

DIRECTORS REPORT TO SHAREHOLDERS

Dear Owners of Shahjibazar Power Co. Ltd.

Assalamualikum,

Passing through a very rough patch of global economic downturn we have completed the year with a mixed operating performance. As authorized by the Board, I, being the Chairperson of the Board, would like to welcome you all in the 15th Annual General Meeting and presenting herewith the Audited Financial Statements for the year then ended June 30, 2022.

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 and other directive and regulations published by the Commission time to time.

ECONOMY AT A GLANCE

Hit with never seen before inflation, Russia-Ukraine war, tightening financial condition in several regions especially EU and China put forward a turbulent challenge for many economies across the world. Central Banks along with Federal Reserve are grappling to stabilize the inflationary pressure mostly triggered by the lingering war and the dragging effect of pandemic incentives to the affected citizens. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic and reflects significant slowdowns for the largest economies: a US GDP contraction in the first half of 2022, a euro area contraction in the second half of 2022, and prolonged COVID-19 outbreaks and lockdowns in China with a growing property sector crisis. One third of the world economy faces two consecutive quarters of negative growth. Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024.

Against the backdrop of geo-political challenges the growth momentum of Bangladesh economy is facing several setbacks. Mostly due to the strong US dollar against local currency for an economy with a highly negative BoP (Balance of Payment) status, the forex reserve was strained to settle import bills. The policymakers have displayed a great deal of prudence by discouraging import of luxurious items and taking the path of austerity while it comes to spent foreign exchange reserve. Thanks to the foreign remittance earners and RMG sector the economy could withstand and battle these challenges. However, the interest rate cap is hurting Middle and lower income class to battle ever increasing inflation and price of food grains which will be taken care by the central bank. Despite these challenges in the course the glorious growth journey of the economy will not stop. According to Bangladesh Bureau of Statistics (BBS) the projected GDP growth in FY21-22 is 7.25% against realized GDP of 6.94% in FY20-21. As usual Industry sector is the biggest slice followed by Service and Agricultural sector in the total pie of GDP.

Per capita income, in terms of current USD, is expected to continue to rally and reach USD 2,824 by the end of FY21-22. However, this would mean the growth of per capita income (in current USD) would decline to about 9 percent in FY21-22 compared to 11.39% in FY20-21.

The private and public sector investment activities, partly reflected through the robust private sector credit growth and implementation of various mega projects, remained buoyant in FY22. The private sector credit increased by 12.94 percent (y-o-y) at the end of May 2022 as against an increase of 7.55 percent in the corresponding period of the previous fiscal year. The large and medium-scale manufacturing output registered 17.05 percent growth during the first 8 months (July-February) of FY22, while it grew by 4.15 percent during the corresponding period of the previous fiscal year.

As per the publication of Bangladesh Bank, the monetary policy for FY22 was designed to support the continuing efforts for economic recovery from COVID-19 pandemic-induced adversities and maintain appropriate cautions for overall price and financial stability. Therefore, the monetary policy stance in FY22 was necessarily expansionary and accommodative like that of FY21. The monetary and credit programs for FY22 were designed with the assumption of a 7.20 percent real GDP growth and a 5.30 percent general inflation ceiling, as declared in the national budget.

POWER SECTOR SCENARIO OF BANGLADESH

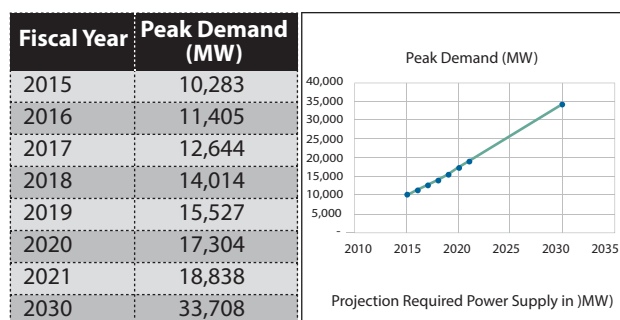
The power sector of Bangladesh has been a great matter of interest lately thanks to the media attention. The landmark of 100% electrification has been achieved in March 2022. Total generation capacity has reached to a new height of 25,826 MW out of which 20,884 MW was added during the last 13 year under this capable government. Currently the sector is highly dependent on gas for primary fuel followed by HFO. The pursuit of transformation in renewables as primary source is underway.

As per the publication of Bangladesh Power Development Board (BPDB) existing installed capacity of power is 22,608 MW (Without Captive and SHS) of which 11490 MW (51%) is being produced under government owned facilities and 11,118 MW (49%) is being produced under private owned facilities.

The access to electricity has been raised to 100% as compared to 99.75% last year and per capita electricity generation improved to 608.76 KWh. Total consumer stands at 44.10 Million (December 2022) and System loss (distribution) reduced to 7.74%.

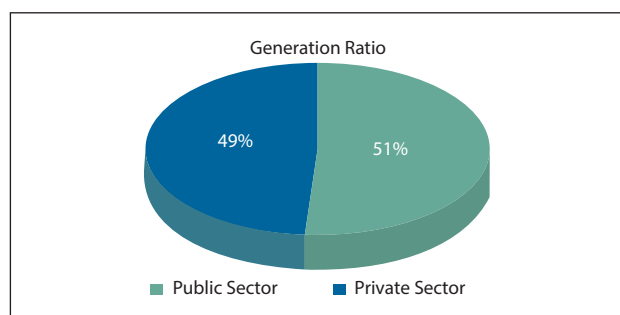
In the short run power demand shall increase in a consistent pattern over the years. Key drivers behind will be Digitization of services in several sectors, More use of Digital Financial Services, Mechanized Agriculture technologies transforming the way of farming, Change of lifestyles in the rural areas, the demography of rising population, several infrastructural mega projects like Padma Bridge, Dhaka Metrorail, Airport Terminal - 3, One Hundred economic zones and Matarbari Moheshkhali Integrated Development Initiative (MIDI).

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



Present Installed Generation Capacity (MW) as on November 30, 2022

BPDB	6013	26.60%
APSC	1544	6.83%
EGCB	957	4.23%
NWPGCL	1401	6.20%
RPCL	182	0.81%
B-R Power Gen	149	0.66%
JV-NWPGCL-CMC	1244	5.50%
Sub Total	11490	50.82%
IPPs	8487	37.54%
SIPPs (BPDB)	99	0.44%
SIPPs (REB)	251	1.11%
15 YR. Rental	169	0.75%
3/5 YR. Rental	952	4.21%
Power Import	1160	5.13%
Sub Total	11118	49.18%
Total	22608	100.00%



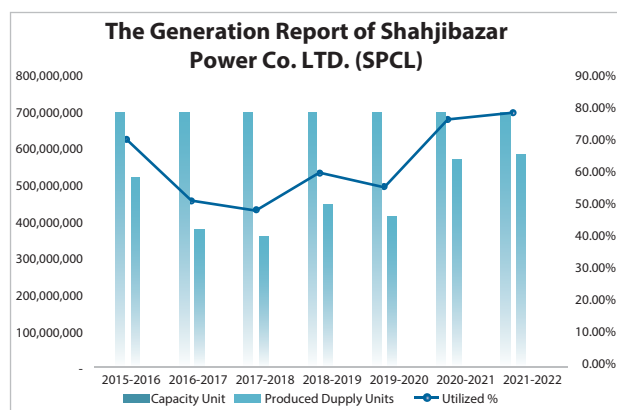
Public and private sector is contributing 51% and 49% respectively in the total generation of power as of November 2022. Amongst the public sector generation units BPDB is playing the champion role as usual.

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, 2022 the company is producing 83.43% of total capacity on an average. The operational performance of the Company is shown as hereunder:

Fiscal Year	Capacity Unit	Produced Supply Unit	Utilized %
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%
2018-2019	743,040,000	474,114,000	63.81%
2019-2020	743,040,000	440,517,096	59.29%
2020-2021	743,040,000	605,484,672	81.49%
2021-2022	743,040,000	619,934,136	83.43%

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



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

During FY21-22 your company has generated 619,934,136 Kwh as compared to 605,484,672 Kwh in FY20-21 to supply the national grid. As always the only off-taker is Bangladesh Power Development Board (BPDB). Revenue for the year under report stands at BDT 2,235.24 Million as compared to the previous year of BDT 2,146.71 Million growing 4.12% Y-o-Y. Consolidated Revenue was slumped -20.80% Y-o-Y scoring BDT 7,249.02 Million in FY21-22 and BDT 9,152.95 Million in FY20-21. Consolidated Net Profit after Tax (NPAT) after adding the contribution from subsidiary and associate entities stands at BDT 795.66 in FY21-22 as compared to BDT 1159.87 on FY20-21 which has shown a fall of 31.40%. Oil Refinery segment has delivered around 88.55 Million liters of petroleum products with a revenue of Tk. 5013.77 Million.

SEGMENT WISE PERFORMANCE

Segment/Product	Quantity	Sales in Million Tk.
Power	619,934,136 Kwh	2235.24
Oil & Gas	88,557,473 Ltr	5013.77
Total		7249.01

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, 2022 your company has contributed Tk. 254.92 Million as income tax and subsidiary of your company has added Tk. 752.06 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 Disclosure". 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.

SIGNIFICANT VARIANCE BETWEEN QUARTERLY AND ANNUAL FINANCIAL STATEMENTS

The underlying reasons for that significant deviation can be attributed to fall in profits of subsidiary and associate companies. The 90% subsidiary of refinery business was operated under capacity due to lower availability of Natural Gas Condensate (NGC) from the government. Moreover, the associate business of 150 MW HFO fired power plant had several HFO import consignments booked at the USD exchange rate of BDT 84-87 as of March 2022. Whereas the foreign exchange market turbulence has started thereof and in the next immediate quarter from April-June 2022, those import consignments matured for payment and USD rate was by the time hits as high as up to BDT 110 per USD causing a huge currency exchange loss reflected in the profitability of this power generation business.

REMUNERATION OF DIRECTORS

Remuneration, performance and other related prerequisites/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, 2022 the total minority shareholders represent 39.71% 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 (IAS) as adopted by ICAB as International Accounting Standards (IAS) and International 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 –

- I Selection of suitable accounting policies and then applying them consistently,
- II. Making judgments and estimates that are reasonable and prudent,
- III. Ensuring that the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS),

IV 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's Notification No- BSEC/CMRRCD/2006-158/207/Admin/80 dated: June 3, 2018, the Directors are also pleased to make the following declarations in their report:

- a. 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;
- b. Proper books of accounts of your Company have been maintained;
- c. 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;
- d. International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any discrepancies have been adequately disclosed;
- e. The system of internal control is well structured and has been effectively implemented and monitored;
- f. There are no significant doubts upon your Company's ability to continue as an ongoing concern basis;
- g. Significant deviations from last year in operating results of the Company are highlighted and the reasons have been explained in financial results & profit appropriation;
- h. Key operating and financial data has been summarized for the preceding five years;
- i. 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;
- j. The number of Board meetings held during the year and attendance of each director has been disclosed;
- k. The pattern of shareholding has been reported in Annexure-3 to disclose the aggregate number of shares.

SHAHJIBAZAR POWER COMPANY LIMITED

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

FINANCIAL RESULTS AND PERFORMANCE OF THE COMPANY

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

Particulars	2021		2022		% Change
	(in Million Taka)	% on Sales	(in Million Taka)	% on Sales	
Revenue	9,152.95		7,249.02		-20.80%
Cost of Sales	7,569.25	83%	5,943.69	82%	-21.48%
Gross Profit	1,583.70	17%	1,305.33	18%	-17.58%
General and Administrative Expenses	163.88	2%	170.69	2%	4.16%
Finance Cost Net	358.14	4%	263.54	4%	-26.41%
Operating Profit	1,061.68	12%	871.10	12%	-17.95%
Other Income Net	47.04	1%	50.21	1%	6.74%
Share of Profit from Associate	489.21	5%	178.28	2%	-63.56%
WPPF	57.08	1%	49.01	1%	-14.14%
Net Profit Before Income Tax	1,540.85	17%	1,050.58	14%	-31.82%
Income Tax	380.98	4%	254.92	4%	-33.09%
Total Comprehensive Income	1,159.87	13%	795.66	11%	-31.40%
Less: Minority Interest	32.51	0%	23.17	0%	-28.73%
Net Profit (After Tax & Minority Interest)	1,127.36	12%	772.49	11%	-31.48%

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

Particulars	2021		2022		% Change
	(in Million Taka)	% on Sales	(in Million Taka)	% on Sales	
Revenue	2,146.71		2,235.24		4.12%
Cost of Sales	1,354.21	63%	1,446.73	65%	6.83%
Gross Profit	792.50	37%	788.51	35%	-0.50%
General and Administrative Expenses	69.40	3%	89.63	4%	29.15%
Finance Cost Net	86.54	4%	121.65	5%	40.58%
Operating Profit	636.56	30%	577.23	26%	-9.32%
Other Income Net	83.13	4%	117.77	5%	41.67%
Share of Profit from Associate	489.21	23%	178.28	8%	-63.56%
WPPF	34.27	2%	33.09	1%	-3.45%
Net Profit Before Income Tax	1,174.63	55%	840.19	38%	-28.47%
Income Tax	249.81	12%	168.03	8%	-32.74%
Total Comprehensive Income	924.82	43%	672.16	30%	-27.32%

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

SIGNIFICANT VARIANCE OF FINANCIAL STATEMENTS

The underlying reasons for that significant deviation can be attributed to fall in profits of subsidiary and associate companies. The 90% subsidiary of refinery business was operated under capacity due to lower availability of Natural Gas Condensate (NGC) from the government. Moreover, the associate business of 150 MW HFO fired power plant had several HFO import consignments booked at the USD exchange rate of BDT 84-87 as of March 2022. Whereas the foreign exchange market turbulence has started thereof and in the next immediate quarter from April-June 2022, those import consignments matured for payment and USD rate was by the time hits as high as up to BDT 110 per USD causing a huge currency exchange loss reflected in the profitability of this power generation business.

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

Particulars	2021		2022		% Change
	(in Million Taka)	% on Sales	(in Million Taka)	% on Sales	
Revenue	9,152.95		7,249.02		-20.80%
Cost of Sales	7,569.25	83%	5,943.69	82%	-21.48%
Gross Profit	1,583.70	17%	1,305.33	18%	-17.58%
Operating Profit	1,061.68	12%	871.10	12%	-17.95%
Net Profit Before Income Tax	1,540.85	17%	1,050.58	14%	-31.82%
Total Comprehensive Income	1,159.87	13%	795.66	11%	-31.40%
Net Profit (After Tax & Minority Interest)	1,127.36	12%	772.49	11%	-31.48%

Consolidated

Revenue falls -20.80% as compared to the previous year accordingly Gross Profit also slipped by -17.58% Operating profit -17.95%. Net profit (After Tax & Minority Interest) has also face a sharp fall by -31.48% as compared to last year. GP

Margin was 18% of sales as compared to the 17% of previous year and Net Profit Margin was 11% as compared to 12% of the previous year.

Particulars	2021		2022		% Change
	(in Million Taka)	% on Sales	(in Million Taka)	% on Sales	
Revenue	2,146.71		2,235.24		4.12%
Cost of Sales	1,354.21	63%	1,446.73	65%	6.83%
Gross Profit	792.50	37%	788.51	35%	-0.50%
Operating Profit	636.56	30%	577.23	26%	-9.32%
Net Profit Before Income Tax	1,174.63	55%	840.19	38%	-28.47%
Total Comprehensive Income	924.82	43%	672.16	30%	-27.32%

Separate

Revenue was slightly up by 4.12% as compared to the previous year. Despite the rise in revenue, Gross Profit slightly falls due to increase in raw material price. Gross Profit Margin as compared to revenue was 35% as compared to 37% of the previous year due to the same reason. Net Profit Margin has a big fall of 30% as compared to 43% of the previous year due to the same reason.

PROFIT APPROPRIATION

Consolidated Net Profit after Tax (NPAT) of your company stands BDT 772.49 Million as against BDT 1127.36 Million Year-Over-Year. Current liquidity position of the company is very highly strained due to non-payment of Bills by BPDB for long time. Considering the practical situation the Board would like to report the Company's financial result for the year than ended on June 30, 2022 with the recommendations for appropriation as follows:

Particulars	Amount in Million Taka
Net Profit for the year 2021	772.49
Profit brought Forward	3,372.15
Profit available for appropriation	4,144.64
Appropriations:	
Proposed Stock and Cash Dividend	358.90
Transferred to Retained Earning	3,785.74
Profit available for appropriation	4,144.64

DIVIDEND

Your Board recommends a final cash dividend of 16% and 4% stock dividend for the year 2022 i.e. 4 (Four) Ordinary shares of Taka 10 each for 100 shares held on the record date, subject to approval by the shareholders at the 15th Annual General Meeting.

Dividend Type	30-Jun-22	30-Jun-21	30-Jun-20	30-Jun-19	30-Jun-18	30-Jun-17
Cash Dividend (%)	16%	28%	28%	28%	25%	16%
Stock Dividend (%)	4%	4%	2%	2%	3%	14%
Total	20%	32%	30%	30%	28%	30%

DIRECTORS' MEETING & ATTENDANCE

During the year ended June 30, 2022 The Board of Directors has attended 4 meetings. Directors who attended the board meetings are shown below:

Name of Directors	Attended
Mr. Anis Salahuddin Ahmad	4
Mr. Faridul Alam	4
Mr. A.K.M Badiul Alam	4
Mr. Shamsuzzaman	4
Mr. Akbor Haider	4
Mr. Faisal Alam	4
Mr. Asgar Haider	4
Mr. Mohammed Nurul Amin	4
Mr. Sharif Wadud, FCA	3

THE PATTERN OF SHAREHOLDING

Pattern of Shareholding as on June 30, 2022

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	Deceased		15,427,046	8.60%
B. Mr. Anis Salahuddin Ahmad	Chairperson		15,990,860	8.91%
C. Mr. A.K.M. Badiul Alam	Director		10,466,596	5.83%
D. Mr. Md. Shamsuzzaman	Director		20,379,896	11.36%
E. Mr. Akbor Haider	Director	Son of Mr. Rezakul Haider	5,600,807	3.12%
F. Mr. Faridul Alam	Managing Director		10,243,619	5.71%
G. Mr. Faisal Alam	Director		11,052,178	6.16%
H. Mr. Asgar Haider	Director	Son of Mr. Rezakul Haider	5,377,912	3.00%
I. Ms. Rezina Alam	Sponsor		8,047,874	4.48%
J. Ms. Israt Azim Ahmad	Sponsor	Spouse of Mr. Anis Salahuddin Ahmad	5,600,807	3.12%
K. Mr. Mohammed Nurul Amin	Independent Director		Nil	Nil
L. Mr. Sharif Wadud	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. Fazle Elahi Khan	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		20,379,896	11.36%

DIRECTORS' ELECTION & RE-APPOINTMENT:

As per Articles of Association Mr. A.K.M Badiul Alam and Mr. Asgar Haider shall retire in 15th 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. Mohammed Nurul Amin 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

Name of Directors						Companies >>
Mr. Anis Salahuddin Ahmad	✓					Petromax Refinery Ltd.
Mr. A.K.M Badiul Alam	✓					Midland Power Company Ltd.
Mr. Shamsuzzaman	✓					Midland East Power Ltd.
Mr. Faridul Alam	✓				✓	Comfit Composite Knit Ltd.
Mr. Akbor Haider	✓	✓	✓			Youth Fashion Ltd.
Mr. Faisal Alam	✓	✓	✓			Youth Garments Ltd.
Mr. Asgar Haider	✓	✓	✓			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. Mohammed Nurul Amin	Chair	4
Mr. Akbor Haider	Member	3
Mr. A.K.M Badiul Alam	Member	4
Mr. Yeasin Ahmed ACS	Secretary	4

AUDITORS

M/S ACNABIN Chartered Accountants was appointed as the auditor of the Company in the 14th Annual General Meeting. They had carried out the audit for the year ended June 30, 2022 and will retire in the 15th Annual General Meeting. They have shown their willingness to conduct the statutory audit for the company for the ensuing year i.e. FY 2022-23. Being eligible as per section 212 of the Company Act 1994 and a member of the list of Panel Auditors by Bangladesh Securities and Exchange Commission (BSEC), the appointment of ACNABIN Chartered Accountants shall be presented in the 15th AGM for member's approval.

M/S A.K.M Delwer Hussain & Associates Cost & Management Accountants had provided Corporate Governance Code certificate for FY2021-22. For the FY2022-23 M/S Suraiya Parveen & Associates has

expressed their willingness to provide Corporate Governance Code certificate. Being eligible the appointment of M/S Suraiya Parveen & Associates shall be presented in the 15th 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 BPDB. 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 07 June 3, 2018 issued under section 2CC of the Ordinance 1969 the Corporate Governance Compliance Report is shown in Annexure-1. A certificate from M/S A.K.M Delwer Hussain & Associates Cost & Management Accountants confirming compliance of conditions of Corporate Governance Codes as stipulated under condition 9 is also annexed to this report as Annexure-B.

KEY OPERATING AND FINANCIAL DATA:

The summarized key data for last five years is set out in the page number 46.

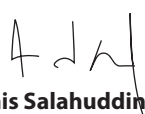
ACKNOWLEDGEMENT:

On behalf of the Board, I extend my sincere gratitude to all the owners of the company to stand with us in this turbulent economic situation. I firmly believe that you all are resilient enough to withstand this challenging episode of the global economic crisis and its effect. Surely all of our lives are going to be affected more or less due to the rapid change in top-line policies by the government as well as regulators to keep the country stable and responsive against the looming crisis.

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


Anis Salahuddin Ahmad
 Chairman