DIRECTORS REPORT TO SHAREHOLDERS

Dear Owners of Shahjibazar Power Co. Ltd.

Assalamualikum,

In the context of another challenging operational year, we have concluded the fiscal period with suboptimal financial outcomes. With the Board's authorization, I would like to extend a warm welcome to all participants at the 17th Annual General Meeting and present the Audited Financial Statements for the year ending June 30, 2024.

The Directors' Report has been meticulously crafted in accordance with Section 184 of the Companies Act of 1994, adhering to the Financial Reporting Standards established by the Institute of Chartered Accountants of Bangladesh (ICAB). Additionally, this report complies with the Dhaka and Chittagong Stock Exchange (Listing) Regulations of 2015, as well as the Bangladesh Securities and Exchange Commission's (BSEC) notification (BSEC/CMRRCD/2006-158/207/Admin/80) issued on June 3, 2018, concerning the Corporate Governance Code. This report also fulfills all directives and regulations issued by the Commission over time.

15.14 ECONOMY AT A GLANCE

Global growth is expected to align with the forecast from the April 2024 World Economic Outlook (WEO), standing at 3.2 percent for 2024 and 3.3 percent for 2025. Nevertheless, varying activity momentum at the year's end has slightly reduced the differences in output among economies as cyclical influences diminish and activity begins to better align with its potential. Inflation in service prices is hindering progress toward disinflation, which is making monetary policy normalization more complex. Consequently, the risks of inflation on the upside have risen, raising the likelihood of prolonged higher interest rates amid rising trade tensions and greater policy uncertainty. To address these risks and support growth, the policy mix should be implemented in a careful sequence to ensure price stability and rebuild depleted buffers.

The Bangladeshi economy is currently in a rebound phase post-COVID-19; however, it is facing challenges due to geopolitical tensions and rapid change of regime. The persistent strengthening of the US dollar has exerted considerable pressure on the foreign exchange reserves. The economy remains heavily reliant on the Ready-Made Garments (RMG) sector and foreign remittances, with limited progress in diversifying its export base. Before the pandemic, in FY 2018-19, the economy experienced a robust growth rate of 7.88 percent. This was sharply reduced to 3.45 percent during the COVID-19 fallout in FY 2019-20. The growth rate demonstrated a recovery to 6.94 percent in FY 2020-21; however, preliminary data indicates a further downturn to 6.03 percent in the fourth quarter of 2023. According to provisional estimates from the World Bank, the GDP growth forecast for FY 2024-25 is projected at 5.7 percent, reflecting ongoing economic vulnerabilities and the need for strategic interventions to enhance resilience and diversification

Per capita GDP stood at US$ 1,869.16 in FY 2022-23 compared to US$ 2,687 in the previous fiscal year. The per capita GDP in dollar terms has declined slightly in FY 2023-24 due to the appreciation of US dollar.

Given the moderate expansion in both the public and private sectors, domestic credit growth is anticipated to reach 11.6 percent for FY25. The banking system's net foreign assets (NFA) are expected to experience a positive growth rate of 17.8 percent in FY25. This projected increase in NFA is based on the expectation of a surplus in the overall balance of payments, along with a forecast of moderate growth in both exports and imports, as well as significant increases in remittances. Additionally, the anticipated flow of foreign funds from development partners has been factored into the positive growth projection for NFA. The forecast for Reserve Money (RM) growth is established at a positive rate of 1.0 percent, taking into account economic conditions and the stable behavior of the money multiplier, which is affected by the ratios of currency deposits to reserve deposits.

15.15 POWER SECTOR SCENARIO OF BANGLADESH

In the aftermath of Bangladesh's independence, the power sector has experienced a significant transformation, particularly over the last decade, which has accounted for 90% of the sector's cumulative advancements since liberation. As of now, the total generation capacity, incorporating both captive and renewable energy sources, stands at 31,194 MW. The sector predominantly relies on natural gas as the primary fuel, supplemented by HFO. Efforts are currently underway to transition towards renewable energy sources as a more dominant component of the energy mix.

According to the Bangladesh Power Development Board (BPDB), the total installed power generation capacity stands at 27840 MW, excluding captive and renewable sources. The contributions are segmented as follows: 42% from the public sector, 39% from the private sector, 9.54% from power imports, and 8.90% from joint ventures with international partners.

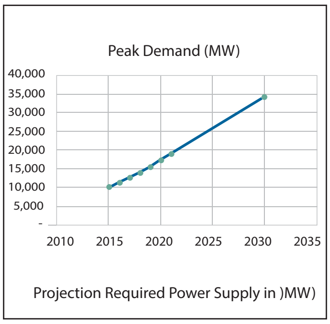
Per capita electricity generation has reached 640 kWh. The expansion of the power distribution network has resulted in an increase to 697,000 km, accommodating approximately 47.5 million consumers. Notably, system losses have significantly decreased to 7.25% as of December FY 2023-24, a marked improvement from 14.73% recorded in FY 2010-11.

In the short term, we can anticipate a steady increase in power demand driven by several key factors. The ongoing digitization of services across multiple sectors will play a significant role, alongside the growing adoption of digital financial services. Additionally, advancements in mechanized agricultural technologies are set to revolutionize farming practices. Shifts in lifestyle patterns within rural communities, coupled with demographic trends including a rising population, will further contribute to this demand.

Moreover, large-scale infrastructural initiatives such as the Padma Bridge, Dhaka Metrorail, Airport Terminal – 3, the development of one hundred economic zones, and the Matarbari Moheshkhali Integrated Development Initiative (MIDI) will also be pivotal. Collectively, these elements suggest a robust trajectory for power demand over the coming years.

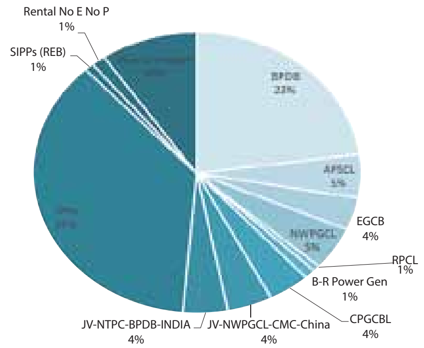
Power System Master Plan by BPDB Assuming 7% GDP Growth Rate

Fiscal Year	Peak Demand (MW)
2015	10,283
2016	11,405
2017	12,644
2018	14,014
2019	15,527
2020	17,304
2021	18,838
2030	33,708



Present Installed Generation Capacity (MW) as on November 30, 2024

BPDB	6350	22.81%
APSCL	1394	5.01%
EGCB	1032	3.71%
NWPGCL	1401	5.03%
RPCL	182	0.65%
B-R Power Gen	312	1.12%
CPGCBL	1150	4.13%
JV-NWPGCL-CMC-China	1244	4.47%
JV-NTPC-BPDB-INDIA	1234	4.43%
Sub Total	14299	51.36%
IPPs	10253	36.83%
SIPPs (BPDB)	0	0.00%
SIPPs (REB)	251	0.90%
15 YR. Rental	0	0.00%
3/5 YR. Rental	0	0.00%
Rental No E No P	381	1.37%
Power Import	2656	9.54%
Sub Total	13541	48.64%
Total	27840	100.00%



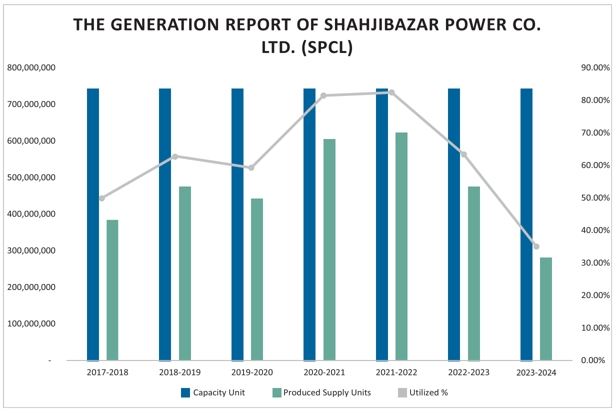
Public and private sector is contributing 42% and 39% respectively followed by Import & JV 18% in the total generation of power as of November 30, 2024. Amongst the public sector generation units BPDB is playing the champion role as usual.

15.16 BUSINESS ACTIVITIES INCLUDING ITS OPERATING PERFORMANCE

Shahjibazar Power Company Limited (SPCL) entered the Bangladeshi power sector by securing a competitive tender against multiple bidders from the Bangladesh Power Development Board (BPDB) on February 14, 2008. Following this, SPCL established a Gas Supply Agreement (GSA) with Jalalabad Gas Transmission and Distribution System Limited (JGTDSL) on April 9, 2008. After the expiry of the initial power purchase agreement with BPDB on February 11, 2024, this year, the company was able to renew the agreement for another 5 (five) years term with no-electricity no-payment basis effective from July 9, 2024. In collaboration with GE International, the company constructed an 86 MW power plant pursuant to a Power Purchase Agreement (PPA) with BPDB, aimed at supplying electricity to the government. As of June 30, 2024, SPCL has been operating at an average capacity factor of 37.65%. The operational metrics reflect the company's performance, showcasing its robustness in power generation.

Fiscal Year	Capacity Unit	Produced Supply Unit	Utilized %
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%
2022-2023	743,040,000	477,095,952	64.21%
2023-2024	743,040,000	279,783,240	37.65%

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



In the fiscal year 2023-2024 (FY23-24), the company produced 279,783,240 KWh electricity for the national grid, a decline from the 477,095,952 KWh generated in FY22-23. The Bangladesh Power Development Board (BPDB) remains the sole off-taker. This considerable decrease in generation is primarily due to the plant being non-operational for over a quarter of the year, stemming from the expiration of both the power purchase agreement and the gas supply agreement.

Revenue for FY23-24 is reported at BDT 2,337.47 million, reflecting a year-over-year decline of 15.06% from the previous year's revenue of BDT 2,751.97 million. However, consolidated revenue increased by 18.95% year-over-year, amounting to BDT 11164.46 million in FY23-24 compared to BDT BDT 9385.70 million in FY22-23.

Consolidated Net Profit After Tax (NPAT), incorporating contributions from subsidiary and associate entities, is reported at BDT 456.12 million in FY23-24, a significant increase of 60.58% compared to BDT 284.05 million in FY22-23. In addition, the oil refinery division has achieved delivery of approximately 110.53 million liters of petroleum products, generating revenue of BDT 8,826.98 million.

15.17 SEGMENT WISE PERFORMANCE

Segment/Product	Quantity		Sales in Million Tk.
Power	279,783,240	Kwh	2,337.47
Oil & Gas	110,536,681	Ltr	8,826.98
	Total		11,164.45

15.18 CONTRIBUTION TO THE NATIONAL EXCHEQUER

The backbone of economic growth is a reliable energy supply, and your company plays a pivotal role in this as a key supplier of power and oil nationwide. As of June 30, 2024, your company has contributed Tk. 275.78 million in corporate income tax, while its subsidiary has made a significant contribution of Tk. 1,331.22 million in VAT to the national treasury.

15.19 EXTRA-ORDINARY GAIN OR LOSS

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

15.20 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 Page No. 105 of the financial statements.

15.21 SIGNIFICANT VARIANCE BETWEEN QUARTERLY AND ANNUAL FINANCIAL STATEMENTS

In its standalone performance for the fiscal year 2023-2024, Shahjibazar Power Co. Ltd. reported a decline in Earnings Per Share (EPS) of Tk 0.86 compared to the previous fiscal year. This decrease is primarily attributed to the operational shutdown of the power plant from February 11, 2024, following the expiration of the initial Power Purchase Agreement (PPA). Consequently, the plant was unable to generate revenue from February 11 to June 30, 2024, resulting in a significant drop in its operational factor to 37%, down from 63% in the prior year.

Contrastingly, the consolidated EPS showed an improvement of Tk 0.79 in FY 2023-2024 relative to FY 2022-2023. This positive trend can be largely credited to the robust performance of SPCL's 90% owned subsidiary, Petromax Refinery Limited (PRL), which achieved an EPS of Tk 2.48, a remarkable increase from Tk 0.05 recorded in the previous fiscal year. Furthermore, the reduction in losses from SPCL's associate company, which decreased by BDT 15.67 crore this fiscal year compared to last, further boosted the consolidated EPS for SPCL.

15.22 REMUNERATION OF DIRECTORS

Remuneration, performance and other related perquisites/benefits of managing director is disclosed in **Note 30.01** Other directors are not entitled to remuneration and other facilities for their directorship except the Board Meeting Fee.

15.23 MINORITY SHAREHOLDERS:

As of June 30, 2024 the total minority shareholders represent 40.79% 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.

15.24 CORPORATE AND FINANCIAL REPORTING FRAMEWORK

As per law the financial statements of your Company have 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.

15.25 FINANCIAL RESULTS AND PERFORMANCE OF THE COMPANY

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

Particulars	2023		2024		% Change
	(in Million Taka)	% on Sales	(in Million Taka)	% on Sales	
Revenue	9,385.70		11,164.46		18.95%
Cost of Sales	8,179.43	82%	9,883.11	89%	20.83%
Gross Profit	1,206.27	18%	1,281.35	11%	6.22%
General and Administrative Expenses	246.99	2%	165.46	1%	-33.01%
Finance Cost Net	311.29	4%	376.26	3%	20.87%
Operating Profit	647.99	12%	739.63	7%	14.14%
Other Income Net	41.04	1%	74.04	1%	80.41%
Share of Profit from Associate	-199.68	2%	-43.00	0%	78.47%
WPPF	37.09	1%	38.74	0%	4.45%
Net Profit Before Income Tax	452.26	14%	731.93	7%	61.84%
Income Tax	168.22	4%	275.78	2%	63.94%
Total Comprehensive Income	284.04	11%	456.15	4%	60.59%
Less: Minority Interest	0.54	0%	24.77	0%	4495.55%
Net Profit (After Tax & Minority Interest)	283.51	11%	431.38	4%	52.16%

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

Particulars	2024		2023		% Change
	(in Million Taka)	% on Sales	(in Million Taka)	% on Sales	
Revenue	2,337.47		2,751.97		-15.06%
Cost of Sales	1,761.79	75%	1,885.90	69%	-6.58%
Gross Profit	575.68	25%	866.07	31%	-33.53%
General and Administrative Expenses	65.88	3%	148.22	5%	-55.55%
Finance Cost Net	65.03	3%	88.13	3%	-26.21%
Operating Profit	444.77	19%	629.72	23%	-29.37%
Other Income Net	22.42	1%	98.49	4%	-77.24%
Share of Profit from Associate	-43.08	-2%	-199.68	-7%	78.43%
WPPF	22.24	1%	34.67	1%	-35.85%
Net Profit Before Income Tax	401.93	17%	493.86	18%	-18.62%
Income Tax	193.56	8%	125.18	5%	54.63%
Total Comprehensive Income	208.37	9%	368.68	13%	-43.48%

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

15.26 SIGNIFICANT VARIANCE OF FINANCIAL STATEMENTS

In its independent financial performance for the fiscal year 2023-2024, Shahjibazar Power Co. Ltd. experienced a decline in Earnings Per Share (EPS) of Tk 0.86 when compared to the previous fiscal year. This reduction is mainly due to the operational halt of the power plant on February 11, 2024, after the initial Power Purchase Agreement (PPA) expired. As a result, the plant was unable to earn revenue from February 11 to June 30, 2024, leading to a notable decrease in its operational factor to 37%, down from 63% in the previous year.

In contrast, the consolidated EPS reflected an increase of Tk 0.79 in FY 2023-2024 compared to FY 2022-2023. This upward trend can be primarily attributed to the strong performance of SPCL's 90% owned subsidiary, Petromax Refinery Limited (PRL), which recorded an EPS of Tk 2.48, a significant rise from Tk 0.05 noted in the last fiscal year. Additionally, the reduction in losses from SPCL's associate company, which fell by BDT 15.67 crore this fiscal year relative to last, also contributed positively to the consolidated EPS for SPCL.

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

Particulars	2023		2024		% Change
	(in Million Taka)	% on Sales	(in Million Taka)	% on Sales	
Revenue	9,385.70		11,164.46		18.95%
Cost of Sales	8,179.43	87%	9,883.11	89%	20.83%
Gross Profit	1,206.27	13%	1,281.35	11%	6.22%
Operating Profit	647.99	7%	739.63	7%	14.14%
Net Profit Before Income Tax	452.26	5%	731.93	7%	61.84%
Total Comprehensive Income	284.04	3%	456.15	4%	60.59%
Net Profit (After Tax & Minority Interest)	283.51	3%	431.38	4%	52.16%

Consolidated

Revenue increased by 18.95% year-over-year, driven by robust sales growth of the subsidiary company. Gross Profit saw a modest rise of 6.22%, while Operating Profit improved by 14.14%. Notably, Net Profit (after accounting for Tax and Minority Interest) surged by an impressive 60.59% compared to the prior year. The Gross Profit Margin contracted to 11% of sales, down from 13% last year, whereas the Net Profit Margin improved, reaching 4%, up from 3% in the previous fiscal year.

Particulars	2024		2023		% Change
	(in Million Taka)	% on Sales	(in Million Taka)	% on Sales	
Revenue	2,337.47		2,751.97		-15.06%
Cost of Sales	1,761.79	75%	1,885.90	69%	-6.58%
Gross Profit	575.68	25%	866.07	31%	-33.53%
Operating Profit	444.77	19%	629.72	23%	-29.37%
Net Profit Before Income Tax	401.93	17%	493.86	18%	-18.62%
Total Comprehensive Income	208.37	9%	368.68	13%	-43.48%

Separate

Revenue experienced a decline of 15.06% year-over-year. The Gross Profit faced a significant reduction of 33.53%, primarily attributable to plant maintenance during the non-operational period that occurred between contract expiry and renewal. Consequently, the Gross Profit Margin fell to 25%, down from 31% in the prior year, reflecting the impact of these maintenance activities. Additionally, the Net Profit Margin decreased to 17% from 18% in the previous year, influenced by the accounting treatment of the performance of associated companies under the equity method.

15.28 PROFIT APPROPRIATION

The Consolidated Net Profit after Tax (NPAT) for the company has been recorded at BDT 431.38 million, compared to BDT 283.51 million from the previous fiscal year. The current liquidity position is notably constrained, primarily attributable to prolonged outstanding payments from BPDB. Additionally, the prevailing cost of capital in the market has reached unprecedented levels, driven by the central bank's free float interest rate policy. Considering these challenges, the Board is preparing to present the Company's financial results for the fiscal year ending June 30, 2024, along with recommendations for the appropriation of profits.

Particulars	Amount in Million Taka
Net Profit for the year 2024	431.35
Profit brought Forward	3,863.95
Profit available for appropriation	4,295.30
Appropriations:	
Proposed Stock and Cash Dividend	223.95
Transferred to Retained Earning	4,071.35
Profit available for appropriation	4,295.30

15.29 DIVIDEND

Your Board recommends a final cash dividend of 12% cash dividend for the year 2024 i.e. Taka 1.20 for each Ordinary shares held of Taka 10 on the record date, subject to approval by the shareholders at the 17th Annual General Meeting.

Dividend Type	30-Jun-24	30-Jun-23	30-Jun-22	30-Jun-21	30-Jun-20	30-Jun-19
Cash Dividend (%)	12%	11%	16%	28%	28%	28%
Stock Dividend (%)	-	-	4%	4%	2%	2%
Total	**12%**	**11%**	**20%**	**32%**	**30%**	**30%**

15.30 DIRECTORS' MEETING & ATTENDANCE

During the year ended June 30, 2024 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	4

THE PATTERN OF SHAREHOLDING

Pattern of Shareholding as on June 30, 2024

Annexure -3

Name of Shareholders	Status	Relation	Share Held	Percentage (%)
i)Parent/Subsidiary/Associated Companies and other related parties				
ii) Directors				
A. Mr. Anis Salahuddin Ahmad	Chairperson		16,630,494	8.91%
B. Mr. A.K.M.Badiul Alam	Director		10,885,259	5.83%
C. Mr. Md. Shamsuzzaman	Director		21,195,091	11.36%
D. Mr. Akbor Haider	Director		12,844,144	6.88%
E. Mr. Faridul Alam	Managing Director		10,653,363	5.71%
F. Mr. Faisal Alam	Director		11,494,265	6.16%
G. Mr. Asgar Haider	Director		12,612,333	6.76%
H. Ms. Rezina Alam	Sponsor		8,369,788	4.48%
I. Ms. Israt Azim Ahmad	Sponsor	Spouse of Mr. Anis Salahuddin Ahmad	5,824,839	3.12%
J. Mr. Mohammed Nurul Amin	Independent Director		Nil	Nil
K. 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. Md. Shakhawat Hossain	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%

15.32 DIRECTORS' ELECTION & RE-APPOINTMENT:

As per the Articles of Association Mr. Anis Salahuddin Ahmad and Mr. A.K.M Badiul Alam shall retire in 16th Annual General Meeting by rotation and being eligible to offer themselves for re-election.

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

Described in Directors Profile

15.34 INDEPENDENT DIRECTOR TO THE BOARD OF SUBSIDIARY COMPANY

Mr. Mohammed Nurul Amin has been continuing as the nominated director in the subsidiary company.

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

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

Mr. Asgar Haider	Mr. Faisal Alam	Mr. Akbor Haider	Mr. Faridul Alam	Mr. Shamsuzzaman	Mr. A.K.M Badiul Alam	Mr. Anis Salahuddin Ahmad	Name of Directors	Companies >>
			√	√	√	√		Petromax Refinery Ltd.
			√					Midland Power Company Ltd.
			√					Midland East Power Ltd.
√	√	√	√			√		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

15.36 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	4
Mr. A.K.M Badiul Alam	Member	4
Mr. Yeasin Ahmed FCS	Secretary	4

15.37 AUDITORS

M/S ACNABIN & Co. Chartered Accountants retire at the 17th AGM and is not eligible to carryout Audit Works for the ensuing year as per Corporate Governance Code. M/S G. Kibria & Co. Chartered Accountants expressed their interest formally to carry out the external audit of the company for the year ended June 30, 2025, and they are eligible to perform the audit as per the conditions of Corporate Governance Code, BSEC Panel of Approved Auditors and Companies Act 1994. Therefore, M/S G. Kibria & Co. Chartered Accountants will be appointed as recommended by the board subject to approval of the members at 17th AGM of the Company.

M/S Suraiya Parveen & Associates Chartered Secretaries had provided Corporate Governance Code certificate for FY2022-23. For the FY2023-24 M/S M/S Suraiya Parveen & Associates Chartered Secretaries has expressed their willingness to provide Corporate Governance Code certificate. Being eligible, the appointment of M/S Suraiya Parveen & Associates Chartered Secretaries shall be presented in the 17th AGM for member's approval.

15.38 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	▪ 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.	▪ Prioritize Equity Based Financing ▪ Prefer Long Term fund over Short Term due to lower cost ▪ Continuously seeking cheap source of fund
Exchange Rate Risk	▪ SPCL imports mostly spare parts (if required) against payment of foreign currency. Unfavorable volatility or currency fluctuation may affect the profitability of the Company.	▪ Justified Forward Contract agreements ▪ Purchase through L/C which is known to be less exposed method in terms of Forex Risk
Industry Risk	▪ 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.	▪ Payment is guaranteed by Power Purchase Agreement (PPA) with Bangladesh Power Development Board (BPDB)

Market And Technology Related Risk	▪ Technology is related to generation, transmission, distribution, quantity measuring and maintaining of required electricity generation.	▪ Modernization program after periodic interval
Potential Or Existing Government Regulations	▪ 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.	▪ 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	▪ 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.	▪ Prudent Rehabilitation Scheme ▪ Insurance Coverage to all possible extents
Pricing	▪ 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.	▪ 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	▪ 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	▪ 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	▪ 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.	▪ 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 technol ogy of oil refining equipment that ensures zero emission of spill overs.

15.39 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.

15.40 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.

15.41 CORPORATE SOCIAL RESPONSIBILITY

As a part of our ongoing commitment to the society and environment in which the company conducts its business, your company continues to fulfil 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 Rohinga Camp

15.42 HUMAN RESOURCE MANAGEMENT

Our organization acknowledges that human capital is the most critical asset driving organizational success. To enhance our workforce's capabilities, we prioritize employee development by implementing a comprehensive training strategy. This includes regular workshops and training sessions designed to update and refine skills specific to their functional areas, ensuring that our team remains at the forefront of industry advancements and best practices.

15.43 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-B**. A certificate from M/S Suraiya Parveen & Associates Chartered Secretaries confirming compliance of conditions of Corporate Governance Codes as stipulated under condition 9 is also annexed to this report as **Annexure-C.**

15.44 KEY OPERATING AND FINANCIAL DATA:

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

15.45 ACKNOWLEDGEMENT:

In anticipating future developments, we express our deep gratitude to our shareholders for their steadfast support during these turbulent times. We are confident in your resilience as we navigate the challenges posed by the ongoing global economic crisis. The pervasive impact of shifting government policies and regulatory frameworks on the economic landscape is undeniable and will influence our operations in various ways.

The board would also like to acknowledge the invaluable partnership we share with key entities such as the Bangladesh Power Development Board (BPDB), the Power Cell of the Power Division, MPEMR, and Jalalabad Gas T&D System Limited. We appreciate the collaboration from banks and financial institutions, insurance companies, service providers, and governmental bodies including the Bangladesh Securities and Exchange Commission (BSEC), the Registrar of Joint Stock Companies & Firms (RJSCF), the Dhaka Stock Exchange Ltd (DSE), the Chittagong Stock Exchange Ltd (CSE), Central Depository Bangladesh Limited (CDBL), as well as other relevant authorities and agencies.

We look forward to fostering a path toward a more resilient future and achieving sustainable growth.

For and On Behalf of the Board

Anis Salahuddin Ahmad
Chairman