impediment to achieve 3.9 percent growth. Emerging Asia has still been enjoying the buoyant prospects as external demand remains strong. The region is forecast to expand by 6.0% in 2018 which is almost doubles of the world's growth.

By the same token, Bangladesh economy is undergoing a transformation from a low-income to middle-income economy. All three indices i.e. GNI (Per Capita), Human Assets Index and Economic Vulnerability Index set by The UN Committee for Development Policy are comfortably attained by Bangladesh. GDP growth may expand 7.9 percent year-over-year according to several estimates. This growth is mostly driven by domestic consumer spending and investment.

Consumer Price Index (CPI) has reached record 259.13 point as of October 2018. Cost of Living continues to increase 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 slightly slipped y-o-y at USD 31958 Million as of September 2018. 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.

Annual inflation rate in Bangladesh was nearly flat at 5.4 percent in October of 2018, compared to 5.43 percent in September. Still, it is the lowest reading since March of 2017, dragged down by a slowdown in cost of food (5.08 percent compared to 5.42 percent to 5.42 percent in September) while inflation went up for rent and utilities (2.7 percent compared

to 2.21 percent); clothing and footwear (10.88 percent compared to 10.4 percent); and transport and communication (8.14 percent compared to 7.23 percent). On a monthly basis, consumer prices went up 0.6 percent, below 1.8 percent in the previous month.

The current economic outlook of the country is inviting more investment in the industrial and utility sector. Assuming a stable political environment in recent times, the country is set to become the middle income country by 2021.

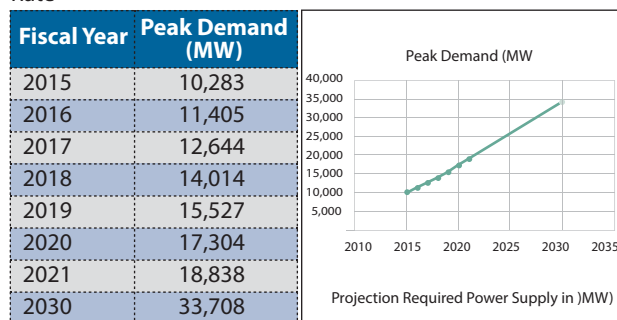
POWER SECTOR SCENARIO OF BANGLADESH

The power sector scenario of Bangladesh with its unprecedented growth drag the attention of the global community. Bangladesh has joined the elite club of Nuclear Power Producing countries as the 3rd member within South Asia. With captive and renewables, total generation capacity hits 20,430 MW which is an all-time record according to Power Division, Ministry of Power Energy and Mineral Resources.

According to the estimate of Bangladesh Power Development Board (BPDB), existing installed generation capacity of the country is 17,340 MW (Without Captive and SHS) of which 8,986 MW (51.82%) is being facilitated by Public Sector and rest 8,354 MW (48.18%) is being facilitated by Private Sector investment.

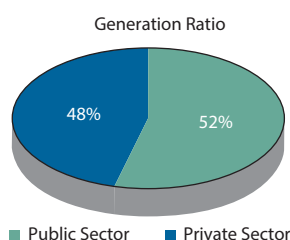
The access to electricity has been raised to 91% as compared to 83% last year and per capita electricity generation improved dramatically (from 220 kWh to 464kWh). Total consumer stands at 31.8 Million (December 2018) and System loss (distribution) reduced to 11.87%.

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



Present Installed Generation Capacity (MW) as on October 2018.

Public Sector	Installed Generation Capacity (MW)	%
BPDB	5266	30.37%
APSCL	1444	8.33%
EGCB	839	4.84%
NWPGCL	1211	6.98%
RPCL	226	1.30%
Sub Total	8986	51.82%
Private Sector	Installed Capacity (MW)	%
IPPs	5099	29.41%
SIPPs (BPDB)	99	0.57%
SIPPs (REB)	251	1.45%
15 YR. Rental	169	0.97%
3/5 YR. Rental	1576	9.09%
Power Import	1160	6.69%
Sub Total	8354	48.18%
Total	17340	100.00%



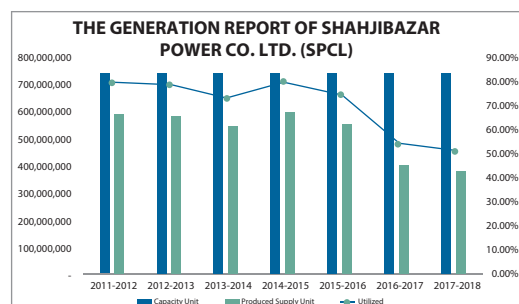
Public and private sector is contributing 52% and 48% respectively in the total generation of power as of October 2018. Amongst the public sector generation units BPDB is playing the champion role as usual.

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, 2018 the company is producing 51.35% of total capacity on an average. The operational performance of the Company is shown as hereunder:

Fiscal Year	Capacity Unit	Produced Supply Unit	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%
2017-2018	743,040,000	381,564,619	51.35%

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



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

In the fiscal year 2017-2018 your company has contributed a total of 381,564,619 Kwh to the national grid as compared to 402,946,125 of the Fiscal Year 2016-2017. Only off-taker of power of your company is Bangladesh Power Development Board (BPDB). Revenue for the year under report stands at Tk.1,347.73Million as compared to that of the previous year TK 1,314.17Million 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. 7,384.77Million was reported during the year under report as compared to Tk. 8,642.56Million. Net Profit After Tax (NPAT) with adding subsidiaries performance stands at Tk. 701.76Million. Oil refinery segment has delivered around 106.96 Million Liter of different grades of petroleum products including Octane, MS and HSD recording a revenue of Tk.6037.03Million separately.

SEGMENT WISE PERFORMANCE

Segment/Product	Quantity	Sales in Million Tk.
Power	381,564,619 Kwh	1,347.73
Oil & Gas	106,969,991 Ltr	6,037.03
Total		7,384.76

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, 2018 your company has contributed Tk. 247.50 Million as income tax and subsidiary of your company has added Tk. 905.55 Million in the form VAT to the national exchequer.

EXTRA-ORDINARY GAIN OR LOSS

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

DISCUSSION ON RELATED PARTY TRANSACTION

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 in accordance with the provision of IAS 24 "Related Party Disclosures". 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.

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.

MINORITY SHAREHOLDERS:

As of June 30, 2018 the total minority shareholders represent 36.77% of total shareholdings of the Company including Institute and General Public Portion. Every material decision which may affect the profitability of the company has been disclosed by disseminating the same as Material or Price Sensitive Information (PSI) as the case may be. Hence, active participation of the Independent Directors in the board has balanced the interest of Minority shareholders while considering or adopting any operational decision in the board.

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 (IAS) and Bangladesh Financial Reporting Standards (IFRS). 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 BSEC/CMRCD/2006158/207/Admin/80, dated 3 June 2018 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;
- 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.
- No bonus share or stock dividend has been or shall be declared as interim dividend

FINANCIAL RESULTS AND PERFORMANCE OF THE COMPANY

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

Taka in Million

Particulars	2017		2018		% Change
	(in Million Taka)	% on Sales	(in Million Taka)	% on Sales	
Revenue	8,642.56		7,384.77		-14.55%
Cost of Sales	6,889.32	80%	5,832.55	80%	-15.34%
Gross Profit	1,753.24	20%	1,552.22	20%	-11.47%
General and Administrative Expenses	163.66	2%	200.78	2%	22.68%
Finance Cost Net	393.22	5%	365.28	5%	-7.11%
Operating Profit	1,196.36	14%	986.16	14%	-17.57%
Other Income Net	23.41	0%	24.25	0%	3.61%
Share of Profit from Associate	42.70	0%	-4.69	0%	-110.98%
WPPF	66.55	1%	56.46	1%	-15.15%
Net Profit Before Income Tax	1,195.92	14%	949.26	14%	-20.62%
Income Tax	246.03	3%	247.50	3%	0.60%
Total Comprehensive Income	949.89	11%	701.76	11%	-26.12%
Less: Minority Interest	63.52	1%	41.31	1%	-34.96%
Net Profit (After Tax & Minority Interest)	886.37	10%	660.44	10%	-25.49%

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

Taka in Million

Particulars	2017		2018		% Change
	(in Million Taka)	% on Sales	(in Million Taka)	% on Sales	
Revenue	1,314.17		1,347.73		2.55%
Cost of Sales	718.44	55%	738.99	55%	2.86%
Gross Profit	595.74	45%	608.74	45%	2.18%
General and Administrative Expenses	58.74	4%	59.51	4%	1.31%
Finance Cost Net	95.66	7%	77.20	6%	-19.30%
Operating Profit	441.34	34%	472.03	35%	6.95%
Other Income Net	133.16	10%	176.45	13%	32.51%
Share of Profit from Associate	42.70	3%	-4.69	0%	-110.98%
WPPF	29.39	2%	30.66	2%	4.31%
Net Profit Before Income Tax	587.81	45%	613.14	45%	4.31%
Income Tax	138.07	11%	144.52	11%	4.67%
Total Comprehensive Income	449.74	34%	468.62	35%	4.20%

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

Particulars	2017		2018		% Change
	(in Million Taka)	% on Sales	(in Million Taka)	% on Sales	
Revenue	8,642.56		7,384.77		-14.55%
Cost of Sales	6,889.32	80%	5,832.55	80%	-15.34%
Gross Profit	1,753.24	20%	1,552.22	20%	-11.47%
Operating Profit	1,196.36	14%	986.16	14%	-17.57%
Net Profit Before Income Tax	1,195.92	14%	949.26	14%	-20.62%
Total Comprehensive Income	949.89	11%	701.76	11%	-26.12%
Net Profit (After Tax & Minority Interest)	886.37	10%	660.44	10%	-25.49%

Consolidated

As per the consolidated summary of accounts during the year under report, the revenue of the company was decreased by 14.55% year over year and cost of sales was decreased by 15.34%, Gross Profit Margin was 20% as compared to 20% of the previous year and Net Profit Margin was 10% as compared to 10% of the previous year.

Particulars	2017		2018		% Change
	(in Million Taka)	% on Sales	(in Million Taka)	% on Sales	
Revenue	1,314.17		1,347.73		2.55%
Cost of Sales	718.44	55%	738.99	55%	2.86%
Gross Profit	595.74	45%	608.74	45%	2.18%
Operating Profit	441.34	34%	472.03	35%	6.95%
Net Profit Before Income Tax	587.81	45%	613.14	45%	4.31%
Total Comprehensive Income	449.74	34%	468.62	35%	4.20%

Separate

As per the separate summary of accounts during the year under report, the revenue of the company has increased by 2.55% year-over-year and cost of sales was increased by 2.86%, Gross Profit Margin was 45% as compared to 45% of the previous year and Net Profit Margin was 35% as compared to 34% of the previous year.

PROFIT APPROPRIATION

During the year under report the consolidated Net Profit After Tax (NPAT) of your company at Tk. 660.44 Million As compared to Tk. 886.37 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 the year that ended on June 30, 2018 with the recommendations for appropriation as follows:

Particulars	Amount in Million Taka
Net Profit for the year 2018	660.44
Profit brought Forward	1,270.13
Profit available for appropriation	1,930.57
Appropriations:	
Proposed Stock and Cash Dividend	450.85
Transferred to Retained Earning	1,479.72
Profit available for appropriation	1,930.57

DIVIDEND

Your Board recommends a final cash dividend of 25% and 3% stock dividend for the year 2018 i.e. 3 (Three) Ordinary shares of Taka 10 each for 100 shares held on the record date, subject to approval by the shareholders at the 11th Annual General Meeting.

Dividend Type	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15	30-Jun-14
Cash Dividend (%)	25%	16%	30%	28%	25%
Stock Dividend (%)	3%	14%	3%	3%	5%
Total	28%	30%	33%	31%	30%

DIRECTORS' MEETING & ATTENDANCE

During the year ended June 30, 2018 The Board of Directors has attended 4 meetings. Directors who attended the board meetings are shown below:

Name of Directors	Attended
Mr. Rezakul Haider	4
Mr. Feroz Alam	4
Mr. Anis Salahuddin Ahmad	4
Mr. A.K.M Badiul Alam	4
Mr. Shamsuzzaman	4
Mr. Mohammad Liaquat Ali	4
Mr. Golam Nabi FCA	4

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		13,842,418	8.60%
B. Mr. Feroz Alam	Managing Director		12,923,317	8.03%
C. Mr. Anis Salahuddin Ahmad	Director		14,348,317	8.91%
D. Mr. A.K.M. Badiul Alam	Director		12,191,014	7.57%
E. Mr. Md. Shamsuzzaman	Director		18,286,521	11.36%
F. Mr. Akbor Haider	Sponsor	Son of Mr. Rezakul Haider	5,025,507	3.12%
G. Mr. Faridul Alam	Sponsor	Son of Mr. Feroz Alam	4,800,000	2.98%
H. Ms. Rezina Alam	Sponsor	Daughter of Mr. Feroz Alam	5,025,507	3.12%
J. Mr. Faisal Alam	Sponsor	Son of Mr. Feroz Alam	5,525,507	3.43%
K. Mr. Asgar Haider	Sponsor	Son of Mr. Rezakul Haider	4,825,507	3.00%
L. Ms. Israt Azim Ahmad	Sponsor	Spouse of Mr. Anis Salahuddin Ahmad	5,025,507	3.12%
F. Mr. Mohammad Liaquat Ali	Independent Director		Nil	Nil
G. Mr. GolamNabi 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	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		18,286,521	11.36%

DIRECTORS' ELECTION & RE-APPOINTMENT:

As per Articles of Association Mr. Rezakul Haider and Mr. Md. Shamsuzzaman shall retire in 11th Annual General Meeting by rotation and being eligible to offer themselves for re-election.

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.

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 10th Annual General Meeting. They have carried out the audit for the year 2018 and will retire in the 11th Annual General Meeting. M/S G. Kibria and Co. Chartered Accountants had expressed their willingness to become appointed as the Statutory Auditor of your company for the Financial Year 2018-2019. 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 appointment of ACNABIN Chartered Accountants shall be presented at the 11th 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
Interest Rate Risk	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Prioritize Equity Based Financing Prefer Long Term fund over Short Term due to lower cost Continuously seeking cheap source of fund
Exchange Rate Risk	<ul style="list-style-type: none"> SPCL imports mostly spare parts (if required) against payment of foreign currency. Unfavorable volatility or currency fluctuation may affect the profitability of the Company. 	<ul style="list-style-type: none"> Justified Forward Contract agreements Purchase through L/C which is known to be less exposed method in terms of Forex Risk
Industry Risk	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Payment is guaranteed by Power Purchase Agreement (PPA) with Bangladesh Power Development Board (BPDB)

Market And Technology Related Risk	<ul style="list-style-type: none"> Technology is related to generation, transmission, distribution, quantity measuring and maintaining of required electricity generation. 	<ul style="list-style-type: none"> Modernization program after periodic interval
Potential Or Existing Government Regulations	<ul style="list-style-type: none"> 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 & supply and distribution is fully under the control of Government. So, Government policies in this regard may impact business operation of SPCL. 	<ul style="list-style-type: none"> Every possible effect of abrupt policy change by government is communicated with respective authority of the Government time to time Energy sector being one of the priority sector the respective authority
Potential Changes In The Global or National Policies	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Prudent Rehabilitation Scheme Insurance Coverage to all possible extents
Pricing	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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 & 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. 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.
Risk Associated With Payment	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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. Petroleum Segment has been collecting payment from BPC in a regular basis. There is no history of default in payment from BPC till today.
Environmental Pollution	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The operations and maintenance (O&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. Petromax Has installed state of the art technology of oil refining equipment that ensures zero emission of spill overs.

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 As per condition No. 1(5) (xxvii) of the Securities & Exchange Commission's notification no-SEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 issued under section 2CC of the Ordinance 1969 the Corporate Governance Compliance Report is shown in **Annexure-2**. A certificate from Mazumdar Sikder and Associates Cost & Management Accountants confirming compliance of conditions of Corporate Governance Guidelines as stipulated under condition 9(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 37**

ACKNOWLEDGEMENT:

In fine, we are sincerely thankful to all of you for your continuous believe and trust on us. Our effort shall be continued to ensure best utilization of your invested money in our company. We are striving for innovation and opportunity for diversification to generate more values outstand your company within the corporate sector of the Country.

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.

Looking forward for a better future and sustainable growth.

For and On Behalf of the Board



Feroz Alam
Managing Director