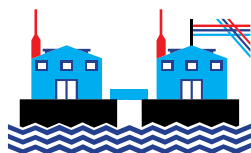


# *ANNUAL REPORT 2018-2019*



**Khulna Power Company Ltd.**

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## Corporate Directories

### Board of Directors

#### Chairman

Hasan Mahmood Raja

#### Managing Director

Md. Abdur Rahim

#### Director

Ahmed Ismail Hossain

K. M. Ahsan Shamim

Latif Khan

Muhammad Farid Khan

Jafer Ummeed Khan

Faridur Rahman Khan

Akhter Mahmud Rana

Abul Kalam Azad

Faisal Karim Khan

Azeeza Aziz Khan

Moinuddin Hasan Rashid

A. N. M. Tariqur Rashid

Lt Gen (Retd) Abdul Wadud

#### Independent Director

Lt Gen Sina Ibn Jamali, awc, psc (Retd)

Karishma Jahan

Professor Mohammad Musa, PhD.

Rear Admiral Riazuddin Ahmed,OSP,BSP,

ndu,afwc,psc(retd)

#### Audit Committee

Professor Mohammad Musa, PhD., Chairman

Abul Kalam Azad, Member

Azeeza Aziz Khan, Member

#### Chief Financial Officer & Company Secretary

Md. Shoharab Ali Khan, FCMA

#### Head of Internal Audit (In Charge)

H. M. Nuruzzaman Miah

## Power Plants

#### 1. Khulna Power Company Ltd.

##### KPCL 110 MW Barge Mounted Plant (KPCL-I)

(Asset held for sale)

Goalpara, Khalishpur, Daulatpur, Khulna-9202

Phone : +88-041 763556-8

Fax: +88-041 760227

#### 2. KPC Unit II 115 MW Plant (KPCL-II)

Extended premises of KPCL, Goalpara, Khalishpur, Khulna.

Phone : +88-041 763556-8

Fax: +88-041 760227

#### 3. KPC Noapara 40 MW Plant (KPCL-III)

Noapara, Avaynagar, Jessore

Phone : +88-04222 72354

#### Registered Office

Landmark (3rd floor), 12-14 Gulshan North C/A

Gulshan-2, Dhaka 1212, Bangladesh

Tel : +88-02 58810932, 58810892

+88-02 58810868, 9844217

Fax: +88-02 984 3989

Email: kpcl@khulnapower.com

Web : [www.khulnapower.com](http://www.khulnapower.com)

#### Statutory Auditors

A. Qasem & Co.

Chartered Accountants

Gulshan Pink City, Suites # 01-03 , (Level -7)

Plot # 15, Road # 103, Gulshan Avenue

Dhaka - 1212.

#### Corporate Governance

##### Compliance Auditor

Podder & Associates

Cost and Management Accountants

#### Legal Adviser

Md. Sameer Sattar

Barrister, Lincoln's Inn

Sattar & Co.

Unit-A3, House-14, Road-13/G

Block-E, Banani, Dhaka-1213

#### Main Bankers

Standard Chartered Bank

Citibank, N.A.

BRAC Bank Limited

Bank Alfalah Limited

## Company Information

### Background

In 1997 the Bangladesh Power Development Board (BPDB) was faced with the challenge to ease a critically short power supply in the South Western Zone of Bangladesh. The electrical demand had been consistently higher than available capacity, and generation costs in the area had been very high due to the low efficiency of existing equipment and the heavy use of expensive, low-availability fuel. Bangladesh Power Development Board (BPDB) thus signed a Power Purchase Agreement (PPA) in 1997 with Khulna Power Company Ltd. (KPCL) to set up a power plant at Khulna to alleviate the severe power crisis as a fast-track solution.

### Formation

Khulna Power Company Ltd. (KPCL) is the first Independent Power Producer (IPP) in the country, established under the Private Sector Power Generation Policy of Bangladesh. KPCL was incorporated on October 15, 1997 as a private limited company. On July 19, 2009 the company was converted into a public limited company. KPCL was formed

with a paid up capital of BDT 2,085.93 million (US\$ 44.10 million) and the initial project cost was US\$ 96.07 million.

KPCL commenced its full commercial operation on October 13, 1998 and since then, it has been supplying uninterrupted reliable power to the national grid. The formation of KPCL Project was initially sponsored by Summit Group and United Group along with their foreign partner El Paso Corporation (El Paso), USA, one of the world's largest and most diversified natural gas exploration and pipeline companies and Wärtsilä Corporation (Wärtsilä), Finland, a leading power plant manufacturer of the world. In 2008, El Paso, as part of its global repositioning strategy disposed of its shares in KPCL to Summit Group and United Group. Later in 2009 Wärtsilä's share was also acquired by Summit and United.

Khulna Power Company Ltd. had two subsidiary companies named as: i) Khulna Power Company Unit II Ltd.; and ii) Khanjahan Ali Power Company Ltd. Both the subsidiaries subsequently merged with Khulna Power Company Ltd with the sanction of the Honorable High Court Division of Supreme Court of Bangladesh.



## KPC Unit II 115 MW Plant (KPCL-II)

KPC Unit II 115 MW Plant (Formerly “Khulna Power Company Unit II Ltd.”) was formed on June 22, 2010 for setting up of 115 MW power plant under a contract with Bangladesh Power Development Board (BPDB) signed on June 23, 2010 for supplying electricity on rental basis initially for 5 years, which has been extended for another 5 years with effect from 01 June 2016. The plant is located at the extended premises of the KPCL plant at Khulna. The plant achieved Commercial Operation Date (COD) on June 1, 2011 and since then it has been supplying electricity to the national grid.

## KPC 40 MW Noapara Plant (KPCL III)

KPC 40 MW Noapara Plant (Formerly “Khanjahan Ali Power Company Ltd.”) was formed on July 19, 2010 for setting up of 40 MW power plant under a contract with Bangladesh Power Development Board (BPDB) signed on July 25, 2010 for supplying electricity on rental basis initially for 5 years, which has been extended for another 5 years with effect from 29 May 2016. The plant is located at Noapara, Jessore. The plant achieved Commercial Operation Date (COD) on May 29, 2011 and since then it has been supplying electricity to the national grid.

## Amalgamation of Khanjahan Ali Power Company Ltd. & Khulna Power Company Unit II Ltd. with Khulna Power Company Ltd. (KPCL)

Khanjahan Ali Power Company Ltd. and Khulna Power Company Unit II Ltd. (“Transferor Companies”) and Khulna Power Company Ltd. (“Transferee Company”) are under common management since incorporation. In order to enable effective management and diversified control of operations as well as to achieve greater financial strength and flexibility in the interests of maximizing overall shareholder value shareholders of the Transferee Company and the Transferor Companies have proposed to restructure, amongst others, assets by way of amalgamation. Further, the amalgamation would help the Companies to create an opportunity for better management of the assets.

On 22 March 2015, the high court division of Honorable Supreme Court of Bangladesh issued an order giving effect to our scheme of amalgamation under company matter no.322 of 2014. The high court ordered that under the amalgamation scheme, the entire undertaking of Khulna Power Company Unit II Ltd. and Khanjahan Ali Power Company Ltd. (the transferor companies) as going concerns will be transferred to and vested in the Khulna Power Company Ltd. (the transferee company) with an effective date of 30 September 2014. In the said Judgment, the Hon’ble High Court took particular interest on the transfer and vesting part of the Scheme as appearing at page 8 of the Judgment which runs as follows:

“All the licenses, permits, quotas, approvals, permissions, incentives, loans, subsidies, concessions, grants, rights, claims, leases, tenancies, exemptions from income tax or other taxes, benefits, rights and privileges and right to extension under the Contract for Supply of Electricity on Rental Basis for 5 years being Contract No. 09751 dated 23.6.2010 and Contract No. 09766 dated 25.7.2010 (“the Power Purchase Agreements”) and any amendment thereof between respective Transferor Companies with the Power Development Board and other benefits and privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued, which may accrue to the Transferor Companies shall, pursuant to the provisions of Section 229(2) of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and available to the Transferee Company so as to become as and from Appointed Date 30.9.2014.”

## Operation & maintenance (O&M) of KPCL plants (KPCL-I, KPCL-II and KPCL-III)

The three plants of KPCL i.e. KPCL 110 MW barge mounted plant (KPCL-I), KPC Unit II 115 MW plant (KPCL-II) and KPC 40 MW Noapara plant (KPCL-III) were being operated and maintained by the Company itself and Khulna Power Operations & Services Ltd. (KPOSL), a specialised company in power plant operation and maintenance. A team of highly skilled professionals are engaged in the operations of the plant. The operational process has been developed and managed by the expert team. For any technical issue, the equipment manufacturer extends their support as and when needed. The management team at plant level is also professional and possesses requisite expertise to run the operations.



## KPCL 110 MW Barge Mounted Plant (KPCL-I)

(Asset held for sale)

### Location:

Goalpara, Khalishpur, Khulna

### Capacity:

110 MW Barge mounted power plant

### Description of Barges:

Two floating barges named Tiger I and Tiger – III. Nine generating units are mounted on one barge and ten on the other. The barges shipped as deck cargo on submersible dry tow ship, are moored in a closed basin. Each barge is approximately 91 metres long and 24 metres wide.

### 1st Extended PPA Contract:

The 1st extended 5 years term PPA with Bangladesh Power Development Board (BPDB) expired on 12 October 2018. However, the extension of KPCL 20 year's old plant is under discussion.

### Generating Plant:

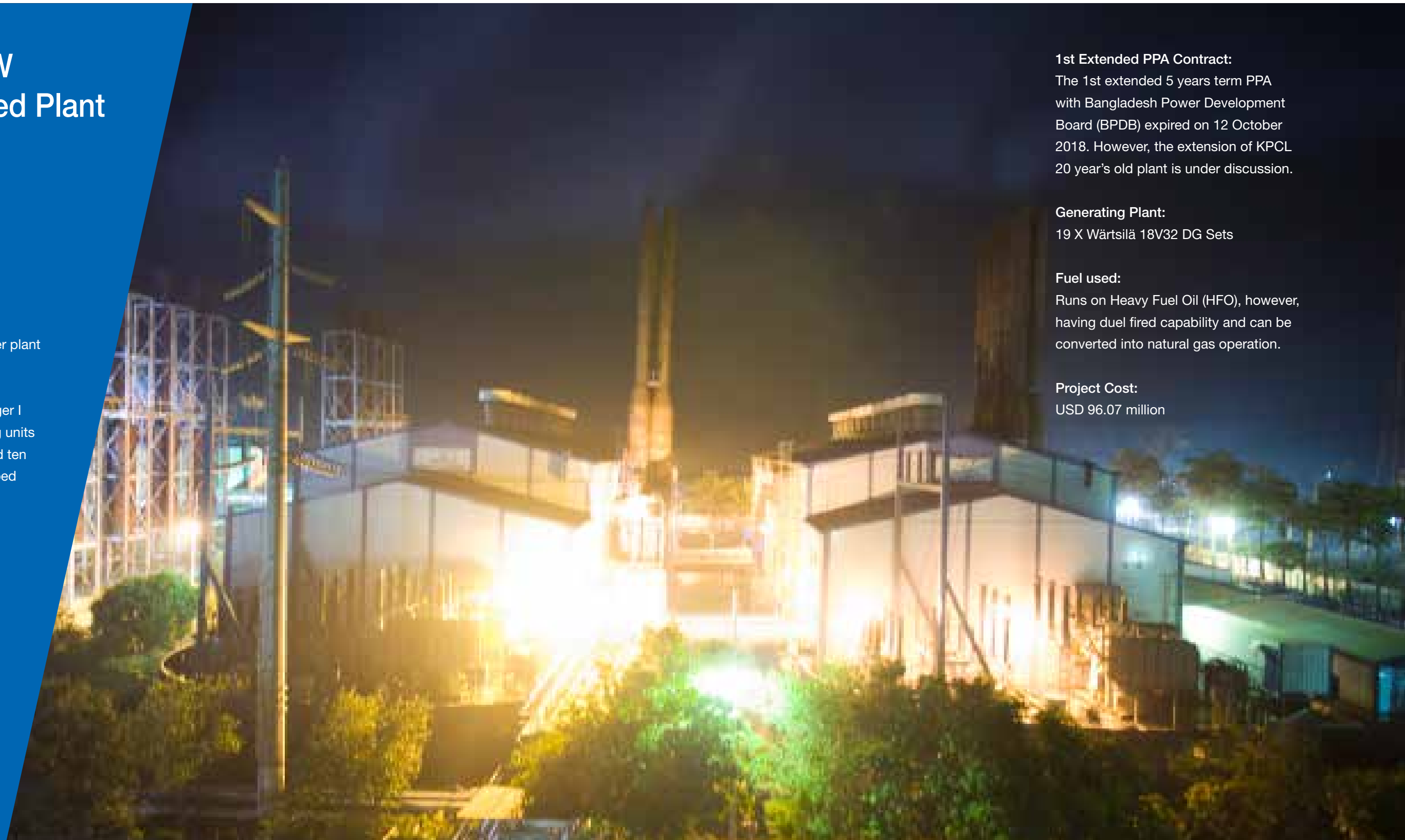
19 X Wärtsilä 18V32 DG Sets

### Fuel used:

Runs on Heavy Fuel Oil (HFO), however, having dual fired capability and can be converted into natural gas operation.

### Project Cost:

USD 96.07 million





## KPC Unit II 115 MW Plant (KPCL-II)

**Location:**

Extended premises of KPCL plant, Goalpara,  
Khalishpur, Khulna

**Capacity:**

Land based 115 MW power plant

**Generating Plant:**

7 X Wärtsilä 18V46 DG Sets

**Fuel used:**

Heavy Fuel Oil (HFO)

Project Cost:

USD 75 million





## KPC 40 MW Noapara Plant (KPCL-III)

- **Location:**  
Noapara, Jessore
- **Capacity:**  
Land based 40 MW power plant
- **Generating Plant:**  
5 X Wärtsilä 20V32 DG Sets
- **Fuel used:**  
Heavy Fuel Oil (HFO)
- **Project cost:**  
USD 25 million





## Plant Management



**Engr. Md. Rezaul Ahsan**  
General Manager, Plants

Mr. Md. Rezaul Ahsan was born on 1st December 1966. He obtained B.Sc in Mechanical Engineering from Dhaka University of Engineering Technology, Bangladesh in 1994. He started his Engineering career as Maintenance Engineer in Bay Group in 1994 and continued till 1998. Afterward he joined in Wartsila Bangladesh Limited (a subsidiary of Wartsila Finland Oy) on 4th October 1998 and continued the job up to 13 December 2013 with last holding position Manger, Maintenance, he also worked in Wartsila Srilanka (Pvt) Ltd, Indonesia and Sudan. Thereafter he joined Khulna power Company Limited as Manager, Maintenance in 14 December 2013. He has performed in various training courses and seminars in home and abroad.



**Sheikh Kabir Ahmed**  
AGM, Administration

Mr. Sheikh Kabir Ahmed was born on 30 December 1959. He obtained Bachelor of Arts in 1986 from Sundaban Adarsha College under Rajshahi University. He is having 20 years of service experience in HR & Administration of KPCL Power plants and more than 10 years of service experience in the field of HR & Administration in different project of Finnish National Road Administration, FinnRA and Jaakko Pöyry Consulting Oy. He has attended in various training courses and seminars in home & abroad.



**Engr. Md.Abed Ali Zamadder**  
Manager (Electrical)

Mr. Md.Abed Ali Zamadder was born in 22 October 1963. He obtained B.Sc Engineering in Electrical and Electronic from Khulna University of Engineering and Technology, Bangladesh in 1987. He started his Engineering career as Assistant Engineer in Bangladesh Chemical Industries Corporation Ltd. in 1988 and continued till 1998. Afterward he worked in Wartsila Bangladesh Ltd. in various post from 1998 to 2014 starting as Assistant Engineer and at last he posted as Senior Superintendent Engineer. Thereafter he joined Khulna Power Company Limited as Senior Superintendent Engineer in 2014. He has performed in various training courses and seminars in home and abroad.

## Plant Management and Officials



**Engr. Bholanath Roy**  
Manager, Logistics

Mr. Bholanath Roy was born on 2nd May 1966. He obtained B.Sc. Mechanical Engineering from Bangladesh Institute of Technology (BIT), Rajshahi, Bangladesh in 1989, Master of Science in Industrial Engineering & Management (IEM) from Khulna University of Engineering & Technology (KUET) in 2007 and Master of Business Management (MBA) from Southeast University in 2009. He worked as Assistant Engineer in 210MW Ghorasal Thermal Power Station (5th unit) Erection Project from 26 August 1992 to 25 September 1994. He was the Mechanical Engineer of Jamuna Knitting & Dyeing Limited from 01 October 1994 to 16 August 1996. He served as Production Officer in Otobi Limited from 21 August 1996 to 25 August 1998. Thereafter, he joined in Wartsila Bangladesh Limited (a subsidiary of Wartsila Finland Oy) on 27 September 1998 and continued the job up to 13 December 2013 with last holding position Deputy Manger Logistics. And now he has been working as a Manager, Logistics for Khulna power Company Limited from 14 December 2013. He has attended in various training courses for Power Plant Management in home and abroad.



**Shams Faruq Ibna Jalal**  
Manager, Maintenance

Mr. Shams Faruq Ibna Jalal was born on 5th October 1979. He obtained Bachelor of Maritime Science (Engineering) from Bangladesh Marine Academy in 2000. He achieved his professional degrees of Class-1 & 2 Marine Engineering Certificates from Singapore in 2009 & 2012 respectively. He started his marine engineering career in Bangladesh Shipping Corporation in 2001 and continued till 2006. Then he served in various shipping companies. He served as Chief Engineer in Symphony ship management (Bangladesh) from 2013 to 2017. Thereafter he joined Khulna Power Company Limited as Manager, Maintenance in 2017.



## The Shareholders

**UNITED MYMENSINGH POWER LTD. (UMPL)** own 35.2823%, **Summit Power Limited** own 17.6411%, **Summit Corporation Limited** own 17.0433% and 14 individual sponsor shareholders own 0.0237% of 397,413,179 shares of **Khulna Power Company Ltd.** The rest of 30.0096% shares are owned by the General Public investors.

### United Mymensingh Power Ltd. (UMPL)



United Mymensingh Power Ltd (UMPL) is a 200 MW HFO-Fired Combined Cycle Modular IPP Power Plant located at ChorJotharthopur, 3 No. Laxmirchor, Jamalpur Sadar, Jamalpur signed agreement with Bangladesh Power Development Board (BPDB) as the off taker. The project term is 15 years as per the Power Purchase Agreement with BPDB.

This Fast Track Power Plant (UMPL) was commissioned on 16 June 2018, one week ahead of required commercial operation date and within a record time frame of 6.5 months, by Neptune Commercial Ltd. (another concern of United Group) acting as the EPC Contractor.

United Mymensingh Power Ltd was recognized as "The Best Power Producer 2018 (Private Sector)" on 6th September 2018 at Power & Energy Week 2018 by the Government of Bangladesh, through Ministry of Power, Energy & Mineral Resources as recognition of this tremendous achievement of the fastest implementation of a 200 MW HFO Fired Power Plant at a remote location in Jamalpur without any river access and more than 200 km away from Dhaka.

UMPL's power plant uses a reciprocating engine-based technology housing 21 nos. of Wartsila 20V32E engines, 21 nos. of Waste Heat Recovery Boilers and 2 Nos. of Steam Turbine Generators. The total installed capacity of the plant is 218 MW out of which 13.2 MW is generated from Steam Turbine which does not require any additional fuel for power generation.

After Khulna Power Co. Ltd. and United Ashuganj Energy Ltd., this is the third Independent Power Producer (IPP) and over all the ninth power plant under the banner of United Group, the pioneers of IPP / private sector power generation in Bangladesh.



### United Group Overview

United Enterprises & Co. Ltd., more commonly known as United Group is the parent concern of UMWL. The Group's diverse socio-economic infrastructural development based portfolio spans power generation, real & construction, port, shipping, retail, healthcare, manufacturing and education. The total installed power generation capacity of United Group's stands at 1054 MW, about 11% of the total private sector generation of Bangladesh, with another 50 MW stages of development in Chattogram locations of the country, in addition to multiple gas & HFO based projects in the pipeline. United has, since its inception in 1978, offered a number of pioneering solutions to address the nation's pressing needs. Notable achievements in the power sector includes introducing the concept of Independent Power Plants (IPP model) by establishing Khulna Power Company Ltd. (KPCL) in 1998 followed by introducing the concept

of Commercial Independent Power Plants (CIPP) by establishing two power plants in Dhaka and Chittagong Export Processing Zones in two consecutive years, in Dhaka and Chittagong. The success of IPP based model needs to no further introduction as IPP power plants are now the most replicated structure across the country. However, the CIPPs at Dhaka and Chittagong EPZs have given the nation an economic thrust by helping these two key EPZs, along with Karnaphuli EPZ by helping them achieve an exponential growth in year-wise investment and export of above 100% over the period of only a decade. United Power Generation & Distribution Company Ltd. (UPGDCL) owns and operates the first two CIPPs of United Group and is a public Limited company listed with DSE and CSE.



# Summit Power Limited

Summit Power Limited (SPL), a subsidiary of Summit Group that owns and operates 15 (fifteen) power plants in different locations across the country having a total installed capacity of 976 MW. As per private sector power generation policy of Bangladesh, SPL sells electricity to the Bangladesh Power Development Board (BPDB) and Bangladesh Rural Electrification Board (BREB). SPL plants are equipped with world class engines manufactured by renowned companies such as Wärtsilä – Finland, Caterpillar - USA, and GE Jenbacher, Austria.

The Company follows the best practice of Integrated Management System (IMS) for its regular business operation and has been certified by ISO 9001: 2015 - Quality Management System (QMS), ISO 14001: 2015 - Environmental Management System (EMS) and BS 18001: 2007 Occupational Health and Safety Assessment System (OHSAS).

Yearly Dividend Growth 2012-19

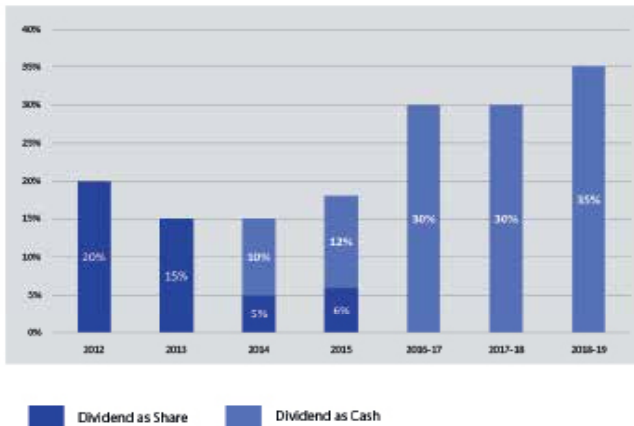


Chart: SPL is a publicly listed company since 1994 and the chart shows dividend disbursed to shareholders in past seven years.

This fast-growing Company has set a mission to expand the Company with a power generation capacity to the tune of a modest 20% of the electricity requirement in Bangladesh. Recently, the Company has installed two power plants in Kodda, Gazipur: 300 MW HFO fired Plant within nine (9) months from the date of Letter of Intent and 149 MW Dual Fuel (HFO/Gas) fired Plant within 15 (fifteen) months from the date of signing of Power Purchase Agreement (PPA). It is considered the fastest implemented 300 MW power plant in Bangladesh and one of the fastest in the world.



The 464MW Kodda, Gazipur Power Plants awarded the prestigious Best Private Power Generation Company in recognition of fastest implemented power plant in the country.

Due to its management's dedication, integrity and leadership, the Company has been awarded locally and internationally i.e. – Best Private Power Generation Company in recognition of fastest implemented power plant in the country, Best Fast Track Power Project Award by Asian Power Awards, Silver Award at Asian Power Awards 2018 in Indonesia, International Star for Leadership in Quality Award by Business Initiative Directions (BID), Best Presented Accounts and Corporate Governance Disclosures Awards by SAFA, ICAB National Award for Best Published Accounts and Reports in Manufacturing Sector, ICMA Best Corporate Award in Power Sector, ICSB National Award for Corporate Governance Excellence in General Manufacturing. The Company has also been assigned the longterm rating "AAA" by Credit Rating Information & Services Limited (CRISL) two times in a row.

As part of Corporate Social Responsibility, SPL supports various organizations and community capacity development institutions that focus on education, health & social services, sports and arts & culture.

More recently, Summit established Prof Hamiduzzaman Sculpture Park within the premises of the Summit Gazipur 464 MW Power Plant - the first sculpture park in Bangladesh that boasts the longest mural (340 feet) in the country titled 'শ্রম ও সৃষ্টি' (Labour and Creation). This world renowned sculptor's many creations such as 'World in a frame' and 'Life & Lifeless' are in the park.



This 340 feet mural titled, 'শ্রম ও সৃষ্টি' is the largest mural in Bangladesh which located inside Summit's 464 power plants premises in Kodda, Gazipur.

SPL was incorporated in Bangladesh on March 30, 1997 as a Private Limited Company. On June 7, 2004, the Company was converted into Public Limited Company under the Companies Act 1994. During October-November 2005, the Company listed its shares with both Dhaka and Chittagong Stock Exchanges. The Vision, Mission and Objectives, articulated for its sustainable growth are as under:

**Vision:** To provide quality & uninterrupted electricity to the vast majority of rural Bangladesh for their personal, social & economic development.

**Mission:** "Empowering Bangladesh"

To expand the company into a power generation capacity to the tune of about 20% of the electricity requirement of Bangladesh and maintain that level.

**Objectives:**

- Generate and provide uninterrupted reasonably priced electricity to our customers.
- Efficient utilization of capital, machineries, materials and human resources.
- Continuous improvement of customer satisfaction and resource management.



## Summit Corporation Limited (SCL)

Summit Corporation Limited (SCL) is the holding company of all power assets of Summit Group. It is the largest independent power producer (IPP) of Bangladesh. Having established in 1985, SCL sponsored the first 110 MW barge-mounted power plant in 1997 and since then has actively implemented many more power plants. Currently Summit owns 20 operational power plants in the country with an aggregated installed capacity of 1,941 MW, comprising of 21 per cent of Bangladesh's total installed capacity in private sector and 10 per cent of nation's total installed capacity.

The company is highly regarded for its efficient and ethical business practices with a reputation for excellence and innovation. As part of its business strategy, Summit continues to implement innovative and pioneering ideas to power progress of Bangladesh.

In a move to establish major energy infrastructure, the Japanese firm JERA has recently bought a 22 percent stake in Summit for \$330 million. As a shareholder of Summit, JERA will strive to increase the corporate value of Summit through the efficient construction and operation of its power generation facilities and contribute to the sustainable economic growth of Bangladesh.



Following the MoU signing between Director of Summit Group Faisal Khan (left) and CEO of JERA Asia Toshiro Kudama (right) in the gracious presence of the Honourable Prime Minister Sheikh Hasina during her state visit to Japan in May 2019, JERA finalizes the investment.

In 2019, completed developing and operationalizing Summit LNG Terminal Co Ltd (SLNG) which was a feat of complex project management that involved global partnership a month ahead of schedule. The Floating Storage Regasification Unit (FSRU) has the capacity to supply 500 Million Cubic Feet per Day (mmcf/d) regasified liquefied natural gas (RLNG) to the National Gas Grid of Bangladesh. Observing the prospect, the Japanese giant Mitsubishi Corporation has acquired a 25% interest of this terminal.



Summit's Liquefied Natural Gas (LNG) Floating Storage and Regasification Unit (FSRU) at Moheshkhali, Cox's Bazar, Bangladesh.

In 2018, Summit established 464 MW power plant at Kodda, Gazipur, Bangladesh in record time and achieved recognition of the fastest implemented this power plant in Bangladesh at the "Power & Energy Week 2018" and "Fast-Track Power Plant of the Year" at Asian Power Awards 2018 in Indonesia.

The projects in the pipelines are Summit-GE consortium for developing the largest 583 MW Combined-Cycle Power Plant (CCPP) in Meghnaghat to be operationalized by March 2022; Summit as lead partnership with JERA, Mitsubishi and GE to develop four units of 600 MW combined cycle power plants (total generating capacity of 2,400 MW), two units of on-shore LNG terminal with a total of 380,000 m³ capacity and a large energy infrastructure in Matarbari area in Cox's Bazar, Bangladesh. In the long run, Summit is expecting to nearly double its current capacity by 2021.



Summit Meghnaghat II Power Company Limited (SMIIPCL), a subsidiary of Summit Group signed power purchase agreement (PPA) with Bangladesh Power Development Board (BPDB) for 22 years.

Summit was awarded the Best Private Power Generation Company of Bangladesh five times in a row. Summit Corporation Ltd received long term AAA credit rating for fourth consecutive year from CRISL. The long term AAA credit rating of SCL indicates the highest safety and have highest credit quality while short term rating ST-1 indicates highest certainty of timely repayment.

Major stakeholders include JERA, Mitsubishi Corporation, General Electric, Wärtsilä, International Finance Corporation (IFC), Asian Development Bank, Islamic Development Bank (IsDB), Standard Chartered Bank, Hong Kong Shanghai Banking Corporation (HSBC) and DBS Bank of Singapore among others.



## Notice of the 21st Annual General Meeting

Notice is hereby given that the 21st Annual General Meeting of the Shareholders of Khulna Power Company Ltd. will be held on Sunday the 1st day of December, 2019, at Golf Garden, Army Golf Club, Airport Road, Dhaka Cantonment (opposite to Hotel Radisson) at 11.00 A.M to transact the following businesses:

Ordinary Business:

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the year ended June 30, 2019 together with the Auditors' Report thereon.
2. To declare dividend for the financial year ended June 30, 2019 as recommended by the Board of Directors.
3. To elect Directors in place of those retiring under Article 23(a) and 20(c) of the Company's Articles of Association.
4. To appoint statutory Auditors for the financial year 2019-2020 and to fix their remuneration.
5. To appoint Corporate Governance Compliance Auditor and to fix their remuneration.

By order of the Board



(Md. Shoharab Ali Khan FCMA  
Company Secretary

Dhaka, November 17, 2019

### Notes:

1. Shareholders whose names appeared at the record date i.e. November 14, 2019 in the Share Register of the Company or in the Depository Register on that date will be eligible to attend and vote in the Annual General Meeting and to receive dividend as approved in the AGM.
2. Members entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote on his/her behalf. The proxy form must be affixed with requisite revenue stamp and must be submitted to the Registered Office of the Company not less than 48 hours before the time fixed for the Annual General Meeting.
3. Admission into the meeting venue will be allowed on production of the Attendance Slip attached with the Proxy Form.
4. Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No: BSEC/CMRRCD/2006-158/208/ Admin/81 dated 20th June, 2018, copy of the Annual Report has been sent to the e-mail address of the Honorable Shareholders mentioned in their respective Beneficial Owner (BO) accounts maintained with the depository.
5. The concerned Brokerage Houses/DPs/TREC holders are requested to provide us with a statement with details of their margin loan holders entitled to Cash Dividend for the year ended 30 June 2019 with the details (Shareholders name, BO ID Number, client-wise shareholding position, gross dividend receivable, applicable tax rate and net dividend receivable) on or before 25 November 2019. The concerned Brokerage Houses/DPs/TREC holders are also requested to provide us with their Bank Account Name & Number, Routing Number etc.

## 20th AGM Photographs







## Message from the Chairman

Dear Fellow Owners  
of Khulna Power  
Company Limited

Assalamu Alaikum,

A very warm welcome to the 21st Annual General Meeting of Khulna Power Company Ltd.

It is always a pleasant experience to meet you all during the AGM of this company of ours. As you know, your company has an electricity generation capacity of 265 MW out of which a 20 years old 110 MW barge mounted power plants is out of operation since 12 October 2018 due to expiration of 1st extended 5 years term IPP contract of 110 MW Barge Mounted Power Plants. Without the 20 years old 110 MW plant we have displayed quite a healthy performance about which we can all be thankful to Almighty Allah.

Your company is the most reliable and dependable power Generation Company operating within the private sector power generation companies in Bangladesh. It follows an Integrated Management System (IMS) to maintain all its power plants, which includes-ISO 14001: 2004-Environmental Management System (EMS), BS OHSAS 18001:2007 - Occupational Health & Safety (OH&S). It successfully passed the inspections and received the certificates of accreditation for all three standards.

The GDP growth of Bangladesh has been quite satisfactory for seven consecutive years and is expected to grow at the rate of 7% in 2019 and 2020. Due to this, the liquidity in the market has been increased and the reserve is in good condition, thus leading to an expansion in the middle-income class. This momentum of GDP growth is also increasing the electricity demand in the country. It is definitely fulfilling to know that your company generated 627,686 MW of demanded electricity for the people of Bangladesh.

Dear Fellow Owners, I am also pleased to update you that your company has earned a net income of Tk.1,391.03 million during the financial year ended on June 30,2019. I would like to congratulate all our stakeholders and employees for the overall performance of financial year ended on June 30,2019.

Dear fellow Owners, please also be updated that the 1st extended 5 years term IPP contract of 110 MW Barge Mounted Power Plants with Bangladesh Power Development Board (BPDB) expired on 12 October 2018, we are still pursuing the extension of the said expired contract.

Finally, I would like to express my sincere thanks to the fellow Directors of KPCL for their continuous support and cooperation. The Management Team and

Staff worked very hard to take the Company forward and bringing it to the point where we stand today. I would like to recognize their dedicated and steady services and convey our appreciations and thanks to all of them.

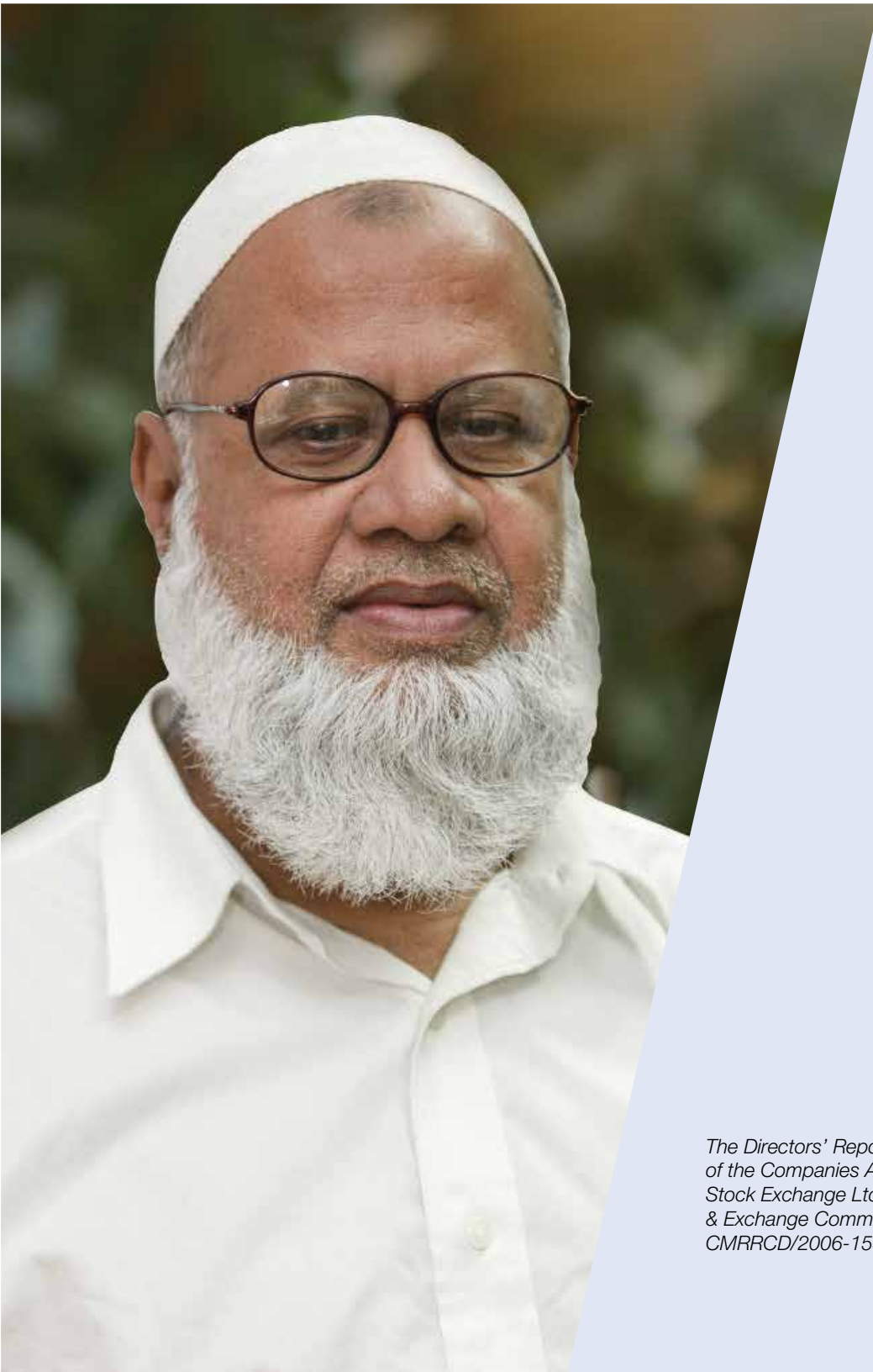
I am thankful to our customers, regulators for allowing us to serve them for a fast growing electricity sector in the country.

My deepest gratitude to you, our shareholding owners for investing in Khulna Power Company Ltd.

Looking forward to a better future together "Ameen".

All the best wishes

Hasan Mahmood Raja  
Chairman



## Directors' Report

**For the year ended  
30 June 2019**

**Bismillahir Rahmanir Rahim**

**Honorable  
Shareholders,**

The Board of Directors of Khulna Power Company Ltd. (KPCL) welcomes you to the 21st Annual General Meeting of the Company. We are pleased to submit before you the operational activities and audited financial statements of the Company for the year, which ended on 30 June 2019.

*The Directors' Report is prepared in compliance with Section 184 of the Companies Act 1994, Listing Rules of Dhaka & Chittagong Stock Exchange Ltd (DSE&CSE) and Bangladesh Securities & Exchange Commission's (BSEC) notification no- BSEC/CMRRCD/2006-158/207/Admin/80 dated 03rd June 2018.*

## Global Economic Outlook

"Global growth has continued to soften this year. Momentum remains weak and policy space is limited. A subdued recovery in investment growth in emerging market and developing economies (EMDEs) dampens potential growth prospects and hampers progress toward achieving the Sustainable Development Goals. Risks remain firmly on the downside, including the possibility of escalating trade tensions, sharper-than-expected slowdowns in major economies, and renewed financial stress in EMDEs."

– *Global Economic Prospects, WB Report*

Global economic activity experienced slow-down in the second half of the year 2018 reflecting a confluence of factors affecting major economies. This contrasting scenario followed strong growth in 2017 and early 2018. Trade tensions increasingly took a toll on business confidence and, so, financial market sentiment worsened, with financial conditions tightening for vulnerable emerging markets initially and then in advanced economies later in the year, weighing on global demand. China's growth declined following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States. The euro area economy lost more momentum than expected as consumer and business confidence weakened. Elsewhere, natural disasters hurt activity in Japan. Conditions have eased in 2019 as the US Federal Reserve signaled a more accommodative monetary policy stance and markets became more optimistic about a US-China trade deal.

Nonetheless global growth remains subdued as United States further increased tariffs on certain Chinese imports and China retaliated by raising tariffs on a subset of US imports. Global technology supply chains were

threatened by the prospect of US sanctions. Moreover, Brexit related uncertainty continued, and rising geopolitical tensions roiled energy prices.

Global growth in 2019 has been forecast to 2.6 percent reflecting the broad-based weakness observed during the first half of the year, including a further deceleration in investment amid rising trade tensions. In particular, global trade growth in 2019 has been revised down a full percentage point, to 2.6 percent—slightly below the pace observed during the 2015-16 trade slowdown, and the weakest since the global financial crisis. Investment and demand for consumer durables have been subdued across advanced and emerging market economies as firms and households continue to hold back on long-term spending. Accordingly, global trade,







which is intensive in machinery and consumer durables, remains sluggish. The downgrades to the growth forecast for China and emerging Asia are broadly consistent with the simulated impact of intensifying trade tensions and associated confidence effects.

For advanced economies, growth is projected at 1.9 percent in 2019. In the United States, 2019 growth is expected to be 2.6 percent which reflects stronger-than anticipated economic performance on the back of robust exports and inventory accumulation, domestic demand was somewhat softer than expected and imports weaker as well, in part reflecting the effect of tariffs. Growth in the euro area is projected at 1.3 percent in 2019. The forecast is revised down slightly for Germany but it is unchanged for France and Italy. The United Kingdom is set to expand at 1.3 percent in 2019. The forecast assumes an orderly Brexit followed by a gradual transition to the new regime. However, as of mid-July, the ultimate form of Brexit remained highly uncertain.

Euro area growth is expected to pick up over the remainder of this year and into 2020, as external demand is projected to recover. While Japan's

economy is set to grow by 0.9 percent in 2019. Emerging and developing Asia is expected to grow at 6.2 percent in 2019–20. In China, the negative effects of escalating tariffs and weakening external demand have added pressure to an economy already in the midst of a structural slowdown and needed regulatory strengthening to rein in high dependence on debt. With policy stimulus expected to support activity in the face of the adverse external shock. India's economy is set to grow at 7.0 percent in 2019, picking up to 7.2 percent in 2020.

Growth in the Middle East, North Africa, Afghanistan, and Pakistan region is expected to be 1.0 percent in 2019. These forecasts are largely influenced by the crippling effect of tighter US sanctions on Iran. Civil strife across other economies, including Syria and Yemen, add to the difficult outlook for the region. Partially offsetting these developments are improved prospects for Saudi Arabia's economy—the non-oil sector is expected to strengthen in 2019 with higher government spending and improved confidence, and in 2020 with an increase in oil sector growth. Activity in the Commonwealth of Independent States is projected to grow at 1.9 percent in 2019 which mostly reflects Russia's economic outlook in the overall.

Global trade: global industrial activity and goods trade have lost considerable momentum in 2019. Goods trade growth and new export orders fell to levels comparable to those prevailing at the start of 2016. The deceleration was broad-based. Trade in Asia—which contains major, tightly interconnected, global manufacturing hubs—was particularly affected, although recent indicators suggest some stabilization. In all, global trade growth is projected to weaken from 4.1 percent in 2018 to 2.6 percent this year slightly below the pace observed during the 2015-16 trade slowdown, and the weakest since the global financial crisis.

Financial markets: amid signs of deterioration in global economic prospects and persistently low inflation, major central banks have adopted more accommodative monetary policy stances for the near term. The U.S. Federal Reserve has placed its tightening cycle on hold, while the European Central Bank has delayed the end of its negative interest rate policy and implemented new measures to stimulate credit and activity. Shifting market expectations about monetary policies contributed to a drop in long-term yields—to their lowest levels since mid-2017 in the United States, and to below zero in Germany for the first time since late 2016. Notwithstanding recent reversals related to trade policy uncertainty, equity market valuations have risen, and aggregate EMDE sovereign bond spreads have dropped about 50 basis points since the start of 2019. International debt issuance has been robust this year, as many borrowers have taken advantage of more favorable market conditions to meet growing refinancing. Global financing conditions are expected to remain supportive in the near term and tighten only gradually later in the forecast period. This assumes that monetary policy accommodation in major advanced economies will be gradually removed, but at a slower pace than previously expected.

Commodity markets: prices of most industrial commodities picked up in the first half of 2019, but remained well below peak values from last year, while agricultural prices were mostly flat. Supply constraints and production cuts have supported prices since the start of the year; however, heightened trade tensions have recently weighed on prices of some commodities, particularly metals. Price forecasts for the year as a whole have been downgraded due to weaker-than-expected global growth.

Crude oil prices recovered over the first half of the year, averaging \$64 per barrel (bbl), supported by production cuts among OPEC and its non-OPEC partners. More recently, however, the re-escalation of trade tensions have contributed to declining prices for most base metals. Overall, metals prices are expected to decline slightly in 2019 and 2020, a downward revision relative to the January forecast reflecting a weaker outlook for global metals demand. Agricultural prices were stable, on average, in the first half of 2019, amid high stock levels and favorable crop conditions for the fourth consecutive year.



## Outlook 2019

Downside risks have intensified in the global economy due to the adverse developments—including further US-China tariffs, US auto tariffs, or a no-deal Brexit—sap confidence, weaken investment, dislocate global supply chains, and severely slow global growth below the baseline.

Climate change remains an overarching threat to health and livelihoods in many countries, as well as to global economic activity. Domestic policy mitigation strategies are failing to muster wide societal support in some countries.

While growth prospects are subdued, there is a substantial upside potential from the implementation of structural reforms that improve the business climate and encourage job creation. Increased public sector efficiency and measures to foster private sector investments will be key to meet large infrastructure needs in electricity, transport, water supply and sanitation, and climate change prevention and mitigation. Estimates of the infrastructure spending required to meet the Sustainable Development Goals in EMDEs by 2030 range between 4.5 to 8.2 percent of GDP, depending on policy choices. Improving access to reliable and affordable electricity, enhancing the quality of logistics and transport infrastructure, leveraging digital technologies, and improving institutional quality could help unlock a large untapped growth potential and contribute to poverty alleviation. Raising agricultural productivity could also help boost development opportunities and increase resilience to extreme weather events in regions with large exposed populations. Strengthening the role of social safety nets and active labor market policies is also key to manage risks and promote access to productive employment.

In all, amid soft growth prospects and heightened risks, both advanced economies and EMDEs need to be prepared to undertake coordinated policy action in the event of a severe global slowdown that threatens to inflict major economic losses and set back progress on poverty alleviation and inequality mitigation.

## Bangladesh Economic Outlook

Bangladesh is now the 30th largest economy in the world, on GDP ranking based on PPP, published by the IMF. In South Asia, Bangladesh is now the second largest economy after India – Budget Speech 2019-20.

Bangladesh has been able to continue with her economic development and high growth trajectory despite having to face challenges at the national and international level. According to the estimates of Bangladesh Bureau of Statistics (BBS) the economy had GDP growth of 8.13 percent in the year 2018-19 while per capita income reached \$ 1,827 recording an increase of over 9 percent. Size of the country's GDP now starts at US \$ 302.4 billion. Driven by industry, the economy continues to grow at an impressive rate. Sound macroeconomic policies and resilient domestic demand have led to growth in manufacturing and construction industries on the supply side. On the demand side, growth is led by private consumption and exports. In addition country has substantially improved electricity generation and a bumper agricultural harvest further stimulated growth. Target is to raise growth rate to “double digit” by FY2023-24.

Overall investment – public and private sector combined – rose to 31.56 percent of GDP in the year 2018-19 which was 31.23 percent last year. Government is working on the overall development of investment environment in order to increase domestic and foreign investment. Different development projects under Public-Private Partnership (PPP) model are being implemented. Up to February 2019 of the fiscal year, in total 1022 investment projects worth Taka 90,854 crore were made. In the nine months of the year 2018 Foreign Direct Investment (FDI) stood at \$ 2,937.12 million.

Average inflation during the first nine (9) months of the year stood at 5.44 percent, the moderating effect was the result of decline in food related inflation (from 6.18 percent in July, 2018 to 5.72 percent in March, 2019).

Non-food inflation increased by 0.8 percentage point. These were in line with the monetary policy stances for the year 2018-19 which was designed towards attaining price and macro-financial stability along with sustainable growth.

Bangladesh's export earnings grew by 12.57 percent and reached \$ 30,903 million in the nine months up to March 2019 of the year. Major contributor to export earnings were Ready-made garments and Knitwear products. Country's import totaled \$ 40,895 million which was nearly 6 percent higher. Overall trade deficit during the period up to February, 2019 was \$ 10.695 million showing slight improvement compared to last year. At the end of April 2019, foreign exchange reserves stood at \$ 32.12 billion. Currency depreciation up to February 2019 was 2.83 per cent and the inter-bank weighted average US dollar rate was Taka 83.85 per Dollar. Country achieved self-sufficiency in food production towards which agriculture sector was given the highest priority in the 7th five-year plan and SDG roadmap. Total food grains production is estimated to reach 415.74 lakh metric ton (MT) in 2018-19. Fish production during the year is going to reach 43.81 lakh MT.

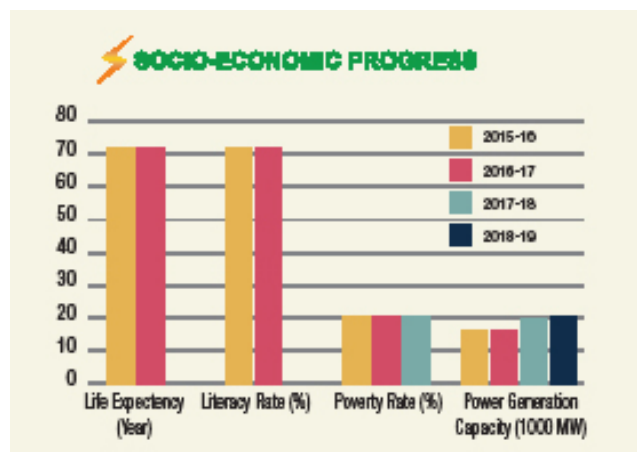
Contribution in GDP from the industry sector is estimated to reach 35.14 percent in the year 2018-19. In order to accelerate the pace of industrialization the government is working in line with the National Industrial Policy 2016. The EPZs and Special Economic Zones shall play a special role in the development of the industrial sector.

During the year total installed capacity for electricity generation reached 18,079 MW which is 21,169 MW including captive and renewable energy. At present 93 percent population are under electricity coverage. Up to February 2019, highest power generation was 11,623 MW. Total system loss in transmission and distribution has been reduced to 10.90 percent during the period. Further,





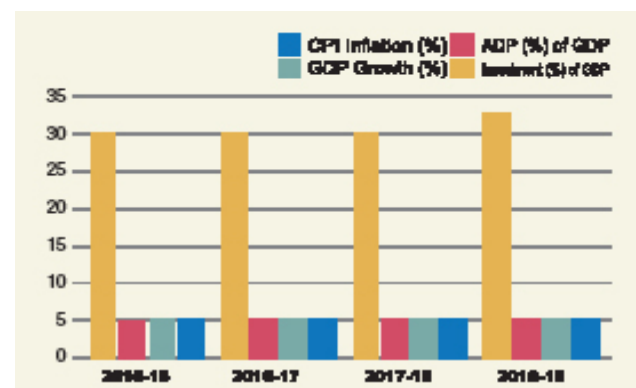
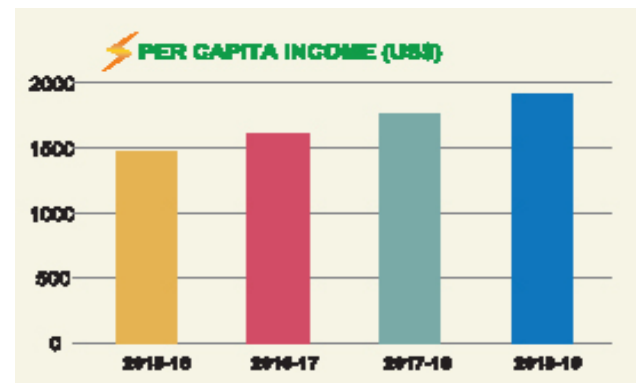
Bangladesh has achieved an outstanding development in poverty alleviation during the last decade. The rate, incidence as well as depth of poverty have been dropping gradually. Poverty rate declined by 18.2 percent point. According to the 7th Five Year Plan, it has been targeted to reduce to 18.6 percent by 2020.



Nearly 71 percent of the country's total commercial consumption of energy is met by natural gas. At present there are 27 discovered gas fields and the net recoverable stock is 11.92 trillion cubic feet. In order to secure the long term energy supply highest emphasis is given on the diversification of energy sources, particularly on the efficient and best use of energy.

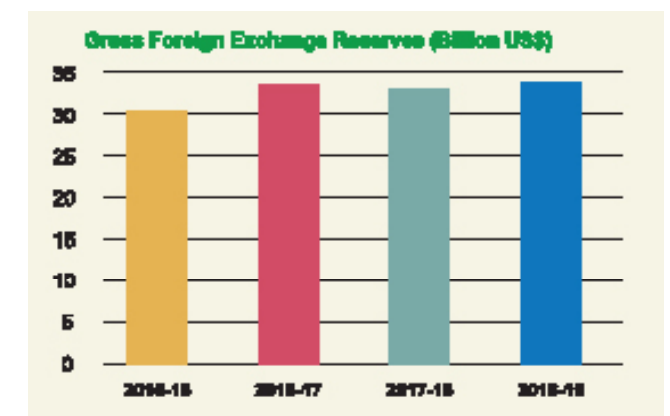
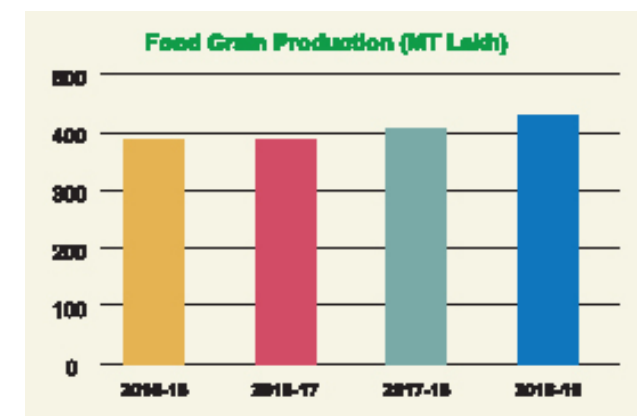
Economic sustainability is linked to supportive communication and infrastructure. Towards this end government is implementing different projects on transportation and communication sector as priority basis. Mega-projects like Padma Bridge, Dhaka Elevated Expressway are being implemented. Besides, Railway communication is being invigorated and developed as an environment friendly, safe, affordable and dependable means of transport and communication. At the same time, various programs and projects for development and maintenance of navigability of different river routes, creation of new inland river ports, creating infrastructure facilities for container traffic through inland waterways etc are being implemented. Government has also embarked on modernizing, developing and expanding telecommunication system of the country. Total number of mobile phone subscribers stood at 15.75 crore as of January 2019.

Bangladesh has achieved an outstanding development in poverty alleviation during the last decade. The rate, incidence as well as depth of poverty have been dropping gradually. Poverty rate declined by 18.2 percent point. According to the 7th Five Year Plan, it has been targeted to reduce to 18.6 percent by 2020. The scope and allocation of social safety net program are being extended every year under the purview of the National Social Security Strategy (NSSS). During the year 2018-19 a total of Taka 64,176.48 crore was allocated for the purpose. Currently focus has been given to achieving targets set for SDGs in this regard and by 2030 poverty rate to reduce to 9.7 percent while malnutrition rate to less than 10 percent.



Government has formulated a detailed work plan with a view to achieving environmental targets of SDGs titled Bangladesh Climate Change Strategy and Action Plan, 2009 (BCCSAP 2009) to address the impact of climate change where both adaptation and mitigation activities have been considered. Towards this end, Bangladesh Climate Change Trust Fund (BCCCTF) has been formed with national resources. Besides, with the assistance of the development partners Bangladesh Climate Change Resilience Fund (BCCRF) has also been formed.

Bangladesh has achieved stable credit rating by Moody's (Ba3) and S&P (BB-) for the ninth consecutive time.



## Outlook 2019

According to the latest World Bank report, Bangladesh is among the five fastest-growing economies of the world due to stable macro and export-oriented industry-led growth. While Asian Development Bank (ADB) dubbed Bangladesh as the fastest growing economy in the Asia-Pacific region. Continuity of reforms especially in the areas: financial sector, fiscal, infrastructure, human capital and business regulation are important. However, various internal and external risk factors might impede growth prospect. Public investment will remain strong as the government continues to expedite the implementation of large infrastructure projects. Therefore, sustainability of the country's macro economy is important through bringing stability to the financial sector, expanded industrial base, diversified export basket, improved business environment, increasing price competitiveness and human capital development among others.

## Capital Market in 2018 and Outlook in 2019

Year 2018 was a challenging year for the capital market in Bangladesh. DSEX, the broad index at the DSE, declined by 13.8 percent. Average daily turnover amounted to \$ 65.6 million down by 37 percent compared to 2017. Market correction was driven by the financial sector (declined by 18.6 percent) which was affected by rising NPL and interest rate issues. Major factors were positive for the textile sector, which rallied almost 16 percent benefitting from US-China trade war and cheaper BDT. Fuel & Power sector also surged riding on earnings growth. However, rising US interest rate and currency triggered net outflow of foreign portfolio investment across the region.

Year 2018 saw major developments in the capital market. The strategic partnership between DSE and a Chinese consortium of Shanghai and Shenzhen Stock Exchanges was the most important event of the year. Besides, the regulatory move to extend tenure of closed-end mutual funds for further 10 years was a significant step. At the same time, three major merger and acquisitions took place which reflected increasing interest of global giants in Bangladesh.

Future prospect of the capital market in 2019 looks bright perform better with the projected growth of the economy. Provided that interest remain under control and liquidity conditions remain stable, the market is expected to perform better.

Power Sector Scenario in Bangladesh

Bangladesh is one of the fastest growing economies in the world. As per the latest forecast of the Asian Development Bank, the Bangladesh economy will grow at 8 percent this fiscal year, which would be the highest in Asia. The forecast is close to the government target of 8.2 percent growth in fiscal year 2019-20. Last fiscal year, Bangladesh pulled off 8.13 percent GDP growth.

Despite a weaker global growth, favorable trade prospects continue in Bangladesh. On the supply side, higher expansion in industry and services has lifted the robust growth. A steady and available source of electricity has ensured that Bangladesh economy is able to hold onto its momentum.

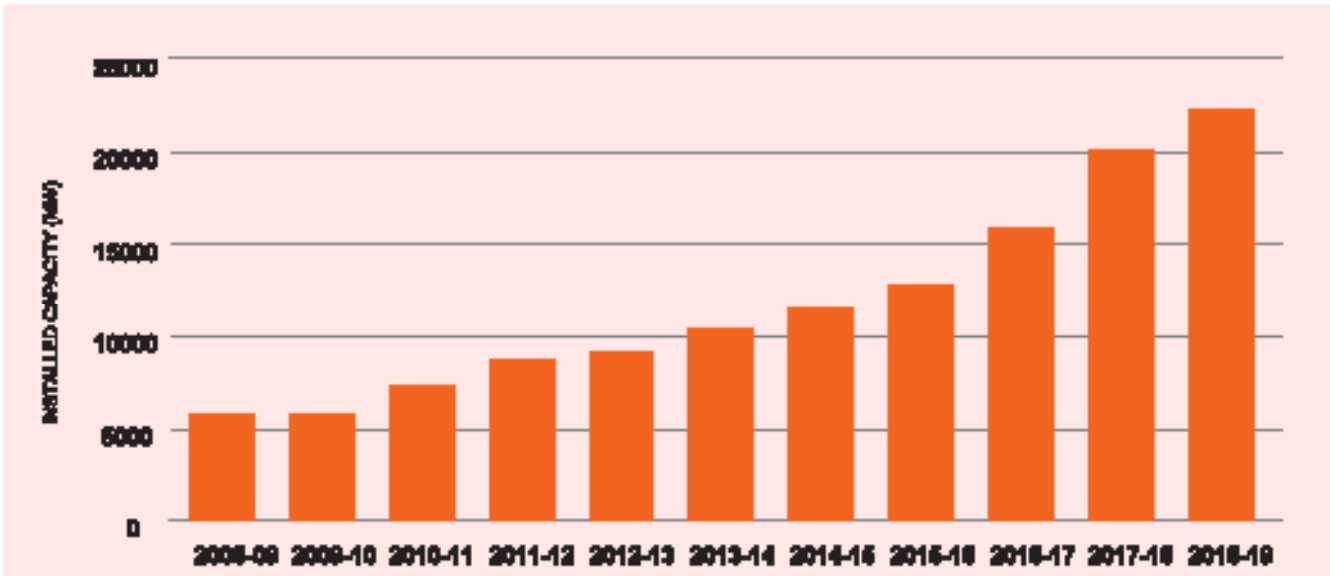
The performance of Bangladesh’s power sector has been impressive due to the progressive efforts of policymakers, support from developing partners and

effective project implementation by public and private developers. The growth in terms of capacity addition in the last 10 years has been remarkable, from around 4.5 GW in 2007-08 to 20 GW by October 2018. Bringing this target to fruition, investment of about US\$ 21 billion during 2017-21, US\$ 24 billion during 2022-31 and US\$ 10 billion during 2032-41 will be required. Bangladesh has the potential and capacity to absorb the investment and ensure the return for the investors.

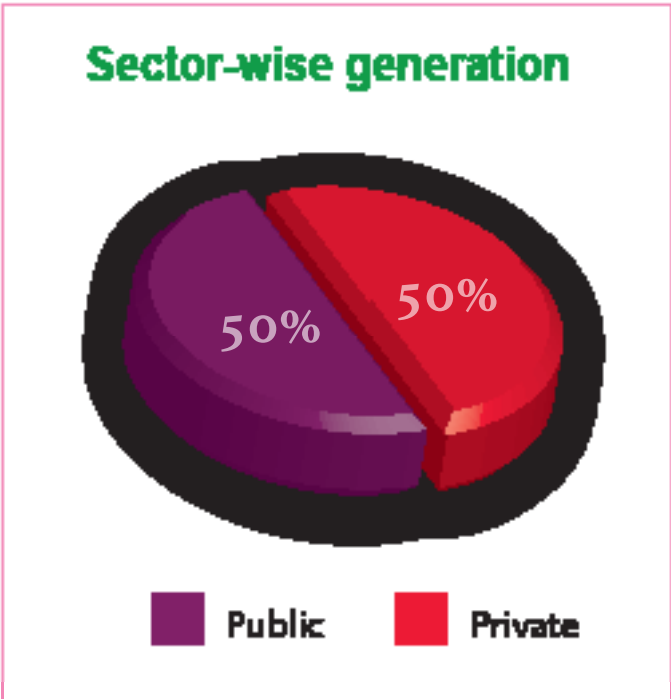
However, further steps need to be taken to match the demand-supply gap of electricity in a sustainable way and this match the pace of economic growth of the country. Massive capacity enhancement and expansion projects of the power sector are being undertaken. It has been planned to increase the installed capacity to 24 GW by 2021 and about 8,000 km of new transmission lines and 1,20,000 km of distribution lines have also been planned to be constructed by 2020. In accordance with the recent Power System Master Plan, Bangladesh aims to add 2 GW renewable energy (RE) projects in the long term.

The number of power plants rose to about 135 with combined power generation capacity of 22,329 MW including 2,800 MW captive generation and 334 MW through renewable energy. The access to electricity has increased to 92%. The maximum demand served so far is 12,893 MW (as of 29 May 2019).

YEAR-WISE INCREASE IN GENERATION

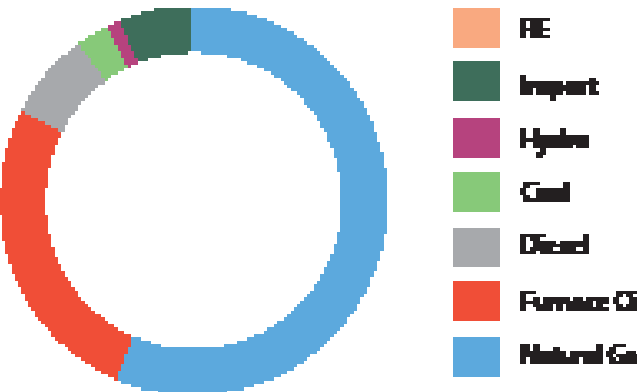


Sector	Installed Generation Capacity (MW)
Public Sector	
BPDB	5,498
APSCL	1,444
EGCB	839
NWPGCL	1,395
RPCL	182
BPDB RPCL JV	149
Sub Total	9,507 (50%)
Private Sector	
IPPs	6,689
SIPPs (BPDP)	99
SIPPs (REB)	251
15 yr. Rental	169
3/5 yr. Rental	1,320
Power Import	1,160
Sub Total	9,688 (50%)
Total	19,195*

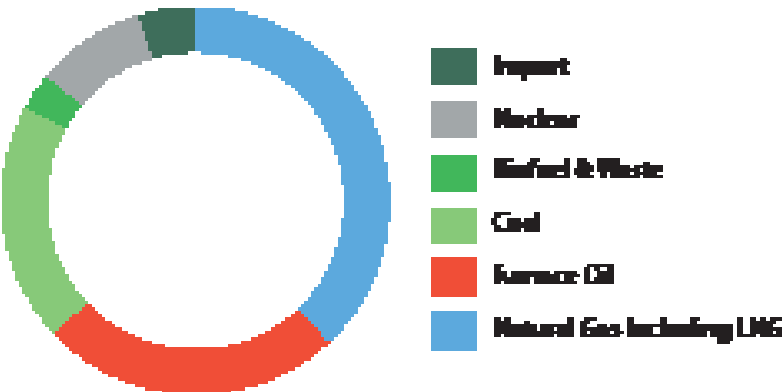


FUEL MIX PROPORTION

Fuel Mix Proportion - August 2019

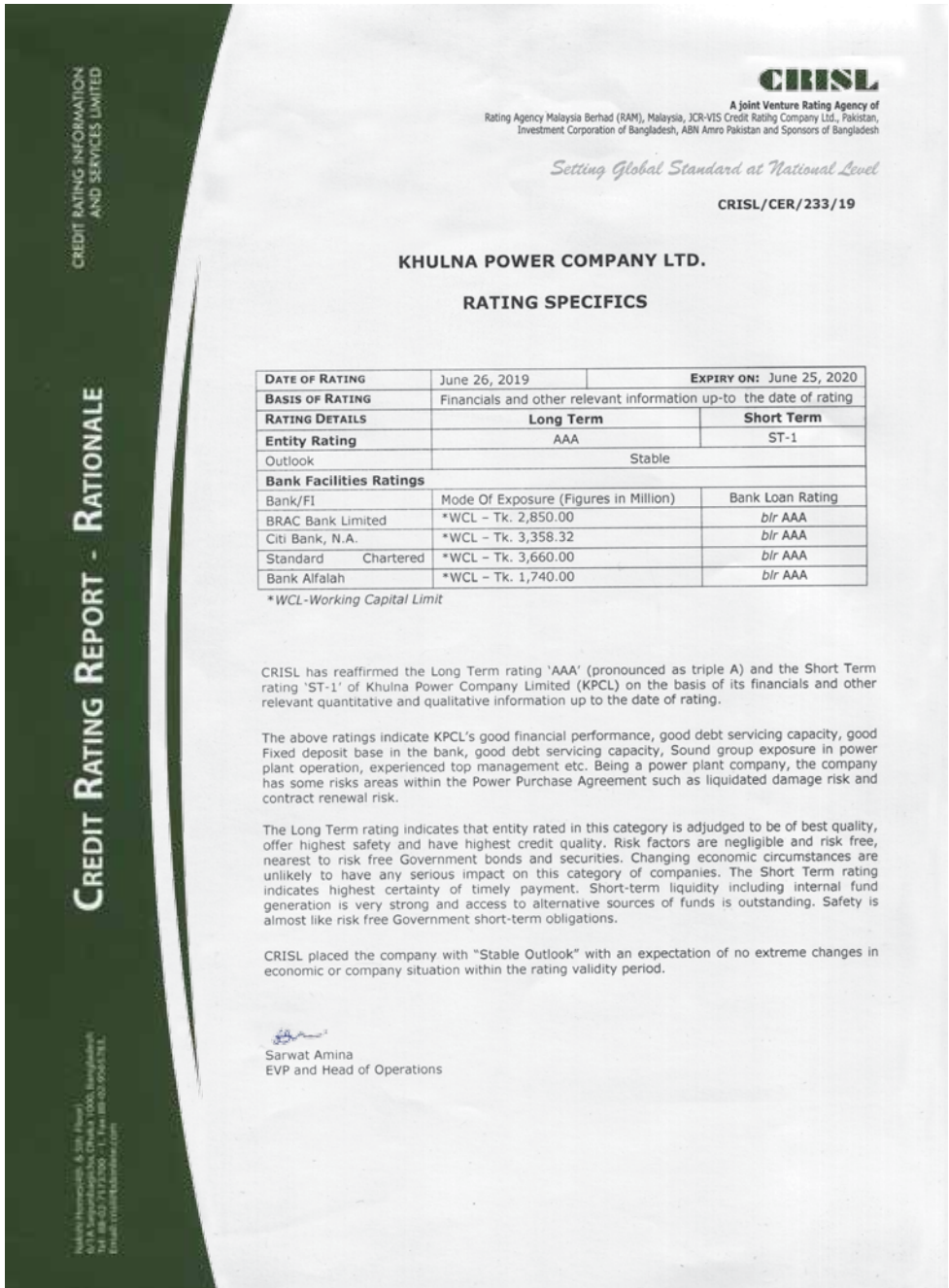


Fuel Mix Proportion - Forecasted 2041





Business Activities Including Its Operating Performance



Khulna Power Company Ltd. has been assigned the highest rating- Long Term rating 'AAA' and Short Term rating 'ST-1' for the 3rd consecutive years by the Credit Rating Information and Services Limited (CRISL) for its strong equity base, good return on investment, good earnings prospects, good operating performance of the investee and experienced management team.

Key Operating Data for the Previous Five Years

Khulna Power Company Ltd. (KPCL) is the first Independent Power Producer (IPP) of the country in private sector. Established under the Private Sector Power Generation Policy of Bangladesh 1996 (Revised in November 2004), has been in operation for the last 21 years. Initially KPCL started its journey to empower Bangladesh with its 110 MW barge mounted power plants. However in 2011 KPCL added another two efficient power plants – KPC Unit II 115 MW Plant (KPCL II) and KPC 40 MW Noapara Plant (KPCL III). Following is a snapshot of KPCL plants’ operational performance for the recent period:

Name	Licensed Capacity MW	Installed Capacity MW	Generation (As demanded by BPDB)									
			2015		Jan'2016-Jun'2016		Jul'2016-Jun'2017		Jul'2017-Jun'2018		Jul'2018-Jun'2019	
			Plant Factor	Generation (MWh)	Plant Factor	Generation (MWh)	Plant Factor	Generation (MWh)	Plant Factor	Generation (MWh)	Plant Factor	Generation (MWh)
KPCL I	110	114	46%	454,203	54%	263,366	43%	423,710	43%	428,293	*38%	*110,058
KPCL II	115	119	59%	604,045	62%	318,835	51%	529,706	55%	571,023	33%	337,096
KPCL III	40	44	44%	156,720	56%	99,437	55%	200,566	59%	213,528	50%	180,532
Total	265	277		1,214,968		681,638		1,153,982		1,212,844		627,686

\*July 2018 to 12 October 2018

KPCL plants’ added 628 GWh of electricity to the national grid during the financial year 2018-2019. In the current year the generation is 48.25% lower than the previous year mainly due to the 1st extended 5 years term IPP contract of 110 MW Barge Mounted Power Plant with Bangladesh Power Development Board (BPDB) expired on 12 October 2018, Since then the power plant is not in operation. Since beginning our plants were being operated and maintained by Wartsila Bangladesh Ltd., a 100% owned subsidiary of Wartsila OY, Finland; the manufacturer and spare parts supplier of these plants. However, from January 2014, these plants have been operated and maintained by the Company itself and Khulna Power Operations & Services Ltd. (KPOSL), a specialized company in power plant operation and maintenance with full sets of experienced engineers and staff as engaged earlier.

Khulna Power Company Ltd. has always used brand new highly efficient engines and other auxiliaries of best international standard. The aim is to spend bare minimum fuel for generation of electricity and save costly

fuel of the country. The new and quality machine allows Khulna Power Company Ltd. to maintain its guaranteed contractual availability and Heat Rate (fuel consumption for generation of one unit of electricity) ensuring efficient use of fuel. KPCL follows an Integrated Management System (IMS) to maintain all of its power plants, which includes-ISO 9001:2004–Quality Management System (QMS), ISO 14001:2004 – Environmental Management System (EMS), BS OHSAS 18001:2007 – Occupational Health & Safety (OH&S).

After introduction of IMS, Bureau Veritas (a global leader in Testing, Inspection and Certification (TIC) with innovative solutions that go beyond simple compliance with regulations and standards, reducing risk, improving performance and promoting sustainable development) audited the management system of the company. KPCL successfully passed the inspections thus received the certificate of accreditation for all three standards e.g. ISO 9001:2008, ISO 14001:2004 & BS OHSAS 18001:2007.

## Financial Highlights

	2018-2019	2017-2018	2016-2017	Eighteen months ended 30 June 2016	2016 (Jan'16-Jun'16)	2015
<b>Operating data</b> (Taka in million)						
Revenue	8,351.11	12,098.32	10,034.16	16,767.90	4,614.65	12,153.24
Cost of Sales	6,638.54	9,821.60	7,784.51	12,308.94	3,248.34	9,060.60
Gross Profit	1,712.57	2,276.72	2,249.65	4,458.96	1,366.31	3,092.64
General & Admin. Expenses	187.98	119.62	107.64	444.62	110.40	334.22
Finance Income	154.81	230.18	86.97	129.16	49.95	79.20
Finance Expenses	245.70	209.87	134.55	183.10	48.52	134.57
Net Profit (Excluding non-controlling interest)	1,391.03	2,231.88	1,830.27	3,548.41	1,143.08	2,405.61
<b>Financial Position/Balance Sheet data</b> (Taka in million)						
Share Capital	3,974.13	3,612.85	3,612.85	3,612.85	3,612.85	3,612.85
Shareholders' Equity	10,016.04	9,708.86	9,464.04	8,898.26	8,898.26	9,200.63
Total Debt (Non-current Liabilities)	64.48	53.60	314.55	276.49	276.49	249.00
Current Assets	7,429.26	7,606.40	6,333.72	6,011.60	6,011.60	4,441.03
Current Liabilities	2,556.22	5,282.07	4,290.63	4,903.30	4,903.30	3,228.72
Total Assets	12,636.74	15,044.54	14,069.22	14,078.06	14,078.06	12,678.36
Total Liabilities	2,620.70	5,335.67	4,605.17	5,179.80	5,179.80	3,477.72
<b>Financial Ratios</b>						
Gross Profit Ratio (%)	20.51%	18.82%	22.42%	26.59%	29.61%	25.45%
Net Profit Ratio (%)	16.66%	18.45%	18.24%	21.16%	24.77%	19.79%
Return on Assets (%)	11.01%	14.84%	13.01%	25.21%	25.21%	18.97%
Debt Equity Ratio			-	-	-	0.11%
<b>Other Data</b>						
Earnings Per Share (Tk)	3.50	6.18	5.07	9.82	3.16	6.66
Dividend (%)	40%	10% Stock & 30% Cash	55%	75%		
Total Number of Ordinary Shares Outstanding	397,431,179.00	361,284,709.00	361,284,709.00	361,284,709	361,284,709	361,284,709
Total Number of Free Float Shares	119,262,051.00	106,260,244.00	106,260,244.00	106,260,244	106,260,244	106,260,244

### Comparative Cash Flows Statement

Net Cash Generated from Operating Activities	2,465,624,071	946,012,372.	1,727,268,402	4,922,361,370	564,362,824	4,357,998,546
Net Cash Generated from Investing Activities	(228,570,867)	(31,920,048)	66,418,557	(82,374,619)	75,673,730	(158,048,349)
Net Cash Used in Financing Activities	(3,617,734,184)	(70,803,751)	(1,709,465,099)	(4,681,585,606)	(600,006,400)	(4,081,579,206)

During the year 2018-2019 operating cash flows increased by Tk. 1,519,611,699 compared to the year 2017-2018 due to lower payment against import of fuel and income tax expense. Major overhauling of plant and machinery took place during the year 2018-2019 which increased the cash flows from investing activities. Cash flows from financing activities arose in the current year as higher volume of working capital loan paid off during the year. Operating cash flows declined by 56% in the year 2017-2018 against the year 2016-2017 owing to price hike of prime raw material in the international market. Purchase of capital nature spare parts had been made in the year 2015 increased the expenditure during the year to maintain the efficiency level of the power plant.

## Financial results and performance of the Company

Key Financial Results compared with last period is detailed below:

Particulars	For the year ended 30 June 2019 (In Million Taka)	For the year ended 30 June 2018 (In Million Taka)
Revenue	8,351.12	12,098.32
Cost of sales	(6,638.54)	(9,821.60)
Gross profit	1,712.57	2,276.72
Other income	61.37	3.30
General and administrative expenses	(187.98)	(119.62)
Operating profit	1,585.97	2,160.40
Foreign exchange gain/(loss)	(56.85)	109.96
Finance income	154.81	230.18
Finance costs	(245.70)	209.87
Profit before tax	1,438.23	2,070.75
Income tax expense	(47.20)	161.13
Profit for the period	1,391.03	2,231.89

During the year 2018-2019, percentage of cost of sales reduced marginally by 2.08%, gross profit margin and net profit margin increased to 20.51% and 16.66% compare to 18.82% and 18.45% of the previous year 2017-2018 mainly due to decrease in operation and maintenance cost of KPCL's 110 MW power plant which is not in operation from 13th October 2018. Revenue decreased by 30.97% mainly due to 110MW Power Plant has discontinued its operations. Other income increased substantially by 1,761.15% in current year which was a result of reversal of liability on account of Handling Commission. Income tax expense shows 129.29% higher cost this year because in the year 2017-2018 the Company reversed deferred tax liability. During the year ended on 30 June 2019 EPS has decreased by 43.37 % from Tk. 6.18 to Tk. 3.50 mainly due to KPCL's 110 MW power plant is not in operation from 13th October 2018 and increase in share capital for issuing bonus share in the previous year has also contributed to the lower EPS.



## Profit appropriation

The Directors take pleasure in reporting the financial results of the Company for the year ended on 30 June 2019 and recommended the appropriation as mentioned below:

Particulars	Amount (In million Taka)
Profit for the financial year ended 30 June 2019	1,391.03
Profit brought forward	5,770.37
	7,161.49
Dividend paid for the year ended 30 June 2018	1,119.10
Profit available for appropriation	6,041.91
<b>Appropriations:</b>	
Proposed Cash Dividend for the year 2018-2019 @40%	1,589.65
Retained Earnings after proposed Dividend	4,452.26

## Extra-ordinary gain or loss

As per BAS 1: Presentation of Financial Statements, no item of income and expenses are to be presented as extra-ordinary gain or loss in the financial statements. Accordingly, no extra-ordinary gain or loss has been recognized in the financial statements.

## Related Party Transaction

The related party transactions carried out by the Company on a commercial basis during the year have been disclosed in the Notes - 33 to the financial statements.

## Utilization of proceeds from public issues, rights issues and/or through any other instrument

Not applicable.



## Significant variance between Quarterly Financial Statements

### 1st Quarter ended 30 September 2018

Particulars	July-September 2018	July-September 2017	Difference in %
Gross Profit Margin	15.92%	16.75%	4.96%
Other Income (Taka)	28,293,700	803,307	3,422.15%
Exchange Loss (Taka)	2,696,144	35,246,922	92.35%
Finance Income (Taka)	55,584,475	39,759,372	39.80%
Finance Cost (Taka)	72,871,701	39,068,753	86.52%
Income Tax Expense (Taka)	15,000,000	22,500,000	33.33%

### Gross Profit Margin

During July-September quarter of 2018 gross profit margin reduced to 15.92% compare to 16.75% of the same quarter of previous year due to higher consumption of LFO (Light Fuel Oil) and increase of disparity of fuel mismatch for higher heavy fuel oil price.

### Other Income

Other income increased substantially by 3,422.15% from Tk. 803,307 of the 1st quarter period ended 30 September 2017 to Tk. 28,293,700 of the 1st quarter period ended 30 September 2018, which was a result of reversal of liability on account of Handling Commission.

### Exchange Loss

In the 1st quarter of the year 2018-2019 exchange loss decreased by 92.35% owing to stability of exchange rate as compared to the same quarter of year 2017-2018.

### Finance Income

Higher investment in FDR generated 39.80% more finance income during the 1st quarter of the year 2018-2019.

### Finance Cost

Higher volume of 180 days UPAS L/C payment was made in the quarter July-September 2018 increased the finance cost by 86.52% as compared to the previous corresponding quarter.

### Income Tax Expense

Income tax expenses are recognized on the basis of taxable revenue. As taxable unit revenue decreased, income tax expenses also reduced by 33.33% in the quarter July-September 2018.

#### 2nd Quarter ended 31 December 2018

Particulars	October-December 2018 (Taka)	October-December 2017 (Taka)	Difference in %
Revenue (Taka)	1,423,863,252	2,493,329,869	42.89%
Earnings Per Share (Taka)	0.90	1.32	31.82%
Gross Profit Margin	30.16%	23.02%	31.02%
Net Profit Margin	25.03%	19.15%	30.70%
Other Income (Taka)	285,000	1,904,467	85.04%
Exchange Loss (Taka)	24,091,502	43,586,920	44.73%
Finance Income (Taka)	47,006,408	81,885,026	42.59%
Finance Cost (Taka)	74,584,100	49,862,742	49.58%
Income Tax Expense (Taka)	-	55,000,000	100%

#### Revenue

In the 2nd quarter ended on 31 December 2018 revenue decreased by 42.89% due to KPCL's 110 MW power plant is not in operation from 13th October 2018.

#### EPS (Earnings Per Share)

During the period October-December 2018 EPS has decreased by 31.82 % from Tk. 1.32 to Tk. 0.90 mainly due to KPCL's 110 MW power plant is not in operation from 13th October 2018 and increase in share capital for issuing bonus share in the previous year has also contributed to the lower EPS.

#### Gross Profit Margin

During October-December quarter of 2018 gross profit margin increased to 30.16% compare to 23.02% of the same quarter of previous year due to decrease in operation and maintenance cost of KPCL's 110 MW power plant which is not in operation from 13th October 2018.

#### Net Profit Margin

Net profit margin also rose by 30.70% in the 2nd quarter ended on 31 December 2018 as operation and maintenance cost decreased due to KPCL's 110 MW power plant is not in operation from 13th October 2018.

#### Other Income

Other income decreased substantially by 85.04% from Tk. 1,904,467 of the 2nd quarter period ended 31 December 2017 to Tk. 285,000 of the same quarter of 2018 owing to decline in sales of scrap.

#### Exchange Loss

Favorable exchange rate reduced the exchange loss by 44.73% during 2nd quarter of the year 2018-2019.

#### Finance Income

Lower investment in FDR dropped the finance income by 42.59% during the quarter ended on 31 December 2018.

#### Finance Cost

As the 180 days UPAS L/C loan revolved in the quarter October-December 2018 finance cost rose up by 49.58%.

#### Income Tax Expense

Income tax expenses are recognized on the basis of taxable revenue. As taxable unit revenue decreased, income tax expenses also reduced substantially during the 2nd quarter of the year 2018-2019.

#### 3rd Quarter ended 31 March 2019

Particulars	January-March 2019	January-March 2018	Difference in %
Revenue (Taka)	1,388,226,192	2,865,247,439	51.55%
Earnings Per Share (Taka)	0.81	1.35	40%
Gross Profit Margin	28.99%	17.17%	68.84%
Net Profit Margin	23.11%	17.02%	35.84%
Other Income (Taka)	590,000	340,989	73.03%
Exchange Loss (Taka)	30,148,817	41,761,252	172.19%
Finance Income (Taka)	21,198,981	54,414,797	61.04%

#### Revenue

In the 3rd quarter ended on 31 March 2019 revenue decreased by 51.55% due to KPCL's 110 MW power plant is not in operation from 13th October 2018.

#### EPS (Earnings Per Share)

During the period January-March 2019 EPS has decreased by 40% from Tk. 1.35 to Tk. 0.81 due to KPCL's 110 MW power plant is not in operation from 13th October 2018 and increase in share capital for issuing bonus share in the previous year has also contributed to the lower EPS.

#### Gross Profit Margin

During January-March 2019 gross profit margin increased to 28.99% compare to 17.17% of the same quarter of previous year representing a increase by 68.84% due to decrease in operation and maintenance cost of KPCL's 110 MW power plant which is not in operation from 13th October 2018.

#### Net Profit Margin

Net profit margin also rose by 35.84% in the 3rd quarter ended on 31 March 2019 as operation and maintenance

cost decreased due to KPCL's 110 MW power plant is not in operation from 13th October 2018.

#### Other Income

Other income increased by 73.03% from Tk. 340,989 of the 3rd quarter period ended 31 March 2018 to Tk. 590,000 of the same quarter of 2019 owing to higher sales volume of scrap.

#### Exchange Loss

Unfavorable exchange rate in settling the UPAS L/C borrowing increased the exchange loss by 172.19% during 3rd quarter of the year 2018-2019.

#### Finance Income

Lower investment in FDR dropped the finance income by 61.04% during the quarter ended on 31 March 2019.

#### Income Tax Expense

Income tax expenses are recognized on the basis of taxable revenue. As taxable unit revenue decreased, income tax expenses also reduced substantially during the 3rd quarter of the year 2018-2019.



## Dividend

Your Board recommends 40% cash dividend (i.e. Tk 4.00 per share of Tk 10 each) for the financial year ended 30 June 2019, subject to approval by the shareholders at the 21st Annual General Meeting.

## Business Risk & Uncertainties

Investment in equity shares involves various levels of risk. Consequently, the return of investment is dependent on the functioning of the risk factors, KPCL operates in an industry which is exposed to a number of internal and external risk factors over which our company has little or no control. The occurrence of the risk factors as delineated hereunder can have significant bearing on the operational and financial performance of the Company. Therefore, it is imperative to thoroughly understand the risk profile of the Company along with management's perception of the risks so that you are aware that your company is in safe hands.

## Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by it, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is mainly attributable to trade and other receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Company's receivables arise from a Government entity, viz, Bangladesh Power Development Board (BPDB) to whom the Company's sales are made under the conditions of the power purchase agreement and contract

for supply of electricity on rental basis. Sales made to this entity is fully secured by Letters of Credit issued by local scheduled banks.

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

### Market risk

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

### Currency risk

The Company is exposed to currency risk on revenue and certain expenses such as procurement of heavy fuel oil, spare parts and purchase of capital items. Majority of the Company's foreign currency transactions are denominated in United States Dollar (USD) and Euro (EUR) and related to revenue and procurement of heavy fuel oil and spare parts. The company maintains USD denominated bank accounts where receipts from BPDB are deposited.

### Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. Loans and borrowings are affected by fluctuations in interest rates as the rate is of LIBOR plus variable rate ranging from 1.30% to 1.50%.

Details financial risk management has been disclosed in the notes 34 to the financial statements.

### Capital risk management

KPCL's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

### Operational Risk

Operational risk is measured against the ability of the Company's power projects to generate and distribute stipulated electricity to its off-taker. Limitation of technology used, fuel supply arrangement, operation and maintenance (O&M) arrangement, political or force majeure in the form of natural disasters like floods, cyclone, tsunami and earthquake may hamper normal performance of power generation. However, severe natural calamities which are unpredictable and unforeseen have the potential to disrupt normal operations of KPCL. The management of your company believes that prudent rehabilitation schemes and quality maintenance will lessen the damages caused by such natural disasters. Most importantly, all the above risks are covered under the insurance agreement with Pragati Insurance Limited, to compensate for all potential damages caused in such situations.

The provisions of the power purchase agreement guaranteeing 100% of the monthly capacity payment of KPCL and 100% of monthly capacity rental payment of KPC Unit II 115 MW Plant (KPCL II) and KPC 40 MW Noapara Plant (KPCL III), minimizes the risk of non-utilization of the capacity of the plant. The payment of tariff by BPDB within the specified time is secured under the provisions of the agreement for which Letter of Credit has been issued by BPDB for two months' minimum guaranteed payment. Additionally, GoB through the Implementation Agreement provides sovereign guarantee with regard to payments which mitigates risk of any non-payments.

The Company is operated by a team of highly motivated and trained engineers who were employed for the last nineteen years under Wärtsilä and KPCL. Wärtsilä, the leading power plant manufacturer and plant operator in the world, is technologically advanced enough to keep KPCL plants out of any technology related risk. Moreover, the company is maintaining adequate spare parts stock to avert any or all risk of incurring any liquidated damage due to the non-performance/maintain down time of the plant. The availability of all sorts of spare parts is ensured under a Supply Agreement with Wartsila.

Heavy Fuel Oil (HFO) is used as basic raw material for the operation of all the three units of KPCL power plants. Summit Asia Pacific Pte Ltd. and United Energy Trading Pte



Ltd. have been supplying Heavy Fuel Oil (HFO) to the Company under the Fuel Supply Agreement and the risk of price fluctuation in the global oil market is mitigated by the varying Fuel Tariff structure which is based on fuel cost as a Pass-through item. Moreover, KPCL can procure HFO from other vendors if the aforesaid vendors are unable to supply.



Four (4) Board Meetings took place during the financial year ended on 30 June 2019. The attendance of the Directors are as follows:

Sl.	Name of Director	Attended
1	Mr. Hasan Mahmood Raja	4
2	Mr. Latif Khan	4
3	Mr. Abul Kalam Azad	4
4	Mr. Faridur Rahman Khan	3
5	Mr. Muhammad Farid Khan	4
6	Mr. Ahmed Ismail Hossain	4
7	K M Ahsan Shamim	2
8	Jafer Ummeed Khan	2
9	Akhter Mahmud Rana	2
10	Moinuddin Hasan Rashid	3
11	A N M Tariqur Rashid	2
12	Mr. Faisal Karim Khan	2
13	Ms. Azeeza Aziz Khan	4
14	Lt Gen (Retd) Abdul Wadud	4
15	Lt Gen Sina Ibn Jamali, awc, psc (retd)	2
16	Prof. Dr. Mohammad Musa	4
17	Karishma Jahan	3
18	Rear Admiral Riazuddin Ahmed,OSP,BSP, ndu,afwc,psc(retd)	2
19	Md. Abdur Rahim	4

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



Directors’ Election & Re-Appointment

As per article 23 (b) of the Articles of Association Mr. Faridur Rahman Khan, Mr. Abul Kalam Azad, Mr. Moinuddin Hasan Rashid, Mr. Faisal Karim Khan, Lt Gen Sina Ibn Jamali, awc, psc (retd) and Ms. Karishma Jahan shall retire in the 21st Annual General Meeting (AGM) by rotation and being eligible, offer them for re-election.

Prof. Dr. Mohammad Musa has been re-appointed (for second term) as Independent Director in the Board on 23 October, 2019. As per article 20 (c) of the Articles of Association of the Company, he will retire in the 21st Annual General Meeting and being eligible offer himself for re-election.

Directors Meeting & Attendance

The Board of Directors of the Company comprises nineteen (19) members including four (4) independent directors. Names and profiles have been provided in detail under the heading Directors’Profile of this Annual Report. A statement for each of their involvement in other corporate bodies has also been provided in Annexure-D of this report.

The meetings of the Board of Directors are presided over by the Chairman. Written notice of the Board meeting mentioning agenda along with working papers are circulated ahead of the meeting; minutes are correctly recorded, signed by the chairman and circulated.



## Directors' Responsibilities / Reporting Framework

The law required that the financial statements of the company should be prepared in accordance to the prescribed format given by International Financial Reporting Standard (IFRS) as adopted by ICAB and Bangladesh Financial Reporting Standards (BFRS). This has been completely followed to fairly present the financial position and performance of the company. While preparing the financial statement, the following points were considered:

- Selection of suitable accounting policies and then applying them consistently;
- Making judgment and estimates that are reasonable and prudent;
- Ensuring that the financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS);
- 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 dated 3rd June 2018, the Directors are also pleased to make the following declarations in their report:

- The financial statements 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 and International Financial Reporting 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 and profit appropriation;
- Key financial and operating data has been summarized for the preceding five years.
- Risks and uncertainties surrounding the Company has been outlined under the relevant captions of this report;
- The number of Board meetings held during the year and attendance of each director has been disclosed;
- The pattern of shareholding has been reported in Annexure-5 of this report to disclose the aggregate number of shares.
- No bonus share or stock dividend has been declared as interim dividend.

## Remuneration Of Directors

Remuneration, performance and other related perquisites/benefits of Managing Director reviewed annually and approved by the Board of Directors. Non Executive Directors including Independent Director are paid attendance fee per meeting. Related fees have been disclosed in the notes 33 to the financial statements.

## Audit Committee



The Board has constituted an Audit Committee as per the BSEC directives. As required, the report of the Audit Committee is included in this Annual Report. The Committee comprises 3 (Three) members of the Board who met four times (4 times) during the financial year ended 30 June 2019. The Committee members' attendance record is provided below:

Name	Status	Attended
Prof. Dr. Mohammad Musa	Independent Director- Chairman	4
Abul Kalam Azad	Non-Executive Director- Member	4
Ms. Azeeza Aziz Khan	Non-Executive Director- Member	4

The Company's Managing Director was invited to audit committee meetings at the discretion of the Committee.

## Audit Committee Report 2018 - 2019

### Role of the Committee

The Audit Committee's authorities, duties and responsibilities flow from the Board's oversight function and the terms of reference are detailed in Committee Charter approved by the Board. The major responsibilities of the Committee, among others, include:

- Review of the quarterly, half-yearly and annual financial statements as well as other financial results of the company and, upon its satisfaction of the review, recommend them to the board for approval.
- Monitoring and reviewing the adequacy and effectiveness of the company's financial reporting process, internal control and risk management system.
- Monitoring and reviewing the arrangements to ensure objectivity and effectiveness of the external and internal audit functions. Examine audit findings and material weaknesses in the system and monitor implementation of audit action plans.
- Recommending to the Board for appointment, re-appointment or removal of external auditors.
- Reviewing and monitoring of the Company's ethical standards and procedures to ensure compliance with the regulatory and financial reporting requirements.

### Activities of the Committee on Company's affairs for the year under report

In accordance with Audit Committee Charter, governed by the BSEC notifications on Corporate Governance, the committee carried out its duties to work on the areas that were raised for consideration and discussed to evaluate issues related to key events of financial reporting cycles. During the current financial period under report activities of the committee include, among others:

- Reviewed the quarterly and half yearly financial statements of the Company and recommended to the Board for adoption and circulation as per the requirement of Bangladesh Securities and Exchange Commission (BSEC).
- Assessed the report of the external auditors on critical accounting policies, significant judgments and practices used by the company in preparation of financial statements.
- A. Qasem & Co., Chartered Accountants, have been recommended for re-appointment as the External Auditors of the Company for the next financial year.
- Committee reviewed the effectiveness of internal financial control and the internal audit procedures.
- Reviewed the recurrent related party transactions during the year under report.
- Reviewed the external auditors' findings arising from audit, particularly comments and responses of the management.
- Reviewed the matters of compliance as per requirements of the Bangladesh Securities and Exchange Commission (BSEC) and ensured corrections, as appropriate, to remain compliant.

The committee is of the opinion that adequate controls and procedures are in place to provide reasonable assurance that the company's assets are safeguarded and the financial position of the Company is adequately managed.

On behalf of the Committee



**Mohammad Musa, Ph. D.**  
Chairman

The Audit Committee, appointed by and responsible to the Board of Directors of Khulna Power Company Ltd. (KPCL), is constituted as per the internal control framework of the company Policy and conditions imposed by the Bangladesh Securities and Exchange Commission (BSEC). The present committee comprises of 3 (Three) members of whom one are Independent Directors. The company secretary functions as the secretary of the committee as well. Meetings of the committee are attended by Managing Director. Besides, Directors, Head of Internal Audit, engagement partner of External Audit, as necessary, are also invited for their comments. All members of the committee are financially literate and able to interpret financial statements and assess the adequacy of the internal control process.

The present committee members, nominated by the Board, are:

**Mohammad Musa, Ph. D.**  
Independent Director -  
Chairman

**Abul Kalam Azad**  
Non-Executive Director  
Member

**Azeeza Aziz Khan**  
Non-Executive Director  
Member

A total of 4 (four) meetings were held since the last Annual General Meeting of KPCL including the meeting dated 23rd October, 2019.



## Statutory Auditors

A. Qasem & Co., Chartered Accountants was appointed as the auditors of the Company in the 20th Annual General Meeting (AGM). They have carried out the audit for the year ended 30 June 2019 and the auditors of the Company will retire in the 21st AGM. Being eligible under section 212 of the Companies Act, 1994 they have expressed their willingness for re appointment for the financial year 2019-2020. Our Board therefore, in its meeting held on 23 October 2019, resolved to recommend A. Qasem & Co., Chartered Accountants for appointment as Statutory Auditors of the Company for the year ending on 30 June 2020 subject to approval of the Shareholders in the forthcoming AGM.

## Corporate Governance

KPCL believes that enriched corporate governance contributes to the long term success of a Company and creates trust and engagement between the company and its stakeholders. Accordingly, the Board of Directors and Management strive to maintain full compliance with

the laws, rules and regulations that govern our business and to uphold the highest standards. KPCL follows an Integrated Management System (IMS) to maintain all of its power plants, which includes - ISO 9001:2008 – Quality Management System (QMS), ISO 14001:2004 – Environmental Management System (EMS), BS OHSAS 18001:2007 – Occupational Health & Safety (OH&S). A separate chapter on corporate governance has also been reported.

## Going Concern / Sustainability

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.





## Human Resources & Safety Management

One of the most important resource and key to a successful company is its people. KPCL places great emphasis on the development of its employees and therefore the company undertakes appropriate training and workshops to develop and equip the employees with essential skills, and update their knowledge in respective functional areas.

KPCL complied with ISO 14001:2004 – Environmental Management System (EMS), BS OHSAS 18001:2007 – Occupational Health & Safety (OH&S). DOE regulations and other legal requirements as well as ISO 14K guidelines are strictly complied.

We actively pursued the target of zero tolerance for fire, breakdown and oil spill & lost time incident. As a result we have successfully operated our plants with nil incident and injury for the whole year.



## Status of Compliance

In accordance with the requirement stipulated in condition no-9.00 of the Securities & Exchange Commission's notification no-BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance 1969, the Corporate Governance Compliance Report is shown In Annexure-C.

A Certificate from Podder & Associates, Cost & Management Accountants confirming compliance of conditions of Corporate Governance Guidelines as stipulated under condition 1(5)(xxvii) is also annexed to this report as Annexure-B.

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). While preparing the financial statements, Khulna Power Company Ltd. complies all the applicable IAS and IFRS as adopted by ICAB.



## Contribution to the National Exchequer & the Economy

Electricity is one of the main driving forces of the economy and it has diversified use and multiplier effect on the economy. Significantly in the development of industrialization, electric power has no alternative. This financial year your company added 628 million Kwh of electricity to the national grid. This addition has contributed significantly in enhancing industrial productions and providing more job opportunities throughout the country. As a shareholder, you can be proud of your Company's contribution to Bangladesh.

It has contributed a significant amount to the national exchequer in the form of different duties, taxes and VAT. The estimated amount of contribution was of Taka 248 million (approx) in this financial year.

## Corporate Social Responsibility (CSR) Activities

In continuation to KPCL's commitment for social responsibility we are very conscious about the local community in and around the plants. We are promoting various social welfare and development activities in a reasonable way to meet the needs of vulnerable community.

KPCL is running an extensive CSR (Corporate Social Responsibility) project named "Community Development CSR Program for KPCL" designed with long term feasibility thoughts of enhancing human life based on the current needs assessment of local populations living in the area.

Among various regular programs and activities, following are some remarkable ones those have been successfully implemented and achieved a huge appreciation by local community-

- Professional Tailoring Training and Deployment opportunity: Skill Development program for unemployed poor women; Sewing & Tailoring training and later on supporting them for sustainable deployment. A total 480 women and girls from the local community has been benefitted from our inhouse tailoring training and among them 115 beneficiaries received advance trainings like Handicrafts, Embroidery, Block-Batic, Tie-dye, Aplic Design, Screen Print, making various bags etc.



- Free Treatment support: A full time professional medical consultant is appointed to visit patients and prescribe at free of costs. Free drugs are provided for poor patients. Free Health Cards have been issued for the local community and in last six years around 3,074 families have taken our support for free doctor visits and some of them are provided free medicine too.





- Organizing Special Medical Camps at regular intervals to provide specialist treatment at free of costs for Eye, ENT, Heart disease, Diabetics, Student's health checkup and Dental problems. A total of 210 patients provided with free Eye Surgeries in reputed Eye Hospitals during last six years when a total of 2571 patients participated in yearly our Eye camps.
- Link up treatment support, Female doctor for gyno& women health issues: During recent years a total of 2024 adolescent patients took specialized treatment from our CSR project organized link-up health care services.
- IT Skill Development Training: Regular ICT trainings for unemployed youths and assisting in sustainable development through their IT skills and developments. In the last 6 years a total 599 students got ICT trainings from the program. Many students after the trainings are involved in entrepreneurship; IT jobs and freelancing outsource works in local and international markets.



- Studentship & Educational Support: Education programs for students(providing financial supports (SSC-97, HSC -59& Encouragement gift for best Student-382), Uniforms-7022Sets & stationeries (Note Book-45,280 Pcs & pen-58880 pcs, voluntary coaching for weak and drop out students etc.).
- Ensuring drinking water supply for school students and cleanliness of school yards and toilets.



- Senior Citizen Service program (providing winter gears, medicine & festival supports etc. for poor old peoples).
- Value added activities like Community Dialogues and FGDs at regular intervals, various awareness raising programs.
- Plantation beside public roads and school yards, distribution of plants among students.
- Cleanliness and Free waste management: Daily Household waste collection& cleaning of roads and nearby areas. Appointed cleaner, one van and two van pullers are engaged for this purpose.
- Counseling on anti drug abuses, event based adolescent awareness program for growing up young boys & girls, free specialist doctor visits for women health etc.
- Sports & Cultural Sponsorship: Promoting and sponsoring sports and cultural educations among educational institutes, organizing creative competitions etc.
- Organizing Blood Grouping Camp to build Community Blood Bank
- Development of a Library for local community.

## Acknowledgement

The Directors would like to give special thanks to the members of the public who have placed their confidence on the Company by purchasing shares and supporting the activities of the Company. Without the support of its shareholders, the Company could not have attained what it has achieved today.

Your Directors would like to put on record its deep appreciation of the efforts made by the employees of the Company. Their commitment and passion, both individually and through teamwork has helped KPCL achieve the success that it has today. The Board also recognizes and appreciates the critical support provided by the families of the employees, which enables them to focus on their daily work in KPCL.

The trust and confidence that our valued customers, BPDB & PGCB have placed upon KPCL are our main driving forces. We accept this trust in all humility and shall continue to strive to live up to the expectations. The Board expresses its heartfelt appreciation and gratitude to BPDB, the Power Division, MPEMR, Government of Bangladesh as well as Bangladesh Petroleum Corporation (BPC), Jamuna Oil Company Limited, Padma Oil Company Limited, Chittagong Port Authority, National Board of Revenue, Board of Investment (BIDA), Department of Environment (DoE), Bangladesh Inland Water Transport Authority (BIWTA), the Deputy Commissioner, the Superintendent of Police, the local administration of Khulna and Noapara and the people of the locality for extending their support towards the Company. The Board also extends its best wishes to Wartsila Bangladesh Limited (Spare parts supplier), contractors and consultants who helped us running power plants and achieve this growth.

The Board would also like to express their humble gratitude to all the stakeholders including the investors, suppliers, banks, insurance companies, service providers, Bangladesh Securities & Exchange Commission, Registrar of Joint Stock Companies & Firms, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, The Central Depository Bangladesh Limited, various Government Authorities and lastly the individuals and agencies who have helped us accomplish what we are today.

With best wishes,

On behalf of the Board

Md. Abdur Rahim  
Managing Director



## CEO & CFO's Declaration to the Board

Annexure-A

Dated: October 23, 2019

The Board of Directors  
Khulna Power Company Ltd.  
Landmark (3rd Floor)  
12-14 Gulshan North C/A, Gulshan-2  
Dhaka-1212.

Subject: Declaration on Financial Statements for the year ended on 30 June 2019.

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80 Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Khulna Power Company Ltd. for the year ended on 30 June 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) as applicable in the Bangladesh and any departure there from has been adequately disclosed
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, We also certify that:

- i) We have reviewed the financial statements for the financial year ended on 30 June, 2019 and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii) There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,




**Md. Shoharab Ali Khan, FCMA**  
Chief Financial Officer (CFO)



**Md. Abdur Rahim**  
Managing Director

Annexure-B


**PODDER & ASSOCIATES**  
Cost and Management Accountants

**Report to the Shareholders of KHULNA POWER COMPANY LIMITED on compliance on the Corporate Governance Code.**

We have examined the compliance status to the Corporate Governance Code by KHULNA POWER COMPANY LIMITED for the year ended on June 30, 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, Dated: 3 June 2018 of the Bangladesh Securities and Exchange Commission.


Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission Except under conditions number 1(7)(a), 1(7)(b), 3(1)(b), 4(ii), 6;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws ; and
- (d) The governance of the company is satisfactory.

**For Podder & Associates**

  
 Jayanta Kumar Podder  
 Cost & Management Accountants

Place: Dhaka  
Dated: 09<sup>th</sup> November 2019

6/A/1 (Ground Floor), Segun Bagicha, Dhaka-1000. Phone : 02-57160360, 02-57160425, E-mail: info@thepodders.com, Web: www.thepodders.com

# Report on BSEC’s Notification on Corporate Governance Guideline (CGG)

Annexure-C

For the financial year ended on 30th June 2019

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:  
(Report under Condition No. 9.00)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	BOARD OF DIRECTORS			
1(1)	Size of the Board of Directors			
	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not to be less than 5 (five) and more than 20 (twenty).	✓		KPCL Board is composed of 19 directors including Managing Director
1(2)	Independent Directors			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		4 out of 19 directors are appointed as independent Director
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		Does not hold any share
1(2)(b)(ii)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	✓		
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2(two) financial years;	✓		
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director, or officer of any stock exchange;	✓		
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1(2)(b)(viii)	Who is not an independent director in more than 5 (five) listed companies;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
		Complied	Not Complied	
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	✓		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude.	✓		
1(2)(c)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90(ninety) days.	✓		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3(three) years, which may be extended for 1(one) term only.	✓		
1(3)	Qualification of Independent Director			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid -up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;	✓		
1(3)(b)(ii)	Corporate Leader who is or was a top-level executive not lower than Chief Executive officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	✓		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor's degree in economics or commerce or business or law;	✓		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	✓		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	✓		
1(3)(c)	The independent director(s) shall have at least 10(ten) years of experiences in any field mentioned in clause (b);	✓		
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and /or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
		Complied	Not Complied	
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/ or Chief Executive officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		No such event arose
<b>1(5)</b>	<b>The Directors' Report to the Shareholders</b>			
1(5)(i)	An industry outlook and possible future developments in the industry;	✓		
1(5)(ii)	The Segment-wise or product-wise performance;	✓		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	✓		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or through any other instruments;			N/A
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc;			N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial Performance and Annual Financial Statements;	✓		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
		Complied	Not Complied	
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;			N/A
1(5)(xvii)	A statement that there is no Significant doubt upon the issuer company's ability to continue as going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			The company has declared 40% cash dividend
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;			N/A
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-	✓		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name -wise details);	✓		Khulna Power Company Unit II Ltd. & Khanjahan Ali Power Company Ltd. amalgamated with Khulna Power Company Ltd. (KPCL) on 30-09-2014
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance their spouses and minor children (name- wise details);	✓		
1(5)(xxiii)(c)	Executives;	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details).	✓		
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders: -	✓		
1(5)(xxiv)(b)	nature of his/her expertise in specific functional areas;	✓		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
		Complied	Not Complied	
1(5)(xxv)	A management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		N/A
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediately preceding five years explaining reasons thereof;	✓		
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per <b>Annexure-A</b> ; and	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this code as required under condition No. 9 shall be disclosed as per <b>Annexure-B</b> and <b>Annexure-C</b> .	✓		
<b>1(6)</b>	<b>Meetings of the Board of Directors</b>			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
<b>1(7)</b>	<b>Code of Conduct for the Chairperson, other Board Members and Chief Executive Officer</b>			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC), for the Chairperson of the Board, other board members and Chief Executive Officer of the company;			Formation of NRC is under process
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company			Will be complied after finalization of the code of conduct
<b>2.</b>	<b>Governance of Board of Directors of Subsidiary Company</b>			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			N/A

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
		Complied	Not Complied	
2(b)	At least 1 (one) independent director of the Board of the holding company shall be a director on the Board of the subsidiary company;			N/A
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.			N/A
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			N/A
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
<b>3.</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)</b>			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;			Mr. Md. Shoharab Ali Khan, FCMA act as a Chief Financial Officer (CFO) as well as Company Secretary (CS) and H. M. Nuruzzaman Miah act as a Head of Internal Audit
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
<b>3(2)</b>	<b>Requirement to attend Board of Director's Meetings</b>			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	✓		
<b>3(3)</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer(CFO)</b>			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
		Complied	Not Complied	
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or violation of the code of conduct for the company's Board or its member;	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
<b>4.</b>	<b>Board of Director's Committee. For ensuring good governance in the company, the Board shall have at least following sub-committees:</b>			
4(i)	Audit Committee;	✓		
4(ii)	Nomination and Remuneration Committee			Formation of NRC is under process
<b>5.</b>	<b>Audit Committee</b>			
<b>5(1)</b>	<b>Responsibility to the Board of Directors</b>			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓		
5(1)(b)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
5(2)(b)	The Board shall appoint members of the audit committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1(one) independent director;	✓		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10(ten)years of such experience;	✓		
5(2)(d)	When the term of service of any Committee members expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		
5(2)(e)	The company secretary shall act as the secretary of the Committee.	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5(3)(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent director;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
		Complied	Not Complied	
5(3)(b)	In the absence of the Chairperson of the audit committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No.5(4)(b) and the reason of absence of the regular chairperson shall be duly recorded in the minutes.	✓		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM);	✓		Will attend in upcoming AGM.
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
5(5)	<b>Role of Audit Committee</b>			
	The Audit Committee shall:			
5(5)(a)	Oversee the financial reporting process;	✓		
5(5)(b)	Monitor choice of accounting policies and principles;	✓		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	Oversee hiring and performance of external auditors.	✓		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval;	✓		
5.5(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	✓		
5.5(h)	Review the adequacy of internal audit function;	✓		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5(5)(j)	Review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.	✓		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
		Complied	Not Complied	
5(5)(m)	Oversee whether the proceeds raised through Initial public Offering (IPO) or Repeat public Offering (RPO) or Rights Share offer have been utilized as per the purpose stated in relevant offer document or prospectus approved by the Commission:	✓		
5(6)	<b>Reporting of the Audit Committee</b>			
5(6)(a)	<b>Reporting to the Board of Directors</b>			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any: -			
5(6)(a)(ii)(a)	report on conflicts of interests;			No such Incidence arose
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			No such Incidence arose
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;			No such Incidence arose
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			No such Incidence arose
5(6)(b)	Reporting to the Authorities: -			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			No such reportable incidence arose
5(7)	<b>Reporting to the Shareholders and General Investors</b>			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
6.	<b>Nomination and remuneration Committee (NRC).</b>			Formation of NRC is under process
6(1)	<b>Responsibility to the Board of Directors</b>			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;			
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
		Complied	Not Complied	
6(2)	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;			
6(2)(b)	All member of the Committee shall be non-executive directors;			
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;			
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;			
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			
6(2)(g)	The company secretary shall act as the secretary of the Committee;			
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;			
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.			
6(3)	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board shall select 1(one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:			
6(4)	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;			
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);			
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
		Complied	Not Complied	
<b>6(5)</b>	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and			
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;			
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;			
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;			
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;			
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;			
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.			
<b>7.</b>	<b>External or Statutory Auditors</b>			
7(1)	The issuer shall not engage its external or statutory auditors to perform the following services of the company, namely:--			
7(1) (i)	Appraisal or valuation services or fairness opinions;	✓		
7 (1) (ii)	Financial information system design and implementation;	✓		
7 (1) (iii)	Book-keeping or other services related to the accounting records or financial statement;	✓		
7 (1) (iv)	Broker –dealer services;	✓		
7 (1) (v)	Actuarial services;	✓		
7 (1) (vi)	Internal audit services or special audit services;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
		Complied	Not Complied	
7 (1) (vii)	Any services that the Audit Committee determines.	✓		
7 (1) (viii)	Audit or certification services on compliance of corporate governance as required under condition No.9(1);	✓		
7 (1) (ix)	Any other service that creates conflict of interest	✓		
7(2)	No Partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company	✓		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
<b>8.</b>	<b>Maintaining a website by the Company</b>			
8(1)	The Company shall have an official website linked with the website of the stock exchange.	✓		
8(2)	The company shall keep the website functional from the date of listing.	✓		
8(3)	The company shall make available the detailed disclosures on its website as required under the regulations of the concerned stock exchange(s)	✓		
<b>9.</b>	<b>Reporting and Compliance of Corporate Governance</b>	✓		
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		Required certification has been obtained from "PODDER& ASSOCIATES" Cost & Managements for the year ended 30th June 2019.
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the Shareholders in the annual general meeting.			Board recommended the Professional for due appointment by the Shareholders in 21st AGM on 1st Dec, 2019
9(3)	The directors of the company shall state, in accordance with the <b>Annexure-C</b> attached, in the directors' report whether the company has complied with these conditions or not.	✓		

## Our Directors in other Board

Annexure-D

Companies >>	Summit Power Limited	Summit Meghna Ghat II Power Company Limited	Summit Holdings Limited	Summit Chittagong Power Limited	Ace Alliance Power Limited (up-comming)	Summit Gazipur II Power Limited (up-comming)	Summit Technopolis Limited	Summit Assets Limited	Summit Narayanganj Power Unit II Limited	Summit Barisal Power Limited	Summit Corporation Limited	Summit LNG Terminal Co. (Pvt.) Ltd.	Summit Oil & Shipping Co. Limited	Summit Alliance Port Ltd.	Summit Communications Limited	Cosmopolitan Finance Limited	Summit Bibiyana II Power Company Limited	Summit Meghnaghat Power Company Limited	United Enterprises & Co. Ltd.	United Power Generation & Distribution Company Ltd.	United Jamalpur Power Ltd.	United Mymensingh Power Ltd.	United Hospital Ltd.	United Anwara Power Ltd.
Name of Direcotrs																								
Mr. Latif Khan	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	-	-	-	-	-	-
Mr. Jafer Ummeed Khan	√	√	√	√	√	√	√	√	√	√	√	√	√	-	√	√	√	√	-	-	-	-	-	-
Mr. Faisal Karim Khan	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	-	-	-	-	-	-
Mr. Md. Farid Khan	√	-	√	√	√	√	√	√	√	√	√	√	√	-	√	√	√	√	-	-	-	-	-	-
Mr. A N M Tariqur Rashid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Azeeza Aziz Khan	√	√	√	√	√	√	√	√	√	√	√	-	√	√	√	√	√	√	-	-	-	-	-	-
Rear Admiral Riazuddin Ahmed OSP, BSP, ndu, afwc, psc(retd)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lt Gen (Retd) Abdul Wadud	√	√	-	√	√	√	-	-	√	√	√	-	-	-	-	-	√	√	-	-	-	-	-	-
Ms. Karishma Jahan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Hasan Mahmood Raja	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	√	√	√	√	-
Mr. Faridur Rahman Khan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	√	√	√	√	√	√
Mr. Ahmed Ismail Hossain	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	√	-	-	√	-
Mr. K M Ahsan Shamim	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	√	√	√	√	√	√
Mr. Abul Kalam Azad	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	√	√	√	√	√	√
Mr. Akhter Mahmud Rana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	√	-	-	√	-
Mr. Moinuddin Hasan Rashid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	√	√	√	√	√	√
Lt Gen Sina Ibn Jamali awc, psc (Retd)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	√	-	-	-	-
Prof. Dr. Mohammad Musa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	√	-	-	-	-

## Our Directors in other Board

Annexure-D

[illegible]



## Shareholding Information

as at 30 June 2019

Annexure-E

Name of Shareholders	No. of Shares	% of Shareholding
<b>A) Sponsors:</b>		
1. United Mymensingh Power Ltd. (incorporated in Bangladesh)	140,216,401	35.282%
2. Summit Power Limited (incorporated in Bangladesh)	70,108,200	17.641%
3. Summit Corporation Limited (incorporated in Bangladesh)	67,732,419	17.043%
4. Hasan Mahmood Raja, Chairman	6,722	0.002%
5. Muhammed Aziz Khan, Sponsor	6,722	0.002%
6. Anjuman Aziz Khan, Sponsor	6,722	0.002%
7. Latif Khan, Director	6,722	0.002%
8. Muhammad Farid Khan, Director	6,722	0.002%
9. Jafer Ummeed Khan, Director	6,722	0.002%
10. Ayesha Aziz Khan, Sponsor	6,722	0.002%
11. Adeeba Aziz Khan, Sponsor	6,722	0.002%
12. Ahmed Ismail Hossain, Director	6,722	0.002%
13. K.M. Ahsan Shamim, Director	6,722	0.002%
14. Akhter Mahmud Rana, Director	6,722	0.002%
15. Faridur Rahman Khan, Director	6,722	0.002%
16. Abul Kalam Azad, Director	6,722	0.002%
17. Moinuddin Hasan Rashid, Director	6,722	0.002%
<b>Subtotal (A):</b>	<b>278,151,128</b>	<b>69.990%</b>
<b>B) General Invesrots</b>	<b>119,262,051</b>	<b>30.010%</b>
<b>C) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer Head of Internal Audit and Compliance and their spouses and minor Children</b>		
<b>D) Executives</b>		
<b>Total (A+B+C+D):</b>	<b>397,413,179</b>	<b>100%</b>

### 10% and above shareholding

Name of Shareholders	No. of Shares	% of Shareholding
1. United Mymensingh Power Ltd.	140,216,401	35.282%
2. Summit Power Limited	70,108,200	17.641%
3. Summit Corporation Limited	67,732,419	17.043%

## Short Biography of the Directors



### Hasan Mahmood Raja

Mr. Hasan Mahmood Raja is one of the most renowned businesspersons of the country. Born in 1957, he completed his graduation in commerce and got passionately involved in business. He is one of the Founding Directors of the country's one of the leading business houses - 'United Group'.

Mr. Raja had a keen interest and an innate aptitude for doing business and rendering service to the nation for promoting economic development of Bangladesh. With a humble beginning in 1978, Mr. Raja displayed his excellence in business entrepreneurship by building his business domain. The biggest milestone of his success is the courage to embark into new business ventures based on sound foresight, ingenuity and

skillful execution. Within a span of 38 years of his business career, he successfully managed to establish many diversified business enterprises under the umbrella of United Group. Commitment, integrity and sincerity are the key values of his various business achievements.

Dominant position of United Group in the Country's Power and Real Estate sectors and creating unique establishments like Khulna Power Company Ltd., United Power Generation & Distribution Co. Ltd., United Hospital Ltd., United Nursing College, United International University and United Maritime Academy are few of his landmark entrepreneurship. United Group has always marked its steady growth under Mr. Raja's leadership. His charming personality, focus in flawless implementation of every single business on time, constantly stressing on brainstorming for new ideas, efficiency in business management etc are only a few of his traits that eventually transformed into the core values of his business undertaking and implementation.

At present, Mr. Raja is the Chairman of United Enterprises & Co. Ltd as well the Chairman and Managing Director of more than 20 Concerns of United Group, notably United Power Generation & Distribution Co. Ltd. (UPGDCL), Neptune Land Development Ltd, United City Twin Towers Developers Ltd, United Hospital, United Maritime Academy Ltd etc. He is also the Chairman, Board of Trustees of United International University.

Mr. Raja has travelled extensively at home and abroad namely to USA, UK, Australia, Canada, Germany, Japan, Malaysia, Singapore and many other countries for the purpose of business. He also takes a profound interest in community services and contributes generously for the welfare of the community, particularly to the underprivileged ones. He has established multiple school and madrasa in his village and surrounding areas. He continues to employ his best efforts to provide education, healthcare and infrastructure facilities for overall development of the people of Jamalpur district.



### Md. Latif Khan

Mr. Md. Latif Khan was born 1958 in Dhaka. He pursued BA in Public Administration at Dhaka University, and subsequently left for higher studies to the U.S. in 1981. There, he worked for over 15 years in the financial sector. As a stockbroker and a financial analyst at Prudential Insurance of America where he received numerous sales achievement awards. He also worked as a Financial Officer at Wells Fargo Bank in California.

He returned to Bangladesh in 1997 and thereof joined Summit Group as the Managing Director of Summit Shipping Limited (subsequently renamed as Summit Oil & Shipping Co. Ltd.). He has been elected Vice-Chairman of Summit Power Limited (SPL) since 2009 and also elected President of Bangladesh Independent Power Producers' Association (BIPPA) since 2015.



### Abul Kalam Azad

Mr. Abul Kalam Azad was born in 1955. After completion of his Bachelor of Science, he joined United Group as one of the Directors. Presently, he is the Vice-Chairman of United Group. Best known for his dynamism, he is a key entrepreneur of the Group especially in real estate sector. His dedication and relentless efforts to the business is playing a pivotal role that has also helped United Group reach new heights.

Over the years in United Group, Mr. Azad has been overseeing diverse construction projects of the group starting from real-estate to power plant construction. Under his leadership, United Group is developing "United City", the largest mini township in the country - at Satarkul and the largest international standard commercial complex with two international hotels and resorts adjacent to Hazrat Shahjalal International Airport, Dhaka. At present, he is the Managing Director of almost all real estate enterprises of the Group, notably Neptune Land Development Ltd., United City Twin Towers Developers Ltd., Neptune Commercial Ltd. etc. He is also the Managing Director of United Land Port Teknaf Ltd., one of the pioneering 'Build, Operate and Transfer' (BOT) project of the Government. He is also the Director of United Power Generation & Distribution Co. Ltd. (UPGDCL), United Hospital Ltd. and many more concerns of United Group. He is one of the members of the Board of Trustees of United International University.

He is well known for his benevolence in the Group, he is one of the Trustees of United Trust, an organ of United Group responsible for Corporate Social Responsibility (CSR). He is a widely traveled man and engaged in many social and charitable works at his village home in Bikrampur.



### Faridur Rahman Khan

Mr. Faridur Rahman Khan, one of the Founding Directors of United Group, was born in 1955 and hails from Louhajang, Munshiganj. After completion of his Bachelor degree in Science, he engaged himself in Business. He is, at the moment, the Managing Director of one of the most vibrant concerns of the Group: United Hospital Ltd. Under his entrepreneurship and foresight, United Hospital developed its Medicare system at par with any international standard hospitals. Now, it has become a health care asset of the country. He is the founding Chairman of United College of Nursing – a wing of United Hospital Ltd and the Vice-Chairman of the Board of Trustees, United International University. He is one of the Directors of United Ashuganj Power Ltd (UAPL), United Ashuganj Energy Ltd (UAEL) and also United Power Generation & Distribution Co. Ltd. (UPGDCL).

He started his career in shipping and went on to lead one of the most reputed construction companies of the country, Neptune Commercial Limited. Under his dynamic leadership the country saw the implementation of its first Independent Power Plant, Khulna Power Company Limited and the first Commercial IPP, UPGDCL. He was also responsible for the successful completion of several coastal embankment projects, namely Chandpur, Ekhaspur, Patenga and Anwara to name a few.

Being one of the honored Trustees of the United Trust, the CSR wing of United Group, he spontaneously patronizes and contributes substantially in social activities in his home village and surrounding areas. Notably, he set up and is currently the Chairman of "Younus Khan - Mahmuda Khanam Memorial Complex" in his village home which provides treatment to the local people including Pathology, Radiology and cataract Eye Surgery with nominal fees.



### Ahmed Ismail Hossain

Mr. Ahmed Ismail Hossain is one of the Founding Directors of the country's one of the leading business houses - United Group which marked its debut in business in 1978. He was born in June 1956 and hailed from Kishoreganj district. After schooling from Faujderhat Cadet College, he completed his Honours and Master's degrees in International Relations from Dhaka University. He is one of the architects of the company we know as United Group today.

He undertook the responsibility as the Managing Director of United Enterprises & Co. Ltd., the parent Company of United Group for many years, demonstrated his entrepreneurial skills, and used his experience to establish many corporate bodies of the Group notably in textile and pharmaceutical sectors. He is the Vice-Chairman of United Hospital Ltd and Managing Director of Comilla Spinning Mill Ltd., performing diverse responsibilities of the Group as and when required. He is also a member of the Board of Trustees of United International University.

Being one of the Trustees of the United Trust, the CSR wing of the Group, he enthusiastically undertakes social works in his village in Kishoregonj district. Mr. Ismail is a widely travelled man and has visited many parts of the world for the purpose of business.





### K M Ahsan Shamim

Mr. Khandaker Moinul Ahsan Shamim is one of the Founding Directors of United Group. After completion of his Bachelor of Commerce, he joined the business together with a few like-minded friends. With his diligence and exceptional entrepreneurial skills, he played important roles in establishing firm footing and quick expansion of business of the Group. At one time he also undertook the responsibility of United Group in the capacity of the Managing Director, displaying his entrepreneurial skill and business experience, in order to sustain growth of business of United Group.

At present, he is one of the Directors of all the corporate entities of United Group, notably United Enterprises & Co. Ltd., United Power Generation and Distribution Company Ltd., United Hospital Limited etc. He oversees the overall financial management of the Group on behalf of the Board of Directors. Besides this, he is also a member, Board of Trustees of United International University. He plays key role in the social development sector of his home district. Being one of the active Trustees of the United Trust, a CSR organization of the Group, he generously patronizes education sector in his home village and surrounding areas.



### Md. Farid Khan

Mr. Md. Farid Khan is a business graduate from Dhaka University and involved in business since 1980. He started his business career with trading in plastic compound, fertilizer and other commodities. He was an integral part of the team that pioneered export of molasses and fertilizer from Bangladesh. He was solely instrumental in setting up Liquefied Petroleum Gas (LPG) project and Tanks Terminal in Mongla.

Mr. Khan was the Vice Chairman of Summit Power Limited during 2007 to 2009 and shifted his focus into attaining hi-technology prospects that would digitalize Bangladesh and swift global connectivity. He took responsibility of Summit Communications Limited as its Vice Chairman to strengthen Summit's role as a catalyst for the introduction of new and pioneering businesses in Bangladesh. Under his guidance, Summit Communications spearheaded into that market by constructing an innovative and efficient optical fiber network architecture nationally.



### Jafer Ummeed Khan

Mr. Jafer Ummeed Khan after completing his studies in the United Kingdom, joined Summit Group in 1987. He spearheaded the development and expansion of Summit Group, particularly of Summit Industrial & Mercantile Corporation (Pvt.) Limited (subsequently renamed as Summit Corporation Limited) and later of Summit Power Limited. He is also a Director in several of our Group's subsidiaries, including Summit Meghnaghat Power Company Limited, Summit Bibiyana Power Company Limited and Summit Barisal Power Limited. Because of his contribution in the Power Sector, Mr. Jafer Ummeed Khan was also unanimously elected as the Vice-President of Bangladesh Energy Companies Association.



### Akhter Mahmud Rana

Mr. Akhter Mahmud Rana is one of the first-generation Directors of United Group. Born in 1960, he joined United Group upon completion of his formal education. Mr. Rana's entrepreneurial initiatives and commitment has added significantly to United Group's current growth and streamlined human resources of the Group. In the early years of the Group's journey, Mr. Rana played an instrumental role in the implementation and commissioning of sub-station of Radio Bangladesh, a milestone the Group achieved through his pivotal part. His contribution in developing the textile sector in the Group is noteworthy. Of his many outstanding works, the revival of Comilla Spinning Mills Ltd as a profitable venture from a bankrupt one and establishment of United Rotospin Ltd. stands as his most daring endeavor. United Elevator World is yet another one of his successful business projects. This company, formed under his bold leadership, is now supplying world class quality elevators to industrial and residential complexes in the country.

He is one of the Directors of all the corporate entities under United Group, notably United Enterprises & Co. Ltd., United Power Generation & Distribution Co. Ltd., United Hospital Ltd. etc. In addition to this, he is also a member of the Board of Trustees of United International University. Being one of the active Trustees of United Trust, a CSR organization of the Group, he generously patronizes education, healthcare and various charitable activities in and around his village home, Malancha, Jamalpur.



## Moinuddin Hasan Rashid

Mr. Moinuddin Hasan Rashid was born in 1982 in Dhaka. Upon completion of his B.Sc. in Electrical and Electronics Engineering from University College London, he joined United Group in 2005 as a second generation Director. As a young and energetic entrepreneur, he marked his future through dedication, dynamism and foresight in shaping the Power Sector, one of the major enterprises of United Group. On 12 July 2011 he was appointed as Managing Director of United Enterprises & Co. Ltd, and simultaneously holds the position of the Managing Director for United Power Generation and Distribution Co. Ltd. and many more sister concerns. Mr. Rashid is an Active Trustee of the United Trust, a CSR organization of the Group and United International University Foundation.

In 2011 he oversaw commissioning of 208 MW Power Generation under three projects (KPCL II, KJAPCL & UAPL). United Ashuganj Power Ltd. (UAPL) is a quick rental power plant that was constructed and commissioned in a record time of 120 days under the tireless and bold leadership of Mr. Rashid. He also established United Property Solutions Ltd. one of the leading real estate developers of the country and oversaw the development of United Land Port Teknaf Ltd, Bangladesh's only land port with Myanmar. Along with responsibilities mentioned above, he looks after Group Investment and Business Development. Mr. Moinuddin Hasan Rashid supervised Power Plant expansion projects of UPGDCL DEPZ and UPGDCL CEPZ by 75 MW, oversaw commissioning of United Energy Ltd., formerly known as Shajahanullah Power Generation Co Ltd, a 28 MW Power Plant, and spearheaded the Joint-Venture of Gunze United Limited in 2013. Mr. Rashid also established United Shipping and Logistics Services Ltd. in 2015. In 2018, Mr. Rashid led United Mymensingh Power Ltd., a 200 MW HFO fired IPP to commissioning in only 6 months!

Currently, Mr. Rashid is the Managing Director of United Power Generation & Distribution Co. Ltd. (UPGDCL), United Ashuganj Power Ltd. (UAPL), United Ashuganj Energy Ltd. and United Property Solutions Ltd. (UPSL) and is in the Board of Directors of United Hospital Ltd. (UHL), United Jamalpur Power Ltd. and United Landport Teknaf Ltd. (ULPTL). He is also an active member of the Board of Trustees of United International University (UIU). Mr. Rashid is also the Joint General Secretary of the Board of Trustees United International University, Trustee of the Social Services & Management Trust, Sir John Wilson School and Joint Convener of DCCI Standing Committee.



## Faisal Karim Khan

Mr. Faisal Karim Khan is the Additional Managing Director of Summit Corporation. Prior to the appointment, Mr. Faisal Khan is also the Director Operation of Summit Power Limited and a member of the Board of Directors of several subsidiaries companies under Summit Group. He was involved in the development of ten power generation projects totaling over 1,550 MW in the past decade.

Mr. Faisal Khan served as the Chairman of Bangladesh's National Standing Committee for National Energy Strategy for Private Sector Development and also as the Co-Convener of National Standing Committee for Energy & Power Sector at Dhaka Chamber of Commerce & Industries (DCCI). He was also elected as a Director of Bangladesh-China Chamber of Commerce.

Mr. Khan holds a Bachelor of Mechanical Engineering Degree from University College London (UCL), UK and a Master of Business Administration Degree from London Business School (LBS), UK.



## Azeeza Aziz Khan

Ms. Azeeza Aziz Khan completed her graduation in Bachelors in Economics and Business from University College London in the UK in 2011. Upon graduation Ms. Khan worked briefly in private equity and wealth management at Bank of America-Merrill Lynch before moving back to Bangladesh to join Summit group as a Director.

Ms. Khan spent her initial years gaining a deeper understanding about Summit's core business, with a strong focus on finance and internal audit controls, in line with her educational background. In order to better serve as a director of Summit Group, she has taken on and completed project finance training at IDCOL and Leadership, Innovation and Strategy (LIS) program from General Electric in Kuala Lumpur Malaysia.

Since 2011, she has also been a key contributor to the establishment of Summit's CSR charter and driver of the group's CSR activities and currently sits on the distinguished board of SEID Trust, non-government voluntary development organization working for social inclusion and promoting rights of underprivileged children with disabilities including intellectual and multiple disabilities as well as autism since 2003.

Alongside her work responsibilities, Ms. Khan is simultaneously pursuing an accreditation as a Chartered Accountant and has already completed her practical working experience with Rahman Rahman Huq, KPMG Bangladesh. She currently works with the audit committee at Summit which ensures that the groups adherence to corporate governance and best practices. Her long term goal at Summit is to ensure that as an organisation it has a strategic road map for the near, medium and long term and to spearhead its business development.



## Lt Gen (Retd) Abdul Wadud

Lt Gen (Retd) Engr. Abdul Wadud is the Managing Director of Summit Power Limited. He joined Summit Group in 2013. Prior to joining Summit Group, he was the Principal Staff Officer of the Prime Minister's Office (Armed Forces Division) from 2009 to 2012, and held several appointments within the Bangladesh Army since 1975. In addition, he is also an Executive Director in several of Summit Group's subsidiaries. General Wadud holds a Ph.D. in Management from the Preston University, a Master of Science in International Resource Planning and Management from the Naval Postgraduate School in USA, and a Bachelor of Science in Civil Engineering from the Bangladesh University of Engineering & Technology, Dhaka.





### Lt Gen Sina Ibn Jamali

awc, psc (retd)

Lt Gen Sina Ibn Jamali, AWC, psc (Retd) studied at Mirzapur Cadet College and was commissioned in Bangladesh Army (Infantry) in May 1977. Besides other coveted appointments, he commanded two Infantry Battalions and an Infantry Brigade involved in counter insurgency operations in Chittagong Hill-Tracts. He held the appointments of Director Military Operations, Adjutant General, Bangladesh Army, General Officer Commanding of 24 Infantry Division, Chittagong and the Chief of General Staff in Army Headquarters.

He holds the Masters of Defense Studies (MDS) and is a graduate of Defense Services Command and Staff College, Mirpur, 'Staff College' Quetta, Pakistan and 'Army War College' of USA. He held the honor of being the Colonel Commandant of 'Corps of Military Police' of Bangladesh Army and the Commandant of National Defense College. He served as an 'Observer' in the United Nation's Iraq-Iran Military Observer Group (UNIIMOG) in 1988, the first Bangladeshi UN Deployment. His other experiences include serving as the President, Bangladesh Cricket Board, Chairman, Sena Kallyan Sangstha, Sena Hotel Development Ltd, Governing Body of Cadet Colleges, Army Welfare Trust and Central Coordination Committee of Cantonment Public Schools & Colleges. He also rendered his services as the Vice Chairman, Trust Bank Limited and Senior Vice President, Bhatiary Golf and Country Club, Chittagong. Currently, he is serving as the Corporate Adviser at Radiant Pharmaceuticals Ltd, MD & CEO of Radiant Nutraceuticals Ltd, Radiant Distribution Ltd and Pharmacil Ltd.



### Rear Admiral Riazuddin Ahmed

OSP, BSP, ndu, afwcpssc (retd)

Rear Admiral Riazuddin Ahmed, OSP, BSP, ndu, afwc, psc(retd) was an officer of Bangladesh Navy for 38 years. During his long Naval career he served in different ships/establishments of Bangladesh Navy, Armed Forces Division (AFD) and Directorate General of Defense Purchase (DGDP) in various capacities including Assistant Chief of Naval Staff (Material) at Naval Headquarters.

Rear Admiral Riazuddin served as Managing Director of Khulna Shipyard Ltd (KSY) on deputation for 4 (four) years when the first batch (5 Patrol Craft) of War-ship building was successfully completed. He also served as Chairman of both Chittagong Port Authority (CPA) and Mongla Port Authority (MPA) on deputation for about 5 (five) years while he was a member of International Association of Ports & Harbors (IAPH).

Rear Admiral Riazuddin is a graduate of BSc Engineering (Naval Architecture & Marine Engineering) from Bangladesh University of Engineering & Technology (BUET). He attended no of civil & military courses at home and abroad. Rear Admiral Riazuddin Ahmed retired from Bangladesh Navy on December, 2016. He is a member of Kurmitola Golf Club, Chittagong Boat Club and Khulna Club.



### A.N.M Tariqur Rashid

Mr. Tariqur Rashid, with in-depth experience in development of power generation and structured finance of power projects, is working as CEO in Summit Meghnaghat Power Company Limited – a joint venture company incorporated to develop on BOO basis a 335MW dual fuel combined cycle power plant a Meghnaghat. In his career, he has developed, financed and/or managed over power plants with aggregated capacity of around 750MW and has been involved in financings of approximately US\$ 500 million. He holds bachelor degree in engineering. Major accomplishments of Mr. Rashid are - developed, financed and/ or managed power plants with aggregate capacity of around 430MW and has been involved in financing of approximately US\$325 million of these power plants; headed a company named "Summit Narayanganj Power Limited", who earned an international award titled "Best Fast Track Project in Asia" in 2011 for completing a project of 102MW within 8.5 months; and worked in Senior management position at Summit Power Limited and participated in its development.



### Karishma Jahan

Ms. Karishma Jahan is an advocate of the Supreme Court of Bangladesh. She was called to the Bar of England and Wales in the year 2002 by the Hon'ble Society of Lincoln's Inn and since then has worked in the courts of Bangladesh. She regularly represents clients in the writ jurisdiction and takes keen interest in the admiralty jurisdiction. Karishma Jahan also focuses on the energy sector and advises clients on strategy and development as well as acquisition and financing of assets in the energy and infrastructure sector. In the electricity industry, she specialises in the negotiation of project agreements with the Government, the drafting and negotiation of engineering, procurement and construction (EPC) contracts and operation and maintenance (O&M) contracts, as well as the financing of energy companies. To any large-scale energy transaction, she brings experience of having worked with a significant variety of industry participants, from the Government which awards the energy contracts, to contractors undertaking EPCs and O&Ms, original equipment manufacturers, as well as multilateral agencies, DFIs and commercial banks providing long-term financing to projects.



### Professor Mohammad Musa, PhD.

Professor Mohammad Musa teaches finance courses in the School of Business at United International University (UIU). He teaches portfolio management & security analysis and corporate finance. His research interest is in market micro-structure, investments and capital markets. He has published a good number of articles on capital market efficiency and market micro-structure in professional academic journals in home and abroad.

He earned his MBA from Institute of Business Administration (IBA), University of Dhaka and from University of Wisconsin, Madison, USA before completing his Ph. D. (Major: Finance, Minor: Business Statistics) from the University of Wisconsin, Milwaukee in 1995. He started his teaching career as a Lecturer at the IBA, Dhaka University in 1985. He worked as Research Director at Center for Research in Business, Economics and Technology at East West University and as Director, Institute of Business and Economic Research at UIU. Under his watch, the MBA curriculum of North South University and the Executive MBA curriculum of East West University were prepared.

Dr. Musa's involvement with the Capital Markets of Bangladesh goes back to 1998 when he started working as Research Advisor to Swadesh Investment Management Limited (SIML), a local merchant bank. He was founder Convener of Bangladesh Merchant Bankers Association (BMBA) and led the organization for about 3 years. He is keen to see Bangladesh Capital Markets to grow big and run efficiently.

Professor Musa acted as the Chairman of the Board of Directors (BOD) of SIML for about 2 years. He was in the Board of Central Depository Bangladesh Limited (CDBL) for two years. He acted as an Independent Director of in the Board of Dhaka Power Development Company (DPDC) for about one year.



### Md. Abdur Rahim (Ex-Officio)

Mr. Md. Abdur Rahim obtained B. Sc in Marine Engineering from the Merchant Marine University College of Rijeka, Yugoslavia. He worked on board various vessels of DDG "Hansa" Lines of West Germany. Afterwards, he worked in Bangladesh Steel & Engineering Corporation in various capacities from 1976 to 1993 starting as Deputy Chief Engineer. He was the General Manager of Khulna Shipyard Ltd from 1982 to 1987 and the Managing Director of Dockyard & Engineering Works Ltd. Narayangonj from 1987 to 1993. He served on deputation as Technical Director in Bangladesh Shipping Corporation and Bangladesh Inland Water Transport Corporation from 1993 to 1997. Thereafter, then he joined in Khulna Power Company Ltd. in 1997 as a Project Director and prior to join as Managing Director he was posted as Chief Operating Officer of the company. He actively involved in formation of the company and was pivotal to timely implementation of the projects.

## Senior Management Team



### Md. Abdur Rahim Managing Director

Mr. Md. Abdur Rahim obtained B. Sc in Marine Engineering from the Merchant Marine University College of Rijeka, Yugoslavia. He worked on board various vessels of DDG "Hansa" Lines of West Germany. Afterwards, he worked in Bangladesh Steel & Engineering Corporation in various capacities from 1976 to 1993 starting as Deputy Chief Engineer. He was the General Manager of Khulna Shipyard Ltd from 1982 to 1987 and the Managing Director of Dockyard & Engineering Works Ltd. Narayangonj from 1987 to 1993. He served on deputation as Technical Director in Bangladesh Shipping Corporation and Bangladesh Inland Water Transport Corporation from 1993 to 1997. Thereafter, then he joined in Khulna Power Company Ltd. in 1997 as a Project Director and prior to join as Managing Director he was posted as Chief Operating Officer of the company. He actively involved in formation of the company and was pivotal to timely implementation of the projects.



### Md. Shoharab Ali Khan, FCMA Chief Financial Officer & Company Secretary

Mr. Md. Shoharab Ali Khan, FCMA was born on 28 October 1962. He is a Cost & Management Accountant, qualified from the Institute of Cost & Management Accountants of Bangladesh (ICMAB). He obtained his Master degree in Accounting from Dhaka University and also MBA from Southeast University in Bangladesh. He is having more than 28 years of service experience in the field of accounts, finance and company secretarial matters in various Govt. organization and local companies like Bangladesh Agricultural Research Council (BARC), Lexco Ltd. Anudip Services Pvt. Ltd., Social Development Foundation (SDF), Bangladesh Arsenic Mitigation Water Supply Project (BAMWSP) of World Bank and more than six years working experience in senior management position in Ashugonj Power Station Company Ltd (APSCL) second largest power generation company in Bangladesh and joined in July 2011 in Khulna Power Company Ltd. as Financial Controller & Company Secretary. He has attended in various training courses and seminars in home and abroad.



### Al Mamun M. Atiqul Islam Chief Operating Officer

Mr. Al Mamun M. Atiqul Islam obtained his Bachelor of Maritime Science (Engineering) from Bangladesh Marine Academy in 1997. He achieved his professional degrees of Class-1 & 2 Marine Engineering Certificates from Singapore in 2003 and 2008 respectively. He has completed MBA course of Royal Roads University, Canada in 2012. He started his marine engineering career in Bangladesh Shipping Corporation in 1998 and continued till 2004. Then he served in various international reputed shipping companies as Hub Shipping Sdn. Bhd. of Malaysia, NYK Line of Japan, Mediterranean Shipping Company (MSC) of Italy and Thome Ship Management of Singapore. He served as Chief Engineer in MSC Ship Management (HK) and Thome Ship Management (Singapore) from 2008 to 2012. Thereafter he joined Khulna Power Company Ltd. (KPCL) in 2012. He has performed many trainings and short courses on engineering, safety, quality and inspections and also attended several workshops and seminars both at home and abroad.



## Mid-Level Management Team





# Code of Conduct and Ethics

This Code of Business Conduct and Ethics applies to all Khulna Power Company Ltd. (KPCL) directors, officers and employees. Khulna Power Company Ltd. is referred to herein as the “KPCL” and the directors, officers and employees are referred herein collectively as “Officers”.

## A. Objective

United Group and Summit Group is the major sponsors of KPCL and therefore all the standards of Code of Conduct and Ethics being followed in KPCL is the course of carrying its business stem from its sponsor, Summit & United. Summit & United holds the values with which it conducts business in high esteem. It has and will continue to uphold the highest levels of business ethics and personal integrity. Following suit, KPCL's Code of Business Conduct and Ethics serves to (1) emphasize the Group's commitment to ethics and compliance with the laws; (2) sets forth basic standards of ethical and legal behavior; (3) provides reporting mechanisms for known or suspected ethical or legal violations; and (4) helps prevent and detect wrongdoing. Given the variety and complexity of ethical questions that may arise in the course of KPCL's business, this Code of Business Conduct and Ethics serves only as guide. Confronted with ethically ambiguous situations, all should remember the KPCL's commitment to the highest ethical standards and seek advice from supervisors, managers or other appropriate personnel to ensure that all actions they take on behalf of KPCL honor this commitment.

## B. Ethical Standards

### 1. Conflicts of Interest

A conflict of interest exists when a person's private interest interferes in any way with the interests of KPCL. A conflict can arise when one takes actions or has interests that may make it difficult to perform his or her work for KPCL objectively and effectively. Conflicts of interest may also arise when an affiliates, or members of his or her family, receives improper personal benefits as a result of his or her position at the Group. It is always a conflict of interest for an officer to work simultaneously for a competitor, customer and supplier or for that matter any other establishment against precursory benefit.

Conflicts of interest may not always be clear-cut, so if anyone has a question, he/she should consult with his/her supervisor or manager or chief operating officer or chief financial officer of KPCL. Any officer who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, manager or other appropriate personnel or consult the procedures described in Section E of this Code.

All directors and executive officers of the KPCL, and the chief executive officers and chief financial officers shall disclose any material transaction or relationship that reasonably could be expected to give rise to such a conflict to the Chairman of the KPCL.

### 2. Corporate Opportunities

All officers are prohibited from taking for themselves opportunities that are discovered through the use of corporate property, information or position without the consent of the Board of Directors of KPCL. No officer may use corporate property, information or position for improper personal gain and no employee may compete with the Group directly or indirectly. Officers owe a duty to the Group to advance its legitimate interests whenever possible.

### 3. Fair Dealing

Officers shall behave honestly and ethically at all times and with all people. They shall act in good faith, with due care, and shall engage only in fair and open competition, by treating ethically competitors, suppliers, customers, and colleagues. No officer should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair practice. The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered or accepted unless it is consistent with customary business practices, cannot be construed as a bribe or payoff and does not violate any laws or regulations. Officers should discuss with their supervisors, managers or other appropriate personnel any gifts or proposed gifts which they think may be inappropriate.

### 4. Insider Trading

Officers who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of KPCL's business. All non-public information about the KPCL should be considered confidential information.

### 5. Confidentiality

Officers must maintain the confidentiality of confidential information entrusted to them. Confidential information includes all non-public information that might be of use to competitors or



harmful to the KPCL or its customers if disclosed. It also includes information that suppliers and customers have entrusted to the KPCL. The obligation to preserve confidential information continues even after employment ends.

### 6. Protection and Proper Use of KPCL Assets

All should endeavor to protect the KPCL's assets and ensure their efficient use. Theft, carelessness, and waste have a direct





impact on the KPCL's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. The KPCL's equipment should not be used for non-KPCL business, though incidental personal use is permitted.

The obligation of officers to protect the KPCL's assets includes its proprietary information. Proprietary information includes as trade secrets, trademarks, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate KPCL policy. It could also be illegal and result in civil or criminal penalties.

#### 7. Compliance with Laws, Rules and Regulations

Obedying the law, both in letter and in spirit, is the foundation on which the KPCL's ethical standards are built. In conducting the business of KPCL, the officers shall comply with applicable governmental laws, rules and regulations at all levels of government in Bangladesh.

#### 8. Timely and Truthful Public Disclosure

In reports and documents filed with or submitted to the Securities and Exchange Commission, stock exchanges and other regulators by KPCL, and in other public communications made by KPCL, the officer involved in the preparation of such reports and documents (including those who are involved in

the preparation of financial or other reports and the information included in such reports and documents) shall make disclosures that are full, fair, accurate, timely and understandable.

#### 9. Significant Accounting Deficiencies

The CEO and each senior financial officer shall promptly bring to the attention of the board any information he or she may have concerning (a) significant deficiencies in the design or operation of internal control over financial reporting which could adversely affect the KPCL's ability to record, process, summarize and report financial data or (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the KPCL's financial reporting, disclosures or internal control over financial reporting.

### C. Waivers

Any waiver of this Code for executive officers or directors may be made only by the KPCL's Board of Directors.

### D. Violations of Ethical Standards

#### 1. Reporting Known or Suspected Violations

The KPCL's directors, CEO, chief financial officers, and chief operating officer shall promptly report any known or suspected violations of this Code to the Chairman. All other officers should

talk to supervisors, managers or other appropriate personnel about known or suspected illegal or unethical behavior.

#### 2. Accountability for Violations

If the KPCL's Audit Committees or its designee determines that this Code has been violated, either directly, by failure to report a violation, or by withholding information related to a violation, the offending officers may be disciplined for non-compliance with penalties up to and including removal from office or dismissal. Violations of this Code may also constitute violations of law and may result in criminal penalties and civil liabilities for the offending officers and KPCL. All Covered Parties are expected to cooperate in internal investigations of misconduct.

### E. Compliance Procedures

All must work together to ensure prompt and consistent action against violations of this Code. In some situations, however, it is difficult to know if a violation has occurred. Because we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. Steps to keep in mind are as follows -

- Make sure you have all the facts. In order to reach the right solutions, we must be as informed as possible.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your manager. This is the basic guidance for all situations. In many cases, your superior will be more knowledgeable about the questions, and he or she will appreciate being consulted as part of the decision-making process.
- You may report ethical violations in confidence without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected to the maximum extent consistent with KPCL's legal obligations. The KPCL in all circumstances prohibits retaliation of any kind against those who report ethical violations in good faith.
- Ask first, act later. If you are unsure of what to do in any situation, seek guidance before you act.



# Success Milestones

October 1997

October 15, 1997 Incorporation of the Company  
October 16, 1997 Signing of Power Purchase Agreement with BPDB  
October 16, 1997 Signing of Implementation Agreement with GOB

November 19, 1997

O & M Agreement with Wärtsilä, Finland,  
a world renowned establishment for Power Sector

October 13, 1998

Full Commercial Operation Date (FCOD)

February 21, 2001

Plant operation has been Certified:  
• Quality Management System (QMS) with ISO 9001  
• Environmental Management System (EMS) with ISO 14001

September 4, 2003

Plant operation has been Certified:  
• Occupational Health & Safety Admn. System (OHSAS) 18001

June 2009

June 3, 2009 Appointment of Issue Manager  
June 29, 2009 Credit Rating by CRISL

July 19, 2009

Conversion from Private to Public Limited Company

March 2010

March 7, 2010 Agreement with CDBL  
March 15, 2010 Listing with Dhaka Stock Exchange Limited  
March 18, 2010 Listing with Chittagong Stock Exchange Limited  
March 29, 2010 Approval of Information Document (ID) from SEC  
March 30, 2010 Publication of Information Document  
(Share Offloading) in the daily newspaper

April 2010

April 4-6, 2010 Bidding for EII for price discovery under BBM  
April 15, 2010 Allotment of Shares for EII  
April 18, 2010 Commencement of Trading of Shares for  
General Investor

June 23, 2010

Signing of new project Khulna Power Company Unit II Ltd. (99% subsidiary of KPCL) with BPDB to implement 115MW Rental Power Plant Project.

December 21, 2010

Acquisition (90%) of Khanjahan Ali Power Company Ltd. by KPCL, a 40MW Rental Power Plant Project established for Supply of Electricity to BPDB.

May 29, 2011

Khanjahan Ali Power Company Ltd. (90% subsidiary of KPCL), a 40MW Rental Power Plant Project achieved COD and started its commercial operation from May 29, 2011.

June 2011

June 1, 2011  
Khulna Power Company Unit II Ltd. (99% subsidiary of KPCL), a 115MW Rental Power Plant Project achieved COD and started its commercial operation from June 1, 2011.

June 14, 2011  
Khanjahan Ali Power Company Ltd. (90% subsidiary of KPCL), a 40MW Rental Power Plant Project received USD 19.5 million Term Loan from Standard Chartered Bank, Mauritius.

June 8, 2012

Khulna Power Company Unit II Ltd. (99% subsidiary of KPCL), a 115MW Rental Power Plant Project borrowed USD 50.0 million Term Loan from DEG, Germany and FMO, Netherlands.

September 30, 2014

Khulna Power Company Unit II Ltd. and Khanjahan Ali Power Company Ltd. have been amalgamated with Khulna Power Company Ltd. (KPCL) vide Judgement and order dated 03-03-2015 passed by Hon'ble High Court in Company Matter No. 322 of 2014.

BPDB	Bangladesh Power Development Board
GOB	Government of Bangladesh
O & M	Operation & Maintenance
FCOD	Full Commercial Operation Date
CRISL	Credit Rating Information & Services Limited
CDBL	Central Depository Bangladesh Limited
SEC	Securities & Exchange Commission
ID	Information Document
EII	Eligible Institutional Investors
BBM	Book Building Method
COD	Commercial Operation Date
DEG	Deutsche Investitions – UND ntwicklungsgesellschaft Mbh
Fmo	Nederlandse Financierings Maatschappij Voor Ontwikkelingslanden N.V.

# Corporate Governance

The corporate governance philosophy of the Company is aimed at assisting the top management in efficient conduct of its affairs as well as in meeting obligations to all the stakeholders and is guided by strong emphasis on transparency, accountability and integrity. It provides the Company with strategic guidance as to how the objectives are set and achieved, how risk is monitored and assessed and how the performance is maximized.

Keeping in view the size, complexity and operations, the governance framework of the Company is based on the following principles:

- That the Board is appropriate in size and members are committed to their respective duties and responsibilities.
- That timely flow of information to the Board and its Committees are ensured to enable them discharge their functions effectively.
- That a sound system of risk management and internal control is in place.
- That timely and balanced disclosure of all material information concerning the Company is made to all Stakeholders.
- That all transactions of the Company are transparent and accountability for the same is well established.
- That all regulatory and statutory rules and regulations are complied with.



## The Responsibilities of the Board

To ensure effective maintenance of corporate governance, the Board of Khulna Power Company Ltd. (KPCL) formulates strategic objectives and policies for the company, provides leadership and supervises management actions in implementing those objectives of the company. In KPCL, Board of Directors is in full control of the company's affairs and is also accountable to the shareholders. The Board firmly believes that the success of the company depends largely on the prevalence of a credible corporate governance practice. In discharging its responsibilities, the Board fulfills certain key functions, including:

- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance.
- Ensuring the integrity of the company's accounting & financial reporting systems,

in particular, systems for risk management, financial and operational control and compliance with the law and relevant standards.

- Reviewing company's financial statements and oversee its compliance with applicable audit, accounting and reporting requirement.
- Monitoring implementation and effectiveness of the approved strategic and operating plans.
- Establish company's value.
- Oversee the corporate governance of the company

The Board has appointed four Independent Directors as per the Securities and Exchange Commission's requirement. The short introduction of the Directors has been described separately in this Report. The Board ensures that the activities of the Company are always conducted with adherence to high ethical standard and in the best interest of the shareholders.

## Board meetings and procedures

Four (4) meetings of the Board of Directors of the Company were held during the financial year ended on 30 June 2019. The procedures of the board meeting are mentioned below:

- (a) Selection of Agenda: The Chairman of the Board, in consultation with Managing Director sets the agenda for Board meetings with the understanding that the Board is responsible for providing suggestions for agenda items that are aligned with the advisor and monitoring functions of the Board. Any member of the Board may request that an item be included on the agenda.
- (b) Board Materials: Board materials related to agenda items are provided to Board members sufficiently in advance of Board meetings to allow the Directors to prepare for discussion of the items at the meeting.
- (c) Senior Management in the Board meeting: At the invitation of the Board, members

of senior management attended Board meetings or portions thereof for the purpose of participating in discussions.

## Internal Control Framework

The Management recognizes its responsibilities to present a balanced and understandable assessment of the company's position and prospect. The management has accountability for reviewing and approving the effectiveness of internal controls operated by the company, including financial, operational and compliance controls and risk management.

The company has adequate system of internal control in place. The well defined organization structure, predefined authority levels, documented policy guidelines and an extensive system of internal controls ensure optimal utilization and protection of resources, reporting of financial transactions and compliance with applicable laws and regulations. The system also ensures that assets are safeguarded against loss from unauthorized use or disposition.



## **A.QASEM & Co.**

Chartered Accountants Since 1953

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Suites # 01-03. Level : 7, Plot # 15, Road # 103, Gulshan Avenue, Dhaka - 1212

### **Independent Auditor's Report To the shareholders of Khulna Power Company Ltd.**

#### **Report on the audit of financial statements**

##### **Qualified opinion**

We have audited the financial statements of Khulna Power Company Ltd. (the 'Company'), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of matter stated in basis for qualified opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2 and comply with the Companies Act, 1994 and other applicable laws and regulations.

##### **Basis for qualified opinion**

The Company has overdue receivables of BDT 306 million from Bangladesh Power Development Board (BPDB) which are not confirmed and are pending reconciliation with the customer. Pending outcome of such reconciliation, we are unable to determine the amount of provision that may be required against these overdue receivables.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements for the year ended 30 June 2019. These matters were addressed in the context of the audit of the financial statements, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

# **Financial Statements 2018-2019**



Key audit matters	How the matters were addressed in our audit
<b>1. Audit of the opening balances</b>	
<p>The financial statements of the Company for the financial year ended on 30 June 2019 was the first one being subject to our audit.</p> <p>In accordance with International Standards Auditing 510 Initial Engagements - Opening Balances, the first-year audit of financial statements requires performing of a few additional audit procedures that are limited in the case of the audit performed for a consecutive year.</p> <p>The purpose of these additional audit procedures is to collect sufficient and relevant audit evidence about whether:</p> <ul style="list-style-type: none"> <li>- opening balances contain misstatements that materially affect the financial statements for the current period; and</li> <li>- accounting policy applied to the opening balances was used continuously in the preparation of financial statements for the current period, or whether the changes made were correctly accounted for and properly presented in accordance with IFRSs.</li> </ul> <p>Accordingly, this issue was identified as key audit matter for the audit of the financial statements of the Company.</p>	<p>Our procedures, in relation to the key audit matter described, included, among others:</p> <ul style="list-style-type: none"> <li>- the opening meeting with key personnel responsible for financial reporting of the Company as well as meetings with members of the audit team, including specialists planned to be involved in the audit procedures;</li> <li>- understood the Company's operations, its business environment and key risk areas related to its operations;</li> <li>- understood the Company's internal control environment, including also tests of identified controls;</li> <li>- understood the Company's IT environment;</li> <li>- understood the accounting policy of the Company and assessing the continuity of its application;</li> <li>- understood key areas of estimation and professional judgement of the Company's management;</li> <li>- communicated with the previous auditor;</li> <li>- discussed of key audit issues and a performed a review of audit documentation from the previous reporting period;</li> <li>- assessed the audit issues from the previous reporting period and their impact on the financial statements for the current financial year; and</li> <li>- independently carried out select audit procedures in relation to opening balances.</li> </ul> <p>Our audit strategy has been discussed with the Board of Directors, Audit Committee to the Board of Directors, and Management of the Company to know their expectations including a discussion on reporting and auditing issues.</p>

<b>2. Revenue recognition from sale of electricity - see note # 20 to the financial statements</b>	
<p>Revenue recognition is a key area of judgement, particularly in relation to:</p> <ul style="list-style-type: none"> <li>- energy revenue is made to the Company based on the survey of the meter reading. The customer (or government authority in this context) would verify the electrical energy output through physical inspection of meter and/ or review of relevant reports generated from the meter. Upon agreement by both parties, the electrical energy delivered for the month is evidenced by the approvals of the professional engineers representing the Company and the customer. The meter is calibrated and certified by independent professional engineers on a regular basis;</li> </ul> <p>capacity or rental payments are recognized according to the terms set out in the Power Purchase Agreement (PPA);</p> <ul style="list-style-type: none"> <li>- identifying conflicting issues relating to billing and assessing whether there is little prospect cash will be received for revenue that has been billed; and</li> <li>- assessing the recoverability of trade debtors as a proportion of customers do not or are unable to pay their bills.</li> </ul>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>- assessed whether revenue recognition policies are applied through comparison with relevant accounting standards and industry practice, including the policy of not recognizing revenue where it is not probable that cash will be received;</li> <li>- tested the Company's controls over revenue recognition, including reconciliations between sales and cash receipts systems and the general ledger;</li> <li>- assessed the calculations of capacity or rental revenue, fuel revenue and variable &amp; operation maintenance revenue by ensuring that inputs used to the calculation have been derived properly;</li> <li>- assessed the Company's disclosures of its revenue recognition policy; and</li> <li>- discussed with the management the treatment for revenue policy of the Company.</li> </ul>
<b>3. Accuracy and completeness of disclosure of related party transactions - see note # 33 to the financial statements</b>	
<p>We identified the accuracy and completeness of disclosure of related party transactions as set out in respective notes to the financial statements as a key audit matter due to the high volume of business transactions with related parties during the year ended 30 June 2019.</p>	<p>Our procedures in relation to the accuracy and completeness of disclosure of related parties' transactions included:</p> <ul style="list-style-type: none"> <li>- obtained an understanding of the Company's policies and procedures in respect of the capturing of related party transactions and how management ensures all transactions and balances with related parties have been accurately disclosed in the financial statements;</li> <li>- agreed the amounts disclosed to underlying documentation and reviewing relevant agreements, on a sample basis, as part of our evaluation of the disclosure; and</li> <li>- evaluated the disclosures through review of statutory information, books and records and other documents obtained during the course of our audit.</li> </ul>

#### Other information

Management is responsible for the other information. The other information comprises the director's reports, management discussion and analysis, statement of corporate governance, financial highlights, economic value-added statement (EVA), value added statement and certification on corporate governance but doesn't include the financial statements and our auditor's report. The director's reports, management discussion and analysis, statement of corporate governance, financial highlights, economic value added (EVA) statement, value added statement and certification on corporate governance are expected to be made available to us after the date of this auditor's report.

#### Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

#### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 2 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 and the BSEC guidelines require the management to ensure effective internal audit, internal control and risk management functions of the Company.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.


From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on other legal and regulatory requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable rules and regulations issued by BSEC, we also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns; and
- d) the expenditures incurred, and payments made were for the purpose of the Company's business for the year.

Dated, Dhaka  
23 October 2019

  
**A. Qasem & Co.**  
Chartered Accountants



## Statement of Financial Position

	Notes	30 June 2019	30 June 2018
Amounts in BDT			
<b>Assets</b>			
Property, plant and equipment	4	5,202,657,623	7,433,787,884
Deferred tax asset	13	4,829,093	4,344,044
<b>Non-current assets</b>		<b>5,207,486,716</b>	<b>7,438,131,928</b>
Inventories	6	1,239,681,056	994,355,226
Trade and other receivables	7	2,497,692,290	3,810,057,978
Current tax assets	8	87,317,172	137,932,490
Advances, deposits and prepayments	9	166,800,533	27,418,311
Cash and cash equivalents	10	1,264,485,317	2,636,641,805
<b>Current assets</b>		<b>5,255,976,368</b>	<b>7,606,405,810</b>
<b>Asset held for sale</b>	5	<b>2,173,277,904</b>	<b>-</b>
<b>Total assets</b>		<b>12,636,740,988</b>	<b>15,044,537,738</b>
<b>Equity</b>			
Share capital	11	3,974,131,790	3,612,847,090
Capital redemption reserve	12	-	325,647,810
Retained earnings		6,041,907,023	5,770,366,587
<b>Total equity</b>		<b>10,016,038,813</b>	<b>9,708,861,487</b>
<b>Liabilities</b>			
Employee benefits	14	25,735,738	23,429,742
Asset retirement obligation (ARO)	15	38,746,442	30,170,359
<b>Non-current liabilities</b>		<b>64,482,180</b>	<b>53,600,101</b>
Loans and borrowings	16	2,438,275,201	4,551,282,824
Trade and other payables	17	64,608,698	207,652,667
Unclaimed dividend	18	38,336,096	386,140,659
Provision for income tax	19	15,000,000	137,000,000
<b>Current liabilities</b>		<b>2,556,219,995</b>	<b>5,282,076,150</b>
<b>Total liabilities</b>		<b>2,620,702,175</b>	<b>5,335,676,251</b>
<b>Total equity and liabilities</b>		<b>12,636,740,988</b>	<b>15,044,537,738</b>


The annexed notes 1 to 44 are an integral part of these financial statements.



Managing Director



Director



Company Secretary

Signed as per our report of same date.



A. Qasem & Co.  
Chartered Accountants

Dated, Dhaka  
23 October 2019

## Statement of Profit or Loss and Other Comprehensive Income

	Notes	30 June 2019	30 June 2018
Amounts in BDT			
Revenue from contract with customer	20	8,351,115,955	12,098,317,383
Cost of sales	21	(6,638,542,490)	(9,821,601,506)
<b>Gross profit</b>		<b>1,712,573,465</b>	<b>2,276,715,877</b>
Other income	22	61,374,764	3,297,679
General and administrative expenses	23	(187,976,973)	(119,619,496)
<b>Operating profit</b>		<b>1,585,971,256</b>	<b>2,160,394,060</b>
Foreign exchange gain/(loss)	24	(56,853,005)	(109,957,794)
Finance income	25	154,810,272	230,184,299
Finance costs	26	(245,698,659)	(209,869,923)
<b>Profit before tax</b>		<b>1,438,229,863</b>	<b>2,070,750,642</b>
Income tax expense	27	(47,198,410)	161,134,505
<b>Profit for the year</b>		<b>1,391,031,453</b>	<b>2,231,885,147</b>
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income</b>		<b>1,391,031,453</b>	<b>2,231,885,147</b>
<b>Earnings per share</b>	28	<b>3.50</b>	<b>6.18</b>

The annexed notes 1 to 44 are an integral part of these financial statements.



Managing Director



Director



Company Secretary

Signed as per our report of same date.

Dated, Dhaka  
23 October 2019



A. Qasem & Co.  
Chartered Accountants

## Statement of Changes in Equity

	Amounts in BDT			
	For the year ended 30 June 2019			
	Share capital	Capital redemption reserve	Retained earnings	Total
<b>Balance at 1 July 2018</b>	<b>3,612,847,090</b>	<b>325,647,810</b>	<b>5,770,366,587</b>	<b>9,708,861,487</b>
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	1,391,031,453	1,391,031,453
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,391,031,453</b>	<b>1,391,031,453</b>
<b>Transaction with owners of the Company</b>				
Contributions and distributions				
Stock dividend for the year 2017-2018	361,284,700	(325,647,810)	(35,636,890)	-
Cash dividend for the year 2017-2018	-	-	(1,083,854,127)	(1,083,854,127)
<b>Total contributions and distributions</b>	<b>361,284,700</b>	<b>(325,647,810)</b>	<b>(1,119,491,017)</b>	<b>(1,083,854,127)</b>
<b>Total transaction with owners of the Company</b>	<b>361,284,700</b>	<b>(325,647,810)</b>	<b>(1,119,491,017)</b>	<b>(1,083,854,127)</b>
<b>Balance at 30 June 2019</b>	<b>3,974,131,790</b>	<b>-</b>	<b>6,041,907,023</b>	<b>10,016,038,813</b>
<b>Balance at 1 July 2017</b>	<b>3,612,847,090</b>	<b>325,647,810</b>	<b>5,525,547,340</b>	<b>9,464,042,240</b>
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	2,231,885,147	2,231,885,147
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>2,231,885,147</b>	<b>2,231,885,147</b>
<b>Transaction with owners of the Company</b>				
<b>Contributions and distributions</b>				
Dividend	-	-	(1,987,065,900)	(1,987,065,900)
<b>Total contributions and distributions</b>	<b>-</b>	<b>-</b>	<b>(1,987,065,900)</b>	<b>(1,987,065,900)</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(1,987,065,900)</b>	<b>(1,987,065,900)</b>
<b>Balance at 30 June 2018</b>	<b>3,612,847,090</b>	<b>325,647,810</b>	<b>5,770,366,587</b>	<b>9,708,861,487</b>

The annexed notes 1 to 44 are an integral part of these financial statements.



Managing Director



Director



Company Secretary

Signed as per our report of same date.

Dated, Dhaka  
23 October 2019

  
A. Qasem & Co.  
Chartered Accountants

## Statement of Cash Flows

### Cash flows from operating activities

Cash received from customer (BPDB)  
Cash paid to suppliers and others  
Received from/(paid to) other sources  
Interest received  
Interest and other financial charges paid  
Income tax paid

### Net cash generated from operating activities

### Cash flows from investing activities

Payment for property, plant and equipment  
Proceeds from disposal of fixed assets

### Net cash generated from investing activities

### Cash flows from financing activities

Proceeds from short-term borrowings  
Repayment of short-term borrowings  
Dividend paid to ordinary shareholders

### Net cash used in financing activities

### Net increase in cash and cash equivalents

Opening cash and cash equivalents  
Effects of currency translation

### Closing cash and cash equivalents

For the year ended	
30 June 2019	30 June 2018
Amounts in BDT	
Cash received from customer (BPDB)	9,530,024,796
Cash paid to suppliers and others	(6,940,249,323)
Received from/(paid to) other sources	11,867,860
Interest received	160,982,067
Interest and other financial charges paid	(260,835,367)
Income tax paid	(36,165,962)
<b>Net cash generated from operating activities</b>	<b>2,465,624,071</b>
Payment for property, plant and equipment	(228,573,869)
Proceeds from disposal of fixed assets	3,002
<b>Net cash generated from investing activities</b>	<b>(228,570,867)</b>
Proceeds from short-term borrowings	15,621,248,825
Repayment of short-term borrowings	(17,807,324,319)
Dividend paid to ordinary shareholders	(1,431,658,690)
<b>Net cash used in financing activities</b>	<b>(3,617,734,184)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,380,680,980)</b>
Opening cash and cash equivalents	2,636,641,805
Effects of currency translation	8,524,492
<b>Closing cash and cash equivalents</b>	<b>1,264,485,317</b>

The annexed notes 1 to 44 are an integral part of these financial statements.



Managing Director



Director



Company Secretary

Signed as per our report of same date.

Dated, Dhaka  
23 October 2019

  
A. Qasem & Co.  
Chartered Accountants



## Notes to the Financial Statements

For the year ended 30 June 2019

### 1 Reporting entity

#### 1.1 Company profile

Khulna Power Company Ltd. ("the Company") was incorporated in Bangladesh on 15 October 1997 as a private limited company under the Companies Act 1994 and has subsequently been converted into a public limited company on 19 July 2009. The plant came into operation on 13 October 1998 for 15 years and after successful completion of that tenor the Company was awarded extension for another 5 years starting from 12 October 2013. The address of the company's registered office is Landmark, 3rd floor, 12-14 Gulshan North C/A, Gulshan-2, Dhaka-1212, Bangladesh.

On 18 April 2010, the Company listed its shares with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The authorised capital of the company is BDT 7,000,000,000 divided into 500,000,000 ordinary shares of BDT 10 each and 2,000,000 redeemable preference shares of BDT 1,000 each. Out of 2,000,000 redeemable preference shares, 1,100,000 were issued and fully paid up. These were redeemed on 14 May 2014. In 2010, the company took majority interest in two companies named Khulna Power Company Unit II Ltd. (KPCL-II) and Khanjahan Ali Power Company Ltd. (KPCL-III). Both companies were amalgamated with Khulna Power Company Ltd. with effect from 30 September 2014 pursuant to a Scheme of Amalgamation approved by the Honourable High Court Division of Bangladesh Supreme Court on 22 March 2015.

#### 1.2 Nature of business

The principal activity of the Company is to generate electricity, to sell such generated electricity to Bangladesh Power Development Board (BPDB) and to acquire fuel required for such electricity generation from home and abroad. For this purpose, the Company has set up a nominally rated 110 MW (KPCL-I) liquid fuel-fired, convertible to dual fuel-fired (liquid gas), barge mounted power plant in Khulna, Bangladesh. Since inception the Company has been supplying electricity to the national grid of Bangladesh through selling the same to BPDB under Power Purchase Agreement (PPA) between the Company and BPDB.

The Company has two other units, KPCL-II and KPCL-III, which were awarded two separate contracts by BPDB to supply electricity under the Contract for Supply of Electricity on Rental Basis. KPCL-II and KPCL-III have set up the nominally rated 115 MW and 40 MW liquid fuel-fired, rental power plant respectively in Khulna and Jessore, Bangladesh for generation of electricity. The principal activity of the units is to supply electric power and energy to BPDB on rental basis for a period of five years (extended for further five years as explained in note 1.4). KPCL-II commenced commercial operation from 1 June 2011 and KPCL-III from 29 May 2011.

#### 1.3 Amalgamation of Khulna Power Company Unit II Ltd. and Khanjahan Ali Power Company Ltd.

On 22 March 2015, the Honourable High Court Division of the Supreme Court of Bangladesh issued an order giving effect to a Scheme of Amalgamation under Company Matter No. 322 of 2014. The High Court ordered that under the amalgamation scheme, the entire undertaking of Khulna Power Company Unit II Ltd. and Khanjahan Ali Power Company Ltd. (the transferor companies) as going concerns will be transferred to and vested in the Khulna Power Company Ltd. (the transferee company) with an effective date of 30 September 2014.

Accordingly both subsidiaries, Khulna Power Company Unit II Ltd. (KPCL-II) and Khanjahan Ali Power Company Ltd. (KPCL-III), have been merged with Khulna Power Company Ltd. with the sanction of the Honourable High Court Division of the Supreme Court of Bangladesh in terms of an application submitted by both the transferor and transferee companies as per Section 228 read with Section 229 of the Companies Act, 1994. Though the Scheme of Amalgamation became effective from 2 April 2015, the day of the certified copy of the court order was submitted to the Registrar of Joint Stock Companies (RJSC), Dhaka, Bangladesh, and both Khulna Power Company Unit II Ltd. and Khanjahan Ali Power Company Ltd. ceased to exist since then, for financial reporting purposes the recording of all transactions on an amalgamated basis is effective from 30 September 2014.

## Notes to the Financial Statements

### 1.4 Extension of Contract for Supply of Electricity on Rental Basis for KPCL-II and KPCL-III

After successful completion of 5 years of Contract for Supply of Electricity on Rental Basis, KPCL-II and KPCL-III were awarded extension for further 5 years starting from 1 June 2016 and 29 May 2016 respectively which were signed on 27 December 2016.

### 2 Basis of accounting

#### 2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB) and adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) vide letter no 1/1/ICAB-2017 dated 14 December 2017, Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. Details of the Company's accounting policies are included in Note 39.

#### 2.2 Authorisation for issue

The financial statements were authorised for issue by the Board of Directors on 23 October 2019.

#### 2.3 Functional and presentational currency and level of precision

The financial statements have been presented in Bangladesh Taka (BDT), which is the Company's functional currency. All amounts have been rounded to the nearest integer, unless otherwise indicated.

#### 2.4 Reporting period

The current financial period of the Company covers one year from 1 July 2018 to 30 June 2019 and it is followed consistently.

### 3 Use of estimates and judgments

In preparing the financial statements, management has applied judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2019 that have a significant risk of resulting in a material adjustment in the year ended 30 June 2020 is included in the following notes:

Note 4 and 39C	Property, plant and equipment
Note 6 and 39B	Inventories
Note 14 and 39K	Employee benefits
Note 15 and 39J	Asset retirement obligation (ARO)
Note 13, 19, 27 and 39G	Provision for income tax
Note 35 and 39O	Contingencies and commitments

## Notes to the Financial Statements (Continued)

### 4 Property, plant and equipment

See accounting policy in Note 39C

#### Reconciliation of carrying amount

	Amounts in BDT									
	Land	Power plant	Motor vehicles	Building and construction	Furniture and fixtures	Office equipment	Office renovation	Total		
<b>Cost</b>										
<b>Balance at 1 July 2017</b>	35,674,749	11,818,809,776	29,841,864	10,215,381	1,509,834	9,138,636	1,756,040	11,906,946,280		
Additions	-	29,265,356	2,747,000	-	126,873	724,701	421,118	33,285,048		
Adjustments/disposal	-	-	(2,864,000)	-	-	-	-	(2,864,000)		
<b>Balance at 30 June 2018</b>	35,674,749	11,848,075,132	29,724,864	10,215,381	1,636,707	9,863,337	2,177,158	11,937,367,328		
<b>Balance at 1 July 2018</b>	35,674,749	11,848,075,132	29,724,864	10,215,381	1,636,707	9,863,337	2,177,158	11,937,367,328		
Additions	-	225,242,599	2,795,033	-	-	536,237	-	228,573,869		
Adjustments/disposal	-	(5,319,310,476)	-	-	-	(86,000)	-	(5,319,396,476)		
<b>Balance at 30 June 2019</b>	35,674,749	6,754,007,255	32,519,897	10,215,381	1,636,707	10,313,574	2,177,158	6,846,544,721		
<b>Accumulated depreciation</b>										
<b>Balance at 1 July 2017</b>	-	4,129,153,676	22,691,637	9,703,980	1,354,605	6,788,255	1,756,027	4,171,448,180		
Depreciation for the year	-	328,779,555	4,550,412	78,657	94,917	1,299,498	84,224	334,887,263		
Adjustment for disposal	-	-	(2,755,999)	-	-	-	-	(2,755,999)		
<b>Balance at 30 June 2018</b>	-	4,457,933,231	24,486,050	9,782,637	1,449,522	8,087,753	1,840,251	4,503,579,444		
<b>Balance at 1 July 2018</b>	-	4,457,933,231	24,486,050	9,782,637	1,449,522	8,087,753	1,840,251	4,503,579,444		
Depreciation for the year	-	281,958,964	3,175,598	78,678	74,048	1,054,711	84,224	286,426,223		
Adjustment for disposal	-	3,146,032,572	-	-	-	85,997	-	(3,146,118,569)		
<b>Balance at 30 June 2019</b>	-	1,593,859,623	27,661,648	9,861,315	1,523,570	9,056,467	1,924,475	1,643,887,098		
<b>Carrying amounts</b>										
<b>At 30 June 2018</b>	35,674,749	7,390,141,901	5,238,814	432,744	187,185	1,775,584	336,907	7,433,787,884		
<b>At 30 June 2019</b>	35,674,749	5,160,147,632	4,858,249	354,066	113,137	1,257,107	252,683	5,202,657,623		
<b>4.1 Allocation of depreciation</b>										
Cost of sales (Note 21) General and administrative expenses (Note 23)	30 June 2019	30 June 2018	BDT							
	281,958,964	328,779,555								
	4,467,259	6,107,708								
	286,426,223	334,887,263								

## Notes to the Financial Statements (Continued)

### 5 Asset held for sale

The Khulna Power Company Ltd. consists of three Power Producing units (KPCL 110MW, KPCL 115MW, KPCL 40 MW) in different commercial operations dates (CODs) out of which 110MW Power Plant has discontinued its operations from 13 October 2018. The Management of the entity has agreed/committed in a meeting to sell 110 MW Plant. As such the non-current assets(Power plant) are classified as held for sale complying IFRS 5.Non-Current assets classified as held for sale are not depreciated since 13 October 2018 . The management is actively searching for a buyer and it is probable that a buyer will be found in near future, i.e within 12 months from the reporting period. Any change to the disposal plan is unlikely. As part of concrete plan to sell the assets are valued(FV) BDT 3,336,738,400 which is higher than the carrying value in the statement of financial position BDT 2,173,277,904. As a result no adjustment is needed. Non-current assets classified as held for sale are disclosed separately from the other assets in the statement of financial position as below:

	30 June 2019	30 June 2018
<b>Amounts in BDT</b>		
<b>Cost of non-current asset(power plant)</b>	5,319,310,476	-
Less: Accumulated depreciation	(3,146,032,572)	-
<b>Carrying value</b>	<b>2,173,277,904</b>	-



## Notes to the Financial Statements (Continued)

	Amounts in BDT	
	30 June 2019	30 June 2018
<b>6 Inventories</b>		
Inventories in hand		
Inventories in transit		
<b>Inventories in hand</b>		
Heavy fuel oil (HFO)	1,211,861,715	935,757,809
Light fuel oil (LFO)	27,819,341	58,597,417
Lube oil	<b>1,239,681,056</b>	<b>994,355,226</b>
Chemical	669,845,431	436,658,949
Spare parts for plant maintenance	3,785,243	4,173,603
	12,911,745	14,951,771
	607,965	550,715
	524,711,331	479,422,771
	<b>1,211,861,715</b>	<b>935,757,809</b>
<b>Inventories in transit</b>		
Material-in-transit (HFO)	1,408,197	-
Material-in-transit (Spare parts)	26,411,144	58,597,417
	<b>27,819,341</b>	<b>58,597,417</b>

## 6.1 Movement in inventories

	Heavy fuel oil (HFO)		Light fuel oil (LFO)		Lube oil		Chemicals		Spare parts	
	Quantity (MT)	Amount	Quantity (Ltr)	Amount	Quantity (Ltr)	Amount	Amount	Amount	Amount	Amount
Balance at 1 July 2017	22,375	641,677,624	68,853	4,335,244	79,835	10,126,470	684,438	371,745,017		
Addition during the period	252,996	8,543,343,824	207,000	12,963,069	828,380	226,498,142	2,959,377	442,699,384		
Consumption/loss/loan during the period	(264,667)	(8,748,362,499)	(208,951)	(13,124,710)	(823,012)	(221,672,841)	(3,093,100)	(335,021,630)		
Balance at 30 June 2018	10,704	436,658,949	66,902	4,173,603	85,203	14,951,771	550,715	479,422,771		
Balance at 1 July 2018	10,704	436,658,949	66,902	4,173,603	85,203	14,951,771	550,715	479,422,771		
Addition during the period	141,952	6,096,314,919	432,000	27,055,126	672,681	97,207,492	811,198	237,185,747		
Consumption/loss/loan during the period	(136,950)	(5,863,128,437)	(438,121)	(27,443,486)	(712,719)	(99,247,518)	(753,948)	(191,897,187)		
Balance at 30 June 2019	15,706	669,845,431	60,781	3,785,243	45,165	12,911,745	607,965	524,711,331		

## Notes to the Financial Statements (Continued)

	Amounts in BDT	
	30 June 2019	30 June 2018
<b>7 Trade and other receivables</b>		
Trade receivables (Note: 7.1)	2,364,690,049	3,686,513,919
Other receivables (Note: 7.3)	133,002,240	123,544,059
	<b>2,497,692,290</b>	<b>3,810,057,978</b>
<b>7.1 Trade receivables</b>		
Capacity payment/Other monthly tariff	71,339,745	323,259,820
Rental payment	539,397,703	549,737,781
Energy payment (fuel payment)	1,274,277,343	2,291,336,493
Energy payment (variable operation & maintenance payment)	479,675,258	522,179,825
	<b>2,364,690,049</b>	<b>3,686,513,919</b>
<b>7.2</b>	In accordance with the Contract with KPCL-II and KPCL-III, Bangladesh Petroleum Corporation (BPC) had been the liquid fuel oil supplier and BPDB was liable to pay for the fuel. However, since the start of operation of the plants, the quality and quantity of the supplied fuel were not as per given specification in the contract. For this reason, the actual fuel consumption was higher per unit of electricity generation. On account of the actual fuel consumption, BPDB started deduction from some of the monthly invoices of these units which amounted to BDT 97,254,272 for KPCL-II and BDT 151,268,650 for KPCL-III (both the amounts are included under Energy payment- variable operation and maintenance payment) for the year 2012 and 2013. On continuous objections raised to BPDB by these units, BPDB had formed a committee to justify the quality and quantity of supplied fuel. The decision on this issue is under process with the Power Division of Bangladesh Government as of the reporting date.  Trade receivables also include BDT 216,235,843 for KPCL-I, BDT 76,122,665 for KPCL-II and BDT 88,259,092 for KPCL-III due to differences in power factors and fuel payment only of KPCL-II and KPCL-III. Power factor is used to derive revenue amount. BPDB uses the actual monthly power factor as per Power Purchase agreement when determining the amount payable to KPCL whereas the KPCL uses a fixed factor (0.85). This creates a difference between the monthly bill and the payment made by BPDB which is kept as receivables.  Management is in discussion with BPDB with a view to resolving these issues and strongly feels that total amount of these BDT 629,140,522 is recoverable. Management position in this regard is supported by opinion from external legal counsels.	
<b>7.3 Other receivables</b>		
BPDB (agreed charges paid to BIWTA)	10,834,002	18,707,557
FDR interest due from bank	26,180,628	49,257,284
Income tax authority (corporate tax deposition at the time of appeal)	4,018,887	4,018,887
Summit Oil & Shipping Co. Ltd	90,567,034	49,103,044
DEG	-	1,813,269
Others	1,401,690	644,018
	<b>133,002,240</b>	<b>123,544,059</b>
<b>8 Current tax assets</b>		
Opening balance	137,932,489	309,678,615
Paid during the year	119,068,141	242,376,103
Adjustment of advance tax on completion of assessment	(169,683,459)	(414,122,228)
	<b>87,317,172</b>	<b>137,932,490</b>
<b>9 Advances, deposits and prepayments</b>		
<b>Advances</b>		
Advance to South Eastern Tank Terminal Ltd.	138,772,800	-
Bangladesh Inland Water Transport Authority	257,348	807,123
Khulna Power Operations & Services Ltd	1,955,727	3,170,168
Advance for HFO LC	-	1,445,546
Loan to employees	271,387	363,217
Others	4,592,036	485,736
	<b>145,849,298</b>	<b>6,271,790</b>

## Notes to the Financial Statements (Continued)

	30 June 2019	30 June 2018
	Amounts in BDT	
<b>Deposits</b>		
Bangladesh Telecommunications Company Limited	16,000	16,000
Grameenphone Ltd	89,006	89,006
Central Depository Bangladesh Ltd	500,000	500,000
Office rent	258,880	258,880
C&F license	250,000	250,000
Security deposit for leasehold land to BPDB	447,950	447,950
Others	20,500	20,500
	<b>1,582,336</b>	<b>1,582,336</b>
<b>Prepayments</b>		
Insurance premium	15,988,777	16,338,444
Prepaid expense for leasehold land to BPDB	3,276,778	3,126,872
Commission on operations security deposit	103,344	98,869
	<b>19,368,899</b>	<b>19,564,185</b>
	<b>166,800,533</b>	<b>27,418,311</b>
<b>10 Cash and cash equivalents</b>		
Cash in hand	35,585	44,288
Cash at bank (Note 10.1)	64,449,732	254,042,971
Fixed deposit receipts - FDR (Note 10.2)	1,200,000,000	2,382,554,546
	<b>1,264,485,317</b>	<b>2,636,641,805</b>
<b>10.1 Cash at bank</b>		
Current account		
Standard Chartered Bank	10,010,875	4,010,297
Bank Alfalah Limited	205,228	534,053
BRAC Bank Limited	38,906,776	90,712,769
Citibank N.A.	3,676,456	149,823,746
Sonali Bank Limited	148,633	-
Exim Bank Limited	93,226	286,891
Jamuna Bank Limited	31,766	-
	<b>53,072,960</b>	<b>245,367,756</b>
<b>Special notice deposit (SND) account</b>		
Bank Alfalah Limited	7,844,678	5,563,712
BRAC Bank Limited	1,875,869	1,875,861
Dutch-Bangla Bank Limited	246,244	242,950
Prime Bank Limited	852,505	838,995
The City Bank Limited	403,002	-
Trust Bank Limited	154,474	153,697
	<b>11,376,772</b>	<b>8,675,215</b>
	<b>64,449,732</b>	<b>254,042,971</b>
<b>10.2 Fixed deposit account (FDR)</b>		
EXIM Bank Limited	800,000,000	1,225,600,496
Standard Bank Limited	-	200,000,000
The City Bank Limited	-	100,000,000
Eastern Bank Limited	-	500,000,000
Al-Arafah Islami Bank Limited	100,000,000	200,000,000
BRAC Bank Limited	50,000,000	50,000,000
Dhaka Bank Limited	100,000,000	-
Shahajalal Islami Bank Limited	150,000,000	106,954,050
	<b>1,200,000,000</b>	<b>2,382,554,546</b>

## Notes to the Financial Statements (Continued)

	30 June 2019	30 June 2018
	Amounts in BDT	
	5,000,000,000	5,000,000,000
	2,000,000,000	2,000,000,000
	<b>7,000,000,000</b>	<b>7,000,000,000</b>
	2,085,930,000	2,085,930,000
	312,889,500	312,889,500
	479,763,900	479,763,900
	179,911,500	179,911,500
	382,311,860	382,311,860
	172,040,330	172,040,330
	361,284,700	-
	<b>3,974,131,790</b>	<b>3,612,847,090</b>
<b>11 Share capital</b>		
<b>Authorised</b>		
500,000,000 ordinary shares of BDT 10 each		
2,000,000 redeemable preference shares of Tk 1,000 each		
<b>Issued, subscribed and paid up</b>		
208,593,000 ordinary shares of Tk 10 each		
31,288,950 ordinary shares of Tk 10 each issued as bonus shares in 2010		
47,976,390 ordinary shares of Tk 10 each issued as bonus shares in 2011		
17,991,150 ordinary shares of Tk 10 each issued as bonus shares in 2012		
38,231,186 ordinary shares of Tk 10 each issued as bonus shares in 2013		
17,204,033 ordinary shares of Tk 10 each issued as bonus shares in 2014		
36,128,470 ordinary shares of Tk 10 each issued as bonus shares in 2017- 2018		
397,431,179 ordinary shares of Tk 10 each		
<b>11.1 Particulars of shareholding</b>		
<b>Name of shareholders</b>	<b>No. of shares</b>	<b>30 June 2019 Amounts in BDT</b>
United Mymensingh Power Ltd.	140,216,401	1,402,164,010
United Energy Ltd	-	-
Summit Corporation Limited	67,732,419	677,324,190
Summit Power Limited	70,108,200	701,082,000
Other sponsors	94,108	941,080
General investors	119,262,051	1,192,520,510
	<b>397,413,179</b>	<b>3,974,031,790</b>
		<b>100%</b>
<b>11.2 Range of holding in number of shares</b>		
<b>Shareholder's range</b>	<b>2019</b>	<b>2018</b>
	<b>Number of shareholders</b>	<b>Total number of shares</b>
Less than 5,000 shares	18,386	10,525,044
5,000 to 10,000 shares	1,145	5,045,449
10,001 to 25,000 shares	624	6,220,810
25,001 to 50,000 shares	219	5,026,849
50,001 to 100,000 shares	128	6,375,327
100,001 to 250,000 shares	79	9,832,417
250,001 to 500,000 shares	30	6,735,599
500,001 to 2,500,000 shares	21	13,736,643
2,500,001 to 5,000,000 shares	2	9,417,660
Over 5,000,000 shares	6	288,368,911
	<b>20,640</b>	<b>361,284,709</b>
		<b>100%</b>
		<b>18,531</b>
		<b>361,284,709</b>
		<b>100%</b>



## Notes to the Financial Statements (Continued)

	30 June 2019	30 June 2018
	Amounts in BDT	
<b>12 Capital redemption reserve</b>		
Capital redemption reserve	-	325,647,810
	-	<b>325,647,810</b>

### 13 Deferred tax (asset)/liabilities

#### As at 30 June 2019

Particulars	Note	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
Property, plant and equipment (excluding land)- (Note 13.2)		2,179,431,690	2,179,431,690	-
Gratuity provision		19,316,373	-	(19,316,373)
Taxable/(deductible) temporary difference		-	-	(19,316,373)
Applicable tax rate		-	-	25%
<b>Deferred tax (asset)/liabilities</b>		-	-	<b>(4,829,093)</b>

#### As at 30 June 2018

Particulars		Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
Property, plant and equipment (excluding land)		2,220,624,872	2,220,624,872	-
Gratuity provision		17,376,176	-	(17,376,176)
<b>Taxable/(deductible) temporary difference</b>		-	-	<b>(17,376,176)</b>
Applicable tax rate		-	-	25%
<b>Deferred tax (asset)/liabilities</b>		-	-	<b>(4,344,044)</b>

### 13.1 Deferred tax (income)/expense

Deferred tax (asset)/liabilities at the beginning of the year	(4,344,044)	263,915,897
Deferred tax (asset)/liabilities at the end of the year (Note 13)	(4,829,093)	(4,344,044)
<b>Deferred tax (income)/expense recognised</b>	<b>(485,049)</b>	<b>(268,259,941)</b>

- 13.2** The Company had been enjoying income tax exemption from its inception to 12 October 2013 (exemption expiry date) as an independent power producer. In the absence of specific legislation in connection with companies in such situation with regard to tax depreciation, the Company had taken its tax written down value as at the exemption expiry date to be the same as accounting written down value on that date. From then on, deferred tax was calculated considering temporary differences of KPCL-I only. Subsequently, the tax authorities completed the income tax assessment of the Company for the year ended 31 December 2014 whereby the tax depreciation charge on property, plant and equipment was assessed to be the same as the accounting depreciation charge, implying that there were no temporary differences between accounting net book value and tax written down value. The tax authorities took a similar position in the assessments for the following two financial periods also. Considering the consistent treatment by the tax authorities for three consecutive periods, the Company believes the tax written down value of property, plant and equipment to be the same as the accounting net book value as at 30 June 2019 and hence no temporary differences exist. On this basis, previously recognised deferred tax liability relating to property, plant and equipment has been reversed.

## Notes to the Financial Statements (Continued)

	30 June 2019	30 June 2018
	Amounts in BDT	
<b>14 Employee benefits</b>		
Staff gratuity (Note 14.1)	19,316,373	17,376,176
Earned leave encashment (Note 14.2)	6,419,365	6,053,566
	<b>25,735,738</b>	<b>23,429,742</b>

### 14.1 Staff gratuity

Opening balance	17,376,176	15,037,426
Add: Provision made during the year	1,940,197	2,338,750
	<b>19,316,373</b>	<b>17,376,176</b>
Less: Paid during the year	-	-
Closing balance	<b>19,316,373</b>	<b>17,376,176</b>

### 14.2 Earned leave encashment

Opening balance	6,053,566	5,424,749
Add: Provision made during the year	365,799	628,817
	<b>6,419,365</b>	<b>6,053,566</b>
Less: Paid during the year	-	-
Closing balance	<b>6,419,365</b>	<b>6,053,566</b>

### 15 Asset retirement obligation (ARO)

Opening balance	30,170,359	30,170,359
Provision made during the year	8,576,083	-
Closing balance	<b>38,746,442</b>	<b>30,170,359</b>

### 16 Loans and borrowings

Bank Alfalah Limited	440,000,000	607,086,292
Standard Chartered Bank	879,864,125	1,949,572,264
Citibank, NA	1,118,411,076	1,994,624,268
	<b>2,438,275,201</b>	<b>4,551,282,824</b>

The Company had the following facility arrangements with banks as at 30 June:

	Currency	2019		2018	
		Loan limit	Loan outstanding	Loan limit	Loan outstanding
Bank Alfalah Limited	BDT	1,300,000,000	440,000,000	1,300,000,000	607,086,292
Standard Chartered Bank	BDT	3,476,000,000	879,864,125	3,476,000,000	1,949,572,264
Citibank, NA	BDT	2,512,500,000	1,118,411,076	2,512,500,000	1,994,624,268
BRAC Bank Limited	BDT	1,000,000,000	-	1,000,000,000	-
		<b>8,288,500,000</b>	<b>2,438,275,201</b>	<b>8,288,500,000</b>	<b>4,551,282,824</b>

## Notes to the Financial Statements (Continued)

Securities for the facilities mentioned above are as below:

- a) 1st ranking hypothecation charge on paripassu basis with Citibank N.A., Standard Chartered Bank and Bank Alfalah Limited, registered with the Registrar over all present and future floating assets of the Company with irrevocable general power of attorney for working capital facility.
- b) 1st ranking hypothecation charge on paripassu basis with Citibank N.A. and Standard Chartered Bank, registered with the Registrar over plant and machineries of the Company with irrevocable general power of attorney for working capital facility.
- c) 1st pari passu charge over current assets of the Company for BDT 1,740 million.
- d) Hypothecation on plant and machinery for BDT 1,792.5 million.
- e) Hypothecation (floating charge) for BDT 1,792.5 million.
- f) Pari passu security sharing agreement for BDT 2,400 million.
- g) Personal guarantee for BDT 1,820 million.
- h) Corporate guarantee for BDT 1,960 million.
- i) Demand Promissory Note and Letter of continuation for BDT 3,476 million.
- j) Registered hypothecation over all present and future stocks and book debts of the Company on pari-passu basis with other lenders for the Company only. Standard Chartered Bank charge will be BDT 5,643.25 million in line with fifth modification to stock and book debts.
- k) Registered hypothecation for specific charge over plant and machinery and other fixed assets of KPCL-III power plant not less than BDT 1,800 million.
- l) Registered hypothecation over plant and machinery of KPCL-I power plant on pari passu basis with other lenders. Standard Chartered Bank charge will be BDT 2,400 million in line with fifth modification to plant and machinery.

### 17 Trade and other payables

Trade payable (Note - 17.1)  
Payable for expenses and others (Note - 17.2)  
Payable for interest on loan (Note - 17.3)

30 June 2019	30 June 2018
Amounts in BDT	
31,673,581	118,710,955
18,899,831	51,193,635
14,035,287	37,748,077
<b>64,608,698</b>	<b>207,652,667</b>

#### 17.1 Trade payable

Wartsila Switzerland Ltd  
Marine Power International F.Z.C.  
Sperre Industri A/S  
Summit Oil & Shipping Co. Ltd  
United Shipping & Logistic Services Ltd  
South Eastern Tank Terminal Ltd  
Fuel Cost-others

-	29,455,663
-	3,552,565
-	3,354,316
13,550,734	42,987,562
16,345,291	13,447,926
1,671,485	25,912,923
106,071	-
<b>31,673,581</b>	<b>118,710,955</b>

## Notes to the Financial Statements (Continued)

### 17.2 Payable for expenses and others

Withholding tax and vat  
Utilities  
Auditor's fee  
Lease rent  
Telephone, fax and e-mail  
Employee expenses  
Falcon Securities Ltd  
Employees' provident fund  
Mobil Jamuna Lubricants Limited  
Alif International Agency  
Payable for other operating expenses  
Others

30 June 2019	30 June 2018
Amounts in BDT	
1,083,085	1,019,822
35,694	33,214
675,000	675,000
285,869	707,702
57,597	57,597
12,852,792	9,322,793
532,818	532,818
550,808	300,642
4,650	5,471,578
-	164,247
-	30,142,357
2,821,518	2,765,865
<b>18,899,831</b>	<b>51,193,635</b>

### 17.3 Payable for interest on loan

Standard Chartered Bank  
Bank Alfalah Limited  
Citibank N.A.

8,135,708	7,258,151
2,120,069	5,377,088
3,779,510	25,112,838
<b>14,035,287</b>	<b>37,748,077</b>

### 18 Unclaimed dividend

Final cash dividend for the year 2009  
Final cash dividend for the year 2012  
Final cash dividend for the year 2013  
Final cash dividend for the year 2014  
Interim cash dividend for the period ended 30 June 2016  
Final cash dividend for the period ended 30 June 2016  
Final cash dividend for the year ended 30 June 2017  
Final cash dividend for the year ended 30 June 2018

8,399,445	8,399,445
2,231,460	2,231,460
6,352,460	6,362,149
5,981,153	6,058,398
4,581,625	4,627,675
3,518,800	3,553,974
3,969,635	354,907,558
3,301,517	-
<b>38,336,096</b>	<b>386,140,659</b>

The above amount represents cash dividend for the years 2009, 2012, 2013, 2014, 2015-2016, 2016-2017 and 2017-2018 that has remained unclaimed by the shareholders, which is deposited in dedicated bank accounts and is payable on demand.

### 19 Provision for income tax

Opening balance  
Provision for the year (Note 7)

137,000,000	429,000,000
15,000,000	137,000,000
152,000,000	566,000,000
(137,000,000)	(429,000,000)
<b>15,000,000</b>	<b>137,000,000</b>

Adjustment made for completion of assessment  
Closing balance

15,000,000	-
-	137,000,000
<b>15,000,000</b>	<b>137,000,000</b>

Provision for income tax consists of the following:  
Income year 2018-2019  
Income year 2017-2018  
Balance at end of the year



## Notes to the Financial Statements (Continued)

**19.1** KPCL-I was allowed tax exemption for a period of 15 years with effect from commencement of commercial production, vide SRO no. 114-Law/99 dated 26 May 1999 and amended time to time issued by Government of Bangladesh, under private sector power generation policy. This expired on 12 October 2013. Though after successful completion of the tenor the Company (KPCL-I) has been granted an extension for a further five-year term, no tax exemption facility has been given. Therefore, due income tax provision for the accounting year/period has been made in the accounts on the net profit of this unit (KPCL-I).

However, no provision is made for income tax for other two units (KPCL-II and KPCL-III), amalgamated with KPCL-I, as BPDB is responsible for payment of income taxes, other taxes, VAT, duties, levies and all other charges imposed inside Bangladesh on any payments made by BPDB to the Company from the start of its commercial operation.

	30 June 2019	30 June 2018
	Amounts in BDT	
<b>20 Revenue from contract with customer</b>		
Capacity payment	423,935,820	1,257,895,485
Rental payment	2,032,893,200	2,007,987,800
Energy payment - fuel payment	5,696,378,509	8,352,295,676
Energy payment - variable O & M payment	197,908,426	480,138,422
	<b>8,351,115,955</b>	<b>12,098,317,383</b>
Plant wise Revenue		
KPCL-1(110 MW)	1,435,960,054	4,368,966,370
KPCL-2(115 MW)	4,658,622,911	5,629,470,113
KPCL-1(40 MW)	2,256,532,990	2,099,880,900
	<b>8,351,115,955</b>	<b>12,098,317,383</b>
<b>Contract balances (Note -7.1)</b>	<b>2,364,690,049</b>	<b>3,686,513,919</b>
<b>21 Cost of sales</b>		
Consumption of heavy fuel oil (HFO) and related expenses (Note - 21.1)	5,900,832,363	8,760,390,571
Consumption of light fuel oil (LFO)	27,443,488	13,124,710
Consumption of lube oil	99,247,518	221,672,841
Consumption of spare parts (Note - 21.1)	193,828,035	342,186,082
Other operation and maintenance costs	128,500,930	148,713,724
Manned security services at plant site	6,731,193	6,734,023
Depreciation	281,958,964	328,779,555
	<b>6,638,542,490</b>	<b>9,821,601,506</b>
<b>21.1</b> The above expenses arise after considering various heavy fuel oil (HFO) and spare parts related expenses and adjustments which are not relevant with HFO and spare parts inventory. Hence, the actual consumption shown in inventory (note 6.1) will not directly match with the above mentioned expenses.		
<b>22 Other income</b>		
Sale proceeds of sludge, used lube oil and empty lube oil drums	2,938,707	2,040,680
Gain from disposal of assets	2,999	1,256,999
Handling commission & others	58,433,058	-
	<b>61,374,764</b>	<b>3,297,679</b>

## Notes to the Financial Statements (Continued)

### 23 General and administrative expenses

Salary and allowances  
Employer's contribution to provident fund  
Gratuity provision  
Earned leave provision  
Leave fare assistance  
Office rent and maintenance  
Telephone, fax and e-mail  
Advertisement, publicity, press and seminar  
Entertainment expenses  
Bank charges and commission  
Printing, postage and stationeries  
License fee - BIWTA  
Training expenses  
Travel and conveyance  
Vehicle fuel and maintenance  
Newspapers, books and periodicals  
Business promotion, subscription, gift and donation  
CSR/Social goodwill expenses  
Uniform and liveries  
Insurance premium  
Lease rent - BPDB  
Directors' fees and board meeting expenses  
Auditor's fee  
Legal, tax and other professional fees  
Survey, testing and inspection fees  
Company matters & share related expenses  
Performance bond/bank guarantee charges  
Computer consumable and maintenance  
General Meeting (AGM/EGM) expenses  
Depreciation - Other property, plant and equipment  
VAT expenses  
Bad debt Expenses  
Other operating expenses  
Miscellaneous and incidental expenses

### 24 Foreign exchange gain/(loss)

Receivable from BPDB  
US Dollar bank accounts  
Working capital loan and interest for acceptance of HFO L/Cs  
Accounts payable  
Others

	30 June 2019	30 June 2018
	Amounts in BDT	
Salary and allowances	28,945,766	28,526,340
Employer's contribution to provident fund	1,115,700	1,138,800
Gratuity provision	1,940,197	2,338,750
Earned leave provision	365,799	628,817
Leave fare assistance	356,608	533,157
Office rent and maintenance	6,770,231	6,604,791
Telephone, fax and e-mail	428,669	409,873
Advertisement, publicity, press and seminar	2,246,229	954,550
Entertainment expenses	708,904	68,454
Bank charges and commission	1,793,140	1,547,628
Printing, postage and stationeries	857,854	418,173
License fee - BIWTA	549,775	3,066,306.00
Training expenses	44,606	18,789
Travel and conveyance	510,410	446,809
Vehicle fuel and maintenance	153,560	143,704
Newspapers, books and periodicals	18,339	24,727
Business promotion, subscription, gift and donation	6,124,135	6,127,732
CSR/Social goodwill expenses	3,621,158	3,663,194
Uniform and liveries	29,400	27,720
Insurance premium	20,633,791	21,617,031
Lease rent - BPDB	6,754,528	6,921,328
Directors' fees and board meeting expenses	1,712,460	1,801,371
Auditor's fee	675,000	675,000
Legal, tax and other professional fees	2,752,125	1,448,400
Survey, testing and inspection fees	3,883,458	4,175,179
Company matters & share related expenses	469,327	53,250
Performance bond/bank guarantee charges	1,238,292	2,266,282
Computer consumable and maintenance	44,802	491,492
General Meeting (AGM/EGM) expenses	2,047,588	2,120,481
Depreciation - Other property, plant and equipment	4,467,259	6,107,708
VAT expenses	818,597	7,141,531
Bad debt Expenses	85,221,997	-
Other operating expenses	-	5,189,851
Miscellaneous and incidental expenses	677,269	2,922,278
	<b>187,976,973</b>	<b>119,619,496</b>
<b>24 Foreign exchange gain/(loss)</b>		
Receivable from BPDB	8,304,286	19,925,786
US Dollar bank accounts	8,524,492	2,598,231
Working capital loan and interest for acceptance of HFO L/Cs	(73,067,871)	(127,670,616)
Accounts payable	(613,912)	(4,811,195)
Others	-	-
	<b>(56,853,005)</b>	<b>(109,957,794)</b>

## Notes to the Financial Statements (Continued)

	30 June 2019	30 June 2018
	Amounts in BDT	
<b>25 Finance income</b>		
Interest on FDR and SND	154,810,272	230,184,299
	<b>154,810,272</b>	<b>230,184,299</b>
<b>26 Finance costs</b>		
Interest on short term loans	225,086,576	192,317,600
Other financial charges	20,612,083	17,552,323
	<b>245,698,659</b>	<b>209,869,923</b>
<b>27 Income tax expense</b>		
Current tax (Note 19)	15,000,000	137,000,000
Adjustment made for completion of assessment	32,683,459	(29,874,564)
Deferred tax (income)/expense (Note 13.1)	(485,049)	(268,259,941)
	<b>47,198,410</b>	<b>(161,134,505)</b>
<b>28 Earnings per share</b>		
<b>28.1 Basic earnings per share</b>		
Earnings per share (EPS) is calculated in accordance with the IAS 33: Earnings Per Share. The composition of EPS is given below.		
Profit attributable to the ordinary shareholders (basic)	1,391,031,453	2,231,885,147
Number of shares outstanding (Note -11)	397,413,179	361,284,709
<b>Earnings per share (EPS)</b>	<b>3.50</b>	<b>6.18</b>
During the year ended on 30 June 2019 EPS has been decreased by 43.37% (from BDT 6.18 to BDT 3.50) mainly due to KPCL 110 MW power plant is not in operation from 13th October 2018 and increasing share capital for issuing 10% bonus share in the previous year is also the cause of lower EPS.		
<b>28.2 Diluted earnings per share</b>		
No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year.		
<b>29 Net asset value per share</b>		
Net assets (Note - 29.1)	10,016,038,813	9,708,861,487
Number of shares outstanding (Note - 11)	397,413,179	361,284,709
<b>Net asset value per share</b>	<b>25.20</b>	<b>26.87</b>
<b>29.1 Net assets</b>		
Total assets	12,636,740,988	15,044,537,738
Total liabilities	2,620,702,175	5,335,676,251
<b>Net assets</b>	<b>10,016,038,813</b>	<b>9,708,861,487</b>

## Notes to the Financial Statements (Continued)

	30 June 2019	30 June 2019
	Amounts in BDT	
<b>30 Net operating cash flow per share</b>		
Net cash generated from operating activities	2,465,624,071	946,012,372
Number of shares outstanding (Note -11)	397,413,179	361,284,709
<b>Net operating cash flow per share</b>	<b>6.20</b>	<b>2.62</b>
<b>31 Reconciliation of net profit with cash flow from operating activities</b>		
<b>Profit for the year</b>	<b>1,391,031,453</b>	<b>2,231,885,147</b>
<b>Adjustment for:</b>		
Depreciation	286,426,223	334,887,263
Foreign exchange gain/loss	56,853,005	(2,598,231)
Gain from disposal of assets	(2,999)	(1,256,999)
Deferred tax income	(485,049)	(268,259,941)
Cost of sales-Inventory consumption	6,221,351,404	-
Handling commission & others	(58,433,058)	-
Gratuity provision	1,940,197	-
Earned leave provision	365,799	-
Bad debt Expenses	85,221,997	-
Finance charge for ARO	8,576,083	-
Tax Provision for the year	15,000,000	-
<b>Changes in:</b>		
Inventories	(6,508,141,225)	178,749,647
Trade & other receivables	1,194,009,789	(789,655,283)
Advances, deposits & prepayments	(139,382,222)	12,358,269
Current tax assets	(3,482,503)	171,746,125
Trade & other Payables	(85,224,823)	(632,811,192)
Employee benefits	-	2,967,567
Provision for income tax	-	(292,000,000)
<b>Net cash generated from operating activities</b>	<b>2,465,624,071</b>	<b>946,012,372</b>
<b>32 Operating leases</b>		
See accounting policy in note 39N		
KPCL-I & KPCL-II are obligated under non-cancellable lease for use of land leased out by BPDB that are renewable on a periodic basis, at the option of both lessor and lessee. Initially, two separate indenture of lease were made between BPDB (the lessor) and KPCL-I (the lessee) and KPCL-II (the lessee) for 17 years and 5 years effective from 5 February 1998 and 16 August 2010 respectively. BPDB has taken possession of land from Padma Oil Company Ltd. (POCL) pursuant to lease agreement between POCL and BPDB. Both leases have been extended for a further 5 years effective from 1 January 2015 for KPCL-I and 16 August 2016 for KPCL-II.		
<b>The future minimum lease payments in respect of operating leases as at:</b>		
Not later than one year	3,892,406	7,326,267
Later than one year but not later than five years	2,060,568	10,417,122
	<b>5,952,974</b>	<b>17,743,389</b>
Rental expenses under non-cancellable operating leases aggregated BDT 6,754,528 for the year ended 30 June 2019 and BDT 6,921,328 for the year ended 30 June 2018.		



## Notes to the Financial Statements (Continued)

### 33 Related parties

#### a) Transactions with key management personnel

Key management personnel compensation comprised the following.

##### Transactions

	30 June 2019	30 June 2018
	Amounts in BDT	
Fees to directors	1,712,460	1,750,000
Salaries and benefits	18,775,433	18,754,391
Bonus	3,290,500	4,804,000

#### b) Other related party transactions

	Transaction values for the year ended 30 June		Receivable/(payable) outstanding as at 30 June	
	2019	2018	2019	2018
<b>Sale of goods and services</b>				
Summit Oil & Shipping Co. Ltd	(90,567,034)	(84,103,043)	90,567,034	49,103,043
Neptune Commercial Ltd	-	(1,402,500)	-	-
	<b>(90,567,034)</b>	<b>(85,505,543)</b>	<b>90,567,034</b>	<b>49,103,043</b>
<b>Procurement of goods and services</b>				
United Energy Trading Pte Ltd	(183,643,786)	(3,786,107,253)	-	-
United Shipping & Logistic Services Ltd	(3,346,002,913)	(367,344,979)	(16,345,291)	(13,447,926)
Summit Asia Pacific Pte Ltd	(2,625,391,093)	(3,689,955,623)	-	-
Summit Oil & Shipping Co. Ltd	(98,388,938)	(127,108,673)	(13,550,734)	(42,987,562)
Khulna Power Operations & Services Ltd	(86,380,720)	(100,300,000)	1,955,727	3,170,168
	<b>(6,339,807,450)</b>	<b>(8,070,816,528)</b>	<b>(27,940,298)</b>	<b>(53,265,320)</b>

## Notes to the Financial Statements (Continued)

### 34 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by it, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### 34.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is mainly attributable to trade and other receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Company's receivables arise from a Government entity, viz, Bangladesh Power Development Board (BPDB) to whom the Company's sales are made under the conditions of the power purchase agreement and contract for supply of electricity on rental basis. Sales made to this entity is fully secured by letters of credit issued by local scheduled banks.

#### a) Exposure to credit risk

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

	30 June 2019	30 June 2018
	Amounts in BDT	
Trade and other receivables (Note 7)	2,497,692,290	3,810,057,978
Deposits (Note 9)	1,582,336	1,582,336
Cash and cash equivalents - except cash in hand (Note 10)	1,264,449,732	2,636,597,517
	<b>3,763,724,358</b>	<b>6,448,237,831</b>

#### b) Ageing of trade receivables and other receivables

Neither past due nor impaired	1,320,054,972	2,132,144,837
Past due 1-30 days	417,120,912	975,316,093
Past due 31-60 days	1,040,565	3,421,852
Past due 61-90 days	10,758,687	2,145,939
Past due 91-120 days	10,763,557	1,960,154
Past due above 120 days	604,951,356	695,069,103
	<b>2,364,690,049</b>	<b>3,810,057,978</b>

#### c) Impairment losses

There were no impairment losses to be recognised for such instrument for the year.

Notes to the Financial Statements (Continued)

34.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

30 June 2019		Contractual cash flows					
Particulars	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Loans and borrowings	2,438,275,201	2,438,275,201	954,705,238	1,483,569,963	-	-	-
Trade and other payables	64,608,698	64,608,698	22,185,598	42,423,100	-	-	-
Unclaimed dividend	38,336,096	38,336,096	38,336,096	-	-	-	-
Provision for income tax	15,000,000	15,000,000	-	15,000,000	-	-	-
Employee benefits	25,735,738	25,735,738	-	-	-	25,735,738	-
Asset retirement obligation (ARO)	38,746,442	38,746,442	-	-	-	38,746,442	-
	2,620,702,175	2,620,702,175	1,015,226,932	1,540,993,063	-	64,482,180	-

30 June 2018		Contractual cash flows					
Particulars	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Loans and borrowings	4,551,282,824	4,551,282,824	2,139,581,495	2,411,701,329	-	-	-
Trade and other payables	207,652,667	207,652,667	36,362,544	171,290,123	-	-	-
Unclaimed dividend	386,140,659	386,140,659	386,140,659	-	-	-	-
Provision for income tax	137,000,000	137,000,000	-	137,000,000	-	-	-
Employee benefits	23,429,742	23,429,742	-	-	-	23,429,742	-
Asset retirement obligation (ARO)	30,170,359	30,170,359	-	-	-	30,170,359	-
	5,335,676,251	5,335,676,251	2,562,084,698	2,719,991,452	-	53,600,101	-

Notes to the Financial Statements (Continued)

34.3 Market risk

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

a) Currency risk

The Company is exposed to currency risk on revenue and certain expenses such as procurement of heavy fuel oil, spare parts and purchase of capital items. Majority of the Company's foreign currency transactions are denominated in United States Dollar (USD) and Euro (EUR) and related to revenue and procurement of heavy fuel oil and spare parts. The Company maintains USD denominated bank accounts where receipts from BPDB are deposited.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	30 June 2019		30 June 2018	
	USD	EUR	USD	EUR
Trade and other receivables	10,345,288	-	10,617,697	-
Cash at bank (Note 10.1)	491	-	1,626,275	-
Loans and borrowings	(16,902,666)	-	(39,137,823)	-
Trade and other payables	-	-	-	-
Net exposure	(6,556,887)	-	(26,893,851)	-

The following exchange rates were applied during the year:

	Year end spot rate	
	2019	2018
United States Dollar (USD)	84.50	83.75
Euro (EUR)	98.54	99.87

Source: BRAC Bank TT OD rate

Sensitivity analysis

A reasonably possible strengthening (weakening) of foreign currency against BDT at 30 June would have effected the measurement of financial instruments denominated in a foreign currency and increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

30 June 2019

Effects in BDT

USD (3 percent movement)  
EUR (3 percent movement)

Strengthening profit or (loss)	Weakening profit or (loss)
(16,621,709)	16,621,709
-	-
(16,621,709)	16,621,709

30 June 2018

Effects in BDT

USD (3 percent movement)  
EUR (3 percent movement)

Strengthening profit or (loss)	Weakening profit or (loss)
(67,570,800)	67,570,800
-	-
(67,570,800)	67,570,800

b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. Loans and borrowings are affected by fluctuations in interest rates as the rate is of LIBOR plus variable rate ranging from 1.3% to 1.5%.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	Nominal amount	
	2019	2018
In BDT		
Fixed rate instruments		
Financial liabilities	-	-
	-	-
Variable rate instruments		
Loans and borrowings	2,438,275,201	4,551,282,824
	2,438,275,201	4,551,282,824



## Notes to the Financial Statements (Continued)

### c) Accounting classifications and fair values

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 June 2019	Notes	Carrying amount							Fair value				
		Fair value - hedging instruments	Mandatorily at FVTPL - others	FVOCI - debt instruments	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value													
Trade and other receivables	7	-	-	-	-	2,497,692,290	-	2,497,692,290	-	-	-	-	-
Deposits	9	-	-	-	-	1,582,336	-	1,582,336	-	-	-	-	-
Cash and cash equivalents		-	-	-	-	1,264,485,317	-	1,264,485,317	-	-	-	-	-
		-	-	-	-	3,763,759,943	-	3,763,759,943	-	-	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value													
Loans and borrowings	16	-	-	-	-	-	-	2,438,275,201	2,438,275,201	-	-	-	-
Trade and other payables	17	-	-	-	-	-	-	64,608,698	64,608,698	-	-	-	-
Unclaimed dividend	18	-	-	-	-	-	-	38,336,096	38,336,096	-	-	-	-
Provision for income tax	19	-	-	-	-	-	-	15,000,000	15,000,000	-	-	-	-
		-	-	-	-	-	-	2,556,219,995	2,556,219,995	-	-	-	-
30 June 2018	Notes	Carrying amount							Fair value				
		Fair value - hedging instruments	Mandatorily at FVTPL - others	FVOCI - debt instruments	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value													
Trade and other receivables	7	-	-	-	-	3,810,057,978	-	3,810,057,978	-	-	-	-	-
Deposits	9	-	-	-	-	1,582,336	-	1,582,336	-	-	-	-	-
Cash and cash equivalents	10	-	-	-	-	2,636,641,805	-	2,636,641,805	-	-	-	-	-
		-	-	-	-	6,448,282,119	-	6,448,282,119	-	-	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value													
Loans and borrowings	16	-	-	-	-	-	-	4,551,282,824	4,551,282,824	-	-	-	-
Trade and other payables	17	-	-	-	-	-	-	207,652,667	207,652,667	-	-	-	-
Unclaimed dividend	18	-	-	-	-	-	-	386,140,659	386,140,659	-	-	-	-
Provision for income tax	19	-	-	-	-	-	-	137,000,000	137,000,000	-	-	-	-
		-	-	-	-	-	-	5,282,076,150	5,282,076,150	-	-	-	-

## Notes to the Financial Statements (Continued)

### 35 Contingencies and commitments

Contingent liabilities relating to bank guarantees amounted to:

Name of the party	Expiry date	Amounts in BDT	
		30 June 2019	30 June 2018
BPDB (for KPCL-I)	30 June 2019	234,750,000	234,750,000
BPDB (for KPCL-II)	23 July 2019	250,412,500	239,200,000
BPDB (for KPCL-III)	23 July 2019	87,100,000	83,200,000
		<b>572,262,500</b>	<b>557,150,000</b>

The Company received assessment orders for the assessment years 1999-2000, 2006-2007, 2007-2008 and 2008-2009 where tax authority has claimed BDT 11,544,504. The Company has appealed against these and is confident of satisfactory resolution. Hence, no provision has been made for these claims.

The Company has outstanding letters of credit amounting to USD 9,005,959.61 (2018: USD 9,000,000), and Euro 61,508.42 (2018: Euro 87,725) against which it is committed to purchase spare parts and heavy fuel oil.

### 36 Capacity

Name of plants	Licensed capacity (MW)	Installed capacity (MW)	Plant factor (% on licensed capacity)	Energy generated (MW)	Energy sold (MW)
<b>KPCL-I:</b>					
July 2018 to 12 Oct 2018	110	114	Average 38.03	110,058	107,590
July 2017 to June 2018	110	114	Average 43.15	428,293	420,227
<b>KPCL-II:</b>					
July 2018 to June 2019	115	119	Average 32.44	337,096	326,705
July 2017 to June 2018	115	119	Average 55.32	571,023	558,435
<b>KPCL-III:</b>					
July 2018 to June 2019	40	44	Average 49.89	180,532	175,547
July 2017 to June 2018	40	44	Average 59.59	213,528	208,959

### 37 Particulars of employees

During the year ended 30 June 2019 there were 14 permanent employees (30 June 2018: 14) who received salary of BDT 36,000 or above per year. All permanent employees of plant have been outsourced from Khulna Power Operations & Services Ltd. (KPOSL) from 1 July 2016.

## Notes to the Financial Statements (Continued)

### 38 Basis of measurement

The financial statements have been prepared on historical cost basis except for asset retirement obligations (ARO) which is measured at present value of expected future expenditure.

### 39 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Set out below is an index of the significant accounting policies, the details of which are available on the current and following pages:

A	Revenue from contract with customer
B	Inventories
C	Property, plant and equipment
D	Capital work in progress
E	Finance income and finance cost
F	Foreign currency transaction
G	Income tax
H	Financial instruments
I	Share capital
J	Provisions
K	Employee benefits
L	Workers' profit participation fund (WPPF)
M	Impairment
N	Leases
O	Contingencies
P	Capital redemption reserve
Q	Earnings per share (EPS)
R	Dividends
S	Statement of cash flows

#### A Revenue from contract with customer

Revenue is recognised in the statement of profit or loss and other comprehensive income upon supply of electricity to BPDB, quantum of which is determined by survey of meter reading as per Power Purchase Agreement/Contract for Supply of Electricity on Rental Basis with BPDB for the Company.

#### Revenue from contract with customer – Policy applicable from 1 July 2018 as per IFRS 15.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and other incentives, if any, as specified in the contract with the customer. Revenue also includes taxes or other amounts collected from customers.

#### i) Revenue from Power Supply

The Company's contracts with customers for the sale of electricity generally include one performance obligation. The Company has concluded that revenue from sale of electricity should be recognised at the point in time when electricity is transferred to the customer.

The Company adopted IFRS 15 using the modified retrospective method of adoption. The adoption of the standard did not have not any impact on the financial statements of the Company.

## Notes to the Financial Statements (Continued)

### B Inventories

Inventories are measured and stated at cost less allowance for obsolescence. These are for use in the operation and maintenance of power plants. As inventories are for internal use, the value is unlikely to diminish.

### C Property, plant and equipment

#### i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner. The cost of self constructed asset includes the cost of material, direct labour and any other cost directly attributable to bringing the assets to a working condition for their intended use. The costs of obligations for dismantling and removing the item and restoring the site (generally called 'asset retirement obligation') are recognised and measured in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

#### ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

#### iii. Depreciation

Depreciation on power plant has been charged considering 30 years of useful life and residual value at 15% of original cost, on straight line basis on the ground that the management intends to continue with operation after completion of Power Purchase Agreement (PPA) and Contract for Supply of Electricity on Rental Basis. Addition during the period is depreciated for full period irrespective of date of capitalisation, while no depreciation is charged in the period of disposal. For initial year of the project, depreciation has been charged from the date of commercial operation in respect of power plant.

The estimated useful lives of property, plant and equipment are as follows:

Asset category	In Years
Power plant	30
Motor vehicles	4
Building and construction	10
Furniture and fixtures	5
Office equipment(KPCL-II & KPCL- III are in 4 years)	5
Office renovation	5

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### iv. Retirement and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses arising from the retirement or disposal of an asset is determined by the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### v. Capitalisation of borrowing cost

Finance cost that is directly attributable to the construction of power plant is included in the cost of the asset in compliance with IAS 23: Borrowing Costs. Capitalisation of borrowing costs ceases upon receipt of commercial operations date (COD) certificate from BPDB which confirms that the plant is ready for intended use.



## Notes to the Financial Statements (Continued)

### D Capital work in progress

Property, plant and equipment that is in the process of construction/acquisition/import is accounted for as capital work in progress until construction/acquisition/import is completed and measured at cost. Capital work in progress consists of legal costs incurred for the purchase of land for set-up of factory and warehouse.

### E Finance income and finance cost

The Company's finance income and finance costs include:

- interest income
- interest expense

Interest income is recognised on accrual basis.

Interest expenses comprise interest expense on loans, overdraft, bank charges and other finance related costs. All borrowing costs are recognised in the statement of profit or loss and other comprehensive income using effective interest method except to the extent of amounts that are capitalised during construction period of the project in accordance with IAS 23: Borrowing cost.

### F Foreign currency transaction

Transactions in foreign currencies are translated to BDT at exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into BDT at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into BDT at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss or statement of comprehensive income.

### G Income tax

Income tax expenses comprises current and deferred tax. It is recognised in profit and loss except to the extent that relates to an item recognised directly in equity or in other comprehensive income (OCI).

#### i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

As per the enacted tax law, applicable tax rate for the Company is currently 25%.

#### ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes. Deferred tax is not recognised for:

- a) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss;
- b) Temporary differences related to investment in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and

## Notes to the Financial Statements (Continued)

- c) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

### H Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### ii. Classification and subsequent measurement

Financial assets – Policy applicable from 1 July 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Financial Statements (Continued)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment: Policy applicable from 1 July 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 July 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets include cash and cash equivalents , trade receivables, other receivables and deposits.

Notes to the Financial Statements (Continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at banks and fixed deposits receipt which are held and available for use by the Company without any restriction. For the purposes of statement of cash flow, cash and cash equivalents comprise cash in hand, deposits held at financial institutions and short-term highly liquid investments with maturities of three months or less from the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade receivables

Trade receivables consists of unpaid bills receivable from Bangladesh Power Development Board ("BPDB"). Trade receivables are recognised initially at original invoice amount and subsequently measured at the remaining amount less allowances for doubtful receivables at the year-end.

Other receivables

Other receivables are stated at amounts which are considered realisable.

Deposits

Deposits are measured at payment value.

iii Financial liabilities

Financial liabilities are recognised initially on the transaction date at which the Company becomes a party to the contractual provisions of the liability except the amount payable for letter of credit. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. Financial liabilities include project loan, trade payables and other current liabilities.

I Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12: Income Taxes.

J Provisions

Provisions are recognised at the reporting date if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.



## Notes to the Financial Statements (Continued)

### Asset retirement obligations (ARO)

Asset retirement obligations (ARO) are recognised when there is a legal or constructive obligation as a result of past event for dismantling and removing an item of property, plant and equipment and restoring the site on which the item is located and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its present value. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The Company recognises ARO in respect of project's site based on the present value of expected expenditures required to settle the obligation. The periodic unwinding of the discount is recognised in profit or loss as a finance cost as and when it occurs.

### K Employee benefits

#### i. Defined contribution plans (provident fund)

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The Company maintains a provident fund (CPF) for all local employees, recognised by the National Board of Revenue, Bangladesh. This is a defined contribution scheme as per IAS 19: Employee Benefits. All permanent employees contribute 10% of their basic salary to the provident fund and the Company also makes equal contribution.

#### ii. Defined benefit plans (gratuity)

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company operates an unfunded gratuity scheme, which is a defined benefit scheme, a provision in respect of which is made periodically covering all permanent employees by applying period of employment to latest basic salary. No valuation was done to quantify actuarial liabilities as per IAS 19: Employee Benefits.

#### iii. Earned leave encashment policy

The Company also has a policy of earned leave encashment for head office employees. Under this policy, an employee is allowed twenty one days earned leave for each completed twelve months of continuous service with a maximum accumulation of one hundred and five days.

### L Workers' profit participation fund (WPPF)

The government of Bangladesh has made an amendment to the Labour Law 2006 in July 2013. As per amended section-232 (chha) of the Act, any undertaking carrying on business to earn profit is liable to make provision for WPPF at 5% of the net profit and it also needs to be distributed within 9 months of the statement of financial position/balance sheet date.

Provision of the Chapter-XV of the Labour Act 2006, as amended by Bangladesh Labour Amendment Act 2013 is not wholly applicable to the Company because it does not have any employee who may fall under the category of "Beneficiary" as per the special definitions stipulated in Section-233(1-i) of the Act. All persons working in the Company, by virtue of the nature of work they do and by designation, are part of the 'Management Authority' who are expressly excluded from the scope of the special definition of the term 'Beneficiary' in the Act, rather they come under the purview of the term 'Owner' as stipulated in the special definition in Section-233(1-ee) of the Act.

## Notes to the Financial Statements (Continued)

This position is supported by external legal opinion obtained by the Company. Accounting treatment adopted by the Company in this matter reflects Company's position.

### M Impairment

#### Impairment

##### i) Financial assets

Receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, etc.

##### (ii) Non-financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The Company assesses at each reporting date whether there is any indication that an asset or a Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or CGU. The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use. Carrying amount of the asset is reduced to its recoverable amount by recognising an impairment loss if, and only if, the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognised immediately in profit or loss and other comprehensive income, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease. As at 30 June 2019, the assessment of indicators of impairment reveals that impairment testing is not required for the Company.

##### (iii) Inventories

Inventories are measured at the lower of cost and net realisable value. These are for use in the operation and maintenance of power plants. As inventories are for internal use, the value is unlikely to diminish.

### N Leases

#### i. Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

## Notes to the Financial Statements (Continued)

### ii. Leased assets

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

### iii. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## O Contingencies

Contingencies arising from claims, litigation assessments, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can reasonably be measured.

### i. Contingent liability

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability should not be recognised in the financial statements, but may require disclosure. A provision should be recognised in the period in which the recognition criteria of provision have been met.

### ii. Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset must not be recognised. Only when the realisation of the related economic benefits is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

## P Capital redemption reserve

The redeemable cumulative class 'A' preference shares have been redeemed out of profits and the face value of the shares redeemed have been transferred to the capital redemption reserve account accordingly.

## Notes to the Financial Statements (Continued)

## Q Earnings per share (EPS)

The Company represents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by the adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the affects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no potential dilutive ordinary shares during the year ended 30 June 2019.

## R Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the annual general meeting, while interim dividend distributions are recognised in the period in which the dividends are declared and paid.

## S Statement of cash flows

Statement of cash flows have been prepared in accordance with the IAS 7: Statement of cash flows under direct method.

## 40 Standards issued but not yet effective

IFRS 16: Leases, effective from annual periods beginning on or after 1 January 2019 and earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16. However, the company has not early applied this standard in preparing the financial statements.

### (i) IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

## 41 Segment Reporting

The Company is mainly engaged in the business of generation and selling of electricity to BPDB. Considering the nature of Company's business and operations only one reportable segment in accordance with the requirements of IFRS 8 'Operating Segment Reporting' prescribed under such there are no reportable geographical segments.



Notes to the Financial Statements (Continued)

42 Comparatives and rearrangement

Comparative information has been disclosed in respect of 2018 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

To facilitate comparison, certain relevant balances pertaining to the previous year have been rearranged/restated/reclassified whenever considered necessary to conform to current year's presentation.

43 Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

The Board of Directors of the Company recommended 40% (BDT4 per share) cash dividend amounting to BDT1,589,652,716 for the year ended 30 June 2019 at the board meeting held on 23 October 2019. The dividend is subject to final approval by the shareholders at the forthcoming annual general meeting of the Company.

In accordance with IAS 10: Events after the Reporting Period, the proposed final dividend is not recognised in the statement of financial position.

There are no other events identified after the date of the statement of financial position which require adjustment or disclosure in the accompanying financial statements.

44 Going concern

The Company has adequate resources to continue in operation for the foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statements. The current resources of the Company provide sufficient fund to meet the present requirements of its existing business.



KHULNA POWER COMPANY LTD.

Landmark (3rd floor), 12-14 Gulshan North C/A, Gulshan - 2, Dhaka 1212

Proxy Form

I/We.....of.....  
..... being a member of Khulna Power Company Ltd. hereby appoint

Mr./Ms.....of.....  
as my proxy to attend and vote for me on my behalf at the 21<sup>st</sup> Annual General Meeting of the Company to be held at 11.00 a.m. on Sunday, the 1st December 2019 at Golf Garden, Army Golf Club, Airport Road, Dhaka Cantonment (Opposite to Hotel Radisson), Dhaka.

Signed this .....day of ..... 2018.

Signature of the Shareholder (s)	Signature of the Proxy																				
Number of Shares held .....	BO ID No. (Proxy) <table><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																				
BO ID NO. (Shareholder)	<table><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																				

Note: A member entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in his/her stead. The proxy form, duly stamped, must be deposited at the Registered Office of the Company not later than 48 hours before the time appointed for the meeting.

Revenue Stamp	Signature Verified
	Authorised Signatory



KHULNA POWER COMPANY LTD.

Landmark (3rd floor), 12-14 Gulshan North C/A, Gulshan - 2, Dhaka 1212

SHAREHOLDERS' ATTENDANCE SLIP

I/We hereby record my attendance at the 21<sup>st</sup> Annual General Meeting of the Company to be held at 11.00 a.m. on Sunday, the 1st December 2019 at Golf Garden, Army Golf Club, Airport Road, Dhaka Cantonment (Opposite to Hotel Radisson), Dhaka.

Name of the member/Proxy (in Block Letter)																					
BO ID No. of Shareholder	<table><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																				
Mobile Number of Shareholder																					
E-mail address (if any)																					

Signature of the Member	Signature Verified by
	Authorised Signatory of the Company

Note: 1. Please note that AGM can only be attended by the honourable shareholder or properly constituted proxy. Therefore, any friend or children accompanying with honourable shareholder or proxy cannot be allowed in to the meeting.  
2. Please present this slip at the reception desk.



## **Khulna Power Company Ltd.**

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12-14 Gulshan North C/A  
Gulshan-2, Dhaka 1212, Bangladesh

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