

# 2008

## SUMMIT POWER LIMITED

### ANNUAL REPORT

Empowering Bangladesh, We can and we will : Summit's Commitment



Empowering Bangladesh  
we can and we will

## Objectives

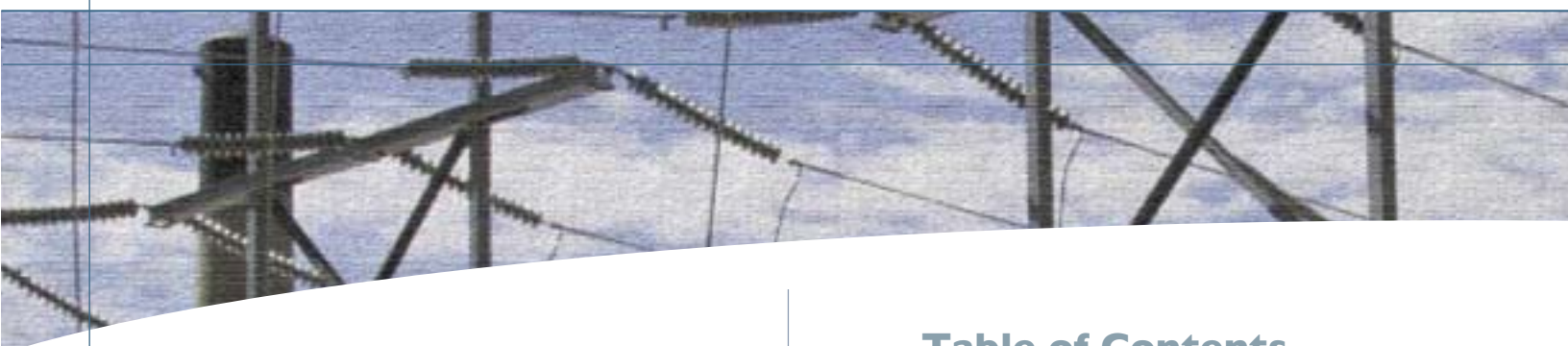
- Generate and provide uninterrupted reasonably priced electricity to our customers.
- Efficient utilization of Capital, Machines, Material and Human Resources.
- Continuous improvement of customer satisfaction and resource management.

## Mission

**“Empowering Bangladesh, we can & we will.”**

To expand the company into a power generation capacity to the tune of 1000 MW which is a modest 20% of the electricity requirement of Bangladesh.





## Vision

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

## Table of Contents

Company Information	2
Corporate Directories	3
Notice of the 12th AGM	4
Chairman's Speech	7
Introducing the Directors	10
Success Milestones	14
Statement of Corporate Governance	16
Financial Highlights	18
Directors' Report to the Shareholders	21
Compliance Report on SEC's Notification	29
Shareholding Information	30
Management Committee	31
Management Team	32
Introducing the Senior Executives	34
Memorable Events for 2008	38
Auditors Report & Financial Statements	41
Proxy form	Annexed

# Company Information

Summit Power Limited (SPL), sponsored by Summit Group, is the first Bangladeshi Independent Power Producer (IPP) in Bangladesh and until now the only local company in private electricity generation and supply business providing power to national grid. SPL was incorporated in Bangladesh on March 30, 1997 as a Private Limited Company. On June 7, 2004 the Company was converted to Public Limited Company under the Companies Act 1994.

Summit Power Limited has successfully established in the year 2001 three power plants each with 11 MW capacity for sale of electricity to Rural Electrification Board (REB) under Build, Own and Operate basis at Savar, Narsingdi and Comilla. The company has already expanded its total generation capacity to 105 MW. Summit

Power Limited is implementing another four power plants totaling a capacity of 110 MW through its two subsidiary companies Summit Uttaranchol Power Company Limited and Summit Purbanchol Power Company Limited.

Out of the four power plants, two 33 MW power plants each located at Jangalia, in Comilla and Rugganj in Narayanganj will be established through Summit Purbanchol Power Company Limited and one 33 MW power plant located at Maona in Gazipur and one 11 MW power plant located at Ullapara in Sirajgonj will be established through Summit Uttaranchol Power Company Limited.

With the establishment of the new projects generation capacity will be raised to 215 MW.

Considering the immense opportunities, the company is striving to establish more small power plants ranging 10MW to 50MW around the country. The fast-growing company has set a mission to expand the company with a power generation capacity to the tune of 1000 MW, which is a modest 20% of the electricity requirement in Bangladesh.



# Corporate Directories

## BOARD OF DIRECTORS

Muhammed Aziz Khan, Chairman  
Md. Farid Khan, Vice-Chairman  
Tauhidul Islam, Managing Director  
Anjuman Aziz Khan, Director  
Md. Latif Khan, Director  
Ayesha Aziz Khan, Director  
Mr. Jafer Ummeed Khan, Director  
Helal Uddin Ahmed, Director  
Syed Fazlul Haque FCA, Director  
Abbas Uddin Ahmed, Director  
Faisal Karim Khan, Director

### Company Secretariat

Mahmud Hasan FCMA, Company Secretary  
Rahmat-e-Rabbi, Manager

### Registered Office

Summit Centre  
18, Kawran Bazar C/A  
Dhaka-1215  
Phone-9137485-6  
Fax-913 9284  
email: spl@summitpower.org  
web: www.summitpower.org

### Power Plants

Ashulia-Savar  
Madhabdi-Narshingdi  
Chandina-Cornilla

### Auditors

Rahman Rahman Huq  
Member Firm of KPMG  
9, Mohakhali C/A, Dhaka

### Legal Advisor

Mahmood Jabbar Khan  
Barristers & Advocates  
Summit Centre (6th floor)  
18, Kawran Bazar C/A  
Dhaka-1215

### Main Bankers

Standard Chartered Bank  
Dutch Bangla Bank Ltd.  
Commercial Bank of Ceylon  
The Premier Bank Ltd.  
Bank Al Falah Ltd.  
Shahjalal Islami Bank Ltd.  
IIDFC  
IDCOL  
BRAC Bank Ltd.  
Bank Asia Ltd.  
Sonali Bank Ltd.



# Notice

## of the 12th Annual General Meeting

**Notice** is hereby given that the 12th Annual General Meeting of the Shareholders of Summit Power Limited will be held on Thursday the 25th day of June, 2009, at Bangladesh China Friendship Conference Centre, Sher-E-Bangla Nagar, Dhaka-1216, at 10.30 A.M to transact the following businesses:

### Agenda:

1. To receive and adopt the Directors Report and the audited financial statements for the year ended December 31, 2008 together with the auditors report thereon.
2. To declare dividend for the year 2008 as recommended by the Board of Directors.
3. To elect Directors in place of those retiring under Article 20(c) and 23(a) of the Company's Articles of Association.
4. To appoint auditors for the year 2009 and to fix their remuneration.

By order of the Board



(Mahmud Hasan FCMA)  
Company Secretary

Dhaka. June 01, 2009

### Notes:

1. The record date of the company was May 14, 2009 for closing of share transfer book. Members whose name will appear in the members 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.





Partial view of August gathering of 11th Annual General Meeting at Bashundhara Convention Centre

Directors in 11th Annual General Meeting









# **Chairman's** Speech:

12th Annual General Meeting of  
Summit Power Limited.

# Chairman's Speech

12th Annual General Meeting of Summit Power Limited.

*My Dear Fellow Summit Power Limited's Shareowners,*

I am delighted to welcome each one of you to the 12th Annual General Meeting of Summit Power Limited. It is a great privilege and honor to be with you all, again. Last year I could not join you, but my heart, soul and thoughts were always here in Bangladesh.

It has been a little over 3 years since we first came together to, Inshallah, write a new chapter in the history of Bangladesh's private sector and electricity generation, by being the first Bangladeshi private company generating electricity, and by being the first generating company to be listed in the stock exchange. I am pleased and honored that we are doing our job. From 33 megawatts generation capacity in 2005, today in 2009 we generate 215 megawatts, an impressive growth of more than 600%. This has been done against substantial odds, including changes of three governments and our founder director Mohammed Farid Khan and myself remaining in exile for more than nineteen months. Yet as Albert Camus had once

said: **"I have learnt that success is measured not so much by the position one has reached in life as by the obstacles overcome while trying to succeed."** With your support we have and we

will cross all obstacles to reach our goal of "Empowering Bangladesh, we can and we will". Today we supply electricity to 534,000 homes, businesses and industries, and may I say, uninterrupted quality electricity at very affordable prices through 7 Palli Biddut Samity's of Dhaka -1, Narsingdi- 1, Comilla- 1, Sirajgonj, Narayanganj, Mymensingh-2 and Gazipur, organised by Rural Electrification Board. We

also supply electricity to Bangladesh Power Development Board at Comilla grid substations in 33 kv bus bar.

This has been possible because of your support, trust and confidence towards the company and its management. Presently your company's market valuation is tk 25.83 billion that is tk. 2583.47 crore making it among the top three companies of Bangladesh.

The need for electricity has never been more profound than today. The nation's GDP is stifled by about 1.5% because of the shortage of electricity. In other words, Bangladesh could have achieved 1.5% more growth if electricity could have been supplied and GDP growth would be 7.5% to 9.5% rather than the current 6 to 8% annually. It is generally accepted that the country requires double percentile growth in electricity. That is, Bangladesh will require a 15% growth in electricity generation over and above equalizing the current shortfall of 2500 MW. That means that even after the current short fall is met, if ever, Bangladesh will continue to require to add about 800 megawatts of electricity every year. However Bangladesh has substantial gas and coal reserves, 32 trillion cubic feet of undiscovered natural gas (according to Petrobangla, USGA combined survey, 2001) and 3,300 Million tons of coal (according to Petrobangla survey). Unfortunately due to incapacity of successive governments there has been little investment to utilize these resources. We hope and believe such inaction would change soon.

Therefore, we, at Summit Power Limited, believe that the opportunities to grow in the years ahead are greater than ever. The current government, in its election manifesto, pledged to increase electricity generation to 7000 megawatts by the end of its current term in 2013. Summit Power Limited is the forerunner in this business, and we believe that, Inshallah, our company will play a major role in achieving that landmark by generating the electricity required so urgently by this country. We are striving to receive further awards from the Government of Bangladesh in setting up power plants, including larger power projects. You have every reason to believe that your company is going to be larger and better than ever over the coming years.

The company's well defined organization structure, predefined authority levels, documented policy guidelines, an extensive system of internal controls, reporting of financial transactions and compliance with laws and regulations ensures optimal utilization and protection of resources. Your assets are safeguarded against loss from unauthorized use or disposition. Towards safety, we operate under the premise that all accidents are preventable and have set very high standards to protect our people, to operate our power plants and to generate safe and environmentally clean electricity.





Dear shareholders, as you have seen over the years, your company is constantly striving to better itself. We will remain true to our philosophy of high ethical standards, honesty and the pursuit of excellence in all our efforts. Over the years you have witnessed how we have faced each challenge and opportunity with dedication and honesty; we will continue to do so in the years ahead.



Summit Power Limited is working towards providing quality and uninterrupted electricity to rural Bangladesh for its social and economic development. Our aim is to expand the capacity of SPL's power generation to 1000 megawatts within the next 5 years, which is a modest 15% of Bangladesh's electricity requirement in 2013. For our collective goal I will end with a quote from the great philosopher and thinker of the subcontinent, Swami Vivekananda, **"Make**

**your goal your life. Think of it, dream of it, live on it. Let the brain, the muscles, the nerves, let every part of your body be pervaded by your goal. Leave all other thoughts behind. This is the way to succeed.**

**Arise! Awake! And stop not till the goal is reached."** InshaAllah we shall succeed.

I am grateful to all of you for so kindly attending and participating in creating a commendable future for Summit Power Ltd. I am most thankful to the rural customers who use our generated electricity and pay absolutely on time, 100%. Rural Electrification Board who as our guardian has guided us to serve the samity's so well. The managers of the samity's who work hand in hand with us tirelessly to bring electricity to every household and business. I am most proud of our managers and workers who day in and day out work tirelessly to implement and maintain the plants. The confidence imposed on us by the banks has been unparalleled. We raised more than 400 crore taka from the local banks to implement the 110 megawatts. We are most grateful to all the financial institutions who participated and IIDFC and IDCOL, the lead arranger and the co arranger.

To a great future together,

Muhammed Aziz Khan.  
Chairman



# Introducing the Directors



***Muhammed Aziz Khan, Chairman***

Mr. Muhammed Aziz Khan, a renowned and pioneering leading business personality in power sector of Bangladesh. After graduation Mr. Khan did his MBA in 1980 from the Institute of Business Administration (IBA), University of Dhaka. Mr. Khan has established himself as a dynamic and pro-active entrepreneur who has built Summit Group-recognized as the largest infrastructure Industrial organization of Bangladesh. He is also the Chairman of Khulna Power Co. Ltd., country's first Independent Power Producer (IPP). Mr. Khan has helped to formulate the Private Sector Power Generation Policy of Bangladesh. He has 36 years of business experience, setting up country's first Inland Container Depot (ICD)-"Ocean Container Ltd", First Tanks Terminal- "Summit United Tanks Terminal", now known as "South Eastern Tanks Terminal". Mr. Khan was the Founder President of Bangladesh Energy Companies Association (BECA), which is formed to represent and to promote the interests of private sector business organizations engaged in the energy sector.

Mr. Khan has set up "Siraj Khaleda Trust"- a social wing of Summit Group, which is setting up 200 beds for medical services on charitable basis in Dhaka Cantonment. He enthusiastically takes part & contributes to social activities such as to help to acid burn and drug victims to mention a few amongst host of other activities.



***Md. Farid Khan, Vice-Chairman***

Mr. Md. Farid Khan was born in 1960. Mr. Khan is a business graduate from Dhaka University. He is 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. Mr. Farid Khan has proved to be an entrepreneur with special skills in the development of new projects. He was solely instrumental in setting up Liquefied Petroleum Gas (LPG) project and Tanks Terminal in Mongla.



***Tauhidul Islam, Managing Director***

Mr. Islam is the Managing Director of Summit Power Limited and has got 36 (thirty six) years of experience in the power sector. Mr. Islam obtained his B. Sc. in Engineering (Mechanical) from Bangladesh University of Engineering & Technology (BUET). Prior to joining Summit, Mr. Islam held the positions of the Chairman of Rural Electrification Board, Chairman (Including in Charge) of Dhaka Electricity Supply Authority (DESA) and DESCO. Mr. Islam has vast experience in Planning & Operation, Electrical Engineering, Communication Engineering, Mechanical Engineering, Material Management & commercial matters. Moreover, Mr. Islam has obtained various training in foreign countries as well as in local institutions.





#### ***Anjuman Aziz Khan, Director***

Mrs. Anjuman Aziz Khan, wife of Mr. Muhammed Aziz Khan has 22 years of business experience in Summit. Mrs. Khan is a member of Siraj Khaleda Trust- a social wing of Summit Group, which is setting up 200 beds for medical services on charitable basis in Dhaka Cantonment. She enthusiastically takes part & contributes to social activities such as "Assistance of Blind Children" and "women's entrepreneurship development".



#### ***Md. Latif Khan, Director***

Mr. Md. Latif Khan was born in 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. He was 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. Mr. Khan has established himself as a sound and dynamic businessman of the country.



#### ***Ayesha Aziz Khan, Director***

Born in 1981, Ms. Ayesha Aziz Khan has completed her graduation in Economics and Business from the University College of London in 2002 and Masters in Business Administration from Columbia University, New York, USA. Presently, Ms. Khan is also holding the position of Director in several companies of Summit Group.

# Introducing the Directors



***Helal Uddin Ahmed, Director***

Mr. Helal Uddin Ahmed completed his Masters from Dhaka University in 1978. After completion his education he started his career as a businessman. Mr. Helal formed SAN Engineers in 1982 and engaged with the business of Bangladesh Chemical Industries Corporation (BCIC) for supplying various chemicals items such as Liquid chloride, Caustic Soda, Hydrogen peroxide Soda Ash, PVC compound etc. Mr. Helal is the Director of Savar Refractories Ltd. which is a public limited company and largest producer of refractories materials in Bangladesh. He is the founder member of Kabi Nazrul Islam University at Trishal, Mymensingh.



***Mr. Jafer Ummeed Khan, Director***

Mr. Jafer Ummeed Khan was born on 10th May 1957. After completing his studies in the United Kingdom, he joined Summit Group in 1987. He spearheaded the development & expansion of Summit Group, particularly of Summit Industrial & Mercantile Corporation (Pvt.) Limited and later of Summit 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, which post Mr. Khan is holding till date.



***Abbas Uddin Ahmed, Director***

Mr. Abbas Uddin Ahmed, a leading light of the banking industry of Bangladesh carries with him 41 years of commercial banking experience of which almost 12 years as Managing Director & CEO of three very large and successful private sector Banks – The City Bank Limited and IFIC Bank Limited in Bangladesh and Nepal-Bangladesh Bank Limited in Kathmundu, Nepal. He is a Professional Member of the “Institute of Bankers, Bangladesh”. Starting his career in 1966 with the Habib Bank – the then top private sector bank of the country- he has worked his way through both public and private sector banks at home and abroad. He has successfully opened a new bank in Maldives as CEO. He is credited to have steered and consolidated the process of turnaround of the City Bank Limited and got it removed from the Bangladeshi banks list of the problem bank. He is a pioneer in computerizing the entire operation of a bank in Bangladesh. Mr. Ahmed also has rich experience of the ethos of both public and private sector banks of Bangladesh.





#### ***Syed Fazlul Haque FCA, Director***

A Chartered Accountant by profession, Syed Fazlul Haque, started his career as Partner of A Qasem & Co, Chartered Accountants in mid 1971. In April 1975 he moved to executive career by joining Biman, Bangladesh Airlines, as its Controller of Accounts and since then his long varied career included increasingly higher positions in different local and multinational organizations. Leaving Biman in May 1978, Fazlul went to Libya to serve in Ammonia Plant, Benghazi for a short span of two years. On return, Fazlul joined Burmah Eastern Limited (now Padma Oil Co. Ltd) in January 1981 as Finance Manager & Company Secretary and was promoted as CEO of the Company in September 1991. Fazlul left Padma in January 1993 to join Glaxo Bangladesh as Finance Director where he was made Managing Director of the Company in August 1997. Fazlul served the Company (subsequently renamed as GlaxoSmithKline Bangladesh after merger with SmithKline Beecham in November 2000) until he retired on 31st December 2002.

During the tenure of his long career, Fazlul served as committee member of Metropolitan Chamber of Commerce & Industries, Foreign Chamber of Commerce & Industries and Bangladesh Employers Federation. Fazlul is married to Rebecca and they are blessed with one daughter and a son.



#### ***Mr. Faisal Karim Khan, Director***

Mr. Faisal Karim Khan was born on 29th July 1985. He has completed Mechanical Engineering from University College London (UCL) with Finance degree from London School of Economics (LSE), UK on June 2007. From February 2008 he has engaged himself with Ocean Containers Ltd. and Summit Alliance Ports Ltd as a Dy. Managing Director. He has also increased his responsibility by taking the Directorship of Summit Industrial and Mercantile Corporation Ltd. and Cosmopolitan Traders Ltd.



# Success Milestones

Incorporation of the company	March 30, 1997
Signing of Project Agreements with REB & GOB	February 10, 2000
Commercial operation at Savar	February 08, 2001
Commercial operation at Narshingdi	April 01, 2001
Commercial operation at Comilla	June 02, 2001
Conversion from private to public limited company	June 07, 2004
Appointment of Issue Manager	January 13, 2005
Credit Rating by CRISL	March 29, 2005
Agreement with CDBL	June 19, 2005
Approval of Prospectus from Securities & Exchange Commission	June 25, 2005
Signing of Project Agreements for expansion at Madhabdi and Comilla with REB & GOB	June 28, 2005
Publication of Prospectus	June 28, 2005
Subscription opens for public	August 27, 2005
Allotment of IPO shares	October 03, 2005
Listing with Chittagong Stock Exchange Limited	October 23, 2005
Listing with Dhaka Stock Exchange Limited	November 10, 2005
First Trading in Stock Exchanges	November 15, 2005
Signing of Project Agreements for expansion at Savar with REB & GOB	March 20, 2006
Commercial operation at Comilla expansion project	November 15, 2006
Commercial operation at Madhabdi expansion project	December 16, 2006
Incorporation of Summit Purbanchal Power Company Limited (99% subsidiary of Summit Power Limited)	August 15, 2007
Incorporation of Summit Uttaranchol Power Company Limited (99% subsidiary of Summit Power Limited)	August 15, 2007
Increase the Authorized Share Capital of the company (SPL) through EGM For issuance of Rights Share at the ratio of 5:4	September 29, 2007
Signing of Project Agreements with REB, BPDB & GOB to Implement total 110MW power plants (04 nos) through its two Subsidiary Companies.	October 11, 2007
Commercial Operation at Ashulua expansion project	December 04, 2007
Approval for issuance of Rights Share	January 29, 2008
Subscription opens for Rights Share	March 09, 2008
Allotment of Rights Share	April 21, 2008
Signing of Syndicated Term Loan Facility of BDT 395.50 billion for setting up 110 MW Power Plants of Summit's Subsidiaries.	July 27, 2008

CDBL	– Central Depository Bangladesh Limited
CRISL	– Credit Rating Information & Services Limited
GOB	– Government of Bangladesh
REB	– Rural Electrification Board
SEC	– Securities & Exchange Commission
DSE	– Dhaka Stock Exchange Limited
CSE	– Chittagong Stock Exchange Limited
IPO	– Initial Public Offering
SPL	– Summit Power Limited







# Statement of 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 Summit Power Limited (Summit) formulates strategic objectives and policies for the company, provides leadership and supervises management actions in implementing those objectives of the company. In Summit, 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 Company's policy is to maintain optimum combination of Directors from both Sponsors and general public. The Managing Director of the Company is a non-shareholder ex-officio director and the Board has appointed one independent Director as per the Security and Exchange Commission's requirement. The short introduction of the Directors has been described in page 10 to 13. 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**

The number of meetings held during the financial year ended 31 December 2008 was 12. 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 advisory 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.

# Financial Highlights

	2008	2007	2006	2005	2004
Operating data (Taka in million) :					
Turnover	1737.79	1148.77	584.35	521.04	483.96
Operating Expenses	791.93	562.15	274.19	237.15	234.40
Gross Profit	945.86	586.62	310.16	283.89	249.56
General & Admin Expenses	152.63	134.80	102.83	73.76	57.29
Interest & Financial Charges	325.95	189.39	46.76	48.05	51.24
Net Profit	482.26	268.10	175.10	174.21	137.61
Balance Sheet data (Taka in million)					
Paid up Capital	1853.28	858.00	715.00	650.00	350.00
Shareholders Equity	3471.87	1412.13	1154.49	1044.38	508.63
Total Debt(NCL)	1759.27	2268.12	1494.80	512.29	387.94
Current Assets	590.57	467.79	253.79	385.63	107.12
Current Liabilities	843.89	886.29	644.39	205.48	140.51
Total Assets	5665.63	4097.69	2782.70	1588.23	920.37
Total Liabilities	2193.76	2685.56	1628.21	543.85	411.74
Financial ratios					
Gross profit ratio (%)	54.43	51.07	53.08	54.49	51.57
Net profit ratio (%)	27.75	23.33	29.96	33.43	28.43
Return on total assets (%)	8.51	6.54	6.29	10.97	14.95
Debt Equity ratio	34:66	62:38	56: 44	33: 67	43.57
Other data					
Earning Per share (Taka)	26.95	31.25	25.66	37.33	39.32
Dividend (%)	20.00	20.00	20.00	20.00	10
Total No of shares outstanding	1,85,32,800	85,80,000	71,50,000	65,00,000	35,00,000
Weighted average no of shares outstanding	1,78,97,346	79,84,167	68,25,000	46,66,667	35,00,000
Total no of sponsors shares under lock in	43,91,683	45,00,000	45,00,000	45,00,000	-
Total no of free float shares	1,41,41,117	40,80,000	26,50,000	20,00,000	-







... present  
Generation Capacity  
of the country is 4,000  
MW against maximum peak  
demand of approximately  
6,000 MW. Efforts are being  
made to bridge this gap by the  
Government. Your company has  
contributed a major share of generation  
additions during past few years which has  
helped in narrowing down this gap.

# Directors' Report

to the shareholders

*Bismillahir Rahmanir Rahim*

Dear Shareholders,

Assalamu'alykum,

The Board of Directors of Summit Power Limited (SPL) welcomes you all to the 12th 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 December 31, 2008.

The Directors' Report is prepared in compliance with section 184 of the Companies Act 1994 and Securities & Exchange Commission's notification no- SEC/CMRRCD/2006-158/ Admin/02-08 dated 20th February 2006

## Scenario of the Power Sector

Power demand in Bangladesh is increasing at a very high rate. Bangladesh is facing an acute power shortage now. The gap between supply and demand is widening everyday. Present Generation Capacity of the country is 4,000 MW against maximum peak demand of approximately 6,000 MW. Efforts are being made to bridge this gap by the Government. Your company has contributed a major share of generation additions during past few years which has helped in narrowing down this gap.

Earlier, foreign contractors and their local agents dominated the Power Sector in Bangladesh. Except for Summit Power Limited, the company you own, there was hardly any Bangladeshi Entrepreneur in power generation. In recent times a number of Bangladeshi Entrepreneurs have come forward. But your company is the leading and only publicly listed Bangladeshi Power Generation Company having the ability to implement both small and large power plant projects on BOO basis. In the near future also SPL will maintain this leading role in Power Sector.

## Business Activities

The principal activity of your company is to generate electricity and to deliver the output to its customer, which during the year 2008 was Rural Electrification Board (REB) alone. In this year, the Company exported about 739 million units (KWH) of electricity from its three power plants and earned a total revenue of Tk. 1737.79 million representing 51.27% growth over that of the year 2007. The revenue increase is based on running plants having a capacity to produce 105 MW and does not include any revenue from four new projects which your Company undertook during 2008 (through its special purpose 99% owned subsidiaries).

প্রিয় শেয়ারহোল্ডারবৃন্দ,  
আসসালামু আলাইকুম,

সামিট পাওয়ার লিমিটেড এর দ্বাদশ বার্ষিক সাধারণ সভায় পরিচালনা পর্ষদের পক্ষ থেকে আপনাদের সবাইকে স্বাগত জানাচ্ছি। আমরা অত্যন্ত আনন্দের সাথে আপনাদের সামনে ৩১ ডিসেম্বর ২০০৮ ইং সমাপ্ত বছরের কোম্পানী পরিচালনা কার্যক্রম, নিরীক্ষিত আর্থিক বিবরণী ও নিরীক্ষকের প্রতিবেদন উপস্থাপন করছি।

পরিচালনা পর্ষদের প্রতিবেদন প্রণয়নের ক্ষেত্রে ১৯৯৪ সালের কোম্পানী আইনের ১৮৪ ধারা এবং ২০ ফেব্রুয়ারী, ২০০৬ ইং তারিখে প্রকাশিত সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের নোটিফিকেশন নং এস ই সি / সি এম আর সি ডি / ২০০৬ - ১৫৮ / এডমিন / ০২-০৮, অনুসরণ করা হয়েছে।

## বিদ্যুত উৎপাদন খাতের বর্তমান অবস্থা

বাংলাদেশ বর্তমানে তীব্র বিদ্যুত ঘাটতির সম্মুখীন। তদুপরি বিদ্যুতের চাহিদাও দ্রুত গতিতে বাড়ছে। ফলে বিদ্যুতের উৎপাদন ও চাহিদার মধ্যে পার্থক্য দিন দিন বেড়েই চলেছে। বর্তমানে দেশে বিদ্যুত উৎপাদনক্ষমতা ৪০০০ মেগাওয়াট যেখানে এখন সর্বোচ্চ চাহিদা প্রায় ৬০০০ মেগাওয়াট। এই ক্রমবর্ধমান ঘাটতি পূরণে সরকার প্রচেষ্টা চালিয়ে যাচ্ছে। এ প্রচেষ্টায় গত কয়েক বছরে যে পরিমাণ নতুন উৎপাদন ক্ষমতা যুক্ত হয়েছে তার একটি প্রধান অংশ আপনাদের কোম্পানীর অবদানে হয়েছে।

ইতোপূর্বে শুধুমাত্র বিভিন্ন বিদেশী কোম্পানী এবং তাদের দেশীয় বিভিন্ন অঙ্গ-প্রতিষ্ঠান বাংলাদেশের বিদ্যুত উৎপাদন খাতে সক্রিয় ছিল। সামিট পাওয়ার লিমিটেড ছাড়া, বাংলাদেশের বিদ্যুত উৎপাদন ক্ষেত্রে তেমন কোন উল্লেখযোগ্য দেশীয় উদ্যোক্তা ছিল না। বর্তমানে এক্ষেত্রে বাংলাদেশী বিভিন্ন উদ্যোক্তা এগিয়ে আসছে। কিন্তু আপনাদের কোম্পানী, সামিট পাওয়ার লিমিটেডই এক্ষেত্রে শীর্ষ অবস্থানে আছে এবং এখন পর্যন্ত পূর্জির্বারে তালিকাভুক্ত একমাত্র দেশীয় কোম্পানী যার বিওও ভিত্তিতে ছোট এবং বড় পাওয়ার প্ল্যান্ট নির্মাণের সামর্থ্য রয়েছে। ভবিষ্যতেও সামিট পাওয়ার লিমিটেড, বিদ্যুত উৎপাদনখাতে তাদের এই অগ্রগী ভূমিকা অব্যাহত রাখবে।

## ব্যবসায়িক কার্যক্রম

আপনাদের কোম্পানীর প্রধান কাজ হচ্ছে বিদ্যুত উৎপাদন করা এবং উৎপাদিত বিদ্যুত কোম্পানীর একমাত্র দ্বৈতা পল্লী বিদ্যুতায়ন বোর্ড (আর ই বি) এর কাছে পৌঁছে দেয়া। কোম্পানী ২০০৮ সালে ৩টি বিদ্যুত কেন্দ্রের মাধ্যমে মোট ৭৩.৯ কোটি ইউনিট বিদ্যুত বিক্রয় করেছে। উপরোক্ত বিক্রয় থেকে ২০০৮ সালে মোট রাজস্ব আয় ছিল ১৭৩.৭৭৯ কোটি টাকা, রাজস্ব বৃদ্ধির হার ২০০৭ সালের তুলনায় ৫১.২৭% শতাংশ। এই রাজস্ব আয় শুধু বর্তমানে উৎপাদনক্ষম ৩ টি প্ল্যান্ট হতে প্রাপ্ত। ২০০৮ সালে সামিট পাওয়ার লিমিটেড যে চারটি নতুন প্ল্যান্ট স্থাপনের কাজ শুরু করেছে তা ২০০৮ সালের শেষ পর্যন্ত উৎপাদনে আসেনি।



# Directors' Report

to the shareholders

## Financial Results & Profit Appropriation

During the year 2008, the company's net profit amounted to Tk. 460.21 million as compared to Tk. 265.15 million in the year 2007. However, the Company needs availability of adequate fund for uninterrupted progress of the projects as well as for debt servicing. Keeping these in view, the Directors would like to report the company's financial results for the year that ended on 31st December 2008 with the recommendations for appropriation as follows:

Figure in million

Net Profit for the year 2008	Tk. 460.21
Profit brought Forward	Tk. 157.85
Profit available for appropriation	Tk. 618.06
Appropriations:	
Proposed Stock Dividend	Tk. 370.66
Transferred to Retained Earning	Tk. 247.40

## Dividend

Your Board recommends a final dividend of 20% for the year 2008 as Bonus Share i.e. 1 (one) share of Tk. 100 each for 5 (five) shares held on the record date, subject to approval by the shareholders at the 12th Annual General Meeting.

## Directors meeting & attendance

During the year ended December 31, 2008, the Board of Directors held 12 meetings. Directors who attended the Board meetings are given below:

Name of Directors	Attended
Mr. Muhammed Aziz Khan	01
Mrs. Anjuman Aziz Khan	03
Mr. Md. Farid Khan	00
Mr. Md. Latif Khan	10
Ms. Ayesha Aziz Khan	09
Ms. Sanadina Khan	00
Mr. Helal Uddin Ahmed	08
Mr. Tapan Krishna Podder FCA, FCMA	09
Mr. Abbas Uddin Ahmed	06
Mr. Syed Fazlul Haque FCA	07
Mr. Tauhidul Islam	10
Mr. Faisal Karim Khan	06

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

## Directors' Election & re-appointment

Non-executive Directors, Ms. Sanadina Khan and Mr. Tapan Krishna Podder decided to step down on personal ground and

## আর্থিক ফলাফল

২০০৮ সালে কোম্পানীর নীট মুনাফা ছিল ৪৬.০২১ কোটি টাকা যা ২০০৭ সালে ছিল ২৬.৫১৫ কোটি টাকা। কোম্পানীর গৃহীত নতুন প্রকল্প কাজের ধারাবাহিক অগ্রগতি অব্যাহত রাখা ও ঋণ পরিশোধের জন্য পর্যাপ্ত পরিমাণ অর্থের প্রয়োজন। এ বিষয়টি বিবেচনায় রেখে কোম্পানীর পরিচালকমন্ডলী ৩০ ডিসেম্বর ২০০৮ এর জন্য আর্থিক ফলাফল পেশসহ নিম্নরূপ আর্কটন সুপারিশ করেছে।

লাভ আর্কটন	কোটি টাকা
২০০৮ সালে সমাপ্ত সালের নীট লাভ	৪৬.০২১
পূর্ববর্তী বছরের আনীত লাভ	১৫.৭৮৫
বর্টন যোগ্য লাভ	৬১.৮০৬
বর্টন সমূহ:	
প্রস্তাবিত সঞ্চিত লভ্যাংশ	৩৭.০৬৬
লাভ লোকসান আর্কটন হিসাবে স্থানান্তর	২৪.৭৪০

## লভ্যাংশ

পরিচালনা পর্ষদের ৩০ ডিসেম্বর ২০০৮ ইং সমাপ্ত বছরের জন্য প্রতিটি ১০০ টাকা মূল্যের সাধারণ শেয়ারের উপর ২০% চূড়ান্ত লভ্যাংশ (প্রতি ৫টি শেয়ারের বিপরীতে ১টি শেয়ার) সুপারিশ করেছেন, যা দ্বাদশ বার্ষিক সাধারণ সভায় সম্মানিত শেয়ারহোল্ডারগণের অনুমোদনের জন্য পেশ করা হবে।

## পরিচালক মন্ডলীর সভা ও উপস্থিতি

২০০৮ সালের ৩১ ডিসেম্বর সমাপ্ত বছরের পরিচালনা পর্ষদের মোট ১২টি সভা অনুষ্ঠিত হয়। নিম্নে পরিচালকগণের নাম সহ উপস্থিতির তালিকা দেয়া হলো।

পরিচালকগণের নাম	উপস্থিতির সংখ্যা
জনাব মুহাম্মদ আজিজ খান	০১
মিসেস আনজুমান আজিজ খান	০৩
জনাব মোঃ ফরিদ খান	০০
জনাব মোঃ লতিফ খান	১০
মিসেস আয়েশা আজিজ খান	০৯
সানাদিনা খান	০০
জনাব হেলাল উদ্দিন আহমেদ	০৮
জনাব তপন কৃষ্ণ পোদ্দার	০৯
জনাব আব্বাস উদ্দিন আহমেদ	০৬
জনাব সৈয়দ ফজলুল হক	০৭
জনাব তোহিদুল ইসলাম	১০
জনাব ফয়সাল করিম খান	০৬

যে সকল পরিচালকবৃন্দ সভায় উপস্থিত থাকতে পারেননি তাদেরকে ছুটি মঞ্জুর করা হয়েছে।

## পরিচালকবৃন্দের নির্বাচন এবং পুনর্নিয়োগ

কোম্পানীর দুজন অনিবার্হী পরিচালক সানাদিনা খান এবং জনাব তপন কৃষ্ণ



the Board, accepting their resignation in the Board Meeting held on 22nd April, 2009, relieved both of them from their responsibility with immediate effect.

In exercise of power vested in Article 20(c), Board, in the same meeting, appointed Mr. Jafer Ummeed Khan to fill up the casual vacancy caused due to resignation of Ms. Sanadina Khan while Mr. Faisal Karim Khan being nominated by Cosmopolitan Traders (Pvt.) Limited, an institutional shareholder of the Company as their representative was inducted as Director. Both Mr. Jafer Ummeed Khan and Faisal Karim Khan will retire in the 12th AGM of the Company and, being eligible, offered themselves for re-election.

Besides, as per Article 23(a) of the Articles of Association Mr. Helal Uddin Ahmed shall retire in the 12th Annual General Meeting by rotation and being eligible, has offered himself for re-election.

#### Auditors

The present auditors, Messrs Rahman Rahman Huq, Chartered Accountants will retire in Annual General Meeting and being eligible, offered themselves for re-appointment for the year 2009. The present auditor is in the office for tenure of consecutive four years and needs Securities and Exchange Commission's clearance for further term. Your Board, however, recommended the re-appointment of M/s Rahman Rahman Huq as auditor of the Company for the year 2009 subject to the clearance from the Securities and Exchange Commission the recommendation shall be placed for approval of shareholders in the forthcoming Annual General Meeting.

#### Business Expansion

Your Board has been continuously looking for the opportunity to further expand the capacity and in its strive to grow, the Company in 2007, got the award for setting up of four plants with total generation capacity of 110 MW. Among these four projects the one at Ullapara has started commercial operation from March 02, 2009. Out of the remaining three, Maona (33MW) is expected to go into commercial operation within 30th April, Rupganj (33MW) within 30th May and that of Jangalia before 30th June, 2009. With all these power plants in operation the total generation capacity of your Company will be 215 MW. In 2009, your company will sell energy both to REB and BPDB and sales volume by unit of energy is expected to be 1.6 times of that in 2008.

The accumulated knowledge and experience of your company to build and operate many small power plants

পোদ্ধার ব্যক্তিগত কারণে যার যার পদ হতে ইস্তফা দিয়েছেন। ২২ এপ্রিল ২০০৯ তারিখে অনুষ্ঠিত সভায় পরিচালকবৃন্দ তাদের এই ইস্তফাপত্র সর্বসম্মতিক্রমে গ্রহণ করে একই তারিখ থেকে তা কার্যকর করেছেন।

আপনাদের পরিচালনা পর্ষদ কোম্পানীর আর্টিকেল ২০ (সি) বিধান মোতাবেক এই একই সভায় সানাদিনা খানের ইস্তফাজনিত শূন্য পদে জনাব জাফর উম্মেদ খান কে পরিচালক হিসাবে নিয়োগ দান করেন। একই বিধান অনুযায়ী পরিচালকবৃন্দ কোম্পানীর প্রাতিষ্ঠানিক শেয়ারহোল্ডার কসমোপলিটান ট্রেডার্স লিমিটেড এর একজন মনোনীত প্রতিনিধি হিসাবে জনাব ফয়সাল করিম খানকে কোম্পানীর পরিচালক পদে নিয়োগ দান করেন। জনাব জাফর উম্মেদ খান এবং জনাব ফয়সাল করিম খান উভয়েই দ্বাদশ বার্ষিক সাধারণ সভায় অবসর গ্রহণ করবেন এবং তারা উভয়েই বিধি মোতাবেক যোগ্য বিধায় নিজেদের পুনঃনিয়োগের প্রস্তাব করেছেন।

এছাড়া পরিচালনা পর্ষদ কোম্পানীর আর্টিকেল অব এসোসিয়েশন ২৩ (এ) বিধান মোতাবেক জনাব হেলাল উদ্দিন আহমেদ দ্বাদশ বার্ষিক সাধারণ সভায় অবসর গ্রহণ করবেন। তিনি বিধি মোতাবেক যোগ্য বিধায় নিজেকে পুনঃনিয়োগের প্রস্তাব করেছেন।

#### নিরীক্ষক

বর্তমান নিরীক্ষক মের্সাস রহমান রহমান হক, চার্টার্ড একাউন্টেন্ট অবসর গ্রহণ করে বিধি মোতাবেক যোগ্য বিধায় ২০০৯ সালের জন্য পুনঃনিয়োগ প্রাপ্তির আবেদন করেছেন। নিরীক্ষক হিসাবে সাফল্যের সাথে চার বছর কার্যক্রম অতিবাহিত করার পর তাদের পরবর্তী বছরের জন্য পুনঃনিয়োগ করতে হলে সিকিউরিটিস এন্ড একচেঞ্জ কমিশনের অনুমতিপত্র/ছাড়পত্র প্রয়োজন। এ অনুমোদন প্রাপ্তি সাপেক্ষে আপনাদের কোম্পানীর পরিচালনা পর্ষদ মেসার্স রহমান রহমান হক প্রতিষ্ঠানকে ২০০৯ সালের জন্য কোম্পানীর নিরীক্ষক নিয়োগের অনুমোদনের জন্য আসন্ন দ্বাদশ সাধারণ সভায় সুপারিশসহ উপস্থাপন করবে।

#### ব্যবসায়িক প্রসার

আপনাদের কোম্পানীর পরিচালনা পর্ষদ ব্যবসা সম্প্রসারণের জন্য অবিরাম প্রচেষ্টা চালিয়ে যাচ্ছে। তাদের প্রচেষ্টার ফলশ্রুতিতে ২০০৭ সালে সানিট অতিরিক্ত আরো ১১০ মেগাওয়াট বিদ্যুত উৎপাদনের জন্য নতুন চারটি বিদ্যুতকেন্দ্র নির্মাণের অনুমোদন লাভ করে। এই চারটি বিদ্যুত উৎপাদনকেন্দ্রের মধ্যে উল্লাপাড়া উৎপাদনকেন্দ্রটি গত ০২ মার্চ, ২০০৯ আনুষ্ঠানিকভাবে বাণিজ্যিক ভিত্তিতে উৎপাদন শুরু করেছে। বাকি তিনটির মধ্যে মাওনা ৩৩ মেগাওয়াট বিদ্যুত উৎপাদনকেন্দ্র ৩০ এপ্রিল, রূপগঞ্জ (৩৩ মেগাওয়াট) বিদ্যুত উৎপাদনকেন্দ্র ৩০ মে এবং জাঙ্গালিয়া বিদ্যুত উৎপাদনকেন্দ্র ৩০ জুন, ২০০৯ বাণিজ্যিকভাবে তাদের কার্যক্রম শুরু করবে বলে আশা করা যাচ্ছে। এগুলো উৎপাদনে গেলে নতুন পুরাতন মিলে সানিটের মোট উৎপাদনক্ষমতা ২০০৯ সালে ২১৫ মেগাওয়াট এ উন্নীত হবে। আপনাদের কোম্পানী সানিট তখন, পল্লী বিদ্যুতায়ন বোর্ড এবং বিদ্যুৎ উন্নয়ন বোর্ড এ উভয় প্রতিষ্ঠানের নিকট বিদ্যুত বিক্রয় করবে এবং তখন কোম্পানীর বিদ্যুত বিক্রয়ের পরিমাণ ২০০৮ সালের বিক্রীত পরিমানের প্রায় ১.৬ গুন হবে।



... with all these power plants in operation the total generation capacity of your Company will be 215 MW. In 2009, your company will sell energy both to REB and BPDB and sales volume by unit of energy is expected to be 1.6 times of that in 2008.

successfully, over a long period of time, has attracted attention of reputed international companies in this field and many of them have shown interest to work jointly with us. This goodwill coupled with our endless endeavor to expand will very soon, we hope, bring for us success in large power plants.

### Business Risk & uncertainties

Natural gas is used as input for operation of the power plants of the company. Company has signed Gas Supply Agreement (GSA) with Titas Gas Transmission & Distribution Co. Ltd., Bakhrabad Gas systems Ltd. and Pashchimanchal Gas Company Ltd. for supply of gas over the life span of the power plants. Your company has also signed Power Purchase Agreement (PPA) with REB and BPDB for guaranteed sale of produced power. The risk of non-availability of spare parts in operation & maintenance is mitigated through long-term Spare Parts Support Agreements (SPSA) with original equipment manufacturers, e.g. M/S Wartsila, Finland OY, Caterpillar and GE Jenbacher. REB and BPDB is agreement bound to pay tariff within a specific period on billing.

### Going concern

While approving the financial statements, Directors have made appropriate enquires and analyzed the significant financial, operating as well as other indicators for enabling them to understand the ability of the company to continue its operations for a foreseeable period. Directors are convinced and have a reasonable expectation that the company has adequate resources and legal instruments to continue its operation consistently for the foreseeable future. Therefore the company adopted the going concern basis in preparing these financial statements

### Corporate Governance

Corporate Governance is the system through which companies are directed, guided and controlled by the Board, keeping in view its accountability to the shareholders. Your company strives to maintain full compliance with the laws, rules and regulations that govern our business and to uphold the highest standards.

Since corporate governance is not a static process, we always continue to improve our practices; including formation of an Audit Committee, Executive Committee, Technical Committee, Purchase Committee, Operation & Maintenance Committee, which may be seen in **Annexure-3** of the Annual Report. A separate chapter on corporate governance has been reported.

অনেকগুলো ছোট বিদ্যুত উৎপাদন কেন্দ্র নির্মান ও পরিচালনায় সার্মিট পাওয়ার লিঃ এর অর্জিত সাফল্য ও অভিজ্ঞতার কারণে আপনাদের কোম্পানীর প্রতি আন্তর্জাতিক খ্যাতিসম্পন্ন অনেক প্রতিষ্ঠানের দৃষ্টি আকৃষ্ট হয়েছে এবং তাদের মধ্যে অনেকেই আপনাদের কোম্পানী সার্মিট পাওয়ার লিমিটেড এর সাথে যৌথভাবে ব্যবসার প্রস্তাবও দিয়েছে। আন্তর্জাতিকভাবে অর্জিত এই সুনাম এবং ব্যবসা সম্প্রসারণে আমাদের নিরবিচ্ছিন্ন প্রচেষ্টায় অচিরেই বড় বিদ্যুতউৎপাদনকেন্দ্র নির্মাণে আমরা সফল হবো বলে আশা করি।

### ব্যবসায়িক ঝুঁকি ও অনিশ্চয়তা

কোম্পানীর বিদ্যুত উৎপাদনের ক্ষেত্রে প্রাকৃতিক গ্যাস প্রধান কাঁচামাল হিসাবে ব্যবহার হচ্ছে। কোম্পানী তার উৎপাদিত পণ্যের এই মূল কাঁচামালের নিরবিচ্ছিন্ন সরবরাহের নিশ্চয়তাকল্পে তিতাস গ্যাস ট্রান্সমিশন এন্ড ডিস্ট্রিবিউশন কোঃ লিঃ, বাখরাবাদ গ্যাস সিস্টেমস লিঃ এবং পশ্চিমাঞ্চল গ্যাস কোম্পানী লিঃ এর সাথে দীর্ঘমেয়াদী গ্যাস সরবরাহ চুক্তি (জি এস এ) স্বাক্ষর করেছে যার ভিত্তিতে তারা উৎপাদন কেন্দ্র পরিচালনার সম্পূর্ণ মেয়াদকালের জন্য প্রয়োজনীয় গ্যাস সরবরাহের নিশ্চয়তা প্রদান করেছে। এছাড়া কোম্পানীর উৎপাদিত বিদ্যুত ত্রয়ের জন্য পল্লী বিদ্যুতায়ন বোর্ড এবং বিদ্যুৎ উন্নয়ন বোর্ড কোম্পানীর সাথে ১৫ বৎসর মেয়াদী বিদ্যুত ত্রয় (পিপিএ) চুক্তিতে আবদ্ধ হওয়ায় কোম্পানীর উৎপাদিত বিদ্যুত বিক্রয়ের ব্যাপারটি নিশ্চিত হয়েছে। খুচরা যন্ত্রাংশের জন্য বিদ্যুত উৎপাদন যেন ব্যহত না হয় তার নিশ্চয়তা বিধানের জন্য কোম্পানী উৎপাদনকেন্দ্রের যন্ত্রপাতি প্রস্তুতকারী মূল প্রতিষ্ঠানসমূহের সাথে ১৫ বৎসর মেয়াদী যন্ত্রাংশ সরবরাহের জন্য মূল্য স্থির করে, দীর্ঘমেয়াদী চুক্তি করেছে। যন্ত্রাংশ সরবরাহকারী এসব প্রতিষ্ঠানসমূহের মধ্যে বিশ্বখ্যাত জেনারেল ইলেকট্রিক, ওয়ার্টসিলা ফিনল্যান্ড ও ওয়াই, ক্যাটার পিলার ইত্যাদি প্রতিষ্ঠান রয়েছে। উৎপাদিত বিদ্যুতের মূল্য যথাসময়ে প্রাপ্তির সুবিধার্থে বিদ্যুত ত্রয়ো পল্লী বিদ্যুতায়ন বোর্ড ও বিদ্যুৎ উন্নয়ন বোর্ডের সাথে সুনির্দিষ্ট চুক্তি করা হয়েছে। উল্লেখিত চুক্তিসমূহ কোম্পানীর ব্যবসায়িক ঝুঁকি ও অনিশ্চয়তা কমাতে সাহায্য করেছে।

### চলমান ব্যবসা

দৃশ্যমান ভবিষ্যতে সফলতার সাথে পরিচালনার জন্য আপনাদের কোম্পানীর পর্যাপ্ত সামর্থ্য রয়েছে কিনা তা অনুধাবনের জন্য, আর্থিক বিবরণী অনুমোদনের সময়, পরিচালকমণ্ডলী কোম্পানীর পরিচালন, আর্থিক এবং অন্যান্য সূচক সমূহ গভীরভাবে বিশ্লেষণ করে দেখেছেন ও বিভিন্ন বিষয়ে প্রয়োজনানুগ অনুসন্ধান করে নিশ্চিত হয়েছেন যে দৃশ্যমান ভবিষ্যতে সাবলীল ও সফলভাবে পরিচালনার জন্য কোম্পানীর পর্যাপ্ত সম্পদ ও আইনসম্মত দলিলাদি রয়েছে এবং আপনাদের কোম্পানী চলমান ব্যবসায়িক প্রতিষ্ঠান হিসেবে টিকে থাকতে সক্ষম। এ জন্য চলমান ব্যবসায়িক প্রতিষ্ঠানের ক্ষেত্রে প্রযোজ্য আর্থিক বিবরণী প্রস্তুতের পদ্ধতি অনুসরণের জন্য পরিচালক মণ্ডলী সিদ্ধান্ত গ্রহণ করে।

### কর্পোরেট সুশাসন

কর্পোরেট সুশাসন এমন একটি পদ্ধতি যার মাধ্যমে কোন প্রতিষ্ঠান পরিচালনা পর্যদ কর্তৃক নির্দেশিত, পরিচালিত ও নিয়ন্ত্রিত হয়। আপনাদের কোম্পানী প্রচলিত



# Directors' Report

to the shareholders

## Corporate Social Responsibility

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

- Summit's contribution through its welfare wing, Siraj-Khaleda Trust, in the construction of a 200 Bed Hospital in Dhaka Cantonment is an ongoing project of the Company and we remain committed to extend all support to facilitate availability of modern medical treatment at low cost to the underprivileged people of the adjoining area.
- We have been continuing our financial support to the meritorious students of the underprivileged community.
- We are committed to the sponsors of Prothom Alo Sahayak Tahbil for our continued support to the cause of acid burn victims and remain.
- Sponsoring Summit Cup Golf Tournament (Pro-Am) every year to promote goodwill and quality of sports.

## Human Resources Management

People are the most important resource and key to the success of any organization. To develop and equip the employees with key skills, the company places great emphasis on the development of its people and hence the Company undertakes appropriate training and workshops to update knowledge of the employees in their respective functional areas.

## Status of Compliance

In accordance with the requirement stipulated in condition no-5.00 of the Securities & Exchange Commission's notification no-SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 the Corporate Governance Compliance Report is shown in **Annexure -1**.

## Acknowledgement

The Directors would like to give special thanks to members of the public who have placed their confidence on the company by purchasing shares and supporting the activities of the company by participating in all calls from the company. Without this support of public 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

আইন ও নিয়মকানুন অনুসরণের মাধ্যমে ব্যবসায়িক সর্বোচ্চ সুনাম রক্ষায় সদা সচেষ্ট। যদিও কর্পোরেট সুশাসন একটি চলমান প্রক্রিয়া তথাপি আমরা আমাদের প্রতিষ্ঠানে কর্পোরেট সুশাসন প্রতিষ্ঠা অব্যাহত রেখেছি। আমরা ইতিমধ্যে অডিট কমিটি, নির্বাহী কমিটি, কারিগরী কমিটি ত্রয় কমিটি, অপারেশন ও মейনটেন্যান্স কমিটি গঠন করেছি যা “পরিশিষ্ট-৩” এ দেখা যেতে পারে। এছাড়া কর্পোরেট সুশাসনের উপর আলাদাভাবে প্রতিবেদন উপস্থাপন করা হয়েছে।

## কর্পোরেট সামাজিক দায়িত্ব

সমাজের কর্পোরেট নাগরিক হিসাবে আপনাদের কোম্পানীর উদ্দোক্তাগন সমাজ ও পরিবেশের প্রতি তাদের অঙ্গীকার হতেই বিভিন্ন সামাজিক দায়িত্ব পালন করে আসছে। গত কয়েক বছর আপনাদের কোম্পানীর পৃষ্ঠপোষকতায় সম্পাদিত কয়েকটি উলেখযোগ্য সামাজিক কর্মকাণ্ডের বিবরণ নিম্নে উপস্থাপন করা হলো :

- সামিটের একটি কল্যাণমুখী প্রতিষ্ঠান হলো সিরাজ-খালেদা ট্রাস্ট। এই ট্রাস্ট ঢাকা ক্যান্টনমেন্ট এলাকায় ২০০ শয্যাবিশিষ্ট একটি হাসপাতাল নির্মাণ করেছে, যার মাধ্যমে এলাকার সুবিধাবঞ্চিত জনগণ অল্প খরচে উন্নত চিকিৎসার সুবিধা পাচ্ছে। যা সমাজ ও জনসাধারণের প্রতি আমাদের অঙ্গীকারের একটি উজ্জ্বল নির্দশন। সামিট এ ধরনের আরো কর্মকাণ্ডে তার হাত প্রসারিত করতে সর্বদা প্রস্তুত।
- আপনাদের কোম্পানী সমাজের সুবিধাবঞ্চিত মেধাবী শিক্ষার্থীদেরও ত্রমাগত আর্থিক সহায়তা দিয়ে আসছে।
- আপনাদের কোম্পানী “প্রথম আলো সহায়ক তহবিল” কে সর্বদা সাহায্য ও সহযোগিতা দিয়ে আসছে। এ সংস্থাটির মাধ্যমে এসিড দন্ধদের সাহায্যের জন্য ও মাদক বিরোধী আন্দোলনে সামিট জনগণের সহায়তা বৃদ্ধিতে ত্রমাগত কাজ করে যাচ্ছে।
- খেলাধূলায় মান উন্নয়নে সামিট প্রতি বৎসর “সামিট কাপ গফ টুর্নামেন্ট (প্রো-এম)” এর আয়োজন করে থাকে।

এছাড়া পরিবেশ সংরক্ষণে সামিট সর্বোচ্চ গুরুত্ব দিয়ে থাকে। এ প্রচেষ্টায় কর্পোরেট দর্শনের অংশ হিসাবে প্রতিটি বিদ্যুতকেন্দ্রে পর্যাপ্ত পরিমাণ বৃক্ষরোপন করা হয়েছে। তাছাড়াও বিভিন্ন এলাকায় কর্পোরেট ও সামাজিক দায়িত্ববোধ থেকেই অধিক পরিমাণে বৃক্ষরোপনে সামিট বদ্ধ পরিকর।

## মানব সম্পদ ব্যবস্থাপনা

আপনাদের কোম্পানী মনে করে প্রতিষ্ঠানের উন্নতিকল্পে “জনবল” গুরুত্বপূর্ণ ভূমিকা পালন করে। তাই দক্ষ জনবল গঠনে আপনাদের কোম্পানী কর্মকর্তা-কর্মচারীদের জন্য নিয়মিত প্রশিক্ষণ ও ওয়ার্কশপের আয়োজন করে থাকে। যার মাধ্যমে কর্মকর্তা-কর্মচারীগণ স্ব স্ব ক্ষেত্রে পেশাগত দক্ষতা ও অভিজ্ঞতা অর্জন করার সুযোগ পায়।

## নিয়ম প্রতিপালন

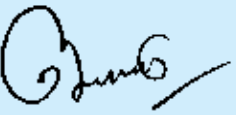
সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের নোটিফিকেশন নং-এস ই সি / সি এম আর আর সি ডি / ২০০৬-১৫৮/ এডমিন / ০২-০৮, তারিখ ফেব্রুয়ারী ২০, ২০০৬ ইং এর শর্ত ৫.০০ এর ভিত্তিতে গৃহীত পদক্ষেপ এর একটি বিবরণ “পরিশিষ্ট-১” এ সন্নিবেশিত করা হয়েছে।

Company. Their commitment and passion, both individually and through teamwork have helped SPL to achieve the success that it is today. The Board also recognizes and appreciates the critical support provided by the families of the employees which enables them to focus on their work in SPL.

The trust and confidence that our valued customers, REB and its members in Palli Bidyut Samitees bestow in SPL are our main driving force. We accept this trust in all humility and shall continue to strive to live up to the expectations. The Board expresses its heartfelt thanks and gratitude to Power Cell of the Power Division, MPEMR, Government of Bangladesh as well as Bangladesh Power Development Board (BPDB), Rural Electrification Board (REB), Titas Gas Transmission and Distribution Company Ltd., Bakhrabad Gas Systems Ltd. and Pashchimanchal Gas Company Ltd. for the support being extended in carrying out implementation of the new power plants at Ullapara, Maona, Rupganj and Jangalia. The Board also extends its best wishes to the Contractors/ Consultants who are helping to establish new plants to achieve our growth.

The Board would also like to thank all the stakeholders including Investors, Suppliers, Banks & Financial Institutions, Insurance Companies, Service Providers, the 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, Individual and agencies who have helped us achieve what we are today.

On behalf of the Board



Tauhidul Islam  
Managing Director

Dhaka. 22 April 2009

### কৃতজ্ঞতা স্বীকার

আপনাদের পরিচালনা পর্ষদ কোম্পানীর সকল সদস্য ও শেয়ারহোল্ডারদের আন্তরিকভাবে ধন্যবাদ জানাচ্ছে যারা বিভিন্ন সময়ে শেয়ার ট্রয়ের মাধ্যমে, কোম্পানীর বিভিন্ন কাজে একাত্মতা প্রকাশ করে এবং কোম্পানীর সকল কার্যক্রমে অংশগ্রহণ ও সম্পৃক্ততা প্রদর্শনের মাধ্যমে সর্বদা কোম্পানীর আত্মবিশ্বাস বৃদ্ধিতে সহায়তা করেছে। শেয়ারহোল্ডারদের এই আন্তরিক সহযোগিতা ছাড়া কোম্পানী কখনই আজকের এই সাফল্যমণ্ডিত অবস্থানে পৌঁছাতে পারতো না।

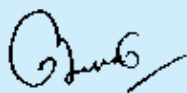
আপনাদের পরিচালনা পর্ষদ কোম্পানীর সকল স্তরের কর্মকর্তা-কর্মচারীদের আন্তরিক ধন্যবাদ জানাচ্ছে। তাঁদের ব্যক্তিগত এবং সম্মিলিত দায়িত্ববোধ ও কর্ম উদ্দীপনায় আপনাদের কোম্পানী আজকের সাফল্য অর্জনে সক্ষম হয়েছে। পর্ষদ কর্মকর্তা-কর্মচারীদের পরিবারের সদস্যদেরও আন্তরিক ধন্যবাদ ও কৃতজ্ঞতা জানাচ্ছে, যারা সর্বদা কোম্পানীর প্রতিটি মহৎ পদক্ষেপে অন্তরালে থেকে অনুপ্রেরণার উৎস হয়ে থেকেছে।

কোম্পানীর সম্মানিত গ্রাহক পল্লী বিদ্যুতায়ন বোর্ড এবং বোর্ডের সাথে নিবন্ধিত পল্লী বিদ্যুত সমিতিসমূহের আস্থা ও বিশ্বাস কোম্পানীর প্রধান চালিকাশক্তি। আমরা বিনিয়োগের সাথে তাদের আস্থা ও বিশ্বাসকে মূল্যায়ন করছি এবং আশা করি তাদের এই আস্থা ও বিশ্বাস উত্তরোত্তর আরো বৃদ্ধি পাবে। পরিচালনা পর্ষদ উল্লাপাড়া, মাওনা রূপগঞ্জ ও জাঙ্গালিয়ায় নতুন বিদ্যুত কেন্দ্র স্থাপনে সহযোগিতার জন্য পাওয়ার সেন, বিদ্যুৎ জ্বালানী ও খনিজ সম্পদ মন্ত্রণালয়, গণপ্রজাতন্ত্রী বাংলাদেশ সরকার তথা পল্লী বিদ্যুতায়ন বোর্ড, বাংলাদেশ বিদ্যুৎ উন্নয়ন বোর্ড, তিতাস গ্যাস ট্রান্সমিশন এন্ড ডিস্ট্রিবিউশন কোঃ লিঃ, বাখরাবাদ গ্যাস সিস্টেমস লিঃ এবং পশ্চিমাঞ্চল গ্যাস কোম্পানী লিঃ কে আন্তরিক ধন্যবাদ ও কৃতজ্ঞতা জানাচ্ছে। আপনাদের পরিচালনা পর্ষদ এছাড়াও কোম্পানীর সকল পরামর্শক ও ঠিকাদার (contractors & consultants) কোম্পানীকে আন্তরিকভাবে ধন্যবাদ জানায় যারা কোম্পানীর নতুন নতুন বিদ্যুতকেন্দ্র নির্মাণে ও এর উৎপাদন ক্ষমতা বৃদ্ধিতে তাদের সহযোগিতার হাত বাড়িয়ে দিয়েছিল।

একই সাথে পরিচালনা পর্ষদ ধন্যবাদ জানাচ্ছে কোম্পানীর কর্মকর্তাদের সাথে সংশ্লিষ্ট সকল বিনিয়োগকারী, সরবরাহকারী, আর্থিক প্রতিষ্ঠান, ইন্সুরেন্স কোম্পানী, সেবা প্রদানকারী, সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন, রেজিস্টার অব জয়েন্ট ষ্টক কোম্পানীজ এন্ড ফার্মস, ঢাকা ষ্টক এক্সচেঞ্জ লিমিটেড, চট্টগ্রাম ষ্টক এক্সচেঞ্জ লিমিটেড, সেন্ট্রাল ডিপোজিটরী বাংলাদেশ লিমিটেড, বিভিন্ন সরকারী সংস্থা, ব্যক্তি এবং প্রতিনিধিসমূহকে যারা আমাদের আজকের অবস্থানে আসতে সহায়তা করেছে।

পরিশেষে, দ্বাদশ বার্ষিক সাধারণ সভায় আপনাদের সবার উপস্থিতি একান্তভাবে কামনা করছি।

পরিচালনা পর্ষদের পক্ষে



টৌহিদুল ইসলাম  
ব্যবস্থাপনা পরিচালক

ঢাকা। ২২ এপ্রিল, ২০০৯





# Compliance Report

Annexure-1

Status of Compliance with the conditions imposed by the Commissions Notification No- SEC/CMRRCD/2006-158/ Admin/02-08 dated February 20, 2006 issued under section 2CC of the Securities & Exchange Ordinance 1969.

(Report under condition no-5.00)

Condition	Title	Compliance status		Explanation for non-compliance with the condition
		Complied	Not complied	
1.1	Board's size	✓		
1.2(i)	Independent Directors	✓		
1.2(ii)	Appointment of Independent Non-shareholder Director	✓		
1.3	Chairman and Chief Executive	✓		
1.4	Directors' report to include declarations on:			
	a. Fairness of state of the affairs	✓		
	b. Keeping proper books of accounts	✓		
	c. Consistent application of Accounting Policies in preparation of financial statements	✓		
	d. Observance of Bangladesh Accounting Standard(BAS)	✓		
	e. Soundness and efficiency of Internal Control	✓		
	f. Ability of Summit Power to continue as a going concern	✓		
	g. Significant deviations from last year in operating results	✓		
	h. Presentation of key operating and financial data for last three years	✓		
	i. Declaration of dividend	✓		
	j. Number of Board meeting held during the year and attendance by each Director	✓		
	k. Shareholding pattern	✓		
2.1	Appointment of CFO, Head of Internal Audit & Company Secretary	✓		Appointment of Head of Internal Audit is in process.
2.2	Attendance of CFO and Company Secretary in the Board meeting	✓		
3	Audit Committee	✓		
3.1	i. Composition of Audit Committee	✓		
	ii. Audit Committee Members Appointment	✓		
	iii. Filling of casual vacancy in Audit Committee	✓		
3.2	i. Chairman of Audit Committee	✓		
	ii. Audit Committee Chairman's Qualification	✓		
3.3.1	i. Reporting to the Board of Directors	✓		
	ii. Report on:			
	a. Conflicts of interests			No such incidence arose
	b. Suspected material defect in the internal control system			No such incidence arose
	c. Suspected infringement of laws			No such incidence arose
	d. Any other matter			No such incidence arose
3.3.2	Reporting to the Authorities			No such reportable incidence arose
3.4	Reporting to the shareholders			No such incidence arose
4	Statutory Auditors not to engage in:			
	i. Appraisal or valuation services	✓		
	ii. Financial information systems design and implementation	✓		
	iii. Book keeping or other services related to financial statements	✓		
	iv. Broker-dealer services	✓		
	v. Actuarial services	✓		
	vi. Internal audit services	✓		
	vii. Any other services that the Audit committee determines	✓		

# Shareholding Information

Annexure-2

Categories of Shareholder	No of Shareholder	No of shares held
<b>Sponsors:</b>		
Summit Industrial & Mercantile Corporation (Pvt.) Ltd.	1	9,081,072
Euro Hub Investments Limited	1	997,920
Mr. Mainul Abedin	1	284
Dr. Mirza Khairuzzaman	1	141
Advocate Imtiaz Mahmood	1	141
Mr. Azharul Haque	1	141
Mr. A.N.M. Tariqur Rashid	1	141
<b>Directors, CEO, Company Secretary, CFO Head of Internal Audit and their spouses:</b>	Nil	Nil
<b>Executives (Top 05 persons other than CEO,CFO,CS,HIA)</b>	Nil	Nil
<b>Shareholders holding 10% or more voting rights</b>		
Summit Industrial & Mercantile Corporation (Pvt.) Ltd.	1	9,081,072

# Management Committee

Annexure-3

<b>Audit Committee</b>	
Mr. Abbas Uddin Ahmed	Chairman
Mr. Tauhidul Islam, Managing Director	Member
Ms. Ayesha Aziz Khan, Director (Finance)	Member
Mr. A.N. M Tariqur Rashid, Executive Director	Member
Mr. Mahmud Hasan FCMA, Financial Controller	Member Secretary
<b>Executive Committee</b>	
Mr. Tauhidul Islam, Managing Director	Chairman
Mr. Md. Latif Khan, Director	Member
Ms. Ayesha Aziz Khan, Director (Finance)	Member
Dr. Mirza Khairuzzaman, Senior Executive Director	Member
Mr. A.N. M Tariqur Rashid, Executive Director	Member
Mr. Mahmud Hasan FCMA, Financial Controller	Member
<b>Purchase Committee</b>	
Mr. Md. Latif Khan, Director	Chairman
Mr. Tauhidul Islam, Managing Director	Member
Mr. A.N. M Tariqur Rashid, Executive Director	Member
Mr. Mahmud Hasan FCMA, Financial Controller	Member
<b>Technical Committee</b>	
Mr. A.N. M Tariqur Rashid, Executive Director	Chairman
Mr. Solaiman Patwary, General Manager (O&M)	Member
Mr. Abdus Sobhan, General Manager (P&D)	Member
Md. Nazrul Islam Khan, Manager (E&I)	Member
Mr. A.K.M Asadul Alam Siddique, Plant Manager	Member
<b>Operation &amp; Maintenance Committee</b>	
Mr. Faisal Karim Khan	Chairman
Mr. A.N. M Tariqur Rashid, Executive Director	Member
Mr. Solaiman Patwary, General Manager (O&M)	Member
Md. Nazrul Islam Khan, Manager (E&I)	Member
Plant Manager	Member



# Management Team





From Left

- **Md. Nazrul Islam Khan**  
Manager, Electrical & Instrumentation
- **Md. Abdus Sobhan**  
General Manager  
Planning & Development
- **A.K.M. Asadul Alam Siddique**  
Plant Manager  
Comilla Power Plant
- **Mahmud Hasan FCMA**  
Financial Controller & Company Secretary
- **Md. Latif Khan**  
Director
- **Md. Farid Khan**  
Vice-Chairman
- **Dr. Mirza Khairuzzaman**  
Senior Executive Director
- **Jafer Ummeed Khan**  
Director
- **Tauhidul Islam**  
Managing Director
- **Ayesha Aziz Khan**  
Director - Finance
- **Faisal Karim Khan**  
Director
- **Muhammed Aziz Khan**  
Chairman
- **Commander M Emdadul Haque, (E), psc, BN (Retd)**  
Plant Manager, Savar Power Plant
- **A.N.M Tariqur Rashid**  
Executive Director
- **Md. Sirajul Islam**  
Plant Manager  
Narshingdi Power Plant
- **Md. Solaiman Patwary**  
General Manager  
Operation & Maintenance
- **Md. Nazmul Hasan**  
Plant Manager  
Rupganj Power Plant
- **Md. Fazle Elahi Khan**  
Plant Manager  
Jangalia Power Plant



# Introduction to the Senior Executives







# Introduction to the Senior Executives

## **Dr. Mirza Khairuzzaman** Senior Executive Director

Dr. Mirza Khairuzzaman obtained his degree in Engineering in 1964 from BUET, Dhaka and PhD. in 1973 from University of Aston in Birmingham, UK. He is a Fellow (life) of Institution of Engineers, Bangladesh. He joined teaching in Engineering College, Rajshahi, (now RUET) in 1965 and left to join Bangladesh Steel and Engineering Corporation in 1974. He served in different management positions in BSEC including MD of Machine Tools Factory, National Tubes Limited and Head of Planning department of BSEC. He was later Member (Eng.) of Board of Directors of BSEC, Chairman of Board of Directors of General Electricity Manufacturing Company, Chittagong Dry Dock, Khulna Shipyard Ltd. and Eastern Tubes Ltd. He joined Summit Power Limited in 1999 during its inception and is the Executive Director (COO) of the company.

Dr. Khairuzzaman served at different national level Committees on Engineering, Quality Control and Safety and was Convener of the Committee on Sick Engineering Industries in Bangladesh. He is an external member of the Selection Committee of teachers of Department of Materials and Metallurgical Engineering of BUET.

## **A.N.M Tariqur Rashid** Executive Director

A.N.M. Tariqur Rashid obtained bachelor degree in engineering. After passing the graduation, he joined Bangladesh Power Development Board (BPDB) and worked in wide range of fields within BPDB ranging from power plant operation and maintenance to commercial section for more than eight years. He also took part in designing, evaluating and developing the first ever bidding packages to seek private participation

in power sector. Sensing the opportunity in private sector, he resigned from BPDB in the middle of 1999 and has been working in Summit Group since then. During last fifteen years, the career of Mr. Rashid has transformed into a professional level, by working different areas of power sector spanning from planning to arranging and securing supply side equipment to administrating the project management to participating project financing to efficient structuring of project construction and O&M activities.

## **Md. Solaiman Patwary** General Manager (Operation & Maintenance)

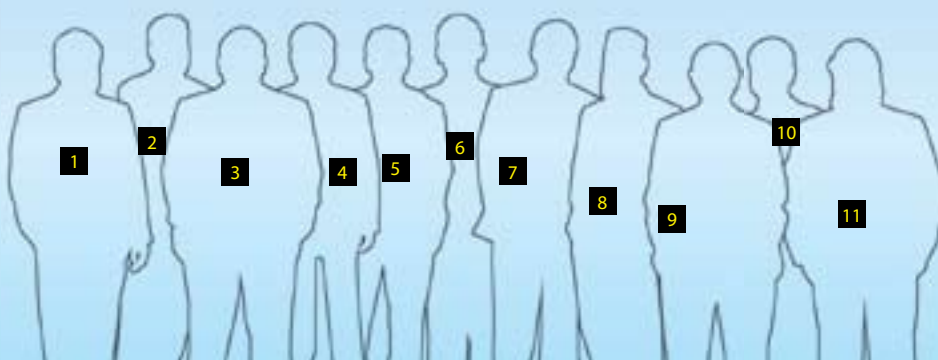
A Marine Engineer Mr. Patwary started his career as Junior Engineer in a foreign Ship. Prior to joining Summit in the year 2000 Mr. Patwary has got 21 years professional experience as 5th Engineer, 4th Engineer, 3rd Engineer, 2nd Engineer and as Chief Engineer (12 years) in foreign flag vessel since 1979. He obtained certificate of competency of Class-1(motor), Marine Engineer (U.K). Mr. Patwary did his class-2 Marine Engineering from Singapore and class 1 Marine Engineering degree from England. He attended various training, workshops and seminars at both home and abroad.

## **Md. Abdus Sobhan** General Manager (Planning & Development)

Mr. Sobhan is an Electrical Engineer, graduated from BUET in 1977 and secured 1st Class. He is a member of The Institution of Engineers, Bangladesh. Before joining Summit in 2000 Mr. Sobhan accumulated 22 years of experience in different Govt., Semi Govt. and Private Organizations at home & abroad. In 1977, he started his career from Khulna Engineering College as a Lecturer in Electrical Engineering department. He had 18 years of experience in 450MW Steam, Gas Turbine Power Plants and Seawater Desalination Plants in the Secretariat of

From left to right:

A.K.M. Asadul Alam Siddique,  
Mahmud Hasan FCMA, A.N.M  
Tariqur Rashid, Md. Nazrul  
Islam Khan, Md. Sirajul Islam,  
Commander M Emdadul Haque,  
Md. Nazmul Hasan, Md. Solaiman  
Patwary, Dr. Mirza Khairuzzaman,  
Md. Fazle Elahi Khan,  
Md. Abdus Sobhan.



Electricity under the Govt. of Libya. He received on job training from both home & abroad.

**Mahmud Hasan FCMA,**  
Financial Controller & Company Secretary

Mr. Mahmud is the Financial Controller & Company Secretary and joined Summit in June 2007. Mr. Mahmud is a qualified Cost & Management Accountant and obtained his Masters of Commerce in Accounting under National University and secured First Class. He is a fellow member of the Institute of Cost & Management Accountants of Bangladesh (ICMAB). He has 17 years of professional experience. Prior to joining Summit, Mr. Mahmud held various important positions in various organizations namely BRAC, ActionAid Bangladesh, Intertek Testing Service (Bangladesh) Limited, West Zone Power Distribution Company Ltd. etc.

**Md. Nazrul Islam Khan**  
Manager (Electrical & Instrumentation)

Mr. Md. Nazrul Islam Khan is an Electrical Engineer graduated from BUET in the year 1975. He is a life fellow of Institute of Engineers, Bangladesh. Prior to joining Summit in the 2007 Mr. Md. Nazrul Islam Khan accumulated 34 years of professional experience in different Govt., Semi Govt. and Private Organization in home and abroad. He participated in various training and seminar in home and abroad.

**A.K.M. Asadul Alam Siddique**  
Plant Manager, Comilla Power Plant

Mr. A.K.M Asadul Alam did his Naval Architecture & Marine Engineering from BUET, Dhaka and a member of The Institution of Engineers, Bangladesh. He did his class II and class I Marine Engineering from England in 1993 and 1996 respectively. Prior to joining Summit in 2003 Mr. Asad has accumulated 16 years of experience in different organization at home & abroad. He started his career as Naval Architect with the Ship Designer & Consultant in 1987. After that he served in MV Ocean Pride of OPSEL, Singapore and MZ Ghazi of IRISL, Iran as Chief Engineer. He rendered his services as 3rd Engineer, 4th Engineer, 5th Engineer and as a Cadet in Bangladesh Shipping Corporation from 1989 to 1993.

**Commander M Emdadul Haque, (E), psc, BN (Retd)**  
Plant Manager, Savar Power Plant

Commander M Emdadul Haque, (E), psc, BN (Retd) is a retired

officer of Bangladesh Navy. He was graduated on Naval Architecture & Marine Engineering from BUET in 1984. He served the Navy for almost 24 years till July 2003. Mr. Emdad served as Chief Engineer of 3 Frigates and other vital posts of Navy. He is also trained as Marine Engineering Specialist from Royal Naval Engineering College UK in 1987. He has also attained degree on 'Masters on Defence Studies' (MDS) from National University. He has keen interest on subjects related to power generation and energy saving devices. He has also knacks on professional writings.

**Md. Sirajul Islam**  
Plant Manager, Narshingdi Power Plant

Mr. Md. Sirajul Islam received his graduation degree in Engineering (Electronics) from Rajshahi University in the year 1979. He is a life fellow of Institute of Engineers, Bangladesh. Prior to joining Summit in 2008 Mr. Islam accumulated 25 years of professional experience in different place and position in Bangladesh Power Development Board (BPDB). He attended various seminar and training program in home and abroad.

**Md. Nazmul Hasan**  
Plant Manager, Rupganj Power Plant

A Marine Engineer Mr. Md. Nazmul Hasan started his career as Cadet Engineer in Bangladesh Shipping Corporation in the year 1989. Prior to Join Summit Mr. Hasan has got 17 years of professional experience as 5th Engineer, 4th Engineer, 3rd Engineer, 2nd Engineer and as Chief Engineer in ocean going ship. He obtained his Class I Marine Engineering Certificate of Competency from Singapore Marine Academy. He attended various training program and seminar in home and abroad. He also received an MBA Degree.

**Md. Fazle Elahi Khan**  
Plant Manager, Jangalia Power Plant

Mr. Md. Fazle Elahi Khan received his M. Sc. degree in Electrical and Electronics Engineering from Khulna University of Engineering and Technology (KUET). Before joining Summit in 2008 Mr. Md. Fazle Elahi Khan served in Bangladesh Navy (BN) for more than 14 years as an Officer in the Electrical Branch and retired as Lieutenant Commander. He took part in various training program and seminar in home and abroad.



# Memorable Events

SPL subsidiaries avails syndicated loan facilities for BDT 3.955 billion arranged by IIDFC.



**Ms. Ayesha Aziz Khan, Director (Finance) is delivering her speech on the occasion of signing ceremony.**

Industrial and Infrastructure Development Finance Company Limited (IIDFC) has arranged a BDT 3.955 billion loan through syndication for Summit Power Limited's subsidiaries to install 4 power plants with a total generation capacity of 110MW. The other syndication member banks are BRAC Bank Limited, Bank Asia Limited, Mutual Trust Bank Limited, Infrastructure Development Company Limited (IDCOL), Pubali Bank Limited, Janata Bank Limited, Sonali Bank Limited, Rupali Bank Limited, Agrani Bank Limited, Standard Bank Limited, National Credit & Commerce Bank Limited, Bangladesh Industrial Finance Corporation (BIFC), First Security Bank Limited, Prime Bank Limited, SABINCO Limited, United Commercial Bank Limited and The Premier Bank Limited.



**The CEO's and other officials of all the participating banks of the Syndication facilities.**

## Summit Cup Golf Tournament (Pro-Am)



Summit has been sponsoring a golf tournament titled “Summit Cup Golf Tournament (Pro-Am)” every year. It is held at Kurmitola Golf Club where professional and amateur golfers participate to compete for the prized trophies.

Prize Distribution Ceremony of “Summit Cup Golf Tournament (Pro-Am)” held at Kurmitola Golf Club. Chief Guest, Lieutenant General Sina Ibn Jamali, awc, psc is seen with the winners of the trophies. Honourable Minister for Commerce Lieutenant Colonel Muhammed Faruk Khan psc (Retd) is also seen in the picture.



Mr. Muhammed Aziz Khan, Chairman Summit Group and Summit Power Limited handing over a crest to the honourable Chief Guest, Lieutenant General Sina Ibn Jamali, awc, psc on the occasion of prize distribution ceremony held at Kurmitola Golf Club.



Inauguration of “Summit Cup Golf Tournament (Pro-Am)”.



# Financials





# Auditors' Report

to the shareholders of Summit Power Limited

We have audited the accompanying balance sheet of Summit Power Limited as at 31 December 2008 and the related profit and loss account, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes and all related consolidated financial statements. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.


We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit of the company and its subsidiaries, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of affairs of the company and its subsidiaries as at 31 December 2008 and of the results of their operations and cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the companies so far as it appeared from our examination of these books;
- c) the balance sheets and profit and loss accounts dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the companies' businesses.

Without qualifying our opinion above, we draw readers' attention to note 4 which explains how the company will continue in operational existence for the foreseeable future in spite of its net current liability position as at year end.



Dhaka, 22 April 2009

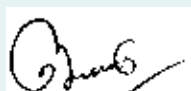
# SUMMIT POWER LIMITED

# Balance Sheet

as at 31 December 2008

	Notes	2008 Taka	2007 Taka
<b>Assets</b>			
Property, plant and equipment	5	4,092,694,198	3,618,814,254
Investments	7	960,480,200	198,000
Intangible assets	8	10,030,350	84,400
Investment in FDR	13.a	11,854,249	10,801,254
<b>Total non-current assets</b>		<b>5,075,058,997</b>	<b>3,629,897,908</b>
Inventories	9	172,149,488	169,620,386
Accounts receivable	10	202,238,917	188,555,114
Other receivable		-	1,244,924
Inter company receivables	11	100,000,000	27,990,349
Advances, deposits and prepayments	12	20,103,785	21,544,037
Cash and bank balances	13	96,078,438	58,836,302
<b>Total current assets</b>		<b>590,570,628</b>	<b>467,791,112</b>
<b>Total assets</b>		<b>5,665,629,625</b>	<b>4,097,689,020</b>
<b>Equity</b>			
Share capital	14	1,853,280,000	858,000,000
Share premium	15	388,880,000	80,000,000
Share money deposit		-	4,457,764
Revaluation reserve	3.1.5 & 5	586,659,003	-
Retained earnings		643,051,031	469,669,150
<b>Total equity attributable to equity holders of the company</b>		<b>3,471,870,034</b>	<b>1,412,126,914</b>
<b>Liabilities</b>			
Project loan - long-term portion	16	1,342,237,577	1,792,800,415
Obligation under finance lease - long term portion	17	569,084	1,232,436
Deferred liability for gratuity	18	7,062,794	5,241,587
<b>Total non-current liabilities</b>		<b>1,349,869,455</b>	<b>1,799,274,438</b>
Short term loan	19	221,186,387	263,156,798
Trade creditors	20	36,886,623	43,739,062
Other creditors and accruals	21	49,344,145	70,633,752
Inter company payable	22	116,614,378	3,710,294
Project loan - short term portion	16	417,033,851	475,322,943
Obligation under finance lease - short term portion	17	663,351	568,633
Liability for spare parts		-	27,560,615
Dividend payable		2,161,401	1,595,571
<b>Total current liabilities</b>		<b>843,890,136</b>	<b>886,287,668</b>
<b>Total liabilities</b>		<b>2,193,759,591</b>	<b>2,685,562,106</b>
<b>Total equity and liabilities</b>		<b>5,665,629,625</b>	<b>4,097,689,020</b>

The annexed notes 1 to 39 form an integral part of these financial statements.



Managing Director



Director



Company Secretary

As per our report of same date.



Auditors

Dhaka, 22 April 2009

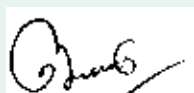
SUMMIT POWER LIMITED

# Consolidated Balance Sheet

as at 31 December 2008

	Notes	2008 Taka	2007 Taka
<b>Assets</b>			
Property, plant and equipment	5.1	4,104,122,538	3,618,814,254
Capital work in progress	6	1,938,561,154	329,970,556
Intangible assets	8	10,030,350	84,400
Investment in FDR	13.a	11,854,249	10,801,254
<b>Total non-current assets</b>		<b>6,064,568,291</b>	<b>3,959,670,464</b>
Inventories	9.1	174,062,710	169,620,386
Accounts receivable	10	202,238,917	188,555,114
Other receivables		-	1,244,924
Receivable from Cosmopolitan Traders (Pvt.) Ltd.	11	100,000,000	-
Advances, deposits and prepayments	12.1	38,675,945	38,544,037
Cash and bank balances	13.1	127,577,869	59,086,822
<b>Total current assets</b>		<b>642,555,441</b>	<b>457,051,283</b>
<b>Total assets</b>		<b>6,707,123,732</b>	<b>4,416,721,747</b>
<b>Equity</b>			
Share capital	14	1,853,280,000	858,000,000
Share premium	15	388,880,000	80,000,000
Share money deposit		-	4,457,764
Revaluation reserve		794,231,503	-
Retained earnings		618,054,351	466,725,933
<b>Total equity attributable to equity holders of the company</b>		<b>3,654,445,854</b>	<b>1,409,183,697</b>
Minority interest		9,701,800	2,000
<b>Total equity</b>		<b>3,664,147,654</b>	<b>1,409,185,697</b>
<b>Liabilities</b>			
Project loan - long term portion	16.1	2,292,237,578	1,792,800,415
Obligation under finance lease - long term portion	17.1	7,093,062	1,232,436
Deferred liability for gratuity	18	7,062,794	5,241,587
<b>Total non-current liabilities</b>		<b>2,306,393,434</b>	<b>1,799,274,438</b>
Short term loan	19.1	221,186,387	585,047,142
Trade creditors	20	36,886,623	43,739,062
Other creditors and accruals	21.1	53,039,871	70,717,352
Payable to SIMCL and Summit Corporation		1,424,640	3,710,294
Project loan - short term portion	16	417,033,851	475,322,943
Obligation under finance lease - short term portion	17.1	4,849,871	568,633
Liability for spare parts		-	27,560,615
Dividend payable		2,161,401	1,595,571
<b>Total current liabilities</b>		<b>736,582,644</b>	<b>1,208,261,612</b>
<b>Total liabilities</b>		<b>3,042,976,078</b>	<b>3,007,536,050</b>
<b>Total equity and liabilities</b>		<b>6,707,123,732</b>	<b>4,416,721,747</b>

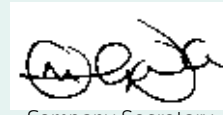
The annexed notes 1 to 39 form an integral part of these financial statements.



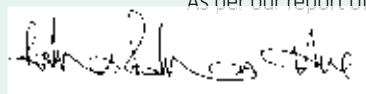
Managing Director



Director



Company Secretary  
As per our report of same date.



Auditors

Dhaka, 22 April 2009



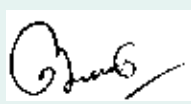
SUMMIT POWER LIMITED

# Profit and Loss Account

for the year ended 31 December 2008

	Notes	2008 Taka	2007 Taka
Revenue	23	1,737,787,805	1,148,766,291
Cost of sales	24	(791,926,625)	(562,149,648)
<b>Gross profit</b>		<b>945,861,180</b>	<b>586,616,643</b>
General and administrative expenses	25	(152,628,564)	(134,796,007)
Other income	26	2,973,226	1,768,652
Exchange gain/(loss)		-	(40,574)
<b>Result from operating activities</b>		<b>796,205,842</b>	<b>453,548,714</b>
Finance income	27	12,001,050	3,938,143
Finance expenses	28	(325,945,011)	(189,390,627)
<b>Net financial cost</b>		<b>(313,943,961)</b>	<b>(185,452,484)</b>
<b>Profit for the year</b>		<b>482,261,881</b>	<b>268,096,230</b>
Earnings per share (EPS)	29	26.95	31.25
Restated earnings per share (EPS)		-	16.12

The annexed notes 1 to 39 form an integral part of these financial statements.



Managing Director



Director



Company Secretary

As per our report of same date.



Auditors

Dhaka, 22 April 2009

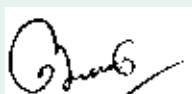
SUMMIT POWER LIMITED

# Consolidated Profit and Loss Account

for the year ended 31 December 2008

	Notes	2008 Taka	2007 Taka
Revenue	23	1,737,787,805	1,148,766,291
Cost of sales	24	(791,926,625)	(562,149,648)
<b>Gross profit</b>		<b>945,861,180</b>	<b>586,616,643</b>
General and administrative expenses	25.1	(176,708,212)	(137,717,734)
Other income	26.1	3,805,009	1,768,652
Exchange gain/(loss)		-	(40,574)
<b>Result from operating activities</b>		<b>772,957,977</b>	<b>450,626,987</b>
Finance income	27.1	14,698,689	3,938,143
Finance expenses	28.1	(327,448,248)	(189,412,117)
<b>Net financial cost</b>		<b>(312,749,559)</b>	<b>(185,473,974)</b>
<b>Profit for the year</b>		<b>460,208,418</b>	<b>265,153,013</b>
Attributable to:			
Equity holders of the company		460,208,418	265,153,013
Minority interest		-	-
<b>Profit for the year</b>		<b>460,208,418</b>	<b>265,153,013</b>
Earnings per share (EPS)	29.1	25.71	30.90
Restated earnings per share (EPS)		-	15.95

The annexed notes 1 to 39 form an integral part of these financial statements.



Managing Director

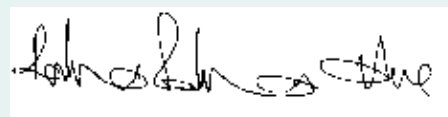


Director



Company Secretary

As per our report of same date.



Auditors

Dhaka, 22 April 2009

SUMMIT POWER LIMITED

# Statement of Changes in Equity

for the year ended 31 December 2008

	Share capital Taka	Share premium Taka	Share Money deposit Taka	Stock dividend Taka	Revaluation reserve Taka	Retained earnings Taka	Total Taka
<b>Balance as at 1 January 2007</b>	715,000,000	80,000,000	4,457,764	143,000,000	-	201,572,920	1,144,030,684
Issue of bonus shares	143,000,000	-	-	(143,000,000)	-	-	-
Profit for the year ended 31 December 2007	-	-	-	-	-	268,096,230	268,096,230
<b>Balance as at 31 December 2007</b>	858,000,000	80,000,000	4,457,764	-	-	469,669,150	1,412,126,914
Issue of right shares	681,942,236	308,880,000	-	-	-	-	990,822,236
Share money deposit	4,457,764	-	(4,457,764)	-	-	-	-
Issue of bonus shares	308,880,000	-	-	-	-	(308,880,000)	-
Revaluation reserve	-	-	-	-	586,659,003	-	586,659,003
Profit for the year ended 31 December 2008	-	-	-	-	-	482,261,881	482,261,881
<b>Balance as at 31 December 2008</b>	1,853,280,000	388,880,000	-	-	586,659,003	643,051,031	3,471,870,034



# SUMMIT POWER LIMITED

## Consolidated Statement of Changes in Equity

for the year ended 31 December 2008

	Share capital Taka	Share premium Taka	Share money deposit Taka	Stock dividend Taka	Revaluation reserve Taka	Retained earnings Taka	Total Taka
<b>Balance as at 1 January 2007</b>	715,000,000	80,000,000	4,457,764	143,000,000	-	201,572,920	1,144,030,684
Issue of bonus shares	143,000,000	-	-	(143,000,000)	-	-	-
Profit for the year ended 31 December 2007	-	-	-	-	-	265,153,013	265,153,013
<b>Balance as at 31 December 2007</b>	858,000,000	80,000,000	4,457,764	-	-	466,725,933	1,409,183,697
Issue of right shares	681,942,236	308,880,000	-	-	-	-	990,822,236
Share money deposit	4,457,764	-	(4,457,764)	-	-	-	-
Issue of bonus shares	308,880,000	-	-	-	-	(308,880,000)	-
Revaluation reserve	-	-	-	-	794,231,503	-	794,231,503
Profit for the year ended 31 December 2008	-	-	-	-	-	460,208,418	460,208,418
<b>Balance as at 31 December 2008</b>	1,853,280,000	388,880,000	-	-	794,231,503	618,054,351	3,654,445,854

SUMMIT POWER LIMITED

# Cash Flow Statement

for the year ended 31 December 2008

	2008 Taka	2007 Taka
<b>A. Cash flow from operating activities:</b>		
Cash receipt from customers	1,724,104,002	1,033,322,843
Cash paid to suppliers and employees	(875,214,884)	(591,766,883)
Cash generated from operations	848,889,118	441,555,960
Cash receipt from sale of scrap items	1,716,226	1,768,652
Interest income	10,948,055	3,019,262
Financial expenses	(325,945,011)	(189,381,939)
<i>Net cash from operating activities</i>	<u>535,608,388</u>	<u>256,961,935</u>
<b>B. Cash flow from investing activities:</b>		
Purchase of property, plant and equipment	(10,232,576)	(1,175,267,911)
Acquisition of intangible assets	(10,000,000)	-
Proceeds from sale of vehicles	1,257,000	-
Investment	(960,282,200)	(198,000)
Inter company receivable	40,894,433	(27,990,349)
<i>Net cash used in investing activities</i>	<u>(938,363,343)</u>	<u>(1,203,456,260)</u>
<b>C. Cash flow from financing activities:</b>		
Long term loan	-	1,249,999,970
Project loan	(508,851,930)	(476,393,315)
Payment for lease finance	(568,634)	612,295
Short term loan	(41,970,411)	213,945,664
Share capital	686,400,000	-
Share premium	308,880,000	-
Share money deposit	(4,457,764)	-
Dividend	(791,170)	(263,188)
Sale of bonus share	1,357,000	-
<i>Net cash from financing activities</i>	<u>439,997,091</u>	<u>987,901,426</u>
<b>D. Net cash inflow/(outflow) for the year (A+B+C)</b>	<u>37,242,136</u>	<u>41,407,101</u>
<b>E. Opening cash and bank balances</b>	58,836,302	17,469,775
<b>Exchange gain/(loss)</b>	-	(40,574)
	<u>58,836,302</u>	<u>17,429,201</u>
<b>F. Closing cash and bank balances (D+E)</b>	<u>96,078,438</u>	<u>58,836,302</u>

SUMMIT POWER LIMITED

# Consolidated Cash Flow Statement

for the year ended 31 December 2008

	2008 Taka	2007 Taka
<b>A. Cash flow from operating activities:</b>		
Cash receipt from customers	1,724,104,002	1,033,322,843
Cash paid to suppliers and employees	(898,644,982)	(594,605,010)
Cash generated from operations	825,459,020	438,717,833
Cash receipt from sale of scrap items	2,548,009	1,768,652
Interest income	13,645,694	3,019,262
Financial expense	(327,448,248)	(189,403,429)
<i>Net cash flow from operating activities</i>	<u>514,204,475</u>	<u>254,102,318</u>
<b>B. Cash flow from investing activities:</b>		
Purchase of property, plant and equipment	(11,242,458)	(1,175,267,911)
Acquisition of intangible assets	(10,000,000)	-
Proceeds from sale of vehicles	1,257,000	-
Capital work in progress	(1,401,018,098)	(329,970,556)
Advance for bank guarantee margin	-	(17,000,000)
Short term financing to Cosmopolitan Traders (Pvt.) Ltd.	(100,000,000)	-
<i>Net cash used in investing activities</i>	<u>(1,521,003,556)</u>	<u>(1,522,238,467)</u>
<b>C. Cash flow from financing activities:</b>		
Long term loan taken	950,000,000	1,249,999,970
Project loan repaid	(508,851,930)	(476,393,315)
Lease finance	(3,085,053)	612,295
Short term loan	(363,860,755)	535,836,008
Share capital	686,400,000	-
Share premium	308,880,000	-
Share money deposit	(4,457,764)	-
Minority Interest	9,699,800	2,000
Dividend	(791,170)	(263,188)
Sale of bonus share	1,357,000	-
<i>Net cash flow from financing activities</i>	<u>1,075,290,128</u>	<u>1,309,793,770</u>
<b>D. Net cash inflow/(outflow) for the year (A+B+C)</b>	<u>68,491,047</u>	<u>41,657,621</u>
<b>E. Opening cash and bank balances</b>	59,086,822	17,469,775
<b>Exchange gain/(Loss)</b>	-	(40,574)
	<u>59,086,822</u>	<u>17,429,201</u>
<b>F. Closing cash and bank balances (D+E)</b>	<u>127,577,869</u>	<u>59,086,822</u>



# Notes to the Financial Statements

as at and for the year ended 31 December 2008

## 1. Reporting entity

- 1.1 Summit Power Limited (the “company”) was incorporated in Bangladesh on 30 March 1997 as a Private Limited Company. On 7 June 2004 the company registered itself as a Public Limited Company under the Companies Act 1994. The consolidated financial statements of the Company as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries. The subsidiaries are Summit Uttaranchol Power Company Limited and Summit Purbanchol Power Company Limited.

The principal activity of this company is to set up power plants for generation and supply of electricity. Earlier, the company had three power plants located at Ashulia (Savar), Madhabdi (Narsingdi) and Chandina (Comilla) having production capacity of 11 MW each. The plants started commercial production on 8 February 2001, 1 April 2001 and 2 June 2001 at Ashulia, Madhabdi and Chandina respectively. In 2006, the company expanded its Madhabdi (Narsingdi) and Chandina (Comilla) plants by additional 24.30 MW and 13.50 MW respectively and started commercial operation on 16 December and 15 November 2006 respectively. In 2007, the company has also expanded its Ashulia (Savar) plants by additional 33.75 MW and started commercial operation on 04 December 2007. The company supplies its generated electricity to Rural Electrification Board.

The company is also implementing four more power plants totaling a capacity of 110 MW through its two subsidiary companies Summit Uttaranchol Power Company Limited and Summit Purbanchol Power Company Limited (both are the 99% subsidiaries of Summit Power Limited). Both the companies signed the Power Purchase Agreements, Implementation Agreements, Gas Supply Agreements and Land Lease Agreements with the related authorities on 11 October, 2007. With the establishment of the new projects generation capacity of the Group (Summit Power Limited, Summit Uttaranchol Power Company Limited and Summit Purbanchol Power Company Limited) will be raised to 215 MW.

## 2. Basis of preparation

### 2.1 Statement of compliance

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

### 2.2 Basis of measurement

Financial statements have been prepared on the historical cost basis except civil works and other constructions and plant and machinery which are stated at current cost.

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

The financial statements are prepared in Bangladesh Taka (Taka/Tk), which is the company's functional currency. All financial information are presented in Taka and have been rounded off to the nearest taka.

### 2.4 Use of estimates and judgment

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 9 – Inventory valuation

Note 17 – Lease classification

Note 18 – Measurement of deferred liability for gratuity

Note 21 – Other creditors and accruals

## 2.5 Reporting period

The financial period of the company under audit covers one year from 1 January to 31 December.

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### 3.1 Property, plant and equipment

#### 3.1.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner.

#### 3.1.2 Capitalisation of borrowing cost

Finance costs that are directly attributable to the construction of plants are included in the cost of those plants in compliance with allowed alternative treatment of BAS 23 Borrowing Cost. Capitalisation of borrowing costs ceases upon receipt of independent engineers' report which, in accordance with Power Purchase Agreement, confirms the availability of plants for use.

#### 3.1.3 Subsequent costs

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

#### 3.1.4 Revaluation of land and plant and machinery

S. F. Ahmed & Co., Chartered Accountants has revalued the plant and machinery and civil works of the Company as at 31 December 2008 following the current cost accounting method. The revaluation resulted into a revaluation surplus aggregating Tk 586,659,003 as at 31 December 2008.

#### 3.1.5 Depreciation

Depreciation is recognised in the profit and loss account on a straight line basis over the estimated useful lives of each item of property, plant and equipment.

Plant and machinery are depreciated from the month in which the asset comes into use or is capitalised other than revalued plant and machinery which are depreciated from the calendar year following the year of revaluation. According to the Power Purchase Agreement independent engineers' report confirms the availability of plants for use. Other items of property, plant and equipment continue to be depreciated for a full year in the year of capitalisation irrespective of the date on which the asset comes into use or is capitalised. In case of disposals, no depreciation is charged in the year of disposal.

Depreciation of power plant has been charged considering 30 years useful life and residual value as 15% of original cost, on straight line basis on the ground that management intends to continue with operation after completion of 15 years as stated in the Power Purchase Agreement (PPA). According to PPA the management can apply for extension of the agreement two years before the expiry of the agreement and management has decided to exercise this option unless it would clearly be not in the interest of the company at that stage.

The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

	<u>2008</u> <u>Year</u>	<u>2007</u> <u>Year</u>
Furniture and fixtures	10	10
Office and electrical equipment	5	5
Office decoration	5	5
Motor vehicles	5	5
Maintenance equipment	5	5
Civil works and others	5	5
Plant and machinery	30	30

# Notes to the Financial Statements

as at and for the year ended 31 December 2008

## 3.1.6 Retirements and disposals

An asset is derecognised upon 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 as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset under other income in the profit and loss account.

## 3.2 Intangible assets

Intangible assets include IT software and brand.

### 3.2.1 Recognition and measurement

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and cost of the asset can be measured reliably.

An intangible asset is measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortisation and accumulated impairment losses.

### 3.2.2 Amortisation of intangible assets

IT software and brand are amortised over 5 and 15 years respectively from the year of first utilisation.

Amortisation of intangible assets is charged from the year of acquisition and are amortised under straight line method.

## 3.3 Leases

### 3.3.1 Finance lease

Leases in terms of which the entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Incremental borrowing rate has been used to calculate the present value of minimum lease payments.

### 3.3.2 Recognition and measurement

Finance leases have been recognised as assets and liabilities in the balance sheet at amounts equal at the inception of lease to the lower of fair value of leased property and present value of minimum lease payments. The interest implicit in the lease has been spread equally over the lease term.

### 3.3.3 Depreciation

Finance leases give rise to depreciation expense for a depreciable asset as well as a finance expense for each accounting period. The depreciation policy for depreciable assets is consistent with that for depreciable assets which are owned.

### 3.3.4 Operating lease

All leases other than those which meet the definition of finance lease are treated as operating lease and are not recognised in the balance sheet.

## 3.4 Inventories

Inventories are measured at lower of cost and estimated net realisable value. The cost of inventories is measured on the principle first in first out (FIFO) method and includes expenditure for acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

### 3.5.1 Accounts receivable

Accounts receivable consists of unpaid bills receivable from Rural Electrification Board (REB) and unbilled revenue recognised at the balance sheet date and are stated net of bad debts provision.

### 3.5.2 Bad debt

Provision for debts which are doubtful of recovery, is made at the discretion of the management.



### 3.6 Provisions

A provision is recognised on the balance sheet 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.

### 3.7 Contingencies

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

### 3.8 Retirement benefits

#### 3.8.1 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 this is made periodically covering all permanent employees by applying period of employment to latest basic salary. Although no actuarial valuation was done to quantify actuarial liabilities as per BAS 19 Employment Benefits, such valuation is not likely to yield a result significantly different from the current provision as the number of permanent employee who fall under this plan is only forty. Gratuity scheme is not recognised by the National Board of Revenue.

#### 3.8.2 Provident fund

The company also operates contributory provident fund for all its permanent employees, which is a defined benefit plan. The provident fund is administered by the Board of Trustee and is funded by contributions from employees and from the company @ 10% of the basic pay. These contributions are invested separately from the company's business. This fund is recognised by National Board of Revenue.

### 3.9 Revenue

Revenue is recognised in the profit and loss account, upon supply of electricity, quantum of which is determined by survey of meter reading. Revenue is measured at fair value of consideration received or receivable.

### 3.10 Taxation

No provision is required for income tax on the company's profits as the company has received exemption from all such taxes from the Government of Bangladesh under the private sector power generation policy for a period of 15 years from start of its commercial operation. Such exemption will expire in February 2016.

### 3.11 Deferred tax

As there is considerable uncertainty with regard to the taxation of such companies after the expiry of the tax exemption period, the management feels it is not possible to make a reasonable estimate of deferred tax assets/liabilities at this stage.

### 3.12 Foreign currency translation

Foreign currency transactions are translated into Bangladeshi taka at the rates ruling on the transaction date. All monetary assets and liabilities at the balance sheet date are retranslated using rates prevailing on that day. In accordance with Schedule XI of the Companies Act 1994 all differences arising on outstanding foreign currency loans are adjusted against the fixed assets for which such foreign currency borrowing took place. This treatment is not in accordance with Bangladesh Accounting Standard 21 The Effects of Changes in Foreign Exchange Rates, which requires all differences arising from foreign exchange transactions to be recognised in the profit and loss account. However management feel the impact on profits due to the difference in treatment is totally immaterial. All other differences are taken to the profit and loss account.

### 3.13 Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised on maturity.

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

# Notes to the Financial Statements

as at and for the year ended 31 December 2008

## 3.14 Consolidation of financial statements

Summit Purbanchol Power Company Limited and Summit Uttaranchol Power Company Limited are 99% owned subsidiaries of Summit Power Limited. The subsidiaries are controlled by the Company.

The financial statements of the subsidiaries have been consolidated with those of Summit Power Limited in accordance with BAS27 Consolidated and Separate Financial Statements. Intra group balances and unrealised profit and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

## 3.15 Earning per share

The Company presents basic earnings per share (EPS) data for its ordinary shares.

### 3.15.1 Basic earnings per share

Basic EPS is calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

## 3.16 Cash flow statement

Cash flows from operating activities have been presented under direct method.

## 3.17 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank, which were held and available for use of the company without any restriction.

## 4. Future prospect

As at the balance sheet date, the company's net current liabilities stood at Tk 253,319,508 (2007: Tk 418,496,556). On that date, a substantial amount of current liabilities comprise of company's commitment for its debt service on account of project loans falling due within next 12 months. Management is confident of meeting the obligation from the resources generated from its operation coupled with continued support of bankers, equipment vendors and construction contractors.

Consolidated future prospect

As at the balance sheet date, the company's net current liabilities stood at Tk 94,027,203 (2007: Tk 751,210,329). On that date, a substantial amount of current liabilities comprise of company's commitment for its debt service on account of project loans falling due within next 12 months. Management is confident of meeting the obligation from the resources generated from its operation coupled with continued support of bankers, equipment vendors and construction contractors.

Current liabilities of the subsidiaries are adjusted against project loans with companies' bankers.

## 5. Property, plant and equipment

### a) Own assets

#### i) Cost

Particulars	Cost				Rate	Depreciation				Written down value as at 31 Dec-08 Taka
	Balance as at 1 January 2008 Taka	Addition during the year Taka	Disposal during the year Taka	Balance as at 31 December 2008 Taka		Balance as at 1 January 2008 Taka	Addition during the year Taka	Disposal during the year Taka	Balance as at 31 December 2008 Taka	
Furniture and fixtures	1,571,588	371,739	-	1,943,327	10	766,192	194,333	-	960,525	982,802
Office and electrical equipment	7,648,952	571,290	-	8,220,242	20	5,149,033	1,644,048	-	6,793,081	1,427,161
Office decoration	12,814,559	206,075	-	13,020,634	20	6,757,033	2,604,127	-	9,361,160	3,659,474
Motor vehicles	12,014,748	-	67,127	11,947,621	20	9,135,121	2,389,524	67,127	11,457,518	490,103
Maintenance equipment	1,156,489	389,500	-	1,545,989	20	797,389	309,198	-	1,106,587	439,402
Civil works and others	31,666,099	783,798	-	32,449,897	20	17,751,708	6,489,979	-	24,241,687	8,208,210
Plant and machinery :										
Savar Power Plant (Unit-1)	312,859,919	-	-	312,859,919	3.33	77,059,576	8,275,955	-	85,335,531	227,524,388
Savar Power Plant (Unit-2)	1,385,450,121	7,910,174	-	1,393,360,295	3.33	3,271,202	39,527,185	-	42,798,387	1,350,561,908
Narsingdi Power Plant (Unit-1)	315,706,193	-	-	315,706,193	3.33	75,153,132	8,464,111	-	83,617,243	232,088,950
Narsingdi Power Plant (Unit-2)	956,423,751	-	-	956,423,751	3.33	27,098,673	27,098,673	-	54,197,346	902,226,405
Chandina Power Plant (Unit-1)	332,953,208	-	-	332,953,208	3.33	76,543,902	9,041,757	-	85,585,659	247,367,549
Chandina Power Plant (Unit-2)	562,423,950	-	-	562,423,950	3.33	17,261,962	15,935,345	-	33,197,307	529,226,643
Total (i)	3,932,689,577	10,232,576	67,127	3,942,855,026		316,744,923	121,974,235	67,127	438,652,031	3,504,202,995

#### ii) Revaluation

Particulars	Revaluation				Rate	Depreciation				Written down value as at 31 Dec-08 Taka
	Balance as at 1 January 2008 Taka	Addition during the year Taka	Adjustment during the year Taka	Balance as at 31 December 2008 Taka		Balance as at 1 January 2008 Taka	Addition during the year Taka	Adjustment during the year Taka	Balance as at 31 December 2008 Taka	
Civil works and others	-	13,002,138	-	13,002,138	20	-	-	-	-	13,002,138
Plant and machinery :										
Savar Power Plant (Unit-1)	-	166,227,903	-	166,227,903	3.33	-	-	-	-	166,227,903
Savar Power Plant (Unit-2)	-	3,310,422	-	3,310,422	3.33	-	-	-	-	3,310,422
Narsingdi Power Plant (Unit-1)	-	161,663,341	-	161,663,341	3.33	-	-	-	-	161,663,341
Narsingdi Power Plant (Unit-2)	-	79,752,991	-	79,752,991	3.33	-	-	-	-	79,752,991
Chandina Power Plant (Unit-1)	-	146,384,742	-	146,384,742	3.33	-	-	-	-	146,384,742
Chandina Power Plant (Unit-2)	-	16,317,466	-	16,317,466	3.33	-	-	-	-	16,317,466
Total (ii)	-	586,659,003	-	586,659,003		-	-	-	-	586,659,003
Total assets (i+ii)	3,932,689,577	596,891,579	67,127	4,529,514,029		316,744,923	121,974,235	67,127	438,652,031	4,090,861,998

#### b) Leased assets

Motor vehicles	5,187,000	-	-	5,187,000	20	2,317,400	1,037,400	-	3,354,800	1,832,200
Total (a+b)	3,937,876,577	596,891,579	67,127	4,534,701,029		319,062,323	123,011,635	67,127	442,006,831	4,092,694,198

#### Total 2007

Own	2,538,948,129	1,394,020,186	278,738	3,932,689,577		232,832,028	83,924,509	11,614	316,744,923	3,615,944,654
Leased	3,200,000	1,987,000	-	5,187,000		1,280,000	1,037,400	-	2,317,400	2,869,600
	2,542,148,129	1,396,007,186	278,738	3,937,876,577		234,112,028	84,961,909	11,614	319,062,323	3,618,814,254



# Notes to the Financial Statements

as at and for the year ended 31 December 2008

## 5.1. Consolidated property, plant and equipment

### a) Own assets

#### i) Cost

Particulars	Cost				Rate %	Depreciation				Written down value as at 31 Dec-08 Taka
	Balance as at 1 January 2008 Taka	Addition during the year Taka	Adjustment during the year Taka	Balance as at 31 December 2008 Taka		Balance as at 1 January 2008 Taka	Addition during the year Taka	Adjustment during the year Taka	Balance as at 31 December 2008 Taka	
Own assets:										
Furniture and fixtures	1,571,588	496,039	-	2,067,627	10	766,192	194,333	-	960,525	1,107,102
Office and electrical equipment	7,648,952	1,129,990	-	8,778,942	20	5,149,033	1,755,788	-	6,904,821	1,874,121
Office decoration	12,814,559	206,075	-	13,020,634	20	6,757,033	2,604,127	-	9,361,160	3,659,474
Motor vehicles	12,014,748	-	67,127	11,947,621	20	9,135,121	2,389,524	67,127	11,457,518	490,103
Maintenance equipment	1,156,489	575,900	-	1,732,389	20	797,389	332,438	-	1,129,827	602,562
Civil works and others	31,666,099	783,798	-	32,449,897	20	17,751,708	6,489,979	-	24,241,687	8,208,210
Plant and machinery:										
Savar Power Plant (Unit-1)	312,859,919	-	-	312,859,919	3	77,059,576	8,275,955	-	85,335,531	227,524,388
Savar Power Plant (Unit-2)	1,385,450,121	7,910,174	-	1,393,360,295	3	3,271,202	39,527,185	-	42,798,387	1,350,561,908
Narsingdi Power Plant (Unit-1)	315,706,193	-	-	315,706,193	3	75,153,132	8,464,111	-	83,617,243	232,088,950
Narsingdi Power Plant (Unit-2)	956,423,751	-	-	956,423,751	3	27,098,673	27,098,673	-	54,197,346	902,226,405
Chandina Power Plant (Unit-1)	332,953,208	-	-	332,953,208	3	76,543,902	9,041,757	-	85,585,659	247,367,549
Chandina Power Plant (Unit-2)	562,423,950	-	-	562,423,950	3	17,261,962	15,935,345	-	33,197,307	529,226,643
Total (i)	3,932,689,577	11,101,976	67,127	3,943,724,426		316,744,923	122,109,215	67,127	438,787,011	3,504,937,415

#### ii) Revaluation

Particulars	Revaluation				Rate %	Depreciation				Written down value as at 31 Dec-08 Taka
	Balance as at 1 January 2008 Taka	Addition during the year Taka	Adjustment during the year Taka	Balance as at 31 December 2008 Taka		Balance as at 1 January 2008 Taka	Addition during the year Taka	Adjustment during the year Taka	Balance as at 31 December 2008 Taka	
Civil works and others	-	13,002,138	-	13,002,138	20	-	-	-	-	13,002,138
Plant and machinery:										
Savar Power Plant (Unit-1)	-	166,227,903	-	166,227,903	3.33	-	-	-	-	166,227,903
Savar Power Plant (Unit-2)	-	3,310,422	-	3,310,422	3.33	-	-	-	-	3,310,422
Narsingdi Power Plant (Unit-1)	-	161,663,341	-	161,663,341	3.33	-	-	-	-	161,663,341
Narsingdi Power Plant (Unit-2)	-	79,752,991	-	79,752,991	3.33	-	-	-	-	79,752,991
Chandina Power Plant (Unit-1)	-	146,384,742	-	146,384,742	3.33	-	-	-	-	146,384,742
Chandina Power Plant (Unit-2)	-	16,317,466	-	16,317,466	3.33	-	-	-	-	16,317,466
Total (ii)	-	586,659,003	-	586,659,003		-	-	-	-	586,659,003
Total assets (i+ii)	3,932,689,577	597,760,979	67,127	4,530,383,429		316,744,923	122,109,215	67,127	438,787,011	4,091,596,418

### b) Leased assets

Motor vehicles	5,187,000	13,367,400	-	18,554,400		2,317,400	3,710,880	-	6,028,280	12,526,120
Total (a+b)	3,937,876,577	611,128,379	67,127	4,548,937,829		319,062,323	125,820,095	67,127	444,815,291	4,104,122,538

### Total 2007

Own	2,538,948,129	1,394,020,186	278,738	3,932,689,577		232,832,028	83,924,509	11,614	316,744,923	3,615,944,654
Leased	3,200,000	1,987,000	-	5,187,000		1,280,000	1,037,400	-	2,317,400	2,869,600
	2,542,148,129	1,396,007,186	278,738	3,937,876,577		234,112,028	84,961,909	11,614	319,062,323	3,618,814,254

## 6 Consolidated capital work in progress

	Balance as at 1 January 2008 Taka	Addition during the year Taka	Balance as at 31 Dec 2008 before revaluation Taka	Revaluation surplus Taka	Balance as at 31 Dec 2008 after revaluation Taka
Land and land development	-	113,043,500	113,043,500	207,572,500	320,616,000
Plant and machinery	316,611,295	1,187,085,354	1,503,696,649	-	1,503,696,649
Other payment related to expansion project (loan arrangement fee, interest on loan, etc.)	13,359,261	100,889,244	114,248,505	-	114,248,505
	329,970,556	1,401,018,098	1,730,988,654	207,572,500	1,938,561,154

## 7. Investments

	2008 Taka	2007 Taka
Summit Purbanchol Power Company Limited (SPPCL)	571,020,100	99,000
Summit Uttaranchol Power Company Limited (SUPCL)	389,460,100	99,000
	960,480,200	198,000

Summit Purbanchol Power Company Limited and Summit Uttaranchol Power Company Limited both have issued 990 shares at the value of Tk. 100 each and rest amount is in the form of Share money deposit. To the date of our report, this deposit has not been converted into paid-up share capital of SPPCL and SUPCL.

## 8. Intangible assets

Particulars	Cost			Amortisation			Written down value as at 31 December 2008 Taka
	Balance as at 1 January 2008 Taka	Addition during the year Taka	Balance as at 31 December 2008 Taka	Balance as at 1 January 2008 Taka	Addition during the year Taka	Balance as at 31 December 2008 Taka	
IT software	270,250	-	270,250	185,850	54,050	239,900	30,350
Brand (Note 8.1)	-	10,000,000	10,000,000	-	-	-	10,000,000
Total 2008	270,250	10,000,000	10,270,250	185,850	54,050	239,900	10,030,350
Total 2007	256,250	14,000	270,250	142,850	43,000	185,850	84,400

- 8.1** Brand represents the consideration paid to Summit Industrial & Mercantile Corporation (Pvt) Ltd. For the right to use of "Summit" brand by the company.

## 9. Inventories

Particulars	Balance as at 1 January 2008 Taka	Purchased during the year Taka	Balance available for consumption Taka	Consumption during the year Taka	Balance as at 31 December 2008 Taka
Spare parts (Note 9.a)	162,020,725	121,340,689	283,361,414	121,738,478	161,622,936
Fuel (Note 9.b)	7,599,661	38,344,856	45,944,517	35,417,965	10,526,552
	169,620,386	159,685,545	329,305,931	157,156,443	172,149,488

# Notes to the Financial Statements

as at and for the year ended 31 December 2008

	2008 Taka	2007 Taka
<b>9.a Spare parts</b>		
Compressor spare parts	378,288	379,682
Spare parts (others)	7,597,183	2,733,186
Schedule and protective parts (CAT)	76,036,213	125,573,700
Schedule and protective parts (control panel)	1,413,059	1,413,059
Schedule and protective parts (GEI hamon)	415,368	415,368
Schedule and protective parts (kato)	4,295,434	4,305,558
Schedule and protective parts (local)	2,046,460	1,090,857
Schedule and protective parts (Siemens)	4,073,017	4,073,017
Schedule and protective parts (tap charger)	1,256,750	1,256,750
Schedule and protective parts (Wartsila)	64,111,164	20,779,548
	<u>161,622,936</u>	<u>162,020,725</u>
<b>9.b Fuel</b>		
Lube oil	10,177,442	7,407,251
Others	349,110	192,410
	<u>10,526,552</u>	<u>7,599,661</u>
	<u>172,149,488</u>	<u>169,620,386</u>

## 9.1 Consolidated inventories

Particulars	Balance as at 1 January 2008 Taka	Purchased during the year Taka	Balance available for consumption Taka	Consumption during the year Taka	Balance as at 31 December 2008 Taka
Spare parts (Note 9.1.a)	162,020,725	121,348,439	283,369,164	121,738,478	161,630,686
Fuel (Note 9.1.b)	7,599,661	40,250,328	47,849,989	35,417,965	12,432,024
	<u>169,620,386</u>	<u>161,598,767</u>	<u>331,219,153</u>	<u>157,156,443</u>	<u>174,062,710</u>

### 9.1.a Spare parts

	2008 Taka	2007 Taka
Compressor spare parts	378,288	379,682
Spare parts (others)	7,604,933	2,733,186
Schedule and protective parts (CAT)	76,036,213	125,582,700
Schedule and protective parts (control panel)	1,413,059	1,413,059
Schedule and protective parts (GEI hamon)	415,368	415,368
Schedule and protective parts (kato)	4,295,434	4,305,558
Schedule and protective parts (local)	2,046,460	1,090,857
Schedule and protective parts (Siemens)	4,073,017	4,073,017
Schedule and protective parts (tap charger)	1,256,750	1,256,750
Schedule and protective parts (Wartsila)	64,111,164	20,770,548
	<u>161,630,686</u>	<u>162,020,725</u>

### 9.1.b Fuel

Lube oil	12,082,914	7,407,251
Others	349,110	192,410
	<u>12,432,024</u>	<u>7,599,661</u>
	<u>174,062,710</u>	<u>169,620,386</u>



	2008 Taka	2007 Taka
<b>10. Accounts receivable</b>		
Rural Electrification Board (REB):		
Dhaka Palli Bidyut Samity - 1	15,579,680	15,653,701
Dhaka Palli Bidyut Samity - 1 (Expansion)	53,479,863	46,817,208
Narsingdi Palli Bidyut Samity - 1	15,012,340	15,300,039
Narsingdi Palli Bidyut Samity - 1 (Expansion)	34,722,981	58,910,753
Comilla Palli Bidyut Samity - 1	15,547,969	15,167,517
Comilla Palli Bidyut Samity - 1 (Expansion)	67,896,084	36,705,896
	<u>202,238,917</u>	<u>188,555,114</u>
<b>11. Inter company receivable</b>		
Summit Purbanchol Power Company Limited	-	15,497,764
Summit Uttaranchol Power Company Limited	-	12,492,585
Cosmopolitan Traders (Pvt.) Ltd.	100,000,000	-
	<u>100,000,000</u>	<u>27,990,349</u>
Inter company receivable represents non-interest bearing temporary loan given to Cosmopoliton Traders (Pvt.) Limited.		
<b>12. Advances, deposits and prepayments</b>		
Advances:		
Bangla Trac Ltd.	3,726,830	32,827
Advance against spare parts	103,724	202,851
Advance against rent	33,500	33,500
Advance to The Source for Diary	83,000	-
Rights issue expenses	-	696,025
Mobil Jamuna Lubricants Ltd.	-	327,600
	<u>3,947,054</u>	<u>1,292,803</u>
Deposits:		
Security deposit (non-interest bearing)	888,133	884,133
Prepayments:		
Land lease rent	-	225,652
Operation bond commission	1,923,728	1,924,857
Insurance premium	3,462,982	3,983,960
	<u>5,386,710</u>	<u>6,134,469</u>
Inter company transaction - prepaid rent:		
Summit Industrial & Mercantile Corporation (Pvt.) Ltd.	2,010,560	1,017,600
Summit Corporation	457,920	763,200
Cosmopolitan Traders (Pvt.) Ltd.	6,677,263	7,142,793
	<u>9,145,743</u>	<u>8,923,593</u>
Other prepayments:		
Bank guarantee margin	356,001	3,394,205
Margin for letter of credit	380,144	914,834
	<u>736,145</u>	<u>4,309,039</u>
	<u>20,103,785</u>	<u>21,544,037</u>

# Notes to the Financial Statements

as at and for the year ended 31 December 2008

	2008 Taka	2007 Taka
<b>12.1 Consolidated advances, deposits and prepayments</b>		
Advances:		
Bangla Trac Ltd.	3,726,830	32,827
Rights issue Expenses	-	696,025
Mobil Jamuna Lubricants Ltd.	-	327,600
Advance against spare parts	103,724	202,851
Advance to The Source for Dairy	83,000	-
Advance to ION Exchanges WTS Ltd.	277,500	-
Advance to land lord	100,000	-
Advance to others	100,172	33,500
	<u>4,391,226</u>	<u>1,292,803</u>
Deposits:		
Security deposit (non-interest bearing)	1,038,607	884,133
Prepayments:		
Land lease rent	-	225,652
Operation bond commission	1,923,728	1,924,857
Insurance premium	3,462,982	3,983,960
	<u>5,386,710</u>	<u>6,134,469</u>
Inter company transaction - prepaid rent:		
Summit Indus. & Mercantile Corp. (Pvt.) Ltd.	2,010,560	1,017,600
Summit Corporation	457,920	763,200
Cosmopolitan Traders (Pvt.) Ltd.	6,677,263	7,142,793
	<u>9,145,743</u>	<u>8,923,593</u>
Other prepayments:		
Bank guarantee margin	18,333,515	20,394,205
Margin for letter of credit	380,144	914,834
	<u>18,713,659</u>	<u>21,309,039</u>
	<u>38,675,945</u>	<u>38,544,037</u>
<b>13. Cash and bank balances</b>		
Cash in hand	659,887	311,377
Cash at bank:		
AB Bank Limited	74,004	-
Bank Al Falah Limited	33,672	86,552
BRAC Bank Limited	165	-
Citibank, N.A.	2,268,981	2,269,533
Dhaka Bank Limited	8,535,278	(1,612,985)
Dutch-Bangla Bank Limited	5,688,818	(21,580,110)
The Premier Bank Limited	8,389,620	2,501,222
Rupali Bank Limited	8,696	8,696
Shahjalal Islami Bank Limited	117,873	3,699
Standard Chartered Bank	70,055,837	76,604,716
Southeast Bank Limited	245,607	243,602
	<u>96,078,438</u>	<u>58,836,302</u>
<b>13.a Investment on FDR</b>		

The FDR with Commercial Bank of Ceylon Limited is kept as lien against L/C margin.

### 13.1 Consolidated cash and bank balances

	2008 Taka	2007 Taka
Cash in hand	659,887	311,377
Cash at bank:		
AB Bank Limited	74,004	-
Bank Al Falah Limited	33,672	86,552
Bank Asia Limited	3,629,520	50,760
BRAC Bank Limited	21,039,202	-
Mutual Trust Bank Limited	789,176	-
NCC Bank Limited	667,771	-
Sonali Bank Limited	76,668	-
United Commercial Bank Limited	361,957	-
Citibank, N.A.	3,653,704	2,469,293
Dhaka Bank Limited	8,535,278	(1,612,985)
Dutch - Bangla Bank Limited	5,688,818	(21,580,110)
The Premier Bank Limited	11,940,199	2,501,222
Rupali Bank Limited	8,696	8,696
Shahjalal Islami Bank Limited	117,873	3,699
Standard Chartered Bank	70,055,837	76,604,716
Southeast Bank Limited	245,607	243,602
	<u>127,577,869</u>	<u>59,086,822</u>

### 14. Share capital

#### Authorised:

30,000,000 ordinary shares of Tk 100 each	<u>3,000,000,000</u>	<u>3,000,000,000</u>
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#### Issued, subscribed and paid-up:

6,500,000 ordinary shares of Tk 100 each	650,000,000	650,000,000
650,000 bonus shares of Tk 100 each issued in 2006	65,000,000	65,000,000
1,430,000 bonus shares of Tk 100 each issued in 2007	143,000,000	143,000,000
6,864,000 rights shares of Tk 100 each issued in 2008	686,400,000	-
30,88,800 bonus shares of Tk 100 each issued in 2008	308,880,000	-
	<u>1,853,280,000</u>	<u>858,000,000</u>

Shareholding position was as follows:

Name of shareholders	Percentage of shareholdings		Value of shares (Taka)	
	2008	2007	2008	2007
Summit Industrial & Mercantile Corporation (Pvt.) Limited	49.00	58.60	908,107,000	502,760,400
Euro Hub Investments Ltd.	5.38	5.38	99,792,000	46,200,000
Other shareholders	45.62	36.02	845,381,000	309,039,600
	<u>100.00</u>	<u>100.00</u>	<u>1,853,280,000</u>	<u>858,000,000</u>

# Notes to the Financial Statements

as at and for the year ended 31 December 2008

Classification of shareholders by holding:

	Number of holders		% of holdings	
	2008	2007	2008	2007
Less than 500 shares	18,892	14,163	11	15
500 to 5,000 shares	1,310	617	9	9
5,001 to 10,000 shares	58	24	2	2
10,001 to 20,000 shares	28	9	2	1
20,001 to 30,000 shares	13	2	2	1
30,001 to 40,000 shares	3	4	1	2
40,001 to 50,000 shares	5	-	1	-
50,001 to 100,000 shares	5	1	2	1
100,001 to 1,000,000 shares	7	4	12	12
1,000,001 to 10,000,000 shares	2	1	59	59
	<u>20,323</u>	<u>14,825</u>	<u>100</u>	<u>100</u>

## 15. Share premium

	2008 Taka	2007 Taka
Opening balance	80,000,000	80,000,000
Addition during the year	308,880,000	-
Closing balance	<u>388,880,000</u>	<u>80,000,000</u>

Tk. 80,000,000 represents issue of 2,000,000 ordinary shares in October 2005 for Tk 140 each, including premium of Tk 40 per share.

Tk. 308,880,000 represents issue of 6,864,000 ordinary shares in April 2008 for Tk 145 each, including premium of Tk 45 per share.

## 16. Project loan

Long term portion:

Existing Project:

Standard Chartered Bank	-	30,000,000
	-	<u>30,000,000</u>

Expansion Project - Narsingdi & Chandina:

Standard Chartered Bank	105,000,000	180,000,000
Dutch-Bangla Bank Ltd.	221,131,329	245,909,793
Commercial Bank of Ceylon Ltd.	105,000,006	140,000,002
Bank Al-Falah Limited	64,000,000	96,000,000
The Premier Bank Limited	73,296,736	88,985,882
	<u>568,428,071</u>	<u>750,895,677</u>

Expansion Project - Savar

Standard Chartered Bank	773,809,506	1,011,904,738
	<u>773,809,506</u>	<u>1,011,904,738</u>
	<u>1,342,237,577</u>	<u>1,792,800,415</u>



	2008 Taka	2007 Taka
Short term portion:		
Existing Project:		
Standard Chartered Bank	-	51,400,000
IPDC of Bangladesh Limited	-	9,246,644
	-	60,646,644
Expansion Project - Narsingdi & Chandina:		
Standard Chartered Bank	60,000,000	60,000,000
Dutch-Bangla Bank Ltd.	35,715,683	34,032,826
Commercial Bank of Ceylon Ltd.	35,000,000	35,000,000
Bank Al-Falah Limited	32,000,000	32,000,000
The Premier Bank Limited	16,222,936	15,548,241
	178,938,619	176,581,067
Expansion Project - Savar:		
Standard Chartered Bank	238,095,232	238,095,232
	238,095,232	238,095,232
	417,033,851	475,322,943

### Repayment term

i) Standard Chartered Bank

This is repayable in 20 quarterly installments of Taka 15,000,000 commencing from December 2006 respectively. Interest at the rate of 12.50% per annum is also payable on quarterly basis. Another syndication loan along with several other banks of Tk. 1,250,000,000 has been received. This is repayable in 21 quarterly installments of Taka 59,523,808 each commencing from February 2008 bearing interest at the rate of 14.50%.

ii) The Premier Bank Limited

This is repayable in 24 quarterly installments of Taka 7,429,623 each (including interest) commencing from March 2007 bearing interest at the rate of 14.50% per annum.

iii) Commercial Bank of Ceylon Limited

This is repayable in 24 quarterly installments of Taka 8,750,000 each commencing from March 2007 bearing interest at the rate of 13.00% per annum. Interest is also payable on quarterly basis.

iv) Dutch-Bangla Bank Limited

This is repayable in 24 quarterly installments of Taka 18,285,156 each (including interest) commencing from March 2008 bearing interest at the rate of 14.00% per annum.

v) Bank Al-Falah Limited

This is repayable in 20 quarterly installments of Taka 8,000,000 each commencing from March 2007 bearing interest at the rate of 14.50% per annum. Interest is also payable on quarterly basis.

### Security details

i) Standard Chartered Bank

The loan from Standard Chartered Bank is secured by the plant and machinery and other assets of the company.

ii) The Premier Bank Limited

The loan from The Premier Bank Limited is secured by pari-passu charge with other lenders on the fixed and floating assets of the company.

iii) Commercial Bank of Ceylon Limited

The loan from Commercial Bank of Ceylon Limited is secured by pari-passu charge with other lenders on the fixed and floating assets of the expansion plant of the company.

# Notes to the Financial Statements

as at and for the year ended 31 December 2008

iv) Dutch-Bangla Bank Limited

The loan from Dutch-Bangla Bank Limited is secured by pari-passu charge with other lenders on the fixed and floating assets of the company.

v) Bank Al-Falah Limited

The loan from Bank Al-Falah Limited is secured by first charge on the expansion plant and machinery of the power plant at Chandina, Comilla and Madhabdi, Narsingdi of the company.

## 16.1 Consolidated project loan

Long term portion:

Existing Project:

Standard Chartered Bank

Expansion Project - Narsingdi & Chandina:

Standard Chartered Bank

Dutch-Bangla Bank Ltd.

Commercial Bank of Ceylon Ltd.

Bank Al-Falah Limited

The Premier Bank Limited

Expansion Project - Savar

Standard Chartered Bank

New projects syndication loan

Summit Power Purbanchol Company Limited

Summit Power Uttaranchol Company Limited

	2008 Taka	2007 Taka
	-	30,000,000
	-	30,000,000
	105,000,000	180,000,000
	221,131,329	245,909,793
	105,000,006	140,000,002
	64,000,000	96,000,000
	73,296,736	88,985,882
	568,428,071	750,895,677
	773,809,506	1,011,904,738
	773,809,506	1,011,904,738
	596,666,667	-
	353,333,334	-
	950,000,001	-
	2,292,237,578	1,792,800,415

Industrial & Infrastructure Development Finance Co. Limited (IIDFC) along with other banks has arranged syndication loan Tk. 3,950,000,000 as lead arranger in 2008. From this amount, Summit Power Purbanchol Company Limited and Summit Power Uttaranchol Company Limited have availed Tk 596,666,667 and Tk 353,333,334 respectively in 2008. The interest rate of this syndication loan is 14% per annum, subject to semi-annual review by the agent and the lenders, from the date of first advance. The first advance was made on 22 September 2008. The moratorium period of this syndication loan is of 21 months/7 quarters commencing from the date of first advance.

## 17. Obligation under finance lease

Obligation under finance lease has been recognised as liability in the balance sheet at amount equal at the inception of lease to the lower of fair value of leased property and present value of minimum lease payments. The interest rate implicit in the lease has been used to calculate the present value of minimum lease payments. The total of minimum lease payments at the balance sheet date and their present value, for each of the following periods are as follows:

	Principal	
	2008 Taka	2007 Taka
Payable to Prime Finance & Investment Limited:		
Long-term obligation	569,084	1,232,436
Short-term obligation	663,351	568,633
	<u>1,232,435</u>	<u>1,801,069</u>

The principal amount of lease obligation payable after the balance sheet date is as follows:

	2008		2007
	Lease payment Taka	Closing balance Taka	Closing balance Taka
Less than one year	808,620	663,351	568,633
Between one and five years	606,465	569,084	1,232,436
More than five years	-	-	-
	<u>1,415,085</u>	<u>1,232,435</u>	<u>1,801,069</u>

### 17.1 Consolidated obligation under finance lease

Payable to:		
Prime Finance & Investment Limited	3,246,587	1,801,069
United Leasing Company Limited	8,696,346	-
	<u>11,942,933</u>	<u>1,801,069</u>
Less: Short-term obligation	4,849,871	568,633
	<u>7,093,062</u>	<u>1,232,436</u>

The principal amount of lease obligation payable after the balance sheet date is as follows:

	2008		2007
	Lease payment Taka	Closing balance Taka	Closing balance Taka
Less than one year	6,345,756	4,849,871	568,633
Between one and five years	7,897,903	7,093,062	1,232,436
More than five years	-	-	-
	<u>14,243,659</u>	<u>11,942,933</u>	<u>1,801,069</u>

# Notes to the Financial Statements

as at and for the year ended 31 December 2008

## 18. Deferred liability for gratuity

The company, for its present eligible local employees, operates a gratuity scheme. This gratuity scheme is not recognised by the National Board of Revenue. The entitlement is equal to one last basic salary per employee per year.

	2008 Taka	2007 Taka
Opening balance	5,241,587	4,097,434
Addition during the year	2,932,156	1,643,629
	8,173,743	5,741,063
Less: payment during the year	1,110,949	499,476
Closing balance	7,062,794	5,241,587

## 19. Short term loan

	Interest rate	2008 Taka	2007 Taka
Commercial Bank of Ceylon Limited	13.00%	51,830,885	39,252,538
AB Bank Limited	15.00%	104,701,042	-
Shahjalal Islami Bank Limited	15.00%	64,654,460	50,053,792
The Premier Bank Limited	15.50%	-	56,690,468
Summit Industrial & Mercantile Corporation (Pvt.) Ltd.		-	114,660,000
Summit Shipping Limited		-	2,500,000
		221,186,387	263,156,798

### 19.1 Consolidated short term loan

	Interest rate	2008 Taka	2007 Taka
Commercial Bank of Ceylon Limited	13.00%	51,830,885	39,252,538
AB Bank Limited	15.00%	104,701,042	-
Shahjalal Islami Bank Limited	15.00%	64,654,460	50,053,792
The Premier Bank Limited	15.50%	-	56,690,468
Summit Industrial & Mercantile Corporation (Pvt.) Ltd		-	114,660,000
Summit Shipping Limited		-	2,500,000
Bank Asia Limited, Gulshan Branch	14%	-	162,427,861
NCC Bank Limited, Gulshan Branch	14%	-	30,587,383
Industrial & Infrastructure Development Finance Co. Ltd.	14%	-	101,944,444
United Commercial Bank Limited	14%	-	26,930,656
		221,186,387	585,047,142

## 20. Trade creditors

Gas bill - Savar power plant	2,592,122	4,337,917
Gas bill - Savar power plant (Expansion)	13,764,475	16,350,826
Gas bill - Narsingdi power plant	3,425,826	4,524,813
Gas bill - Narsingdi power plant (Expansion)	7,493,636	8,293,518
Gas bill - Chandina power plant	4,402,201	4,607,984
Gas bill - Chandina power plant (Expansion)	4,391,977	3,665,468
Mobil Jamuna Lubricants Ltd.	623,168	561,466
Ranks Petroleum Ltd.	193,218	1,091,576
Wartsila Bangladesh Limited	-	305,494
	36,886,623	43,739,062



	2008 Taka	2007 Taka
<b>21. Other creditors and accruals</b>		
Payable to C & F agents – Desh Bangla Enterprise	4,649,605	902,183
Payable to EPC contractor	-	37,241,022
Payable to Rural Electrification Board	19,324,475	14,913,204
Operation and insurance bond commission	1,208,259	-
Stand by letter of credit (SBLC) commission	-	127,191
Tax on directors' remuneration	1,169,863	1,208,913
Gas and utility, rent, rate and taxes	163,149	457,257
Communication expenses	161,904	180,797
Advertisement and publicity	255,750	288,165
EGM expenses	-	85,000
Interest payable – Dutch-Bangla Bank Limited	7,729,064	-
Audit and certification fees	297,600	431,565
Security service expenses	184,373	146,508
Liability for withholding tax and VAT	13,909,540	13,953,970
Legal expenses and environmental fees	130,000	330,000
Independent engineer's remuneration	-	133,000
Others	160,563	234,977
	<u>49,344,145</u>	<u>70,633,752</u>
<b>21.1 Consolidated other creditors and accruals</b>		
Payable to C & F agents – Desh Bangla Enterprise	4,649,605	902,183
Payable to EPC contractor	-	37,241,022
Payable to Rural Electrification Board	19,910,189	14,913,204
Operation and insurance bond commission	1,208,259	-
Stand by letter of credit (SBLC) commission	-	127,191
Tax on directors' remuneration	1,169,863	1,208,913
Gas and utility, rent, rate and taxes	163,149	457,257
Communication expenses	161,904	180,797
Advertisement and publicity	255,750	288,165
EGM expenses	-	85,000
Interest payable – Dutch Bangla Bank Ltd.	7,729,064	-
Audit and certification fees	557,600	515,165
Security service expenses	318,761	146,508
Liability for withholding tax and VAT	16,580,899	13,953,970
Legal expenses and environmental fees	130,000	330,000
Independent engineer's remuneration	-	133,000
Others	204,828	234,977
	<u>53,039,871</u>	<u>70,717,352</u>
<b>22. Inter company payable</b>		
Summit Purbanchol Power Company Limited	112,114,866	-
Summit Uttaranchol Power Company Limited	3,074,872	-
Summit Corporation – Rent, rates and taxes	-	1,659,840
Summit Industrial & Mercantile Corporation (Pvt) Ltd – rent, rates and taxes	1,424,640	2,050,454
	<u>116,614,378</u>	<u>3,710,294</u>

Inter company payable represents short-term non-interest bearing loan taken from subsidiaries unless stated otherwise.

# Notes to the Financial Statements

as at and for the year ended 31 December 2008

## 23. Revenue

Turnover for the existing 3 plants consists of capacity component and energy component invoiced to Rural Electrification Board (REB):

	2008			2007
	Capacity component Taka	Energy component Taka	Total Taka	Total Taka
<b>Plants</b>				
Savar power plant	120,226,040	64,175,515	184,401,555	182,915,735
Narsingdi power plant	122,659,662	65,204,885	187,864,547	182,746,920
Chandina power plant	123,630,335	61,262,264	184,892,599	180,322,397
	<u>366,516,037</u>	<u>190,642,664</u>	<u>557,158,701</u>	<u>545,985,052</u>

Turnover for the expansion plants invoiced to Rural Electrification Board (REB):

### Plants

	2008 Taka	2007 Taka
Savar power plant	558,136,343	46,817,208
Narsingdi power plant	407,547,256	357,593,021
Chandina power plant	214,945,505	198,371,010
	<u>1,180,629,104</u>	<u>602,781,239</u>
	<u>1,737,787,805</u>	<u>1,148,766,291</u>

## 24. Cost of sales

	2008 Taka	2007 Taka
Gas consumption - Savar	52,670,368	50,813,200
Gas consumption - Savar (expansion unit)	161,349,421	16,350,826
Gas consumption - Narsingdi	58,497,308	54,791,013
Gas consumption - Narsingdi (expansion unit)	120,112,944	102,748,851
Gas consumption - Chandina	56,808,717	55,834,932
Gas consumption - Chandina (expansion unit)	57,583,231	54,767,275
Tools and spare consumption	122,549,130	110,748,404
Lube and other oil expenses	34,607,312	27,221,377
Lube oil testing expenses	813,598	632,662
Meter and water testing expenses	1,016,188	594,321
Meter reading adjustment	2,558,771	-
Maintenance works expenses	15,016,611	15,571,358
Depreciation on plant and machinery	108,343,026	72,075,429
	<u>791,926,625</u>	<u>562,149,648</u>

	2008 Taka	2007 Taka
<b>25. General and administrative expenses</b>		
Salary and allowances	47,677,632	37,541,400
Gratuity fund	2,932,156	1,643,629
Directors remuneration (Note 25.a)	15,625,050	12,599,750
Tax on directors remuneration	2,490,188	2,651,688
Board meeting attendance fees	430,500	173,100
Traveling and conveyance	1,646,834	4,140,476
Vehicle fuel and maintenance	3,198,215	3,554,898
Entertainment and others	1,293,723	1,293,827
Printing and stationery	1,074,473	1,164,762
General repair and maintenance	1,347,503	1,618,653
Communication expenses	3,691,148	3,051,774
Office rent, rates and taxes	6,603,068	4,899,614
Utility expenses	1,200,605	1,096,485
Trade license and other fees	388,570	48,560
Advertisement and publicity	2,813,225	2,246,364
Gift and compliments	17,000	250,704
Legal and professional consultancy fees	9,867,249	13,508,577
Uniform and liveries	439,482	351,626
Security services expenses	1,982,661	1,641,866
Insurance premium	8,526,567	6,906,812
Land lease rental	2,543,682	2,557,573
Environmental compliance cost	360,000	271,650
Donation and subscription	528,000	2,285,000
Audit fees	280,000	230,000
Depreciation on other property, plant and equipment (Note 5)	13,631,209	11,837,466
Depreciation on leased assets (Note 5)	1,037,400	1,037,400
Amortization (Note 8)	54,050	43,000
Technical assistance fee	-	320,880
AGM expenses	6,610,749	3,492,911
Rights share expenses	10,445,601	-
EGM expenses	8,500	2,516,883
Annual fees (note 25.b)	2,957,640	2,440,558
Write off of insurance claim on accident	-	6,551,992
Miscellaneous expenses	925,884	826,129
	<u>152,628,564</u>	<u>134,796,007</u>
<b>25.a Directors' remuneration</b>		
Salaries and benefit	11,196,900	8,610,250
Bonus	2,196,150	1,996,500
	<u>13,393,050</u>	<u>10,606,750</u>
Fees for attending board meeting	252,000	288,000
Utility	1,980,000	1,705,000
	<u>15,625,050</u>	<u>12,599,750</u>

**25.b** Annual fees include BERC fee, BOI registration fee, trade license renewal fee, survey fee and annual and application fees of SEC, DSE, CSE, CDBL and custodian service.

# Notes to the Financial Statements

as at and for the year ended 31 December 2008

	2008 Taka	2007 Taka
<b>25.1 Consolidated general and administrative expenses</b>		
Salary and allowances	53,339,155	37,541,400
Gratuity fund	2,932,156	1,643,629
Directors remuneration (Note 25.a)	15,625,050	10,606,750
Tax on directors remuneration	2,490,188	2,651,688
Board meeting attendance fees	430,500	710,100
Traveling and conveyance	1,973,344	5,058,888
Vehicle fuel and maintenance	3,700,109	3,554,898
Entertainment and others	1,565,481	1,644,090
Printing and stationery	1,290,496	1,194,212
General repair and maintenance	1,396,790	1,618,653
Communication expenses	3,847,238	3,051,774
Office rent , rates and taxes	6,651,585	4,899,614
Utility expenses	1,201,205	2,801,485
Advertisement and publicity	2,813,225	2,246,364
Legal and professional consultancy fees	16,582,269	14,017,152
Uniform and liveries	445,946	351,626
Security services expenses	2,947,681	1,641,866
Insurance premium	8,852,375	6,906,812
Land lease rental	2,546,299	2,557,573
Environmental compliance cost	760,000	271,650
Donation and subscription	528,000	2,285,000
Audit fees	500,000	465,025
Depreciation on own property, plant and equipment (Note 5.1)	13,766,189	11,837,466
Depreciation on leased assets (Note 5.1)	3,710,880	1,037,400
Amortisation (Note 8)	54,050	43,000
Technical assistance fee	1,081,150	-
AGM expenses	6,610,749	3,492,911
Rights Share Expenses	10,445,601	-
EGM expenses	8,500	2,516,883
Annual fees (Note 25.b)	6,479,761	2,440,558
Write off of insurance claim on accident	-	6,551,992
Miscellaneous expenses	2,132,240	2,077,275
	<u>176,708,212</u>	<u>137,717,734</u>
<b>26. Other income</b>		
Sale of empty lube oil drums	1,678,503	1,125,754
Gain on sales of vehicles	1,257,000	-
Miscellaneous	37,723	642,898
	<u>2,973,226</u>	<u>1,768,652</u>
<b>26.1 Consolidated other income</b>		
Sale of empty lube oil drums	1,678,503	1,125,754
Gain on sales of vehicles	1,257,000	-
Miscellaneous	869,506	642,898
	<u>3,805,009</u>	<u>1,768,652</u>
<b>27 Finance income</b>		
FDR interest with Commercial Bank of Ceylon Limited	1,062,995	919,981
STD and others	10,938,055	3,018,162
	<u>12,001,050</u>	<u>3,938,143</u>



### 27.1 Consolidated finance income

FDR interest with Commercial Bank of Ceylon Limited  
STD and others

### 28 Financial expenses

Interest on term loan:  
Standard Chartered Bank  
Dutch-Bangla Bank Ltd.  
Commercial Bank of Ceylon Ltd.  
Bank Al-Falah Ltd.  
The Premier Bank Ltd.  
IPDC of Bangladesh Limited  
Prime Finance & Investment Limited

Interest on short term loan:  
Commercial Bank of Ceylon Ltd.  
AB Bank Limited  
The Premier Bank Ltd.  
Shahjalal Islami Bank Limited

Bank charges and others  
Bank guarantee commission  
Operation bond commission  
Insurance bond commission

### 28.1 Consolidated financial expenses

Interest on term loan:  
Standard Chartered Bank  
Dutch-Bangla Bank Ltd.  
Commercial Bank of Ceylon Ltd.  
Bank Al-Falah Ltd.  
The Premier Bank Ltd.  
IPDC of Bangladesh Limited  
Prime Finance & Investment Limited

Interest on short term loan:  
Commercial Bank of Ceylon Ltd.  
AB Bank Limited  
The Premier Bank Ltd.  
Shahjalal Islami Bank Limited

Bank charges and others  
Bank guarantee commission  
Operation bond commission  
Interest on Lease Finance - Prime Finance  
Interest on Lease Finance- United Leasing  
Insurance bond commission

2008 Taka	2007 Taka
1,062,995	919,981
13,635,694	3,018,162
<u>14,698,689</u>	<u>3,938,143</u>
200,879,194	68,211,790
36,974,684	40,553,389
21,407,119	26,014,964
17,282,296	21,746,778
14,696,683	16,825,470
568,947	1,536,965
293,536	146,001
<u>292,102,459</u>	<u>175,035,357</u>
4,323,707	2,517,416
8,523,348	-
5,390,173	6,076,020
11,409,183	1,276,826
<u>29,646,411</u>	<u>9,870,262</u>
1,820,420	1,431,361
48,342	1,091,726
2,327,379	1,757,993
-	203,928
<u>4,196,141</u>	<u>4,485,008</u>
<u>325,945,011</u>	<u>189,390,627</u>
200,879,194	68,211,790
36,974,684	40,553,389
21,407,119	26,014,964
17,282,296	21,746,778
14,696,683	16,825,470
568,947	1,536,965
293,536	146,001
<u>292,102,459</u>	<u>175,035,357</u>
4,323,707	2,517,416
8,523,348	-
5,390,173	6,076,020
11,409,183	1,276,826
<u>29,646,411</u>	<u>9,870,262</u>
2,057,243	1,452,851
48,342	1,091,726
2,327,379	1,757,993
283,924	-
982,490	-
-	203,928
<u>5,699,378</u>	<u>4,506,498</u>
<u>327,448,248</u>	<u>189,412,117</u>

# Notes to the Financial Statements

as at and for the year ended 31 December 2008

	2008 Taka	2007 Taka
<b>29. Earnings per share (EPS)</b>		
Basic earnings per share		
The computation of EPS is given below:		
a) Profit attributable to the ordinary shareholders	482,261,881	268,096,230
b) Weighted average number of shares outstanding	17,897,346	8,580,000
Earnings per share (EPS) (a/b)	26.95	31.25
Restated earnings per share	-	16.12
Since the bonus issue is an issue without consideration, the issue has been treated as if it occurred prior to the beginning of 2008, the earliest period reported for the purposes of EPS calculation.		
The comparatives for EPS have been restated to take into account the impact of prior year adjustments for 2007 made in 2008.		
Diluted earnings per share		
No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year under review.		

## 29.1 Consolidated earnings per share (EPS)

Basic earnings per share		
The computation of EPS is given below:		
a) Profit attributable to the ordinary shareholders	460,208,418	265,153,013
b) Weighted average number of shares outstanding	17,897,346	8,580,000
Earnings per share (EPS) (a/b)	25.71	30.90
Restated earnings per share	-	15.95
Since the bonus issue is an issue without consideration, the issue has been treated as if it occurred prior to the beginning of 2008, the earliest period reported.		
The comparatives for EPS has been restated to take into account the impact of prior year adjustments for 2007 made in 2008.		
Diluted earnings per share		
No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year under review.		

## 30. Cash flow statement

- 30.a** During the year, the company purchased property, plant and equipment with an aggregate cost of Tk. 10,141,876 and full amount was financed from the company's own source.
- In 2007, the company purchased property, plant and equipment with an aggregate cost of Tk. 1,175,267,911 and full amount was financed by project loan. No cash payment was made from the company's own source.
- 30.b** During the year the company issued 6,864,000 right shares to the existing shareholders and received Taka 995,280,000 from which Taka 960,282,200 was invested as share money deposit in two of its subsidiaries Summit Uttaranchal Power Company Ltd & Summit Purbanchal Power Company Ltd.

### 31. Contingent liability and asset

Contingent liability existed for the company of Tk. 189,129,610 as at 31 December 2008 in relation to issue of construction bond, operation bond, insurance bond and bank guarantee by third parties.

Nature of contingent liability	2008		2007
	Expiry date	Taka	Taka
Operation Bond - All existing plants	31.08.2009	70,260,000	70,260,000
Operation Bond - Savar expansion plant	03.12.2009	54,210,000	54,210,000
Operation Bond - Narsingdi expansion plant	16.12.2009	39,200,000	39,200,000
Operation Bond - Chandina expansion plant	13.11.2009	22,400,000	22,400,000
Insurance Bond - IPDC		-	9,333,380
Bank Guarantee - Power Cell (PBL)		-	12,500,000
Bank Guarantee - Power Cell (PBL)		-	10,000,000
Bank Guarantee - Power Cell (PBL)		-	7,500,000
Bank Guarantee - Rangs Petroleum Ltd. (PBL)	08.03.2009	2,837,050	2,837,050
Bank Guarantee - CCIE (PBL)	07.08.2008	55,600	-
Bank Guarantee - CCIE (SIBL)	28.10.2008	55,520	-
Bank Guarantee - CCIE (SIBL)	03.02.2009	55,440	55,000
Bank Guarantee - CCIE (SIBL)	17.05.2009	56,000	55,960
		<u>189,129,610</u>	<u>228,351,390</u>

Contingent asset existed for the company of Tk. 88,641,232 as at 31 December 2008 in relation to the opening of L/C in favour of the company by REB for payment of monthly electric bill.

#### 31.1 Consolidated contingent liability

Contingent liability existed for the company of Tk. 360,107,124 as at 31 December 2008 in relation to issue of construction bond, operation bond, insurance bond and bank guarantee by third parties.

Nature of contingent liability	2008		2007
	Expiry date	Taka	Taka
Operation Bond - All existing plants	31.08.2009	70,260,000	70,260,000
Operation Bond - Savar expansion plant	03.12.2009	54,210,000	54,210,000
Operation Bond - Narsingdi expansion plant	16.12.2009	39,200,000	39,200,000
Operation Bond - Chandina expansion plant	13.11.2009	22,400,000	22,400,000
Insurance Bond - IPDC		-	9,333,380
Bank Guarantee - Power Cell (PBL)		-	12,500,000
Bank Guarantee - Power Cell (PBL)	08.03.2009	2,837,050	10,000,000
Bank Guarantee - Power Cell (PBL)	07.08.2008	55,600	7,500,000
Bank Guarantee - Rangs Petroleum Ltd. (PBL)	28.10.2008	55,520	2,837,050
Bank Guarantee - CCIE (PBL)	03.02.2009	55,440	55,000
Bank Guarantee - CCIE (PBL)	17.05.2009	56,000	55,500
Bank Guarantee - Titas gas T&D	10.05.2009	977,514	-
Bank Guarantee - BPDB AG. Jangalia, Comilla Project	27.01.2009	50,000,000	50,000,000
Bank Guarantee - REB AG. Rupganj, Narayanganj Project	27.01.2009	50,000,000	50,000,000
Bank Guarantee - REB AG. Maona, Gazipur Project	27.01.2009	50,000,000	50,000,000
Bank Guarantee - REB AG. Ullapara, Sirajgonj Project	27.01.2009	20,000,000	20,000,000
		<u>360,107,124</u>	<u>398,350,930</u>

# Notes to the Financial Statements

as at and for the year ended 31 December 2008

## 32. Commitment of capital expenditure

There is no commitment of capital expenditure as at 31 December 2008.

The following letter of credit was outstanding as of 31 December 2007 against which the company was committed to procure machinery and construction:

Company name	Currency	L/C value
Business King Ltd.	BDT	7,500,000

### 32.1 Consolidated commitment of capital expenditure

The following letters of credit and local purchase were outstanding against which the company is committed to procure machinery and construction:

Company name	Currency	Value	
		2008	2007
Energypac	BDT	14,390,961	-
AEG Engineering	BDT	5,196,756	-
Energypac	USD	289,929	-
Wartsila Finland OY	EURO	25,257,360	25,163,460
Trade East West	USD	32,468	-
Reliant	USD	799,215	-
Siemens	USD	74,501	-
Business King Ltd.	BDT	-	7,500,000
GE Jenbacher GmbH	USD	-	3,465,000

## 33. Commitment of working capital expenditure

The following letters of credit and local purchase were outstanding against which the company is committed to procure spare parts:

Company name	Currency	Value	
		2008	2007
Caterpillar SARL, Singapore	USD	67,830	131,995
Siemens	USD	42,148	-

## 34. Remittance of foreign currency

Purpose of payment	Currency	2008	2007
Technical assistance fee	USD	4,000	113,317
Spare parts	USD	564,374	1,094,215
Spare parts	EURO	606,617	218,445
Capital equipments	EURO	-	9,701,175
Capital equipments	USD	-	1,931,759

### 34.1 Consolidated remittance of foreign currency

Purpose of payment	Currency	2008	2007
Technical assistance fee	USD	4,000	113,317
Spare parts	USD	564,374	1,094,215
Spare parts	EURO	606,617	218,445
Capital equipments	EURO	829,814	12,497,115
Capital equipments	USD	11,488,487	2,316,759

2008  
Taka2007  
Taka**35. Value of imports calculated on CIF basis**

Spare parts (includes stock in transit)

119,524,380

164,349,828

**36. Related party transaction**

During the year, the company carried out a number of transactions with related parties in the normal course of business. The names of the related parties and nature of these transactions have been set out in accordance with the provisions of BAS 24: Related Party Disclosures

**(a) Transactions with key management personnel**

Employee benefits

30,574,636

25,288,305

30,574,63625,288,305

Key management personnel includes managing director, directors and executive directors.

**(b) Other related party transactions**

Name of related party	Relationship	Nature of transactions	Transaction value during the year		Outstanding balance as at 31 December	
			2008 Taka	2007 Taka	2008 Taka	2007 Taka
Summit Industrial and Mercantile Corporation (Pvt) Ltd.	Ultimate parent of the Group	Rental and utility accrued	6,464,991	2,050,454	1,424,640	2,050,454
		Rental and utility payment	7,090,805	493,536	-	-
		Short term loan received	83,500,000	128,160,000	-	114,660,000
		Short term loan payment	198,160,000	20,000,000	-	-
		Payment for Brand	10,000,000	-	-	-
Summit Corporation	Group company	Maintenance and service charge accrued	-	1,659,840	-	1,659,840
		Maintenance and service charge payment	1,659,840	400,260	-	-
Summit Shipping Ltd	Group company	Short term loan received	-	2,500,000	-	2,500,000
		Short term loan payment	2,500,000	-	-	-
Cosmopolitan Traders (Pvt) Ltd.	Group company	Short term loan payment	100,000,000	-	100,000,000	-
Summit Uttaranchol Power Company Ltd.	Subsidiary	Payment for short term financing	114,801,370	12,492,585	3,074,872	12,492,585
		Received for short term financing	130,368,827	-	-	-
Summit Purbanchol Power Company Ltd.	Subsidiary	Payment for short term financing	192,991,120	15,497,764	112,114,866	15,497,764
		Received for short term financing	320,603,750	-	-	-



# Notes to the Financial Statements

as at and for the year ended 31 December 2008

## 36.1 Consolidated related party transactions

### (a) Transactions with key management personnel

	2008 Taka	2007 Taka
Employee benefits	34,802,762	25,288,305
	<u>34,802,762</u>	<u>25,288,305</u>

### (b) Other related party transactions

Name of related party	Relationship	Nature of transactions	Transaction value during the year		Outstanding balance as at 31 December	
			2008	2007	2008	2007
Summit Industrial and Mercantile Corporation (Pvt) Ltd.	Ultimate parent of the Group	Rental and utility accrued	6,464,991	2,050,454.00	1,424,640	2,050,454
		Rental and utility payment	7,090,805	493,536	-	-
		Short term loan received	83,500,000	128,160,000	-	114,660,000
		Short term loan payment	198,160,000	20,000,000	-	-
		Payment for Brand	10,000,000	-	-	-
Summit Corporation	Group company	Maintenance and service charge accrued	-	1,659,840	-	1,659,840
Summit Shipping Ltd	Group company	Maintenance and service charge payment	1,659,840	400,260	-	-
		Short term loan received	-	2,500,000	-	2,500,000
		Short term loan payment	2,500,000	-	-	-
Cosmopolitan Traders (Pvt) Ltd.	Group company	Short term loan payment	100,000,000	-	100,000,000	-
Summit Uttaranchol Power Company Ltd.	Subsidiary	Payment for short term financing	114,801,370	12,492,585	3,074,872	12,492,585
		Received for short term financing	130,368,827	-	-	-
Summit Purbanchol Power Company Ltd.	Subsidiary	Payment for short term financing	192,991,120	15,497,764	112,114,866	15,497,764
		Received for short term financing	320,603,750	-	-	-

### 37. Capacity

Name of plants	Licenced capacity	Installed capacity	Plant factor (% on licensed capacity)	Energy generated (MwH)	Energy sold (MwH)
<b>During the year 2008</b>					
Ashulia - Savar	11 MW	11.99 MW	Average 81.56 Maximum 87.11	81,233	78,006
Madhabdi - Narsingdi	11 MW	11.99 MW	Average 82.24 Maximum 88.09	83,138	79,258
Chandina - Comilla	11 MW	11.99 MW	Average 77.10 Maximum 85.51	77,835	74,462
Ashulia - Savar (Unit II)	33.75 MW	34.92 MW	Average 80.94 Maximum 92.81	244,478	238,162
Madhabdi - Narsingdi (Unit II)	24.30 MW	26.19 MW	Average 84.06 Maximum 95.04	183,570	180,125
Chandina - Comilla (Unit II)	13.50 MW	13.94 MW	Average 76.88 Maximum 93.63	93,350	89,105
<b>During the year 2007</b>					
Ashulia - Savar	11 MW	11.99 MW	Average 81.73 Maximum 97.90	81,156	78,739
Madhabdi - Narsingdi	11 MW	11.99 MW	Average 78.23 Maximum 100.00	78,771	75,302
Chandina - Comilla	11 MW	11.99 MW	Average 73.70 Maximum 94.16	74,196	71,058
Ashulia - Savar (Unit II)	33.75 MW	34.92 MW	Average 76.34 Maximum 81.00	24,910	24,526
Madhabdi - Narsingdi (Unit II)	24.30 MW	26.19 MW	Average 78.74 Maximum 100.00	153,817	152,169
Chandina - Comilla (Unit II)	13.50 MW	13.94 MW	Average 79.84 Maximum 100.00	87,296	86,176

### 38. Post balance sheet event

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

### 39. General

**39.1** Number of employees During the year ended 31 December 2008 there were 123 employees who received salary of Tk 36,000 and above per annum (2007: 89)

**39.2** Previous year's figures have been rearranged, where necessary to conform to current year's presentation.

# Notes

**SUMMIT POWER LIMITED**  
Summit Centre, 18 Kawran Bazar C/A, Dhaka-1215  
**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_  
being a member of Summit Power Limited hereby appoint Mr./Ms. \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ another member of the company, as my proxy  
to attend and vote for me on my behalf at the 12th Annual General Meeting of the Company to be held on Thursday, the 25th day of  
June 2009, at 10.30 A.M and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2009 signed  
by the said in presence of \_\_\_\_\_

Revenue  
Stamp

\_\_\_\_\_  
(Signature of the Proxy)

Folio/BO ID \_\_\_\_\_

\_\_\_\_\_  
Signature of the Shareholder(s)

Folio / BO ID \_\_\_\_\_

\_\_\_\_\_  
(Signature of Witness)

**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.

Signature Verified

\_\_\_\_\_  
Authorised Signatory

**SUMMIT POWER LIMITED**  
Summit Centre, 18 Kawran Bazar C/A, Dhaka-1215  
**SHAREHOLDERS' ATTENDANCE SLIP**

I/We hereby record my attendance at the 12th Annual General Meeting being held on Thursday, the 25th day of June 2009, at 10.30 A.M.

Name of Shareholder(s) \_\_\_\_\_

Folio/ BO ID \_\_\_\_\_ holding of \_\_\_\_\_ ordinary Shares of Summit Power Limited

\_\_\_\_\_  
Signature of Shareholder

**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 into the meeting.
2. Please present this slip at the reception Desk.







**Summit Power Limited, the first Bangladeshi Independent Power Producer (IPP) has been awarded A Credit Rating in the long term and ST-3 rating in the short term by an internationally linked joint venture rating agency Credit Rating Information & Services Limited (CRISL) in collaboration with Rating Agency Bernhard, Malaysia and JCR-VIS Rating Company Limited, Pakistan.**

**The rating is a unique distinction for a Bangladeshi company in private sector power generation to receive such an internationally recognized credit rating. Entities rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations and adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories. The short term rating indicates good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.**

**Summit's Power plants are operated and maintained wholly by Bangladeshi engineers and technicians setting an example of growing entrepreneurial and technical sufficiency of Bangladeshi industrial enterprises. The company has also received ISO 9001:2000 certification in 2002 for its quality management and for the maintenance of high environmental standard.**



Empowering Bangladesh  
we can and we will

# Empowering Bangladesh we can and we will

SUMMIT's COMMITMENT

Power turns the wheels of the industry, illuminates the homes and offices and indeed serves as the most important catalyst for progress and prosperity of a nation. Summit, a pioneer in private sector power generation, has drawn up program to raise its generation capacity to 1000 MW, representing 20% of the country's requirement.

## **SUMMIT POWER LIMITED**

Summit Centre, 18 Kawran Bazar C/A  
Dhaka 1215, Bangladesh.

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