ANNUAL REPORT

2017 - 2018



Khulna Power Company Ltd.

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Corporate Directories

Board of Directors

Chairman
Hasan Mahmood Raja

Managing Director
Md. Abdur Rahim

Director
Ahmed Ismail Hossain
K. M. Ahsan Shamim
Latif Khan
Muhammad Farid Khan
Jafer Ummeed Khan
Faridur Rahman Khan
Akhter Mahmud Rana
Abul Kalam Azad
Faisal Karim Khan
Azeeza Aziz Khan
Moinuddin Hasan Rashid
A. N. M. Tariqur Rashid
Lt Gen (Retd) Abdul Wadud

Independent Director
Lt Gen Sina Ibn Jamali, awc, psc (Retd)
Karishma Jahan
Professor Mohammad Musa, PhD.
Rear Admiral Riazuddin Ahmed, OSP, BSP, ndu, afwc, psc (retd)

Audit Committee
Professor Mohammad Musa, PhD., Chairman
Abul Kalam Azad, Member
Azeeza Aziz Khan, Member

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

Head of Internal Audit & Compliance (In Charge)
H. M. Nuruzzaman Miah









Power Plants

1. **Khulna Power Company Ltd.**
   KPCL 110 MW Barge Mounted Plant (KPCL-I)
   Goalpara, Khalishpur, Daulatpur, Khulna-9202
   Phone : +88-041 763556-8
   Fax : +88-041 760227

2. **KPC Unit II 115 MW Plant (KPCL-II)**
   Extended premises of KPCL, Goalpara, Khalishpur, Khulna.
   Phone : +88-041 763556-8
   Fax : +88-041 760227

3. **KPC Noapara 40 MW Plant (KPCL-III)**
   Noapara, Avaynagar, Jessore
   Phone : +88-04222 72354

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

Tel : +88-02 58810932, 58810892, 58810868, 9844217
Fax : +88-02 984 3989
Email : kpcl@khulnapower.com
Web : www.khulnapower.com

Statutory Auditors
Rahman Rahman Huq
Chartered Accountants
9 & 5 Mohakhali C/A, Dhaka 1212

Corporate Governance Compliance Auditor
Podder & Associates
Cost and Management Accountants

Legal Adviser
Md. Sameer Sattar
Barrister, Lincoln's Inn
Sattar & Co.
Unit-A3, House-14, Road-13/G
Block-E, Banani, Dhaka-1213

Main Bankers
Standard Chartered Bank
Citibank, N.A.
BRAC Bank Limited
Bank Alfalah Limited

Company Information

Background

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

Formation

Khulna Power Company Ltd. (KPCL) is the first Independent Power Producer (IPP) in the country, established under the Private Sector Power Generation Policy of Bangladesh. KPCL was incorporated on October 15, 1997 as a private limited company. On July 19, 2009 the company was converted into a public limited company. KPCL was formed with a paid up capital of BDT 2,085.93 million (US$ 44.10 million) and the initial project cost was US$ 96.07 million.

KPCL commenced its full commercial operation on October 13, 1998 and since then, it has been supplying uninterrupted reliable power to the national grid. The formation of KPCL Project was initially sponsored by Summit Group and United Group along with their foreign partner El Paso Corporation (El Paso), USA, one of the world's largest and most diversified natural gas exploration and pipeline companies and Wärtsilä Corporation (Wärtsilä), Finland, a leading power plant manufacturer of the world. In 2008, El Paso, as part of its global repositioning strategy disposed of its shares in KPCL to Summit Group and United Group. Later in 2009 Wärtsilä's share was also acquired by Summit and United. Khulna Power Company Ltd. had two subsidiary companies named as: i) Khulna Power Company Unit II Ltd.; and ii) Khanjahan Ali Power Company Ltd. Both the subsidiaries subsequently merged with Khulna Power Company Ltd with the sanction of the Honorable High Court Division of Supreme Court of Bangladesh.









KPC Unit II 115 MW Plant (KPCL-II)

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

KPC 40 MW Noapara Plant (KPCL III)

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

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

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

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

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

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

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

KPCL 110 MW
Barge Mounted Plant (KPCL-I)

Location:
Goalpara, Khalishpur, Khulna

Capacity:
110 MW Barge mounted power plant

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

IPP Contract:
The 1st extended 5 years term IPP contract with Bangladesh Power Development Board (BPDB) expired on 12 October 2018. However, the extension of KPCL 20 year's old plant is under discussion with BPDB and it is expected that the plant will resume operation soon.

Generating Plant:
19 X Wärtsilä 18V32 DG Sets

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

Project Cost:
USD 96.07 million

KPC Unit II
115 MW Plant (KPCL-II)

Location:
Extended premises of KPCL plant, Goalpara, Khalishpur, Khulna

Capacity:
Land based 115 MW power plant

Generating Plant:
7 X Wärtsilä 18V46 DG Sets

Fuel used:
Heavy Fuel Oil (HFO)

Project Cost:
USD 75 million

iStock

KPC 40 MW
Noapara Plant (KPCL-III)

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

STOCK

Plant Management and Officials



Plant Management





Engr. Md. Rezaul Ahsan
General Manager, Plants

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



Roy Chowdhury Prodip Kumar
AGM-Operation

Mr. Roy Chowdhury Prodip Kumar Obtained professional degrees of Class-One and Class two Marine Engineering Certificates from United of Kingdom of Great Britain and Northern Ireland in 2ooo and 1996 respectively. He started his marine engineering career in Singapore National Shipping (NOL) in 1991 and continued till 1995.He served as Chief Engineer in Red Sea Marine Services of Saudi arabia and American Eagle Tankers (Singapore) from 2001 to 2012. He was the deputy manager (O & M) in Wartsila Bangladesh from 2012 to 2013. Thereafter he joined in Khulna Power Company Ltd in 2014 as Manager, Operations. He has attended in various training Courses and seminars in home and aboard.



Sheikh Kabir Ahmed
AGM, Administration

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



Engr. Md.Abed Ali Zamadder
Manager (Electrical)

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



Engr. Bholanath Roy
Manager, Logistics

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



Shams Faruq Ibna Jalal
Manager, Maintenance

Mr. Shams Faruq Ibna Jalal was born on 5th October 1979. He obtained Bachelor of Maritime Science (Engineering) from Bangladesh Marine Academy in 2000. He achieved his professional degrees of Class-1 & 2 Marine Engineering Certificates from Singapore in 2009 & 2012 respectively. He started his marine engineering career in Bangladesh Shipping Corporation in 2001 and continued till 2006. Then he served in various shipping companies. He served as Chief Engineer in Symphony ship management (Bangladesh) from 2013 to 2017. Thereafter he joined Khulna Power Company Limited as Manager, Maintenance in 20

The Shareholders

UNITED MYMENSINGH POWER LTD. (UMPL)own 35.2823%, Summit Corporation Limited own 17.6411%, Summit Power Limited own 17.6411% and 14 individual sponsor shareholders own 0.0237% of 361,284,709 shares of Khulna Power Company Ltd. The rest of 29.4118% shares are owned by the General Public investors.

United Mymensingh Power Ltd. (UMPL)





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

This Fast Track Power Plant (UMPL) was commissioned on 16 June 2018, one week ahead of required commercial operationdate and within a record time frame of 6.5 months, by Neptune Commercial Ltd. (another concern of United Group) acting as the EPC Contractor. United Mymensingh Power Ltd was recognized as “The Best Power Producer 2018 (Private Sector)” on 6th September 2018 at Power & Energy Week 2018 by the Government of Bangladesh, through Ministry of Power, Energy & Mineral Resources as recognition of this tremendous achievement of the fastest implementation of a 200 MW HFO Fired Power Plant at a remote location in Jamalpurwithout any river access and more than 200 km away from Dhaka.

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

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



United Group Overview

United Enterprises & Co. Ltd., more commonly known as United Group is the parent concern of UMPL.
The Group’s diverse socio-economic infrastructural development based portfolio spans power generation, real & construction, port, shipping, retail, healthcare, manufacturing and education. The total installed power generation capacity of United Group’s stands at 900 MW, about 11% of the total private sector generation of Bangladesh, with another 415 MW under different stages of development in two distinct locations of the country, in addition to multiple gas & HFO based projects in the pipeline. United has, since its inception in 1978, offered a number of pioneering solutions to address the nation’s pressing needs. Notable achievements in the power sector includes introducing the concept of Independent Power Plants (IPP model) by establishing Khulna Power Company Ltd. (KPCL) in 1998 followed by introducing the concept of Commercial Independent Power Plants (CIPP) by establishing two power plants in Dhaka and Chittagong Export Processing Zones in two consecutive years, in Dhaka and Chittagong. The success of IPP based model needs to no further introduction as IPP power plants are now the most replicated structure across the country. However, the CIPPs at Dhaka and Chittagong EPZs have given the nation an economic thrust by helping these two key EPZs, along with Karnaphuli EPZ by helping them achieve an exponential growth in year-wise investment and export of above 100% over the period of only a decade. United Power Generation & Distribution Company Ltd. (UPGDCL) owns and operates the first two CIPPs of United Group and is a public Limited company listed with DSE and CSE.

About Summit Power Limited

Summit Power Limited (SPL), a subsidiary of Summit Group that owns and operates 15 (fifteen) power plants in different locations across the country having a total contracted capacity of 931 MW. As per private sector power generation policy of Bangladesh, Summit sells electricity to the Bangladesh Power Development Board (BPDB) and Bangladesh Rural Electrification Board (BREB). SPL plants are equipped with world class engines manufactured by renowned companies such as Wärtsilä – Finland, Caterpillar - USA, and GE Jenbacher, Austria.

To maintain best practice of Integrated Management System(IMS) to run the day-to-day business operation, theCompany has been certified by ISO 9001: 2015 - Quality Management System, ISO 14001: 2015 - Environmental Management System and OSHAS 18001: 2007 - Occupational Health and Safety Assessment System.

Yearly Dividend Chart 2012-2018

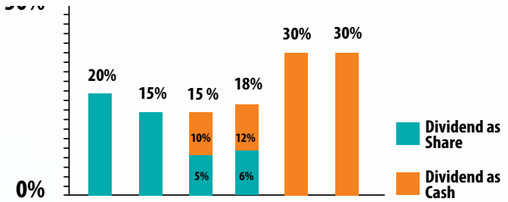


Chart: SPL is a publicly listed company since 1994 and the chart shows dividend disbursed to shareholders in past six years.

SPL was incorporated in Bangladesh on March 30, 1997 as a Private Limited Company. On June 7, 2004, the Company was converted into Public Limited Company under the Companies Act 1994.

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



Summit Gazipur II Power Ltd –a 300 MW capacity power plant was completed in record time.

Due to its Management's dedication, integrity and leadership, the Company has been applauded locally and internationally i.e. – Silver Award at Asian Power Awards 2018 in Indonesia, Best Private Power Generation Company in recognition of fastest implemented power plant in the country, Best Fast Track Power Project Award by Asian Power Awards, International Star for Leadership in QualityAward by Business Initiative Directions (BID),Best Presented Accounts and Corporate Governance Disclosures Awardsby SAFA,ICAB National Award for Best Published Accounts and Reports in Manufacturing Sector, ICMAB Best Corporate Award in Power Sector, ICSB National Award for Corporate Governance Excellence inGeneral Manufacturing.



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

The Vision, Mission and Objectives, the Company articulates in the path of tis sustainable growth, are as under:

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

Mission:"Empowering Bangladesh"

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

Objectives:

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

About Summit Corporation Limited (SCL)



In July 2018Summit Corporation, Mitsubishi and GE announced the largest private FDI in Bangladesh.

Summit Corporation Limited (SCL) is the holding company of all power assets of Summit Group. It is the largest independent power producer (IPP)ofBangladesh.Having established in 1985, SCL sponsored the first 110 MW barge-mounted power plant in 1997 and since then has actively implemented many more power plants. Currently Summitowns 20 operational power plants in the country with an aggregated installed capacity of 1,941 MW, comprising of 21 per cent of Bangladesh's total installed capacity in private sector and 9 per cent of nation's total installed capacity as of 2017.

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

Recently, Summithave taken upUS$ 3 Billion investment with GE and Mitsubishi to set up four units of 600 MW combined cycle power plants (total generating capacity of 2,400 MW), two units of on-shore LNG terminal with total of 380,000 m^3 capacity, oil terminals with 100,000 MT capacity and another 300 MW HFO-based power plant. This is thus far the largest private foreign direct investment (FDI) in Bangladesh.

Summit is the first Bangladeshi company in private sector to build Floating Storage and Regasification Unit(FSRU) terminal in Moheshkhali, Cox's Bazar. The world renowned Mitsubishi Corporation acquired 25% interest ofthis terminal. Construction of the terminal commenced at the end of 2017 and commercial operations are expected to begin in March 2019.

Meanwhile Summit's Meghnaghat II Power is expected to be one of the largest combined cycle power plants in Bangladesh with the installed capacity of 590 MW is expected to begin commercial operation during the first quarter of 2021.Summit is expected to nearly double its current capacity by 2021.

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

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

Notice
of the 20th Annual General Meeting

Notice is hereby given that the 20th Annual General Meeting of the Shareholders of Khulna Power Company Ltd. will be held on Sunday the 9th day of December, 2018, at Krishibid Institution Bangladesh, Khamarbari Road, Farmgate, Tejgaon, Dhaka-1215 at 12.30 P.M to transact the following businesses:

Ordinary Business:

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the year ended June 30, 2018 together with the Auditors' Report thereon.
2. To declare dividend for the year ended June 30, 2018 as recommended by the Board of Directors.
3. To elect Directors in place of those retiring under Article 23(a) and 20(c) of the Company's Articles of Association.
4. To appoint statutory Auditors for the financial year 2018-2019 and to fix their remuneration.
5. To ratify the appointment of the Managing Director as per section 109 of the Companies Act-1994.
6. To appoint Corporate Governance Compliance auditor and to fix their remuneration.

By order of the Board

Dhaka, November 24, 2018.

(Md. Shoharab Ali Khan FCMA
Company Secretary

Notes:

1. Shareholders whose names appeared at the record date i.e. November 22, 2018 in the Share Register of the Company or in the Depository Register on that date will be eligible to attend and vote in the Annual General Meeting and to receive dividend as approved in the AGM.
2. Members entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote on his/her behalf. The proxy form must be affixed with requisite revenue stamp and must be submitted to the Registered Office of the Company not less than 48 hours before the time fixed for the Annual General Meeting.
3. Admission into the meeting venue will be allowed on production of the Attendance Slip attached with the Proxy Form.
4. Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No:BSEC/CMRRCD/2006-158/208/Admin/81 dated 20th June, 2018, copy of the Annual Report has been sent to the e-mail address of the Honorable Shareholders mentioned in their respective Beneficial Owner (BO) accounts maintained with the depository.
5. The concerned Brokerage Houses/DPs/TREC holders are requested to provide us with a statement with details of their margin loan holders entitled to Cash Dividend for the year ended 30 June 2018 with the details (Shareholders name, BO ID Number, client-wise shareholding position, gross dividend receivable, applicable tax rate and net dividend receivable) on or before 04 December 2018. The concerned Brokerage Houses/DPs/TREC holders are also requested to provide us with their Bank Account Name & Number, Routing Number etc.

19th AGM Photographs













Chairman's Speech



Dear Fellow Owners of Khulna Power Company Ltd.

Assalamu Alaikum,

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

It is always a pleasant experience to meet you all during the AGM of this pioneering company of ours. As you know, your company has an electricity generation capacity of 265 MW and is contributing to bringing Bangladesh closer to meeting her electricity demands. Well, so far, we have displayed quite a healthy performance about which we can all be thankful to Almighty Allah.

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

The GDP growth of Bangladesh has been quite satisfactory for six consecutive years and is expected to grow at the rate of 7% in 2018 and 2019. Due to this, the liquidity in the market has been increased and the reserve is in good condition, thus leading to an expansion in the middle-income class. This momentum of GDP growth is also increasing the electricity demand in the country. It is definitely fulfilling to know that your company generated 1,212,844 MW of much demanded electricity for the people of Bangladesh.

Dear Fellow Owners, I am also pleased to update you that your company has earned a net income of Tk. 2,231.89 million during the financial year ended on June 30, 2018. I would like to congratulate all our stakeholders and employees for the overall performance of financial year ended on June 30, 2018. Dear fellow please also be updated that the 1st extended 5 years term IPP contract of 110 MW Barge Mounted Power Plants with Bangladesh Power Development Board (BPDB) expired on 12 October 2018. However, the extension of KPCL 20 year's old plant is under discussion with BPDB and it is expected that the plant will resume operation soon. Besides, a new 15 years term IPP project having capacity between 115-150 MW is under active consideration with Government of Bangladesh vis-à-vis with Bangladesh Power Development Board and would be finalized soon.

We are convinced that the Company will maintain its growth momentum in revenue by adding another 115-150 MW pant of your company's overall operation and, of course, profitability in the years to come. We gratefully appreciate the continued support of our valued fellow owners and would look forward to the same in the future as well.

Finally, I would like to express my sincere thanks to the fellow Directors of KPCL for their continuous support and cooperation. The Management Team and Staff worked very hard to take the Company forward and bringing it to the point where we stand today. I would like to recognize their dedicated and steady services and convey our appreciations and thanks to all of them.

I am thankful to our customers, regulators for allowing us to serve them for a fast growing electricity sector in the country. My deepest gratitude to you, our shareholding owners for investing in Khulna Power Company Ltd.

Looking forward to a better future together "Ameen".

All the best wishes



Hasan Mahmood Raja
Chairman

Directors' Report

For the financial year ended 30 June 2018



Honorable Shareholders,

As-salamu Alikum,

The Board of Directors of Khulna Power Company Ltd. (KPCL) welcomes you all in the 20th 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 ended June 30, 2018.

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

Domestic Economic Outlook

Bangladesh is well on-course along the roadmap set out in two Five-Year Plans spanning from 2011 to 2020. Average growth rate, so far, has been 6.6% and during the last couple of years it has been over 7 per cent. According to the International Monetary Fund (IMF), Bangladesh is now the 43rd largest economy in the world in terms of nominal GDP while the country's position is 32nd in terms of purchasing power parity. A projection by PWC tells that Bangladesh will be the 28th largest economy by 2030 and 23rd largest by 2050.

Economic March Ahead:



Value of Human Development Index (HDI) is now 0.579 according to Human Development Report (HDR) 2016 published in 2017. Moreover, Bangladesh is now categorized as a 'Medium Human Development' country. Rate of poverty declined to 24.3% and extreme poverty rate reduced to 12.9%.

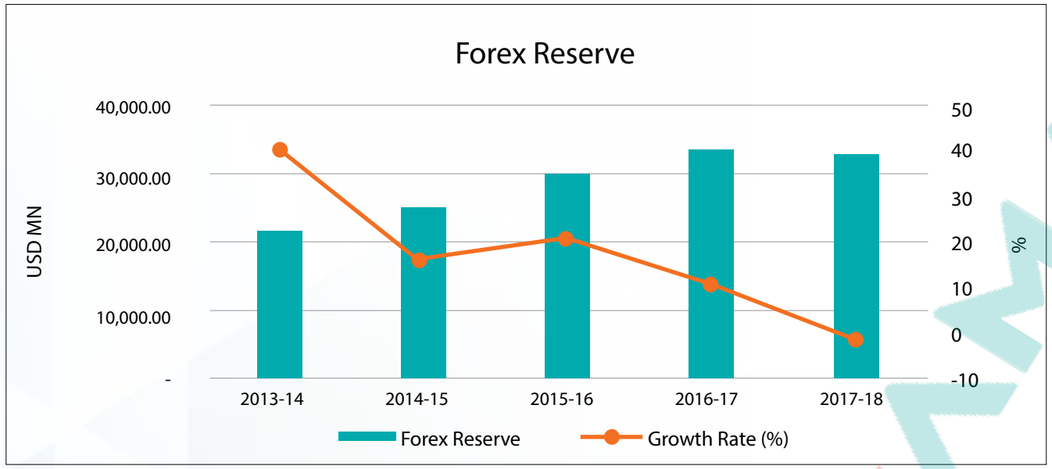
As economy develops, a country's agriculture, industry and services sectors are also transformed, and the economy consolidates during this process of development. In the case of Bangladesh, encouraging signs of

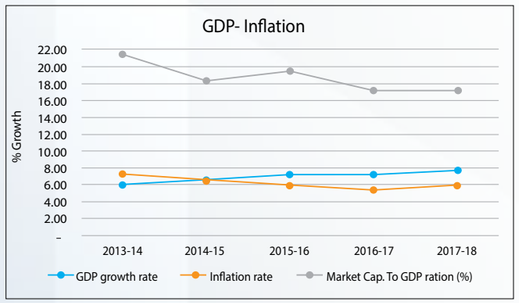


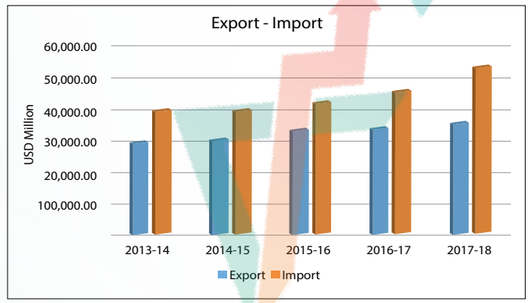
structural transformation are gradually becoming visible albeit the strong presence of agricultural sector in food production and employment generation is still there. According to estimate of FY2017-18, contributions of agriculture, industry and services sectors to GDP will be 14.10%, 33.71% and 52.18% respectively showing the gradual consolidation outcomes.

According to the latest estimate of the Bangladesh Bureau of Statistics, growth rate will reach 7.65% in the FY 2017-18. Although the agricultural production suffered a major setback due to flood in the beginning of the fiscal year, the production of Amon and Boro remained satisfactory. On the other hand, a solid domestic demand induced by increased personal consumption and government expenditure has made positive impact on growth. Furthermore, the upward trend in global growth and trade have had stimulating effect on exports, foreign remittance flow and foreign investment. Despite the fact that there is a downward trend in food inflation due to increased agricultural production supported by efficient supply management, non-food inflation is ticking up under the influence of rising global commodity prices. The food and non-food inflation in April 2018 were 7.3% and 3.5% respectively.

Private sector credit growth was 17.7% which indicates higher investment by the private sector. In the external sector, export and foreign remittance have achieved a growth of 6.4 and 17.5 respectively. Similarly, imports registered a growth of 24.5% over the previous year. The exchange rate of Taka against US dollar has depreciated having favorable impact for exports and remittance. Foreign exchange reserve equivalent to USD 32.20 billion has import cover of seven months.







Power Sector Scenario in Bangladesh

Bangladesh is one of the fastest growing economies in South Asia. Over the past decade, Bangladesh's economy has grown at an annual rate of around 6%, which is better than the growth rate of many other Asian economies. The Government of Bangladesh now aims to achieve the status of a 'middle-income country' by 2021 and that of a 'high-income country' by 2041.

Outlook of the Power Sector	2017	2041
National population (million)	More than 163	About 200
Electricity demand (MW)	9,479	61,681
Installed generation capacity (MW)	16,289	60,000
Per capita electricity consumption (KWh/year)	478	--

It is well known that electricity plays a vital role in poverty eradication, sustained economic growth, infrastructure development and security of any country. Thus, Bangladesh will need to address the barriers to higher growth posed by low access to reliable and affordable power, limited availability of serviced land, rapid urbanization, vulnerability to climate change and natural disasters, etc., to achieve its socioeconomic growth targets.

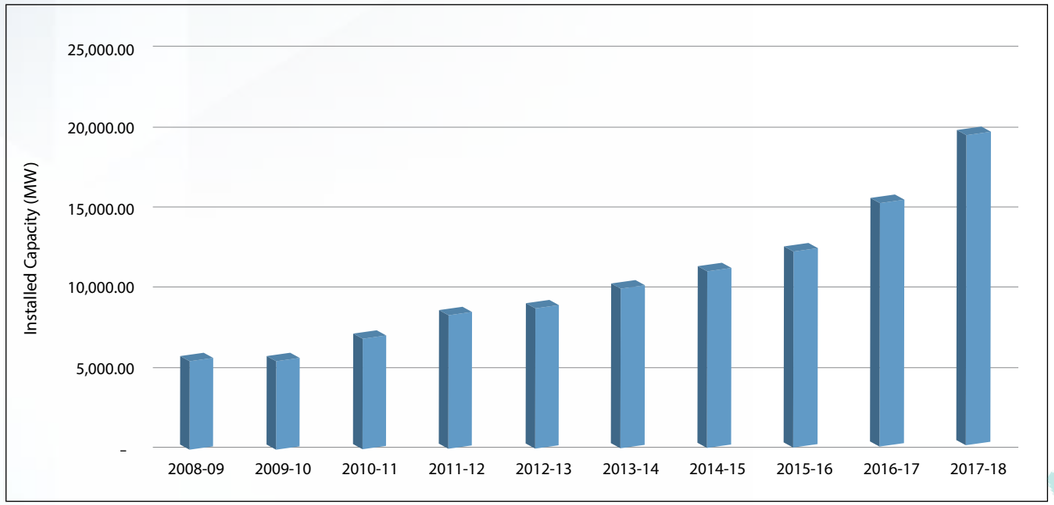
The performance of Bangladesh's power sector has been impressive due to the progressive efforts of policymakers, support from developing partners, and effective project implementation by public and private developers. The growth in terms of capacity addition in the last 10 years has been remarkable, from around 4.5 GW in 2007–08 to 12.8 GW in 2016–17. Private sector participation in generation accounts for about 60% of the total installed capacity.

However, further actions need to be taken to match the demand-supply gap of electricity in a sustainable way and thus match the pace of the economic growth of the country. Massive capacity enhancement and expansion projects of the power sector are being undertaken. It has been planned to increase the installed capacity to 24 GW by 2021, and about 8,000 km of new transmission lines and 1,20,000 km of distribution lines have also been planned to be constructed by 2020. In accordance with the recent Power System Master Plan, Bangladesh aims to add 2 GW renewable energy (RE) projects to achieve installed capacity of 2,470 MW by 2021, and 3,864 MW by 2041. Solar and wind will be the key focus areas for future capacity addition, which shall account for about 50% and 40% of the 2,896 MW of RE-based installed capacity by 2021, respectively.

Power and energy remain the main priority sectors for the economy. Bangladesh has made remarkable progress in this sector primarily through increasing the power generation capacity and also focusing on population's access to electricity. From power generation capacity of 4,942 MW in January 2009 the country has reached the milestone of power generation in exceeding 11,000 MW recently. This is primarily the outcome of the 'Power Sector Master Plan' which paved the way for a coordinated development strategy for power generation, transmission and distribution. Government has set the target to scale up power generation to 24,000 MW by 2021 and ensure electricity supply to all in affordable price. Bringing this target to fruition, investment of about US$ 21 billion during 2017-21, US$ 24 billion during 2022-31 and US$ 10 billion during 2032-41. Bangladesh has the potential and capacity to absorb the investment and ensure the return for the investors.

The number of power plants rose to 118 with combined power generation capacity of 18,353 MW. Construction of 2,622 circuit km transmission line and 174,000 km distribution line have been completed. Length of present transmission and distribution line are 10,680 circuit km and 450,000 km respectively. System loss of power has been reduced to 11 per cent. Overall, the percentage of population under electricity coverage has increased to 90 per cent from 47 per cent.

Year-wise Increase in Generation

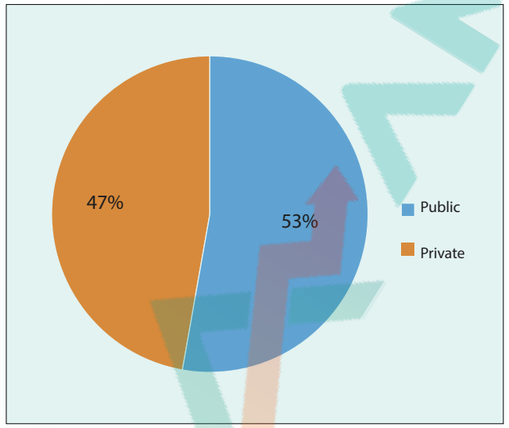


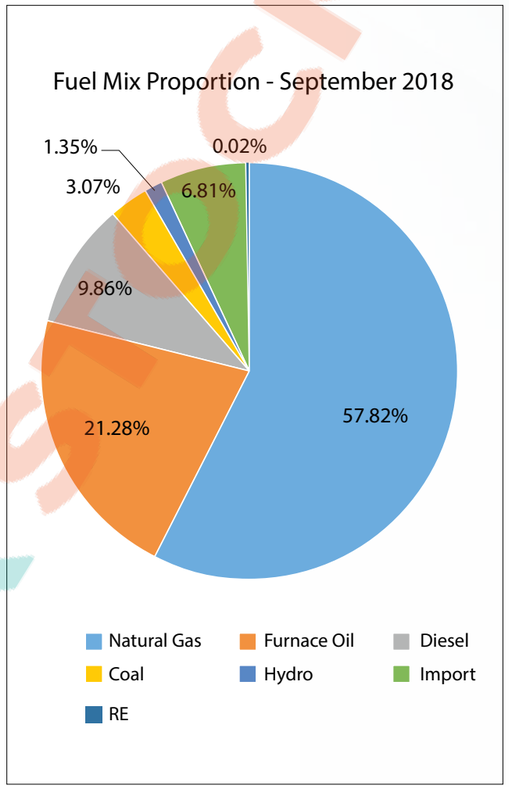
Source: Bangladesh Power Development Board

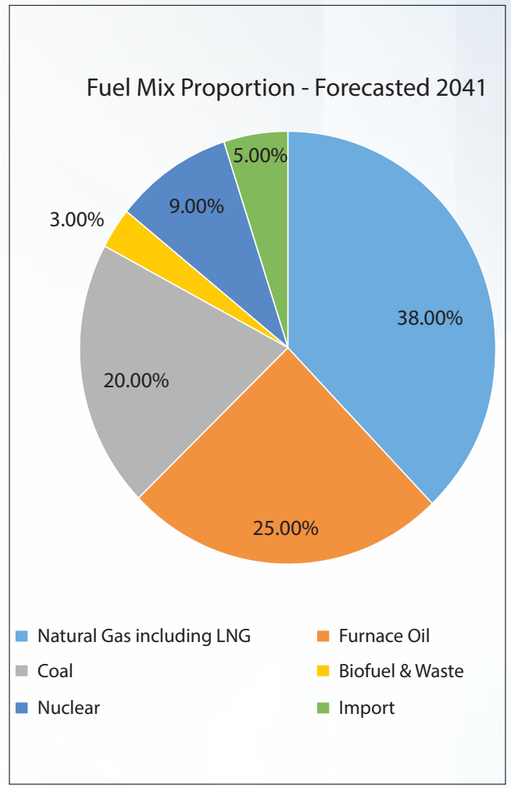
Sector-wise Generation

Public	Installed Generation Capacity (MW)
BPDB	5,266
APSCL	1444
EGCB	839
NWPGCL	1211
RPCL	77
BPDB RPCL JV	149
Sub Total	8,986
Private	
IPPs	4,802
SIPPs (BPDP)	99
SIPPs (REB)	251
15 yr. Rental	169
3/5 yr. Rental	1,576
Power Import	1160
Sub Total	8,057
Total	**17,043**

Sector-wise Generation







Power Sector Future Outlook

Government has plan to generate, in phases, 40,000MW power by 2030 and 60,000MW by 2041.

- Besides, a process is going on to install 23 power plants with a capacity of generating 4,440MW. In near future, there are plans to install 20 more power plants having capacity to generate 22,052MW of electricity.

- Coal based Power Generation: (a) 1,320 MW coal-based power plant at Rampal; (b) 1,200 MW coal-based power plant at Matarbari; and (c) 1320 MW coal based power plant at Payra of Patuakhali.
- Besides, there have been initiatives to engage local and foreign entrepreneurs from private sector to construct 10,000 MW coal-based power plant at Maheshkhali.

- Nuclear Power Plant: first phase of installing nuclear power plant with capacity to generate 2,400 MW electricity at Rooppur with support from Russia is expected to be completed within the current fiscal year.

- Power Generation from Renewable Energy: to scale up electricity generation to 20 per cent of total production from renewable energy sources. So far success has been made in installing a large number of solar home systems. Efforts have been made to supply electricity by connecting solar home system with the national grid and generate electricity by installing solar panel in new buildings and on the roofs of the educational institutions mandatorily.



- Import of Electricity under Sub-Regional Cooperation: country has already begun to import electricity from India. Currently, the capacity of Bheramara-Baharampur line and sub-centres is being enhanced following the decision to facilitate import additional 500MW of electricity. A tri-nation Memorandum of Understanding regarding hydroelectricity import from Bhutan is at the final stage of signing. There are plans to invest in Bhutan for hydroelectricity generation.

- Besides, negotiations are going on for the purpose of hydroelectricity import from Nepal, Myanmar and North-East region of India.

- Transmission Line: Electricity connection has been provided to as many as 2.82 crore customers using already installed 43,4000 km transmission and distribution line. In order to address the issue of shortage of transmission line, a plan has been undertaken to install another 21,000 km more transmission lines and 47,8000 km distribution line by 2021.

- Oil and Gas Exploration: In order to explore and extract unexplored gas and oil, the manpower along technical and financial capacity of Bangladesh Petroleum Exploration and Production Company Limited (BAPEX) are being enhanced. BAPEX continues its overall activities facing the plan of digging 108 rigs well. Alongside, programs are underway to raise refining capacity of Eastern Refinery Limited (EFL) from 15 lakh MT to 45 lakh MT to meet the increasing demand of fuel in the country.

- Import of LNG: Demand for fuel is gradually rising consistent with the economic advancement of the country. Approval was given to different companies to import and maintain stock of 24,44,766 LPG cylinders to meet the growing demand of natural gas with LPG.

- In addition, one floating storage and regasification unit has already been set up to import Liquefied Natural Gas (LNG). Another unit will be setting up soon. Supply of LNG equivalent to 500 SMCFD and an additional 500 SMCFD will be possible through these units from May and October respectively.

- Government has a plan to install two land-based LNG terminals at Maheshkhali, Cox'sbazar and Payra, Patuakhali.

- Government target is to cut fuel use by 15 per cent and 20 per cent by 2021 and 2030 respectively through efficient use of power and energy.

Global Economic Outlook

Global growth is projected to reach 3.9 percent in 2018 and 2019, in line with the forecast of the April 2018 World Economic Outlook (WEO). Among advanced economies, growth divergences between the United States on one side, and Europe and Japan on the other, are widening. Growth is also becoming more uneven among emerging market and developing economies, reflecting the combined influences of rising oil prices, higher yields in the United States, sentiment shifts following escalating trade tensions, and domestic political and policy uncertainty.



Source: World Economic Outlook Update, July 2018, IMF

In the United States, near-term momentum is strengthening, and the US dollar has appreciated by around 5 percent recently. Growth projections have been revised down for the euro area, Japan, and the United Kingdom, reflecting negative surprises to activity in early 2018. Among emerging market and developing economies, growth prospects are also becoming more uneven, amid rising influences of the factors narrated earlier and market pressures on the currencies of some economies with weaker fundamentals. Growth projections have been revised down for Argentina, Brazil, and India, while the outlook for some oil exporters has strengthened.

The recently announced and anticipated tariff increases by the United States and retaliatory measures by trading partners have increased the likelihood of escalating and sustained trade actions. These could derail the recovery and depress medium-term growth prospects, both through their direct impact on resource allocation and productivity and by raising uncertainty and taking a toll on investment. Financial market conditions remain accommodative for advanced economies—with compressed spreads, stretched valuations in some markets, and low volatility—but this could change rapidly. Possible triggers include rising trade tensions and conflicts, geopolitical concerns, and mounting political uncertainty.



While financial conditions remain generally benign, these factors have resulted in capital inflow reductions, higher financing costs, and exchange rate pressures, more acute in countries with weaker fundamentals or higher political risks.

Largely reflecting supply shortfalls, global oil prices increased 16 percent between February and early June 2018. The increase in fuel prices has lifted headline inflation in advanced and emerging market economies. Core inflation has strengthened in the United States as the labor market has tightened furtherand inched up in the euro area. Core inflation in emerging markets has also increased, reflecting pass-through effects from currency depreciation in some cases and second-round effects of higher fuel prices in others. Prices of agricultural commodities have increased marginally, reflecting diminishing excess supply.

As of early July 2018, the US dollar has strengthened by over 5 percent in real effective terms since February, while the euro, Japanese yen, and British pound sterling are broadly unchanged. In contrast, some emerging market currencies have depreciated sharply. Reflecting signs of financial stress in some more vulnerable countries and growing trade tensions, capital flows to emerging economies weakened in the second quarter (through May) after a strong start to the year.

While the baseline forecast for global growth is roughly unchanged, the balance of risks has shifted to the downside in the near term and remains skewed to the downside in the medium term. The possibility for more buoyant growth than forecast has faded somewhat in light of the weak outturns in the first quarter in several large economies, the moderation in high-frequency economic indicators, and tighter financial conditions in some vulnerable economies. Downside risks, on the other hand, have become more salient, most notably the possibilities of escalating and sustained trade actions, and of tighter global financial conditions.

Foreign Direct Investment (FDI)

FDI in Bangladesh during the last fiscal year reached US $ 2.79 billion. After three consecutive years, FDI has declined as per the provisional statistics of Bangladesh Bank.

FDI (USD Billion)	Actual (Gross)	BoP Net
FY 2015-16	2.50	1.28
FY 2016-17	3.03	1.65
FY 2017-18	2.79	1.58

Source: BB, Financial Express

Jim O'neill, the Goldman Sachs banker who had coined the acronym BRICS (Brazil, Russia, India, China and South Africa) has now coined "the Next 11" which includes Bangladesh, Indonesia, Mexico, Turkey and Vietnam.

Inflow of FDI into Bangladesh is around 1.0 per cent of the country's GDP. The 7th Five-Year Plan (FYP) lays utmost thrust on the incremental inflow of FDI increasing the inflow of FDI to 3.0 per cent of GDP.Thus, external financing for private investment, comprising primarily private FDI and external borrowing in foreign currency by the private sector, will have to increase markedly in the 7th Plan. It has to be increased substantially by FY20 when GDP growth will be 8.0 per cent.

At present more than 50 per cent of the FDI comes as reinvested earnings of the existing multinational enterprises (MNEs). FDI in Bangladesh is concentrated in a small number of sectors. Five sectors, textile, power, gas and petroleum, banking and telecommunications contribute 70 per cent of the total amount of FDI. This means, there are ample scopes to attract FDI in many other sectors.

The government has already taken some measures to ensure greater public-private partnership (PPP), but much more is needed to be done, especially for the implementation of SDGs. It may be mentioned here that the SDGs have been designed in such a manner that private sector participation is essential to achieve these goals. New conduits of bringing FDI have been created. The PPP (Public Private Partnership) and Special Economic Zones, for lumpy investment with high externalities alongside BEPZA operations are being explored.





Opportunities for Private Sector Investment in Power

To encourage private sector investment in the power sector of the country, Government has adopted several policies namely Private Sector Power Generation Policy of Bangladesh, 1996 (revised 2004) and Policy Guideline for Enhancement of Private Participation in the Power Sector, 2008. Some of such benefits for potential investors are as follows:

Facilities and Incentives for Private Power Companies

- Exemption from corporate income tax for different tenure/period with different tax rates
- Allowed to import plant equipment and spare parts at up to a maximum of ten percent (10%) of the original value of total plant and equipment within a period of fifteen (15) years of commercial operation without payment of customs duties, VAT and any other surcharges as well as import permit fee except for indigenously produced equipment manufactured according to international standards.
- Repatriation of equity along with dividends allowed freely.
- Exemption from income tax for foreign lenders to such companies.
- The foreign investors will be free to enter into joint ventures but this is optional and not mandatory.

Facilities and Incentives for Foreign Investors

- Tax exemption on royalties, technical know-how and technical assistance fees, and facilities for their repatriation.
- Tax exemption on interest on foreign loans.
- Tax exemption on capital gains from transfer of shares by the investing company.
- Avoidance of double taxation case of foreign investors on the basis of bilateral agreements.
- Exemption of income tax for up to three years for the expatriate personnel employed under the approved industry.
- Facilities for repatriation of invested capital, profits and dividends.

Bangladesh Capital Market

Total market capitalization of Dhaka Stock Exchange (DSE) reached BDT 3,812,286 million and that of Chittagong Stock Exchange (CSE) BDT 3,131,197.81 million respectively, at the end of the financial year 2017-18. Ratio of market capitalization to GDP was nearly 20%. Although market capitalization increased gradually but it is yet to keep pace with the country's economic growth. However, Government has planned few new initiatives to augur the market.

Market fundamentals and Index as of 30 June 2018

Index Summary			
DSEX	5,316.97	CSEX	9,998.57
DS30	1,965.46	CSE30	15,073.63
DSES	1,228.18	CASPI	16,539.88
		CSE50	1,227.89
		CSI	1,119.47

Market Fundamentals		
	DSE	CSE
Market Capitalization: bln BDT/USD	3,812.3/46	3,131.2/-
Market P/E	14.97	-

Source: DSE/CSE webpage

Further, to meet the capital needs of start-ups and new companies in the capital market, Bangladesh Securities and Exchange Commission (Alternative Investment) Rules, 2015 has been formulated. Similarly, to establish Small Cap Platform to facilitate capital formation of small and medium enterprises, Bangladesh Securities and Exchange Commission (Qualified Investor Offer by Small Capital Companies) Rules, 2016 has been formulated. Side by side, in order to launch a new product Exchange Traded Fund (ETF), Bangladesh Securities and Exchange Commission (ETF) Rules, 2016 has been formulated. A plan has been taken to establish a separate clearing and settlement company as part of a long-term action plan for development of capital market. Besides, inclusion of strategic partners under the demutualization law is going to enhance technical and professional capacities of stock exchanges.

Business Activities Including Its Operating Performance



Economic policy-strategies and thrust sectors

Government has focused on formulating economic policy-strategies and action plans, based on several background scenarios:

a) the proper implementation of the Seventh Five Year Plan;

b) the promises of recently earned LDC graduation;

c) appropriate reflection of SDGs in many areas including sustainable and inclusive growth, industrialization, productive and decent employment opportunity, education, health, women empowerment, environment management-climate change, and safe habitation;

d) structural transformation of the economy among others including consideration of the needs and necessities of the people in the context of ever-changing global and domestic realities. Adequate resource mobilizations coupled with transformation of implementation process has added necessary impetus and focus towards realization of these socioeconomic roadmaps.

Mr. Abdur Rahim, Managing Director of Khulna Power Company Ltd. (KPCL) received Long Term rating **'AAA'** and Short Term rating **'ST-1'** for the 2nd consecutive years in presence of the Chairman and other directors of the Company from the Managing Director of Credit Rating Information and Services Limited (CRISL). Due to strong equity base, good return on investment, good earnings prospects, good operating performance of the investee and experienced management team of Khulna Power Company Ltd., Credit Rating Information and Services Limited (CRISL) has assigned the highest rating to the Company.

Key Operating Data for the Previous Five Years

Khulna Power Company Ltd. (KPCL) is the first Independent Power Producer (IPP) of the country in private sector. Established under the Private Sector Power Generation Policy of Bangladesh 1996 (Revised in November 2004), has been in operation for the last 20 years. Initially KPCL started its journey to empower Bangladesh with its 110 MW barge mounted power plants. However in 2011 KPCL added another two efficient power plants – KPC Unit II 115 MW Plant (KPCL II) and KPC 40 MW Noapara Plant (KPCL III). Present total generation capacity is 265 MW. Following is a snapshot of KPCL plants' operational performance for the recent period:

Name	Licensed Capacity MW	Installed Capacity MW	Generation (As demanded by BPDB)									
			2014		2015		Jan'2016-Jun'2016		Jul'2016-Jun'2017		Jul'2017-Jun'2018	
			Plant Factor	Generation (MWh)	Plant Factor	Generation (MWh)	Plant Factor	Generation (MWh)	Plant Factor	Generation (MWh)	Plant Factor	Generation (MWh)
KPCL I	110	114	37%	366,321	46%	454,203	54%	263,366	43%	423,710	43%	428,293
KPCL II	115	119	50%	517,004	59%	604,045	62%	318,835	51%	529,706	55%	571,023
KPCL III	40	44	56%	201,510	44%	156,720	56%	99,437	55%	200,566	59%	213,528
Total	**265**	**277**		**1,084,835**		**1,214,968**		**681,638**		**1,153,982**		**1,212,844**

KPCL plants' added 1,213 GWh of electricity to the national grid during the financial year 2017-2018. Since beginning our plants were being operated and maintained by Wartsila Bangladesh Ltd., a 100% owned subsidiary of Wartsila OY, Finland; the manufacturer and spare parts supplier of these plants. However, from January 2014, these plants have been operated and maintained by the Company itself and Khulna Power Operations & Services Ltd. (KPOSL), a specialized company in power plant operation and maintenance with full sets of experienced engineers and staff as engaged earlier.

Khulna Power Company Ltd. has always used brand new highly efficient engines and other auxiliaries of best international standard. The aim is to spend bare minimum fuel for generation of electricity and save costly fuel of the country. The new and quality machine allows Khulna Power Company Ltd. to maintain its guaranteed contractual availability and Heat Rate (fuel consumption for generation of one unit of electricity) ensuring efficient use of fuel. KPCL follows an Integrated Management System (IMS) to maintain all of its power plants, which includes-ISO 9001:2004– Quality Management System (QMS), ISO 14001:2004 – Environmental Management System (EMS), BS OHSAS 18001:2007 – Occupational Health & Safety (OH&S).

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

The 1st extended 5 years term IPP contract of 110 MW Barge Mounted Power Plants with Bangladesh Power Development Board (BPDB) expired on 12 October 2018. However, the extension of KPCL 20 year's old plant is under discussion with BPDB and it is expected that the plant will resume operation soon. Besides, a new 15 years term IPP project having capacity between 115-150 MW is under active consideration with Government of Bangladesh vis-à-vis with Bangladesh Power Development Board and would be finalized soon.

Financial Highlights

	2017-2018	2016-2017	Eighteen months ended 30 June 2016	2016 (Jan'16-Jun'16)	2015	2014
Operating data (Taka in million)						
Revenue	12,098.32	10,034.16	16,767.90	4,614.65	12,153.24	7,413.31
Cost of Sales	9,821.60	7,784.51	12,308.94	3,248.34	9,060.60	6,395.90
Gross Profit	2,276.72	2,249.65	4,458.96	1,366.31	3,092.64	1,017.41
General & Admin. Expenses	119.62	107.64	444.62	110.40	334.22	79.79
Finance Income	230.18	86.97	129.16	49.95	79.20	108.84
Finance Expenses	209.87	134.55	183.10	48.52	134.57	121.31
Income Tax Expenses	161.13	221.36	487.07	370.11	370.11	132.50
Net Profit	2,231.88	1,830.27	3,548.41	1,143.08	2,405.37	831.43
Financial Position/Balance Sheet data (Taka in million)						
Share Capital	3,612.85	3,612.85	3,612.85	3,612.85	3,612.85	3,612.85
Shareholders' Equity	9,708.86	9,464.04	8,898.26	8,898.26	9,200.63	8,240.40
Total Debt (Non-current Liabilities)	53.60	314.55	276.49	276.49	249.00	52.25
Current Assets	7,606.40	6,333.72	6,011.60	6,011.60	4,441.03	5,896.37
Current Liabilities	5,282.07	4,290.63	4,903.30	4,903.30	3,228.72	6,041.57
Total Assets	15,044.54	14,069.22	14,078.06	14,078.06	12,678.36	14,334.21
Total Liabilities	5,335.67	4,605.17	5,179.80	5,179.80	3,477.72	6,093.82
Financial Ratios						
Gross Profit Ratio (%)	18.82%	22.42%	26.59%	29.61%	25.45%	13.72%
Net Profit Ratio (%)	18.45%	18.24%	21.16%	24.77%	19.79%	11.22%
Return on Assets (%)	14.84%	13.01%	25.21%	25.21%	18.97%	5.80%
Debt Equity Ratio		-	-	-	0.11%	0.04%
Other Data						
Earnings Per Share (Tk)	6.18	5.07	9.82	3.16	6.66	2.30
Dividend (%)	10% Stock & 30%Cash	55%	75%(Including 40% Interim)			40.00
Total Number of Ordinary Shares Outstanding	361,284,709.00	361,284,709.00	361,284,709	361,284,709	361,284,709	361,284,709
Total Number of Free Float Shares	106,260,244.00	106,260,244.00	106,260,244	106,260,244	106,260,244	106,260,244
Comparative Cash Flows Statement						
Net Cash Generated from Operating Activities	751,578,244	1,727,268,402	4,922,361,370	564,362,824	4,357,998,546	1,106,628,934
Net Cash Generated from Investing Activities	165,112,311	66,418,557	(82,374,619)	75,673,730	(158,048,349)	77,016,082
Net Cash used in Financing Activities	(70,803,751)	(1,709,465,099)	(4,681,585,606)	(600,006,400)	(4,081,579,206)	(1,260,963,027)

During the year 2015, operating cash flows increased significantly by Tk. 3,251,369,612 compare to the year 2014 due to higher sales revenue.
Operating cash flows declined by 56% in the year 2017-2018 against the year 2016-2017 owing to price hike of prime raw material in the international market.
Purchase of capital nature spare parts had been made in the year 2015 to maintain the efficiency level of the power plant.



Financial results and performance of the Company

Key Financial Results compared with last period is detailed below:

Particulars	For the year ended 30 June 2018 (In Million Taka)	For the year ended 30 June 2017 (In Million Taka)
Revenue	12,098.31	10,034.16
Cost of sales	(9,821.60)	(7,784.51)
Gross profit	2,276.71	2,249.65
Other Income	3.30	6.40
General and administrative expenses	(119.61)	(107.64)
Operating profit	2,160.39	2,148.41
Foreign Exchange gain/(loss)	(109.96)	(49.20)
Finance income	230.18	86.97
Finance costs	(209.87)	(134.55)
Profit before tax	2,070.75	2,051.63
Income tax expenses	161.13	(221.36)

During the year 2017-2018, gross profit margin reduced to 18.82% compare to 22.42% of the previous year 2016-2017 because of 4.64% higher cost of sales. Percentage of cost of sales increased to 81.18% from 77.58% of the last year due to increase of disparity of fuel mismatch for higher heavy fuel oil price. In contrast, higher investment in FDR generated more finance income and reversal of previously recognised deferred tax liability contributed positively to the net profit which margin remained almost same.

Profit appropriation

The Directors takes pleasue in reporting the financial results of the Compny for the year ended on 30 June 2018 and recommended the appropriation as mentioned below:

Particulars		Amount (In million Taka)
Profit for the financial year ended 30 June 2018		2,231.89
Profit brought forward		5,525.55
		7,757.44
Final Cash Dividend paid for the year ended 30 June 2017		1,987.10
Profit available for appropriation		5,770.36
Appropriations:		
Proposed Stock Dividend fo the year 2017-2018 @10%		361.28
Proposed Cash Dividend fo the year 2017-2018 @30%		1,083.85
Retained Earnings after proposed Dividend		4,325.23

Extra-ordinary gain or loss

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

Related Party Transaction

The related party transactions carried out by the Company on a commercial basis during the year have been disclosed in the Notes - 32 to the financial statements.

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

Not applicable.

Significant variance between Quarterly Financial Statements

1st Quater ended 30 September 2017

Particulars	July-September 2017(Taka)	July-September 2016 (Taka)	D ifference in %
GP Margin	16.75%	23.21%	27.83%
Exchange Loss	35,246,922	2,728,548	1191.78%
Finance Income	39,759,372	18,939,995	109.92%
Net Operating Cash Flow per share (NOCFPS)	1.17	(1.53)	176.47%

GP Margin
During 1st quarter of 2017-2018, gross profit margin reduced to 16.75% compare to 23.21% of the same quarter of previous year due to increase of disparity of fuel mismatch for higher heavy fuel oil price.

Exchange Loss
Unfavorable exchange rate increase the exchange loss significantly during 1st quarter of 2017-2018.

Finance Income
Higher investment in FDR generated more finance income.

Net Operating Cash Flow per share (NOCFPS)
During the period July-September 2017 Net Operating Cash Flow per share (NOCFPS) was Tk. 1.17 against Tk. (1.53) for the same period of the previous year. This difference occurred mainly due to increase in fuel cost by 32% from USD 235 per MT to USD 310 per MT. Fuel cost is a substantial part of our revenue that increased the NOCFPS. More electricity generation has also contributed to higher NOCFPS in the period July-September 2017 which increased by 21% from 337,719 MW to 407,918.

2nd quarter ended 31 December 2017

Particulars	October-December 2017(Taka)	October-December 2016 (Taka)	Difference in %
Gross Profit Margin	23.02%	26.21%	12.18%
Exchange Loss	43,586,920	14,636,139	198%
Finance Income	81,885,026	28,722,169	185%
Finance Cost	49,862,742	34,179,684	46%
Income Tax expenses	55,000,000	37,500,000	47%

GP Margin
During 2nd quarter of 2017-2018, gross profit margin reduced to 23.02% compare to 26.21% of the same quarter of previous year due to increase of disparity of fuel mismatch for higher heavy fuel oil price.

Exchange Loss
Unfavorable exchange rate increases the exchange loss significantly during 2nd quarter of 2017-2018.

Finance Income
Higher investment in FDR generated more finance income.

Finance Cost
More working capital loan and 180 days UPAS L/C payment has been made in the quarter October-December 2017 increased the finance cost by 46% as compared with the previous corresponding quarter.

Income Tax Expenses
Income tax expenses are recognized on the basis of revenue. As revenue increased, income tax expenses also rose by 47% in the quarter October-December 2017.

3rd quarter ended 31 March 2018

Particulars	January-March 2018(Taka)	January-March 2017(Taka)	Difference in %
Gross Profit Margin	18.64%	25.44%	26.72%
Finance Income	54,414,797	12,775,900	326%
Exchange Gain/(Loss)	(10,165,619)	25,164,999	140%
Finance Cost	54,531,927	28,861,493	89%
Income Tax expenses	20,000,000	40,000,000	50%

GP Margin
During 3rd quarter of 2017-2018, gross profit margin reduced to 18.64% compare to 25.44% of the same quarter of previous year due to increase of disparity of fuel mismatch for higher heavy fuel oil price.

Finance Income
Higher investment in FDR generated more finance income.

Exchange Loss
Unfavorable exchange rate increases the exchange loss significantly during 3rd quarter of 2017-2018.

Finance Cost
More working capital loan and 180 days UPAS L/C payment has been made in the quarter January-March 2018 increased the finance cost by 89% as compared with the previous corresponding quarter.

Income Tax Expenses
Excess provision of the first and second quarter of the year 2017-2018 has been adjusted in the third quarter (January-March 2018) results in negative variance of 50% from the same quarter of the previous year 2016-2017.





Dividend

Your Board recommends 30% cash dividend (i.e. Tk 3.00 per share of Tk 10 each) and stock dividend of 10% (i.e. 1 Bonus share for every 10 shares) for the financial year ended 30 June 2018, subject to approval by the shareholders at the 20th Annual General Meeting.

Business Risk & Uncertainties

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

Financial risk managemen

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

- Creditrisk
- Liquidityrisk
- Marketrisk

Credit risk

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

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

Liquidity risk

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

Market risk

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

Currency risk

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

Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. Loans and borrowings are affected by fluctuations in interest rates as the rate is of LIBOR plus variable rate ranging from 1.50% to 1.65%.

Details financial risk management has been disclosed in the notes 33 to the financial statements.

Capital risk management

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

Operational Risk

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

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

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

Heavy Fuel Oil (HFO) is used as basic raw material for the operation of all the three units of KPCL power plants. Summit Asia Pacific Pte Ltd. and United Energy Trading Pte Ltd. have been supplying Heavy Fuel Oil (HFO) to the Company under the Fuel Supply Agreement and the risk of price fluctuation in the global oil market is mitigated by the varying Fuel Tariff structure which is based on fuel cost as a Pass-through item. Moreover, KPCL can procure HFO from other vendors if the aforesaid vendors are unable to supply.





Directors' Election & Re-Appointment

On withdrawal of nomination by United Energy Ltd. (UEL), due to sale of 127,469,456 ordinary shares of KPCL to United Mymensingh Power Ltd. (UMPL), Board in its 107th meeting held on 30th October 2018 accepted resignations of Mr. Hasan Mahmood Raja, Mr. K. M. Ahsan Shamim, Mr. Akhter Mahmud Rana, Mr. Abul Kalam Azad, Mr. Ahmed Ismail Hossain, Mr. Faridur Rahman Khan and Mr. Moinuddin Hasan Rashid. Board in the said 107th meeting also, in exercise of power vested in Article- 20(c) of company's Articles of Association and subject to approval of Bangladesh Securities and Exchange Commission (BSEC) approval of the transfer of KPCL shares through sale from UEL to UMPL , accorded its acceptance of the nomination of Mr. Hasan Mahmood Raja, Mr. K. M. Ahsan Shamim, Mr. Akhter Mahmud Rana, Mr. Abul Kalam Azad, Mr. Ahmed Ismail Hossain, Mr. Faridur Rahman Khan and Mr. Moinuddin Hasan Rashid from United Energy Ltd. (UEL) to become effective from the date the transfer of shares in the name of UMPL is credited in the Depository Register of CDBL. BSEC approved the same by their letter BSEC/SRMIC/68/2015/716 dated October 24, 2018 and the transaction was concluded on the 12th November 2018. All the nominated directors of UMPL shall retire in the ensuing 20th AGM and being eligible, offer themselves for re-election.

AS per article 23 (b) of the Articles of Association Latif Khan, Lt Gen (Retd.) Abdul Wadud, Muhammad Farid Khan, Jafer Ummeed Khan and A N M Tariqur Rashid shall retire in the 20th Annual General Meeting (AGM) by rotation and being eligible, offer them for re-election.

Mr. Muhammed Aziz Khan resigned from the Board on 27 January 2018 in its 105th meeting, in exercise of the power vested in article 20 (c) of the Articles of Association of the Company, the Board in the same meeting appointed Ms. Azeeza Aziz Khan as nominated Director of Summit Corporation Limited and Rear Admiral Riazuddin Ahmed,OSP,BSP, ndu,afwc,psc(retd.) as Independent Director. Both of them will retire in the 20th Annual General Meeting and being eligible offer themselves for re-election.

Four (4) Board Meetings took place during the financial year ended on 30 June 2018. The attendance of the Directors are as follows:

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

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



Directors' Responsibilities / Reporting Framework

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

- Selection of suitable accounting policies and then applying them consistently;
- Making judgment and estimates that are reasonable and prudent;
- Ensuring that the financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS);
- Preparing the financial statements in an ongoing concern basis unless it is appropriate to presume that the company will not continue in business.

Proper accounting records have been kept so that at any given point the financial position of the company is reflected with reasonable accuracy, which will enable them to ensure that its financial statements comply with Companies Act 1994 and other required regulatory authorities.

In compliance with the requirements of the BSEC's Notification dated 3rd June 2018, the Directors are also pleased to make the following declarations in their report:

a) The financial statements prepared by the management of your Company fairly presents its state of affairs, the result of its operations, cash flows and changes in equity;

b) Proper books of accounts of your Company have been maintained;

c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;

d) International Accounting Standards and International Financial Reporting Standards as applicable in Bangladesh, have been followed in preparation of the financial statements and any discrepancies have been adequately disclosed;

e) The system of internal control is well structured and has been effectively implemented and monitored;

f) There are no significant doubts upon your Company's ability to continue as an ongoing concern basis;

g) Significant deviations from last year in operating results of the Company are highlighted and the reasons have been explained in financial results and profit appropriation;

h) Key financial and operating data has been summarized for the preceding five years.

i) Risks and uncertainties surrounding the Company has been outlined under the relevant captions of this report;

j) The number of Board meetings held during the year and attendance of each director has been disclosed;

k) The pattern of shareholding has been reported in Annexure-5 of this report to disclose the aggregate number of shares.

l) No bonus share or stock dividend has been declared as interim dividend.

Remuneration Of Directors

Remuneration, performance and other related perquisites/benefits of Managing Director reviewed annually and approved by the Board of Directors. Non Executive Directors including Independent Director are paid attendance fee per meeting. Related fees have been disclosed in the notes 32 to the financial statements.

Audit Committee



The Board has constituted an Audit Committee as per the BSEC directives. As required, the report of the Audit Committee is included in this Annual Report. The Committee comprises 3 (Three) members of the Board who met four times (4 times) during the financial year ended 30 June 2018. The Committee members' attendance record is provided below:

Name	Status	Attended
Prof. Dr. Mohammad Musa	Independent Director- Chairman	4
Abul Kalam Azad	Non-Executive Director- Member	4
Ms. Azeeza Aziz Khan	Non-Executive Director- Member	1
Md. Shoharab Ali Khan, FCMA	Member Secretary	4

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

Audit Committee Report 2017 - 2018

Role of the Committee

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

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

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

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

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

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

On behalf of the Committee

Mohammad Musa, Ph. D.
Chairman

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

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

Mohammad Musa, Ph. D.
Independent Director - Chairman

Abul Kalam Azad
Non-Executive Director
Member

Azeeza Aziz Khan
Non-Executive Director
Member

A total of 4 (four) meetings were held since the last Annual General Meeting of KPCL including the meeting dated 30th October, 2018.



Statutory Auditors

Pursuant to SEC Order No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 27th June 2018 and DSE & CSE Listing Regulations 2015 (Regulations No. 15), present auditors Rahman Rahman Huq, Chartered Accountants, will retire after completing consecutive 3 years of service as Statutory Auditors of the Company; they will not be eligible for re appointment in the ensuing 20th AGM. Our Board therefore, in its meeting held on 30 October 2018, resolved to recommend A. Qasem & Co., Chartered Accountants for appointment as new Statutory Auditors of the Company for the financial year 2018-2019 subject to approval of the Shareholders in the forthcoming Annual General Meeting.

Corporate Governance

KPCL believes that enriched corporate governance contributes to the long term success of a Company and creates trust and engagement between the company and its stakeholders. Accordingly, the Board of Directors and Management strive to maintain full compliance with the laws, rules and regulations that govern our business and to uphold the highest standards. KPCL follows an Integrated Management System (IMS) to maintain all of its power plants, which includes - ISO 9001:2008 – Quality Management System (QMS), ISO 14001:2004 – Environmental Management System (EMS), BS OHSAS 18001:2007 – Occupational Health & Safety (OH&S). A separate chapter on corporate governance has also been reported.

Going Concern / Sustainability

While approving the financial statements, the Directors have made appropriate enquires and analyzed significant operating and indicative financials which enabled them to understand the ability of the Company to continue its operations for a foreseeable future. The Directors are convinced and have a reasonable expectation that the company has adequate resources and legal instruments to continue its operations without interruptions. Therefore, the Company adopted the going concern basis in preparing these financial statements.



Human Resources & Safety Management

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

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

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



Status of Compliance

In accordance with the requirement stipulated in condition no-9.00 of the Securities & Exchange Commission's notification no-BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance 1969, the Corporate Governance Compliance Report is shown In Annexure-C. A Certificate from Podder & Associates, Cost & Management Accountants confirming compliance of conditions of Corporate Governance Guidelines as stipulated under condition 1(5)(xxvii) is also annexed to this report as Annexure-B.

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

Contribution to the National Exchequer & the Economy

Electricity is one of the main driving forces of the economy and it has diversified use and multiplier effect on the economy. Significantly in the development of industrialization, electric power has no alternative. This financial year your company added 1,213 million Kwh of electricity to the national grid. This addition has contributed significantly in enhancing industrial productions and providing more job opportunities throughout the country. As a shareholder, you can be proud of your Company's contribution to Bangladesh.

It has contributed a significant amount to the national exchequer in the form of different duties, taxes and VAT. The estimated amount of contribution was of Taka 285 million (approx) in this financial year.











Corporate Social Responsibility (CSR) Activities

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

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

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

- IT Skill Development Training: Regular ICT trainings for unemployed youths and assisting in sustainable development through their IT skills and developments.



In the last five years a total 519 students from local area got ICT trainings from the program. Some of them have been provided with advance ICT trainings like Web & Graphic design and e-commerce. Many students after the trainings are involved in entrepreneurships; IT jobs and freelancing outsource works in local and international markets.



- Professional Tailoring Training and Deployment opportunity: Skill Development program for unemployed poor women; Sewing & Tailoring training and later on supporting them for sustainable deployment.A total 440 women and girls from the local community has been benefitted from our in house tailoring training and among them 105 beneficiaries received advance trainings like Embroidery, Tie-dye, Aplic Design, Screen Print, making various bags etc.

- Free Treatment support: A full time professional medical consultant is appointed to visit patients and prescribe at free of costs. Free medicines and diagnosis facilities are provided for poor patients. Free Health Cards have been issued for the local community and in last four years around 2,920 families have taken our support for free doctor visits and some of them are provided free medicine too. 1,091 cases of patients visit to our designated doctor from local community recorded in the last year only.

- Organizing Special Medical Camps at regular intervals to provide specialist treatment at free of costs for Eye, ENT, Heart disease, Diabetics and Dental problems. A total of 136 patients provided with free Eye Surgeries in reputed Eye Hospitals during last five years when a total of 1,914patients participated in yearly our Eye camps.

- Link up treatment support, Female doctor for gyno& women health issues: During recent years a total of 1,795 adolescent patients participated in specialized treatment and awareness programs from our CSR project organized link-up health care services.

- Senior Citizen Service program (providing winter care supports& festival supports etc. for poor old peoples).

- Cleanliness and Free waste management: Daily Household waste collection & cleaning of roads and nearby areas. Appointed cleaner, one van and van puller is engaged for this purpose.

- Counseling on anti-drug abuses, event based adolescent awareness program for growing up young boys & girls, free specialist doctor visits for women health etc.

- Plantation beside public roads and school yards, distribution of plants among students.

- Studentship & Educational Support: Education programs for students(providing financial supports, uniforms & stationeries, voluntary coaching for weak and drop out students etc.).

- Ensuring drinking water supply for school students and cleanliness of school yards and toilets.

- Value added activities like Community Dialogues and FGDs at regular intervals, various awareness raising programs.

- Organizing Blood Grouping Camp to build Community Blood Bank

- Development of a Library for local community.

- Sports & Cultural Sponsorship: Promoting and sponsoring sports and cultural educations among educational institutes, organizing creative competitions etc.
- National Day Observation & Special Educational Activities; Mina Day, Out Reach Study Tour, Victory Day, International Mother Language Day, Independent Day & Bangla New year and various national and international days celebration for increasing awareness.

Acknowledgement

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

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

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

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

With best wishes,

On behalf of the Board

Md. Abdur Rahim
Managing Director

CEO & CFO's Declaration to the Board

Annexure-A

Dated: October 30, 2018

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

Subject: Declaration on Financial Statements for the year ended on 30 June 2018.

Dear Sirs,

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

(1) The Financial Statements of Khulna Power Company Ltd. for the year ended on 30 June 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) as applicable in the Bangladesh and any departure there from has been adequately disclosed;
(2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
(3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
(4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
(5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
(6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, We also certify that:

i) We have reviewed the financial statements for the financial year ended on 30 June, 2018 and that to the best of our knowledge and belief:
a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
ii) There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

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

Md. Abdur Rahim
Managing Director

Annexure-B

PODDER & ASSOCIATES
Cost and Management Accountants

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

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

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

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

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

(a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission Except under conditions number 1(7)(a),1(7)(b), 3(1)(b),4(ii),6 & 9(2) which are under process of compliance within the stipulated time;

(b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;

(c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws , and

(d) The governance of the company is satisfactory

For Podder& Associates

Place: Dhaka
Dated: 22nd November 2018

Jayanta Kumer Podder
Cost & Management Accountants

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

Annexure-C

Report on BSEC's Notification on Corporate Governance Guideline

For the financial year ended on 30th June 2018

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

(Report under Condition No. 9.00)

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

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

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

Condition No.	Title	Compliance Status (Put √ in the appropriate column)	Condition No.	Remarks (if any)
		Complied	Not Complied	
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;			N/A
1(5)(xvii)	A statement that there is no Significant doubt upon the issuer company's ability to continue as going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			The Company has declared 10% stock & 30% cash dividend
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;			N/A
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-	√		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name -wise details);	√		Khulna Power Company Unit II Ltd. & Khanjahan Ali Power Company Ltd. amalgamated with Khulna Power Company Ltd. (KPCL) on 30-09-2014
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance their spouses and minor children (name- wise details);			N/A
1(5)(xxiii)(c)	Executives;			N/A
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details).			N/A
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders: -	√		
1(5)(xxiv) (b)	nature of his/her expertise in specific functional areas;	√		
1(5)(xxiv) (c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
1(5)(xxv)	A management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;			N/A
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediately preceding five years explaining reasons thereof;	√		
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	√		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per **Annexure-A**; and	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this code as required under condition No. 9 shall be disclosed as per **Annexure-B** and **Annexure-C**.	√		
1(6)	**Meetings of the Board of Directors**			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
1(7)	**Code of Conduct for the Chairperson, other Board Members and Chief Executive Officer**			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC), for the Chairperson of the Board, other board members and Chief Executive Officer of the company;		√	Formation of NRC is under process
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company			Will be complied after finalisation of the code of conduct
2.	**Governance of Board of Directors of Subsidiary Company**			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			N/A
2(b)	At least 1 (one) independent director of the Board of the holding company shall be a director on the Board of the subsidiary company;			N/A

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

Condition No.	Title	Compliance Status (Put √ in the appropriate column)	Condition No.	Remarks (if any)
		Complied	Not Complied	
4.	**Board of Director's Committee. For ensuring good governance in the company, the Board shall have at least following sub-committees:**			
4(i)	Audit Committee;	√		
4(ii)	Nomination and Remuneration Committee		√	Formation of NRC is under process
5.	**Audit Committee**			
5(1)	**Responsibility to the Board of Directors**			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	√		
5(1)(b)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5(2)(b)	The Board shall appoint members of the audit committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1(one) independent director;	√		
5(2)(c)	All members of the audit committee should be "financially literate" and at least I (one) member shall have accounting or related financial management background and 10(ten)years of such experience;	√		
5(2)(d)	When the term of service of any Committee members expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		
5(2)(e)	The company secretary shall act as the secretary of the Committee.	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
5(3)(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent director;	√		
5(3)(b)	In the absence of the Chairperson of the audit committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No.5(4)(b) and the reason of absence of the regular chairperson shall be duly recorded in the minutes.	√		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	√		Will attend in upcoming AGM.

Condition No.	Title	Compliance Status (Put √ in the appropriate column)	Condition No.	Remarks (if any)
		Complied	Not Complied	
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	**Role of Audit Committee** The Audit Committee shall:			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	Monitor choice of accounting policies and principles;	√		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	Oversee hiring and performance of external auditors.	√		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval;	√		
5.5(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	√		
5.5(h)	Review the adequacy of internal audit function;	√		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	Review statement of all related party transactions submitted by the management;	√		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.	√		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	√		
5(5)(m)	Oversee whether the proceeds raised through Initial public Offering (IPO) or Repeat public Offering (RPO) or Rights Share offer have been utilized as per the purpose stated in relevant offer document or prospectus approved by the Commission:			N/A
5(6)	**Reporting of the Audit Committee**			
5(6)(a)	**Reporting to the Board of Directors**			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any: -			
5(6)(a)(ii)(a)	report on conflicts of interests;			No such Incidence arose
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			No such Incidence arose
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;			No such Incidence arose
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			No such Incidence arose
5(6)(b)	Reporting to the Authorities: -			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			No such reportable incidence arose
5(7)	**Reporting to the Shareholders and General Investors**			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
6.	**Nomination and remuneration Committee (NRC).**			Formation of NRC is under process
6(1)	**Responsibility to the Board of Directors**			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;			
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			
6(2)	**Constitution of the NRC**			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;			
6(2)(b)	All member of the Committee shall be non-executive directors;			
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;			
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;			

Condition No.	Title	Compliance Status (Put √ in the appropriate column)	Condition No.	Remarks (if any)
		Complied	Not Complied	
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion form such external expert and/ or member(s) of staff shall be required or valuable for the Committee;			
6(2)(g)	The company secretary shall act as the secretary of the Committee;			
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;			
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.			
6(3)	**Chairperson of the NRC**			
6(3)(a)	The Board shall select 1(one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:			
6(4)	**Meeting of the NRC**			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;			
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);			
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			
6(5)	**Role of the NRC**			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			

Condition No.	Title	Compliance Status (Put √ in the appropriate column)	Condition No.	Remarks (if any)
		Complied	Not Complied	
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and			
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;			
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;			
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;			
6(5)(b)(v)	Indentifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;			
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;			
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.			
7.	**External or Statutory Auditors**			
7(1)	The issuer shall not engage its external or statutory auditors to perform the following services of the company, namely:--			
7(1) (i)	Appraisal or valuation services or fairness opinions;	√		
7 (1) (ii)	Financial information system design and implementation;	√		
7 (1) (iii)	Book-keeping or other services related to the accounting records or financial statement;	√		
7 (1) (iv)	Broker –dealer services;	√		
7 (1) (v)	Actuarial services;	√		
7 (1) (vi)	Internal audit services or special audit services;	√		
7 (1) (vii)	Any services that the Audit Committee determines.	√		
7 (1) (viii)	Audit or certification services on compliance of corporate governance as required under condition No.9(1);	√		
7 (1) (ix)	Any other service that creates conflict of interest	√		
7(2)	No Partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)	Condition No.	Remarks (if any)
		Complied	Not Complied	
8.	**Maintaining a website by the Company**			
8(1)	The Company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the regulations of the concerned stock exchange(s)	√		
9.	**Reporting and Compliance of Corporate Governance**	√		
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		Required certification has been obtained from "PODDER & ASSOCIATES" Cost & Management Accountants for the year ended 30th June 2018
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the Shareholders in the annual general meeting.			Board recommended the Professional for due appointment by the Shareholders in 20th AGM on 9th Dec, 2018
9(3)	The directors of the company shall state, in accordance with the **Annexure-C** attached, in the directors' report whether the company has complied with these conditions or not.	√		

Our Directors in other Board

Annexure-D

Name of Direcotrs	Mr. Latif Khan	Mr. Jafer Ummeed Khan	Mr. Fasal Karim Khan	Mr. Md. Farid Khan	Mr. A N M Tariqur Rashid	Ms. Azeeza Aziz Khan	Rear Admiral Riazuddin Ahmed,OSP,BSP, ndu,afwc,psc(retd)	Lt. Gen (Retd) Abdul Wadud	Ms. Karishma Jahan	Mr. Hasan Mahmood Raja	Mr. Faridur Rahman Khan	Mr. Ahmed Ismail Hossain	Mr. K M Ahsan Shamim	Mr. Abul Kalam Azad	Mr. Akhter Mahmud Rana	Mr. Moinuddin Hasan Rashid	Lt. Gen Sina Ibn Jamali awc, psc (Retd)	Prof. Dr. Mohammad Musa	Companies >>
	√	√	√	√	-	-	-	√	-	-	-	-	-	-	-	-	-	-	Summit Power Limited
	√	√	√	√	-	-	-	√	-	-	-	-	-	-	-	-	-	-	Summit Meghna Ghat II Power Company Limited
	√	√	√	√	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Summit Holdings Limited
	√	√	√	√	-	-	-	√	-	-	-	-	-	-	-	-	-	-	Summit Chittagong Power Limited
	√	√	-	√	-	-	-	√	-	-	-	-	-	-	-	-	-	-	Ace Alliance Power Limited (up-comming)
	√	√	√	√	-	-	-	√	-	-	-	-	-	-	-	-	-	-	Summit Gazipur II Power Limited (up-comming)
	√	√	√	√	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Summit Technopolis Limited
	√	√	√	√	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Summit Assets Limited
	√	√	√	√	-	-	-	√	-	-	-	-	-	-	-	-	-	-	Summit Narayanganj Power Unit II Limited
	√	√	√	√	-	-	-	√	-	-	-	-	-	-	-	-	-	-	Summit Barisal Power Limited
	√	√	√	√	-	-	-	√	-	-	-	-	-	-	-	-	-	-	Summit Corporation Limited
	√	√	√	√	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Summit LNG Terminal Co. (Pvt.) Ltd.
	√	√	-	√	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Summit Oil & Shipping Co. Limited
	√	√	√	√	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Summit Alliance Port Ltd.
	√	√	√	√	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Summit Communications Limited
	√	√	√	√	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Cosmopolitan Finance Limited
	√	√	√	√	-	-	-	√	-	-	-	-	-	-	-	-	-	-	Summit Bibiyana II Power Company Limited
	√	√	√	√	-	-	-	√	-	-	-	-	-	-	-	-	-	-	Summit Meghnaghat Power Company Limited
	-	-	-	-	-	-	-	-	-	-	√	-	√	√	-	√	√	-	United Enterprises & Co. Ltd.
	√	√	√	√	-	-	-	-	-	-	√	√	√	√	√	√	√	√	United Power Generation & Distribution Company Ltd.
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	United Jamalpur Power Ltd.
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	United Mymensingh Power Ltd.
	√	√	√	√	-	-	-	-	-	-	√	√	√	√	√	√	√	-	United Hospital Ltd.
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	United Anwara Power Ltd.
	√	√	√	√	-	-	-	-	-	-	√	√	√	√	√	√	√	√	United International University
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	Unimart Limited
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	United Lube Oil Ltd.
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	United Shipping and Logistic Services Ltd.
	√	√	√	√	-	-	-	-	-	-	√	√	√	√	√	√	√	-	United Trust
	√	√	√	√	-	-	-	-	-	-	√	√	√	√	√	√	√	-	United Purbachal Land Ltd.
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	United Makkah Madina Travel & Assistance Co. Limited
	√	√	√	√	-	-	-	-	-	-	√	√	√	√	√	√	√	-	United Land Port Teknaf Limited
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	United Ashuganj Energy Limited
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	Neptune Land Development Limited
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	Neptune Commercial Limited
	√	√	√	√	-	-	-	-	-	-	√	√	√	√	√	√	√	-	Comilla Spinning Mills Limited
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	United Property Solutions Limited
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	United Energy Limited
	√	√	√	√	-	-	-	-	-	-	√	√	√	√	-	√	√	-	United Securities Ltd.
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	√	√	√	-	Soya Products Bangladesh Ltd.
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	United Polymers Limited
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	United Engineering & Power Services Ltd.
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	United City Twin Tower Developers Limited
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	United Elevator World Limited
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	Gunze United Limited
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	Radiant Nutraceuticals Ltd.
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	Radiant Distribution
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	Radient Pharmaceuticals Ltd.
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	Moulvi Tea Company (Private) Ltd.
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	Airport Hotels Ltd.
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	United Pharma & Healthcare Ltd.
	√	√	√	√	-	-	-	-	-	-	√	-	√	√	-	√	√	-	Pharmacil Ltd.

Shareholding Information

as at 30 June 2018

Annexure-E

	Name of Shareholders	No. of Shares	% of Shareholding
A)	**Sponsors:**		
1.	United Energy Ltd.	127,469,456	35.282%
	(incorporated in Bangladesh)		
2.	Summit Power Limited	63,734,728	17.641%
	(incorporated in Bangladesh)		
3.	Summit Corporation Limited	63,734,727	17.641%
	(incorporated in Bangladesh)		
4.	Hasan Mahmood Raja, Chairman	6,111	0.002%
5.	Muhammed Aziz Khan, Sponsor	6,111	0.002%
6.	Anjuman Aziz Khan, Sponsor	6,111	0.002%
7.	Latif Khan, Director	6,111	0.002%
8.	Muhammad Farid Khan, Director	6,111	0.002%
9.	Jafer Ummeed Khan, Director	6,111	0.002%
10.	Ayesha Aziz Khan, Sponsor	6,111	0.002%
11.	Adeeba Aziz Khan, Sponsor	6,111	0.002%
12.	Ahmed Ismail Hossain, Director	6,111	0.002%
13.	K.M. Ahsan Shamim, Director	6,111	0.002%
14.	Akhter Mahmud Rana, Director	6,111	0.002%
15.	Faridur Rahman Khan, Director	6,111	0.002%
16.	Abul Kalam Azad, Director	6,111	0.002%
17.	Moinuddin Hasan Rashid, Director	6,111	0.002%
Subitotal (A):		255,024,465	70.588%
B)	General Invesrots	106,260,244	29.412%
C)	Directors, Chief Executive Officer,Company Secretary,Chief Financial Officer		
	Head of Internal Audit and Compliance and their spouses and minor Children	-	-
D)	Executives	-	-
Total (A+B+C+D):		**361,284,709**	**100%**

10% and above shareholding

	Name of Shareholders	No. of Shares	% of Shareholding
1.	United Energy Ltd.	127,469,456	35.282%
2.	Summit Power Limited	63,734,728	17.641%
3.	Summit Corporation Limited	63,734,727	17.641%

Introducing the Directors



Hasan Mahmood Raja

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

Mr. Raja had a keen interest and an innate aptitude for doing business and rendering service to the nation for promoting economic development of Bangladesh. With a humble beginning in 1978, Mr. Raja displayed his excellence in business entrepreneurship by building his business domain. The biggest milestone of his success is the courage to embark into new business ventures based on sound foresight, ingenuity and skillful execution. Within a span of 38 years of his business career, he successfully managed to establish many diversified business enterprises under the umbrella of United Group. Commitment, integrity and sincerity are the key values of his various business achievements.

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

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

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



Md. Latif Khan

Mr. Md. Latif Khan was born 1958 in Dhaka. He pursued BA in Public Administration at Dhaka University, and subsequently left for higher studies to the U.S. in 1981. There, he worked for over 15 years in the financial sector. 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. He has been elected Vice Chairman of Summit Power Limited since 2009 and also elected President of Bangladesh Independent Power Producers' Association since 2015. Mr. Khan has established himself as a sound and dynamic businessman of the country.



Abul Kalam Azad

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

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

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



Faridur Rahman Khan

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

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

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



Ahmed Ismail Hossain

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

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

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



K M Ahsan Shamim

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

At present, he is one of the Directors of all the corporate entities of United Group, notably United Enterprises & Co. Ltd., United Power Generation and Distribution Company Ltd., United Hospital Limited, Khulna Power Company Ltd., etc. He oversees the overall financial management of the Group on behalf of the Board of Directors. Besides this, he is also a member, Board of Trustees of United International University.

He plays key role in the social development sector of his home district. Being one of the active Trustees of the United Trust, a CSR organization of the Group, he generously patronizes education sector in his home village and surrounding areas.



Md. Farid Khan

Mr. Md. Farid Khan 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.



Jafer Ummeed Khan

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.



Akhter Mahmud Rana

Mr. Akhter Mahmud Rana is one of the first-generation Directors of United Group. Born in 1960, he joined United Group upon completion of his formal education.

Mr. Rana's entrepreneurial initiatives and commitment has added significantly to United Group's current growth and streamlined human resources of the Group. In the early years of the Group's journey, Mr. Rana played an instrumental role in the implementation and commissioning of sub-station of Radio Bangladesh, a milestone the Group achieved through his pivotal part.

His contribution in developing the textile sector in the Group is noteworthy. Of his many outstanding works, the revival of Comilla Spinning Mills Ltd as a profitable venture from a bankrupt one and establishment of United Rotospin Ltd. stands as his most daring endeavor. United Elevator World is yet another one of his successful business projects. This company, formed under his bold leadership, is now supplying world class quality elevators to industrial and residential complexes in the country.

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



Moinuddin Hasan Rashid

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

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

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



Faisal Karim Khan

Mr. Khan is the Director Operations of Summit Power Limited and a member of the Board of Directors of all subsidiary companies under Summit Group. He was involved in the development of 10 Power Projects totaling over 1100MW in the past decade. Mr. Faisal Khan is also the Additional Managing Director of Summit Corporation.

He began his journey with Summit Group as an intern during summers throughout his college days and officially joined the Group in 2007. Thereafter, he spent stints at various businesses of Summit Group which includes Power Generation, Communications, Properties, Ports and Shipping Services; to gain insight, knowledge and experience in various sectors. He is currently responsible for the management and development of large infrastructure businesses of Summit Group.

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

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



Azeeza Aziz Khan

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

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

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

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



Lt Gen (Retd) Abdul Wadud

Lt Gen (Retd) Engr Abdul Wadud is the Managing Director of Summit Power Limited. He is a B.Sc. Engineer from Bangladesh University of Engineering & Technology (BUET). Mr. Wadud obtained M.Sc in Resource Planning and Management and a PhD in Management from USA. He has in depth knowledge on Power and Energy sector of Bangladesh. Prior to retirement, he was the Principal Staff Officer to the Honorable Prime Minister in the Armed Forces Division. During his illustrious career, among many assignments, he was the Chief Engineer of Bangladesh Army, Managing Director of Bangladesh Machine Tools Factory and Engineer-in-Chief of the Armed Forces. Mr. Wadud attended various training courses, seminars and conferences both at home and abroad.



Lt Gen Sina Ibn Jamali

awc, psc (retd)

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

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



Rear Admiral Riazuddin Ahmed

OSP, BSP, ndu, afwcpsc (retd)

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

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

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



A.N.M Tariqur Rashid

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



Karishma Jahan

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



Professor Mohammad Musa, PhD.

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

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

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

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



Md. Abdur Rahim (Ex-Officio)

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

Senior Management Team



Md. Abdur Rahim

Managing Director

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



Md. Shoharab Ali Khan, FCMA

Chief Financial Officer & Company Secretary

Mr. Md. Shoharab Ali Khan, FCMA was born on 28 October 1962. He is a Cost & Management Accountant, qualified from the Institute of Cost & Management Accountants of Bangladesh (ICMAB). He obtained his Master degree in Accounting from Dhaka University and also MBA from Southeast University in Bangladesh. He is having more than 27 years of service experience in the field of accounts, finance and company secretarial matters in various Govt. organization and local companies like Bangladesh Agricultural Research Council (BARC), Lexco Ltd. Anudip Services Pvt. Ltd., Social Development Foundation (SDF), Bangladesh Arsenic Mitigation Water Supply Project (BAMWSP) of World Bank and more than six years working experience in senior management position in Ashugonj Power Station Company Ltd (APSCL) second largest power generation company in Bangladesh and joined in July 2011 in Khulna Power Company Ltd. as Financial Controller & Company Secretary. He has attended in various training courses and seminars in home and abroad.



Al Mamun M. Atiqul Islam

Chief Operating Officer

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

Mid-Level Management Team



H. M. Nuruzzaman Miah
Manager- Finance & Accounts



Md. Mozammel Hossain
Manager- Finance & Corporate Affairs





Md. Mamun Sarwar
Manager- Accounts



A. F. M. Moshiur Rahman
Manager- IT & Admin.



Monthly activity meeting with Accounts amd Finance personnel

Code of Conduct and Ethics

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

A. Objective

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

B. Ethical Standards

1. Conflicts of Interest

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

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

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

2. Corporate Opportunities

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

3. Fair Dealing

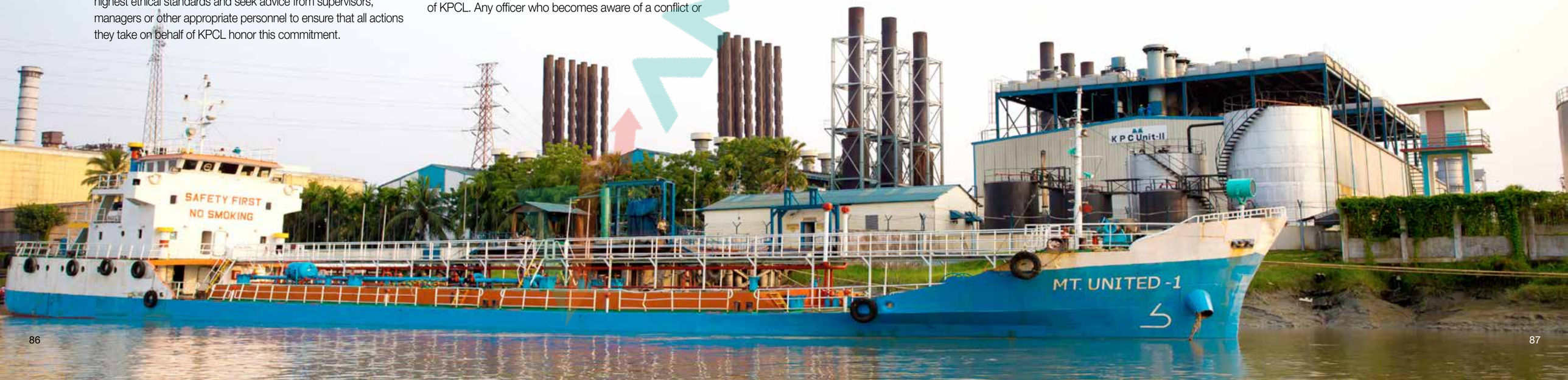
Officers shall behave honestly and ethically at all times and with all people. They shall act in good faith, with due care, and shall engage only in fair and open competition, by treating ethically competitors, suppliers, customers, and colleagues. No officer should take unfair advantage of anyone through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

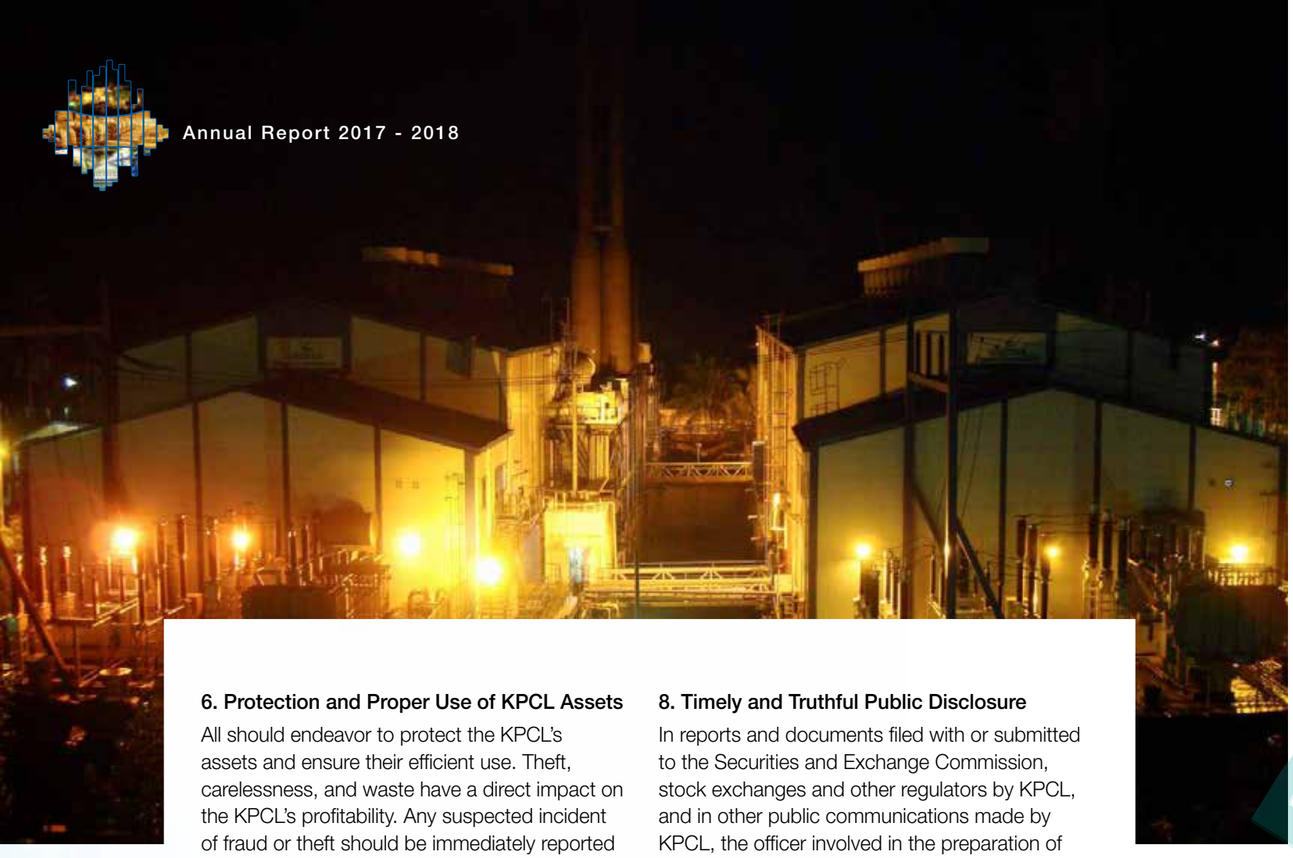
4. Insider Trading

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

5. Confidentiality

Officers must maintain the confidentiality of confidential information entrusted to them. Confidential information includes all non-public information that might be of use to competitors or harmful to the KPCL or its customers if disclosed. It also includes information that suppliers and customers have entrusted to the KPCL. The obligation to preserve confidential information continues even after employment ends.





6. Protection and Proper Use of KPCL Assets

All should endeavor to protect the KPCL's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the KPCL's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. The KPCL's equipment should not be used for non-KPCL business, though incidental personal use is permitted.

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

7. Compliance with Laws, Rules and Regulations

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

8. Timely and Truthful Public Disclosure

In reports and documents filed with or submitted to the Securities and Exchange Commission, stock exchanges and other regulators by KPCL, and in other public communications made by KPCL, the officer involved in the preparation of such reports and documents (including those who are involved in the preparation of financial or other reports and the information included in such reports and documents) shall make disclosures that are full, fair, accurate, timely and understandable.

9. Significant Accounting Deficiencies

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

C. Waivers

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

D. Violations of Ethical Standards

1. Reporting Known or Suspected Violations

The KPCL's directors, CEO, chief financial officers, and chief operating officer shall promptly report any known or suspected violations of this Code to the Chairman. All other officers should talk to supervisors, managers or other appropriate personnel about known or suspected illegal or unethical behavior.

2. Accountability for Violations

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

E. Compliance Procedures

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

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





Success Milestones

October 1997

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

November 19, 1997

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

October 13, 1998

Full Commercial Operation Date (FCOD)

February 21, 2001

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

September 4, 2003

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

June 2009

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

July 19, 2009

Conversion from Private to Public Limited Company

March 2010

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

April 2010

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

June 23, 2010

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

December 21, 2010

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

May 29, 2011

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

June 2011

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

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

June 8, 2012

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

September 30, 2014

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

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

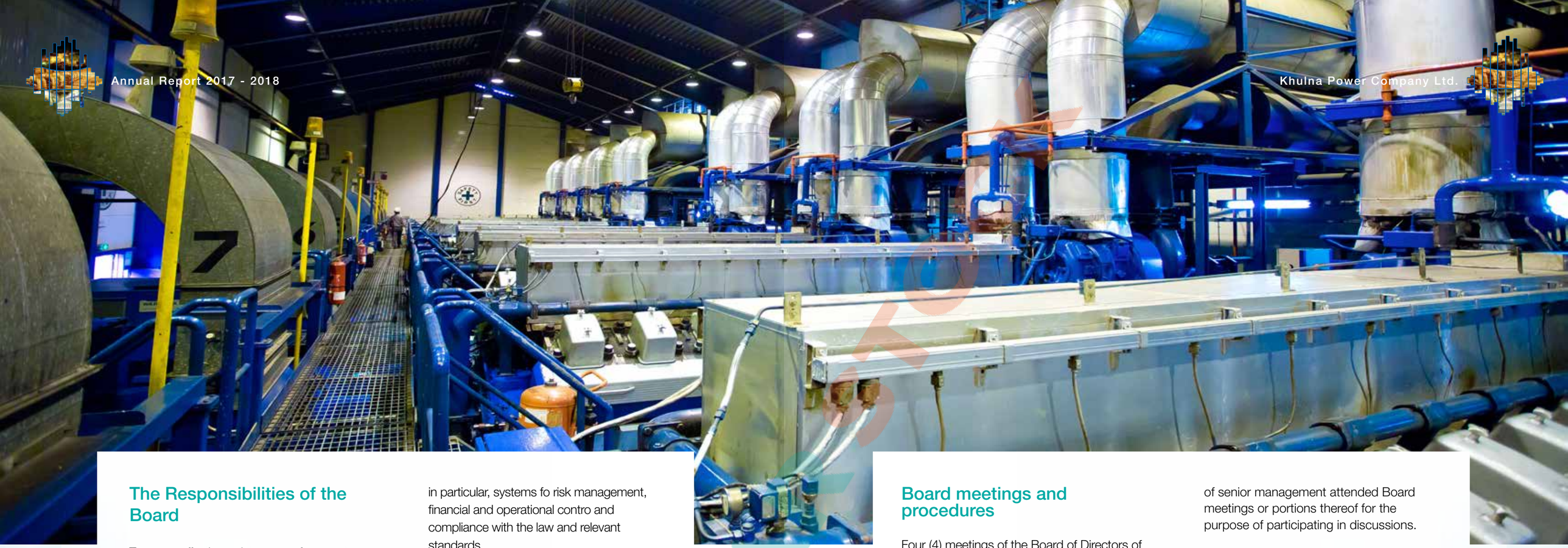
Corporate Governance

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

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

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





The Responsibilities of the Board

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

- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance.
- Ensuring the integrity of the company's accounting & financial reporting systems, in particular, systems fo risk management, financial and operational contro and compliance with the law and relevant standards.
- Reviewing company's financial statements and oversee its compliance with applicable audit, accounting and reporting requirement.
- Monitoring implementation and effectiveness of the approved strategic and operating plans.
- Establish company's value.
- Oversee the corporate governance of the company

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

Board meetings and procedures

Four (4) meetings of the Board of Directors of the Company were held during the financial year ended on 30 June 2017. The procedures of the board meeting are mentioned below:

(a) Selection of Agenda: The Chairman of the Board, in consultation with Managing Director sets the agenda for Board meetings with the understanding that the Board is responsible for providing suggestions for agenda items that are aligned with the advisor and monitoring functions of the Board. Any member of the Board may request that an item be included on the agenda.

(b) Board Materials: Board materials related to agenda items are provided to Board members sufficiently in advance of Board meetings to allow the Directors to prepare for discussion of the items at the meeting.

(c) Senior Management in the Board meeting: At the invitation of the Board, members of senior management attended Board meetings or portions thereof for the purpose of participating in discussions.

Internal Control Framework

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

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

Financial Statements
2017-2018

Rahman Rahman Huq
Chartered Accountants
9 & 5 Mohakhali C/A, Dhaka 1212
Bangladesh

Independent Auditor's Report
to the shareholders of Khulna Power Company Ltd.

Report on the Financial Statements
We have audited the accompanying financial statements of Khulna Power Company Ltd. ("the Company") which comprise the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion
The Power Purchase Agreement (PPA) between the Company and Bangladesh Power Development Board (BPDB) relating to the KPCL-I plant expired on 12 October 2018. As per BPDB instruction, the plant ceased operation from that date. The Company has applied for an extension to the PPA; BPDB has not concluded on the application nor has it instructed for the plant to resume operations in the meantime. As per BAS 36: *Impairment of Assets*, this is an indication that property, plant and equipment amounting to BDT 2,213,495,104 relating to the plant may be impaired. In this regard, in the absence of a determined recoverable value, we are unable to obtain sufficient audit evidence on whether the recoverable amount of such assets exceed their carrying value.

Qualified Opinion
In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements
In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;

c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and

d) the expenditure incurred was for the purposes of the Company's business.

Dhaka: 30 October 2018

Chartered Accountants

Statement of Financial Position

In Taka	*Note*	30 June 2018	30 June 2017
Assets			
Property, plant and equipment	*4*	**7,433,787,884**	7,735,498,100
Deferred tax asset	*12*	**4,344,044**	-
Non-current assets		**7,438,131,928**	7,735,498,100
Inventories	*5*	**994,355,226**	1,173,104,874
Trade and other receivables	*6*	**3,810,057,978**	3,020,402,695
Current tax assets	*7*	**137,932,490**	309,678,615
Advances, deposits and prepayments	*8*	**27,418,311**	39,776,580
Cash and cash equivalents	*9*	**2,636,641,805**	1,790,755,001
Current assets		**7,606,405,810**	6,333,717,765
Total assets		**15,044,537,738**	14,069,215,865
Equity			
Share capital	*10*	**3,612,847,090**	3,612,847,090
Capital redemption reserve	*11*	**325,647,810**	325,647,810
Retained earnings		**5,770,366,587**	5,525,547,340
Total equity		**9,708,861,487**	9,464,042,240
Liabilities			
Deferred tax liability	*12*	**-**	263,915,897
Employee benefits	*13*	**23,429,742**	20,462,175
Asset retirement obligation (ARO)	*14*	**30,170,359**	30,170,359
Non-current liabilities		**53,600,101**	314,548,431
Loans and borrowings	*15*	**4,551,282,824**	2,989,634,178
Trade and other payables	*16*	**207,652,667**	840,463,859
Unclaimed dividend	*17*	**386,140,659**	31,527,157
Provision for income tax	*18*	**137,000,000**	429,000,000
Current liabilities		**5,282,076,150**	4,290,625,194
Total liabilities		**5,335,676,251**	4,605,173,625
Total equity and liabilities		**15,044,537,738**	14,069,215,865

The annexed notes 1 to 42 from an integral part of these financial statements.

Managing Director | Director | Company Secretary

Dhaka: 30 October 2018

Auditor
Rahman Rahman Huq
Chartered Accountants

Statement of Profit or Loss and Other Comprehensive Income

		For the year ended	
In Taka	*Note*	30 June 2018	30 June 2017
Revenue	*19*	**12,098,317,383**	10,034,160,075
Cost of sales	*20*	**(9,821,601,506)**	(7,784,511,205)
Gross profit		**2,276,715,877**	2,249,648,870
Other income	*21*	**3,297,679**	6,407,342
General and administrative expenses	*22*	**(119,619,496)**	(107,638,354)
Operating profit		**2,160,394,060**	2,148,417,858
Foreign exchange gain/(loss)	*23*	**(109,957,794)**	(49,204,217)
Finance income	*24*	**230,184,299**	86,970,802
Finance costs	*25*	**(209,869,923)**	(134,550,232)
Profit before tax		**2,070,750,642**	2,051,634,211
Income tax expense	*26*	**161,134,505**	(221,364,362)
Profit for the year		**2,231,885,147**	1,830,269,849
Other comprehensive income, net of tax		**-**	-
Total comprehensive income		**2,231,885,147**	1,830,269,849
Earnings per share	*27*	**6.18**	5.07

The annexed notes 1 to 42 from an integral part of these financial statements.

Managing Director | Director | Company Secretary

As per our report of same date.

Dhaka: 30 October 2018

Auditor
Rahman Rahman Huq
Chartered Accountants

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Statement of Changes in Equity

In Taka	For the year ended 30 June 2018			
	Share capital	Capital Redemption Reserve	Retained Earnings	Total
Balance at 1 July 2017	**3,612,847,090**	**325,647,810**	**5,525,547,340**	**9,464,042,240**
Total comprehensive income for the year				
Profit for the year	-	-	**2,231,885,147**	**2,231,885,147**
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	**2,231,885,147**	**2,231,885,147**
Transaction with owners of the Company				
Contributions and distributions				
Dividend	-	-	**(1,987,065,900)**	**(1,987,065,900)**
Total contributions and distributions	-	-	**(1,987,065,900)**	**(1,987,065,900)**
Total transaction with owners of the Company	-	-	**(1,987,065,900)**	**(1,987,065,900)**
Balance at 30 June 2018	**3,612,847,090**	**325,647,810**	**5,770,366,587**	**9,708,861,487**

In Taka	For the year ended 30 June 2017			
	Share Capital	Capital Redemption Reserve	Retained Earnings	Total
Balance at 1 July 2016	3,612,847,090	325,647,810	4,959,773,972	8,898,268,872
Total comprehensive income for the year				
Profit for the year	-	-	1,830,269,849	1,830,269,849
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	1,830,269,849	1,830,269,849
Transaction with owners of the Company				
Contributions and distributions				
Dividend	-	-	(1,264,496,482)	(1,264,496,482)
Total contributions and distributions	-	-	(1,264,496,482)	(1,264,496,482)
Total transaction with owners of the Company	-	-	(1,264,496,482)	(1,264,496,482)
Balance at 30 June 2017	3,612,847,090	325,647,810	5,525,547,340	9,464,042,240

The annexed notes 1 to 42 from an integral part of these financial statements.

Statement of Cash Flows

In Taka	For the year ended	
	30 June 2018	30 June 2017
Cash flows from operating activities		
Cash received from customer (BPDB)	**11,379,533,006**	**9,326,091,078**
Cash paid to suppliers and others	**(10,173,536,235)**	**(7,569,180,359)**
Received from/(paid to) other sources	**(35,678,286)**	**280,818,459**
Interest and other financial charges paid	**(191,360,930)**	**(135,952,122)**
Income tax paid	**(227,379,311)**	**(174,508,654)**
Net cash generated from operating activities	**751,578,244**	**1,727,268,402**
Cash flows from investing activities		
Payment for property, plant and equipment	**(33,285,048)**	**(6,497,645)**
Proceeds from disposal of fixed assets	**1,365,000**	**1,780,000**
Interest received	**197,032,359**	**71,136,202**
Net cash generated from investing activities	**165,112,311**	**66,418,557**
Cash flows from financing activities		
Proceeds from short-term borrowings	**17,806,755,191**	**11,233,928,610**
Repayment of short-term borrowings	**(16,245,106,544)**	**(11,597,765,168)**
Dividend paid to ordinary shareholders	**(1,632,452,398)**	**(1,345,628,541)**
Net cash used in financing activities	**(70,803,751)**	**(1,709,465,099)**
Net increase in cash and cash equivalents	**845,886,804**	**84,221,860**
Opening cash and cash equivalents	**1,790,755,001**	**1,706,533,141**
Closing cash and cash equivalents	**2,636,641,805**	**1,790,755,001**

The annexed notes 1 to 42 from an integral part of these financial statements.

Notes to the Financial Statements

1 Reporting entity

1.1 Company profile

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

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

1.2 Nature of business

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

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

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

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

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

Notes to the Financial Statements

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

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

2 Basis of accounting

2.1 Statement of compliance

These financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Details of the Company's accounting policies are included in Note 38.

2.2 Authorisation for issue

These financial statements were authorised for issue by the Board of Directors on 30 October 2018

2.3 Functional and presentational currency and level of precision

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

2.4 Reporting period

The current financial period of the Company covers one year from 1 July 2017 to 30 June 2018 and it is followed consistently.

3 Use of estimates and judgments

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

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

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2018 that have a significant risk of resulting in a material adjustment in the year ended 30 June 2019 is included in the following notes:

Note 4 and 38C	Property, plant and equipment
Note 5 and 38B	Inventories
Note 13 and 38K	Employee benefits
Note 14 and 38J	Asset retirement obligation (ARO)
Note 12,18, 26 and 38G	Provision for income tax
Note 34 and 38O	Contingencies and commitments

4 Property, plant and equipment

See accounting policy in Note 38C

Reconciliation of carrying amount

In Taka	Land	Power plant	Motor vehicles	Building and construction	Furniture and fixtures	Office equipment	Office renovation	Total
Cost								
Balance at 1 July 2016	35,674,749	11,818,614,190	26,459,161	10,215,381	1,436,268	8,563,846	1,756,040	11,902,719,635
Additions	-	195,586	5,653,703	-	73,566	574,790	-	6,497,645
Adjustments/disposal	-	-	(2,271,000)	-	-	-	-	(2,271,000)
Balance at 30 June 2017	35,674,749	11,818,809,776	29,841,864	10,215,381	1,509,834	9,138,636	1,756,040	11,906,946,280
Balance at 1 July 2017	**35,674,749**	**11,818,809,776**	**29,841,864**	**10,215,381**	**1,509,834**	**9,138,636**	**1,756,040**	**11,906,946,280**
Additions	**-**	**29,265,356**	**2,747,000**	**-**	**126,873**	**724,701**	**421,118**	**33,285,048**
Adjustments/disposal	**-**	**-**	**(2,864,000)**	**-**	**-**	**-**	**-**	**(2,864,000)**
Balance at 30 June 2018	**35,674,749**	**11,848,075,132**	**29,724,864**	**10,215,381**	**1,636,707**	**9,863,337**	**2,177,158**	**11,937,367,328**
Accumulated depreciation								
Balance at 1 July 2016	-	3,799,539,898	18,484,210	9,625,302	1,271,739	5,573,769	1,756,027	3,836,250,945
Depreciation for the year	-	329,613,778	5,626,802	78,678	82,866	1,214,486	-	336,616,610
Adjustment for disposal	-	-	(1,419,375)	-	-	-	-	(1,419,375)
Balance at 30 June 2017	-	4,129,153,676	22,691,637	9,703,980	1,354,605	6,788,255	1,756,027	4,171,448,180
Balance at 1 July 2017	**-**	**4,129,153,676**	**22,691,637**	**9,703,980**	**1,354,605**	**6,788,255**	**1,756,027**	**4,171,448,180**
Depreciation for the year	**-**	**328,779,555**	**4,550,412**	**78,657**	**94,917**	**1,299,498**	**84,224**	**334,887,263**
Adjustment for disposal	**-**	**-**	**(2,755,999)**	**-**	**-**	**-**	**-**	**(2,755,999)**
Balance at 30 June 2018		**4,457,933,231**	**24,486,050**	**9,782,637**	**1,449,522**	**8,087,753**	**1,840,251**	**4,503,579,444**
Carrying amounts								
At 30 June 2017	35,674,749	7,689,656,100	7,150,227	511,401	155,229	2,350,381	13	7,735,498,100
At 30 June 2018	**35,674,749**	**7,390,141,901**	**5,238,814**	**432,744**	**187,185**	**1,775,584**	**336,907**	**7,433,787,884**

4.1 Allocation of depreciation

In Taka	*Note*	2018	2017
Cost of sales	*20*	**328,779,555**	**329,613,778**
General and administrative expenses	*22*	**6,107,708**	**7,002,832**
		334,887,263	**336,616,610**

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5 Inventories

See accounting policy in Note 38B

In Taka	2018	2017
Inventories in hand	**935,757,809**	1,028,568,793
Inventories in transit	**58,597,417**	144,536,081
	994,355,226	1,173,104,874
Inventories in hand		
Heavy fuel oil (HFO)	**436,658,949**	641,677,624
Light fuel oil (LFO)	**4,173,603**	4,335,244
Lube oil	**14,951,771**	10,126,470
Chemical	**550,715**	684,438
Spare parts for plant maintenance	**479,422,771**	371,745,017
	935,757,809	1,028,568,793
Inventories in transit		
Material-in-transit (HFO)	**-**	1,133,615
Material-in-transit (Spare parts)	**58,597,417**	143,402,466
	58,597,417	144,536,081

5.1 Movement in inventories

	Heavy fuel oil (HFO)		Light fuel oil (LFO)		Lube oil		Chemicals	Spare parts
In Taka	Quantity (MT)	Amount	Quantity (Ltr)	Amount	Quantity (Ltr)	Amount	Amount	Amount
Balance at 1 July 2016	25,060	570,756,621	58,411	3,744,590	103,288	25,741,227	604,262	323,594,522
Addition during the period	245,891	6,691,744,145	252,000	15,834,116	1,189,484	318,513,587	2,113,952	400,713,121
Consumption/loss/loan during the period	(248,576)	(6,620,823,142)	(241,558)	(15,243,462)	(1,212,937)	(334,128,344)	(2,033,776)	(352,562,626)
Balance at 30 June 2017	22,375	641,677,624	68,853	4,335,244	79,835	10,126,470	684,438	371,745,017
Balance at 1 July 2017	**22,375**	**641,677,624**	**68,853**	**4,335,244**	**79,835**	**10,126,470**	**684,438**	**371,745,017**
Addition during the period	**252,996**	**8,543,343,824**	**207,000**	**12,963,069**	**828,380**	**226,498,142**	**2,959,377**	**442,699,384**
Consumption/loss/loan during the period	**(264,667)**	**(8,748,362,499)**	**(208,951)**	**(13,124,710)**	**(823,012)**	**(221,672,841)**	**(3,093,100)**	**(335,021,630)**
Balance at 30 June 2018	**10,704**	**436,658,949**	**66,902**	**4,173,603**	**85,203**	**14,951,771**	**550,715**	**479,422,771**

Notes to the Financial Statements (Continued)

6 Trade and other receivables

See accounting policy in Note 38H

In Taka	*Note*	2018	2017
Trade receivables	*6.1*	**3,686,513,919**	2,967,729,542
Other receivables	*6.3*	**123,544,059**	52,673,153
		3,810,057,978	3,020,402,695

6.1 Trade receivables

In Taka	*Note*	2018	2017
Capacity payment/Other monthly tariff		**323,259,820**	211,864,224
Rental payment		**549,737,781**	411,743,420
Energy payment (fuel payment)		**2,291,336,493**	1,854,491,004
Energy payment (variable operation & maintenance payment)	*6.2*	**522,179,825**	489,630,894
		3,686,513,919	2,967,729,542

6.2 In accordance with the Contract with KPCL-II and KPCL-III, Bangladesh Petroleum Corporation (BPC) had been the liquid fuel oil supplier and BPDB was liable to pay for the fuel. However, since the start of operation of the plants, the quality and quantity of the supplied fuel were not as per given specification in the contract. For this reason, the actual fuel consumption was higher per unit of electricity generation. On account of the actual fuel consumption, BPDB started deduction from some of the monthly invoices of these units which amounted to Tk 96,391,068 for KPCL-II and Tk 149,926,029 for KPCL-III (both the amounts are included under Energy payment- variable operation and maintenance payment) for the year 2012 and 2013. On continuous objections raised to BPDB by these units, BPDB had formed a committee to justify the quality and quantity of supplied fuel. The decision on this issue is under process with the Power Division of Bangladesh Government as of the reporting date.

Trade receivables also include Tk 164,182,509 due to differences in power factors. Power factor is used to derive revenue amount. BPDB uses the actual monthly power factor as per Power Purchase agreement when determining the amount payable to KPCL whereas the KPCL uses a fixed factor (0.85). This creates a difference between the monthly bill and the payment made by BPDB which is kept as receivables.

Management is in discussion with BPDB with a view to resolving these issues and strongly feels that total amount of these Tk 410,499,606 is recoverable. Management's position in this regard is supported by opinion from external legal counsel.

6.3 Other receivables

In Taka	2018	2017
BPDB (agreed charges paid to BIWTA)	**18,707,557**	22,537,448
FDR interest due from bank	**49,257,284**	16,105,344
Income tax authority (corporate tax deposition at the time of appeal)	**4,018,887**	4,018,887
Wartsila Bangladesh Limited	**-**	6,418,629
Summit Oil & Shipping Co. Ltd	**49,103,044**	-
DEG	**1,813,269**	1,511,067
Neptune Commercial Ltd	**-**	1,402,500
Others	**644,018**	679,278
	123,544,059	52,673,153

Notes to the Financial Statements (Continued)

7 Current tax assets

See accounting policy in Note 38G

In Taka		2018	2017
Opening balance		**309,678,615**	**283,192,099**
Paid during the year		**242,376,103**	**162,895,991**
Adjustment of advance tax on completion of assessment		**(414,122,228)**	**(136,409,475)**
Closing balance		**137,932,490**	**309,678,615**

8 Advances, deposits and prepayments

See accounting policy in Note 38H

In Taka		2018	2017
Advances			
Advance for HFO supply		**-**	634,530
SPS Enterprise		**-**	525,000
Bangladesh Inland Water Transport Authority		**807,123**	1,016,750
Khulna Power Operations & Services Ltd		**3,170,168**	2,720,166
Advance for HFO LC		**1,445,546**	-
Loan to employees		**363,217**	372,642
Others		**485,736**	153,037
		6,271,790	5,422,125
Deposits			
Bangladesh Telecommunications Company Limited		**16,000**	16,000
Grameenphone Ltd		**89,006**	89,006
Central Depository Bangladesh Ltd		**500,000**	500,000
Office rent		**258,880**	258,880
C&F license		**250,000**	250,000
Bank guarantee margin		**-**	13,662,500
Security deposit for leasehold land to BPDB		**447,950**	183,675
Others		**20,500**	20,500
		1,582,336	14,980,561
Prepayments			
Insurance premium		**16,338,444**	16,309,499
Prepaid expense for leasehold land to BPDB		**3,126,872**	2,965,525
Commission on operations security deposit		**98,869**	98,869
		19,564,185	19,373,894
		27,418,311	39,776,580

Notes to the Financial Statements (Continued)

9 Cash and cash equivalents

See accounting policy in Note 38H

In Taka	*Note*	2018	2017
Cash in hand		**44,288**	142,207
Cash at bank	*9.1*	**254,042,971**	201,112,794
Fixed deposit account (FDR)	*9.2*	**2,382,554,546**	1,589,500,000
		2,636,641,805	1,790,755,001

9.1 Cash at bank

In Taka	2018	2017
Current account		
Standard Chartered Bank	**4,010,297**	3,012,925
Bank Alfalah Limited	**534,053**	315,450
BRAC Bank Limited	**90,712,769**	165,309,167
Citibank N.A.	**149,823,746**	1,815,985
Dutch-Bangla Bank Limited	**-**	2,884
Exim Bank Limited	**286,891**	607,490
Prime Bank Limited	**-**	329
Trust Bank Limited	**-**	628,243
	245,367,756	171,692,473
Special notice deposit (SND) account		
Bank Alfalah Limited	**5,563,712**	16,763,417
BRAC Bank Limited	**1,875,861**	11,850,486
Dutch-Bangla Bank Limited	**242,950**	242,687
Prime Bank Limited	**838,995**	317,526
Standard Bank Limited	**-**	92,241
Trust Bank Limited	**153,697**	153,963
	8,675,215	29,420,321
	254,042,971	**201,112,794**

9.2 Fixed deposit account (FDR)

In Taka	2018	2017
EXIM Bank Limited	**1,225,600,496**	1,489,500,000
Standard Bank Limited	**200,000,000**	-
The City Bank Limited	**100,000,000**	-
Eastern Bank Limited	**500,000,000**	-
Al-Arafah Islami Bank Limited	**200,000,000**	-
BRAC Bank Limited	**50,000,000**	-
Shahajalal Islami Bank Limited	**106,954,050**	100,000,000
	2,382,554,546	1,589,500,000

Notes to the Financial Statements (Continued)

10 Share capital

See accounting policy in Note 38I

In Taka	2018	2017
Authorised		
500,000,000 ordinary shares of Tk 10 each	**5,000,000,000**	5,000,000,000
2,000,000 redeemable preference shares of Tk 1,000 each	**2,000,000,000**	2,000,000,000
	7,000,000,000	7,000,000,000
Issued, subscribed and paid up		
208,593,000 ordinary shares of Tk 10 each	**2,085,930,000**	2,085,930,000
31,288,950 ordinary shares of Tk 10 each issued as bonus shares in 2010	**312,889,500**	312,889,500
47,976,390 ordinary shares of Tk 10 each issued as bonus shares in 2011	**479,763,900**	479,763,900
17,991,150 ordinary shares of Tk 10 each issued as bonus shares in 2012	**179,911,500**	179,911,500
38,231,186 ordinary shares of Tk 10 each issued as bonus shares in 2013	**382,311,860**	382,311,860
17,204,033 ordinary shares of Tk 10 each issued as bonus shares in 2014	**172,040,330**	172,040,330
361,284,709 ordinary shares of Tk 10 each	**3,612,847,090**	3,612,847,090

10.1 Particulars of shareholding

Name of shareholders	2018 No. of shares	2018 Value (BDT)	2018 Percentage	2017 No. of shares	2017 Value (BDT)	2017 Percentage
United Energy Ltd (formerly Shajahanullah Power Generation Co. Ltd)	**127,469,456**	1,274,694,560	**35.28%**	127,469,456	1,274,694,560	35.28%
Summit Corporation Limited	**63,734,727**	637,347,270	**17.64%**	63,734,727	637,347,270	17.64%
Summit Power Limited	**63,734,728**	637,347,280	**17.64%**	63,734,728	637,347,280	17.64%
Other sponsors	**85,554**	855,540	**0.02%**	85,554	855,540	0.02%
General investors	**106,260,244**	1,062,602,440	**29.41%**	106,260,244	1,062,602,440	29.41%
	361,284,709	**3,612,847,090**	**100%**	361,284,709	3,612,847,090	100%

10.2 Range of holding in number of shares

Shareholder's range	2018 Number of shareholders	2018 Total number of shares	2018 Percentage of holding	2017 Number of shareholders	2017 Total number of shares	2017 Percentage of holding
Less than 5,000 shares	**17,100**	**10,525,044**	**92.2778%**	22,155	15,261,196	91.4287%
5,000 to 10,000 shares	**722**	**5,045,449**	**3.8962%**	1,151	7,933,671	4.7499%
10,001 to 25,000 shares	**379**	**6,220,810**	**2.0452%**	526	8,341,379	2.1707%
25,001 to 50,000 shares	**138**	**5,026,849**	**0.7447%**	177	6,322,754	0.7304%
50,001 to 100,000 shares	**86**	**6,375,327**	**0.4641%**	92	6,721,097	0.3797%
100,001 to 250,000 shares	**64**	**9,832,417**	**0.3454%**	72	11,491,706	0.2971%
250,001 to 500,000 shares	**20**	**6,735,599**	**0.1079%**	33	10,766,344	0.1362%
500,001 to 2,500,000 shares	**15**	**13,736,643**	**0.0809%**	18	15,079,924	0.0743%
2,500,001 to 5,000,000 shares	**3**	**9,417,660**	**0.0162%**	4	12,860,243	0.0165%
Over 5,000,000 shares	**4**	**288,368,911**	**0.0216%**	4	266,506,395	0.0165%
	18,531	**361,284,709**	**100%**	24,232	361,284,709	100%

Notes to the Financial Statements (Continued)

11 Capital redemption reserve

See accounting policy in Note 38P

In Taka	2018	2017
Capital redemption reserve	**325,647,810**	325,647,810
	325,647,810	325,647,810

12 Deferred tax (asset)/liabilities

See accounting policy in Note 38G

At 30 June 2018

In Taka	*Note*	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
Property, plant and equipment (excluding land)	*12.2*	**2,220,624,872**	**2,220,624,872**	**-**
Gratuity provision		**(17,376,176)**	**-**	**(17,376,176)**
Taxable/(deductible) temporary difference				**(17,376,176)**
Applicable tax rate				**25%**
Deferred tax (asset)/liabilities				**(4,344,044)**

At 30 June 2017

In Taka	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
Property, plant and equipment (excluding land)	2,364,907,749	1,289,433,763	1,075,473,986
Gratuity provision	19,810,400	-	(19,810,400)
Taxable/(deductible) temporary difference			1,055,663,586
Applicable tax rate			25%
Deferred tax (asset)/liabilities			263,915,897

12.1 Deferred tax (income)/expense

In Taka	*Note*	2018	2017
Deferred tax liabilities at the beginning of the year		**263,915,897**	221,073,673
Deferred tax (asset)/liabilities at the end of the year	*12*	**(4,344,044)**	263,915,897
Deferred tax (income)/expense recognised		**(268,259,941)**	42,842,224

12.2 The Company had been enjoying income tax exemption from its inception to 12 October 2013 (exemption expiry date) as an independent power producer. In the absence of specific legislation in connection with companies in such situation with regard to tax depreciation, the Company had taken its tax written down value as at the exemption expiry date to be the same as accounting written down value on that date. From then on, deferred tax was calculated considering temporary differences of KPCL-I only.

Subsequently, the tax authorities completed the income tax assessment of the Company for the year ended 31 December 2014 whereby the tax depreciation charge on property, plant and equipment was assessed to be the same as the accounting depreciation charge, implying that there were no temporary differences between accounting net book value and tax written down value. The tax authorities took a similar position in the assessments for the following two financial periods also.

Considering the consistent treatment by the tax authorities for three consecutive periods, the Company believes the tax written down value of property, plant and equipment to be the same as the accounting net book value as at 30 June 2018 and hence no temporary differences exist. On this basis, previously recognised deferred tax liability relating to property, plant and equipment has been reversed.

13 Employee benefits

See accounting policy in Note 38K

In Taka	*Note*	2018	2017
Staff gratuity	*13.1*	**17,376,176**	15,037,426
Earned leave encashment	*13.2*	**6,053,566**	5,424,749
		23,429,742	20,462,175

13.1 Staff gratuity

In Taka	2018	2017
Opening balance	**15,037,426**	20,173,858
Add: Provision made during the year	**2,338,750**	3,098,782
	17,376,176	23,272,640
Less: Paid during the year	**-**	(8,235,214)
Closing balance	**17,376,176**	15,037,426

13.2 Earned leave encashment

In Taka	2018	2017
Opening balance	**5,424,749**	5,072,976
Add: Provision made during the year	**628,817**	757,455
	6,053,566	**5,830,431**
Less: Paid during the year	**-**	(405,682)
Closing balance	**6,053,566**	5,424,749

14 Asset retirement obligation (ARO)

See accounting policy in Note 38J

In Taka	2018	2017
Opening balance	**30,170,359**	30,170,359
Provision made during the year	**-**	-
Closing balance	**30,170,359**	30,170,359

Notes to the Financial Statements (Continued)

15 Loans and borrowings

See accounting policy in Note 38H

In Taka	2018	2017
Bank Alfalah Limited	**607,086,292**	-
Standard Chartered Bank	**1,949,572,264**	2,064,941,286
Citibank, NA	**1,994,624,268**	924,692,892
	4,551,282,824	2,989,634,178

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

	Currency	2018		2017	
		Loan limit	Loan outstanding	Loan limit	Loan outstanding
Bank Alfalah Limited	**BDT**	**1,300,000,000**	**607,086,292**	1,300,000,000	-
Standard Chartered Bank	**BDT**	**3,476,000,000**	**1,949,572,264**	3,476,000,000	2,064,941,286
Citibank, NA	**BDT**	**2,512,500,000**	**1,994,624,268**	2,512,500,000	924,692,892
BRAC Bank Limited	**BDT**	**1,000,000,000**	**-**	1,000,000,000	-
		8,288,500,000	**4,551,282,824**	8,288,500,000	2,989,634,178

Securities for the facilities mentioned above are as below:

a) 1st ranking hypothecation charge on pari passu basis with Citibank N.A., Standard Chartered Bank and Bank Alfalah Limited, registered with the Registrar over all present and future floating assets of the Company with irrevocable general power of attorney for working capital facility.

b) 1st ranking hypothecation charge on pari passu basis with Citibank N.A. and Standard Chartered Bank, registered with the Registrar over plant and machineries of the Company with irrevocable general power of attorney for working capital facility.

c) 1st pari passu charge over current assets of the Company for BDT 1,740 million.

d) Hypothecation on plant and machinery for BDT 1,792.5 million.

e) Hypothecation (floating charge) for BDT 1,792.5 million.

f) Pari passu security sharing agreement for BDT 2,400 milion.

g) Personal guarantee for BDT 1,820 million.

h) Corporate guarantee for BDT 1,960 million.

i) Demand Promissory Note and Letter of continuation for BDT 3,476 million.

j) Registered hypothecation over all present and future stocks and book debts of the Company on pari-passu basis with other lenders for the Company only. Standard Chartered Bank charge will be BDT 5,643.25 million in line with fifth modification to stock and book debts.

k) Registered hypothecation for specific charge over plant and machinery and other fixed assets of KPCL-III power plant not less than BDT 1,800 million.

l) Registered hypothecation over plant and machinery of KPCL-I power plant on pari passu basis with other lenders. Standard Chartered Bank charge will be BDT 2,400 million in line with fifth modification to plant and machinery.

Notes to the Financial Statements (Continued)

16 Trade and other payables

See accounting policy in Note 38H

In Taka	*Note*	2018	2017
Trade payable	*16.1*	**118,710,955**	775,735,209
Payable for expenses and others	*16.2*	**51,193,635**	45,489,566
Payable for interest on loan	*16.3*	**37,748,077**	19,239,084
		207,652,667	840,463,859

16.1 Trade payable

In Taka	2018	2017
Wartsila Switzerland Ltd	**29,455,663**	134,053,892
Marine Power International F.Z.C.	**3,552,565**	-
Sperre Industri A/S	**3,354,316**	-
United Energy Trading Pte Ltd	**-**	517,843,490
Summit Oil & Shipping Co. Ltd	**42,987,562**	100,208,287
United Shipping & Logistic Services Ltd	**13,447,926**	17,209,165
South Eastern Tank Terminal Ltd	**25,912,923**	6,420,375
	118,710,955	775,735,209

16.2 Payable for expenses and others

In Taka	2018	2017
Withholding tax and vat	**1,019,822**	1,267,724
Utilities	**33,214**	158,808
Auditor's fee	**675,000**	675,000
Lease rent	**707,702**	836,865
Telephone, fax and e-mail	**57,597**	57,597
Employee expenses	**9,322,793**	11,143,541
Falcon Securities Ltd	**532,818**	532,820
Employees' provident fund	**300,642**	266,884
Mobil Jamuna Lubricants Limited	**5,471,578**	-
Alif International Agency	**164,247**	-
Payable for other operating expenses	**30,142,357**	24,952,506
Others	**2,765,865**	5,597,821
	51,193,635	45,489,566

16.3 Payable for interest on loan

In Taka	2018	2017
Standard Chartered Bank	**7,258,151**	10,525,581
Bank Alfalah Limited	**5,377,088**	-
Citibank N.A.	**25,112,838**	8,713,503
	37,748,077	19,239,084

Notes to the Financial Statements (Continued)

17 Unclaimed dividend

See accounting policy in Note 38R

In Taka	2018	2017
Final cash dividend for the year 2009	**8,399,445**	8,399,445
Final cash dividend for the year 2012	**2,231,460**	2,233,662
Final cash dividend for the year 2013	**6,362,149**	6,369,053
Final cash dividend for the year 2014	**6,058,398**	6,137,016
Interim cash dividend for the period ended 30 June 2016	**4,627,675**	4,683,183
Final cash dividend for the period ended 30 June 2016	**3,553,974**	3,704,798
Final cash dividend for the year ended 30 June 2017	**354,907,558**	-
	386,140,659	31,527,157

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

18 Provision for income tax

See accounting policy in Note 38G

In Taka	*Note*	2018	2017
Opening balance		**429,000,000**	398,500,000
Provision for the year	*26*	**137,000,000**	163,000,000
		566,000,000	561,500,000
Adjustment made for completion of assessment		**(429,000,000)**	(132,500,000)
Closing balance		**137,000,000**	429,000,000
Provision for income tax consists of the following:			
Income year 2017-2018		**137,000,000**	-
Income year 2016-2017		**-**	163,000,000
Income year 2015-2016		**-**	266,000,000
Balance at end of the year		**137,000,000**	429,000,000

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

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

Notes to the Financial Statements (Continued)

19 Revenue

See accounting policy in Note 38A

In Taka	2018	2017
Capacity payment	**1,257,895,485**	1,214,199,236
Rental payment	**2,007,987,800**	1,931,437,950
Energy payment - fuel payment	**8,352,295,676**	6,440,046,805
Energy payment - variable O & M payment	**480,138,422**	448,476,084
	12,098,317,383	10,034,160,075

20 Cost of sales

In Taka	*Note*	2018	2017
Consumption of heavy fuel oil (HFO) and related expenses	*20.1*	**8,760,390,571**	6,745,462,291
Consumption of light fuel oil (LFO)		**13,124,710**	11,868,520
Consumption of lube oil		**221,672,841**	211,494,265
Consumption of spare parts	*20.1*	**342,186,082**	343,478,243
Employee expenses for plant		**-**	6,249,297
Other operation and maintenance costs		**148,713,724**	129,996,469
Manned security services at plant site		**6,734,023**	6,348,342
Depreciation		**328,779,555**	329,613,778
		9,821,601,506	7,784,511,205

20.1 The above expenses arise after considering various heavy fuel oil (HFO)and spare parts related expenses and adjustments which are not relevant with HFO and spare parts inventory. Hence, the actual consumption shown in inventory (note 5.1) will not directly match with the above mentioned expenses.

21 Other income

In Taka	2018	2017
Sale proceeds of sludge, used lube oil and empty lube oil drums	**2,040,680**	5,478,967
Gain from disposal of assets	**1,256,999**	928,375
	3,297,679	6,407,342

Notes to the Financial Statements (Continued)

22 General and administrative expenses

In Taka	2018	2017
Salary and allowances	**28,526,340**	27,274,635
Employer's contribution to provident fund	**1,138,800**	1,059,143
Gratuity provision	**2,338,750**	2,424,573
Earned leave provision	**628,817**	757,455
Leave fare assistance	**533,157**	494,866
Office rent and maintenance	**6,604,791**	5,828,313
Telephone, fax and e-mail	**409,873**	418,498
Advertisement, publicity, press and seminar	**954,550**	1,981,135
Entertainment expenses	**68,454**	1,321,520
Bank charges and commission	**1,547,628**	612,749
Printing, postage and stationeries	**418,173**	268,034
License fee - BIWTA	**3,066,306**	-
Training expenses	**18,789**	-
Travel and conveyance	**446,809**	645,633
Vehicle fuel and maintenance	**143,704**	86,009
Newspapers, books and periodicals	**24,727**	18,742
Business promotion, subscription, gift and donation	**6,127,732**	8,160,644
CSR/Social goodwill expenses	**3,663,194**	-
Uniform and liveries	**27,720**	204,780
Insurance premium	**21,617,031**	21,378,011
Lease rent - BPDB	**6,921,328**	6,932,292
Directors' fees and board meeting expenses	**1,801,371**	1,994,341
Auditor's fee	**675,000**	675,000
Legal, tax and other professional fees	**1,448,400**	1,724,485
Survey, testing and inspection fees	**4,175,179**	2,383,786
Company matters & share related expenses	**53,250**	2,403,490
Performance bond/bank guarantee charges	**2,266,282**	3,041,812
Environmental compliance expenses	**-**	804,236
Computer consumable and maintenance	**491,492**	658,815
General Meeting (AGM/EGM) expenses	**2,120,481**	1,906,037
Depreciation - Other property, plant and equipment	**6,107,708**	7,002,832
VAT expenses	**7,141,531**	-
Other operating expenses	**5,189,851**	4,675,000
Miscellaneous and incidental expenses	**2,922,278**	501,488
	119,619,496	**107,638,354**

23 Foreign exchange gain/(loss)

See accounting policy in Note 38F

In Taka	2018	2017
Receivable from BPDB	**19,925,786**	28,653,126
US Dollar bank accounts	**2,598,231**	4,714,082
Term loan and interest on term loan	**-**	(835,822)
Working capital loan and interest for acceptance of HFO L/Cs	**(127,670,616)**	(76,631,674)
Accounts payable	**(4,811,195)**	(5,353,745)
Others	-	249,816
	(109,957,794)	(49,204,217)

Notes to the Financial Statements (Continued)

24 Finance income

See accounting policy in Note 38E

In Taka	2018	2017
Interest on FDR and SND	**230,184,299**	86,970,802
	230,184,299	86,970,802

25 Finance costs

See accounting policy in Note 38E

In Taka	2018	2017
Interest on short term loans	**192,317,600**	134,550,232
Other financial charges	**17,552,323**	-
	209,869,923	134,550,232

26 Income tax expense

See accounting policy in Note 38G

In Taka	*Note*	2018	2017
Current tax	*18*	**137,000,000**	163,000,000
Adjustment made for completion of assessment		**(29,874,564)**	15,522,138
Deferred tax (income)/expense	*12.1*	**(268,259,941)**	42,842,224
		(161,134,505)	221,364,362

27 Earnings per share

See accounting policy in Note 38Q

27.1 Basic earnings per share

Earnings per share (EPS) is calculated in accordance with the BAS 33: Earnings Per Share. The composition of EPS is given below.

In Taka	*Note*	2018	2017
Profit attributable to the ordinary shareholders (basic)		**2,231,885,147**	1,830,269,849
Number of shares outstanding	*10*	**361,284,709**	361,284,709
Earnings per share (EPS)		**6.18**	5.07

27.2 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.

28 Net asset value per share

	Note	2018	2017
Net assets	*28.1*	**9,708,861,487**	9,464,042,240
Number of shares outstanding	*10*	**361,284,709**	361,284,709
Net asset value per share		**26.87**	26.20

Notes to the Financial Statements (Continued)

28.1 Net assets

In Taka		2018	2017
Total assets		**15,044,537,738**	14,069,215,865
Total liabilities		**5,335,676,251**	4,605,173,625
Net assets		**9,708,861,487**	9,464,042,240

29 Net operating cash flow per share

	Note	2018	2017
Net cash generated from operating activities		**751,578,244**	1,727,268,402
Number of shares outstanding	*10*	**361,284,709**	361,284,709
Net operating cash flow per share		**2.08**	4.78

30 Reconciliation of net profit with cash flow from operating activities

	2018	2017
Profit for the year	**2,231,885,147**	1,830,269,849
Adjustment for:		
Depreciation	**334,887,263**	336,616,610
Finance income	**(230,184,299)**	(86,970,802)
Gain from disposal of assets	**(1,256,999)**	(928,375)
Deferred tax income	**(268,259,941)**	42,842,224
Changes in:		
Inventories	**178,749,647**	239,407,214
Trade & Other receivables	**(756,503,343)**	(432,729,506)
Advances, deposits & prepayments	**12,358,269**	(2,258,170)
Current tax assets	**171,746,125**	(26,486,516)
Trade & Other Payables	**(632,811,192)**	(198,209,467)
Employee benefits	**2,967,567**	(4,784,659)
Provision for income tax	**(292,000,000)**	30,500,000
Net cash generated from operating activities	**751,578,244**	1,727,268,402

31 Operating leases

See accounting policy in note 38N

KPCL-I & KPCL-II are obligated under non-cancellable lease for use of land leased out by BPDB that are renewable on a periodic basis, at the option of both lessor and lessee. Initially, two separate indenture of lease were made between BPDB (the lessor) and KPCL-I (the lessee) and KPCL-II (the lessee) for 17 years and 5 years effective from 5 February 1998 and 16 August 2010 respectively. BPDB has taken possession of land from Padma Oil Company Ltd. (POCL) pursuant to lease agreement between POCL and BPDB. Both leases have been extended for a further 5 years effective from 1 January 2015 for KPCL-I and 16 August 2016 for KPCL-II.

Notes to the Financial Statements (Continued)

The future minimum lease payments in respect of operating leases as at:

In Taka		2018	2017
Not later than one year		**7,326,267**	6,592,280
Later than one year but not later than five years		**10,417,122**	15,818,714
		17,743,389	22,410,994

Rental expenses under non-cancellable operating leases aggregated Tk.6,921,328 for the year ended 30 June 2018 and Tk. 6,932,292 for the year ended 30 June 2017.

32 Related parties

a) Transactions with key management personnel

Key management personnel compensation comprised the following.

In Taka	2018	2017
Transactions		
Fees to directors	**1,750,000**	1,325,000
Salaries and benefits	**18,754,391**	16,465,502
Bonus	**4,804,000**	3,578,000

b) Other related party transactions

	Transaction values for the year ended 30 June		Receivable/(payable) outstanding as at 30 June	
In Taka	2018	2017	2018	2017
Sale of goods and services				
Summit Oil & Shipping Co. Ltd	**(84,103,043)**	188,647,899	**49,103,043**	-
Neptune Commercial Ltd	**(1,402,500)**	-	**-**	1,402,500
	(85,505,543)	188,647,899	**49,103,043**	1,402,500
Procurement of goods and services				
United Energy Trading Pte Ltd	**(3,786,107,253)**	(3,575,258,870)	**-**	(517,843,490)
United Shipping & Logistic Services Ltd	**(367,344,979)**	(285,324,233)	**(13,447,926)**	(17,209,165)
Summit Asia Pacific Pte Ltd	**(3,689,955,623)**	(2,237,523,315)	**-**	-
Summit Oil & Shipping Co. Ltd	**(127,108,673)**	(135,025,043)	**(42,987,562)**	(100,208,287)
Khulna Power Operations & Services Ltd	**(100,300,000)**	(93,342,530)	**3,170,168**	2,720,166
	(8,070,816,528)	(6,326,473,991)	**(53,265,320)**	(632,540,776)

Notes to the Financial Statements (Continued)

33 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

33.1 Credit risk

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

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

a) Exposure to credit risk

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

In Taka	*Note*	2018	2017
Trade and other receivables	*6*	**3,810,057,978**	3,020,402,695
Deposits	*8*	**1,582,336**	14,980,561
Cash and cash equivalents (except cash in hand)	*9*	**2,636,597,517**	**1,790,612,794**
		6,448,237,831	**4,825,996,050**

b) Ageing of trade receivables and other receivables

In Taka	2018	2017
Neither past due nor impaired	**2,132,144,837**	2,436,689,286
Past due 1-30 days	**975,316,093**	9,825,264
Past due 31-60 days	**3,421,852**	3,697,232
Past due 61-90 days	**2,145,939**	3,553,097
Past due 91-120 days	**1,960,154**	4,256,419
Past due above 120 days	**695,069,101**	562,381,397
	3,810,057,976	3,020,402,695

c) Impairment losses

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

Notes to the Financial Statements (Continued)

33.2 Liquidity risk

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

Exposure to liquidity risk

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

30 June 2018

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

30 June 2017

In Taka	Carrying amount	Total	Contractual cash flows: 2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Loans and borrowings	2,989,634,178	2,989,634,178	298,963,418	2,690,670,760	-	-	-
Trade and other payables	840,463,859	840,463,859	-	840,463,859	-	-	-
Unclaimed dividend	31,527,157	31,527,157	31,527,157	-	-	-	-
Provision for income tax	429,000,000	429,000,000	-	429,000,000	-	-	-
Employee benefits	20,462,175	20,462,175	-	-	-	20,462,175	-
Asset retirement obligation (ARO)	30,170,359	30,170,359	-	-	-	30,170,359	-
	4,341,257,728	4,341,257,728	330,490,575	3,960,134,619	-	50,632,534	-

Notes to the Financial Statements (Continued)

33.3 Market risk

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

a) Currency risk

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

Exposure to currency risk

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

	30 June 2018		30 June 2017	
	USD	EUR	USD	EUR
Trade and other receivables	**10,617,697**	**-**	12,015,172	71,448
Cash at bank	**1,626,275**	**-**	13,465	-
Loans and borrowings	**(39,137,823)**	**-**	(31,979,754)	-
Trade and other payables	**-**	**-**	(6,370,322)	(1,430,624)
Net exposure	**(26,893,851)**	**-**	(26,321,439)	(1,359,176)

The following exchange rates were applied during the year:

	Year end spot rate	
	2018	2017
United States Dollar (USD)	**83.75**	81.29
Euro (EUR)	**99.87**	93.70

Source: BRAC Bank TT OD rate

Sensitivity analysis

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

30 June 2018

	Strengthening	Weakening
Effects in Taka	***profit or (loss)***	***profit or (loss)***
USD (3 percent movement)	**(67,570,800)**	67,570,800
EUR (3 percent movement)	**-**	-
	(67,570,800)	67,570,800

30 June 2017

	Strengthening	Weakening
Effects in Taka	***profit or (loss)***	***profit or (loss)***
USD (3 percent movement)	(64,190,093)	64,190,093
EUR (3 percent movement)	(3,820,770)	3,820,770
	(68,010,863)	68,010,863

b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. Loans and borrowings are affected by fluctuations in interest rates as the rate is of LIBOR plus variable rate ranging from 1.5% to 1.65%.

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

	Nominal amount	
In Taka	2018	2017
Fixed rate instruments		
Financial liabilities	**-**	-
	-	-
Variable rate instruments		
Loans and borrowings	**4,551,282,824**	2,989,634,178
	4,551,282,824	2,989,634,178

Notes to the Financial Statements (Continued)

c) Accounting classifications and fair values

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

30 June 2018		Carrying amount						Fair value			
	Note	Held-for-trading	Designated at fair value	Fair value -hedging instruments	Held to maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value		-		-	-		-	-	-	-	-	-	-
Financial assets not measured at fair value													
Trade and other receivables	*6*	-	-	-	-	**3,810,057,978**	-	-	**3,810,057,978**			-	-
Deposits	*8*	-	-	-	-	**1,582,336**	-	-	**1,582,336**			-	-
Cash and cash equivalents	*9*	-	-	-	-	**2,636,641,805**	-	-	**2,636,641,805**			-	-
		-	-	-	-	**6,448,282,119**	-	-	**6,448,282,119**				
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-				
Financial liabilities not measured at fair value													
Loans and borrowings	*15*	-	-	-	-	-	-	**4,551,282,824**	**4,551,282,824**			-	-
Trade and other payables	*16*	-	-	-	-	-	-	**207,652,667**	**207,652,667**			-	-
Unclaimed dividend	*17*	-	-	-	-	-	-	**386,140,659**	**386,140,659**			-	-
Provision for income tax	*18*	-	-	-	-	-	-	**137,000,000**	**137,000,000**			-	-
		-	-	-	-	-	-	**5,282,076,150**	**5,282,076,150**				

30 June 2017		Carrying amount						Fair value			
	Note	Held-for-trading	Designated at fair value	Fair value -hedging instruments	Held to maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value		-	-	-	-		-	-	-	-	-	-	-
Financial assets not measured at fair value													
Trade and other receivables	*6*	-	-	-	-	3,020,402,695	-	-	3,020,402,695			-	-
Advances, deposits and prepayments	*8*	-	-	-	-	39,776,580	-	-	39,776,580			-	-
Cash and cash equivalents	*9*	-	-	-	-	1,790,755,001	-	-	1,790,755,001			-	-
		-	-	-	-	4,850,934,276	-	-	4,850,934,276				
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-				
Financial liabilities not measured at fair value													
Loans and borrowings	*15*	-	-	-	-	-	-	2,989,634,178	2,989,634,178			-	-
Trade and other payables	*16*	-	-	-	-	-	-	840,463,859	840,463,859			-	-
Unclaimed dividend	*17*	-	-	-	-	-	-	31,527,157	31,527,157			-	-
Provision for income tax	*18*	-	-	-	-	-	-	429,000,000	429,000,000			-	-
		-	-	-	-	-	-	4,290,625,194	4,290,625,194				

Notes to the Financial Statements (Continued)

34 Contingencies and commitments

See accounting policy in Note 38O

Contingent liabilities relating to bank guarantees amounted to:

Beneficiary	Expiry date	2018	2017
BPDB (for KPCL-I)	30-Jun-19	**234,750,000**	234,750,000
BPDB (for KPCL-II)	23-Jul-18	**239,200,000**	239,200,000
BPDB (for KPCL-III)	23-Jul-18	**83,200,000**	83,200,000
		557,150,000	557,150,000

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

The Company has outstanding letters of credit amounting to USD 9,000,000 (2017: USD Nil) and Euro 87,725 (2017: Euro 89,449) against which it is committed to purchase spare parts and heavy fuel oil.

35 Capacity

Name of plants	Licensed capacity (MW)	Installed capacity (MW)	Plant factor (% on licensed capacity)	Energy generated (MW)	Energy sold (MW)
KPCL-I:					
July 2017 to June 2018	**110**	**114**	**Average 43.15**	**428,293**	**420,227**
July 2016 to June 2017	110	114	Average 42.83	423,710	415,334
KPCL-II:					
July 2017 to June 2018	**115**	**119**	**Average 55.32**	**571,023**	**558,435**
July 2016 to June 2017	115	119	Average 51.23	529,706	516,777
KPCL-III:					
July 2017 to June 2018	**40**	**44**	**Average 59.59**	**213,528**	**208,959**
July 2016 to June 2017	40	44	Average 55.39	200,566	195,752

36 Particulars of employees

During the year ended 30 June 2018 there were 14 permanent employees (30 June 2017:14) who received salary of Tk 36,000 or above per year. All permanent employees of plant have been outsourced from Khulna Power Operations & Services Ltd. (KPOSL) from 1 July 2016.

Notes to the Financial Statements (Continued)

37 Basis of measurement

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

38 Significant accounting policies

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

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

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

A Revenue

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

B Inventories

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

C Property, plant and equipment

i. Recognition and measurement

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

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

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

Notes to the Financial Statements (Continued)

ii. Subsequent expenditure

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

iii. Depreciation

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

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

Asset category	***In Years***
Power plant	30
Motor vehicles	4
Building and construction	10
Furniture and fixtures	5
Office equipment	5
Office renovation	5

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

iv. Retirement and disposals

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

v. Capitalisation of borrowing cost

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

D Capital work in progress

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

E Finance income and finance cost

The Company's finance income and finance costs include:

- interest income
- interest expense

Interest income is recognised on accrual basis.

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

Notes to the Financial Statements (Continued)

F Foreign currency transaction

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

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

G Income tax

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

i. Current tax

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

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

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

ii. Deferred tax

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

a) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss;

b) Temporary differences related to investment in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and

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

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

Notes to the Financial Statements (Continued)

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

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

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

H Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.
The Company classifies non-derivative financial liabilities into other financial liabilities category.

i. Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.
The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.
The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

ii. Non-derivative financial assets – Measurement

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Notes to the Financial Statements (Continued)

Available-for-sale financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

iii. Non-derivative financial liabilities – Measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

I Share capital

Ordinary shares

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

J Provisions

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

i. Asset retirement obligations (ARO)

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

K Employee benefits

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

Notes to the Financial Statements (Continued)

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

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

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

***iii.* Earned leave encashment policy**

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

L Workers' profit participation fund (WPPF)

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

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

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

M Impairment

i. Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

Notes to the Financial Statements (Continued)

Financial assets measured at amortised cost

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

ii. Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

N Leases

i. Determining whether an arrangement contains a lease

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

Notes to the Financial Statements (Continued)

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

ii. Leased assets

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

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

iii. Lease payments

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

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

O Contingencies

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

i. Contingent liability

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

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

ii. Contingent asset

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

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

P Capital redemption reserve

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

Notes to the Financial Statements (Continued)

Q Earnings per share (EPS)

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

Diluted EPS is determined by the adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the affects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no potential dilutive ordinary shares during the year ended 30 June 2018.

R Dividends

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

S Statement of cash flows

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

39 Standards issued but not yet effective

In January 2018 the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this recent adoption will not have any impact on the financial statements of the Company going forward.

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. However, the Company has not early applied the following new standards in preparing these financial statements.

i. **IFRS 9 Financial Instruments**

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of the financial instruments, a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is assessing the potential impact of IFRS 9 on its financial statements.

ii. **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRI 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is assessing the potential impact of IFRS 15 on its financial statements.

Notes to the Financial Statements (Continued)

iii. **IFRS 16 Leases**

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

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

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16. The Company is assessing the potential impact of IFRS 16 on its financial statements.

40 Comparatives and rearrangement

Comparative information has been disclosed in respect of 2017 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

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

41 Events after the reporting period

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

i. The Board of Directors of the Company recommended 30% (Tk 3 per share) cash dividend amounting to Tk. 1,083,854,127 and 10% stock dividend (i.e 1 bonus share for every 10 ordinary share) amounting to Tk. 361,284,709 for the year ended 30 June 2018 at the board meeting held on 30 October 2018. The dividend is subject to final approval by the shareholders at the forthcoming annual general meeting of the Company.

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

ii. The PPA for KPCL-I between the Company and BPDB expired on 12 October 2018. Further extension of the PPA is under active consideration of BPDB.

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

42 Going concern

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

RSTOCK

KHULNA POWER COMPANY LTD.
Landmark (3rd floor), 12-14 Gulshan North C/A, Gulshan - 2, Dhaka 1212

Proxy Form

I/We.....of.....
..... being a member of Khulna Power Company Ltd. hereby appoint
Mr./Ms.....of.....
as my proxy to attend and vote for me on my behalf at the 20th Annual General Meeting of the Company to be held at 12.30 p.m. on Sunday, the 9th December 2018 at Krishibid institution Bangladesh, Khamarbari Road, Farmgate, Tejgaon, Dhaka-1215.

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

Signature of the Shareholder (s) | Signature of the Proxy

Number of Shares held ..... BO ID No. (Proxy) | | | | | | | | | | | | | | | |

BO ID NO. (Shareholder) | | | | | | | | | | | | | | | |

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

Revenue Stamp

Signature Verified

Authorised Signatory

KHULNA POWER COMPANY LTD.
Landmark (3rd floor), 12-14 Gulshan North C/A, Gulshan - 2, Dhaka 1212

SHAREHOLDERS' ATTENDANCE SLIP

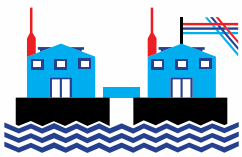
I/We hereby record my attendance at the 20th Annual General Meeting of the Company to be held at 12.30 p.m. on Sunday, the 9th December 2018 at Krishibid institution Bangladesh, Khamarbari Road, Farmgate, Tejgaon, Dhaka-1215.

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

Signature Verified by

Signature of the Member | Authorised Signatory of the Company

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



Khulna Power Company Ltd.

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