# ANNUAL REPORT **2019-20**



### **UNITED POWER GENERATION & DISTRIBUTION CO. LTD.**

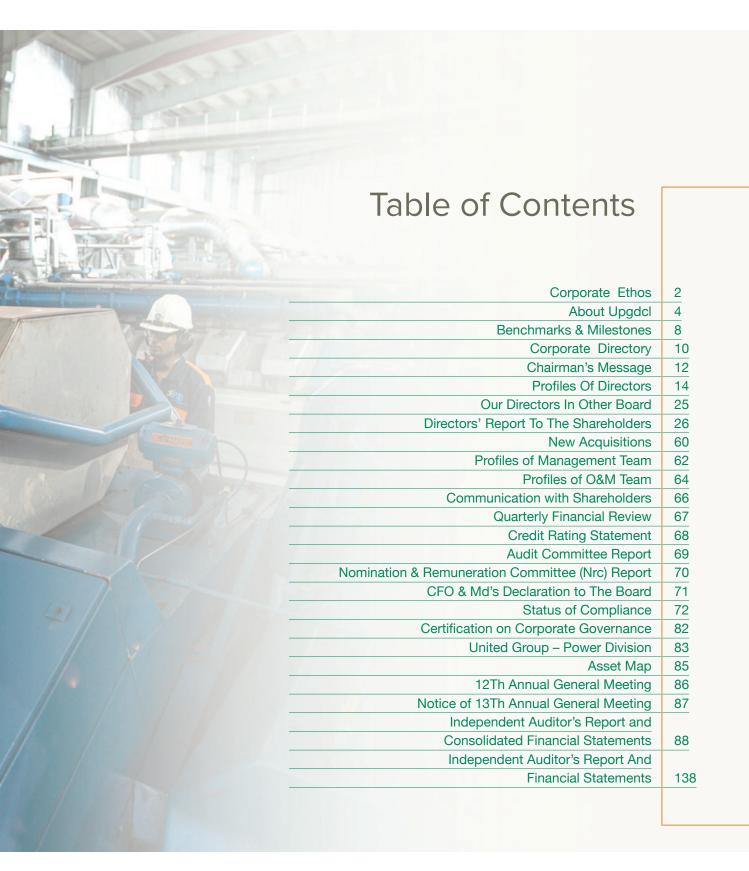












# CORPORATE ETHOS

### **VISION**

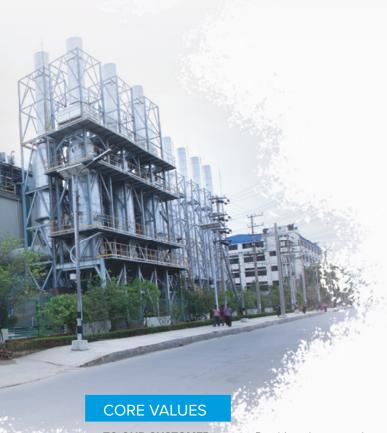
Be the most efficient and environment friendly power generation company of Bangladesh

### **MISSION**

### **Energy is Life**

- Sustainable growth by ensuring quality, availability and efficiency in power generation
- Achieve excellence in project execution, quality, reliability, safety and operational efficiency in the power sector
- Become the most reputed and state-of-the-art power generation company of Bangladesh
- To promote a work culture that fosters learning, individual growth, team spirit and creativity to overcome challenges and attain goals





### **OBJECTIVE**

- Increase the power generation capacity in the country and help fulfil GoB's Vision 2021 in a safe, economical and rapid manner and keeping with the growth of electricity demand in the country.
- Establish a culture of safe operation that maintain zero casualty at all times.
- Enhance electricity generation capacity in the near future.
- Earn the confidence and trust of all stakeholders by performing well above their expectations.
- Utilize capital, machinery, material and human resources efficiently.

**TO OUR CUSTOMER** : Provide uninterrupted, quality power

**TO OUR EMPLOYEES** : Promote well-being, world-class working environment and encourage innovation and

talent

**TO OUR SHAREHOLDERS**: Ensure fair return on their investment through generating stable profit.

**TO OUR COMMUNITY** : Assume the responsibility of a socially corporate entity and improve the well-being of the

local community

## ABOUT UPGDCL

United Power Generation & Distribution Co. Ltd., formerly known as Malancha Holdings Ltd., was born out of the necessity for uninterrupted, quality power supply to the industries housed within the Export Processing Zones (EPZs) of Bangladesh. UPGDCL is a first of its kind company that is not only involved in power generation but also power distribution, steam generation and supply right up to their customer's doorstep.









### **UPGDCL'S KEY FEATURES INCLUDE:**

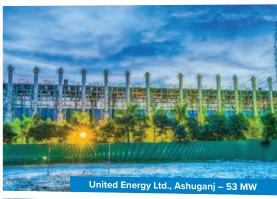
- · Steam generation facility from engine exhaust, without any combusting any additional, scarce fossil fuel
- 50 km long, 11 kV & 33 kV private distribution network
- 11 km long, 150 psi, 12" dia dedicated gas pipeline for gas supply to the power plant

In effect, UPGDCL is the only true commercially independent power generation and distribution Company as well as a multi-utility service provider in true sense of the terms.

### **UPGDCL** currently has 6 Power Plants in Operation under its belt







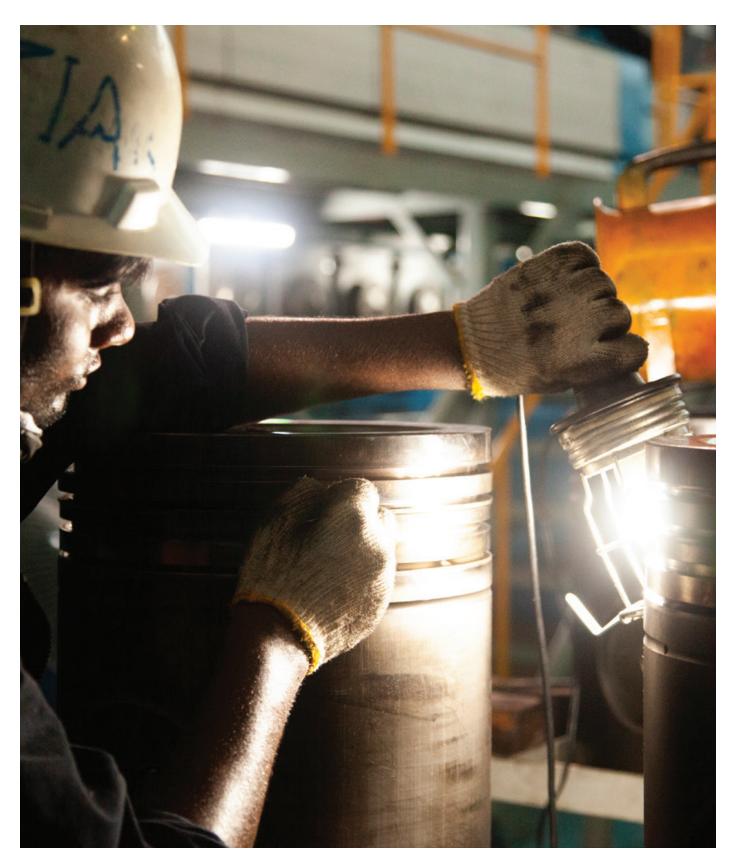






**Total Installed Capacity** Total Accumulated Revenue BDT 10,094.03 mn

484 MW



### **ABOUT UPGDCL**



# BENCHMARKS & MILESTONES

### **January 15, 2007**

Incorporated as Private Limited Company

### May 6, 2007

UPGDCL DEPZ entered into a Power Supply Agreement with BEPZA for supply to DEPZ

### May 6, 2007

UPGDCL DEPZ entered into a Land Lease Agreement with BEPZA for constructing DEPZ plant

### May 16, 2007

UPGDCL CEPZ entered into a Power Supply Agreement with BEPZA for supply to CEPZ

### May 16, 2007

UPGDCL CEPZ entered into a Land Lease Agreement with BEPZA for constructing CEPZ plant

### October 23, 2008

UPGDCL became a licensed Commercially Independent Power Producer (CIPP)

### **November 16, 2008**

UPGDCL DEPZ entered into a Gas Supply Agreement with TGTDCL (A second GSA was signed on 27 February 2014 effective from 1 August 2009)

### **December 26. 2008**

UPGDCL DEPZ achieved Commercial Operations

### **April 2, 2009**

UPGDCL DEPZ entered into a Power Supply Agreement with its first private customer, Oli Knitting & Fabrics Ltd.

### May 9, 2009

UPGDCL DEPZ entered into a Power Supply Agreement with REB

### July 9, 2009

UPGDCL CEPZ entered into a Gas Supply Agreement with BGDCL

### **August 12, 2009**

**UPGDCL CEPZ achieved Commercial Operations** 

### **September 23, 2009**

UPGDCL CEPZ entered into a Power Purchase Agreement with BPDB

### **December 22, 2010**

Converted from Private Limited Company to Public Limited Company

### **November 21, 2011**

UPGDCL DEPZ entered into an Amendment to the Power Supply Agreement with BEPZA for capacity expansion to 100 MW

### **November 21, 2011**

UPGDCL CEPZ entered into an Amendment to the Power Supply Agreement with BEPZA for capacity expansion to 100 MW

### **April 4. 2012**

UPGDCL CEPZ entered into a Power Supply Agreement with BEPZA for supply to KEPZ

### September 4, 2012

UPGDCL DEPZ entered into a Steam Sales Agreement with Gunze United Ltd.

### May 13, 2013

UPGDCL DEPZ acquired license from BEPZA for Commercial Sales of Steam

### May 15, 2013

UPGDCL CEPZ entered into a Gas Supply Agreement with Karnaphuli Gas Distribution Co. Ltd.

### **April 17, 2013**

UPGDCL held a Roadshow for discovery of Indicative Price for IPO

### **July 1, 2013**

Installed capacity of UPGDCL CEPZ increased to 72 MW through expansion

### **December 1, 2013**

Installed capacity of UPGDCL DEPZ increased to 86 MW through expansion

### **January 13, 2014**

UPGDCL DEPZ entered into a Power Supply Agreement with its first large public customer, Bangladesh Atomic Energy Commission

### 18-20 May 2014

Successfully discovered the price for IPO under Book Building Method through Electronic Bidding conducted by DSE

### **December 9. 2014**

Acquired consent from BSEC

### February 19, 2015

Conducted lottery for Allotment of Shares to the investors

### March 8, 2015

Listed in Chittagong Stock Exchange

### March 19, 2015

Listed in Dhaka Stock Exchange

### **April 5. 2015**

Started trading of UPGDCL's shares in both Dhaka and Chittagong Stock Exchange

### May 10, 2018

Included in the CSF Shariah Index

### July 1, 2018

Turned into holding Company for all gas based power Companies of the Group

### July 1, 2019

Acquisition of (75%), shareholdings of Leviathan Global BD Ltd. (LGBD).

# CORPORATE DIRECTORY

### **BOARD OF DIRECTORS**

Chairman General Md. Abdul Mubeen, SBP, ndc, psc (Retd.)

**Directors** Hasan Mahmood Raja

Ahmed Ismail Hossain Khandaker Moinul Ahsan

Abul Kalam Azad Faridur Rahman Khan Akhter Mahmud Md. Abul Hossain Malik Talha Ismail Bari Nasiruddin Akhter Rashid

Wasekul Azad Fahad Khan

Nizamuddin Hasan Rashid Khondaker Zayed Ahsan

Independent Directors Lt. Gen. Sina Ibn Jamali, awc, psc (Retd.)

Prof. Mohammad Musa, PhD Dr. M. Fouzul Kabir Khan

Managing Director Moinuddin Hasan Rashid

Company Secretary &

**Head of Compliance**Badrul Haque Khan, FCA

AUDIT COMMITTEE

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

Members Abul Kalam Azad

Prof. Mohammad Musa, PhD

Member Secretary Badrul Haque Khan, FCA

NRC COMMITTEE (formed on 8th August, 2018)

ChairmanDr. M. Fouzul Kabir KhanMembersFaridur Rahman Khan

Malik Talha Ismail Bari

Member Secretary Badrul Haque Khan, FCA

### **MANAGEMENT TEAM**

Managing DirectorMoinuddin Hasan RashidChief Operating Officer (COO)Sheikh Ashraf HossainChief Financial Officer (CFO)Badrul Haque Khan, FCA

Head of Internal Control & Compliance K M Atiqui Islam, FCA, ACMA (UK), CGMA

Plant Manager

Dhaka Export Processing Zone (DEPZ) Momtaz Hasan
Chittagong Export Processing Zone (CEPZ) Md. Monir Hossain Mizi

**THIRD PARTIES** 

Operations & Maintenance Team United Engineering & Power Services Ltd.

"United House", United City, Madani Avenue, Dhaka 1212

Auditors A. Qasem & Co., Chartered Accountants

(Member Firm of Ernst & Young Global Limited),

Gulshan Pink City, Suites 1-3, Level 7, Plot 15, Road 103, Gulshan Avenue, Dhaka 1212

Legal Advisor Tanjib Ul-Alam & Associates

Advocates & Legal Consultants, BSEC Bhaban (Level 11) 102 Kazi Nazrul Islam Avenue, Karwan Bazar, Dhaka 1215

Bankers Dhaka Bank Ltd.,

Foreign Exchange Branch, Motijhel C/A, Dhaka-1000

**Dutch Bangla Bank Ltd.** 

Banani Branch, Banani, Dhaka-1213

**HSBC Bank Ltd.** 

Dhaka Main Office, Anchor Tower (5th floor), 108 Bir Uttam C R Dutta Road, Dhaka 1205.

**OTHER INFORMATION** 

**Year of Incorporation** 15-Jan-07

Stock Exchanges Listing

Dhaka Stock Exchange (DSE) 19-Mar-15 Chittagong Stock Exchange (CSE) 8-Mar-15

Corporate Head Office "United House", United City, Madani Avenue, Dhaka-1212.

PABX: +88 02 5505 2000, +88 09666 700900

email: info@unitedpowerbd.com web: www.unitedpowerbd.com

Registered Office Gulshan Centre Point, Plot 23-26, Road 90, Gulshan 2, Dhaka 1212

PABX: +88 02 5505 2000, +88 09666 700900 Fax: +88 02 5505 1826, +88 02 5505 1827

email: info@unitedpowerbd.com web: www.unitedpowerbd.com

Power Plants UPGDCL DEPZ

Dhaka Export Processing Zone (Extension Area), Ganakbari, Savar, Dhaka

Tel: +88 02 7788 460, Fax: +88 02 7788 461

Cell no. 01914001300 Email: depz@united.com.bd

**UPGDCL CEPZ** 

Chittagong Export Processing Zone, Plot No. 6 & 7, Sector 2/A, South Halishahar, Chittagong

Tel: +88 031 740 449, Fax: +88 031 740 450

Cell no. 01914001500 Email: cepz@united.com.bd

## CHAIRMAN'S MESSAGE



General Md. Abdul Mubeen, SBP, ndc, psc (Retd.) Chairman

### **Respected Shareholders**

### Assalamulaikum!

Cycle of regulatory timelines have again lends us the opportunity of holding the 13th Annual General Meeting (AGM) of UPGDCL. It's my pleasure to welcome you all on this occasion.

We are going to hold this AGM at a time when the second wave of Covid 19 is haunting us! Its' my sincere hope that you all are keeping good health and in good stead with family and friends. May the All Merciful Almighty Allah keep us safe and secure in the coming days as well.

Your company also had to endure the rigors of Covid 19 due to the general holidays and lock down measures adopted by the Government beginning end-March, this calendar year. Both the plant operation areas i.e. DEPZ and CEPZ were closed down. Besides, the overall economic situation at the time of general holidays did impact UPGDCL's business as a whole. Overall Revenue during the year reduced by nearly 4 percent compared to last year.

It was a year where the overall economy was under stress. Stock market also had fluctuating curves showing volatility. However, UPGDCL's business performance was that of "maintaining balance" in an uncharted economic environment amid the pandemic worldwide. Production during the year was 1007,546 MWH. There were a higher demand of electricity from BPDB and REB. As a matter of fact, such increased demand considerably mitigated the loss of Covid 19 impact on the company's ultimate performance.

Revenue for the year 2019-20 was BDT 6.223 million while Net Profit was BDT 4,349 million, respectively. Shareholders' Equity was BDT 15,622 million. Company could maintain praise worthy Gross Profit (63%) and Net Profit (70%) ratios. EPS for the year was BDT 8.25 per share which was commendable judging the overall situation.

During the year, 53MW power plant at Ashugani under United Energy Ltd (UEL), a subsidiary of UPGDCL, was shut down upon expiry of contract. The renewal application was submitted and is now under active consideration of the Government. This did affect the results at the consolidated level for UPGDCL.

Consolidated Revenue stood at BDT 10,094 million which was a reflection of multiple effects on the results of UPGDL and its subsidiary companies. Gross Profit was BDT 5,852 million and the Net Profit stood at BDT 6,079 million at the end. Consolidated EPS was BDT 11.26 per share.

### **Honorable Shareholders**

Over the last few years, company's performance set into a predictable pattern in terms of revenue and earnings. You must have noticed that, last year some parallel acquisitions (Leviathan Global BD Ltd – 50MW) and re-structuring, turning UEL into a subsidiary company, were executed to expand the earnings base of UPGDCL. Yet, to further the prospects of growth at sustainable pace over a considerable period, value enhancements and expand market capitalization, the Board of Directors of the company recently resolved to acquire two new HFO based power plants of the Group. These two companies - United Anwara Power Ltd (UAnPL) and United Jamalpur Power Ltd (UJPL) - would expand the production base and earnings potentialities immensely, effective 1 July 2020 (FY 20-21).

Above acquisitions would add further 415 MW power generation capacity to the existing 486MW, nearly 96 percent increase. Further, both the acquired companies have 14 more years of tax exempted life remaining. It is also expected to boost the consolidated earnings of UPGDCL by 85 percent having similar positive effect on EPS in the years to come.

### **Dividend policy**

UPGDCL and its Sponsors have always been focused on positioning the company at a strategic keel where shareholders' value maximization at consistent pace with durability is ensured. Dividend policy being pursued by the company ever since its listing bears a strong testimony to this. UPGDCL has positioned itself as the premier power company at the DSE with nearly two billion Dollar market capitalization.

In continuation of the previous year's trends, the Board of Directors of the company have recommended Dividends in the form of 145 percent Cash Dividend (BDT 14.5 per share) for each Share of BDT 10/- and Stock Dividend of 10 percent (one bonus share for every ten ordinary shares held) out of the distributable Net Profit for the year.

### **Honorable Shareholders**

All the above narratives are sheer reflection of your continued support and confidence on the Board and Management of the company. It has been a partnership and togetherness in growth over the years.

I also take this opportunity to commend the Managing Director and his Team who worked fearlessly and relentlessly even during the pandemic to keep UPGDCL moving. Every bit of outcomes and results are reflection of work with dedication and the positive mindset of the Board, Management and Employees of all strata that drives the Team UPGD. I also thank my fellow Directors for their support, guidance and contributions.

May Allah (ST) lead us to greater and safer future and success in the coming days "Ameen".

General Md. Abdul Mubeen, SBP, ndc, psc (Retd.)

Chairman

# PROFILES OF DIRECTORS





GENERAL MD. ABDUL MUBEEN, SBP, ndc, psc (Retd.)
Chairman

General Muhammad Abdul Mubeen, SBP, ndc, psc (Retd.) is a retired four-star General of the Bangladesh Army. He was a student of Adamjee Cantonment Public School and Adamjee Cantonment College and graduated from the Bangladesh Military Academy in 1976. General Mubeen is a graduate of the Defense Services Command and Staff College and also the National Defense College, Bangladesh. He has successfully completed the Senior Command Course from the War College in India. In his long service career, he has attended various professional courses both at home and abroad. He completed the NATO Weapon Conversion Course, Officers Weapons Course and Junior Tactics Course from School of Infantry and Tactics, where he returned later to teach tactics. He went to Military School in Guangzhou, China to undergo Infantry Heavy Weapons Course.

General Mubeen has a commendable record of ethical leadership and retired from the Bangladesh Army in 2012 after a long distinguished military career spanning over three decades of honorable active service. He started his career as a commissioned officer in an Infantry battalion. During his service career he has served in various challenging command, staff and instructional appointments. He has commanded two infantry battalions, one infantry brigade and two infantry divisions including the largest field formation in Bangladesh Army in Chittagong and Chittagong Hill Tracts involved in post counter insurgency operations. He has been the Director, Military Training of Bangladesh Army and senior tactics instructor in Bangladesh Military Academy. He served as the Chief of Staff in United Nations Operations in Mozambique (ONUMOZ). He has been at the helm of affairs of two prestigious institutions namely Defense Services Command and Staff College and Bangladesh Institute of International and Strategic Studies. His last assignment in service was holding the highest office of the Chief of Army Staff, Bangladesh Army.

General Mubeen has attended, chaired and been a panelist in numerous international conferences, seminars and exercises both at home and abroad. Some of his significant ex-officio assignments include, but not limited to, being Chairman of The Trust Bank Limited, Chairman Sena Hotel Development Limited, Chairman Board of Trustees, Sena Kallyan Sangstha, President Bangladesh Olympic Association and President of Bangladesh Golf Federation.

For his commendable service the Government of Bangladesh has awarded him the highest military award "Sena Bahini Padak". Besides, General Mubeen's award and decorations include 16 operational, service and UN honors, medals and decorations for his distinguished service.

#### **DIRECTORS' PROFILE**



HASAN MAHMOOD RAJA Director, UPGDCL

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'.

With a humble beginning in 1978, Mr. Raja displayed his excellence in business entrepreneurship by building his business domain. Within a span of 37 years of his business career, he successfully managed to establish many diversified business enterprises under the umbrella of United Group

Dominant position of United Group in the Country's Power and Real Estate sectors and creating unique establishments like Khulna Power Company Ltd., United Hospital Ltd., and United International University are few of his landmark entrepreneurship.

Mr. Raja has held the position of the Chairman of United Enterprises & Co. Ltd. since its inception and at present is engaged as the Chief Advisor to the Board of United Enterprises & Co. Ltd. He has been in the role of Chairman and Managing Director of more than 20 Concerns of the Group, notably Khulna Power Company Limited, Neptune Land Development Ltd, United City Twin Towers Developers Ltd, United Hospital etc. He is also the Chairman, Board of Trustees of United International University.

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 in Jamalpur and surrounding areas.



AHMED ISMAIL HOSSAIN Director, UPGDCL

Mr. Ahmed Ismail Hossain is one of the Founding Directors of United Group. After schooling from Faujderhat Cadet College, he completed his Honours and Master's degrees in International Relations from Dhaka University.

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 one of the Advisors to the Board of United Enterprises & Co. Ltd., the Vice-Chairman of United Hospital Ltd and Managing Director of Comilla Spinning Mill Ltd. 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.



KHANDAKER MOINUL AHSAN Director, UPGDCL

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.

Being one of the first generation Directors, Mr. Shamim is now one of Advisors to the Board of United Enterprises & Co. Ltd. In addition to playing the role of one of the Advisors, he is on the Board of Directors of several United Group companies namely United Hospital Limited, Khulna Power Company Ltd., etc. 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.



AKHTER MAHMUD
Director

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 Bagladesh, a milestone the Group achieved through his pivotal part.

Mr. Rana is one of the Advisors to the Board of United Enterprises & Co. Ltd. He is one of the Directors on several entities of the Group namely United Hospital Ltd., Khulna Power Company 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.

#### **DIRECTORS' PROFILE**



FARIDUR RAHMAN KHAN Director

Mr. Faridur Rahman Khan, one of the first- generation Directors of United Group, was born in 1955 and hails from Louhojang, Munshiganj. After completion of his Bachelors in Science, he engaged himself in Business. Since the inception of United Hospital Ltd., Mr. Faridur Rahman Khan has been at its helms in the capacity of its Managing Director. Under his entrepreneurship and foresight, United Hospital developed its healthcare facility at par with any international standard hospitals. 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. At present he is involved as Advisor to the Board of United Enterprises & Co. Ltd.

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.



ABUL KALAM AZAD
Director

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 one of the Advisors to the Board of United Enterprises & Co. Ltd. Best known for his dynamism, he has been one of the key entrepreneurs 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. He has been leading the real estate ventures of the Group for over four decades in the capacity of the Managing Director, notably Neptune Land Development Ltd., United City Twin Towers Developers Ltd., Neptune Commercial Ltd. etc. He is also the Director of Khulna Power Company Limited (KPCL), 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.



MD. ABUL HOSSAIN Director

Md. Abul Hossain has joined as Managing Director of Investment Corporation of Bangladesh (ICB) on August 2019. He started his career as a System Analyst/Senior Principal Officer in ICB in 1998 and served different position in the same organization. Before his joining he acted as Managing Director at Karmasangsthan Bank (KB).

He has over 29 years of diversified experience in investment banking, specialized and commercial banking, Islamic banking, Asset management and ICT works. During his professional life, he served at 16 organizations with different capacities. He served as a Chairman of 3 organizations before, out of which two are the subsidiaries of ICB and the other is Aziz Pipes Ltd. In addition to this, he served as a Director to a number of organizations like Islami Bank Bangladesh Limited, The Farmers Bank Limited (Now Padma Bank), Nitol Insurance Company Limited, AllTex Industries Limited, ICB Securities Trading Company Limited, Aramit Limited, Kay & Que (Bangladesh) Limited, Business Automation Limited, DNS Satcomm Limited and Upload Yourself Systems Limited.

He has been contributing his professional expertise as the Chairman of ICB Capital Management Ltd. Apart from that he is now serving as the Director of British American Tobacco Bangladesh Co. Ltd. (BATBC), Linde Bangladesh Limited, GlaxoSmithKline Bangladesh Ltd. (GSK), Renata Limited, and some other Directorships.



MOINUDDIN HASAN RASHID Managing Director, UPGDCL

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 on 12 July 2020 was appointed as the Chairman of United Enterprises & Co. Ltd. in addition to his previous role as the Managing Director. 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). 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 and spearheaded the Joint-Venture of Gunze United Limited in 2013. In 2018, Mr. Rashid led United Mymensingh Power Ltd., a 200 MW HFO fired IPP to commissioning in only 6 months, parallely overseeing construction of 2 more power plant, United Jamalpur and United Anwara Power.

Currently, Mr. Rashid is the Managing Director and/or of all the corporate entities under United Group, notably, United Energy Ltd., United Mymensingh Power Ltd., United Ashuganj Energy Ltd., United Anwara Power Ltd. and United Property Solutions Ltd. (UPSL) and is in the Board of Directors of United Hospital Ltd. (UHL), Khulna Power Company Ltd. (KPCL) and United Landport Teknaf Ltd. (ULPTL). 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.

#### **DIRECTORS' PROFILE**



MALIK TALHA ISMAIL BARI Director

Mr. Malik Talha Ismail Bari joined United Group in 2008 as its Associate Director and was subsequently appointed as one of its second generation Directors in 2011. Mr. Malik completed his Bachelors in Business Management from King's College London, UK in 2005 and Masters in Finance from University of New South Wales, Australia in 2007. Prior to joining United Group he interned at the South Asia Enterprise Development Facility (a sister concern of IMF) in Dhaka and has also worked as a marketing representative at Bank West, New South Wales, Australia.

Since his introduction to the Group, he has been avidly involved in developing the Group's construction sector alongside the first generation directors. He is in charge of supervising all the construction projects of the Group, namely IPCO hotels, United City Condominium Complex, United City IT Park among others. Mr. Malik's knack for providing creative solutions led to the birth of Unimart Ltd., From the early stages of its inception in 2013, he has led the noteworthy growth of Unimart in the capacity of its Managing Director.

Mr. Malik is one of the Directors of all the corporate entities under United Group, notably United Enterprises & Co. Ltd., United Anwara Power Ltd., IPCO Developments Ltd., United Hospital Ltd., United Property Solution Ltd. etc. In addition to this, he is also a member of the Board of Trustees of United International University and an active member of Trustees of United Trust, a CSR organization of the Group.



NASIRUDDIN AKHTER RASHID
Director

Mr. Nasiruddin Akhter Rashid, born in 1983, began his professional career at United Group as an Executive at United Hospital Ltd. back in 2006. He completed his studies in combination of home and abroad: British Council, Dhaka, Sunway College, Malaysia and a Degree in Commerce from Monash University, Melbourne, Australia.

Mr. Nasir joined the United Enterprises & Co. Ltd. in 2008 as a Management Trainee and was thereafter appointed as its Associate Director in 2009. As a young entrepreneur, Mr. Nasir was deeply involved with business affairs of the Group and his keen sense of professionalism led to his appointment as the Director of United Group in 2013. He currently oversees the administration unit and the land division of the Group. He is also involved in overseeing the day to day operation of the Singapore Trading arm of the Group, United Energy Trading Pte. Ltd., United Land Port Teknaf Ltd., United Tank Terminal Ltd. and United Shipping & Logistics Services Ltd. in the capacity of its Managing Director.

Mr. Nasir is one of the Directors of all the corporate entities under United Group, notably United Enterprises & Co. Ltd., United Anwara Power Ltd., United Hospital Ltd., Neptune Land Development Ltd. etc. In addition to this, he is also a member of the Board of Trustees of United International University and an active member of Trustees of United Trust, a CSR organization of the Group.



FAHAD KHAN Director

Mr. Fahad Khan, born in 1988, completed his graduation in Economics and Business from University of Sheffield, UK in 2009. He has been serving as an Associate Director in the Board of United Group since 2009. As a young entrepreneur, Mr. Fahad has displayed passion towards the tasks assigned to him and motivated to deliver accordingly. Mr. Fahad has been playing a dynamic role in the growth of the Group by demonstrating his entrepreneurial capability while performing various assigned responsibilities in the Group.

He has been involved with the Hospital since its early days and has played a noteworthy role in its decade long journey. Mr. Fahad has helped the Group further broaden its business portfolio through the initiation of United Pharma and Healthcare Ltd. with the brand name Wellbeing and through sourcing and supply of medical items, Dhaka Indenting Ltd.

Mr. Fahad is also a member of the Board of Trustees of United International University and an active member of Trustees of United Trust, a CSR organization of the Group.



WASEKUL AZAD
Director

Mr. Wasekul Azad was born in 1985 in Dhaka. After completion of his schooling in Bangladesh, he went to United Kingom for higher studies. There he completed his Bachelor in Sciene in Business Management from University of Essex in 2009. He came to Bangladesh and completed his Masters in Business Administration in 2011 from United International University.

He joined United Group as its Associate Director upon his return to Bangladesh after completion of his graduation. He simultaneously served his responsibilities as the Associate Director of the Group while pursuing his Masters. Mr. Wasekul oversees the day to day operation of United Polymer Ltd., a value based manufacturing unit of United Group, focused on innovating, manufacturing and marketing of polyethylene (PET) products. He is also looking after the construction of the real estate projects at United City, Dhaka. In addition to his present responsibilities he is also a Director in the board of United Hospital Ltd, a member of the Board of Trustees of United International University and an active member of United Trust.

#### **DIRECTORS' PROFILE**



NIZAMUDDIN HASAN RASHID
Director

Mr. Nizamuddin Hasan Rashid, born in 1990, is one of the youngest second generation member of United Group. After completion of his schooling he joined United International University in the department of Electrical & Electronics Engineering. Upon completion of his graduation he joined United Group as Management Trainee, working closely with the Chairman of United Group.

Mr. Nizam's strong business acumen and adaptability has been complemented by the multifarious business portfolio of United Group. He was appointed as the Director of United Power Generation & Distribution Company Ltd. and United Hospital Ltd shortly after his appointment to the Group. In addition, he has also been appointed as the Managing Director of United Group's Tea Division, a recent business venture of the Group.



KHONDAKER ZAYED AHSAN Director

Khondaker Zayed Ahsan is an Associate Director at United Group. He joined the company in January 2019 as a Management Trainee. He has been overseeing the implementation of some of the key initiatives within United Property Solutions Ltd., United Lube Oil Ltd. and United Trust.

After successful completion of his internship, he joined as an Associate Director of United Enterprises & Co. Ltd. In his new role he is now actively driving the sales based concerns of the Group namely United Lube Oil Ltd. and United Sulpho-Chemical Ltd.

Mr. Ahsan holds a Bachelor's degree in Economics from the prestigious Stony Brook University in New York. While enrolled in Stony Brook University, he was an active member of the student community, serving on the board of multiple student associations. Upon graduation, he joined Broder- Mansoor Inc, a renowned wealth management company based in New York City, where he gained valuable experience and exposure working with high net-worth clientele.

Mr. Ahsan is passionate about growing the business coverage of the group and working in several long and short term projects. He is an energetic and target oriented personality. He is helping to bring energy and dynamism in the organization. He is a great believer of team work and dreams to achieve lots of milestone as a member of management team.



LT. GEN. SINA IBN JAMALI, awc, psc (Retd.)
Independent Director

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, SenaKallyanSangstha, 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.



**DR. MUHAMMAD FOUZUL KABIR KHAN** Independent Director

Dr. Khan is a distinguished Economist with over 35 years of experience in civil service, tax and regulatory matters, infrastructure financing, energy policy, renewable energy and various advisory services. He has worked in Bangladesh, United States, Singapore, Indonesia, Papua New Guinea and most recently South Sudan.

Dr. Khan is the founder CEO and a former Director of Infrastructure Development Company Ltd. (IDCOL), the largest infrastructure finance company of Bangladesh. He is also a former professor of Economics and Finance at the School of Business, North South University.

He served as the Secretary of the Power Division, Ministry of Power, Energy and Mineral Resources of the Government of Bangladesh from 2007-2008. During his tenure as Secretary, he is credited for the turnaround of the power sector in Bangladesh through generation capacity addition, expansion of transmission and distribution networks and implementing institutional and policy reforms. He was a Policy Expert to the World Bank to assess the Capacity Building Needs in Energy Sector as well as develop an Electricity Sector Strategy Note for South Sudan and conducted Bangladesh Off-grid Energy Sector study for International Finance Corporation (IFC).

Dr. M. Fouzul Khan received his PhD in Economics in 1989 from Boston University, USA. He has also taught as part and full-time faculty at University of Massachusetts at Boston, National University of Singapore, North South University, BRAC University in Bangladesh.

Earlier, he served at the National Board of Revenue and was involved in design and implementation of tax and tariff reform in the early nineties.

### **DIRECTORS' PROFILE**



**PROFESSOR MOHAMMAD MUSA, PhD.** Independent Director

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.

### **OUR DIRECTORS IN OTHER BOARD**

	Name of the Companies	General Md. Abdul Mubeen (Retd.)	Hasan Mahmood Raja	Ahmed Ismail Hossain	Khandaker Moinul Ahsan Shamim	Akhter Mahmud Rana	Faridur Rahman Khan	Abul Kalam Azad	Malik Talha Ismail Bari	Nasiruddin Akhter Rashid	Fahad Khan	Wasekul Azad	Nizamuddin Hasan Rashid	Khondaker Zayed Ahsan	Moinuddin Hasan Rashid	Md. Abul Hossain	Lt. Gen. Sina Ibn Jamali (Retd)	Prof. Dr. Mohammad Musa	Dr. Muhammad Fouzul Kabir Khan
1	United Enterprises & Co. Ltd.	-	-	-	-	-	-	-	1	1	-	-	-	-	1	-	-	-	-
2	United Ashuganj Energy Ltd.	-	-	-	-	-	1	-	-	-	-	-	-	-	1	-	-	-	-
3	United Anwara Power Ltd.	-	-	-	1	-	1	1	1	1	-	-	-	-	1	-	-	-	-
4	Khulna Power Company Ltd.	-	1	1	1	1	1	1	-	-	-	-	-	-	1	-	1	1	-
5	United Jamalpur Power Ltd.	-	1	-	1	-	1	1	1	1	-	-	-	-	1	-	-	-	-
6	United Mymensingh Power Ltd.	-	1	-	1	-	1	J	J	1	-	-	-	-	1	-	-	-	-
7	United Energy Ltd.	-	J	-	1	1	1	J	J	-	-	-	-	-	1	-	-	-	-
8	United Engineering & Power Services Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-
9	United Hospital Limited	-	1	J	1	1	1	1	1	1	1	1	-	-	1	-	-	-	-
10	United Chattogram Hospital Ltd.	1/-	1	-	1	-	1	1	1	1	-	-	-	-	1	-	-	-	-
11	United International University	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Leviathan Global BD Ltd.	10-	1	-	-	-	-	-	1	1	-	-	-	-	1	-	-	-	-
13	United Chattogram Power Ltd.	-	1	-	1	-	1	1	1	1	-	-	-	-	1	-	-	-	-
14	United Payra Power Ltd.	0	-	T	-	-	-		1	1	1	-	-	-	1	-	-	-	-
15	United Trust	-	1	J	1	1	1	1	1	1	1	1	-	-	1	-	-	-	-
16	United City Twin Tower Developers Ltd.	-	- 1	-	1	1	1	1	1	-	-	-	-	-	1	-	-	-	-
17	Neptune Commercial Ltd.	-	-	-	1	-	1	1	1	1	-	-	-	-	1	-	-	-	-
18	Neptune Land Development Ltd.	-	-	-	1	-	1	1	1	1	-	-	-	-	1	-	-	-	-
19	United Purbachal Land Ltd.	-	1	J	1	1	1	1	-	-	-	-	-	-	1	-	-	-	-
20	United Property Solutions Ltd.	-	-	-	1	-	1	1	1	1	1	-	-	-	1	-	-	-	-
21	Unimart Limited	-	-	-	1	-	1	J	1	1	-	-	-	-	1	-	-	-	-
22	United Elevator World Ltd.	-	-		1	-	1	1	1	1	-	-	-	-	1	-	-	-	-
23	United Land Port Teknaf Ltd.	-	-	J	1	1	-	J	1	1	-	-	-	-	1	-	-	-	-
24	United Lube Oil Ltd.	-	<u>-</u>	1/-	1	-	1	1	1	1	-	-	-	-	1	-	-	-	-
25	United Makkah Madina Travel and Assistance Co. Ltd	-	1	-	1	1	1	1	1	-	-	-	-	-	1	-	-	-	-
26	United Polymers Ltd.	-	-	-	1	1	1	1	1	7-	-	-	-	-	1	-	-	-	-
27	United Shipping and Logistic Services Ltd.	-	-	-	1	-	1	1	1	1	-	-	-	-	1	-	-	-	-
28	United Securities Ltd.	-	1	1	1	-	1	1	1	1	-	-	-	-	1	-	-	-	-
29	UG Security Services Ltd.	-	-	-	-	-	-	-	-	1	-	1	-	-	-	-	-	-	-
30	United Pharma & Healthcare Ltd	-	-	-	1	-	-	-	-	-	1	-	-	-	-	-	es -	-	-
31	Gunze United Limited	-	-	-	-	-	-	-	1	1	-	-	-	-	1	-	-	-	-
32	Comilla Spinning Mills Ltd.	-	1	1	1	1	1	1	1	1	-	-	-	-	1	-	-	-	-
33	United Tank Terminal Ltd.	-	-	-	1	1	1	1	1	1	-	-	-	-	1	-	-	-	-
34	Radiant Nutraceuticals Ltd.	-	-	-	-	-	-	- /	(/ <del>.</del>	-	-	-	-	-	-	-	1	-	-
35	Radiant Distribution Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
36	Pharmacil Ltd.	-	-	-	-	-	-	= = //	// <del>-</del> ///	-	-	-	-	-	-	- 87	1	-	-
37	Radiant Pharmaceuticals Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
38	Moulvi Tea Company (Private) Ltd.	-	1	-	1	-	1	1	1	-	-	// -	1	-	1	-	-	- //	-
39	Airport Hotels Ltd.	-	1	-	1	-	-	1	1	1	1	-	-	-	1	-	-	-	-
40	United LPG Ltd.	-	-	-	1		-	1	1	1	1	-	-	-	1	-	-	- //	-
41	United Sulpho-Chemicals Ltd.	-	√	1	1	1	1	1	-	-	-	-	-	-	1	-	-	-	-

## Directors' Report

### to the Shareholders

FOR THE YEAR ENDING 30 JUNE 2020



### Honorable Shareholders,

he Board of Directors of UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD (UPGDCL), also referred to as the "company" in the Report hereafter, have the pleasure in submitting the Directors' Report and the Audited Financial Statements of the company for the financial year ending 30 June 2020.

Last quarter of the year was marked by the coronavirus (COVID-19), an unprecedented and unanticipated global scenario. Economy and business suffered side by side the society as a whole. UPGDCL as a business unit and linked to the economy, was no exception in this case. During the lockdown period the country's EPZs, more specifically DEPZ and CEPZ both experienced closure and economic activity disruptions in different forms. Overall financial results reflected the impact of Covid 19 which remains a growing reality in the near future as well.

### **GLOBAL ECONOMIC OUTLOOK**

The coronavirus (COVID-19), which has emerged as a global pandemic, poses a major risk to a global economy. Protecting lives and allowing health care systems to cope with, have required quarantine, isolation, lockdown etc. which in turn has severely limited economic activity. As a result of the pandemic, the global economy is anticipated to contract significantly more than during the 2008-09 financial crises.

The IMF report indicated that the global big four, the US, China, the Eurozone, and Japan would not see any improvement in their growth rates over the next five years. The OECD Interim Economic Outlook made projections for these economies where the estimated growth rates for 2019 and 2020 for these countries/zone are as follows: the US at 2.4 per cent and 2.0 per cent respectively, down by 0.4 percentage point, the Eurozone at 1.1 per cent and 1.0 per cent respectively, down by 0.1 percentage point, China at 6.1 per cent and 5.7 per cent respectively down by 0.4 percentage point and Japan at 1.0 and 0.6 respectively down by 0.4 percentage point. The OECD report further added that the global economic outlook had become increasingly fragile and uncertain. It also observed that GDP (gross domestic point) growth was subdued and global trade was contracting.

GDP in the South Asia region is projected to contract by 2.7% in 2020 as pandemic mitigation measures hinder consumption and services activity and uncertainty about the course of the pandemic chills private investment. In India, growth is estimated to have slowed to 4.2% in FY 2019/20, which ended in March 2020. Output is projected to contract by 3.2% in FY 2020/21, when the impact of the pandemic will largely hit. Pakistan (-2.6% in FY 2019/20) and Afghanistan (-5.5%) are both projected to experience contractions,

as mitigation measures are anticipated to weigh heavily on activity. Growth in Bangladesh (1.6% in FY 2019/20) and Nepal (1.8% in FY 2019/20) is expected to decelerate markedly due to pandemic-related disruptions including mitigation measures and sharp falls in exports and remittance inflows.

### **GLOBAL TRADE**

World trade was already been slowing down prior to the COVID-19 pandemic, the economic and social disruptions brought by COVID-19 are resulting in a dramatic decline in trade. The value of international trade in goods has declined by about 5 percent in Q1 2020 and is expected to decline further by 27 percent in Q2 2020. A Steep Downturn in Global Trade in Goods Leading indicators, such as the Purchasing Manager Indices (PMIs), also signal further deterioration of international trade in the second quarter. While PMIs tracking international trade indicate that the pace of contraction has slowed in May, they have remained well below the 50 points benchmark.1 International trade is likely to remain below the levels observed in 2019 in the second half of the year. The magnitude of which will be dependent upon not only additional economic disruptions brought by the COVID-19 pandemic but also on the type and extent of policies that countries will adopt to restart their economies. Assuming persisting uncertainty, UNCTAD expects a decline of around 20 per cent for the year 2020. This is in line with World Trade Organization (WTO) which expects that the decline in international trade will be between 13 and 32 percent. European Commission expects that EU27 trade will decline by 10-16 percent in 2020. The wide range of estimates is a sign of the still high uncertainty about the possibility of any economic recovery in the second half of the year.

### **FINANCIAL MARKET**

More importantly, the current global economic environment creates policy uncertainty that flows on to weigh on risk sentiment in financial markets negatively impacting on the future growth prospects. Still uncertainty persists about the exact nature and timing of Brexit which further adds to uncertainty, hence uncertainty about European and British economic growth prospects. In fact, the IMF indicated that the US-China trade conflict would cause a decline in Global GDP by 0.8 per cent in 2020. In addition, rising levels of debt have made the global financial system more vulnerable to financial market stress. Since the global financial crisis, global debt has risen to 230 percent of GDP, with EMDE debt reaching a historic high of 170 percent of GDP by 2019 (Figure 1.15.A). In almost 40 percent of EMDEs, government debt is now at least 20 percentage points of GDP higher than it was in 2007 (Kose et al. 2020). In addition, more than a guarter of corporate debt in the average EMDE is denominated in foreign currency.

### **DIRECTORS' REPORT (CONT.)**

### **COMMODITY MARKET**

Commodity prices fell sharply in the first half of 2020, owing to a collapse in demand resulting from the COVID-19 pandemic. The fall was greatest in oil prices, partly reflecting weaker demand for transport and travel. A renewed OPEC+ agreement in April proved insufficient to bolster prices, which have fallen more than in previous major events. The decline in demand expected for 2020 is unprecedented by historical standards.

### **OUTLOOK 2020**

The June 2020 Global Economic Prospects describes both the immediate and near-term outlook for the impact of the pandemic and the long-term damage it has dealt to prospects for growth. The baseline forecast envisions a 5.2 percent contraction in global GDP in 2020, using market exchange rate weights—the deepest global recession in decades, despite the extraordinary efforts of governments to counter the downturn with fiscal and monetary policy support. Over the longer horizon, the deep recessions triggered by the pandemic are expected to leave lasting scars through lower investment, an erosion of human capital through lost work and schooling, and fragmentation of global trade and supply linkage.

Emerging market and developing economies will be buffeted by economic headwinds from multiple quarters: pressure on weak health care systems, loss of trade and tourism, dwindling remittances, subdued capital flows, and tight financial conditions amid mounting debt. Exporters of energy or industrial commodities will be particularly hard hit. The pandemic and efforts to contain it have triggered an unprecedented collapse in oil demand and a crash in oil prices. Demand for metals and transport-related commodities such as rubber and platinum used for vehicle parts has also tumbled. While agriculture markets are well supplied globally, trade restrictions and supply chain disruptions could yet raise food security issues in some places.

### **BANGLADESH ECONOMIC OUTLOOK:**

Country Overview

AREA	POPULATION				
148,460 km	164 million (2020)				
GDP PER CAPITA	GDP GROWTH RATE				
US\$ 1,970 (FY2019-20)	8.15% (2020)				
GNI PER CAPITA (PPP)	COUNTRY STATUS				
US\$ 2,064 (FY2019-20)	Lower Middle-Income Country (2015)				

Source: Bangladesh Economic Review, 2020

Bangladesh, the next

**MCKINSEY & COMPANY** 

### Macroeconomic Overview: Bangladesh 2019-20

Economic growth slowed to 5.34 percent in FY2019-20, according to the provisional estimates of Bangladesh Bureau of Statistics (BBS), which is the lowest since FY2008-09. As per final estimate GDP growth was 8.15 percent in FY 2019-20. According to the provisional estimate of BBS, the growth of agriculture sector has slowed to 3.11 percent in FY2019-20, from 3.92 percent in FY2018-19. During the same period, industry sector grew by 6.48 percent, which was 12.67 percent in previous fiscal year. The service sector grew by 5.32 percent in FY2019-20 compared to 6.78 percent in the previous fiscal year. The contribution of agricultural, industry and service sectors reached at 13.35 percent, 35.36 percent and 51.30 percent respectively in FY2019-20 against 13.65 percent, 35.00 percent and 51.35 percent respectively in the previous fiscal year.

Source: Trading Economics

The gross investment stood at 31.75 percent of GDP in FY2019-20, which was 31.57 percent of GDP in the previous fiscal year. Of this, public investment and private investment accounted for 8.12 percent and 23.63 percent of GDP, respectively, up from 8.03 percent and 23.54 percent of GDP in the previous fiscal year. In FY2019-20, the inflation rate stood at 5.65 percent, which is slightly higher than the target (5.50%). In this case, food inflation increased to 5.56 percent and nonfood inflation stood at 5.85 percent. The Coronavirus (COVID-19) pandemic has slowed global economic activity and reduced inflation globally. However, the pandemic could ignite world food production and cause disruption in supply chain. Therefore, food inflation is likely to increase in the coming months.

Bangladesh will be the 12th economic power of the world in 2050

**USB** 

According to the revised budget, the total expenditure target for FY2019-20 has been set at Tk. 5,01,577 crore, which is 17.88 percent of GDP. Of this, operating expenditure is Tk. 2,95,280 crore (10.52% of GDP) and development expenditure is Tk. 2,02,349 crore (7.21% of GDP). Annual Development Programme (ADP) allocation is Tk. 1,92,921 crore (6.88% of GDP) of the total development budget.

With a view to ensuring the adequate liquidity in the financial system to tackle the impending financial crisis stemming the from outbreak of the COVID-19 pandemic, Bangladesh Bank reduced the reporate from 6 percent to 5.25 percent. The Cash Reserve Requirement (CRR) was initially reduced from 5 percent to 4.5 percent (daily-basis) and from 5.5 percent to 5 percent (bi-weekly basis), with a further reduction to 4 percent and 3.5 percent, respectively, from 15 April 2020. Bangladesh Bank has also raised the advance-deposit ratio (ADR) and investment-deposit ratio (IDR) by 2 percent to 87 percent and 92 percent respectively to facilitate credit to the private sector and improve liquidity in the banking system.

At the end of FY2019-20, the growth of private sector credit stood at 8.61 percent, compared to 11.32 percent in the previous fiscal year.

Electricity Generation Capacity

+376%

4.9 GW ('09) to 23.5 GW ('20)

Foreign Exchange Reserve

USD 39.1 billion

Historically Largest ('20)

Economic Outlook

Stable

Fitch, Moody's, S&P

The net credit to the government increased by 55.51 percent at the end of June, 2020 compared to 19.37 percent increase in same period of previous fiscal year. Initiatives have been taken to rationalize the interest/profit rate of loans/investments with a view to creating an industry and business friendly environment for the industrial, business and service organizations. Bangladesh Bank issued a circular on fixing the interest rate on loans at a maximum of 9 percent (except credit card).

World trade has slowed since the beginning of 2020 due to trade disputes between the United States and China, falling oil prices and declining revenue in the oil producing countries. The economic activities came to stagnant due to the COVID-19 pandemic, which also affected country's foreign trade. Total export earnings in FY2019-20 stood at US\$ 33,674.09 million, down 16.93 percent from the previous fiscal year. Similarly, imports in FY2019-20 stood at US\$ 54,784.70 million, down 8.56 percent over the previous fiscal year. The export sector is expected to rebound once the Corona crisis is resolved. The government has taken several steps as an incentive in the export sector. The size of the Export Development Fund (EDF) has already been increased from US\$ 350 million to US\$ 500 million and interest rate has been reduced to 2 percent.

Low cost and high return manufacturing destination in Asia

**JETRO** 

### **DIRECTORS' REPORT (CONT.)**



"The Next Eleven Bangladesh among
the 11 nations,
have high economic
potential"

### **GOLDMAN SACHS**

### **INVESTMENT CLIMATE**

Considering industrialization or industrial sector as the most important sector, Industrial Policy, 2016, was announced to speed up the pace of industrialization in the country and inclusive industrial growth through generation of productive employment to create new entrepreneurs, mainstreaming women in the industrialization process and international market linkage creation. In order to implement these goals and objectives, proper strategies are outlined in the industrial policy. Small and Medium Enterprises (SMEs) are considered as a potential sector for solving unemployment problem through new employment generation. Total outstanding loan in SME sector at the end of 2019 is Tk. 2,19,293.97 crore. In 2019, Banks and NBFIs altogether have disbursed an amount of Tk. 1,67,970.67 crore against 774,122 SMEs. On the other hand, 56,706 women led SME enterprises received financing of Tk. 6,108.99 crore in 2019.

Bangladesh Export Processing Zones Authority (BEPZA) has been engaged in attracting and facilitating foreign and local investment in the Export Processing Zones of the country. As of February 2020, 474 enterprises are in operation and 83 enterprises are under construction. As of February 2020, the amount of cumulative investment in the EPZs is US\$ 5,226.40 million. Up to February 2020, a total of 5,01,355 Bangladeshi nationals have been employed in the enterprises in the EPZs, out of which 66 percent are female.

The gross investment stood at 31.75 percent of GDP in FY2019-20, which was 31.57 percent of GDP in the previous fiscal year. Of this, public investment and private investment accounted for 8.12 percent and 23.63 percent of GDP, respectively, up from 8.03 percent and 23.54 percent of GDP in the previous fiscal year.

### **GLOBAL OUTLOOK ON BANGLADESH**



### **FDI INFLOW**

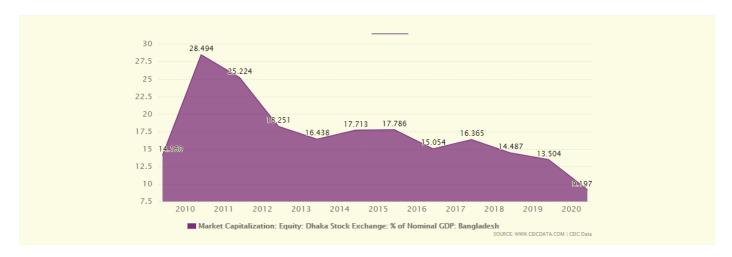
In the first nine months of FY2019-20 (July-March, 2020), the country's manpower exports stood at 5.31 lakh people, which is 2.73 percent more than the same period of the previous fiscal year. From April 2020 to June 2020, manpower exports were virtually closed. In FY2019-20, remittance inflows stood at US\$ 18,205.01 million, an increase of 10.87 percent over the previous fiscal year due to introduction of 2 percent incentives on remittances sent by NRBS.

During this period, the current account balance decreased as remittance flows increased. The current account deficit stood at US\$ 4,849 million, compared to US\$ 5,102 million in the previous fiscal year. On the other hand, due to increase inflow in capital and financial account, the overall balance of payments increased from US\$ 179 million in FY2018-19 to US\$ 3,655 million in FY2019-20.

The surplus in the overall balance helped maintain the foreign exchange reserve up. On 30 June 2020, the foreign exchange reserves reached US\$ 36.04 billion which was US\$ 32.72 billion 30 June 2019. On October 8, 2020, our foreign exchange reserve reached the record level of US\$ 40 billion. In FY2019-20, the exchange rate of Taka against US\$ remained stable.



### BANGLADESH'S MARKET CAPITALIZATION: % OF GDP IN 2020



### POWER SECTOR SCENARIO IN BANGLADESH

Bangladesh has made significant progress in developing its power sector, primarily through increasing the power generation capacity and by increasing the population's access to electricity. This progress has been achieved through a strategy that combined public and private sector investment, engaging in power trade with India and improving sector efficiency by sharply reducing transmission and distribution losses. It may be particularly mentioned that the recent years have seen the policy and institutional support being geared up to help leverage private investments alongside public investments in energy and power sector. The financing strategy emphasized both public funding as well as financing based on public-private-partnership (PPP).

COUNTRY/REGION	OVERALL INFRASTRUCTURE SCORE	ELECTRICITY				
Bangladesh	2.9	2.9				
India	4.2	3.5				
China	4.7	4.3				
Cambodia	3.1	3.4				
Myanmar	2.1	2.8				
Pakistan	3.0	2.5				
Sri Lanka	3.8	3.9				
Thailand	4.7	4.8				

Source: World Economic Forum, the Global Competitiveness Report 2017-2018, cited in 7th 5 year Plan, Bangladesh

The Global Competitive Index (GCI) published by WEF shows that Bangladesh made progress in improving its overall infrastructure performance, the progress being largely contributed by the marked development in power sector.

YEAR	OVERALL INFRASTRUCTURE SCORE	ELECTRICITY				
2017 - 18	2.9	2.9				
2014 - 15	2.8	2.5				
2009 - 10	2.4	1.8				

Source: World Economic Forum, the Global Competitiveness Reports 2009-10, 2014-2015 & 2017-18 cited in 7th 5 year Plan, Bangladesh

### A SUCCESS STORY

From the beginning of 2009 to September 2020, the total installed capacity has increased from 4,942 MW to 20,383 MW (including captive power). This is a massive increase in installed capacity within a period of less than a decade. The population's access to electricity increased from 47% to 97%, per capita electricity generation also increased from 220 kWh to 512 kWh. Transmission and distribution losses have reduced from 18.2% to 11.96%. These statistics put forward a subtle improvement in electricity production, distribution and generation during the years.

### **FUTURE PLAN**

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

The latest version of the Power System Master Plan, PSMP 2016 aims to create a well-balanced power generation environment that maximizes the respective advantages of different types of power generation methods, including nuclear power, thermal power, hydropower generation and power imports from neighboring countries, from the comprehensive perspective of stable supply, or energy security, environmental performance and economic security

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

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

However, further steps need to be taken to match the demand-supply gap of electricity in a sustainable way and this match the pace of economic growth of the country. Massive capacity enhancement and expansion projects of the power sector are being undertaken. It has been planned to increase the installed capacity to 36 GW by 2025 and about 8,000 km of new transmission lines and 1,20,000 km of distribution lines have also been planned to be constructed by 2020. In accordance with the recent Power System Master Plan, Bangladesh aims to add 2 GW renewable energy (RE) projects in the long term.

Bangladesh power sector is no longer heavily reliant upon Gas as fuel source. In 2010, about 84% of power installed capacity was gas based while about 8% was fuel oil based. As gas reserves are depleting in an unspecific manner the fuel mix proportion has reshuffled and in 2019 about 57.37% of the installed capacity is dependent upon natural gas as fuel source and 25.16% upon furnace oil. The introduction of Coal based power plants and the Nuclear power plant at Rooppur will diversify the fuel mix proportion even more.

The government has started introducing imported coal as new reliable fuel source as 100MW of electricity was generated and added to the national grid in January, 2020 by the first unit of Payra's 1,320MW coal fired power plant as a test run. About 60% work of the 1,320 MW Rampal power plant in Rampal Upazila of Bagerhat has been completed and is expected to start test run in December, 2020 according to officials. Another 1,200 MW coal fired power plant is under construction in Matarbari, Coxs Bazar district, financed by Japan International Cooperation Agency (JICA) and Implementation by Coal Power Generation Company Bangladesh Limited (CPGCBL), about 30% of the project has been completed so far. There are also plans to add another 1,200 MW unit as Phase 2 at Matarbari.

Country's first NPP is under construction at Rooppur which will have total capacity of 2,400 MW and two units of 1,200 MW. The reactors are of Russian Design and VVER-1200 model. The government and IAEA have plans to go into full capacity production by 2023 and 2024.

Government is continuing on its efforts to increase the proportion of renewable energy based power generation in its fuel mix. Scalable power generation through renewable energy is especially important to meet the demand in areas where grid supply is not immediately possible. Bangladesh boasts having the fastest growing Solar Home System (SHS) in the world with about 4 million SHSs already installed having about 18 million beneficiaries (about 11% of the country's total population). Bangladesh's Nationally Determined Contribution (NDC) speaks of producing 10% of its electricity from renewable sources by 2020, a target the country aspires to achieve, in part, by developing a 400-megawatt wind power generation capacity and adding 1000 megawatts of utility-scale solar capacity by 2030.

To continue on its journey of economic growth and thus achieving the developed nation status by 2041, Bangladesh will need to develop the requisite infrastructure to feed the electricity load demand. The number of power plants rose to about 138 with combined power generation capacity of 23,548 MW including 2,800 MW captive generation and 365 MW through renewable energy. The access to electricity has increased to 97%. The maximum demand served so far is 12,892 MW (as of 06 Sep 2020). Bangladesh government has taken aggressive

### **DIRECTORS' REPORT (CONT.)**

measures to mitigate this demand - supply. The country's recent achievements in economic growth and success at maintaining that growth bears testimony to these efforts

### **KEY STATISTICS**

Table 1: Power Sector Snapshot

PARTICULARS	UNIT	BEGINNING OF 2009	PRESENT STATUS	% PROGRESS
Installed Generation Capacity (including captive generation)	MW	4,942	<b>20,383</b> (as of August 2020)	
Maximum Generation	MW	4,130 (on 18 September 2009)	12,892 (on 6 September 2020)	212%
Access to Electricity (including renewable)	%	47	97	106%
Per Capita Electricity Generation	kWh	220	512	132%
Number of Consumers	Lacs	108	379	250%
Total Length of Transmission Line	ckt. km.	7,991	12,293	54%
Total Length of Distribution Line	Thousand km.	260.4	582	123%
Total System Loss (T&D)	%	18.2	11.96	(34%)

Source: Bangladesh Power Development Board

Chart 1: Year-wise Increase in Generation

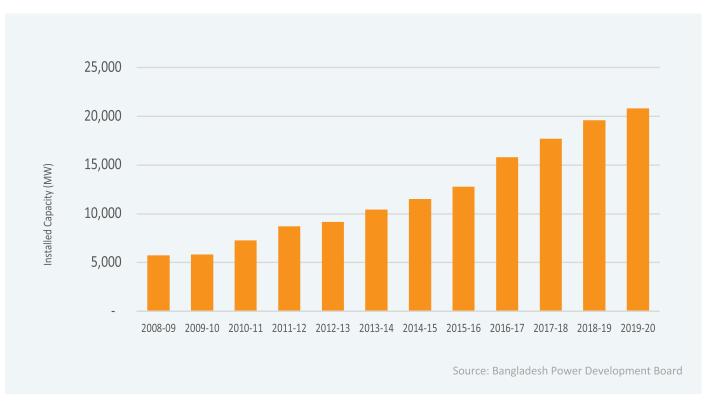


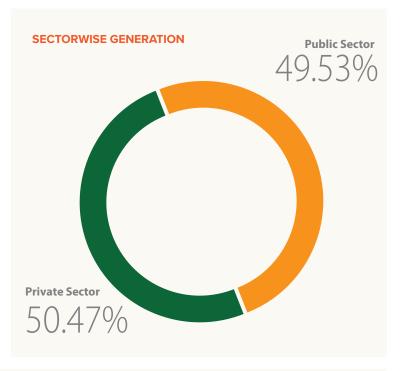
Table 2: Public-Private Mix

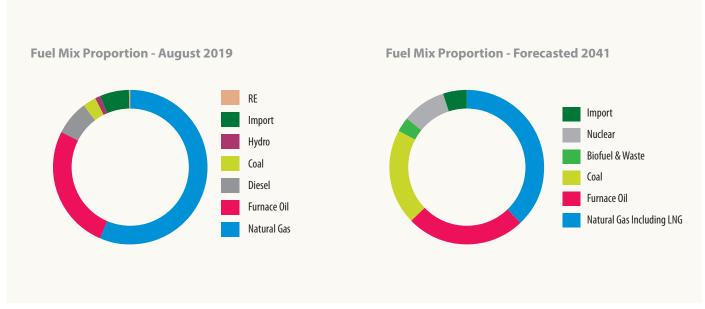
YEAR	2020	2021	2022	2023	2024	2025	TOTAL
Public Sector (MW)	2,456	2,139	981	3,621	2,400	1,975	13,572
Private Sector (MW)	1,063	150	3,109	757	590	1,240	6,909
Power Import (MW)	0	0	1496	0	0	0	1,496
Total (MW)	3,519	2,289	5,586	4,378	2,990	3,215	21,977

Table 3: Sector-wise Generation

Source: Bangladesh Power Development Board

	Installed Capacity	0/
	(MW)	%
Public Sector		
BPDB	5,498	28.64%
APSCL	1,444	7.52%
EGCB	839	4.37%
NWPGCL	1,395	7.27%
RPCL	182	0.95%
BPDB-RPCL JV	149	0.78%
Sub-total	9,507	49.53%
Private Sector		
IPPs	6,689	34.85%
SIPPs (BPDB)	99	0.52%
SIPPs (REB)	251	1.31%
15 year Rental	169	0.88%
3/5 year Rental	1,320	6.88%
Power Import	1,160	6.04%
Sub-total	9,688	50.47%
Sub-total (private only)	8,528	44.43%
Grand Total	19,195	100.00%





#### **OVERALL PERFORMANCE OF THE COMPANY**

UPGDCL's overall performance in the year 2019-20 "**remained consistent**", although, the results of the last quarter of the financial year was impacted by the closure of the DEPZ and CEPZ respectively amid the Covid 19 situation which forced the Government to impose strict quarantine and lock down of the country.

Total Revenue, Gross Profit and Net Profit at the year-end bore a testimony to the above. Revenue growth was 4 percent lower than last year and actual electricity production was 1007,546 MWH 1.63 percent lower in the end. Due to rise in tariff of the gas supplied (42 percent) and also imposition of Demand Charge on the approved gas load resulted over 6 percent higher Cost of Sales which ultimately lowered the Gross Profit by 9 percent. Ultimate Net Profit of the company was BDT 4,349 million.

Consolidated level financial results for UPGDCL bore the combined impact of Covid-19, closure of operations of 53MW plant under United Energy Ltd (UEL), a subsidiary of UPGDCL. At the same time, United Ashuganj Energy Ltd (UAEL) which happens to be a subsidiary of UEL, reported lower adjusted revenue due to the adoption, for the first time, of IFRS 16.

Again, Cost of Sales of all these companies were up due to the imposition of new gas tariff and Demand Charge on the approved load. But, lower O&M costs mostly in the absence of major engine overhauling resulted in considerable savings which somewhat neutralized the cost and revenue impacts narrated earlier.

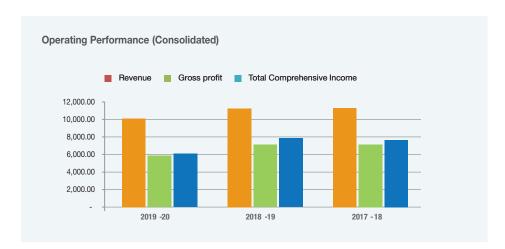
Consolidated Net Profit for the year was BDT 6,079 million and EPS stood at BDT 11.26.

Key operational performance parameters during the period were in line with the results achieved overcoming the challenges thrown out by the Covid 19 situation.

#### **FINANCIAL PERFORMANCE:**

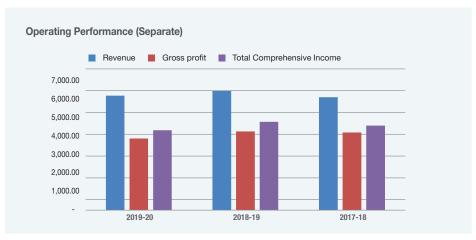
UPGDCL has now under its belt six plants in operation with total generation capacity of 38,72,000 MHW. Total accumulated revenue for the year was BDT 10,094.03 million. Overall summary of financial performance is presented below –

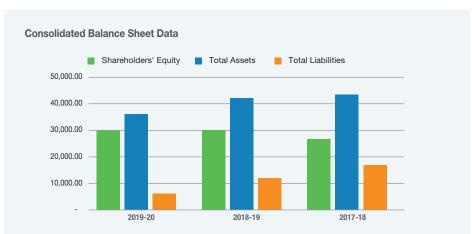
	FINA	NCIAL HIG	HLIGHTS			
						IN MLN BDT
YEAR	2019	-20	2018	-19	2017-	-18
	CONSOLIDATED	SEPARATE	CONSOLIDATED	SEPARATE	CONSOLIDATED	SEPARATE
Revenue	10094.03	6223.16	11253.36	6473.68	11305.49	6144.61
Cost of Sales	(4242.26)	(2328.67)	(4132.34)	(2192.60)	(4177.01)	(1925.80)
Gross Profit	5851.78	3894.49	7121.02	4281.08	7128.48	4218.71
General and administrative expenses	(69.45)	(54.94)	(99.72)	(56.42)	(154.60)	(55.36)
Other income	3.97	3.95	810.97	16.72	783.32	(6.01)
Operating profit	5786.30	3843.50	7832.27	4241.38	7757.20	4157.33
Finance income	524.79	508.26	627.87	562.29	731.85	439.02
Foreign exchange gain/(loss)	(40.56)	0.00	(84.03)	0.01	(279.22)	-
Finance expense	(338.52)	(1.52)	(495.05)	-	(461.80)	-
Profit before tax	5932.01	4350.24	7881.07	4803.68	7748.03	4596.36
Income tax expense	146.78	(1.47)	(26.04)	-	(103.17)	-
Net Profit	6078.79	4348.77	7855.03	4803.68	7644.86	4596.36
EPS (BDT)	11.26	8.25	14.62	9.12	15.65	11.51
NOCFPS (BDT)	13.25	7.19	14.67	8.86	4.80	10.81
NAV (BDT)	56.64	29.64	57.09	33.21	55.68	40.80
Total Assets	36078	15857	42032	17700	43478	16425
Shareholders' Equity	29851	15622	30088	17501	26673	16290





#### **PRICEWATERHOUSECOOPERS**







**JP MORGAN** 

#### **DIRECTORS' REPORT (CONT.)**

#### FINANCIAL STATEMENTS

Year 2019-20 Financial Statements were audited by A. Qasem & Co., Chartered Accountants, a Member Firm of Ernst & Young Global Limited.

Financial Statements were prepared conforming to the International Accounting standard (IAS) and International Financial Reporting Standard (IFRS) on both Separate and Consolidated basis encompassing the results/accounts of the UPGDCL (Separate basis) and subsidiary companies like United Energy Ltd. (UEL) and Leviathan Global BD Ltd. (LGBDL) respectively.

Auditors opinion as to the Financial Statements for the year 2019-20 were as follows-

Report on the Audit of the Financial Statements

#### **OPINION**

We have audited the financial statements of United Power Generation & Distribution Company Ltd. ("the Company") and which comprise the consolidated statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### **OPINION**

We have audited the consolidated financial statements of United Power Generation & Distribution Company Ltd. ("the Group" or "UPGDCL") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Honorable Shareholders,** it may be mentioned that UPGDCL acquired 99 percent shares in UEL in the year 2018 (13th November) which have two plants namely 53MW plant at Ashuganj and 28 MW plant at Sylhet, respectively. At present, only 28 MW plant is in operation while 53 MW plant stopped production on 22nd June, 2019 upon the expiry of the Contract for Supply of Electricity on Rental Basis with the Bangladesh Power Development Board (BPDB). Company filed an application for extension of the contract for further 5 years and the negotiation in this respect is under active consideration of the Authorities and at a an advanced stage. Company has provided adequate disclosures in financial statements in this respect.

The other subsidiary company under UPGDCL, is Leviathan Global BD Ltd (LGBDL) wherein 75 percent shares were acquired on 22nd June, 2019. The company is expected to be operational by end of the calendar year 2020.

#### **GENERATION PLATFORM**

Total generation capacity of the company stands at 484 MW at the consolidated level.

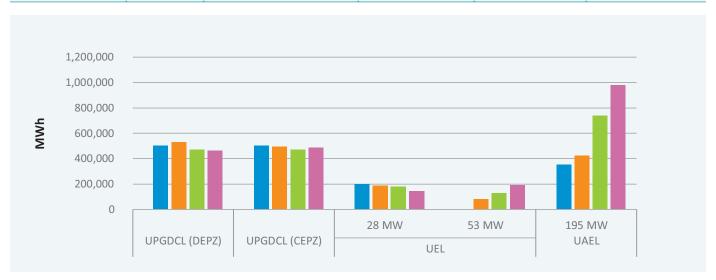
	LOCATION	COMMERCIAL OPERATION DATE (COD)	CONTRACT EXPIRY	CAPACITY (MW)	CAPACITY UTILIZATION IN 2019-20
LIDODOL	DEPZ	26 Dec, 2008	Year 2038	86	73%
UPGDCL	CEPZ	12 Aug, 2009	Year 2039	72	88%
ш	Ashuganj	22 Jun, 2011	Extension under negotiation	53	
UEL	Sylhet	21 Oct, 2013	Year 2043	28	89%
UAEL	Ashuganj	08 May, 2015	Year 2030	195	23%
LGBDL	KEPZ	Expected Dec,20	Year 2048	50	NA

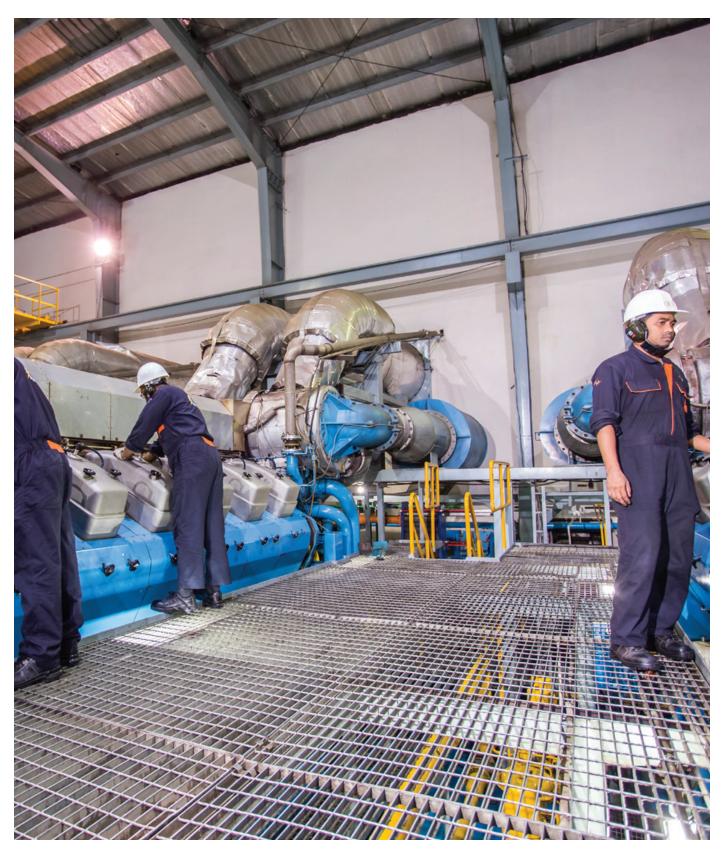
#### **INSTALLED CAPACITY**

PRODUCTION		2019-20	2018-19	2017-18	2016-17
					(AMOUNT IN MWH)
UPGDCL (DEPZ)		6,88,000	6,88,000	6,88,000	6,88,000
UPGDCL (CEPZ)		5,76,000	5,76,000	5,76,000	5,76,000
UEL	28 MW	2,24,000	2,24,000	2,24,000	2,24,000
UEL	53 MW	4,24,000	4,24,000	4,24,000	4,24,000
UAEL	195 MW	15,60,000	15,60,000	15,60,000	15,60,000

#### **PLANT WISE PRODUCTION**

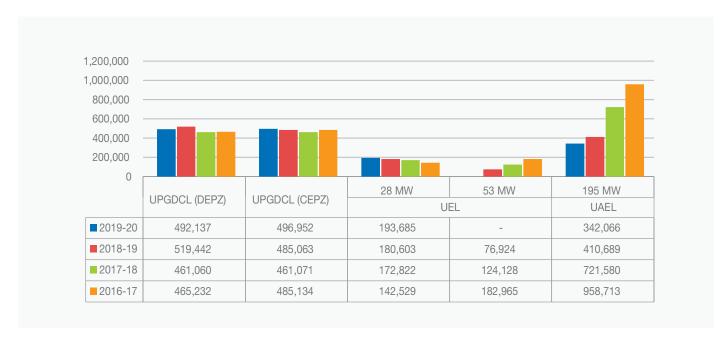
PLANT		2019-20	2018-19	2017-18	2016-17
UPGD(DEPZ)	86 MW	502,742 MWh	531,230 MWh	472,195 MWh	465,232 MWh
UPGD(CEPZ)	72 MW	504,804 MWh	492,726 MWh	468,834 MWh	485,134 MWh
UEL	28 MW	199,175 MWh	185,331 MWh	176,765 MWh	145,430 MWh
	53 MW	-	80,057 MWh	128,817 MWh	190,074 MWh
UAEL	195 MW	353,284 MWh	424,309 MWh	739,489 MWh	981,767,744 MWh





#### **PLANT WISE SALES**

PLANT		2019-20	2018-19	2017-18	2016-17
UPGD (DEPZ)	86 MW	492,137 MWh	519,442 MWh	461,060 MWh	465,232 MWh
UPGD (CEPZ)	72 MW	496,952 MWh	485,063 MWh	461,071 MWh	485,134 MWh
UEL	28 MW	193,685 MWh	180,603 MWh	172,822 MWh	142,529 MWh
	53 MW	-	76,924 MWh	124,128 MWh	182,965 MWh
UAEL	195 MW	342,066 MWh	410,689 MWh	721,580 MWh	958,713 MWh



#### **AUXILIARY CONSUMPTION**

		2019-20	2018-19	2017-18	2016-17
UPGD (DEPZ)	86 MW	2.11%	2.22%	2.36%	2.32%
UPGD (CEPZ)	72 MW	1.56%	1.56%	1.66%	1.69%
	28 MW	2.76%	2.40%	2.10%	2.00%
UEL	53 MW	-	3.80%	3.60%	3.70%
UAEL	195 MW	3.17%	3.21%	2.42%	2.34%

#### **FUEL CONSUMPTION**

All of the power plants of UPGDCL are gas fired. Overall Fuel consumption for the year was as follows-

		2019-20	2018-19	2017-18	2016-17
UPGD (DEPZ)	86 MW	0.280 m3/kWh	0.242 m3/kWh	0.287 m3/kWh	0.250 m3/kWh
UPGD (CEPZ)	72 MW	0.236 m3/kWh	0.247 m3/kWh	0.277 m3/kWh	0.255 m3/kWh
UEL	28 MW	0.23 m3/kWh	0.245 m3/kWh	0.25 m3/kWh	0.25 m3/kWh
	53 MW	-	0.33 m3/kWh	0.31 m3/kWh	0.29 m3/kWh
UAEL	195 MW	0.253 m3/kWh	0.251 m3/kWh	0.245 m3/kWh	0.244 m3/kWh

#### **DIVIDEND FOR THE YEAR 2019-20**

The Board of Directors of the company in its 95th meeting held on 28 October 2020 have recommended **Cash Dividend @145**% per share of Taka 10/- each and **Stock Dividend @10**% i.e. 1 (one) Bonus Shares for every 10 (ten) Ordinary Shares of Taka 10/- each held aggregating in total BDT 8,168,433,350 for the year ended 30 June 2020.

The aforementioned Dividend has been recommended being the 'final dividend" for the year ended 30 June 2020. Further, to mention that no Interim Dividend was declared during the year.

Shareholders' whose name will be appearing in the Shareholders' Registry as on the **Record Date (30 November 2020)** shall be eligible to receive the above Dividends subject to approval by the Shareholders in the **13th Annual General Meeting (AGM)** scheduled to be held on **20 December, 2020.** 

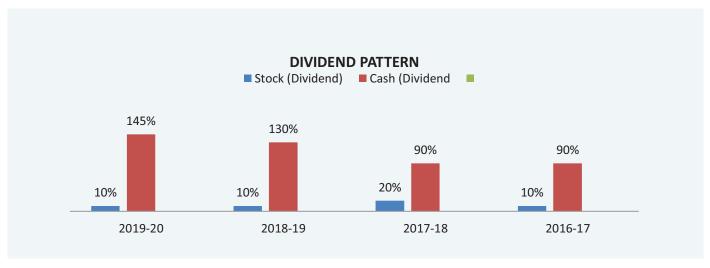
**Justifications for Stock Dividend** (as per the BSEC Notification dated 20 June 2019): Bonus shares recommended will be utilized for resource mobilization and implementation of the acquisition of majority shares (99%) of two power plants viz United Anwara Power Ltd (UAnPL) and United Jamalpur Power Ltd (UJPL) respectively. This particular initiative was disclosed on 15th September 2020.

Overall appropriation of the Distributable Profit for the year was as follows:

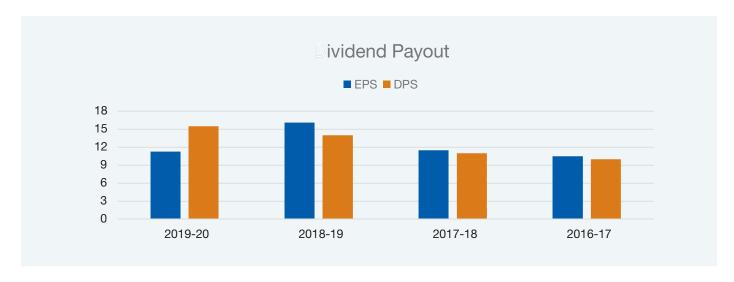
	AMOUNT (IN BDT)
Total: Available for distribution	830,59,86,678
Appropriations by the Board	
Cash Dividend: 145%	764,14,37,650
Stock Dividend: 10%	52,69,95,700
Balance Transferred to R/E	13,75,53,328

#### Dividend trend of the company was as follows-

PARTICULARS	2019-20	2018-19	2017-18	2016-17
Stock Dividend (%)	10%	10%	20%	10%
Cash Dividend (%)	145%	130%	90%	90%



PARTICULARS	2019-20	2018-19	2017-18	2016-17
EPS	11.26	16.08	11.5	10.46
DPS	15.5	14	11	10
DP Ratio	137.66%	87.06%	95.65%	95.60%



#### **IMPACT OF PANDEMIC**

Following the declaration of Covid-19 as a pandemic by World Health Organization (WHO), Government of Bangladesh introduced restrictive measures affecting the movements of people and goods. Nationwide general holidays were announced from 26 March until 30 June 2020. During the mentioned period electricity demand of BEPZA fell in the month of April only. At the same time BPDB and REB bought electricity at lower tariff (contractual) from UPGDCL. While, electricity demand from UAEL by BPDB (the sole customer) fell during the restriction periods. However, due to the continuance of capacity payment and pass through of fuel payment, company's Revenue and Gross Profit had reasonably lower impact.

Therefore, there were no material impact on the financial results due to Covid 19 during the reporting period.



#### **DIRECTORS' REPORT (CONT.)**

#### **5 (FIVE) YEAR FINANCIAL HIGHLIGHTS**

Year-wise Financial Review

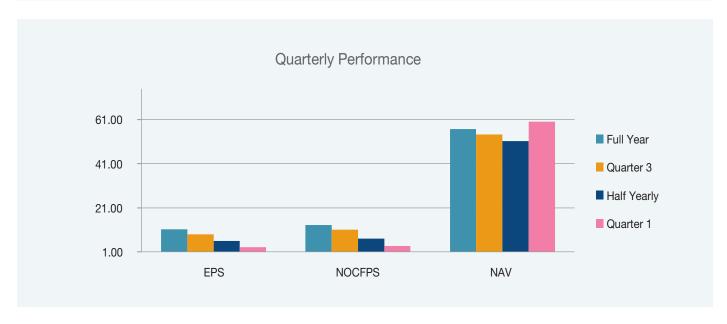
Particulars	2019-	-20	2018-19		2017-18	2016-17	2015-16
Failleulais	CONSOLIDATED	SEPARATE	CONSOLIDATED	SEPARATE	SEPARATE	SEPARATE	SEPARATE
Operating Data							
Revenue	10,094.03	6,223.16	11,253.34	6,473.67	6,144.61	5,759.24	7,901.3
Operating Expenses	-4,242.26	-2,328.67	-4,132.32	-2,192.60	-1,925.89	-1,727.29	-2,445.2
Gross Profit	5,851.78	3,894.49	7,121.02	4,281.07	4,218.72	4,031.95	5,456.1
General and Administrative Expense	-69.45	-54.94	-99.35	-56.42	-55.37	-60.79	-140.8
Operating Profit	5,786.30	3,843.50	7,832.65	4,241.39	4,157.34	3,988.04	5,726.0
Financial Expenses	338.52	-	-495.42	-	-	-	165.6
Total Comprehensive Income	6,078.79	4,348.77	7,855.03	4,803.67	4,596.36	4,174.96	5,606.1
Balance Sheet Data (BDT million)	F 000 00	F 000 00	4 700 07	4 700 07	0.000.00	0.000.45	0.000.4
Paid-up Capital	5,269.96	5,269.96	4,790.87	4,790.87	3,992.39	3,629.45	3,629.4
Shareholders' Equity	29,851.21	15,621.94	30,087.74	17,501.30	16,290.78	14,960.92	12,419.2
Total Debt	4,081.87	-	7,061.77	-	-	- 2 454 70	4.000.0
Current Assets	15,140.23	7,807.87	21,590.58	9,428.10	7,874.95	6,451.79	4,063.3
Current Liabilities	2,119.34	209.86	4,881.79	198.46	133.71	131.68	574.0
Total Assets	36,077.57	15,856.95	42,032.01	17,700.46	16,425.19	15,093.30	12,993.2
Total Liabilities	6,226.36	235.01	11,944.27	199.16	134.41	132.38	574.0
Financial Ratios							
Current Ratio (Times)	7.14	37.21	4.42	47.51	58.9	48.99	7.0
Debt to Equity Ratio (Times)	0.14	0	0.23	0	0	0	
Debt to Asset Ratio (Times)	0.11	0	0.17	0	0	0	
Return on Asset (%)	15.56%	15.02%	26.87%	28.15%	29.17%	29.73%	44.39%
Return on Equity (%)	20.36%	27.84%	26.11%	27.45%	28.21%	27.91%	45.149
Gross Margin Ratio (%)	57.97%	62.58%	63.28%	66.13%	68.66%	70.01%	69.05%
Net Income Ratio (%)	60.22%	69.88%	69.80%	74.20%	74.80%	72.49%	70.95%
Others Bets							
Other Data		0.0-	10.55	10.55	44.51	10.75	
Earnings Per Share (Taka)	11.26	8.25	16.08		11.51	10.46	15.5
Stock Dividend (%)	109		109		20%	10%	N
Cash Dividend (%)	145	·	130		90%	90%	1259
Total no. of shares outstanding	526,995,700	526,995,700	479,087,000	479,087,000	399,239,167	362,944,698	362,944,69

Extra-ordinary gain or loss: as per IAS 1 no extra-ordinary gain or loss has been recognized in the financial statements.

#### SIGNIFICANT VARIANCE BETWEEN QUARTERLY AND ANNUAL FINANCIAL STATEMENTS:

Variance in Quarterly Financial Statements (Consolidated)

	JULY TO SEPTEMBER (Q1)		OCTOBER T	OCTOBER TO DECEMBER (Q2)			JANUARY TO MARCH (Q3)		
	2019	2018	%	2019	2018	%	2020	2019	%
Revenue	2,765,041,135	2,922,089,031	-5.37%	2,665,857,246	2,866,778,402	-7.01%	2,593,471,767	2,679,140,052	-3.20%
Cost of Sales	-1,127,240,324	-1,127,284,232	0.00%	-1,112,033,980	-923,797,774	20.38%	-1,029,320,982	-915,652,043	12.41%
Gross profit	1,637,800,811	1,794,804,799	-8.75%	1,553,823,266	1,942,980,628	-20.03%	1,564,150,785	1,763,488,009	-11.30%
Net Profit	1,647,579,593	1,814,311,142	-9.19%	1,593,780,271	1,947,988,860	-18.18%	1,583,326,611	2,530,052,073	-37.42%
EPS	3.06	3.37	-9.20%	2.95	3.62	-18.51%	2.93	4.72	-37.92%
NOCFPS	3.62	2.71	33.58%	3.29	4.24	-22.41%	4.18	2.62	59.54%
NAV	60.05	57.09	5.18%	51.26	57.09	-10.21%	54.26	57.09	-4.96%



#### **VARIANCE IN ANNUAL FINANCIAL STATEMENTS:**

		FOR THE YEAR ENDED			
	'30 JUNE 2020	'30 JUNE 2019	%		
Revenue	10,094,032,945	11,253,361,366	-10.30%		
Cost of Sales	(4,242,256,126)	(4,132,336,855)	2.66%		
Gross profit	5,851,776,819	7,121,024,511	-17.82%		
Net Profit	6,078,787,549	7,855,028,025	-22.61%		
EPS	11.26	14.62	-22.97%		
NOCFPS	13.25	14.67	-9.68%		
NAV	56.64	57.09	-0.79%		

#### **DIRECTORS' REPORT (CONT.)**

Previous year, there was an extra ordinary gain arising out of the disposal of subsidiary of United Energy Ltd. (UEL) and there was no such gain in this the period. Further, Ashuganj 53 MW power plant was fully operational during the previous year but in the year 2019-20 the plant is not in operation due to expiration of contract. Renewal application approval is under process. Moreover, there were impact of Covid in the Revenue of UPGDCL, which arose due to closure of DEPZ and CEPZ during the lockdown period in April and May 2020.

#### **CONTRIBUTION TO NATIONAL EXCHEQUER**

Overall contribution of the company in the sphere of National Exchequer, social responsibility or accountability perspective has been depicted in the following statements –

(amount in BDT)

				· · ·
FORMS OF CONTRIBUTION	2019-2020	2018-2019	2017-2018	2016-2017
Salary Taxes (Directors and Employee)	4,602,771	4,738,132	4,357,500	4,082,500
Custom duty on spares and parts	97,595,763	84,687,950	3,793,851	1,340,759
AIT of Suppliers	8,277,916	13,052,754	4,314,091	6,753,983
VAT of Suppliers & Customers	33,939,592	49,177,637	32,672,145	41,108,505
AIT on Dividend	124,814,157	111,061,075	48,539,461	247,261,707
AIT on Gas bill	56,444,073	31,614,563	12,405,101	11,424,413
Total	325,674,272	294,332,111	106,082,150	311,971,867

#### **VALUE ADDED BY UPGDCL:**

VALUE ADDED:	2019-2020	2018-2019	2017-2018	2016-2017
Revenue	10,094.03	11,253.36	6,144.61	5,759.24
Other income including interest income	697.14	1,445.09	457.05	202.14
Cost of Sales, Excluding Depreciation and Amortization	-2,914.39	-2,807.44	-1,574.52	-1,278.08
Other operating expenses, excluding depreciation	-61.03	-91.39	-51.82	-53.62
Total Value Added	7,815.76	9,799.61	4,975.33	4,629.69
Distribution of added value:				
To Employees as salaries and allowances and others	211.65	262.722	95.224	83.583
To Directors as salaries and allowances	15.932	24.27	19.93	19.03
To Banks and other lenders	338.52	495.046	-	-
To Shareholders	7,641.44	6,228.13	3,266.50	1,633.25
	8,207.54	7,010.17	3,381.66	1,735.86
Retained for reinvestment & future growth:				
Depreciation and amortization	1,314.60	1,312.96	354.92	453.75
Retained Profit	-1,706.38	1,476.49	1,238.75	2,440.07
	-391.78	2,789.45	1,593.67	2,893.82
Total	7,815.76	9,799.61	4,975.33	4,629.69

#### **RELATED PARTY TRANSACTIONS**

Related Party transactions of the company during the year have been narrated in detail in the Financial Statements for the year ended 30 June, 2020 as below following the compliance requirements under the BAS 24 –

UPGDCL Separate Financial Statements Note 34
UPGDCL Consolidated Financial Statements Note 42

It may be mentioned that the company and its subsidiaries hire all operational and administrative/corporate services from M/S United Engineering & Power Services Ltd (UEPSL) under an Operation & Maintenance (O&M) agreement with respective companies. Besides there are intercompany transactions with respect to repair maintenance support and movements of surplus business funds at approved price.

In compliance with requirements of the BSEC notification no BSEC/CMMRRCD/2009-193/Admin/103 dated 5th February 2020 specific approval from the Shareholders at the AGM has been proposed in connection with the Related Party transactions.

#### **BUSINESS RISKS & UNCERTAINTIES:**

UPGDCL operates in an industry which is exposed to a number of internal and external risk factors over which UPGDCL 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. The Board of Directors has overall responsibility for the establishment and oversight of the company and group risk management framework. It oversee and monitors risk management process and compliances including adequacy of measures at place. Board is assisted by the Audit Committee. Internal Audit under the purview of the Audit Committee reviews risk management controls and provides feedback to the Committee.

#### **CREDIT RISK**

Credit risk refers to the 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 receivable from customers. Company's product, electricity and steam, is sold to Dhaka Export Processing Zone Authority (DEPZ), Chittagong Export Processing Zone Authority (CEPZ), Rural Electrification Board (REB), Bangladesh Power Development Board (BPDB), Karnaphuli Export Processing Zone (KEPZ), and other private customers under the conditions of the long-term Power Sales Agreement (PSA)/Power Purchase Agreement (PPA). Sales made to these entities are fully secured by Letters of Credit issued by local scheduled banks. Credit risk does not arise in respect of any other receivables.

#### LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due 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 always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

UPGDCL has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast that has been prepared based on timeline of payment of the financial obligation and has accordingly arranged for sufficient liquidity/fund to make the expected payment within due date. Moreover, UPGDCL seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flows projections and credit lines facilities with banks are negotiated accordingly.

#### **MARKET RISK**

Market risk refers to the risk that accompanies the changes in market forces, such as foreign exchange rates and interest rates, which affects the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return:

#### **CURRENCY RISK**

Currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rate. Your Company is exposed to currency risk as it imports machinery and equipment against payment of international currencies (USD and EURO). Unfavorable volatility or currency fluctuations may increase import cost and thus affect profitability of the company. Besides as a group exposure to currency risks are there with respect to FC loans of UAEL. However, the management of your company is fully aware of the risks associated with currency fluctuations.

#### **INTEREST RATE RISK**

Interest rate risk refers to the likely changes in the cash flows or future value of a firm on account of changes in the interest rates in the market. Increase in interest rate increases the cost of borrowed funds for a company in case of floating rate loans. Interest/financial charges are paid against the Company's borrowed funds. In the event of unfavorable movement in money markets, rising interest rate could increase the cost of debt and negatively impact profitability. Since UPGDCL is a debt free company and surplus cash in operation, the only liabilities that your company is subjected to are short term, in terms receivables and payables.

#### **CAPITAL RISK MANAGEMENT**

Capital risk management refers to the implementation policies and measures adopted to maintain sufficient capital (consisting of share capital and retained earnings) and to assess the Company's internal capital adequacy to ensure its operation as a going concern. Valued shareholders, it is for your kind information that all major investment and operational decisions having even the slightest exposure to any risk are evaluated and approved by the Board or your Company. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The Board also monitors the dividend trend to ordinary shareholders

#### **OPERATIONAL RISK**

Operational risk is measured against the ability of the Company's power projects to generate and distribute stipulated electricity to its off-takers. Limitation of technology used, fuel supply arrangement, operational 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.

The routine and proper maintenance of their own distribution networks undertaken by both the O&M operators and BEPZA reduces the chance of major disruptions. However, severe natural calamities which are unpredictable and unforeseen have the potential to disrupt normal operations of UPGDCL. 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 Ltd., Pioneer Insurance Company Ltd. and Green Delta Insurance Company Ltd., to compensate for all potential damages caused in such situations.

#### RISK ASSOCIATED WITH SUPPLY OF RAW MATERIAL (GAS SUPPLY)

The main raw material used for generating electricity is natural gas. Any interruption of supplies of the gas to the power plants will hamper the generation of electricity, the main product of your Company.

The supply of raw material to your Company is secured by the Gas Supply Agreements with Karnaphuli Gas Distribution Company Ltd. and Titas Gas Transmission & Distribution Company Limited for the term of the Power Supply Agreement with BEPZA. Hence there is no threat of interruption of supplies of the gas to the power plants that may hamper the generation of electricity.

#### **ENVIRONMENTAL RISKS**

UPGDCL is committed to conducting its business in socially responsible and environmentally sustainable manner. All the power plants of UPGDCL have acquired the necessary clearances from the Department of Environment (DoE), Ministry of Environment and Forest, Bangladesh and ensures compliance to the standards and limits set forth as conditions in the said clearances/licenses/permits. The environmental parameters such as air, quality and noise are periodically monitored by representatives of the DoE and EPZ authorities. Thus, UPGDCL's power plants have been operating keeping within the standard limits.

UPGDCL's power plants are designed such that the pollution levels adhere to all environmental regulations and pollution norms of the country. In addition, it is working closely with the community to minimize environmental hazards.

Furthermore, UPGDCL's power plants uses natural gas, the cleanest of all fossil fuels, as its primary fuel thus keeping carbon emissions at minimum. The plants also employ best-in-class, high efficiency engines that ensure complete combustion of the fuel contributing further in reducing carbon emissions. To increase efficiency levels further several of the engines at the power plants in Dhaka & Chittagong EPZs have exhaust gas boilers fitted with them so that the exhaust gas can be used to produce quality steam that can be commercially sold to export processing industries with a demand for steam. This ensures fossil fuel saving that otherwise would have been needed to produce the steam and further reduces carbon emission to the environment as burning of that additional fossil fuel would have led to far greater concentration of greenhouse gases as exhaust.

#### FAIR REPRESENTATION OF STATE OF AFFAIRS AND COMPLIANCE OF ACCOUNTING POLICIES, STANDARDS ETC.

The Board of 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 fi-nancial 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 profiit appropriation;
- h) Significant plans and decisions, such as future prospects, risks and uncertainties surrounding the Company has been outlined under the relevant captions of this report;

Further standards followed or adopted by the company while presenting financial statements have been narrated in the Notes thereof under "significant Accounting policies".

While approving the audited Financial Statements for the year 2019-20, Board of Directors also took due cognizance of the "declaration" or "certification" given by the Managing Director and the CFO of the company in compliance with the BSEC Notification dated 3 June 2018 condition No. 3(3). The said certification has been disclosed with the Report as per the requirements of the condition No. 3(3)(c) and 1(5) (xxvi) respectively of the BSEC Notification under reference.



#### **DIRECTORS' REPORT (CONT.)**

#### **INTERNATIONAL ACCOUNTING STANDARDS (IAS)**

ACCOUNTING STANDARDS	EFFECTIVE DATE	TITLES	REMARKS
IAS-01	1st January 2007	Presentation of Financial Statements	Applied
IAS-02	1st January 2007	Inventories	Applied
IAS-07	1st January 1999	Statement of Cash Flows	Applied
IAS-08	1st January 2007	Accounting Policies, Changes in Accounting Estimates and Errors	Applied
IAS-10	1st January 2007	Events after the Reporting Period	Applied
IAS-11	1st January 1999	Construction Contracts	N/A
IAS-12	1st January 1999	Income Taxes	Applied
IAS-16	1st January-2007	Property, Plant & Equipment	Applied
IAS-19	1st January 2004	Employee Benefits	N/A
IAS-20	1st January 1999	Accounting of Government Grants and Disclosure of Government Assistance	Applied
IAS-21	1st January 2007	The Effects of Changes in Foreign Exchange Rates	Applied
IAS-23	1st January 2010	Borrowing Costs	Applied
IAS-24	1st January 2007	Related Party Disclosures	Applied
IAS-26	1st January 2007	Accounting and Reporting by Retirement Benefit Plans	N/A
IAS-27	1st January 2010	Separate Financial Statements	Applied
IAS-28	1st January 2007	Investments in Associates	N/A
IAS-29	1st January 2013	Financial Reporting in Hyperinflationary Economics	N/A
IAS-32	1st January 2010	Financial Instruments: Presentation	Applied
IAS-33	1st January 2007	Earnings per Share	Applied
IAS-34	1st January 1999	Interim Financial Reporting	Applied
IAS-36	1st January 2005	Impairment of Assets	N/A
IAS-37	1st January 2007	Provisions, Contingent Liabilities and Contingent Assets	Applied
IAS-38	1st January 2005	Intangible Assets	N/A
IAS-39	1st January 2010	Financial Instruments: Recognition and Measurement	Applied
IAS-40	1st January 2007	Investment Property	N/A
IAS-41	1st January 2007	Agriculture	N/A



#### **INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

ACCOUNTING STANDARDS	EFFECTIVE DATE	TITLES	REMARKS
IFRS 1	1st January 2009	First-time adoption of International Financial Reporting Standards	N/A
IFRS 2	1st January 2007	Share-based Payment	N/A
IFRS 3	1st January 2010	Business Combinations	Applied
IFRS 4	1st January 2010	Insurance Contracts	N/A
IFRS 5	1st January 2007	Non-current Assets Held for Sale and Discontinued Operations	N/A
IFRS 6	1st January 2017	Exploration for and Evaluation of Mineral Resources	N/A
IFRS 7	1st January 2010	Financial Instruments: Disclosures	Applied
IFRS 8	1st January 2010	Operating Segments	N/A
IFRS 9	1st January 2013	Financial Instruments	Applied
IFRS 10	1st January 2013	Consolidated Financial Statements	Applied
IFRS 11	1st January 2013	Joint Arrangements	N/A
IFRS 12	1st January 2013	Disclosure of Interests in other Entities	Applied
IFRS 13	1st January 2013	Fair Value Measurement	Applied
IFRS 14	1st January 2016	Regulatory Deferral Accounts	N/A
IFRS 15	1st January 2018	Revenue from Contract with Customers	Applied
IFRS 16	1st January 2019	Leases	Applied

#### **MINORITY INTEREST**

Share capital structure of the company as of **30 June 2020** comprises of **10% Minority Shareholders** which is a mix of institutional and individual shareholders. Being a public limited and listed entity, UPGDCL adheres to all the rules and regulations of the Bangladesh Securities & Exchange Commission (BSEC) and the Stock Exchanges. Apart from that any major policy decision affecting shareholders interest, irrespective of the holding pattern, are taken on an absolute transparent manner with appropriate market disclosures which paves the way for proper recourse by the shareholders bracketed as Minority Shareholders. Board of Directors, in particular, Independent Directors and Nominee from Investment Corporation of Bangladesh (ICB) have been playing an effective role in this regard.

In the Consolidated Financial Statements, Note 21 has been included to provide detail calculation of the Non-controlling interests from the group or holding company perspective of UPGDCL.

#### **UPGDCL: A GOING CONCERN ENTITY**

Your company is the first Commercial Independent Power Purchase (CIPP) power generation company of the country which was established under the Private Sector Power Generation Policy of Bangladesh on Nov 2004. As per the clause 2(b) of the Power Sharing Agreement (PSA) with BEPZA, the company is to run initially for 30 years which is renewable for further 30 years. Moreover, Gas Supply for the Plants are ensured by the Government. It is dubbed an "open ended" project because of the longer duration. Mentionable that, EPZ operation is a 24X7 cycle and hence necessity of power is a prevalent necessity. EPZs are a necessity for the country and so the energy supply. Therefore, confining UPGDCL's life term within the PSA framework will be imprudent rather it should be considered as a "going-concern" economic unit for all the practical purposes.

#### **CORPORATE GOVERNANCE**

With the advent of the CORPORATE GOVERNANCE CODE (CGC) introduced through the BSEC Notification dated 3 June 2018, Board of Directors have adopted the same with a view to "full" compliance. Moreover, as per the previous year's, corporate governance practices of the company have been reviewed by a Professional (Firm) namely Messrs. Poddar & Associates, Cost & Management Accountants. The certification of the Professional is attached as disclosure along with this Report.

Status of Compliance with the conditions of the Corporate Governance Code (CGC) is also disclosed in this Report in compliance with the condition 9 (1) of the Code.

#### **HUMAN RESOURCE MANAGEMENT**

Efficient manpower is the pre-requisite for an organization's development. Success of this organization depends on qualified and skilled manpower for the right post. UPGDCL is performing the task with due care and integrity to increase the efficiency of the plant through appropriate maintenance and operation. The aim is to maintain the place of work and surrounding condition in a manner that permits employees to work to the highest effectiveness and perform investing their full potential. To develop and equip the employees with essential skills, the company places great emphasis on the development of its people and hence the Company undertakes appropriate training and workshops to update their knowledge in their respective functional areas. UPGDCL has implemented Training Needs Assessment (TNA) as part of its training system. The aspects of Training Needs Analysis include determining what is required to complete the work activity, the existing skill levels of the staff completing the work and the training gap (if any).

In total 75(including 34 online trainings) trainings and drills have been conducted in the reporting year 32 trainings being conducted at DEPZ plant 43 trainings and drills being conducted at CEPZ plant. The training equipped the plant personnel with technical and organization skills. We have an enriched Employee Service Rules with proper job descriptions and responsibilities. A detailed succession planning is considered every year to ensure good working environment and enhancement of knowledge of the employees. A yearly performance appraisal is carried out to reward and encourage diligent employees and assess their training requirements. Accordingly, the personnel department awards the yearly increment and other remuneration related matters.

Besides, the Nomination and Remuneration Committee (NRC) of the board as envisaged is playing its due role in this respect.



#### **SHAREHOLDING INFORMATION**

AS OF 30 JUNE 2020

	NAME OF THE SHAREHOLDERS		SHARES HELD	(%) OF SHAREHOLDING
iì	Parent/Subsidiary/Associated Companies and Othe	r Related Parties	<u> </u>	` '
-,	United Mymensingh Power Ltd	Corporate Director	474,288,093	90.00%
::/	Directors			
")	Mr. Hasan Mahmood (Raja)	Director	_	_
	Mr. Ahmed Ismail Hossain	Director	-	_
	Mr. Khandaker Moinul Ahsan	Director		
	Mr. Akhter Mahmud	Director		_
	Mr. Faridur Rahman Khan	Director		-
	Mr. Abul Kalam Azad	Director		_
	Mr. Malik Talha Ismail Bari	Director		-
	Mr. Nasiruddin Akhter Rashid	Director	_	_
	Mr. Fahad Khan	Director	_	-
	Mr. Wasekul Azad	Director	-	_
	Mr. Nizamuddin Hasan Rashid	Director	_	_
	Mr. Khondaker Zayed Ahsan	Director	_	_
	Mr. Moinuddin Hasan Rashid	Managing Director	_	_
	Mr. Md. Abul Hossain	Nominated Director ICB		<u>-</u>
	IVII. IVIU. ADUI I 10334III	Nominated Director IOD		
iii)	Independent Director			
	Lt. Gen. Sina Ibn Jamali, awc, psc (Retd)	Independent Director	-	-
	Mr. Sabbir Ahmed, FCA	Independent Director	-	resigned with effect from 16 September 2019
	Dr. M. Fouzul Kabir Khan	Independent Director	-	-
	Professor Mohammad Musa, PhD.	Independent Director	-	-
	Chief Executive Officer, Chief Financial Officer, Com	pany Secretary, Head of Interna	I Audit and Their Spo	uses and Minor Children
	Mr. Mohammad Mejbahuddin	Chief Executive Officer	-	resigned from the service effective 21 October 2019
	Mr. Md. Ebadat Hossain Bhuiyan, FCA	Chief Financial Officer	-	resigned from the service effective 15 December 2019
iv)	*Mr. Badrul H. Khan, FCA			Presently overseeing as CFO
	Mr. Badrul H. Khan, FCA	Company Secretary	-	-
	Mr. Mahtab Murshed, FCA	Head of Internal Audit &	-	resigned from the service effective 01 April 2020
	*K M Atiqul Islam FCA, ACMA (UK), CGMA	Compliance (HIAC)		Presently overseeing in absence of HIAC
v)	Executives		Not Applicab	le
	Shareholders Holding 10% or more voting interest in	n the Company		
vi)	United Mymensingh Power Ltd	Corporate Director	474,288,093	90.00%
vii)	Subsidiary Companies		UPGDCL Shareholding	(%) of Shareholding
i)	United Energy Ltd. (UEL)		29,700	99%
ii)	Leviathan Global BD Ltd. (LGBDL)		300,000	75%

#### **UPGDCL CORPORATE STRUCTURE**

**Board of Directors** is the supreme corporate platform with respect to the overall strategic and policy making decisions of the company. It comprises of Eighteen (18) Directors including Three (3) Independent Directors. United Mymensingh Power Ltd (UMPL), which holds 90% shares, has fourteen (14) Nominees and Investment Corporation of Bangladesh (ICB) has one Nominee in the board. Chairman of the Board of Directors is from amongst the Non-executive Directors. Managing Director is a salaried executive and entrusted with running the day-to-day business affairs of the company.

Company follows and complies all the regulatory norms and requirements as ordained in the Articles of Association and the related laws including corporate governance code. In total, Four (4) Board Meetings took place during the reporting ending 30 June 2020. The attendances of the Directors were as follows:

	Designation	Attendance
General Md. Abdul Mubeen SBP, ndc, psc (Retd.)	Chairman	4
Mr. Hasan Mahmood Raja	Director	3
Mr. Ahmed Ismail Hossain	Director	3
Mr. Khandaker Moinul Ahsan	Director	3
Mr. Akhter Mahmud	Director	3
Mr. Abul Kalam Azad	Director	4
Mr. Faridur Rahman Khan	Director	4
Mr. Moinuddin Hasan Rashid	Managing Director	4
Mr. Kazi Sanaul Hoq, Managing Director, ICB	Director	1
Mr. Md. Abul Hossain, Managing Director, ICB	Director	3
Lt. Gen. Sina Ibn Jamali awc, psc (Retd)	Independent Director	4
Prof. Mohammad Musa, Ph.D.	Independent Director	3
Dr. Muhammad Fouzul Kabir Khan	Independent Director	2
Mr. Sabbir Ahmed, FCA	Independent Director	1
Mr. Malik Talha Ismail Bari	Director	4
Mr. Nasiruddin Akhter Rashid	Director	3
Mr. Fahad Khan	Director	3
Mr. Wasekul Azad	Director	3
Mr. Nizamuddin Hasan Rashid	Director	4
Mr. Khondaker Zayed Ahsan	Director	4



#### SNAPSHOT OF THE BOARD OF DIRECTORS MEETING DURING THE YEAR IS GIVEN BELOW

#### **FINANCIAL YEAR 2019-20**

	Q1	Q2	Q3	Q4
	JULY - SEPT 2019	OCT-DEC 2019	JAN- MAR 2020	APR- JUN 2020
Board Meeting	90 BM	91 BM	92 BM	93 BM
	August 1, 2019	13th Nov 2019	30th Jan 2020	9th Jun 2020
Audit Committee Meeting	August 1, 2019	13th November 2019	30th January 2020	9th June 2020
PSI	August 1, 2019 Dividend, 12th AGM Date, Record Date & performance KPI of year ended 30th June 2019	November 13, 2019 Performance KPI of 1st Quarter (July- Sept) 2019-20	30th Jan 2020 Performance KPI of 2nd Quarter (Oct -Dec) 2019-20	30th Apr 2020 Performance KPI of 3rdQuarter(Jan- Mar) 2019- 20
Compliance Notice for	August 1, 2019	November 7, 2019	27th Jan 2020	4th June 2020
Board Meeting Date	(90 BM)	(91BM)	(92 BM)	(93 BM)
	21st July 2019	20th August 2019		June 30, 2020
Disclosures	UAEL Dividends (final and interim)	UAEL repaid the entire foreign loan worth USD 45,872,757.25 equivalent to BDT 3,890,009,814.80		Shifting of Corporate Office of United Power Generation and Distribution Co. Ltd. (UPGDCL).

Board has two Committees namely the AUDIT COMMITTEE and the NOMINATION & REMUNERATION COMMITTEE (NRC), respectively. Both the Committees are empowered to perform the given roles as per the Code of Corporate Governance (CCG) 2018 besides specific performance, if any. Committees' Chairpersons are Independent Directors while the respective committee Members are nominated by the Board. Both the committees comprise of three Members and the Company Secretary acts as the Member Secretary in both the committees.

#### AUDIT COMMITTEE met on a total Four (4) times in line with the Board meetings:

	POSITION IN THE BOARD	POSITION IN THE COMMITTEE	ATTENDANCE
Lt. Gen. Sina Ibn Jamali awc, psc (Retd)	Independent Director	Chairperson	4
Prof. Mohammad Musa, Ph.D.	Independent Director	Member	3
Mr. Abul Kalam Azad	Director	Member	4

AUDIT COMMITTEE MEETING FOR	DATE	
Q1	13th November 2019	
Q2	30th January 2020	
Q3	9th June 2020	
Q4	28th October 2020	

#### WHILE NOMINATION & REMUNERATION COMMITTEE (NRC) MET FOR ONCE IN THE PERIOD

	DESIGNATION	ATTENDANCE
Dr. Muhammad Fouzul Kabir Khan	Chairperson	1
Mr. Faridur Rahman Khan	Member	1
Mr. Malik Talha Ismail Bari	Member	1

Roles and responsibilities of the Chairman and the Managing Director are clearly segregated. Day to day operations and business activities are carried through well-defined functions at Head Office and at the Plants.

#### **REMUNERATION PAID TO DIRECTORS**

The remuneration paid to Directors including Independent Directors were as follows:

	30 JUNE 2020	30 JUNE 2019
Directors' remuneration	15,932,500	24,272,500
Board meeting fees	3,325,876	2,896,658
Total	19,258,376	27,169,158

#### **DIRECTORS' ELECTION AND RE-APPOINTMENT**

As per the Article 23 (a) of the Articles of Association of the company following Directors are to retire in the 13th AGM of the company and being eligible will be re-elected:

Proposed re-elected Directors:

General Md. Abdul Mubeen, SBP, ndc, psc (Retd.)

Mr. Hasan Mahmood Raja

Mr. Ahmed Ismail Hossain

Mr. Khandaker Moinul Ahsan

Mr. Akhter Mahmud

Mr. Abul Kalam Azad

According to BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 3 June, 2018, Dr. Muhammad Fouzul Kabir Khan, Independent Director, completed his 1st tenure and being eligible will be re-elected for another tenure (three years).

Mr. Khondaker Zayed Ahsan was inducted in the Board of Directors of the Company as Nominee Director of United Mymensingh Power Ltd. (UMPL) on 92nd Board Meeting held on 30th January, 2020. As per the provisions of the Article 20(b) of the Articles of Association of the Company, Mr. Khondaker Zayed Ahsan is to retire from the position of Directorship and being eligible have expressed desire to be re-elected as Director of the Company.

#### **APPOINTMENT OF AUDITOR**

Board of Directors has recommended **Messrs. A. Quasem & Co,** Chartered Accountants to be re-appointed as auditor for the year 2020-21.lt may be mentioned A. Qasem & Co, Chartered Accountant is one of the leading Audit firm of the country and is affiliated member of the world renowned audit practitioner Ernst & Young Global Limited. It is also enlisted with the Financial Reporting Council as per the Financial Reporting Act, 2015 and also Panel Auditors' of Bangladesh Securities and Exchange Commission.

#### APPOINTMENT OF PROFESSIONAL TO CERTIFY COMPLIANCE OF THE CGC

Board of Directors of the company has recommended Messrs. PODDAR & ASSOCIATES, Cost & Management Accountants, as the professional to provide the certification as to the compliance of the Corporate Governance Code (CGC) issued by the BSEC Notification dated 3 June 2018. As per the Condition 9(2) of the said Notification, this will be placed at the 13th AGM for due approval by the shareholders.

#### **FUTURE PROSPECT**

UPGDCL can foresee a load growth inside Dhaka and Chittagong Export Processing Zones due to an increase in the number of industries as well as capacity development of the existing industries housed inside. We are also anticipating increased load growth due to expansion of capacity of our private clients. We are hopeful that in time we will be successful to acquire more clients in the near future.

Further, to create shareholders' value, your company has undertaken initiatives to go for parallel expansion of generation capacity through acquisitions.

#### **ECONOMIC VALUE ADDED (EVA)**

Residual wealth creation or **Economic Value Added (EVA)** by the company at the end of the year signifies the future potentialities for growth and also show cases the value addition through power assets consolidation.

PARTICULARS	2019-2020	2018-2019	2017-2018	2016-2017
Net Profit after tax	6,078.79	7,855.03	4,596.36	4,174.96
Shareholders' equity	29,851.21	30,087.74	16,290.78	14,960.92
Cost of capital	14.07%	11.74%	11.89%	13.25%
Value of Cost of Shareholders equity	4,198.78	3,532.30	1,936.97	1,982.32
Economic Value Added (EVA)	1,880.00	4,322.73	2,659.39	2,192.64

#### **CORPORATE SOCIAL RESPONSIBILITY**

United Power Generation and Distribution Company Ltd (UPGDCL) supports and contributes towards many social and humanitarian causes as part of its Corporate Social Responsibility. **Corporate Social Responsibility is practiced through its sister organization United Trust Ltd.** to embrace responsibility for the Company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who are also part of the Company's stakeholders. Such activities are in favor of Education, Poverty Alleviation, and Healthcare and so on.

'United Trust' (UT), registered on 29 December 2011, is a 'Social Development' wing of United Group established by the Board of Directors of United Group, the parent concern of UPGDCL, from their religious urge of helping the poor and socially disadvantaged people. Islam has made this responsibility mandatory on anybody who is financially capable in the society. UT aims to plan, build, establish, maintain and run the charitable Social Welfare projects financed by the Group in a professional and efficient way.

#### **VISION**

The Vision of United Trust is to improve the quality of life of the underprivileged and socially disadvantaged population of the country, primarily in the rural area.

#### **MISSION**

The Mission of United Trust is to address people's basic needs: Education, Health, Sanitation, Employment and basic amenities whatever is implemented should be of standard quality. Thus, ensuring that the poor are not left outside the circle of quality life.

It accomplishes it's works in four broad sectors: 'Education', 'Health', 'Interest free Micro Credit', and 'Community Development'.



#### **COVID RELIEF ACTIVITIES**

United Group (United Trust) during the Covid lockdown supported the SWAPNO project (Strengthening Women's Ability for Productive New Opportunities) in partnership with UNDP's Bangladesh office. The objective was to assist underprivileged women of the vulnerable rural communities by providing food security and sustainable livelihood during the crippling COVID-19 health and humanitarian crisis. Total food relief support was worth over BDT 10 Million to ensure the project was productive and an overall success. "SWAPNO" provided food items to over 7300 deprived women in 126 unions of the three project districts. Highest priority was set on putting special precautions to ensure all activities of the project were conducted under strict health and safety regulations in accordance with the COVID-19 social distancing protocols.

"To help the society in a more organized and meaningful manner, we are determined to continue our relationships with UNDP"

- Moinuddin Hasan Rashid, Chairman & Managing Director, United Group

**UPGDCL** Board Members also donated Meeting attendance fees Tk 360,000 towards the above trust – UNDP partnership. Besides, group also contributed BDT 50 million to the Prime Minister's Relief and Welfare Fund.

#### **ACKNOWLEDGEMENT**

The Board of Directors would like to especially thank the members of the public for placing their confidence on the company by purchasing its shares and supporting its activities. Without the persistent support of the valued Shareholders the Company could not have attained what it has achieved today. The Board would extend its foremost regards and appreciation to the Stakeholders and the Customers of the company for their unrelenting support and trust on the company. This, we strongly believe, acts as the driving force of the company. We accept this trust in all humility and shall continue to strive to live up to the expectations.

The Board also recognizes that the attainment made during the year was possible because of the cooperation, positive support and guidelines it had received from the Government of Bangladesh, Prime Minister's Office, Ministry of Power, Energy and Mineral Resources, Power Division, Energy Division, Ministry of Finance, National Board of Revenue, Ministry of Commerce, Board of Investment, Bangladesh Power Development Board, Petrobangla, Titas Gas Transmission & Distribution Company Ltd. and Karnaphuli Gas Distribution Company Ltd. local administration of Dhaka and Chittagong EPZ and the people of the locality. Accordingly, the Board offers its utmost and sincere gratitude to them. The Board also extends its best wishes to the 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 and financial institutions, 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 of Bangladesh Limited, various Government Authorities and lastly the individuals and agencies who have helped us accomplish what we are today.

Your Board would also 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 team work has led your company achieve the accolades that it has acquired so far. 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 UPGDCL.

We are proud of you all and look forward to your continued support as we march ahead to take United Power Generation & Distribution Company Limited further forward as a leading player in the power sector of the country.

With Best Wishes,

On behalf of the Board,

holdful

General Md. Abdul Mubeen, SBP, ndc, psc (Retd.)

Chairman

### **NEW ACQUISITIONS**



#### **UNITED ANWARA POWER LTD.**

United Anwara Power Ltd. is a 300 MW (net) HFO fired Combined Cycle, Modular power plant project constructed at Anwata, Chattagram. UAnPL's power plant employs high efficiency, state-of-the-art engines and has introduced an environment friendly co-generation facility. UAnPL signed the Power Purchase Agreement with Bangladesh Power Development Board on 13th November 2016. The project comprises of 17 units of Wärtsilä's 18V46 engines each having capacity of 17.076 MW, 17 units of Alfa Laval Aalborg's Waste Heat Recovery Boilers each having a steam production capacity of 7.28 TPH and 3 units of Triveni Turbine Ltd.'s steam turbine with a capacity of 8 MW each. Power generated at 11 kV is evacuated at 230 kV to the National Grid via PGCB's Anwara-Shikolbaha-Hathazari 230 kV transmission system.



#### UNITED JAMALPUR POWER LTD.

United Jamalpur Power Ltd. is a 115 MW (net) HFO fired Combined Cycle, Modular power plant project awarded to United Enterprises & Co. Ltd., after successfully qualifying the bidding process invited by Bangladesh Power Development Board. The power plant was commissioned 5 months ahead of the Required Commissioning Date at Jamalpur. UJPL's power plant employs high efficiency, state-of-the-art engines and has introduced an environment friendly co-generation facility. UJPL signed the Power Purchase Agreement with Bangladesh Power Development Board on 21st January 2018. The project comprises of 12 units of Wärtsilä's 20V32E engines each having capacity of 9.78 MW, 12 unit of Alfa Laval Aalborg's Waste Heat Recovery Boilers each having a steam production capacity of 3.45 TPH and 1 unit of Triveni Turbine Ltd.'s multistage, bleeding type steam turbine with a capacity of 7.5 MW. Power generated at 11 kV is dispatched to the National Grid through 132 kV Jamalpur-Sherpur double circuit line through Line In Line Out (LILO) arrangement. The project was commissioned on 21 February 2019, much ahead of the required COD.

## PROFILES OF MANAGEMENT TEAM

#### **MOINUDDIN HASAN RASHID**

Managing Director

Mr. Moinuddin Hasan Rashid joined United Group in 2007 as a second generation Director. On October 2011 he was appointed as Managing Director of United Power Generation and Distribution Co. Ltd. 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 and UAPL (in a record time of 120 days). He also oversaw the development of United Land Port Teknaf Ltd, Bangladesh's only land port with Myanmar. Mr. Moinuddin Hasan Rashid supervised Power Plant expansion projects of UPGD DEPZ, UPGD CEPZ by 75 MW in 2013, oversaw commissioning of United Energy Ltd., formerly known as Shajahanullah Power Generation Co Ltd., 28 MW Power Plant in 2013 and United Ashuganj Energy Ltd., a 200 MW Modular Combined Cycle Power Plant in 2015.In 2018, Mr. Rashid led United Mymensingh Power Ltd., a 200 MW HFO fired IPP to commissioning in only 6 months, parallelly supervising commissioning of United Jamalpur Power Ltd., a 115 MW HFO fired IPP and United Anwara Power Ltd., a 200 MW HFO fired IPP.

#### **MD. SHAMSUL HASAN MIAH**

Adviser

Mr. Md. Shamsul Hasan Miah joined United Enterprises & Co. Ltd. (UECL) on November 2017, upon retiring from his role as the Chairman of Bangladesh Power Development Board (BPDB). Following his appointment at UECL, he was appointed as the Advisor of United Power Generation & Distribution Company Ltd. (UPGDCL). Mr. Hasan graduated from Bangladesh University of Engineering & Technology (BUET) Dhaka in Mechanical Engineering. During his career in BPDB, he served in many roles starting from Assistant Engineer to Executive Engineer, Director, Chief Engineering, Member and finally Chairman. Mr. Hasan have sound knowledge on power generation, transmission and distribution. He was engaged with drafting of different policies related to Power Sector and has vast experience on IPP (Independent Power Producer) Projects, including the Agreements (PPA, IA, LLA and GSA). He also played vital roles for stepping into Combined Cycle Power Generation of United Group from Reciprocating Engine based generation.

#### SHEIKH ASHRAF HOSSAIN

**Chief Operating Officer** 

Mr. Sheikh Ashraf Hossain passed his Bachelor in Science degree in Electrical & Electronics Engineering from Bangladesh University of Engineering & Technology (BUET) in 1987 and joined Bangladesh Power Development Board (BPDB) in 1988 in Khulna Power Station. He worked in different offices in BPDB including the office of the General Manager, Commercial Operation, BPDB, Dhaka and Independent Power Producer (IPP) cell, Dhaka. During service in BPDB he completed Post Graduate Diploma in Electric Power System from Norwegian University of Science and Technology, Trondheim, Norway in 1996. He left BPDB and joined emerging private power sector in Bangladesh in 2004 in Lahmeyar International Pally Power Services. He joined United Enterprises & Co. Ltd in 2006. In 2006 he also completed MBA degree in Finance from Dhaka University. He actively participated in growing power division of United Group in implementing power plants in Dhaka EPZ, Chittagong EPZ, Ashuganj, Sylhet, Khulna, and Jessore. During the period from October 2013 to April 2015 he served Digital Power Associates Ltd., a concern of Orion Group, as Director (Technical) and successfully implemented 102 MW HFO based power plant in Narayanganj. He again joined Power Division of United Enterprises & Co. Ltd. in April 2015 as Chief Operating Officer.

#### **BADRUL HAQUE KHAN, FCA**

Company Secretary & Head of Compliance

Mr. Badrul Haque Khan is a fellow member of the Institute of Chartered Accountants of Bangladesh and joined United Group as Head of Corporate Strategic Planning & Finance in 2017. Mr. Khan also holds the charge of Company Secretary of United Ashuganj Energy Ltd and United Power Generation & Distribution Company Ltd. Prior to joining United Group he served in Bangladesh Bank as General Manager (Accounts & Budgeting Department). He also served at AB Bank Ltd. as Deputy Managing Director (DMD). Mr. Khan has also worked with Reckitt Benckiser BD. Ltd., World Bank and Padma Oil Company Ltd. Born in 1961, Mr. Khan is an accounting graduate having completed his graduation and post-graduation from the University of Dhaka.

Mr. Khan has also served the positions of a Nominee Director in the Board of Directors of Amana Bank Ltd., Sri Lanka, Central Depository of Bangladesh Ltd. (CDBL) and the Arab Bangladesh Bank Foundation (ABBF) and has attended various training, workshops, seminars and symposiums both home and abroad.

Mr. Khan has also served the positions of a Nominee Director in the Board of Directors of Amana Bank Ltd., Sri Lanka, Central Depository of Bangladesh Ltd. (CDBL) and the Arab Bangladesh Bank Foundation (ABBF) and has attended various training, workshops, seminars and symposiums both home and abroad.

#### K M ATIQUL ISLAM, FCA, ACMA (UK), CGMA

Head of Internal Control & Compliance

K M Atiqul Islam is a Fellow member of Institute of Chartered Accountant of Bangladesh (ICAB), an Associate Member of Chartered Institute of Management Accountant (CIMA) and a Certified Global Management Accountant from American Institute of Certified Public Accountant (AICPA). He is also a Certified Expert in Risk Management from Frankfurt School of Finance & Management. He completed is graduation and post-graduation in Accounting with distinction. He has more than 10 years of experience in improving business process of organization, preparing insightful analyses and managing critical projects, comprehensive understanding of financial reporting, financial planning and analysis, financial controls and auditing. He has experience working in Bank, NBFIs and large corporates in Bangladesh.

#### **MD. MOJIBUL ISLAM PATOARY**

Assistant General Manager (F & A)

Mr. Md. Mojibul Islam Patoary completed his post-graduation in Accounting from Comilla Victoria Government College under National University. He joined with United Group in 2006. Currently he is working as Assistant General Manager, Finance and Accounts Department. He completed his three years' article ship in 2006 from Howladar Yunus and Co., a renowned Chartered Accountancy Firm Correspondent firm with the globally reputed Chartered Accountancy Firm named Grant Thornton International Ltd.He did his Masters of Business Administration (MBA) from United International University majoring in Finance in 2013. He passed Income Tax Practitioner (ITP) under the Income Tax ordinance 1984 from National Board of Revenue (NBR), Bangladesh in 2012 and enlisted as an Income Tax Practitioner of NBR.

## PROFILES OF O&M TEAM



#### SYED MOHAMMAD ALI

Managing Director, United Engineering & Power Services Ltd.

Mr. Syed Mohammad Ali joined UEPSL in 2014 as Director (Services). A Class-1 Marine Engineer having over 32 years of experience, he served as Manager, Technical Services, Wartsila Bangladesh prior to joining United Engineering & Power Services Ltd. Mr. Mohammad Ali has vast experience in shipboard management, maritime training, operation, repair & maintenance of marine propulsion and power generating machinery, industrial equipment and utility machinery including management of their fuels and lubricants. He is skilled in overhauling, servicing and reconditioning of Wärtsilä 20V34SG, 20V32, 20V32GD, 18V46GD, CR26 engines including detail knowledge of test bed run, commissioning and performance evaluation. Mr. Ali is also the Founding Director of International Institute of Maritime Technology (IIMT), Dhaka, Bangladesh. He coordinates and lectures QMR for ISO 9001:2000. Since joining UEPSL he has been overseering Operation & Maintenance of UPGDCL's power plants at Dhaka and Chittagong EPZ.

#### **MUHAMMAD MAZHAR IQBAL**

Director (Operations & Maintenance), United Engineering & Power Services Ltd.

Muhammad Mazhar Iqbal's experience in the power sector of Bangladesh and shipping industry spans across four decades. He has vast experience in management, operation, maintenance, servicing and reconditioning experience in most of the recognized 4-stroke and 2-stroke reciprocating engines and all auxiliary machinery of marine and power plants. During the tenure of his successful career Mr. Mazhar Iqbal has successfully completed Operations & Maintenance works of the various power projects including the 115 MW barge mounted HFO fired power plant, 110 MW HFO fired Power Plant and 40 MW HFO fired Power Plant of Khulna Power Company Ltd., 107 MW HFO Power Plant of IEL among others. Prior to joining United Engineering & Power Services Ltd., he served as Country Contract Manager at Wartsila Bangladesh Ltd. where he oversaw the overall Operations & Maintenance Agreements, planning and target determination, provided sales support including setting targets for sales support, net sales etc. Since joining UEPSL he has been overseeing Operation & Maintenance of UPGDCL's power plants at Dhaka and Chittagong EPZ.

#### **MOMTAZ HASAN**

Plant Manager, UPGDCL DEPZ

Joined the United Group on 1st April 2020 and has been posted as Plant Manager DEPZ Plant under the UPGDCL. Mr hasan has wide-exposure in shipping and power industry.

After successfully graduating from Dhaka University of Engineering and Technology, Gazipur in the field of Electric and Electronic Engineering (EEE) in 1992, he joined in Merchant Marine as Electrical officer in Ocean Bridge Shipping Lines, Singapore in 1993 and served upto 1995. From 1996 to 1998 he served QC shipping lines, Bangladesh as Electrical Engineer. Later he joined Wartsila Bangladesh ltd, Khulna Plant in December 1998 as Instrument and Automation Engineer.

He joined Kazi Farms Group as Plant Manager Gozaria Feed Mill in 2004 and was last designated as General Manager Engineering. He joined back in Wartsila Bangladesh Itd., IEL plant as Plant Manager and served there upto September 2013. He Joined Wartsila Zambia in October 2013 and served there upto August 2019 as Contract Manager. During his service period he attended several training program in Local and abroad regarding power plant and Feedmill operation.

#### **MONIR HOSSAIN MIZI**

Plant Manager, CEPZ-Plant

Monir Hossain, has hands on experience of operation & maintenance, overhaul, installation, conversion of gas & diesel power plants. He graduated from Southern University in Bangladesh with concentration in Electrical and Electronic Engineering. He also holds a Diploma in Marine Engineering alongside the Bachelors degree. Before joining UEPSL he served as Superintending Engineer at Wartsila Bangladesh and was assigned at Wartsila's installation at Heidelberg Cement Factory premises in South Halishahar, Patenga, Chittagong. Mr. Hossain has been in charge of UPGDCL's CEPZ Power Plant in the capacity of Plant Manager since 2013.

#### COMMUNICATION WITH SHAREHOLDERS

n order to maintain sustainability of the Company it is imperative to ensure cooperation and communication between all stakeholders and the Company. Communication with the Shareholders is a vital aspect of Corporate Governance. The schedule and timely communication/reporting is enforced by the related regulators of the country and UPGDCL so far has never failed to comply with the time bound reporting regulations. Besides UPGDCL has an effective policy in ensuring proper information disclosure and communication. The Company regularly communicates information regarding any major development that has a sizeable impact on the operations of the business to its Shareholders, in compliance with the disclosure requirements.

#### **INFORMATION DISCLOSURE**

The Company makes use of the following forms of information disclosure:

- 1. Continuous Disclosure being the core form of disclosure and primary method of informing the market and shareholders
- 2. Periodic Disclosure being the quarterly, half yearly, yearly reporting of financial results and other issues (if any).
- 3. Event based Disclosure being mostly in the form of press releases as per requirement of administrative and corporate developments.

All information, that are disclosed to the Bangladesh Securities and Exchange Commission (BSEC) and the Stock Exchanges are simultaneously made available to the Shareholders of the Company in the Investor's Relations section of the Company's website http://www.unitedpowerbd.com

#### **DIRECT COMMUNICATION**

The Company sends hardcopies of the Quarterly, Half Yearly and Annual Reports to the Shareholders by post so that they have access to all the key information while making their valuable decisions. These reports are also kept readily available at the head office of the Company for any stakeholders to refer whenever required. The reports are also regularly uploaded to the Company website http://www.unitedpowerbd.com for kind information of the Shareholders and any prospective investors. These detail reporting structure provide them the opportunity to make critical analysis about the Company and their investment in it.

#### **GENERAL MEETING**

The Company recognizes the rights of the Shareholders and accordingly ensures that their right to voice their opinion is guaranteed at Shareholders' meet such as Annual and Extraordinary General Meetings (AGMs & EGMs). All members of the Board of Directors and the senior management team attend the AGM so that the queries of the Shareholders regarding the financial and non-financial results of the Company are duly addressed. These general meetings have proven to be quite effective in facilitating communication between the Shareholders and the Company as they allow instant clarifications on a myriad of queries from the Shareholders.

#### **WEBSITE**

All financial results, key performance indicators, compliance reports, other important financial and non-financial data, shareholding information etc are posted on the Company's website, http://www.unitedpowerbd.com. Important events and announcements of the Company are also regularly posted in the website for the Shareholders' kind information. Furthermore, information such as the record date, notice of the Annual General Meeting etc. are regularly reported to the stock exchanges, so the updated information is available on their website as well.

#### SHAREHOLDERS' COMMUNICATION & MANAGEMENT OF CORPORATE AFFAIRS

In case of any queries related to the Shareholding of the Company, Shareholders may e-mail at info@unitedpowerbd.com or contact the following persons by calling at (+8802-55052000):

Mr. Badrul Haque Khan, FCA Company Secretary

Mr. Md. Mojibul Islam Patoary

Assistant General Manager (F&A)

Mr. Gazi Atiqur Rahman

Senior Executive (Share Department)

Mr. Elias Howlader Executive (Board Division)

#### QUARTERLY FINANCIAL REVIEW

	<del>- ;</del>		:	•	
	Q1	Q2	Q3	Q4	
	(JULY-SEPTEMBER)	(OCTOBER- DECEMBER)	(JANUARY-MARCH)	(APRIL-JUNE)	
Ended on	30-Sep-19	30-Sep-19 31-Dec-19 31-Mar-20		30-Jun-20	
Notice of the Board Meeting	7-Nov-19	27-Jan-19	4-Jun-20	22-Oct-20	
Financial Statement Approval Date	13-Nov-19 30-Jan-20 9		9-Jun-20	15-Sep-20	
Market Disclosure (PSI)	13-Nov-19	30-Jan-20	9-Jun-20	15Sept. 2020	
Interim Dividend	No	No	No	No	
Final Dividend	No	No	No	145% C & 10% S *	
No. of Board Meeting	1	1	1	1	
No. of Audit Committee	1	1	1	1	
No. of Share	479,087,000	526,995,700	526,995,700	526,995,700	
Market Price (Tk.)	299.7	245.3	220.2	220.2	
Market Cap (million BDT)	143,582	129,272	116,044	116,044	
P/E Ratio	18.64	16.78	15.06	15.06	
EPS(Tk.)					
Consolidated	3.37	2.95	2.93	2.01	
Separate	2.6	2.17	2.09	1.39	
NOCFS (Tk.)					
Consolidated	3.99	3.29	4.18	1.79	
Separate	2.26	1.82	2.12	1	
NAV Per share (Tk.)	:		:	:	
Consolidated	66.06	51.26	54.26	56.64	
Separate	39.13	25.92	28.01	29.54	
No. of Shareholder's	6,796	7,647	7,355	7,380	
Shareholding Position as on 30 June	SPONSOR/DIRECTORS	GOVERNMENT	INSTITUTIONS	GENERAL SHAREHOLDERS	
2020	90.00%	-	7.15%	2.81%	

<sup>\*</sup>Board of Director declared 145% Cash & 10% Stock Dividend on 95th Board Meeting.

# CREDIT RATING STATEMENT

V=4 B		RATING		0	RATING AGENCY	
YEAR	YEAR RATING DATE	VALID	LTL	STL	Out look	NAME
2019	18-Dec-19	17-Dec-20	AAA	ST-1	Stable	Emerging
2018	18-Dec-18	17-Dec-19	AAA	ST-1	Stable	Emerging
2017	18-Dec-17	17-Dec-18	AAA	ST-1	Stable	Emerging
2016	18-Dec-16	17-Dec-17	AAA	ECRL-1	Stable	Emerging
2015	1-Sep-15	31-Aug-16	AA+	ST-2	Stable	CRISL



### AUDIT COMMITTEE REPORT

For the Year Ended 30 June 2020

#### The Audit Committee of UPGDCL comprises of the following Members:

- 1. Lt. Gen. Sina Ibn Jamali, awc, psc (Retd) Chairperson
- Mr. Abul Kalam Azad Member
- 3. Mr. Md. Prof. Mohammad Musa PhD Member

Company Secretary acts as the Member Secretary to the Committee. The Audit Committee has met four times during the year under reporting.

#### **ROLE OF THE COMMITTEE**

The Audit Committee's authorities, duties and responsibilities flow from the Board's oversight function. The major responsibilities of the Committee, among others, include:

- Reviewing the quarterly, half-yearly and annual financial statements and 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 the appointment, reappointment or removal of external auditors.
- Reviewing and monitoring 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 PERIOD UNDER REPORT

The Committee during the period under reporting met every Quarter and its activities include:

- Reviewing the audited financial statements of the Company and being satisfied that the critical accounting policies, significant judgments and practices used by the Company are compliant with the required laws and regulations, also confirmed by the external auditor in their independent report, thereafter recommending to the Board for adoption.
- Reviewing the quarterly financial statements of the Company and recommending the same to the Board for adoption and circulation as per the requirement of Bangladesh Securities & Exchange Commission (BSEC).
- Reviewing the external auditors' findings arising from audit, particularly comments and responses given by the management.
- Reviewing the matters as per requirement from the Bangladesh Securities and Exchange Commission (BSEC).
- Review of Internal audit report on periodical basis
- · Review of the financial statements of the subsidiary company

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

AUDIT COMMITTEE MEETING	DATE
17th Meeting	01st August 2019
18th Meeting	13th November 2019
19th Meeting	30th January 2020
20th Meeting	9th June 2020

On behalf of the Committee

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

Chairman

## NOMINATION & REMUNERATION COMMITTEE (NRC) REPORT

For the Year Ended 30 June 2020

The Audit Committee of UPGDCL comprises of the following Members:

- 1. Dr. Muhammad Fouzul Kabir Khan Chairperson
- 2. Mr. Faridur Rahman Khan Member
- Mr. Malik Talha Ismail Bari Member

Company Secretary acts as the Member Secretary to the Committee.

#### **ROLE OF THE NRC**

- a. NRC shall be independent and responsible or accountable to the Board and to the shareholders.
- b. NRC shall oversee, among others, the following matters and make report with recommendation to the Board:
  - (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:
    - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
    - (b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    - (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;
  - (ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality:
  - (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;
  - (iv) formulating the criteria for evaluation of performance of independent directors and the Board;
  - (v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
  - (vi) developing, recommending and reviewing annually the company's human resources and training policies;

**Activity report:** Committee had one (1) meeting during the period. Committee considered a 'Draft Code of Conduct for the Board which is being reviewed by the Members.

Dr. Muhammad Fouzul Kabir Khan

when

Chairperson

## CFO & MD's Declaration to the Board

Date: 28th October 2020

The Board of Directors
United Power Generation & Distribution Company Ltd.
"United House", United City, Madani Avenue, Dhaka-1212.

Subject: Declaration on Financial Statements for the year ended on 30th June, 2020.

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 3 June, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of United Power Generation & Distribution Company Limited for the year ended on 30th June, 2020 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 if found applicable.
- (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 year ended on 30th June, 2020 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.
- (iii) With the spread of Corona virus in the country, Government resorted to some strict public-health measures including lockdown. And such development affected UPGDCLS's revenue for the month of April and May 2020 as both DEPZ/CEPZ were closed. However, the resulted revenue "loss" was considerably compensated through incremental lifting by BPDB and REB. There were, however, no material impact whatsoever in this regard.

Sincerely yours

Monuddin Hasan Rashid Managing Director Badrul H. Khan, FCA
Company Sec. & CFO (In-charge)

## STATUS OF COMPLIANCE OF THE CORPORATE GOVERNANCE CODE (CGC), 2020

CONDITION	TITLE		STATUS (PUT √ IN RIATE COLUMN)	REMARKS (IF ANY)
NO.		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).	J		The Board of Directors is comprised of 18 Directors including 03 Independent 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);		J	
1(2)(b)	For the purpose of this clause "independent director" means a 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;	<b>√</b>		Does not hold any share of the Company
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:	<b>√</b>		Independent Directors have declared their compliances.
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	J		-
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		-
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	J		-
1(2)(b)(vi)	Who is not a shareholder, director excepting independent direct or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	J		-
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		-
1(2)(b)(viii)	Who is not an independent director in more than 5 (five) listed companies;	√		-
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);	J		-
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	J		-
1(2)(c)	The independent director(s) shall be appointed by the board and approved by the shareholders in the Annual General Meeting (AGM);	J		-
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;		J	
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) tenure only:	<b>√</b>		-

CONDITION	TITLE		STATUS (PUT √ IN RIATE COLUMN)	REMARKS (IF ANY)
NO.	***************************************	COMPLIED	NOT COMPLIED	
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.	J		-
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 bussiness 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;			N/A
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 eductional background of bachelor degree in economics or commerce or bussiness or law;	J		-
1(3)(b)(iv)	University Teacher who has eductional background in Economics or Commerce or Business Studies or Law;	J		-
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);	J		-
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	-	-	No such deviation occurred
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;	J		-
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;	J		-
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	1		-
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		-
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)	·			
1(5)(i)		1		-
1(5)(ii)		J		-
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	1		-
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	1		-

#### **STATUS OF COMPLIANCE**

CONDITION	TITLE		STATUS (PUT √ IN RIATE COLUMN)	REMARKS (IF ANY)
NO.	IIILE	COMPLIED	NOT COMPLIED	
1(5)(v)	A discussion on continuity of any extraordinary activities and their impliacations (gain or loss);			No such event arose
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;	J		-
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or through any others 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;			No such event arose
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;	J		-
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	√		-
1(5)(xiii)	A statement that 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;	<b>√</b>		-
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;	√		-
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	1		-
1(5)(xvi)	A statement that minority shareholders have been protacted from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	<b>√</b>		-
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;	J		-
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the resons thereof shall be explained;	1		No such event arose
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	1		-
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	-	-	Company has declared 145% Cash dividend & 10% Stock Dividend for the year 2019-20
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;	J		-
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:-			
	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	J		

CONDITION	TITLE		STATUS (PUT √ IN RIATE COLUMN)	REMARKS (IF ANY)
NO.		COMPLIED	NOT COMPLIED	
1(5)(xxiii) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance their spouses and minor children (name- wise details);	1		-
1(5)(xxiii) (c)	Executives;	1		-
1(5)(xxiii) (d)	Shareholders holding ten percent (10%) or more voting interest in the company (namewise details).	1		
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) (a)	a brief resume of the director	1		-
1(5)(xxiv) (b)	nature of his/her expertise in specific functional areas;	1		-
1(5)(xxiv) (c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	1		-
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 disscission of changes in financial statements, among others, focusing on:			
1(5)(xxv) (a)	Accounting policies and estimation for preparation of financial statements;	1		-
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;	J	-	
1(5)(xxv) (c)	Comparative analysis (including effects of inflation) of fianacial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	J		-
1(5)(xxv) (d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	1		-
1(5)(xxv) (e)	briefly explain the financial and economic scenario of the country and the globe;	J		-
1(5)(xxv) (f)		1		-
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		-
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		-
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		-
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		-
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			

CONDITION	TITLE		STATUS (PUT √ IN RIATE COLUMN)	REMARKS (IF ANY)
NO.		COMPLIED	NOT COMPLIED	
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;		J	Preparation of Code of conduct under process
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company		J	
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;	1		
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;		J	Will be complied gradually
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.	1		
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;	1		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	1		
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);	<b>√</b>		-
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;		J	-
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).	1		-
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:	1		-
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;	1		-
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;	1		-
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;	J		-
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		Disclosed in the Annual Report.

CONDITION	TITLE		STATUS (PUT √ IN RIATE COLUMN)	REMARKS (IF ANY)
NO.			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;	1		-
4(ii)	Nomination and Remuneration Committee			
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;	<b>√</b>		-
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;	1		-
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.	1		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	1		-
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;	1		-
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;	1		-
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;	V		-
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.	1		-
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 reson of absence of the regular chairperson shall be duly recorded in the minutes.	√		-
5(3)(c)	Chairperson of the Audit Committee shall remin present in the Annual General Meeting (AGM):	1		-
5(4)(a)	request of any one of the members of the Committee;	J		
5(4)(b)	higher, where presence of an independent director is a must.	1		-
5(5)	The Audit Committee shall:-			
5(5)(a)	Oversee the financial reporting process;			-

#### **STATUS OF COMPLIANCE**

TITI F	COMPLIANCE STATUS (PUT √ IN THE APPROPRIATE COLUMN)		REMARKS (IF ANY)
IIILE	COMPLIED	NOT COMPLIED	
Monitor choice of accounting policies and principles;	<b>1</b>		-
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;	1		-
Oversee hiring and performance of external auditors.	J		-
Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	1		-
Review along with the management, the annual financial statements before submission to the board for approval;	1		-
Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	1		-
Review the adequacy of internal audit function;	1		-
Review the Management's Discussion and Analysis before disclosing in the Annual Report;	1		-
Review statement of all related party transactions submitted by the management;	1		-
Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.	J		-
Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evalute the performance of external auditors;	J		-
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 relevent offer document or prospectus approved by the Commission:	-	-	N/A
Reporting of the Audit Committee			
Reporting to the Board of Directors			
The Audit Committee shall report on its activities to the Board.	1		-
The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
report on conflicts of interests;	-	-	No such Incidence aro
	-	-	No such Incidence are
	-	-	No such Incidence aro
I = 1	-	-	No such Incidence aros
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
	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;  Oversee hiring and performance of external auditors.  Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;  Review along with the management, the annual financial statements before submission to the board for approval;  Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;  Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;  Review the adequacy of internal audit function;  Review the Management's Discussion and Analysis before disclosing in the Annual Report;  Review statement of all related party transactions submitted by the management;  Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.  Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evalute the performance of external auditors;  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 relevent offer document or prospectus approved by the Commission:  Reporting of the Audit Committee  Reporting to the Board of Directors  The Audit Committee shall immediately report to the Board.  The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-  report on conflicts of interests;  suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; control system;  suspected infringement of laws, regulatory compliances including sec	Monitor choice of accounting policies and principles;  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;  Oversee hiring and performance of external auditors.  I versee hiring and performance of external auditors.  I versee hiring and performance of external auditors for review of the annual financial statements before submission to the Board for approval or adoption;  Review along with the management, the annual financial statements before submission to the board for approval;  Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;  Review the adequacy of internal audit function;  Review the Adequacy of internal audit function;  Review the Management's Discussion and Analysis before disclosing in the Annual Report;  Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.  Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evalute the performance of external auditors;  Oversee whether the proceeds raised through Initial public Offering (IPO) or Repeat public Offering or Rights Share offer have been utilized as per the purpose stated in relevent offer document or prospectus approved by the Commission:  Reporting of the Audit Committee  Reporting of the Board of Directors  The Audit Committee shall report on its activities to the Board.  The Audit Committee shall report on its activities to the Board.  The Audit Committee shall report on its activities to the Board of Directors on the following findings, if any:-  report on conflicts of interests;  suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; control system;  suspected or presumed fraud or irregularity or m	Monitor choice of accounting policies and principles;  Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Paport; Oversee hiring and performance of external auditors.  Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval; Review along with the management, the annual financial statements before submission to the board for approval; Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval; Review the adequacy of internal audit function; Review the adequacy of internal audit function; Review tha management internation of audit for a proval; Review Along with the management audit and compliance of external audit function; Review Management's Discussion and Analysis before disclosing in the Annual Report; Review Management Eletters or Letter of Internal Control weakness issued by statutory auditors.  Oversee the determination of audit feel based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;  Oversee whether the following finitial public Offering (IPO) or Repeat public Offering IPO) or Repeat public Offering IPO) or Repeat public Offering for the Audit Committee  Reporting of the Audit Committee shall report on its activities to the Board.  The Audit Committee shall report on its activities to the Board of Directors on the following findings, if any:  report on conflicts of interests;  suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;  any other matter which the Audit Committee deems necessary shall be disclosed to the Board membral impact on the financial condition and results of operation and has discussed with the Board of the management that any rectification is necessary and if the Audit Committee that the

CONDITION	TITLE	COMPLIANCE STATUS (PUT √ IN THE APPROPRIATE COLUMN)		REMARKS (IF ANY)
NO.	··· <b>·</b>	COMPLIED	NOT COMPLIED	
	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.	J		-
6.	Nomination and remuneration Committee(NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	1		
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;	1		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	1		NRC members are appointed by the Board.
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	1		
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;	<b>√</b>		
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;	√		No such Incidence arose
6(2)(g)	The company secretary shall act as the secretary of the Committee;	1		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	1		
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.	1		
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;	√		Chairman of NRC is selected by the Board who is 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;	J		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:	1		
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√ √		

#### **STATUS OF COMPLIANCE**

CONDITION	TITLE		STATUS (PUT √ IN RIATE COLUMN)	REMARKS (IF ANY)
NO.	TITLE	COMPLIED	NOT COMPLIED	
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	-	-	No such event arose
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);	J		
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.	1		
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	1		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	1		
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:	J		
6(5)(b) (i)(a)		1		
6(5)(b) (i)(b)		1		
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;	1		
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity,educational background and nationality;	1		
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;	J		
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	1		
6(5)(b)(v)	Indentifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	1		
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	1		
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.	J		The policy criteria and activities of NRC are disclosed in the 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;	1		-
7 (1) (ii)		1		-
7 (1) (iii)		1		-
	Broker –dealer services;	1		-
	Actuarial services;	1		-
	Internal audit services or special audit services;	1		-

CONDITION	TITLE	COMPLIANCE STATUS (PUT √ IN THE APPROPRIATE COLUMN)		REMARKS (IF ANY)
NO.	IIILL	COMPLIED	NOT COMPLIED	
7 (1) (vii)	Any services that the Audit Committee determines.	<b>1</b>		-
7 (1) (viii)	Audit or certifiaction services on compliance of corporate governance as required under condition No.9(1);	J		-
7 (1) (ix)	Any other service that creates conflict of interest	J		-
7(2)	No Partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenureof 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.	1		-
8.	Maintaining a website by the Company			
8(1)	The Company shall have an official website linked with the website of the stock exchange.	J		-
8(2)	The company shall keep the website functional from the date of listing.	1		-
8(3)	The company shall make available the detailed disclosures on its website as required under the regulations of the concerned stock exchange(s)	J		-
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.	√		
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.	J		
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.	1		-

## CERTIFICATION ON CORPORATE GOVERNANCE



Report to the Shareholders of United Power Generation & Distribution Company Ltd. on compliance on the Corporate Governance Code.

We have examined the compliance status to the Corporate Governance Code by United Power Generation & Distribution Company Ltd. for the year ended on June 30, 2020. 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(2)(a),1(2)(d),1(7)(a),1(7)(b) & 2(b);
- (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.

Place: Dhaka

Dated: 19th November 2020

Podder & Associates Cost & Management Accountants

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

# UNITED GROUP – POWER DIVISION

2,105 MW is the present portfolio of United Group in the Power Generation sector. The Group currently contributes about 1,315 MW to the national grid through 11 operational power plants with another 790 MW of power generation facilities under construction at Anwara (Chittagong), Karnaphuli EPZ and Patuakhali (Payra Plant). United Group's Power Division has introduced many pioneering solutions to the Power Sector of Bangladesh starting in 1997 with the introduction of the country's first Independent Power Producer (IPP), the barge mounted Khulna Power Company (KPCL I). Since then United Group's Power Division on to introducing concepts such as Commercial Independent Power Plants as well as Combined Cycle and Modular Power Plant in Bangladesh.

United Group Power Division is a journey of many firsts.

Established the First Joint
Venture Power Project between
Private & Public Sector
United Ashuganj Energy Ltd.

Established the First Independent Power Plant Khulna Power Co. Ltd.

Established the First Small Independent Power Plant 3x11 MW Power Plants for REB

First and only firm to establish a power plant in 4 months United Ashuganj Power Ltd.



Established the First Private Electricity
Distribution Company

United Power Generation & Distr. Co. Ltd.

Established the First Commercial Power Plant

United Power Generation & Distr. Co. Ltd.

Established the First Multi Utility Service Provider

United Power Generation & Distr. Co. Ltd.

Established the First Combined Cycle Modular Power Plant United Ashuganj Energy Ltd.

## **Power Division**



#### Generation & Shareholding

2<sup>nd</sup> Largest Private Power Producer in Bangladesh 900 MW in operation across 9 Power Plants Track record of 100% on time project completion

## Engineering, Procurement & Construction (EPC)

Largest Local EPC Contractor 930 MW constructed 12 Power Projects completed till date Turnkey Solution Provider for Reciprocating engine based HFO & Gas Power Plants.





#### Operation & Maintenance (O&M)

Largest Local O&M Contractor O&M Service of 672 MW across 6 Power Projects Largest fleet of service engineers in operation Reciprocating engine based HFO & Gas Power Plants IPP & CIPP Power Projects



#### Gold, Silver & Bronze Award Asian Power Awards 2015

United Ashuganj Energy Ltd. 195 MW Combined Cycle Modular Power Plant



#### Best Large IPP of 2016 Award Power & Energy Week 2016, MPEMR United Ashuganj Energy Ltd.

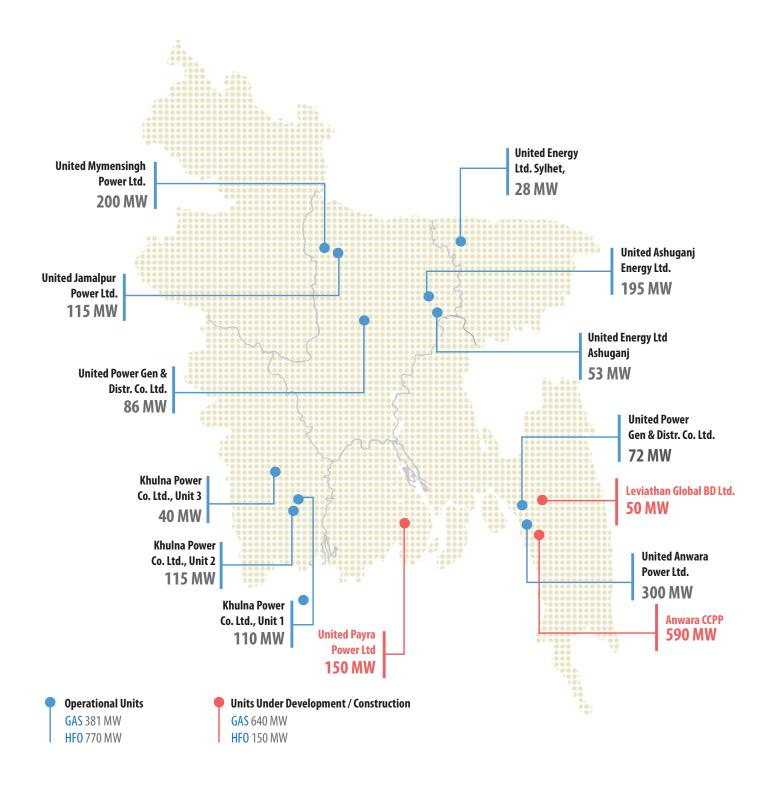
195 MW Combined Cycle Modular Power Plant



#### Best Power Producer of 2018 Award Power & Energy Week 2018, MPEMR

United Mymensingh Ltd. 200 MW HFO Fired Power Plant

# **ASSET MAP**



## 12TH ANNUAL GENERAL MEETING

The 12th Annual General Meeting (AGM) of United Power Generation and Distribution Company Ltd. was held on Tuesday, 05th November, 2019 at 10:30 a.m. at Golf Garden, Army Golf Club, Airport Road, Dhaka- 1206. General Md. Abdul Mubeen, SBP, ndc, psc (Retd), Chairman of the Board, presided over the Meeting.

Board of Directors including Independent Directors, Chairpersons of the Audit Committee, Chairperson of NRC Committee, Chief Financial Officer (CFO) and Company Secretary were present in the meeting. Representatives of the External Auditor (KPMG) were also present. Besides, total 310 Honorable Shareholders were present at the AGM.

After recitation from the Holy Quran by Moulana Shariful Islam, Chairman welcomed the Shareholders' to the Meeting. Chairman presented his deliberations highlighting about the overall performance of the company in the year 2018-19. He mentioned the strategic re-structuring of the company in the reporting year which positioned UPGDCL as the prime holding company of the gas based power generation facilities under the group. Combined generation capacity reached 486 MW while consolidated Revenue for the year reached BDT 11,253.36 million. Net Profit after tax (consolidated) was BDT 7,855.03 million. Company could maintain a healthy Gross Profit ratio at 63.28% while Net Profit ratio stood at 69.80% underlying a praise worthy overall performance in creating value addition of the shareholders.

Due to consolidation effect, despite being a debt-free entity on stand-alone basis, UPGDCL's Debt-Equity ratio was 23.47% representing the international and IPFF loans availed by United Ashugani Energy Ltd (UAEL).

During the year, consolidated EPS of the company was BDT 16.08 and Market capitalization as at 30th June, 2019 stood BDT 179,705.53 million or USD 2.12 billion. The Chairman mentioned the proposed Dividend for the year under review and at the same time stressed upon the point that market evaluation of UPGDCL script, in terms of bottom-line growth and value addition, were inappropriate, to say the least, and at the present price level the shares are in fact under-valued.

Dwelling on the post balance sheet events, the meeting was informed about the acquisition of 75% equity shares in the Leviathan Global BD Ltd., a 50 MW power plant being installed at the Karnaphully EPZ at Chattogram.

Concluding the welcome deliberations, the Chairman thanked the Board of Directors, Management, Shareholders and all other stakeholders for continued support and confidence all along.



Then Chairman invited comments from the Honorable Shareholders on Directors' Report and Audited Financial Statements for the period ending 30 June 2019. A good number of Shareholders participated in the discussions and reviewed the overall performance of the Company.

### NOTICE OF 13th ANNUAL GENERAL MEETING

Notice is hereby given that the 13th Annual General Meeting of United Power Generation & Distribution Company Ltd. (UPGDCL) will be held on Sunday, 20th December 2020 at 11 a.m. (Dhaka Time) in the digital platform through the following link https://upgdcl.bdvirtualagm. com to transact the following businesses:

#### **ORDINARY BUSINESS:**

- 1. Consideration and adoption of the Directors' Report and the Audited Financial Statements for the year ended 30 June 2020 together with the Auditors' Report thereon.
- 2. Approval of Dividend for the year ended 30 June 2020 as recommended by the Board of Directors.
- 3. Election/Re-election of Directors.
- 4. Appointment of Auditor for the year 2020-21 and fixation of their remuneration.
- 5. Appointment of Compliance Auditor for the year 2020-21 and fixation of their remuneration.

#### **SPECIAL BUSINESS:**

- 1. To consider and if thought fit to pass a **Special Resolution** for inserting a new clause "Meeting through Digital platform" in the Articles of Association of the Company.
- Consideration and approval of the Related Party Transactions (as disclosed in the Note 34 of the Separate and Note 42 of the Consolidated Audited Financial Statements) pursuant to the BSEC Notification No. BSEC/CMMRRCD/2009-193/Admin/103 dated 5th February 2020.
- Consideration and approval of issuance of Corporate Guarantees in favour of Eastern Bank Ltd. and The City Bank Ltd. by UPGDCL's on behalf of its subsidiaries United Jamalpur Power Ltd. (UJPL) and United Anwara Power Limited (UAnPL) respectively, pursuant to the BSEC Order No. SEC/CMMRRCD/2006-159/Admin/02-10 dated 10th September 2006.

By order of the Board

Badrul H. Khan FCA Company Secretary

Dhaka, 29th November 2020

#### NOTES:

- 1. Members whose name appeared on the Members/Depository Register as on "Record Date i.e. **30th November, 2020**" are eligible to attend the AGM and are also entitled to receive Dividend.
- A Member entitled to attend and vote at the AGM may appoint a Proxy to attend and vote in his/her behalf.
- 3. Link for joining the AGM through Digital Platform and detail login process will be notified to the respective Member through e-mail.
- 4. The Members will be able to submit their questions/comments and vote electronically 24 hours before commencement of the AGM and during the AGM. For logging in to the system, the Member need to put their 16-digit Beneficial Owner (BO) ID number and other credentials as proof of their identity, by visiting the link https://upgdcl.bdvirtualagm.com
- Members whose email addresses have not been updated/changed in the meantime, are requested to email us at info@unitedpowerbd. com or atiq@united.com.bd mentioning their full name, Folio/BO ID, email address and mobile number to get the digital platform

meeting invitation.

- 6. A Member entitled to attend and vote at the AGM may appoint a Proxy to attend and vote in his/her stead. The scanned copy of "Proxy Form, duly signed and affixed with BDT 20 revenue stamp must be sent through email at info@unitedpowerbd.com or atiq@ united.com.bd no later than 72 hours before commencement of the AGM.
- 7. Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification Noses/CMRRCD/2006-158/208/Admin/81 dated 20th June, 2018, copy of the Annual Report will be sent to the e-mail address of the Honorable Shareholders mentioned in their respective Beneficial Owner (BO) accounts maintained with the Depository based on the Record Date information.

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

## **INDEPENDENT AUDITOR'S REPORT AND**

**Consolidated Financial Statements** 

As at and for the year ended 30 June 2020

#### INDEPENDENT AUDITORÍS REPORT

To the shareholders of United Power Generation & Distribution Company Limited

#### Report on the Audit of the Consolidated Financial Statements

#### **Opinion**

We have audited the consolidated financial statements of United Power Generation & Distribution Company Ltd. (ithe Groupî or iUPGDCti) and its subsidiaries (together referred to as the iGroupî), which comprise the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

#### 1. Revenue recognition

See note 55 (F) and 30 to the financial statements

#### Description of key audit matters

Revenue recognition and provision for customer receivables are key areas of judgement, particularly in relation to:

- energy revenue is made based on the survey of the meter reading.
  The customer (or government authority) verify the electrical energy
  output through physical inspection of meter and/or review of relevant
  reports generated from the meter. Upon agreement by both parties, the
  electrical energy delivered for the month is evidenced by the approval
  of the professional engineers representing the Group and the customer.
  The meter is calibrated and certified by independent professional
  engineers on a regular basis; and
- identify conflicting issues relating to billing and assessing whether there is little prospect cash will be received for revenue that has been billed.

#### How the matters were addressed in our audit

Our audit procedures included:

- assessing whether revenue recognition policies are applied through comparison with relevant accounting standards and industry practice;
- testing the Group's controls over revenue recognition;
- re-calculate the invoice amount as per Power Supply Agreement (PSA);
- assessing the assumptions used to calculate the metered accrued income by ensuring that inputs used to the calculation have been derived appropriately;
- assessing the Group's disclosures of its revenue recognition, including the estimation and uncertainty involved in recording revenue; and
- discussed with the management regarding the treatment for revenue recognition policy of the Group.

### 2. Additional charges claimed by the gas suppliers to the UPGDCL

See note 48.2 to the financial statements

#### Description of key audit matters

Based on a decision of the Ministry of Power, Energy and Mineral Resources with regard to gas rates applicable for gas based power plants, the gas suppliers of the UPGDCL have claimed additional amounts of BDT 1,776,734,152 and BDT 491,063,484 for Dhaka Export Processing Zone (DEPZ) and Chittagong Export Processing Zone (CEPZ) plants, respectively.

UPGDCL initiated legal proceedings against this decision. Outcome of this litigation inherently affects the amount and timing of potential cash outflows.

The matter being sub judicial outcome cannot be predict with certainty. However, Legal Advisor of the UPGDCL opined about positive grounds favouring UPGDCL.

#### How the matters were addressed in our audit

Our substantive procedures in this area included:

- Reviewing of legal documents pertaining to the case.
- Inquiry with management regarding probable outcome of the case.
- Obtaining legal opinion from UPGDCls external legal counsel with regard to the outcome of the case.
- Reviewing contingent liability disclosures.

#### 3. Implementation of IFRS 16 -Leases

See note 4.2 and 55(Q) to the financial statements

#### Description of key audit matters

The Group recognized rights-of-use assets (ROUA) and lease liabilities arising from the lease rental agreements for land. The recognition is made for the first time in current years financial statements. However, that would not require a restatement of the comparative period information because Group elected modified retrospective approach. The lease liability is measured at the present value of the lease payments that are not paid at that date. For calculation of the lease liability, the management applies its judgment in determination of lease term, where certainty of exercising the option to extend or the option not to terminate the lease is considered.

The incremental borrowing rate is used as discounting rate in calculation of lease liability.

We considered the implementation of iIFRS-16 Leasesî as a key audit matter, since management had to apply several judgements and estimates such as lease term, discount rates, measurement basis among others and undertake a significant data extraction exercise to summarise the lease data for input into their lease calculation model.

#### How the matters were addressed in our audit

We obtained an understanding of the management's process for implementing IFRS 16 including financial controls designed by the management to mitigate the risks assessed by us independently. We tested those relevant controls and adopted a control rely strategy. Furthermore, to mitigate the inherent risk in this audit area, our audit approach included testing of the controls and substantive audit procedures, including:

- We studied the contracts for lease rental arrangements, especially the terms and conditions related to payments, lease incentives, any indirect costs, dismantling and restoration, option to extend the lease or not to terminate the lease.
- Through discussion we evaluated management's judgement and estimates used in adopting the new standard.
- We checked the lease amortization schedule and depreciation schedule for each of the leases.
- We checked the appropriateness of managements assumptions, especially in determining the certainty of exercising option to extend or terminate lease and the discounting rate applied to calculate lease liability.
- We assessed whether the disclosures within the financial statements are adequate as prescribed by the relevant IFRSs.

4. Impact of delay in renewal of Power Supply Agreement of 53 MW Ashuganj Power Plant of Subsidiary Company United Energy Ltd.

See Note 1.2.1 to the financial statements

#### Description of key audit matters

The 53 MW gas fired Ashuganj Power Plant in Ashuganj, B. Baria (which is included in the financial statements of Subsidiary Company United Energy Ltd.) is in full shutdown condition from June 22, 2019 as the Power Supply Agreement (PSA) No. 09783, dated: December 23, 2010 (Amendment Contract No. 09966, dated: September 16, 2014) with Bangladesh Power Development Board has expired on June 21, 2019. The Company has applied for renewal for further five years. Renewal is still under process as of this date.

#### How the matters were addressed in our audit

In order to assess that a potential non-renewal of the Agreement will not result in any material uncertainty on the operations of the Group and any material adverse impact on the profitability thereof, we performed the following procedures:

- Review of correspondence and other documents related to the application of renewal
- Discussion with management regarding the likelihood (or otherwise) of the renewal
- Analysis of the possible impact of non-renewal vis-- -vis the operations and financial position of the Group

#### Other Matter

The financial statements of the Group for the year ended 30 June 2019 were audited by another auditor who expressed qualified opinion on those statements on 01 August 2019.

#### Other Information included in the Group's June 30, 2020 Annual Report

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International 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.

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform
  audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our
  opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may
  involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management is use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group is ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor is report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor is report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

#### Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Group so far as it appeared from our examination of these 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 accounts and returns; and
- d) the expenditure incurred was for the purposes of the Group's business.

A. Qasem & Co. Chartered Accountants

Partner: Sanjida Kasem, FCA, FCMA, CFE

Dhaka, 28 October 2020

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In Taka	Note	30 June 2020	30 June 2019
Assets			
Property, plant and equipment	5	19,097,479,899	20,242,083,450
Capital Work In Progress (CWIP)	6	1,615,721,811	
Right of use assets	7	224,133,730	-
Prepaid lease rent	8	-	199,341,333
Investment in subsidiary	9	<u>-</u>	<u> </u>
Non-current assets		20,937,335,440	20,441,424,783
Inventories	10	1,331,234,455	1,096,323,223
Trade and other receivables	11	2,726,449,063	2,769,811,250
Receivable from related party	12	10,417,707,665	14,060,279,622
Advances, deposits and prepayments	13	139,556,570	221,576,887
Investment in marketable securities	14	92,817,221	126,872,487
Advance income tax	15	15,459,522	16,677,644
Cash and cash equivalents	16	417,010,048	3,299,042,119
Current assets		15,140,234,544	21,590,583,232
Total assets		36,077,569,984	42,032,008,015
Equity			
Share capital	17	5,269,957,000	4,790,870,000
Share premium	18	2,046,000,000	2,046,000,000
Revaluation reserve	19	57,459,283	58,131,275
Retained earnings	20	21,933,085,610	22,704,577,678
Equity attributable to the owners of the Company		29,306,501,893	29,599,578,953
Non-controlling interests	21	544,709,204	488,158,794
Total equity		29,851,211,097	30,087,737,747
Liabilities			
Borrowings	22	4,081,869,702	7,061,776,681
Security money received	23	700,000	700,000
Land lease Liability	24	24,449,893	-
Non-current liabilities		4,107,019,595	7,062,476,681
Deferred revenue	25	263,191,682	-
Trade and other payables	26	268,276,794	298,470,517
Accrued expenses	27	24,187,065	66,930,430
Borrowings	22	782,948,179	1,071,451,367
Land lease Liability	24	905,739	-
Payable to related party	28	750,470,660	3,260,790,726
Current Tax liability	29	29,359,173	184,150,547
Current liabilities		2,119,339,292	4,881,793,587
Total liabilities		6,226,358,887	11,944,270,268
Total equity and liabilities		36,077,569,984	42,032,008,015

The annexed notes 1 to 57 form an integral part of these financial statements.

Managing Director

Director

Company Secretary

As per our report of same date.

A. Qasem & Co. Chartered Accountants

Place: Dhaka Date: 28 October 2020

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended			
In Taka	Note	30 June 2020	30 June 2019		
Revenue	30	10,094,032,945	11,253,361,366		
Cost of sales	31	(4,242,256,126)	(4,132,336,855)		
Gross profit		5,851,776,819	7,121,024,511		
General and administrative expenses	32	(69,448,351)	(99,722,777)		
Other income	33	3,974,180	810,969,524		
Operating profit		5,786,302,648	7,832,271,258		
Finance income	34	524,788,428	627,870,566		
Foreign exchange gain/(loss)	35	(40,562,356)	(84,026,708)		
Finance expense	36	(338,523,123)	(495,046,422)		
Profit before tax		5,932,005,599	7,881,068,694		
Income tax expense	37	146,781,950	(26,040,669)		
Profit		6,078,787,549	7,855,028,025		
Other comprehensive income		-	-		
Total comprehensive income		6,078,787,549	7,855,028,025		
Total comprehensive income attributable to:					
Owners of the Company		5,935,053,939	7,704,616,834		
Non-controlling interests	21	143,733,610	150,411,191		
Total comprehensive income		6,078,787,549	7,855,028,025		
Earnings per share (Basic)	38.1	11.26	14.62		

The annexed notes 1 to 57 form an integral part of these financial statements.

Managing Director

Director

Company Secretary

As per our report of same date.

Place: Dhaka

Date: 28 October 2020

A. Qasem & Co. Chartered Accountants

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the year ended 30 June 2020						
In Taka	Attr	ibutable to the ow	ners of the Compar	ny	Minority		
	Share capital	Share premium	Retained earnings	Revaluation reserve	Interest	Total	
Balance at 1 July 2019	4,790,870,000	2,046,000,000	22,704,577,678	58,131,275	488,158,794	30,087,737,747	
Profit for the year	-	-	5,935,053,939	-	143,733,610	6,078,787,549	
Minority interest added during the year					1,000,000	1,000,000	
Issue of bonus shares	479,087,000	-	(479,087,000)	-	-	-	
Cash dividend paid during the year			(6,228,131,000)	-	-	(6,228,131,000)	
Depreciation on revalued assets	-	-	671,992	(671,992)	-	-	
Dividend paid to subsidiary company	-	-	-	-	(88,183,200)	(88,183,200)	
Balance at 30 June 2020	5,269,957,000	2,046,000,000	21,933,085,610	57,459,283	544,709,204	29,851,211,097	

	For the year ended 30 June 2019						
In Taka	Attributable to the owners of the Company						
	Share capital	Share premium	Retained earnings	Revaluation reserve	Minority Interest	Total	
Restated balance at 1 July 2018	3,992,391,670	2,046,000,000	20,174,102,182	58,803,268	401,910,337	26,673,207,457	
Profit for the year	-	-	7,704,616,834	-	150,411,191	7,855,028,025	
Cash dividend paid during the year			(3,593,152,504)			(3,593,152,504)	
Issue of bonus shares	798,478,330		(798,478,330)			-	
Depreciation on revalued assets	-	-	671,992	(671,992)	-	-	
Dividend paid to subsidiary	-	-	-	-	(56,254,800)	(56,254,800)	
Merger reserve	-	-	(297,000)	-	-	(297,000)	
Adjustment of gain on disposal from sale of subsidiary under common control	-	-	(782,885,496)	-	(7,907,934)	(790,793,430)	
Balance at 30 June 2019	4,790,870,000	2,046,000,000	22,704,577,678	58,131,275	488,158,794	30,087,737,747	
Note	17	18	20	19	21		

The annexed notes 1 to 57 form an integral part of these financial statements.

Managing Director

Mondo Muse Director

Company Secretary

As per our report of same date.

A. Qasem & Co. Chartered Accountants

#### CONSOLIDATED STATEMENT OF CASH FLOWS

		For the year ended		
In Taka	Note	30 June 2020	30 June 2019	
Cash flows from operating activities				
Cash received from customers		10,399,237,817	10,726,402,772	
Cash received from other sources	33	56,715,227	91,077,603	
Cash paid to suppliers and others		(3,213,532,597)	(2,579,777,152)	
Tax paid		(5,610,987)	(10,121,389)	
Financial charges paid	36	(255,139,800)	(495,422,541)	
Net cash generated from operating activities		6,981,669,660	7,732,159,293	
Cash flows from investing activities				
Acquisition of property, plant and equipment	5	(392,820,577)	(85,563,935)	
Investment in subsidiary company		(3,000,000)	(297,000)	
Sale proceeds of subsidiary company		-	60,842,895,809	
Cash received/(paid) for related party loan	12	1,467,797,974	(1,229,090,959)	
Insurance claim received on disposal of fixed assets		41,503,257	-	
Investment in marketable securities		-	(37,699,999)	
Net cash generated from/(used in) investing activities		1,113,480,653	59,490,243,916	
Cash flows from financing activities				
Dividend paid		(6,740,241,409)	(357,911,041)	
Land lease payment		(854,470)	-	
Cash paid for related party loan		-	(64,804,578,425)	
Long term loan received/(paid)	22	(4,259,226,445)	(1,058,364,134)	
Net cash generated from/(used in) financing activities		(11,000,322,324)	(66,220,853,600)	
Net increase in cash and cash equivalents		(2,905,172,011)	1,001,549,609	
Opening cash and cash equivalents	16	3,322,180,442	2,297,488,160	
Effect of movements in exchange rates on cash held	35	1,617	4,350	
Cash and cash equivalents as at 30 June		417,010,048	3,299,042,119	

The annexed notes 1 to 57 form an integral part of these financial statements.

Managing Director

**Company Secretary** 

As per our report of same date.

Place: Dhaka

Date: 28 October 2020

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

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1 Reporting entity

#### 1.1 Company profile

United Power Generation & Distribution Company Ltd. (UPGDCL) (hereinafter referred to as ithe Companyi), a public limited company, was incorporated in Bangladesh on 15 January 2007 under the Companies Act (#18) 1994 under registration no. C-65291(2783)/07 with its corporate office at Gulshan Center Point, Road No. 90-91, House No. 23-26, Gulshan-2, Dhaka-1212, Bangladesh. The Company was initially registered as a private limited company, formerly known as Malancha Holdings Ltd. (MHL) and subsequently converted into a public limited company on 22 December 2010.

The Company is listed with Dhaka Stock Exchange Limited (DSE) and Chattogram Stock Exchange Limited (CSE).

#### 1.2 Investment in subsidiaries

The consolidated financial statements of the Group as at and for the period ended 30 June 2020 comprise the financial statements of the Company and those of its subsidiaries (together referred to as ithe Groupi).

#### **Subsidiaries**

Subsidiaries are the entities controlled by the Company. The Company controls an entity when it has power over the entity and is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary companies are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The following are the subsidiaries controlled by the Company:

#### 1.2.1 United Energy Ltd.

United Energy Ltd. (UEL), (formerly Shajahanullah Power Generation Company Limited) is a public limited company incorporated in Bangladesh. The authorised capital of UEL is Tk. 100,000,000 divided into 10,000,000 ordinary shares of Tk. 10 each. UEL developed a power plant of 28 MW capacity at Sylhet in order to produce and supply electricity. The plant came into commercial operational on 21 October 2013.

UEL also acquired a power plant of 53 MW capacity through amalgamation with United Ashuganj Power Limited (UAPL) from 1 July 2016 in order to produce and supply electricity.

On 22 June 2019, the Contract for Supply of Electricity on Rental Basis between Bangladesh Power Development Board (BPDB) and United Energy Ltd relating to its 53 MW plant expired. Prior to the expiry, on 4 August 2018 the Company filed an application with BPDB for a 5 year extension of the contract.

Negotiations for extension of the contract with BPDB are under process and management believes that BPDB will agree to the extension. No electricity is being demanded from the plant by BPDB in the meantime. Necessary market disclosures in this regard were given by the Company on 23 June 2019.

1.2.2 United Ashuganj Energy Ltd. (UAEL) was incorporated in Bangladesh as a private company limited by shares under Companies Act (Act XVIII) 1994 on 30 January 2013. The authorised share capital of UAEL is Tk. 5,000,000,000 only divided into 500,000,000 ordinary shares of Tk. 10 each.

The principal activity of UAEL is power generation and sale of such power to Bangladesh Power Development Board (BPDB). UAEL is a gas fired power plant with a capacity of 195 MW (net) located at Ashuganj, Brahmanbaria which started its commercial operation on 8 May 2015.

#### 1.2.3 Leviathan Global BD Ltd.

Leviathan Global BD Ltd. (LGBDL) is a public limited company, was incorporated in Bangladesh on 23 May 2018 under the Companies Act (#18) 1994 under registration no. C-145026/2018. The authorised share capital of LGBDL is Tk. 1,000,000,000 only divided into 100,000,000 ordinary shares of Tk. 10 each.

Leviathan Global BD Ltd. is a 50 MW IPP gas-fired power plant having a contract period of 30 years (extendable for further 30 years), built under joint venture with Leviathan Global Corporation, USA and UECL respectively. The plant is located at Karnaphuli Export Processing Zone (KEPZ) in chattagram and will be operated under an agreement with Bangladesh Export Processing Zone Authority (BEPZA).

Details of holding structure in subsidiaries are described in Note 55A.

#### 1.3 Nature of the business

The principal activity of the Company is to generate electricity by gas fired power plants, at Dhaka Export Processing Zone (DEPZ) with 86 MW capacity and Chattogram Export Processing Zone (CEPZ) with 72 MW capacity and to sell electricity to the export processing industries located inside DEPZ and CEPZ with the provision of selling surplus power outside the Export Processing Zones (EPZs) after fulfilling their requirement. The Company is also supplying electricity to Dhaka PBS-1 of Bangladesh Rural Electrification Board (BREB), Bangladesh Power Development Board (BPDB), Karnaphuli Export Processing Zone (KEPZ) and other private sector companies.

#### 1.4 Power plant

The natural gas fired power plants of Dhaka EPZ and Chattogram EPZ consist of Wartsila, Rolls Royce and MTU engine generators with 30 years expected useful life, which forms the major part of the power generation companies.

DEPZ power plant came into commercial operation on 26 December 2008 with a capacity of 41 MW at DEPZ premises. In 2013, the Company increased its capacity from 41 MW to 86 MW and installed 2 heat recovery boilers to produce 8 ton/h of steam for sale to other customers. At DEPZ, there are four gas fired engines with a capacity of 8.73 MW each, five gas fired engines with a capacity of 9.34 MW each and two gas fired engines with a capacity of 2 MW each for generation of electricity.

CEPZ power plant came into commercial operation on 12 August 2009 with a capacity of 44 MW at CEPZ premises. In 2013, the Company increased its capacity from 44 MW to 72 MW and installed 3 heat recovery boilers to produce 12 ton/h of steam for sale to other customers. At CEPZ, there are five gas fired engines with a capacity of 8.73 MW each and three gas fired engines with a capacity of 9.34 MW each.

The principal activity of the Group is to generate and supply electricity. Operational details of the Group are as follows:

Name of entity	Location	Plant capacity (MW)	Operation starting date	End of Contract year
United Power Generation &	DEPZ	86	26 December 2008	2038
Distribution Company Ltd.	CEPZ	72	12 August 2009	2039
United Energy Ltd	Ashuganj	53	22 June 2011	Expired. Negociation in Progress.
	Sylhet	28	21 October 2013	2043
United Ashuganj Energy Ltd	Ashuganj	195	8 May 2015	2030
Leviathan Global BD Ltd.	KEPZ	50	-	2048

#### 2 Basis of accounting

#### 2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. Details of the Group's accounting policies are included in Note 55.

#### 2.2 Date of authorisation

The consolidated financial statements were authorised for issue by the Board of Directors on 29 October 2020.

#### 2.3 Reporting period

The current financial period of the Group covers one year from 1 July 2019 to 30 June 2020 and it is followed consistently.

#### 3 Functional and presentation currency

These consolidated financial statements have been presented in Bangladeshi Taka (Taka/Tk/BDT), which is both the functional and presentation currency of the Group. All financial information presented in Taka have been rounded off to the nearest integer, unless otherwise indicated.

#### 4 Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

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

#### 4.1 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 5 and 55B Property, plant and equipment

Note 10 and 55C Inventories

Note 11 and 55D Trade and other receivables

Note 29 and 55J Current Tax liability

Note 46, 48, and 55H Contingent assets and Contingent liabilities

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liabilities that are not based on observable market data

The Group, on regular basis, reviews the inputs and valuation judgements used in measurement of fair value and recognises transfers between level of the fair value hierarchy at the end of the reporting period during which the changes have occurred.

#### 4.2 Changes in significant accounting policies

The following lists shows the recent changes to International Financial Reporting Standards (ilFRSi or istandardsi) that are required to be applied by an entity with an annual reporting period beginning on or after 1 July 2019:

- ï IFRS 16: Leases
- i Interpretation made by the International Financial Reporting Interpretation Council (IFRIC) 23: Uncertainty over Tax Treatments
- i Amendments to IFRS 9: Financial Instruments on prepayment features with negative compensation
- i Amendments to IAS 28: Investments in Associates and Joint Ventures on long-term interests in associates and joint ventures
- ï Amendments to IAS 19: Employee Benefits on plan amendment, curtailment or settlement
- i Amendments to various standards based on the Annual Improvements to IFRSs 2015-2017 Cycle

The Group initially adopted IFRS 16: Leases (hereafter IFRS 16i) on 1 July 2019. The other new and amended standards and the interpretation to a standard listed above do not have any material effect on the Group's financial statements.

The effects of the adoption of IFRS 16 on the Group's financial statements are explained below:

#### IFRS 16

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 supersedes IAS 17: Leases, IFRIC 4: Determining whether an Arrangement contains a Lease, SIC 15: Operating Leases ñ Incentives, and SIC 27: Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. It changed the accounting of leases

previously classified as operating leases under IAS 17, which were off balance sheet. Under IAS 17, operating leases were expensed on a straight-line basis over the term of the lease, and assets and liabilities were recognised only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under IFRS 16, 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 recognition exemptions for short-term leases and leases of low-value items (practical expedients). In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17; i.e. lessors continue to classify leases as finance or operating leases.

#### Impact on lessee accounting

The Group has chosen to apply the modified retrospective approach, under which the cumulative effect of initial application is not recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for the year ended on 30 June 2019 is not restated, i.e. it is presented as previously reported under IAS 17.

On initial application of IFRS 16, for all leases, except for those that the practical expedient was applied (see below), the Group has:

- T Recognised right of use assets in the statement of financial position by reclassifying Prepaid lease rent;
- ï Recognised depreciation of right of use assets in the statement of profit or loss.

Under IFRS 16, the Group applied the practical expedient to grandfather the definition of a lease on transition. This means that:

- ii all contracts entered into before 1 July 2019 that were not identified as leases in accordance with IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019;
- for any leases with unexpired lease term on initial application date of less than 12 months or any leases relating to low value items, the Group elected to use the short-term lease exemption; and
- The initial direct costs arising from the measurement of right-of-use asset at the date of initial application were excluded.

Based on an analysis of the Group's finance leases as at 30 June 2019 on the basis of the facts and circumstances that existed at that date, management has assessed and incorporated the following impact on the Group's financial statements as at 1 July 2019:

In Taka	Note	As reported at 30 June 2019	Adjustment due to adoption of IFRS 16	Adjusted opening balances as at 1 July 2019	
Right of use asset	7	-	245,823,435	245,823,435	
Prepaid lease rent	8	219,613,333	(245,823,435)	-	

- ï The Group's right of use assets were measured by reclassifying prepaid lease rent.
- The impact of IFRS 16 on the statement of profit or loss was to replace the operating lease expenses (or rent expense) with a depreciation of right-of-use assets, with the exception of short-term leases and leases of low-value assets. The financial impact of these changes on the results of the Group for the year compared to those of the prior year was not significant.
- i IFRS 16 doesnít have any material impact on the statement of cash flows.

#### Impact on lessor accounting

The Group leases out its power plant assets. The Group has classified these leases as operating leases. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. The Group is showing capacity revenue received from BPDB by straight lining the non-escalable portion, from 1 July 2019, over remaining PPA life.

The Group has applied IFRS 15: Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

#### Property, plant and equipment 5

See accounting policy in Note 55B

#### Reconciliation of carrying amount

- Reconciliation of carrying amount			T	ı	1			
In Taka	Plant and machinery	Gas line	Building and civil construction	Land and development	Office equipment	Furniture and fixture	Motor vehicle	Total
Restated balance at 1 July 2018	26,581,232,847	480,308,057	750,790,250	279,952,125	15,767,833	11,332,831	93,288,715	28,212,672,657
Additions	87,403,720	1,997,455	239,820	-	365,344	726,571	2,230,000	92,962,910
Disposals/transfers	(7,419,563)	-	-	-	-	-	-	(7,419,563)
Balance at 30 June 2019	26,661,217,004	482,305,512	751,030,070	279,952,125	16,133,177	12,059,402	95,518,715	28,298,216,004
Balance at 1 July 2019	26,661,217,004	482,305,512	751,030,070	279,952,125	16,133,177	12,059,402	95,518,715	28,298,216,004
Additions	197,634,750	1,410,533	1,753,625	-	888,397	153,956	-	201,841,261
Disposals/transfers	(48,140,896)	-	-	-	-	-	-	(48,140,896)
Balance at 30 June 2020	26,810,710,858	483,716,045	752,783,695	279,952,125	17,021,574	12,213,358	95,518,715	28,451,916,370
Accumulated depreciation								
Balance at 1 July 2018	6,303,285,266	107,255,311	184,956,756	108,239,599	11,805,067	4,805,308	22,849,593	6,743,196,899
Depreciation for the year	1,235,795,512	14,796,757	40,607,337	9,387,678	1,855,077	1,169,711	9,344,171	1,312,956,244
Adjustment for disposal/transfers	(20,589)	-	-	-	-	-	-	(20,589)
Balance at 30 June 2019	7,539,060,188	122,052,068	225,564,093	117,627,277	13,660,144	5,975,019	32,193,764	8,056,132,554
Balance at 1 July 2019	7,539,060,188	122,052,068	225,564,093	117,627,277	13,660,144	5,975,019	32,193,764	8,056,132,554
Depreciation for the year	1,238,503,937	14,829,465	40,633,959	9,387,678	909,499	1,210,834	9,126,646	1,314,602,019
Adjustment for disposal/transfers	(16,298,100)	-	-	-	-	-	-	(16,298,100)
Balance at 30 June 2020	8,761,266,026	136,881,533	266,198,052	127,014,956	14,569,643	7,185,853	41,320,411	9,354,436,473
Carrying amounts								
Balance at 30 June 2019	19,122,156,815	360,253,444	525,465,977	162,324,847	2,473,033	6,084,383	63,324,951	20,242,083,450
Balance at 30 June 2020	18,049,444,832	346,834,512	486,585,643	152,937,169	2,451,931	5,027,505	54,198,304	19,097,479,899

#### Allocation of depreciation

In Taka	Note	30 June 2020	30 June 2019
Cost of sales	31	1,306,178,813	1,304,621,962
General and administrative expenses	32	8,423,205	8,334,282
		1,314,602,019	1,312,956,244

#### 6 Capital Work In Progress (CWIP)

In Taka	30 June 2020	30 June 2019
Capital Machinery	1,555,743,277	-
Gas Line	5,000,000	-
Building and Civil construction	54,888,927	-
Furniture and Fixture	89,607	-
	1,615,721,811	-

#### 7 Right of use assets

See accounting policy in Note 55Q

In Taka	30 June 2020	30 June 2019
Cost		
Balance as at 01 July Recognition of right-of-use assets on initial application of IFRS 16 Disposals	245,823,435 -	- - -
Balance at 30 June	245,823,435	-
Accumulated amortisation		
Balance as at 01 July	-	-
Amortisation for the year	21,689,705	-
Adjustment for disposal/transfers	-	-
Balance at 30 June	21,689,705	-
Carrying amounts		
As at 30 June	224,133,730	-

Amortisation on right of use asset has been charged to cost of sales.

#### 8 Prepaid lease rent

In Taka	30 June 2020	30 June 2019
Prepaid lease rent-non current	-	199,341,333
Prepaid lease rent- current	<u>-</u>	20,272,000
Balance at 30 June	-	219,613,333

A land lease agreement was signed between Ashuganj Power Station Company Ltd. (APSCL) and United Ashuganj Energy Ltd. on 27 October 2013. The area of land is 6.48 acres and the value of the lease is Tk. 304,080,000.

#### 9 Investment in subsidiary

In Taka	30 June 2020	30 June 2019
United Energy Ltd Leviathon Global BD Ltd.	-	-
	-	-

On 13 November 2018, the Board of Directors of the Company resolved to acquire 99% ordinary shares of United Energy Ltd (UEL) at face value with effect from 1 July 2018. UEL is a power generation company established under the Private Sector Power Generation Policy of Bangladesh. It operates two power plants, a 53 MW plant at Ashuganj and a 28 MW plant at Sylhet, respectively.

UEL also holds 92.41% ordinary shares of United Ashuganj Energy Ltd (UAEL), a power generation company established under Public Private Partnership (PPP). It operates a 195 MW plant located at Ashuganj, Brahmanbaria.

On 22 June 2019, the Board of Directors of UPGDCL resolved to acquire 75% shares (300,000 shares at face value of Tk. 10 each) of Leviathan Global BD Ltd. (LGBDL) from United Enterprises & Co. Ltd. (UECL). A share transfer agreement was also signed on the same date stating the acquisition to be effective from 1 July 2019.

	Inventories See accounting policy in Note 55C								
	In Taka	Note	30 June 2020	30 June 2019					
		10.1							
	Spare parts Lube oil and chemicals	10.1	1,162,763,960 45,811,875	1,022,385,629 38,646,977					
	Materials in transit		122,658,620	35,290,617					
			1,331,234,455	1,096,323,223					
.1	Spare parts								
	In Taka		30 June 2020	30 June 2019					
	Opening balance		1,022,385,629	1,142,628,56					
	Purchase during the year		606,886,635	699,106,41					
	Transfer during the year		9,781,993	(11,530,045					
	Consumption during the year		(476,290,297) 1,162,763,960	(807,819,300 <b>1,022,385,62</b>					
.2	Lube oil and chemicals		1,102,703,700	1,022,303,02					
	In Taka		30 June 2020	30 June 201					
	Opening balance		38,646,978	31,245,45					
	Purchase during the year		88,335,849	87,061,50					
	Transfer during the year		(04.470.050)	8,601,23					
	Consumption during the year		(81,170,952)	(88,261,208					
			45,811,875	38,646,97					
	Trade and other receivables								
	See accounting policy in Note 55D								
	In Taka	Note	30 June 2020	30 June 201					
	Trade receivables	11.1	2,721,688,325	2,763,864,67					
	Other receivables	11.2	4,760,738	5,946,57					
			2,726,449,063	2,769,811,25					
1	Trade receivables								
			30 June 2020	30 June 201					
	BREB		251,478,856	256,175,10					
	BPDB		1,775,388,896	1,886,818,84					
	Other private sustamers		386,377,099	323,346,58					
	Other private customers		308,443,474 2,721,688,325	297,524,14 <b>2,763,864,67</b>					
2	Other receivables		2,721,000,020	2,700,001,07					
_	In Taka		30 June 2020	30 June 201					
	Wartsila Bangladesh Ltd		4,401,754	5,171,52					
	Bergen Engine BD (Pvt.) Ltd		4,401,734	5,171,52 442,97					
	Kaltimex Energy Bangladesh (Pvt) Ltd.		164,133	772,77					
	Interest on FDR		-	185,01					
	Samuda Power Ltd			139,73					
	()thore		194,851	7,32					
	Others		4,760,738	5,946,573					

- 11.3 Out of the total receivable from BREB, an amount of BDT 177,171,835 for the period from 2009 to 2012 was under arbitration in Bangladesh Energy Regulatory Commission (BERC) for determination. In May 2018, the arbitration panel awarded in favor of BREB. The Company has filed a writ petition with the Honorable High Court Division of the Supreme Court of Bangladesh against the arbitration award as management continues to believe the amount is recoverable. This is supported by external legal opinion.
- 11.4 Out of the total receivable from BPDB, an amount of BDT 128,900,233 is disputed by BPDB dating back to the period 2009 to 2012. The Company will pursue this amount upon satisfactory resolution of the above matter, but is confident of recovery.

#### 12 Receivable from related party

See accounting policy in Note 55D

In Taka	30 June 2020	30 June 2019
United Enterprises & Co. Ltd	5,240,109,050	7,520,341,623
United Mymensingh Power Ltd	5,169,415,253	6,530,346,076
United Jamalpur Power Ltd United Anowara Power Ltd	133,889 7,672,081	133,889 9,080,642
United Lube Oil Ltd	377,392	377,392
	10,417,707,665	14,060,279,622

#### 13 Advances, deposits and prepayments

See accounting policy in Note 55D

In Taka	Note	30 June 2020	30 June 2019
Advances	13.1	71,598,548	40,133,770
Deposits	13.2	52,036,610	25,192,701
Prepayments	13.3	15,921,412	156,250,416
		139,556,570	221,576,887

#### 13.1 Advances

In Taka	30 June 2020	30 June 2019
Advance against salary and allowances Advance against LC charges Advance against expenses	500,000 351,125 70,747,422	500,000 769,832 38,863,938
	71,598,548	40,133,770

#### 13.2 Deposits

In Taka	30 June 2020	30 June 2019
Karnaphuli Gas Distribution Company Limited	44,293,183	17,448,825
Bank guarantee margin	5,850,000	5,850,000
BEPZĂ	1,112,519	1,112,519
Balance in BO account	75,907	76,357
Central Depository Bangladesh Limited	500,000	500,000
BPDB	205,000	205,000
	52,036,610	25,192,701

#### 13.3 Prepayments

In Taka	30 June 2020	30 June 2019
Finnvera premium	-	115,095,009
Land lease rent	-	20,272,000
Insurance premium	13,624,129	18,468,590
Bank guarantee commission	1,656,256	1,737,871
BERC license fees	641,027	676,946
	15,921,412	156,250,416

#### 14 Investment in marketable securities

See accounting policy in Note 55D

In Taka	30 June 2020	30 June 2019
Cash available for share purchase Financial assets classified as fair value through profit and loss	789,680 92,027,541	12,684,697 114,187,790
	92,817,221	126,872,487

#### 14.1 Financial assets classified as fair value through profit and loss

Name of the Company	No. of shares	Rate per share	Market value at 30 June 2020	Market value at 30 June 2019	Cost price	Changes in fair value
Beximco Pharma Limited	100,000	69.20	6,920,000	-	7,810,171	(890,171)
Glaxosmith Ltd.	5,500	2,186.60	12,026,300	-	9,859,808	2,166,493
Olympic Industries Ltd.	28,024	150.20	4,209,205	-	5,070,361	(861,156)
Pioneer Insurance Ltd.	250,000	29.40	7,350,000	-	10,099,741	(2,749,741)
Renata Ltd.	14,000	1,026.20	14,366,800	-	16,668,204	(2,301,404)
Shahjalal Islami Bank Limited	723,580	19.20	13,892,736	-	18,065,677	(4,172,941)
Singer BD Ltd	150,000	147.00	22,050,000	-	31,969,527	(9,919,527)
Square Pharmaceuticals Ltd	65,000	172.50	11,212,500	-	14,090,352	(2,877,852)
BRAC Bank Limited	251,045	70.90	-	16,594,075	-	-
Bangladesh Submarine Cable Com. Ltd.(BSCCL)	338,422	161.65	-	44,671,704	-	-
National Polymer Ltd	277,333	94.71	-	30,534,363	-	-
Shahjalal Islami Bank Limited	723,580	24.97	-	18,523,648	-	-
Singer BD Ltd	20,000	179.97	-	3,864,000	-	-
			92,027,541	114,187,790	113,633,840	(21,606,299)

#### 15 Advance income tax

In Taka	30 June 2020	30 June 2019
Opening balance Paid during the year Adjustment for completion of assessment	15,869,483 5,544,142 (5,954,103)	8,172,685 8,504,959 -
	15,459,522	16,677,644

#### 16 Cash and cash equivalents

See accounting policy in Note 55D

In Taka	Note	30 June 2020	30 June 2019
Cash in hand	16.1	226,051	140,534
Fixed deposits	16.2	-	55,503,502
Cash at bank	16.3	416,783,997	3,243,398,083
		417,010,048	3,299,042,119

#### 16.1 Cash in hand

In Taka	30 June 2020	30 June 2019
Cash in hand	226,051	140,534
	226,051	140,534

16.2	Fixed deposits						
	In Taka			30 June 2020	30 June 2019		
	Dhaka Bank Limited			-	55,503,502		
16.3	Cash at bank			-	55,503,502		
	In Taka			30 June 2020	30 June 2019		
	Dhaka Bank Limited Dutch Bangla Bank Limited Shahjalal Islami Bank Limited Eastern Bank Limited Jamuna Bank Limited Trust Bank Limited Brac Bank Limited-Dividend distribution The City Bank Limited - Dividend distribution The Hongkong and Shanghai Banking Corp Standard Chartered Bank The City Bank Limited Pubali Bank Limited	A/C 2016 A/C 2017		361,922,440 7,536,739 32,624 1,073,666 952,255 223,753 13,498,490 1,398,487 8,916,088 1,072,191 7,746,743 811,739 11,598,782	2,611,539,043 570,352,584 928,860 79,187 6,616,493 985,369 13,116,290 1,400,987 5,959,588 1,045,838 29,178,640 1,364,709 309,909 520,586		
				416,783,997	3,243,398,083		
17	Share capital						
	See accounting policy in Note 55N						
	In Taka			30 June 2020	30 June 2019		
	Authorised 800,000,000 ordinary shares of Tk. 10 each 200,000,000 redeemable preference shares			8,000,000,000 2,000,000,000 10,000,000,000	8,000,000,000 2,000,000,000 10,000,000,000		
	Ordinary shares issued, subscribed and	paid up					
	Opening balance Bonus shares issued			4,790,870,000 479,087,000	3,992,391,670 798,478,330		
	Closing balance			5,269,957,000	4,790,870,000		
17.1	Particulars of shareholding						
	In Taka	30 June 2020 No. of shares	30 June 2019 No. of shares	30 June 2020 Value (Tk)	30 June 2019 Value (Tk)		
	United Mymensingh Power Ltd Investment Corporation of Bangladesh General investors	474,288,093 14,395,360 38,312,247	431,170,994 13,086,748 34,829,258	4,742,880,930 143,953,600 383,122,470	4,311,709,940 130,867,480 348,292,580		
		526,995,700	479,087,000	5,269,957,000	4,790,870,000		
17.2	Percentage of shareholdings						
	Name of shareholders			30 June 2020	30 June 2019		
	United Mymensingh Power Ltd Investment Corporation of Bangladesh General investors			90.00% 2.73% 7.27%	90.00% 2.73% 7.27%		
				100%	100%		

-	In Taka	30 June 2020	30 June 2019
_	Share premium	2,046,000,000	2,046,000,000
-	Shale premium	2,046,000,000	2,046,000,000
-	This represents premium of Tk. 62 per share of 33,000,000 ordinary shares of Tk.		2,040,000,000
	Revaluation reserve	To cacii.	
-	In Taka	30 June 2020	30 June 2019
-	Revaluation reserve	57,459,283	58,131,275
-		57,459,283	58,131,275
-	Retained earnings		
Ī	In Taka	30 June 2020	30 June 2019
-	Opening balance	22,704,577,678	20,174,102,182
	Net profit for the year	5,935,053,939	7,704,616,834
		28,639,631,617	27,878,719,016
	Cash dividend for the year 2017-18 Stock dividend for the year 2017-18	-	(3,593,152,504) (798,478,330)
	Issue of bonus shares	(479,087,000)	(190,410,330)
	Cash dividend for the year 2018-19	(6,228,131,000)	- (74.000
	Depreciation on revalued assets Merger reserve	671,992 -	671,992 (297,000)
	Adjustment of gain on disposal from sale of subsidiary under common control	-	(782,885,496)
		21,933,085,610	22,704,577,678
	Non-controlling interests		
1	In Taka	30 June 2020	30 June 2019
	Opening balance	488,158,794	401,910,337
	<b>Addition during the year:</b> Share capital	1,000,000	_
	Dividend from subsidiary company	(88,183,200)	(56,254,800)
	Profit during the year	143,733,610	150,411,191
-	Adjustment of gain on disposal from sale of subsidiary under common control	-	(7,907,934)
-		544,709,204	488,158,794
	Borrowings		
	See accounting policy in Note 55D		
	Non-current liabilities		
_	In Taka	30 June 2020	30 June 2019
	Investment Promotion and Financing Facility (IPFF) loan	3,420,439,651	3,908,131,854
	Syndicated International Loan Dutch Bangla Bank Limited	- 661,430,051	3,153,644,827
-		4,081,869,702	7,061,776,681
-	Current liabilities	. , ,	. , . , . , . , . , . ,
-	In Taka	30 June 2020	30 June 2019
	Investment Promotion and Financing Facility (IPFF) loan	494,378,230	455,070,825
	Syndicated International Loan Dutch Bangla Bank Limited	- 288,569,949	616,380,542
	Dater Dangia Dank Limited	200,307,747	

## 22.1 Terms and repayment schedule

The following loans were obtained by UAEL under Investment Promotion and Financing Facility (IPFF) for procurement of capital machineries, civil construction and local procurement related to power plant assets.

Nature of loan	Lender	Limit	Interest	Tenure	Year of maturity	Repayment terms
IPFF loan	Dhaka Bank Limited	USD 21,940,000	6 month USD LIBOR + 0.3% (IPPF margin) + 1.75% (PFIs margin)	12 years	2027	40 equal quarterly instalments
IPFF loan	Trust Bank Limited	USD 21,940,000	6 month USD LIBOR + 0.3% (IPPF margin) + 1.75% (PFIs margin)	12 years	2027	40 equal quarterly instalments
IPFF loan	Mutual Trust Bank Limited	USD 14,620,000	6 month USD LIBOR + 0.3% (IPPF margin) + 1.75% (PFIs margin)	12 years	2027	40 equal quarterly instalments

### The IPFF loan is secured by:

- i. Registered hypothecation (first charge) on machinery, plant, equipment, furniture, fixture and all other assets, both present and future, of the borrower along with notarised IGPA to sell the same
- ii. Registered hypothecation (first charge) over all floating assets, both present and future, of the borrower along with notarised IGPA to sell the same
- iii. Sponsorsí undertaking to inject necessary equity funds to finance any cost overrun of the project
- iv. Personal guarantees by the personal guarantors
- v. Corporate guarantees by the corporate guarantors
- 22.2 The following term loan was obtained by Leviathan Global Bangladesh Ltd. (LGBD) for settlement of accepted liability under deferred LC open through HSBC for import of capital machineries of power plant.

Nature of loan	Lender	Limit	Interest	Tenure	Year of maturity	Repayment terms
Term Loan	DBBL	BDT 95 crore	9% p.a	3 years	2023	12 equal quarterly instalments

#### The term loan is secured by:

- i. DP Note and other basic change documents duly signed by the authorized Director(s) of the company supported by Board resolution.
- ii. Assignment of bill receivable of Leviathan Global Bd Ltd. (Bills to be received against supply of electricity to be deposited to an account opened with DBBL in the name of the concern)
- iii. Corporate Guarantee of United Enterprise & Co. Ltd. & Neptune Land Development Ltd. supported by board resolution of the concerns.
- iv. Personal Guarantees of all nominated directors of United Energy Ltd., holding 75% shares of the concern.
- v. Letter of hypothecation by way of 2nd charge with RJSC on the fixed asset (Building and machinery) of the company subject to obtaining NOC from BEPZA.
- vi. Machinery of the concern to be duly insured covering minimum risks of Fir & RSD with Bank Mortgagee clause,
- vii. Standard Term Loan Agreement.

## 23 Security money received

See accounting policy in Note 55D

In Taka	30 June 2020	30 June 2019
Lilac Fashion Wear Ltd	700,000	700,000
	700,000	700,000

Security deposit received comprises of an amount equal to two months minimum charge received from Lilac Fashion Wear Ltd.

# 24 Land lease Liability

See accounting policy in Note 55Q

In Taka	30 June 2020	30 June 2019
Balance as at 01 July	-	-
Add: Addition during the year	26,210,102	-
Add: Interest charged during the year	1,519,833	-
Less: Payment made during the year	(2,374,303)	-
Balance as at 30 June	25,355,632	-
Segregation of Land lease liability:		
In Taka	30 June 2020	30 June 2019
Non-current portion	24,449,893	_
Current portion	905,739	_
- and parties.	<u>,                                      </u>	
	25 255 622	

#### 25 Deferred revenue

In Taka	30 June 2020	30 June 2019
Deferred revenue	263,191,682	-
	263,191,682	-

This pertains to the difference between capacity payments received from the customer and capacity payments recognised in profit or loss in relation to the Power Purchase Agreement (PPA) of United Ashuganj Energy Limited (UAEL) due to straight-lining of capacity revenue over the remaining PPA term upon application of IFRS 16. UAEL is a subsidiary of United Energy Limited (UEL) while UEL is a direct subsidiary of United Power generation and distribution Company Limited (UPGDCL).

## 26 Trade and other payables

26.1

See accounting policy in Note 55D

3   3   3   3   3   3   3   3   3   3			
In Taka	Note	30 June 2020	30 June 2019
Trade payables Other payables	26.1 26.2	217,705,551 50,571,243	215,635,613 82,834,904
		268,276,794	298,470,517
Trade payables			
			00.1 0010

In Taka	30 June 2020	30 June 2019
Gas bill	217,705,551	215,635,613
	217,705,551	215,635,613

26.2	Other payables			
	In Taka	Note	30 June 2020	30 June 2019
	Dividend payable Share application money Unclaimed dividend Service charge on gas bill Other operating expenses TDS payable Wartsila Bangladesh Ltd CC Engineering Ltd	26.2.1	6,452,280 9,676,552 14,109,483 4,702,951 1,800,360 338,251	56,254,800 6,452,280 7,348,961 7,375,825 985,051 1,947,289 521,761 1,050,000
	Liabilities for Imported Materials Bergen Engines Bangladesh Pvt. Ltd. Payable against C&F bill		11,766,771 1,501,705 222,891	691,705 207,232
			50,571,243	82,834,904
26.2.	Unclaimed dividend			
	In Taka		30 June 2020	30 June 2019
	Unclaimed cash dividend for the year 2013 & 2014 Unclaimed interim & final cash div. for the period e Unclaimed cash dividend for the year 2017 Unclaimed cash dividend for the year 2018 Unclaimed cash dividend for the year 2019	4 nded 30 June 2016	1,405,987 3,373,574 825,684 1,076,059 2,995,247	1,405,988 3,373,574 827,266 1,742,133
			9,676,552	7,348,961
27	Accrued expenses			
	See accounting policy in Note 55D			
	In Taka		30 June 2020	30 June 2019
	Interest expense payable Provision for expenses Service charge on gas bill VAT payable Other operating expenses Directors remuneration Audit fees Utility bill Security expenses Medical expenses Welfare fund Environmental expenses Agency fee payable		3,442,938 8,273,856 5,995,272 2,286,948 1,000,000 2,074,500 691,153 338,243 50,970 16,985 16,200	27,427,983 10,967,221 3,337,015 13,647,904 3,115,234 1,000,000 2,120,000 650,253 359,880 50,280 16,760 15,400 4,222,500
			24,187,065	66,930,430
28	Payable to related party			
	See accounting policy in Note 55D			
	In Taka		30 June 2020	30 June 2019
	United Engineering & Power Services Ltd United Energy Ltd United Enterprises & Co. Ltd		21,207,517 - 729,263,143	27,008,153
	United Mymensingh Power Ltd		-	3,233,782,573
			750,470,660	3,260,790,726

## 29 Current Tax liability

See accounting policy in Note 55J

In Taka	30 June 2020	30 June 2019
Opening balance Provision during the year Reversal of excess provision for completion of assessment of 2017 Reversal of excess provision for completion of assessment of 2018 Adjustment for completion of assessments Paid during the year	184,150,547 5,461,848 (55,741,770) (97,975,262) (5,954,103) (582,088)	161,228,317 26,040,669 - - (3,118,439)
	29,359,173	184,150,547

No provision is required for income tax on UPGDCIs profit as it has received exemption from all such taxes from the Government of Bangladesh for 15 years from commencement.

No provision is required for income tax on the business income of United Energy Ltd. (UEL) and United Ashuganj Energy Ltd. (UAEL) as the companies have received exemption from income from power generation under the private sector power generation policy for a period of 15 years from the start of their commercial operation, vide SRO ref: 211-Law/Income Tax/2013-Income Tax ordinance (#36) 1984 dated 1 July 2013. Such exemption of UEL (Sylhet power plant) and UAEL (Ashuganj 195 MW power plant) will expire on 2028 and 2030 respectively. The Ashuganj 53 MW power plant being rental power plant is liable for TDS at 4% which is borne by the BPDB. However provision has been made on the non-business income of UEL and UAEL.

#### 30 Revenue

See accounting policy in Note 55F

In Taka	Note	30 June 2020	30 June 2019
Electricity supply	30.1	10,064,068,261	11,223,446,341
Steam supply	30.2	29,964,684	29,915,025
		10,094,032,945	11,253,361,366
Electricity supply			
In Taka		30 June 2020	30 June 2019
Bangladesh Power Devt. Board (BPDB)		4,388,143,924	5,178,269,856
Bangladesh Export Processing Zone Auth (BEPZA)		3,847,735,571	4,161,471,744
Bangladesh Rural Electrification Board (BREB)		873,077,319	696,076,469
Other private customers		955,111,447	1,187,628,272
		10,064,068,261	11,223,446,341
Break up of revenue from electricity supply			
In Taka		30 June 2020	30 June 2019
Capacity payment		2,859,123,185	2,915,426,597
Energy payment		7,352,447,361	8,220,446,637
Supplemental Bill		108,687,607	87,573,107
True-up Bill		7,001,790	-
Deferred income		(263,191,682)	-
		10,064,068,261	11,223,446,341

The actual revenue billed by United Ashuganj Energy Limited (UAEL) is Tk. 3,457,128,329, recognition of Tk. 263,191,682 of this has been deferred due to the Company's implementation of IFRS 16 for the first time from lessor's perspective, for which capacity payment element of revenue is straight-lined over the remaining period of the PPA.

# 30.2 Steam supply

In Taka	30 June 2020	30 June 2019
Gunze United Ltd	21,852,432	22,643,385
Global Labels (Bangladesh) Ltd	3,487,050	4,840,629
Croydon-Kowloon Designs Ltd	3,976,031	602,739
Talisman Ltd	649,171	120,310
Regency Garments Limited	-	1,707,962
	29,964,684	29,915,025

#### Cost of sales

In Taka	30 June 2020	30 June 2019	
Fuel and energy	2,005,093,567	1,452,256,965	
Spare parts and lube oil	526,565,701	864,822,628	
Depreciation	1,306,178,813	1,304,621,962	
Minimum load charge	27,278,956	61,466,823	
Direct overhead	211,230,054	261,782,756	
Repair and maintenance	49,750,122	67,200,714	
Entertainment	9,548,742	12,404,302	
Utility bill	19,573,659	9,183,001	
Security expense	6,972,377	5,878,848	
Carrying charge	2,081,575	1,999,820	
Land lease rent	-	2,331,584	
Advertisement expense	1,091,672	745,750	
Travelling and conveyance	868,760	1,198,662	
Labour and wages	703,973	844,639	
Vehicle running and maintenance	1,734,976	1,529,726	
Environmental expenses	1,044,682	601,064	
Printing and stationery	536,525	571,730	
Site office expense	358,514	798,851	
Telephone, mobile and internet	466,754	492,583	
BERC license and others	364,080	1,133,488	
Worker welfare fund	203,670	201,616	
Postage and courier	67,040	97,580	
Automation and IP expense	87,304	87,284	
Insurance premium	47,853,950	58,814,614	
Amortisation of lease rent	20,226,815	20,272,000	
Gardening and beautification	884,156	969,565	
Amortisation of right of use assets	1,462,890	-	
Computer maintenance	26,800	28,300	
	4,242,256,126	4,132,336,855	

The Group signed agreements for all its operation, maintenance and management (O&M) services with United Engineering and Power Service Ltd (UEPSL). It provides all technical support related to operation and management of the power plants. UEPSL raises invoice for actual cost and a service charge per month.

#### 32 General and administrative expenses

In Taka	30 June 2020	30 June 2019
Directorsí remuneration	15,932,500	24,272,500
Office maintenance	10,890,000	10,890,000
Advertisement	9,467,194	6,838,056
Depreciation	8,423,205	8,334,282
AGM expenses	2,742,545	2,521,774
Vehicle running expenses	441,476	514,671
Bank charge and commission	985,019	3,584,658
Office rent	2,760,000	2,760,000
Office expenses	550	321,865
Board meeting fees	3,325,876	2,896,658
Consultancy fees	448,750	489,500
Auditor's fee	2,065,000	2,172,500
Entertainment	407,732	298,100
Traveling and conveyance	470,957	455,797
Postage, telephone and telex	56,143	76,808
Printing and stationery	31,811	80,050
VAT on audit fee	120,000	120,000
Trade license and others	2,130,406	3,419,706
Overseas travelling	-	211,250
RJSC expenses	165,265	260,170
CDBL and listing fee	4,981,661	25,014,204
Legal expense	2,670,590	1,500,000
Share transfer fees	-	2,611,279
Subscription fees		78,949
Fees Fine & Others	35,000	-
Brokerage commission	896,670	-
	69,448,351	99,722,777

#### 33 Other income

In Taka	30 June 2020	30 June 2019
Realised gain/(loss) from marketable securities	(11,552,297)	13,914,422
Unrealised gain/(loss) from marketable securities	(21,606,299)	(6,249,593)
Sale of used lube oil and drums	6,657,846	6,399,357
Scrap sale	18,879,128	6,111,908
Dividend income	1,935,341	-
Gain on Disposal of fixed assets	9,660,461	790,793,430
	3,974,180	810,969,524

#### 34 Finance income

See accounting policy in Note 55M

In Taka	30 June 2020	30 June 2019
Interest on related party loan	497,007,078	548,226,878
Interest on short term deposits	16,249,264	59,869,123
Interest income on bank balance and fixed deposits	11,532,086	19,774,565
	524,788,428	627,870,566

## 35 Foreign exchange (gain)/loss

See accounting policy in Note 55I

In Taka	30 June 2020	30 June 2019
Foreign exchange gain/(loss) - unrealised Foreign exchange gain/(loss) - realised Foreign ex. gain/(loss) on USD A/C	(20,749,918) (19,814,055) 1,617	(72,231,156) (11,799,902) 4,350
	(40,562,356)	(84,026,708)

#### 36 Finance expense

See accounting policy in Note 55M

In Taka	30 June 2020	30 June 2019
Interest on IPFF loan	177,190,994	222,585,748
Interest on syndicated international loan	76,083,728	231,617,430
Finnvera premium	81,737,409	25,111,644
Bank guarantee commission	1,883,583	1,890,322
Interest on leasehold land	1,519,833	-
Agency and services fee	(3,250,751)	8,536,775
Syndication fee	2,510,327	2,737,503
Monitoring fee	848,000	2,567,000
	338,523,123	495,046,422

As per syndicated international loan agreements between lenders and United Ashuganj Energy Ltd., yearly agency fees are paid to lenders. Last year the Company made a provision of Tk. 3,250,750 against agency fees payable to SCB. Following the repayments of the entire loan in August 2019, the agency fees for the remaining of the year was not incurred. Accordingly, the remaining provision has been reversed this year.

#### 37 Income tax expenses

In Taka	30 June 2020	30 June 2019
Current year expenses Reversal of excess provision for completion of assessment of 2017 Reversal of excess provision for completion of assessment of 2018	6,935,082 (55,741,770) (97,975,262)	26,040,669 - -
	(146,781,950)	26,040,669

## 38 Earnings per share

See accounting policy in Note 550

#### 38.1 Basic earnings per share

In Taka	30 June 2020	30 June 2019	
Profit attributable to the ordinary shareholders Weighted average number of shares outstanding	5,935,053,939 526,995,700	7,704,616,834 526,995,700	
Earnings per share	11.26	14.62	

According to paragraph 64 of IAS 33: *Earnings per share*, if the number of ordinary shares outstanding increases as a result of a bonus issue, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. Therefore, the basic earnings per share (EPS) for the year ended 30 June 2019 has been restated to reflect the bonus shares issued in 2020 on the basis of profit attributable to the ordinary shareholders for the year ended 30 June 2019.

In Taka		30 June 2020	30 June 2019
Net assets		29,851,211,097	30,087,737,747
Weighted average number of shares outstanding		526,995,700	526,995,700
Net asset value per share		56.64	57.09
Net assets			
In Taka		30 June 2020	30 June 2019
Total assets		36,077,569,984	42,032,008,015
otal liabilities		6,226,358,887	11,944,270,268
let assets		29,851,211,097	30,087,737,747
Net operating cash flow per share (Basic)			
In Taka	Note	30 June 2020	30 June 2019
Net cash generated from operating activities		6,981,669,660	7,732,159,293
Weighted average number of shares outstanding	17.1	526,995,700	526,995,700
Net operating cashflow per share		13.25	14.67
Reconciliation of net profit with cash flow from op	erating activities		
In Taka		30 June 2020	30 June 2019
Profit for the period		6,078,787,549	7,855,028,025
djustment for: Jepreciation		1,314,602,018	1,312,956,244
mortisation of lease rent		1,314,002,010	20,272,000
mortisation of ROU		21,689,705	-
Brokerage commission		896,670	<del>.</del>
Realised gain from marketable securities		11,552,297	(13,914,422)
Unrealised (gain)/loss from marketable securities		21,606,299	6,249,593
Foreign exchange (gain)/loss - un-realised		20,749,918	72,231,156
Foreign exchange (gain)/loss - realised		20,064,743	13,873,199
Interest on related party loan		(497,007,078)	(548,226,878)
Gain on Disposal of subsidiary Gain on Disposal of fixed assets		(9,660,461)	(790,793,430) -
Changes in:			
Inventories		(246,833,703)	205,145,292
Trade and other receivables		43,222,447	(530,113,592)
Advances, deposits and prepayments		120,113,256	28,919,209
Advance income tax		1,454,281	-
Trade and other payables		1,172,791	46,835,015
Accrued expenses		(35,503,544)	14,992,381
Provision for tax		(154,791,374)	22,922,230
Payable to related party		6,362,165	15,783,271
Deferred income		263,191,682	-
Net cash generated from operating activities			

#### 42 **Related party transactions**

During the year, the Group carried out a number of transactions with related parties. The names of the related parties and nature of these transactions have been set out in accordance with the provisions of IAS 24: Related party disclosures.

#### Α Transactions with key management personnel

#### i. Loans to directors

During the year, no loan was given to the directors of the Group.

#### ii. Key management personnel compensation comprised the following:

The key management personnel includes the Group Managing directors.

#### Short-term employee benefit: a)

Short-term employee benefit includes remuneration, festival bonus and meeting attendance fees.

In Taka	30 June 2020	30 June 2019
Directorsí remuneration	15,932,500	24,272,500
Board meeting fees	3,325,876	2,896,658
	19,258,376	27,169,158
b) Post employment benefit	-	-
c) Other long-term benefit	-	-
d) Termination benefit	-	-
e) Share-based payment	-	-
	19,258,376	27,169,158

#### В Other related party transactions

	Transaction value during the year		Balance outst	anding as at
	2020	2019	2020	2019
United Power Generation & Distribution Company Ltd	<u>.</u>			
Gunze United Limited	21,852,432	22,643,385	4,057,473	4,826,023
Sale of goods and services				
United Engineering & Power Services Ltd.	100,762,268	106,204,604	7,541,430	9,870,923
United Securities Limited Purchase of services	896,670		-	
United Enterprises & Co. Ltd. Loan disbursed	-	-	-	-
Loan repaid		4,759,627,601		
United Mymensingh Power Ltd	-	-	5,167,681,634	6,528,674,556
Loan disbursed during the year	10,877,681,635	9,049,674,556	-	-
Loan repaid during the year	5,710,000,000	2,521,000,000	-	-
Transfer of inventory (spare parts)				
United Mymensingh Power Ltd	36,121	567,903	531,782	567,903
United Anowara Power Ltd	14,703	7,257,473	7,272,176	7,257,473
United Lube Oil Ltd	-	377,392	377,392	377,392
United Jamalpur Power Ltd	-	68,114	68,114	68,114
United Ashuganj Energy Ltd	13,327,300	10,438,917	23,766,218	10,438,917
United Energy Ltd	4,335,813	3,390,891	944,922	3,390,891
United Engineering & Power Services Ltd.	-	2,340,800	2,340,800	2,340,800

	Transaction valu	ie during the year	Balance outstanding as at	
	2020	2019	2020	2019
United Energy Ltd				
United Engineering & Power Service Ltd Purchase of services Loan	(22,419,779)	(36,630,197) 1,770,800	(415,000)	(2,641,394)
Loan: United Mymensingh Power Ltd Loan disbursed		-	-	(3,233,782,573)
Loan repaid	-	(3,233,782,573)	-	
United Enterprises & Co. Ltd Loan disbursed Loan repaid	2,772,100,000 5,052,332,573	9,539,278,243 3,871,849,120	5,240,109,050	7,520,341,623
United Ashuganj Energy Ltd. Dividend Inventory loan	703,118,613 59,956	684,575,666 907,545	1,387,694,279 967,501	684,575,666 907,545
Neptune Commercial Ltd Loan disbursed Loan repaid UPGDCL-Inventory Loan	- - 4,335,813	540,000,000 3,390,891	944,922	- 3,390,891
Share transfer United Enterprises & Co. Ltd Loan disbursed Loan repaid	<u>-</u>	59,593,466,686 603,500,000	- -	- -
	Transaction valu	ue during the year	Balance outs	tanding as at
	2020	2019	2020	2019
United Ashuganj Energy Ltd	·	:	:	:
United Engineering & Power Service Ltd Purchase of services	(80,969,301)	(113,527,934)	(10,910,287)	(12,155,036)
Loan: United Enterprises & Co. Ltd Loan disbursed	-	-	-	-
Loan repaid  Loan:	-	407,461,260		
United Energy Ltd				
Loan disbursed	1,292,126,877			
Loan repaid	(1,292,126,877)			
Dividend payable	(703,118,613)	(684,575,666)	(1,387,694,279)	(684,575,666)
Inventory loan	59,957	907,544	967,501	907,544
UPGDCL-Inventory loan	13,327,298	10,438,917	23,766,215	10,438,917
United Jamalpur Power LtdInventory loan		65,775	65,775	65,775
United Mymensingh Power LtdInventory loan United Anowara Power LtdInventory loan	98,220 1,423,264	1,103,617 1,823,169	1,201,837 399,905	1,103,617 1,823,169

	Transaction value	e during the year	Balance outstanding as at		
	2020	2019	2020	2019	
<u>Leviathan Global BD Ltd</u> Loan:					
United Enterprises & Co. Ltd Loan disbursed Loan repaid	362,692,834	366,570,309	729,263,143 -	366,570,309	

# 43 Financial instruments - Fair values and risk management

# Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities. 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.

				С	arrying am	ount				Fa	ir value	
30 June 2020 In Taka	Note	Fair value- hedging instru- ments	Mandatorily at FVTPL ñ others	FVOCI ñ debt instru- ments	FVOCI ñ equity instru- ments	Financial assets at amortised cost	Other finan- cial liabilities	Total	Level 1	Lev- el 2	Level 3	Total
Financial assets measured at fair v	alue											
Investment in marketable securities	14	-	92,817,221	-	-	-		92,817,221	92,817,221	-	-	92,817,221
		-	92,817,221	-	-	-	-	92,817,221	92,817,221	-	-	92,817,221
Financial assets not measured at fa	air valu	е										
Trade and other receivables	11	-	-	-	-	2,726,449,063		2,726,449,063	-	-	-	
Receivable from related party	12	-	-	-	-	10,417,707,665		10,417,707,665	-	-	-	
Cash and cash equivalents	16	-	-	-	-	417,010,048		417,010,048	-	-	-	
		-	-	-	-	13,561,166,776	-	13,561,166,776	-	-	-	
Financial liabilities not measured a	t fair va	ılue										
Borrowings	22	-		-	-	-	4,864,817,881	4,864,817,881	-	-	-	
Security money received	23	-	-	-	-	-	700,000	700,000	-	-	-	
Trade and other payables	26	-		-	-	-	268,276,794	268,276,794	-	-		
Accrued expenses	27	-			-		24,187,065	24,187,065	-		-	
Payable to related party	28	-	-	-			750,470,660	750,470,660	-	-	-	
		-			-		5,908,452,400	5,908,452,400	-	-	-	

				Car	rrying amo	ount			•	Fair	value	
30 June 2019 In Taka	Note	Fair val- ue-hedg- ing instru- ments	Mandatorily at FVTPL ñ others	FVOCI ñ debt instru- ments	FVOCI ñ equity instru- ments	Financial assets at amor tised cost	Other financial liabilities	Total	Level 1	Lev- el 2	Level 3	Total
Financial assets measured at fair va	lue											
Investment in marketable securities	14	-	126,872,487	-				126,872,487	126,872,487	-	-	126,872,48
		-	126,872,487	-	-			126,872,487	126,872,487	-	-	126,872,48
Financial assets not measured at fa	air valu	e										
Trade and other receivables	11	-	-	-	-	2,769,811,250	) .	2,769,811,250	-	-	-	
Receivable from related party	12	-	-	-	-	14,060,279,622	<u>)</u> .	14,060,279,622	-	-	-	
Cash and cash equivalents	16	-	-	-	-	3,299,042,119		3,299,042,119	-	-	-	
		-	-	-		- 20,129,132,991		20,129,132,991	-	-	-	
Financial liabilities not measured a	t fair va	alue										
Borrowings	22	-	-	-	-		- 8,133,228,048	8,133,228,048	-	-	-	
Security money received	23	-	-	-			- 700,000	700,000	-	-	-	
Trade and other payables	26	-	-	-	-		- 298,470,517	298,470,517	-	-	-	
Accrued expenses	27	-	-	-	-		- 66,930,430	66,930,430	-	-	-	
Payable to related party	28	-	-	-	-		- 3,260,790,726	3,260,790,726	-	-	-	
		-	-	-			- 11,760,119,721	11,760,119,721	-	-	-	

# 44 Financial risk management

The Group has exposure to the following risks from its use of financial instruments.

A Credit risk

B Liquidity risk

C Market risk

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the Group. The Board is assisted in its oversight role by the Audit Committee. Internal audit, under the purview of Audit Committee, undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

#### A Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. Management monitors the exposure to credit risk on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of financial assets in the statement of financial position.

#### i) Exposure to credit risk

The maximum exposure to credit risk at the reporting date was:

In Taka	Note	30 June 2020	30 June 2019
Trade and other receivables Receivable from related party	11 12	2,726,449,063 10,417,707,665	2,763,864,677 14,060,279,622
Investment in marketable securities	14	92,817,221	126,872,487
Cash and cash equivalents (excluding cash in hand)	16	416,783,997	3,298,901,585
		13,653,757,946	20,249,918,371

# ii) Ageing of trade and other receivables

In Taka	Note	30 June 2020	30 June 2019
Not past due		930,999,795	903,457,699
Past due 0-30 days		434,781,206	525,357,559
Past due 31-60 days		401,561,658	474,897,864
Past due 61-90 days		428,065,407	419,469,532
Past due 91-120 days		75,746,331	19,699,011
Past due 121-365 days		115,052,335	91,454,071
Past due 365+ days		340,242,330	329,528,939
		2,726,449,063	2,763,864,677

# B Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

#### Exposure to liquidity rate 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 2020			Contractual cas	h flows	
In Taka	Note	Carrying amount	arrying amount Total		Over 6 months
Non-derivative financial liabilities					
Borrowings	22	4,864,817,881	4,864,817,881	335,913,091	4,528,904,790
Trade and other payables	26	268,276,794	268,276,794	268,276,794	-
Accrued expenses	27	24,187,065	24,187,065	24,187,065	-
Payable to related party	28	750,470,660	750,470,660	750,470,660	-
		5,907,752,400	5,907,752,400	1,378,847,610	4,528,904,790
Derivative financial liabilities		-	-	-	-
		5,907,752,400	5,907,752,400	1,378,847,610	4,528,904,790

30 June 2019	Nete	Contractual cash flows					
In Taka	Note	Carrying amount	Total	6 months or less	Over 6 months		
Non-derivative financial liabilities							
Borrowings	22	8,133,228,048	8,133,228,048	532,885,129	7,600,342,919		
Trade and other payables	26	298,470,517	298,470,517	298,470,517	-		
Accrued expenses	27	66,930,430	66,930,430	66,930,430	-		
Payable to related party	28	3,260,790,726	3,260,790,726	3,260,790,726	-		
		11,759,419,721	11,759,419,721	4,159,076,802	7,600,342,919		
Derivative financial liabilities		-	-	-	-		
		11,759,419,721	11,759,419,721	4,159,076,802	7,600,342,919		

#### C Market risk

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

#### i. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Group is exposed to foreign currency risk relating to purchases and other transactions which are denominated in foreign currencies.

# Exposure to currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Group is exposed to foreign currency risk relating to purchases and other transactions which are denominated in foreign currencies.

The Group's exposure to foreign currency risk arising from foreign currency denominated assets and liabilities at balance sheet date denominated in US dollar (USD) and British Pound (GBP) are as follows:

	30 June 202	30 June 201		019	
	USD	GBP	USD		GBP
Cash and cash equivalents	13,907	153	1	4,228	153
Share application money	(10,552)	(153)	(10	0,558)	(153)
Borrowings	(46,110,929)	-	(96,308	3,207)	-
Net exposure	(46,107,574)	-	(96,304	4,537)	-
The following significant exchange rates have been	n applied:		Year-end	spot rat	te
In Taka		3	30 June 2020		30 June 2019
USD			84.90		84.45
GBP			104.37		107.29

#### Sensitivity analysis

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies.

A 2% change in foreign currency exchange rates in 2020 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Effect in Taka	Profit/	(loss)	Equity, net of tax increase/(decrease)			
Lifett III laka	Strengthening Weakening		Strengthening	Weakening		
30 June 2020 USD (2% movement)	(78,290,661)	78,290,661	(78,290,661)	78,290,661		
30 June 2019 USD (2% movement)	(162,658,363)	162,658,363	(162,658,363)	162,658,363		

#### ii. Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings and deposits.

#### Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as at statement of financial position date is as follows:

			Nominal Amount
In Taka	Note	30 June 2020	30 June 2019
Fixed rate instruments			
Financial assets			
Receivable from related party Fixed deposits	12 16	10,417,707,665	14,060,279,622 55,503,502
Financial liabilities			
Payable to related party	28	(750,470,660)	(3,260,790,726)
Variable rate instruments			
Financial liabilities			<i>,</i>
Borrowings	22	(4,864,817,881)	(8,133,228,048)
		4,802,419,124	2,721,764,350

#### 45 Operational risk

Operational risk constitutes the ability of the Group's power projects to generate and distribute stipulated electricity to its off-takers. Technology used, fuel supply arrangement, operational and maintenance (O&M) arrangement, political or force majeure in the form of natural disaster like floods, cyclone, tsunami and earthquake may hamper normal performance of power generation. The timely and appropriate maintenance of the distribution networks undertaken by BEPZA reduces the chance of major disruptions. However, severe natural calamities which are unpredictable and unforeseen have the potential to disrupt normal operations of the Group. Management believes that prudent rehabilitation schemes and quality maintenance will lessen the damages caused by such natural disasters. Most importantly, all the above risks of the Group are covered under the separate insurance agreements between Pragati Insurance Company Limited and UPGDCL, UEL and UAEL to compensate for all the potential damages caused in such situations.

#### 46 Contingent assets

The Company has raised a claim against BEPZA for losses suffered as a result of BEPZA failing to timely provide vacant possession of required land and gas connection and a consequent 234 day delay in the Company commencing commercial operation.

In March 2015 an Arbitration Tribunal (consisting of three arbitrators, one appointed by the Company, other appointed by BEPZA and the chairman of the Tribunal) has been appointed by the both arbitrator. The Tribunal ordered that BEPZA compensate the Company for the following amounts.

In Taka	30 June 2020	30 June 2019
Service charge deducted by BEPZA ordered to return to the Company Loss of warranty	18,733,918 17,424,510	18,733,918 17,424,510
Total	36,158,428	36,158,428

In April 2015, BEPZA filed an appeal against the Arbitral award by the Tribunal in the court of district judge, Dhaka. Multiple hearings took place during this year with no significant developments to date.

#### 47 Commitments

The Group had the following outstanding letters of credit (LC) as at 30 June 2020 against which it is committed to purchase spare parts.

	3	30 June 2019	
	Currency	Invoice value	Invoice value
UPGDCL	USD EUR	384,881 1,478,941	1,183,874 1,516,991
UEL	USD EUR	55,133	210,668 60,020
UAEL	USD EUR	140,443 39,220	82,936 36,121
LGDBL	USD EUR	-	1,692,700 8,500

**Expiry date** 

10-Sep-23

30 June 2020

53,688,716

53,688,716

30 June 2019

## 48 Contingent liabilities

## 48.1 Contingent liabilities relating to bank guarantees amounted to:

## **United Power Generation & Distribution Company Ltd**

Karnaphuli Gas Distribution Company Limited

Ir	ı 7	a	ka
••		~	

Beneficiary

Titas Gas Transmission & Distribution Com. Ltd.	11 Nov. 2023	78,790,400	78,790,400
Titas Gas Transmission & Distribution Com. Ltd.	11 Dec. 2022	6,628,382	6,628,382
Karnaphuli Gas Distribution Company Limited	23 Jan. 2023	34,897,650	34,897,650
Karnaphuli Gas Distribution Company Limited	20 June 2023	8,647,617	8,647,617
Karnaphuli Gas Distribution Company Limited	2 March 2024	71,724,353	71,724,353
Chattogram Customs House	17 Dec. 2019	20,421,244	-
		221,109,646	200,688,402
United Energy Ltd			
In Taka			
Beneficiary	Expiry date	30 June 2020	30 June 2019
Jalalabad Gas Transmission and Distribution Systems Limited	12 October 2022	48,396,019	48,396,019
		48,396,019	48,396,019
United Ashuganj Energy Ltd			
In Taka			
Beneficiary	Expiry date	30 June 2020	30 June 2019
Bangladesh Power Development Board	7 June 2020	380,000,000	380,000,000
Bakhrabad Gas Distribution Company Limited	13 June 2021	287,472,356	287,472,356
		667,472,356	667,472,356
Leviathan Global BD Ltd			
In Taka			
Beneficiary	Expiry date	30 June 2020	30 June 2019

53,688,716

53,688,716

<sup>48.2</sup> In line with the provisions of its gas supply agreements, the Company has historically been charged for gas consumption at the rate set for Independent Power Producers (IPPs). However, on 2 January 2018, the Energy and Mineral Resources Division of the Ministry of Power, Energy and Mineral Resources resolved in a meeting that gas based power plants will be charged for gas consumption in the following manner:

a) Gas consumed for generating power supplied to the national grid will be charged at the rate set for IPPs.

b) Gas consumed for generating power supplied to private customers will be charged at the rate set for captive power producers. Accordingly, in May 2019, the Company's gas suppliers, Titas Gas Transmission & Distribution Company Limited and Karnaphuli Gas Distribution Company Limited, have claimed additional charges amounting to BDT 1,776,734,152.53 (for the period January 2018 to June 2020) and BDT 491,063,484 (for the period May 2018 to June 2019) respectively.

The Company has filed two separate writ petitions, dated 23 May 2019 and 1 July 2019, with the Honorable High Court Division of the Supreme Court of Bangladesh against the above decision. The Honorable High Court issued a stay order of 4 months, dated 26 May 2019 and 4 July 2019, respectively, on the operation of this decision.

#### 49 Bank facilities

The Group enjoys the following credit facilities from the following financial institutions:

#### 30 June 2020

### United Power Generation & Distribution Company Ltd

Name of the bank	Letter of credit - limit	Loan against Trust Receipt - limit	Overdraft limit	Bank guarantee facilities - limit
Dutch Bangla Bank Limited	100,000,000	-	-	-
Dhaka Bank Limited	350,000,000	300,000,000	300,000,000	221,109,646
Jamuna Bank Limited	1,000,000,000	250,000,000	50,000,000	300,000,000
Total	1,450,000,000	550,000,000	350,000,000	521,109,646

### **United Energy Ltd**

Name of the bank	Letter of credit - limit	Loan against Trust Receipt - limit	Overdraft limit	Bank guarantee facilities - limit
Dhaka Bank Limited	50,000,000	-	-	133,160,000
Dutch Bangla Bank Limited	100,000,000	-	-	-
Pubali Bank Limited	600,000,000	-	1,500,000,000	1,000,000,000
Jamuna Bank Limited	1,000,000,000	250,000,000		300,000,000
Total	1,750,000,000	250,000,000	1,500,000,000	1,433,160,000

# United Ashuganj Energy Ltd

Name of the bank	Letter of credit - limit	Loan against Trust Receipt - limit	Overdraft limit	Bank guarantee facilities - limit
Dutch Bangla Bank Limited	100,000,000	-	-	-
Dhaka Bank Limited	500,000,000	-	-	667,472,356
Total	600,000,000	-	-	667,472,356

#### Leviathan Global BD Ltd

Name of the bank	Letter of credit - limit	Loan against Trust Receipt - limit	Overdraft limit	Bank guarantee facilities - limit	Term Loan
Dhaka Bank Limited	670,000,000	-	-	-	-
HSBC	1,335,000,000	-	-	-	-
Dutch-Bangla Bank Ltd.	-	-	-	-	950,000,000
Total	2,005,000,000	-	-	-	950,000,000

#### 50 Expenditure in equivalent foreign currency

In Taka	30 June 2020	30 June 2019
Foreign travel for business purpose	-	211,250
	-	211,250

#### 51 Other disclosures

#### 51.1 Capacity and production

United Power Generation & Distribution Company Ltd

	Installed capacity	30 Ju	ne 20	30 Jun	e 2019
Location of plant	(MWH)	Actual production (MWH)	Capacity utilisation (%)	Actual production (MWH)	Capacity utilisation (%)
Dhaka EPZ	688,000	502,742	73%	531,230	77%
Chattogram EPZ	576,000	504,804	88%	492,726	86%
Total	1,264,000	1,007,546		1,023,956	

#### **United Energy Ltd**

	Installed conscitu	30 June 20		30 June 2019	
Location of plant	Installed capacity (MWH)	Actual production (MWH)	Capacity utilisation (%)	Actual production (MWH)	Capacity utilisation (%)
Sylhet	224,000	199,175	89%	185,331	83%
Ashuganj	424,000	-	0%	80,057	19%
Total	648,000	199,175		265,388	

#### United Ashuganj Energy Ltd

	Installed capacity	30 June 20		30 June 2019	
Location of plant	(MWH)	Actual production (MWH)	Capacity utilisation (%)	Actual production (MWH)	Capacity utilisation (%)
Ashuganj	1,560,000	353,284	23%	424,309	27%

# 51.2 Number of employees

The Group has no employees. Operation and maintenance activities are managed by 194 personnel for UPGDCL, 113 personnel for UAEL and 44 personnel for UEL, provided by United Engineering and Power Services Ltd under separate O&M contracts.

# 52 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.

On 15 September 2020, the Board of Directors of the Company, resolved to acquire 99% shares (9,900,000 shares) of United Anowara Power Limited (UAnPL) from Sponsor Shareholders at Net Asset Value based on audited Financial Statements as at 30 June 2020. A share transfer agreement was also signed on the same date stating the acquisition to be effective from 1 July 2020. UAnPL is a 300 MW IPP HFO fired power plant, located at Anwara, Chattogram for a period of 15 years which came into Commercial Operation on 22 June 2019. The principal activity of the company is to generate electricity to sell such generated electricity to Bangladesh Power Development board (BPDB) under a Power Purchase Agreement (PPA).

On 15 September 2020, the Board of Directors of the Company also resolved to acquire 99% shares (9,900,000 shares) of United Jamalpur Power Limited (UJPL) from Sponsor Shareholders at Net Asset Value based on audited Financial Statements as at 30 June 2020. A share transfer agreement was also signed on the same date stating the acquisition to be effective from 1 July 2020.

UJPL is a 115 MW IPP HFO fired power plant, located at Jamalpu,r for a period of 15 years which came into commercial operation on 21 February 2019. The principal activity of the company is to generate electricity to sell such generated electricity to Bangladesh Power Development board (BPDB) under a Power Purchase Agreement (PPA).

The Board of Directors in its 95th meeting held on 28 October 2020 recommended cash dividend @ 145% per share of Taka 10 each aggregating Taka 7,641,437,650 and stock dividend @ 10%i.e 1 (one) bonus share for every 10 (ten) ordinary shares of Taka 10 each involving Taka 526,995,700 for the year ended 30 June 2020. The dividend is subject to final approval by the shareholders at the forthcoming annual general meeting of the Company.

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

Following the declaration of COVID-19 as a pandemic by the World Health Organization (WHO) in early March 2020, like many other governments, the Government of Bangladesh introduced restrictive measures to contain further spread of the virus, affecting free movement of people and goods. These measures included imposing nationwide general holidays from 26 March until 30 June 2020. Though demand of BEPZA fell in April 2020 only, BPDB and REB bought low price electricity from UPGDCL as UPGDCL electricity price is lower for them. On the other hand. United Ashuganj Energy Limited (UAEL) the demand for electricity by BPDB decrease during these restrictions, given that a large portion of the Company's revenue is capacity payment and the fuel payment is a pass-through, UAEL revenue and gross profit was not significantly impacted. So, there was is no material impact of (ICOVID-19i) during the reporting period as well as after the reporting period.

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.

#### 53 Going concern

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

#### 54 Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except inventories which is measured at lower of cost and net realisable value on each reporting date.

#### 55 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also Note 4.2).

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

- A Basis of consolidated financial statements
- B Property, plant and equipment
- C Inventories
- D Financial instruments
- E Impairment
- F Revenue
- G Provisions
- H Contingencies
- I Foreign currency
- J Income tax
- K Employee benefits
- L Statement of cash flows
- M Finance income and finance expenses
- N Share capital
- O Earnings per share
- P Dividends
- Q Leases

# A Basis of consolidated financial statements

UPGDCL is a listed company which was historically 90% owned by UEL. In October 2018, UEL sold its entire holding of UPGDCL shares to United Mymensingh Power Ltd (UMPL) which is in turn 90% owned by United Enterprise & Co. Ltd (UECL) and 10%

shares are held by group of individuals (common sponsors of UECL). The shareholders of UECL are a group of individuals. All these individuals are representing in UPGDCL Board as Nominee Director and hence this group of individuals has the ultimate control of UPGDCL.

UPGDCL on 13 November 2018 has acquired 99% shares of United Energy Limited (UEL). UEL is the parent entity of United Ashuganj Energy Ltd (UAEL) owning 92.41% shares. Accordingly, both UEL and UAEL are controlled entities of UPGDCL. It is also pertinent to note that, on 13 November 2018 the same group of individuals referred above as those having ultimate control of UPGDCL also owned 99% of UEL.

Therefore, as at 13 November 2018 both the Acquirer (UPGDCL) as well as the Acquiree (UEL including UAEL) were owned and controlled by the same group of individuals who has the ultimate collective power to govern financial and operating policies of both UPGDCL and UEL. There has been no changes in this ultimate ownership and hence this collective power is not transitory. Accordingly, the acquisition of UEL by UPGDCL has been considered as Eusiness Combination Under Common Controlí (BCUCC) as referred in IFRS 3: Business Combinations paragraph 2 and Appendix B (Application Guidance).

UPGDCL also acquired 75% shares of Leviathan Global BD Ltd. (LGBDL) in a circular resolution dated 22 June 2019 subsequently approved in its 90th board meeting held on 1st August 2019. The acquisition with effect on 1st July 2019. LGBDL is a 50 MW IPP Gas fired Power Plant having a contract period of 30 years (extendable for further 30 years), built under joint venture with Leviathan Global Corporation, USA and UECL, respectively. The plant is located at Karnaphuli EPZ (KEPZ) in Chattogram and will be operated under an agreement with Bangladesh Export Processing Zone Authority (BEPZA).

IFRS 10: Consolidated Financial Statements requires preparation and presentation of consolidated financial statements when an entity controls one or more other entities unless it falls within the scope of exceptions. According to criteria for determining control as specified in paragraph 7 of IFRS 10, UPGDCL is considered as the parent entity that controls UEL directly and UAEL indirectly through UEL. UPGDCL directly manages the activities/operations of those entities through common corporate management and thus it has power over these two entities, has both exposure and rights to variable returns from the investee companies (i.e. UEL and UAEL). Therefore, as per IFRS 10, UPGDCL needs to prepare and present its consolidated financial statements after combining those of UEL and UAEL.

However, the matter of business combination and method of consolidation for entities under common control are excluded from existing IFRSs and the International Accounting Standards Board (IASB) is working on BCUCC as a separate agenda and is expected to publish a discussion paper on how companies should account for combinations of businesses under common control.

Since there is no specific IFRS guidance available on BCUCC to apply to UPGDCIs acquisition/consolidation of UEL, management has followed paragraph 10 of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors which requires use of judgment in developing and applying an accounting policy that results in information that is relevant to the economic decision-making needs of users and reliable in that the financial statements:

- a) represent faithfully the financial position, financial performance and cash flows of the entity;
- b) reflect the economic substance of transactions, other events and conditions, and not merely the legal form;
- c) are neutral, i.e. free from bias;
- d) are prudent; and
- e) are complete in all material respects.

As per paragraph 12 of IAS 8, management has also considered the most recent pronouncements of other standard-setting bodies available to deal with BCUCC that can be applied in case of UPGDCIs acquisition of UEL.

Based on these guidelines of IAS 8, paragraphs 10 to 12, management has conducted a detailed review of global practices adopted for BCUCC and observed that the widely used method to apply for such type of business combination is commonly known as ëlbok value accounting or ëpredecessor value method Management's selection of this method is supported by relevant publications and guidelines by major accounting firms of the world as well as related guidelines issued by other accounting bodies such as, Hong Kong Accounting Guideline 5 on Merger Accounting for Common Control Combinations issued by Hong Kong Institute of Certified Public Accountants, Indian Accounting Standard (Ind AS) 103 Appendix C issued by the Accounting Standards Board of India.

The principles of book value accounting or predecessor value method are as follows:

- (a) The assets and liabilities of the combining entities (both acquirer and acquiree) are reflected at their carrying amounts;
- (b) No adjustments are made to reflect fair values, or recognise any new assets or liabilities and hence no new goodwill arises;
- (c) Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is included in equity in retained earnings or in a separate reserve;

- (d) The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination;
- (e) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee.
- (f) The identity of the reserves shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor.

In line with the above principles, the Company's consolidated financial statements combining UEL's results have been prepared with retrospective effect from 1 July 2017 as if the group structure as at 30 June 2019 has always been in place.

#### i) Subsidiaries

Subsidiaries are entities controlled by the Group. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

Name of subsidiaries	% of controlling interest	% of non- controlling interest
United Energy Ltd	99	1
United Ashuganj Energy Ltd	91.49	8.51
Leviathan Global BD Ltd.	75	25

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

## ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees (that means in any company wherein UPGDCL has made investments, if any) are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. However, on 31 December 2019, there are no such investments.

#### B Property, plant and equipment

#### Recognition and measurement

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

#### Subsequent costs

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

#### Depreciation

- i) Property, plant and equipment is stated at cost less accumulated depreciation. All property, plant and equipment have been depreciated on straight line method.
- ii) In respect of addition to fixed assets, full depreciation is charged in the month of addition irrespective of date of purchase in that month and no depreciation is charged in the month of disposal/retirement. Residual value is estimated to be zero for all assets.

The rates of depreciation vary according to the estimated useful lives of the items of all property, plant and equipment.

Considering the estimated useful life of the assets, the rates of depreciation are as follows:

	%
Plant and machinery	3.33 - 8.33
Gas line	2 - 8.33
Building and civil construction	3.33 - 8.33
Office equipment	10 - 15
Furniture and fixture	10
Motor vehicle	10

#### Retirements and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset in the statement of profit or loss and other comprehensive income.

#### C Inventories

Inventories consisting mainly of spare parts, lube oil and chemicals are valued at lower of cost and net realisable value. Net realisable value is based on estimated selling price in the ordinary course of business less any further costs expected to be incurred to make the sale. Costs of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories is determined by using weighted average cost method.

When inventories are consumed, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### D Financial instruments

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

#### i. Recognition and initial measurement

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

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

# ii. Classification and subsequent measurement

#### Financial assets

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

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

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

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

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

 it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

#### Financial assets ñ Business model assessment:

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

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

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

#### Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)

For the purposes of this assessment, epincipal is defined as the fair value of the financial asset on initial recognition. enterest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

ñ contingent events that would change the amount or timing of cash flows;

ñ terms that may adjust the contractual coupon rate, including variable-rate features;

ñ prepayment and extension features; and

ñ terms that limit the Companyis claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

#### Financial assets ñ Subsequent measurement and gains and losses

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

Financial assets include cash and cash equivalents, trade and other receivables and receivable from related parties.

#### (a) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and all cash deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

#### (b) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

## iii. Financial liability

All financial liabilities are recognised initially on the transaction date at which the Group becomes a party to the contractual provisions of the liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include trade and other payables, related party payables, borrowings, accrued expenses etc.

#### (a) Trade and other payables

The Group recognises trade and related party payables when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

## (b) Loans and borrowings

Principal amounts of the loans and borrowings are stated at their amortised amount. Borrowings repayable after twelve months from reporting date are classified as non-current liabilities whereas the portion of borrowings repayable within twelve months from reporting date, unpaid interest and other charges are classified as current liabilities.

#### (c) Accrued expenses

Accrued expenses represent various operating expenses that are due at the reporting date which are initially measured at fair value.

#### E Impairment

#### Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that

the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

#### Non financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The Group assesses yearly whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the asset is reduced to its recoverable amount by recognising an impairment loss, if and only the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognised immediately in the statement of comprehensive income.

#### F Revenue

Revenue is recognised, upon supply of electricity, quantum of which is determined by survey of meter reading. It excludes value added tax and other government levies, on the basis of net units of energy generated and transmitted to the authorised customer's transmission systems and invoiced on a monthly basis upon transmission to the customers. Revenue is valued using rates in effect when service is provided to customers.

#### G **Provisions**

A provision is recognised in the statement of financial position when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### Н Contingencies

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

#### (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.

#### Foreign currency

Foreign currency transactions are translated into BDT/Taka at the exchange rates prevailing on the date of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the reporting date.

Foreign currency denominated non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates prevailing at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

#### Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### (i) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Power generation companies in the Group are given tax exemptions for certain years beginning with the month of Commercial Date of Operation (iCODi). The summary of tax exemptions for the power plants operated in the Group are as below:

Entity	Plant	Tax provision status	Period	Expiry
UPGDCL	86 MW plant at DEPZ	Tax exemption on all income	15 years	2023
	72 MW plant at CEPZ	Tax exemption on all income	15 years	2024
UEL	53 MW plant at Ashuganj	Tax exemption on business income	8 years	2019
	28 MW plant at Sylhet	Tax exemption on business income	15 years	2028
UAEL	195 MW plant at Ashuganj	Tax exemption on business income	15 years	2030

#### (ii) Deferred tax

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- 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 it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

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

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

As of 30 June 2020, the Company's power plant operated under tax exemption regime. It has examined the precedent of tax assessment completed of a power generation company for the year when its tax exemption ended, which shows accounting depreciation charge to be equal to the tax depreciation charge, implying that there were no temporary differences between accounting net book value and tax written down value of property, plant and equipment at that point in time. On this basis, in the preparation of these financial statements, the Company has not considered any deferred tax relating to property, plant and equipment as the Company is still under tax exemption as at the reporting date.

#### K Employee benefits

#### 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 date. Operation and maintenance (O&M) activities of the Group are managed by employees of United Engineering and Power Services Limited under an O&M contract.

Therefore, the provision of WPPF is not applicable for the Group.

#### L Statement of cash flows

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

#### M Finance income and finance expenses

Finance income comprises interest on financial deposits with banks and loans made to related parties. Finance income is recognised on an accrual basis and shown under statement of profit or loss and other comprehensive income. The Group's finance cost includes interest expense which is recognised at amortised cost.

#### N Share capital

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

### O Earnings per share

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

#### P 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.

#### Q Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

# Policy applicable from 1 July 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 July 2019.

#### i) The Company as a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- i. fixed payments, including in-substance fixed payments;
- ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date:
- iii. amounts expected to be payable under a residual value guarantee; and
- iv. the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## ii) The Company as a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of ëapacity revenueí

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

#### Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- i. fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- ii. the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- iii. the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the;
- iv. the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- iv. facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

#### i) The Company as a lessee

In comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

#### ii) The Company as a lessor

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time.

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Under an operating lease, the asset is included in the statement of financial position as property and equipment. Lease income is recognised over the term of the lease on a straight-line basis. This implies the recognition of deferred income when the contractual day rates are not constant during the initial term of the lease contract.

## Name of auditors of the Group companies

Name of subsidiary	Status	Name of auditors
United Energy Ltd	Subsidiary	Hussain Farhad & Co.
United Ashuganj Energy Ltd	Subsidiary	Rahman Rahman Huq
Leviathan Global BD Ltd.	Subsidiary	Hussain Farhad & Co.

#### **57** Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

	ï Amendments to references to conceptual framework in IFRS standards		
	ï Amendments to IFRS 3: Business Combinations of definition of business		
Effective for year beginning 1 January 2020	ï Amendments to IAS 1: Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors of definition of material.		
Effective for year beginning 1 January 2021	ï IFRS 17: Insurance Contracts		
TOL ODITODAL AGODITOD	ï Amendments to IFRS 10: Consolidated Financial Statements and IAS 28: Investments in Associates and Joint Ventures on sale or contribution of assets between an investor and its associate or joint venture		

Management does not expect that the adoption of the above new and amended standards and the interpretation to a standard will have a significant impact on the Company's financial statements.

UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

# INDEPENDENT AUDITORÍS REPORT AND

# **Financial Statements**

As at and for the year ended 30 June 2020

#### INDEPENDENT AUDITORIS REPORT

To the shareholders of United Power Generation & Distribution Company Limited

#### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of United Power Generation & Distribution Company Ltd. (ithe Companyî), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

# 1. Revenue recognition

See note 45 (E) and 23 to the financial statements

#### Description of key audit matters

Revenue recognition and provision for customer receivables are key areas of judgement, particularly in relation to:

- energy revenue is made based on the survey of the meter reading.
  The customer (or government authority) verify the electrical energy
  output through physical inspection of meter and/or review of
  relevant reports generated from the meter. Upon agreement by both
  parties, the electrical energy delivered for the month is evidenced
  by the approvals of the professional engineers representing the
  Company and the customer. The meter is calibrated and certified
  by independent professional engineers on a regular basis; and
- identify conflicting issues relating to billing and assessing whether there is little prospect cash will be received for revenue that has been billed;

#### How the matters were addressed in our audit

Our audit procedures included:

- assessing whether revenue recognition policies are applied through comparison with relevant accounting standards and industry practice;
- testing the Company's controls over revenue recognition;
- re-calculate the invoice amount as per Power Supply Agreement (PSA);
- assessing the assumptions used to calculate the metered accrued income by ensuring that inputs used to the calculation have been derived appropriately;
- assessing the Company's disclosures of its revenue recognition, including the estimation and uncertainty involved in recording revenue; and
- discussed with the management regarding the treatment for revenue recognition policy of the Company.

# 2. Additional charges claimed by the gas suppliers to the Company

See note 40.2 to the financial statements

#### Description of key audit matters

Based on a decision of the Ministry of Power, Energy and Mineral Resources with regard to gas rates applicable for gas based power plants, the gas suppliers of the Company have claimed additional amounts of BDT 1,776,734,152 and BDT 491,063,484 for Dhaka Export Processing Zone (DEPZ) and Chittagong Export Processing Zone (CEPZ) plants, respectively.

The Company initiated legal proceedings against this decision. Outcome of this litigation inherently affects the amount and timing of potential cash outflows.

The matter being sub judicial outcome cannot be predict with certainty. However, Legal Advisor of the company opined about positive grounds favouring the company.

#### How the matters were addressed in our audit

Our substantive procedures in this area included:

- reviewing of legal documents pertaining to the case.
- inquiry with management regarding probable outcome of the case.
- obtaining legal opinion from the Company's external legal counsel with regard to the outcome of the case.
- reviewing contingent liability disclosures.

# 3. Implementation of IFRS 16 -Leases

See note 4.2 and 45(P) to the financial statements

#### Description of key audit matters

The Company recognized rights-of-use assets (ROUA) and lease liabilities arising from the lease rental agreements for land. The recognition is made for the first time in current year's financial statements. However, that would not require a restatement of the comparative period information because Company elected modified retrospective approach. The lease liability is measured at the present value of the lease payments that are not paid at that date. For calculation of the lease liability, the management applies its judgment in determination of lease term, where certainty of exercising the option to extend or the option not to terminate the lease is considered.

The incremental borrowing rate is used as discounting rate in calculation of lease liability.

We considered the implementation of ilFRS- 16 Leasesi as a key audit matter, since management had to apply several judgements and estimates such as lease term, discount rates, measurement basis among others and undertake a significant data extraction exercise to summarise the lease data for input into their lease calculation model.

#### How the matters were addressed in our audit

We obtained an understanding of the management's process for implementing IFRS 16 including financial controls designed by the management to mitigate the risks assessed by us independently. We tested those relevant controls and adopted a control rely strategy. Furthermore, to mitigate the inherent risk in this audit area, our audit approach included testing of the controls and substantive audit procedures, including:

- we studied the contracts for lease rental arrangements, especially the terms and conditions related to payments, lease incentives, any indirect costs, dismantling and restoration, option to extend the lease or not to terminate the lease.
- through discussion we evaluated management's judgement and estimates used in adopting the new standard.
- we checked the lease amortization schedule and depreciation schedule for each of the leases.
- we checked the appropriateness of management's assumptions, especially in determining the certainty of exercising option to extend or terminate lease and the discounting rate applied to calculate lease liability.
- we assessed whether the disclosures within the financial statements are adequate as prescribed by the relevant IFRSs.

#### **Other Matter**

The financial statements of the Company for the year ended 30 June 2019 were audited by another auditor who expressed an unqualified opinion on those statements on 01 August 2019.

Other Information included in the Company's June 30, 2020 Annual Report

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International 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.

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

#### Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these 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 accounts and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

A. Qasem & Co.
Chartered Accountants

Partner: Sanjida Kasem, FCA, FCMA, CFE

Dhaka, 28 October 2020

### STATEMENT OF FINANCIAL POSITION

In Taka	Notes	30 June 2020	30 June 2019
Assets			
Property, plant and equipment	5	8,021,031,738	8,272,063,545
Right of use assets	6	24,747,212	
Investment in subsidiary	7	3,297,000	297,000
Non-current assets		8,049,075,950	8,272,360,545
Inventories	8	734,840,489	493,397,340
Trade and other receivables	9	1,407,646,707	1,188,525,256
Advances, deposits and prepayments	10	71,814,584	72,495,919
Investment in marketable securities	11	92,817,221	126,872,487
Receivable from related parties	12	5,176,876,020	6,536,945,438
Cash and cash equivalents	13	323,879,180	1,009,871,492
Current assets		7,807,874,201	9,428,107,932
Total assets		15,856,950,151	17,700,468,477
Equity			
Share capital	14	5,269,957,000	4.790.870.000
Share premium	15	2,046,000,000	2,046,000,000
Retained earnings	16	8,305,986,678	10,664,437,759
Total equity		15,621,943,678	17,501,307,759
Liabilities			
Security money received	17	700,000	700,000
Land lease Liability	18	24,449,893	-
Non-current liabilities		25,149,893	700,000
Trade and other payables	19	156,313,540	149,552,121
Accrued expenses	20	18,988,856	22,867,066
Payable to related parties	21	33,648,445	26,041,531
Land lease Liability	18	905,739	-
Provision for taxation	22	-	-
Current liabilities		209,856,580	198,460,718
Total liabilities		235,006,473	199,160,718
Total equity and liabilities		15,856,950,151	17,700,468,477

The annexed notes 1 to 46 form an integral part of these financial statements.

Managing Director

**Company Secretary** 

As per our report of same date.

Place: Dhaka Date: 28 October 2020

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

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

			For the year ended
In Taka	Notes	30 June 2020	30 June 2019
Revenue	23	6,223,160,052	6,473,676,520
Cost of sales	24	(2,328,672,071)	(2,192,598,086)
Gross profit		3,894,487,981	4,281,078,434
Other operating income	25	3,948,448	16,729,542
General and administrative expenses	26	(54,937,223)	(56,416,580)
Operating profit		3,843,499,206	4,241,391,396
Finance income	27	508,260,780	562,287,129
Finance charge	28	(1,519,833)	-
Profit before tax		4,350,240,153	4,803,678,525
Income tax expenses	29	(1,473,234)	-
Profit after tax		4,348,766,919	4,803,678,525
Other comprehensive income		-	-
Total comprehensive income		4,348,766,919	4,803,678,525
Earnings per share	30	8.25	9.12

The annexed notes 1 to 46 form an integral part of these financial statements.

Managing Director

Director

Company Secretary

As per our report of same date.

Place: Dhaka

Date: 28 October 2020

A. Qasem & Co. Chartered Accountants

### STATEMENT OF CHANGES IN EQUITY

			For the year en	ded 30 June 2020
In Taka	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 July 2019	4,790,870,000	2,046,000,000	10,664,437,759	17,501,307,759
Total comprehensive income Profit for the year Other comprehensive income	- -	·	4,348,766,919	4,348,766,919
Total comprehensive income	-	-	4,348,766,919	4,348,766,919
Transactions with owners of the Company				
Contributions and distributions Issue of bonus shares Cash dividend	479,087,000		(479,087,000) (6,228,131,000)	- (6,228,131,000)
Total transactions with owners of the Company	479,087,000	-	(6,707,218,000)	(6,228,131,000)
Balance at 30 June 2020	5,269,957,000	2,046,000,000	8,305,986,678	15,621,943,678
In Taka			For the year en	ded 30 June 2019
III laka	Share capital	Share premium	Retained earnings	Total equity
Total comprehensive income Profit for the year Other comprehensive income	- -	:	4,803,678,525	4,803,678,525
Total comprehensive income	-	-	4,803,678,525	4,803,678,525
Transactions with owners of the Company				
Contributions and distributions Issue of bonus shares Cash dividend	798,478,330	-	(798,478,330) (3,593,152,504)	(3,593,152,504)
Total transactions with owners of the Company	798,478,330	-	(4,391,630,834)	(3,593,152,504)
Balance at 30 June 2019	4,790,870,000	2,046,000,000	10,664,437,759	17,501,307,759
	14	15	16	

The annexed notes 1 to 46 form an integral part of these financial statements.

Managing Director

Director

**Company Secretary** 

As per our report of same date.

A. Qasem & Co. Chartered Accountants

Place: Dhaka

Date: 28 October 2020

### STATEMENT OF CASH FLOWS

			For the year ended
In Taka	Notes	30 June 2020	30 June 2019
Cash flows from operating activities			
Cash received from customers		6,003,014,356	6,238,532,639
Cash received from other income	25	39,724,530	19,905,114
Cash paid to suppliers and others		(2,253,640,442)	(1,586,924,028)
Finance charge paid	28	(1,519,833)	-
Tax paid	29	(665,073)	(48,000)
Net cash generated from operating activities		3,786,913,538	4,671,465,725
Cash flows from investing activities			
Acquisition of property, plant and equipment	5	(141,827,724)	(81,694,307)
Cash received from/(paid for) related party loan		1,857,076,496	(1,229,090,959)
Insurance claim received on disposal of fixed assets		41,503,257	-
Investment in subsidiary company	7	(3,000,000)	(297,000)
Investment in marketable securities	11	-	(37,699,999)
Net cash flows from/(used in) investing activities		1,753,752,029	(1,348,782,265)
Cash flows from financing activities			
Dividend paid	16	(6,225,803,409)	(3,591,693,615)
Land lease payment	18	(854,470)	-
Net cash used in financing activities		(6,226,657,879)	(3,591,693,615)
Net (decrease)/increase in cash and cash equivalents		(685,992,312)	(269,010,155)
Cash and cash equivalents at 1 July	13	1,009,871,492	1,278,881,647
Cash and cash equivalents at 30		323,879,180	1,009,871,492
Net operating cash flow per share	32	7.19	8.86

The annexed notes 1 to 46 form an integral part of these financial statements.

**Managing Director** 

**Company Secretary** 

As per our report of same date.

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

Place: Dhaka Date: 28 October 2020

### 1 Reporting entity

#### 1.1 Company profile

United Power Generation & Distribution Company Ltd. (UPGDCL) (hereinafter referred to as ithe Companyî), a public limited company, was incorporated in Bangladesh on 15 January 2007 under the Companies Act (#18) 1994 under registration no. C-65291(2783)/07 with its corporate office at Gulshan Center Point, Road No. 90-91, House No. 23-26, Gulshan-2, Dhaka-1212, Bangladesh. The Company was initially registered as a private limited company, formerly known as Malancha Holdings Ltd. (MHL) and subsequently converted into a public limited company on 22 December 2010.

The Company is listed with Dhaka Stock Exchange Limited (DSE) and Chattogram Stock Exchange Limited (CSE)î

### 1.2 Nature of the business

The principal activity of the Company is to generate electricity by gas fired power plants, at Dhaka Export Processing Zone (DEPZ) with 86 MW capacity and Chattogram Export Processing Zone (CEPZ) with 72 MW capacity and to sell electricity to the export processing industries located inside DEPZ and CEPZ with the provision of selling surplus power outside the Export Processing Zones (EPZs) after fulfilling their requirement. The Company is also supplying electricity to Dhaka PBS-1 of Bangladesh Rural Electrification Board (BREB), Bangladesh Power Development Board (BPDB), Karnaphuli Export Processing Zone (KEPZ) and other private sector companies.

### 1.3 Power plant

The natural gas fired power plants of Dhaka EPZ and Chattogram EPZ consist of Wartsila, Rolls Royce and MTU engine generators with 30 years expected useful life, which form the major part of the power generation companies.

DEPZ power plant came into commercial operation on 26 December 2008 with a capacity of 41 MW at DEPZ premises. In 2013, the Company increased its capacity from 41 MW to 86 MW and installed 2 heat recovery boilers to produce 8 ton/h of steam for sale to other customers. At DEPZ, there are four gas fired engines with a capacity of 8.73 MW each, five gas fired engines with a capacity of 9.34 MW each and two gas fired engines with a capacity of 2 MW each for generation of electricity.

CEPZ power plant came into commercial operation on 12 August 2009 with a capacity of 44 MW at CEPZ premises. In 2013, the Company increased its capacity from 44 MW to 72 MW and installed 3 heat recovery boilers to produce 12 ton/h of steam for sale to other customers. At CEPZ, there are five gas fired engines with a capacity of 8.73 MW each and three gas fired engines with a capacity of 9.34 MW each.

### Gas Line: Dhaka EPZ and Chattogram EPZ power plant

According to Power Supply Agreement, dated 6 May 2007 and 16 May 2007, Bangladesh Export Processing Zone Authority (BEPZA) at their own cost, was to provide necessary gas connection of required quantity and specification from the nearest District Regulatory Station (DRS) of Titas Gas Transmission and Distribution Company Limited and Karnaphuli Gas Distribution Company Limited (formerly known as Bakhrabad Gas System Limited). BEPZA was to maintain such gas connection until the expiry of a period of 50 years unless extended or terminated earlier. Although both parties agreed upon this arrangement, the Company established the gas line back on 17 November 2008 at its own cost due to lack of initiative by BEPZA in this regard.

For the DEPZ plant, the initial contract was for 6.91 (million cubic feet per day) MMCFD. Subsequently, additional allocation of 9 MMCFD gas was given by Titas Gas Transmission & Distribution Company Limited for further capacity enhancement. Thus total contract load is 15.91 MMCFD.

For the CEPZ plant, the initial contract was for 10.68 MMCFD. An additional allocation was given for another 4 MMCFD by Karnaphuli Gas Distribution Company Ltd for further capacity enhancement. Thus total contract load is 14.68 MMCFD.

Gas line cost includes Electric Resistance Welded (ERW) carbon steel pipe, tape for gas line, Regulating & Metering System (RMS), Town Border Station (TBS), line accessories, and construction and commissioning expenditures.

### 1.4 Investment in subsidiaries

On 13 November 2018, the Board of Directors of the Company resolved to acquire 99% ordinary shares of United Energy Ltd (UEL) at face value. UEL is a power generation company established under the Private Sector Power Generation Policy of Bangladesh. It operates two power plants, a 53 MW plant at Ashuganj and a 28 MW plant at Sylhet, respectively.

UEL also holds 92.41% ordinary shares of United Ashuganj Energy Ltd (UAEL), a power generation company established

under Public Private Partnership (PPP). It operates a 195 MW plant located at Ashuganj, Brahmanbaria

On 22 June 2019, the Board of Directors of the Company resolved to acquire 75% shares (300,000 shares at face value of Tk. 10 each) of Leviathan Global BD Ltd. (LGBDL) from United Enterprises & Co. Ltd. (UECL). A share transfer agreement was also signed on the same date stating the acquisition to be effective from 1 July 2019. LGBDL is a 50 MW IPP gas fired power plant built under joint venture between Leviathan Global Corporation, USA and UECL. The plant is located at KEPZ in Chattogram and will be operated under an agreement with BEPZA with a contract period of 30 years (extendable for a further 30 years) which is expected to be operational by December 2020.

Please see Note 7.

### 1.5 Expiry of Contract for Supply of Electricity on Rental Basis

On 22 June 2019, the Contract for Supply of Electricity on Rental Basis between Bangladesh Power Development Board (BPDB) and United Energy Ltd relating to its 53 MW plant expired. Prior to the expiry, on 4 August 2018 the Company filed an application with BPDB for a 5 year extension of the contract.

Negotiations for extension of the contract with BPDB are under process and management believes that BPDB will agree to the extension. No electricity is being demanded from the plant by BPDB in the meantime. Necessary market disclosures in this regard were given by the Company on 23 June 2019. Matter is under active negotiation.

### 2 Basis of accounting

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), 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 45.

#### 2.2 Date of authorisation

The financial statements were authorised for issue by the Board of Directors on 28 October 2020.

### 2.3 Reporting period

The current financial period of the Company covers one year from 1 July 2019 to 30 June 2020 and it is followed consistently.

#### 3 Functional and presentation currency

These financial statements have been presented in Bangladeshi Taka (Taka/Tk/BDT), which is both the functional and presentation currency of the Company. All financial information presented in Taka have been rounded off to the nearest integer, unless otherwise indicated.

#### 4 Use of estimates and judgements

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

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

### 4.1 Assumptions and estimation uncertainties

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statement is included in the following notes:

Note 5 and Note 45A Property, plant and equipment

Note 8 and 45B Inventories

Note 22 and 45I Provision for taxation

Note 38, 40, and 45G Contingent assets and Contingent liabilities

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data.

The Company, on regular basis, reviews the inputs and valuation judgements used in measurement of fair value and recognises transfers between level of the fair value hierarchy at the end of the reporting period during which the changes have occurred.

### 4.2 Changes in significant accounting policies

The following lists shows the recent changes to International Financial Reporting Standards (iFRSî or istandardsî) that are required to be applied by an entity with an annual reporting period beginning on or after 1 July 2019:

- ï IFRS 16: Leases
- ii Interpretation made by the International Financial Reporting Interpretation Council (IFRIC) 23: Uncertainty over Tax Treatments
- i Amendments to IFRS 9: Financial Instruments on prepayment features with negative compensation.
- ï Amendments to IAS 28: Investments in Associates and Joint Ventures on long-term interests in associates and joint ventures
- ï Amendments to IAS 19: Employee Benefits on plan amendment, curtailment or settlement
- ii Amendments to various standards based on the Annual Improvements to IFRSs 2015-2017 Cycle

The Company initially adopted IFRS 16: Leases (hereafter i)IFRS 16i) on 1 July 2019. The other new and amended standards and the interpretation to a standard listed above do not have any material effect on the Company's financial statements.

The effects of the adoption of IFRS 16 on the Company's financial statements are explained below:

#### **IFRS 16**

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 supersedes IAS 17: Leases, IFRIC 4: Determining whether an Arrangement contains a Lease, SIC 15: Operating Leases ñ Incentives, and SIC 27: Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. It changed the accounting of leases previously classified as operating leases under IAS 17, which were off balance sheet. Under IAS 17, operating leases were expensed on a straight-line basis over the term of the lease, and assets and liabilities were recognised only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under IFRS 16, 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 recognition exemptions for short-term leases and leases of low-value items (practical expedients). In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17; i.e. lessors continue to classify leases as finance or operating leases.

# Impact on lessee accounting

The Company has chosen to apply the modified retrospective approach, under which the cumulative effect of initial application is not recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for the year ended on 30 June 2019 is not restated, i.e. it is presented as previously reported under IAS 17.

On initial application of IFRS 16, for all leases, except for those that the practical expedient was applied (see below), the Company has:

- T Recognised right of use assets in the statement of financial position by reclassifying Prepaid lease rent;
- ï Recognised depreciation of right of use assets in the statement of profit or loss.

Under IFRS 16, the Company applied the practical expedient to grandfather the definition of a lease on transition. This means that:

- ii all contracts entered into before 1 July 2019 that were not identified as leases in accordance with IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019;
- for any leases with unexpired lease term on initial application date of less than 12 months or any leases relating to low value items, the Company elected to use the short-term lease exemption; and
- The initial direct costs arising from the measurement of right-of-use asset at the date of initial application were excluded.
- i The Company's right of use assets were measured by land lease rent.
- The impact of IFRS 16 on the statement of profit or loss was to replace the operating lease expenses (or rent expense) with a depreciation of right-of-use assets, with the exception of short-term leases and leases of low-value assets. The financial impact of these changes on the results of the Company for the year compared to those of the prior year was not significant.
- ï IFRS 16 doesnít have any material impact on the statement of cash flows.

As a result of adoption of new standard, the company had to change its accounting policies as set out in Note 45 (P).

#### 5 Property, plant and equipment

See accounting policy in Note 45A

# Reconciliation of carrying amount

In Taka	Plant and machinery	Gas line	Office equipment	Furniture and fixture	Motor vehicle	Total
Cost	:	;		:	:;	
Balance at 1 July 2018	10,344,267,136	350,878,647	11,160,409	2,622,563	60,263,836	10,769,192,591
Additions	84,285,220	1,997,455	123,950	456,657	2,230,000	89,093,282
Disposals/transfers	(7,419,563)	-	-	-	-	(7,419,563)
Balance at 30 June 2019	10,421,132,793	352,876,102	11,284,359	3,079,220	62,493,836	10,850,866,310
Balance at 1 July 2019	10,421,132,793	352,876,102	11,284,359	3,079,220	62,493,836	10,850,866,310
Additions	140,094,317	1,410,533	299,171	23,703		141,827,724
Disposals/transfers	(48,140,896)					(48,140,896)
Balance at 30 June 2020	10,513,086,214	354,286,635	11,583,530	3,102,923	62,493,836	10,944,553,137
Accumulated depreciation						
Balance at 1 July 2018	2,148,668,989	44,633,872	9,809,407	1,240,472	14,603,692	2,218,956,432
Depreciation for the year	345,345,751	7,034,218	1,168,387	276,882	6,041,683	359,866,921
Adjustment for disposals/transfers	(20,589)	-	-	-	-	(20,589)
Balance at 30 June 2019	2,493,994,151	51,668,090	10,977,794	1,517,354	20,645,375	2,578,802,764
Balance at 1 July 2019	2,493,994,151	51,668,090	10,977,794	1,517,354	20,645,375	2,578,802,764
Depreciation for the year	347,669,024	7,066,926	154,030	302,597	5,824,158	361,016,735
Adjustment for disposals/transfers	(16,298,100)					(16,298,100)
Balance at 30 June 2020	2,825,365,075	58,735,016	11,131,824	1,819,952	26,469,533	2,923,521,399
Carrying amounts						
At 30 June 2019	7,927,138,642	301,208,012	306,565	1,561,865	41,848,461	8,272,063,545
At 30 June 2020	7,687,721,139	295,551,619	451,706	1,282,971	36,024,303	8,021,031,738

#### a) Allocation of depreciation

In Taka	Note	2020	2,019
Cost of sales	24.1	357,406,568	356,268,252
General and administrative expenses	26	3,610,167	3,598,669
		361,016,735	359,866,921

#### b) Basis of allocation

99% of total depreciation cost charged to cost of sales. Remaining 1% of total depreciation cost charged to the general and administrative expenses.

See accounting policy in Note 45P   In Taka	2019
In Taka   2020	2019 297,000
Balance as at 01 July	297,000
Balance as at 01 July	297,000
Additions Disposals  Balance at 30 June  Cacumulated amortisation Balance as at 01 July Amortisation for the year Adjustment for disposal/transfers  Balance at 30 June  Carrying amounts As At 30 June  Investment in subsidiary In Taka  United Energy Ltd Leviathan Global BD Ltd.  Inventories  See accounting policy in Note 45B  In Taka  Note  2020  Spare parts Lube oil and chemicals Goods in transit  26,210,102  - 26,210,102  - 26,210,102  - 26,210,102  - 26,210,102  - 21,462,890  - 24,746,2890  - 24,747,212  - 24,747,212  - 24,747,212  - 24,747,212  - 25,210,102  - 26,210,102  - 24,742,890  - 24,747,212  - 24,747	297,000
Balance at 30 June   26,210,102	297,000
Balance as at 01 July	297,000
Balance as at 01 July	297,000
Adjustment for disposal/transfers  Balance at 30 June 1,462,890  Carrying amounts  As At 30 June 24,747,212  Investment in subsidiary  In Taka 2020  United Energy Ltd 297,000 Leviathan Global BD Ltd. 3,000,000  Inventories  See accounting policy in Note 45B  In Taka Note 2020  Spare parts 8.1 603,771,077 Lube oil and chemicals 8.1 20,906,529 Goods in transit 110,162,883	297,000
Balance at 30 June	297,000
Carrying amounts         As At 30 June       24,747,212         Investment in subsidiary         In Taka       2020         United Energy Ltd       297,000         Leviathan Global BD Ltd.       3,000,000         Inventories       See accounting policy in Note 45B         In Taka       Note       2020         Spare parts       8.1       603,771,077         Lube oil and chemicals       8.1       20,906,529         Goods in transit       110,162,883	297,000
As At 30 June 24,747,212  Investment in subsidiary  In Taka 2020  United Energy Ltd 297,000 Leviathan Global BD Ltd. 3,000,000  Inventories  See accounting policy in Note 45B  In Taka Note 2020  Spare parts 8.1 603,771,077 Lube oil and chemicals 8.1 20,906,529 Goods in transit 110,162,883	297,000
In Taka       2020         United Energy Ltd       297,000         Leviathan Global BD Ltd.       3,000,000         8 Inventories         See accounting policy in Note 45B         In Taka       Note       2020         Spare parts       8.1       603,771,077         Lube oil and chemicals       8.1       20,906,529         Goods in transit       110,162,883	297,000
In Taka       2020         United Energy Ltd       297,000         Leviathan Global BD Ltd.       3,000,000         3,297,000         8       Inventories         See accounting policy in Note 45B       Note       2020         Spare parts       8.1       603,771,077         Lube oil and chemicals       8.1       20,906,529         Goods in transit       110,162,883	297,000
United Energy Ltd       297,000         Leviathan Global BD Ltd.       3,000,000         8 Inventories         See accounting policy in Note 45B         In Taka       Note       2020         Spare parts       8.1       603,771,077         Lube oil and chemicals       8.1       20,906,529         Goods in transit       110,162,883	297,000
Leviathan Global BD Ltd.   3,000,000     3,297,000	-
Inventories   See accounting policy in Note 45B     In Taka	297,000
In Taka         Note         2020           Spare parts         8.1         603,771,077           Lube oil and chemicals         8.1         20,906,529           Goods in transit         110,162,883	
In Taka         Note         2020           Spare parts         8.1         603,771,077           Lube oil and chemicals         8.1         20,906,529           Goods in transit         110,162,883	
Spare parts       8.1       603,771,077         Lube oil and chemicals       8.1       20,906,529         Goods in transit       110,162,883	
Lube oil and chemicals         8.1         20,906,529           Goods in transit         110,162,883	2019
Goods in transit 110,162,883	457,117,013
	8,619,479 27,660,848
734,840,489	493,397,340
3.1 Movement in inventories	470,071,040
In Taka Lube oil and chemicals	Spare parts
Balance at 1 July 2018 3,407,644	626,739,151
Addition during the year 45,952,488	416,862,665
Transfer during the year 8,601,231 Consumption during the year (49,341,884)	(11,530,045) (574,954,758)
Balance at 30 June 2019 8,619,479	457,117,013
Balance at 1 July 2019 8,619,479	457,117,013
Addition during the year 54,907,753	509,768,425
Loan/Transfer during the year - Consumption during the year (42,620,704)	9,781,993 (372,896,354)
Balance at 30 June 2020 20,906,529	603,771,077
7 Trade and other receivables	
See accounting policy in Note 45C	
In Taka Note 2020	
Trade receivables         9.1         1,403,050,102           Other receivables         9.2         4,596,605	2019
Other receivables 9.2 4,596,605 1,407,646,707	<b>2019</b> 1,182,904,406 5,620,850

9.1	Trada	receivables	
7.1	II auc	receivables	•

In Taka	Note	2020	2019
BREB	9.3	231,669,177	240,932,313
BPDB	9.4	478,612,516	321,101,366
BEPZA		386,377,099	323,346,582
Other private customers		306,391,310	297,524,145
		1,403,050,102	1,182,904,406

### 9.2 Other receivables

In Taka	2020	2019
Wartsila Bangladesh Ltd Bergen Engine BD (Pvt.) Ltd Others	4,401,754 - 194,851	5,171,525 442,974 6,351
	4,596,605	5,620,850

- 9.3 Out of the total receivable from BREB, an amount of BDT 177,171,835 for the period from 2009 to 2012 was under arbitration in Bangladesh Energy Regulatory Commission (BERC) for determination. In May 2018, the arbitration panel awarded in favor of BREB. The Company has filed a writ petition with the Honorable High Court Division of the Supreme Court of Bangladesh against the arbitration award as management continues to believe the amount is recoverable. This is supported by external legal opinion.
- 9.4 Out of the total receivable from BPDB, an amount of BDT 128,900,233 is disputed by BPDB dating back to the period 2009 to 2012. The Company will pursue this amount upon satisfactory resolution of the above matter, but is confident of recovery.

### 10 Advances, deposits and prepayments

See accounting policy in Note 45C

	In Taka	Note	2020	2019
	Advance	10.1	37,777,775	39,570,162
	Deposits	10.2	24,911,344	24,911,344
	Prepayments	10.3	9,125,465	8,014,413
			71,814,584	72,495,919
10.1	Advances			
	In Taka		2020	2019
	Advance against expenses		37,000,711	37,541,241
	Advance income tax		· · · -	808,161
	Advance against LC charges		277,064	720,760
	Advance against salary and allowances		500,000	500,000
			37,777,775	39,570,162
10.2	Deposits			
	In Taka		2020	2019
	Karnaphuli Gas Distribution Company Limited		17,448,825	17,448,825
	Bank guarantee margin		5,850,000	5,850,000
	BEPZĂ		1,112,519	1,112,519
	Central Depository Bangladesh Limited		500,000	500,000
			24,911,344	24,911,344
10.3	Prepayments			
	In Taka		2020	2019
	Insurance premium		8,746,667	7,530,667
	BERC license fees		378,798	483,746
			9,125,465	8,014,413
			9,125,465	8,014,4

# 11 Investment in marketable securities

See accounting policy in Note 45C

In Taka	Note	2020	2019
Cash available for share purchase Financial assets classified as fair value through profit and loss	11.1	789,680 92,027,541	12,684,697 114,187,790
		92,817,221	126,872,487

# 11.1 Financial assets classified as fair value through profit and loss

Name of the Company	No. of shares	Rate per share	Market value at 30 June 2020	Market value at 30 June 2019	Cost price	Changes in fair value
Baximco Pharma Limited	100,000	69.20	6,920,000	-	7,810,171	(890,171)
Glaxosmith Ltd.	5,500	2,186.60	12,026,300	-	9,859,808	2,166,493
Olympic Industries Ltd.	28,024	150.20	4,209,205	-	5,070,361	(861,156)
Pioneer Insurance Ltd.	250,000	29.40	7,350,000	-	10,099,741	(2,749,741)
Ranata Ltd.	14,000	1,026.20	14,366,800	-	16,668,204	(2,301,404)
Shahjalal Islami Bank Limited	723,580	19.20	13,892,736	-	18,065,677	(4,172,941)
Singer BD Ltd	150,000	147.00	22,050,000	-	31,969,527	(9,919,527)
Square Pharmaceuticals Ltd	65,000	172.50	11,212,500	-	14,090,352	(2,877,852)
BRAC Bank Limited	251,045	70.90	-	16,594,075	-	-
Bangladesh Submarine Cable Company Limited (BSCCL)	338,422	161.65	-	44,671,704	-	-
National Polymer Ltd	277,333	94.71	-	30,534,363	-	-
Shahjalal Islami Bank Limited	723,580	24.97	-	18,523,648	-	-
Singer BD Ltd	20,000	179.97	-	3,864,000	-	-
			92,027,541	114,187,790	113,633,840	(21,606,299)

# 12 Receivable from related parties

See accounting policy in Note 45C

In Taka	2020	2019
United Mymensingh Power Ltd	5,168,213,416	6,529,242,459
United Anowara Power Ltd	7,272,176	7,257,473
United Lube Oil Ltd	377,392	377,392
United Jamalpur Power Ltd	68,114	68,114
United Energy Ltd	944,922	-
	5,176,876,020	6,536,945,438

# 13 Cash and cash equivalents

See accounting policy in Note 45C

In Taka	Note	2020	2019
Cash in hand		140,534	140,534
Cash at bank	13.1	323,738,646	1,009,730,958
		323,879,180	1,009,871,492

Cash at bank				
In Taka			2020	2019
Dutch Bangla Bank Limited Dhaka Bank Limited The Hongkong and Shanghai Banking Corporate Brac Bank Limited The City Bank Limited			7,317,281 290,207,455 971,447 13,498,490	519,238,74! 438,333,72 29,178,640 13,116,290
The City Bank Limited - Dividend distribution Brac Bank Limited - Dividend distribution acc Dhaka Bank Limited - Dividend distribution a Shahjalal Islami Bank Limited  Trust Bank Limited	count 2013 and 2014		8,916,088 1,398,487 1,072,191 32,624	5,959,58 1,400,98 1,045,83 928,86 224,59
Jamuna Bank Limited Eastern Bank Limited			223,753 21,319 79,511	224,599 224,509 79,187
			323,738,646	1,009,730,958
Share capital See accounting policy in Note 45M				
In Taka			2020	2019
Authorised				
800,000,000 ordinary shares of Tk. 10 each 200,000,000 redeemable preference shares	of Tk. 10 each		8,000,000,000 2,000,000,000	8,000,000,000 2,000,000,000
			10,000,000,000	10,000,000,000
Ordinary shares issued, subscribed and p Opening balance (479,087,000 ordinary sha Bonus shares issued (47,908,700 ordinary s	res of Tk. 10 each)		4,790,870,000 479,087,000	3,992,391,670 798,478,330
Closing balance (526,995,700 ordinary share	es of Tk. 10 each)		5,269,957,000	4,790,870,000
Particulars of shareholding				
_	2020	), I ( <del></del> 1)	2019	), i
Name of shareholders	No. of shares	Value (Tk)	No. of shares	Value (Tk)
United Mymensingh Power Ltd Investment Corporation of Bangladesh General investors	474,288,093 14,395,360 38,312,247	4,742,880,930 143,953,600 383,122,470	431,170,994 13,086,748 34,829,258	4,311,709,940 130,867,480 348,292,580
	526,995,700	5,269,957,000	479,087,000	4,790,870,000
Percentage of shareholdings				
Name of shareholders			2020	2019
United Mymensingh Power Ltd Investment Corporation of Bangladesh General investors			90% 2.73% 7.27%	90% 2.73% 7.27%
			100%	100%

		2020	20	19
Range of holding in number of shares	No. of shareholders	No. of shares	No. of shareholders	No. of shares
01 to 5000 shares	6,864	3,378,514	6,029	3,338,906
5,001 to 20,000 shares	332	3,066,727	340	3,411,089
20,001 to 50,000 shares	94	2,952,245	95	2,936,301
50,001 to 1,000,000 shares	80	16,610,169	81	14,889,798
1,000,001 to 10,000,000 shares	9	26,699,952	8	23,339,912
over 10,000,001 shares	1	474,288,093	1	431,170,994
	7,380	526,995,700	6,554	479,087,000

15 Share	premium
----------	---------

In Taka	2020	2019
Share premium	2,046,000,000	2,046,000,000
	2,046,000,000	2,046,000,000

This represents premium of Tk. 62 per share of 33,000,000 ordinary shares of Tk. 10 each.

### 16 Retained earnings

In Taka	2020	2019
Opening balance Net profit for the year	10,664,437,759 4,348,766,919	10,252,390,068 4,803,678,525
	15,013,204,678	15,056,068,593
Stock dividend for the year 2018-19 Cash dividend for the year 2018-19 Cash dividend for the year 2017, 19	(479,087,000) (6,228,131,000)	- - (2 EO2 1E2 EO4)
Cash dividend for the year 2017-18 Stock dividend for the year 2017-18	-	(3,593,152,504) (798,478,330)
	8,305,986,678	10,664,437,759

# 17 Security money received

See accounting policy in Note 45C

In Taka	2020	2019
Lilac Fashion Wear Ltd	700,000	700,000
	700,000	700,000

Security deposit received comprises of an amount equal to two months minimum charge received from Lilac Fashion Wear Ltd.

# 18 Land lease Liability

See accounting policy in Note 45P

In Taka	2020	2019
Balance as at 01 July Add: Addition during the year	- 26,210,102	-
Add: Interest charged during the year Less: Payment made during the year	1,519,833 (2,374,303)	-
Balance as at 30 June	25,355,632	-
Segregation of Land lease liability:		
In Taka	2020	2019
Non-current portion Current portion	24,449,893 905,739	
	25,355,632	-

# 19 Trade and other payables

See accounting policy in Note 45C

In Taka	Note	2020	2019
Trade payables Other payables	19.1 19.2	121,372,274 34,941,266	127,390,004 22,162,117
		156,313,540	149,552,121

1 Trade payables			
In Taka		2020	2019
Gas bill		121,372,274	127,390,004
		121,372,274	127,390,004
2 Other payables			
In Taka		2020	2019
Share application mone	y payable	6,452,280	6,452,280
Service charge on gas I	ill	14,109,483	7,375,825
Unclaimed dividend	19.3	9,676,552	7,348,961
Other operating expens	es	4,702,951	985,051
		34,941,266	22,162,117
3 Unclaimed dividend			
In Taka		2020	2019
Unclaimed cash divider	d for the year 2013 & 2014	1,405,987	1,405,988
Unclaimed interim & fin-	al cash div. for the period ended 30 June 2016	3,373,574	3,373,574
Unclaimed cash divider	•	825,684	827,266
Unclaimed cash divider		1,076,059	1,742,133
Unclaimed cash divider	d for the year 2019	2,995,247	
		=1,,,,,=1=,,	
		9,676,552	7,348,961
Accrued expenses See accounting policy in	n Note 45C		7,348,961
Accrued expenses	n Note 45C		
Accrued expenses See accounting policy in	n Note 45C	9,676,552	2019
Accrued expenses See accounting policy in Taka		9,676,552	<b>2019</b> 13,647,904
Accrued expenses See accounting policy in In Taka VAT payable	oill	9,676,552 2020 4,831,160	<b>2019</b> 13,647,904 3,337,015
Accrued expenses See accounting policy in In Taka VAT payable Service charge on gas 8	oill	9,676,552 2020 4,831,160 8,273,856	2019 13,647,904 3,337,015 3,115,234
Accrued expenses See accounting policy in In Taka  VAT payable Service charge on gas to Other operating expenses	oill	9,676,552 2020 4,831,160 8,273,856 2,286,948	2019 13,647,904 3,337,015 3,115,234 1,000,000
Accrued expenses See accounting policy in In Taka  VAT payable Service charge on gas to Other operating expense Directors/remuneration	oill	9,676,552 2020 4,831,160 8,273,856 2,286,948 1,000,000	2019 13,647,904 3,337,015 3,115,234 1,000,000 800,000
Accrued expenses  See accounting policy in  In Taka  VAT payable Service charge on gas to the operating expense Directors' remuneration Audit fee Utility bill Security expenses	oill	2020 4,831,160 8,273,856 2,286,948 1,000,000 800,000 691,153 211,583	2019 13,647,904 3,337,015 3,115,234 1,000,000 800,000 650,253 234,220
Accrued expenses  See accounting policy in In Taka  VAT payable Service charge on gas I Other operating expens Directorsí remuneration Audit fee Utility bill Security expenses Medical expenses	oill	2020 4,831,160 8,273,856 2,286,948 1,000,000 800,000 691,153 211,583 50,970	2019 13,647,904 3,337,015 3,115,234 1,000,000 800,000 650,253 234,220 50,280
Accrued expenses  See accounting policy in In Taka  VAT payable Service charge on gas to Other operating expense Directors' remuneration Audit fee Utility bill Security expenses Medical expenses Welfare fund	oill es	9,676,552 2020 4,831,160 8,273,856 2,286,948 1,000,000 800,000 691,153 211,583 50,970 16,985	2019 13,647,904 3,337,015 3,115,234 1,000,000 800,000 650,253 234,220 50,280
Accrued expenses  See accounting policy in In Taka  VAT payable Service charge on gas to Other operating expense Directors' remuneration Audit fee Utility bill Security expenses Medical expenses Welfare fund Bergen Engine BD (Pvt	oill es ) Ltd.	2020 4,831,160 8,273,856 2,286,948 1,000,000 691,153 211,583 50,970 16,985 810,000	2019 13,647,904 3,337,015 3,115,234 1,000,000 800,000 650,253 234,220 50,280 16,760
Accrued expenses  See accounting policy in In Taka  VAT payable Service charge on gas to Other operating expense Directors' remuneration Audit fee Utility bill Security expenses Medical expenses Welfare fund	oill es ) Ltd.	2020 4,831,160 8,273,856 2,286,948 1,000,000 691,153 211,583 50,970 16,985 810,000 16,200	2019 13,647,904 3,337,015 3,115,234 1,000,000 800,000 650,253 234,220 50,280 16,760
Accrued expenses  See accounting policy in In Taka  VAT payable Service charge on gas to Other operating expense Directors' remuneration Audit fee Utility bill Security expenses Medical expenses Welfare fund Bergen Engine BD (Pvt Environmental expense)	oill es ) Ltd.	2020 4,831,160 8,273,856 2,286,948 1,000,000 691,153 211,583 50,970 16,985 810,000	2019 13,647,904 3,337,015 3,115,234 1,000,000 800,000 650,253 234,220 50,280 16,760
Accrued expenses See accounting policy in In Taka  VAT payable Service charge on gas to Other operating expense Directors' remuneration Audit fee Utility bill Security expenses Medical expenses Welfare fund Bergen Engine BD (Pvt Environmental expense)	bill es  ) Ltd. s	2020 4,831,160 8,273,856 2,286,948 1,000,000 691,153 211,583 50,970 16,985 810,000 16,200	2019 13,647,904 3,337,015 3,115,234 1,000,000 800,000 650,253 234,220 50,280 16,760 - 15,400
Accrued expenses See accounting policy in In Taka  VAT payable Service charge on gas to Other operating expense Directors' remuneration Audit fee Utility bill Security expenses Medical expenses Welfare fund Bergen Engine BD (Pvt Environmental expense)  Payable to related pa	bill es  ) Ltd. s	9,676,552  2020  4,831,160 8,273,856 2,286,948 1,000,000 691,153 211,583 50,970 16,985 810,000 16,200  18,988,856	2019 13,647,904 3,337,015 3,115,234 1,000,000 650,253 234,220 50,280 16,760 - 15,400
Accrued expenses  See accounting policy in In Taka  VAT payable Service charge on gas I Other operating expense Directors' remuneration Audit fee Utility bill Security expenses Medical expenses Welfare fund Bergen Engine BD (Pvt Environmental expense)  Payable to related pa See accounting policy in In Taka	bill es  ) Ltd. s  rties n Note 45C	2020 4,831,160 8,273,856 2,286,948 1,000,000 691,153 211,583 50,970 16,985 810,000 16,200 18,988,856	2019 13,647,904 3,337,015 3,115,234 1,000,000 650,253 234,220 50,280 16,760 15,400 22,867,066
Accrued expenses  See accounting policy in In Taka  VAT payable Service charge on gas to Other operating expense Directors' remuneration Audit fee Utility bill Security expenses Medical expenses Welfare fund Bergen Engine BD (Pvt Environmental expense)  Payable to related pa See accounting policy in In Taka United Engineering & P	oill es  ) Ltd. s  rties n Note 45C  ower Services Ltd	2020 4,831,160 8,273,856 2,286,948 1,000,000 691,153 211,583 50,970 16,985 810,000 16,200 18,988,856	2019 13,647,904 3,337,015 3,115,234 1,000,000 650,253 234,220 50,280 16,760 - 15,400 22,867,066
Accrued expenses  See accounting policy in In Taka  VAT payable Service charge on gas to Other operating expense Directors fremuneration Audit fee Utility bill Security expenses Medical expenses Welfare fund Bergen Engine BD (Pvt Environmental expense)  Payable to related pa See accounting policy in In Taka  United Engineering & Punited Ashuganj Energy	oill es  ) Ltd. s  rties n Note 45C  ower Services Ltd	2020 4,831,160 8,273,856 2,286,948 1,000,000 691,153 211,583 50,970 16,985 810,000 16,200 18,988,856	2019 13,647,904 3,337,015 3,115,234 1,000,000 800,000 650,253 234,220 50,280 16,760 - 15,400 22,867,066  2019 12,211,723 10,438,917
Accrued expenses  See accounting policy in In Taka  VAT payable Service charge on gas to Other operating expense Directors fremuneration Audit fee Utility bill Security expenses Medical expenses Welfare fund Bergen Engine BD (Pvt Environmental expense)  Payable to related pa See accounting policy in In Taka United Engineering & P	oill es  ) Ltd. s  rties n Note 45C  ower Services Ltd	2020 4,831,160 8,273,856 2,286,948 1,000,000 691,153 211,583 50,970 16,985 810,000 16,200 18,988,856	7,348,961  2019  13,647,904 3,337,015 3,115,234 1,000,000 800,000 650,253 234,220 50,280 16,760 - 15,400 22,867,066  2019  12,211,723 10,438,917 3,390,891 26,041,531

### 22 Provision for taxation

See accounting policy in Note 45I

In Taka	2020	2019
Opening balance Charged/(paid) during the year	-	1,720,313 (1,720,313)
Closing balance	-	-

No provision is required for income tax on the Company's profits as it has received exemption from all such taxes from the Government of Bangladesh for 15 years from commencement.

### 23 Revenue

See accounting policy in Note 45E

In Taka	Note	2020	2019
Electricity supply Steam supply	23.1 23.2	6,193,195,368 29,964,684	6,443,761,495 29,915,025
		6,223,160,052	6,473,676,520

### 23.1 Electricity supply

In Taka	2020	2019
BEPZA	3,847,735,571	4,161,471,744
Other private customers	946,141,736	1,187,628,272
BPDB	733,837,499	569,790,173
BREB	665,480,562	524,871,306
	6,193,195,368	6,443,761,495

### 23.2 Steam supply

In Taka	2020	2019
Gunze United Ltd	21,852,432	22,643,385
Global Labels (Bangladesh) Ltd	3,487,050	4,840,629
Regency Garments Limited	-	1,707,962
Croydon-Kowloon Designs Ltd	3,976,031	602,739
Talisman Ltd	649,171	120,310
	29,964,684	29,915,025

- a. During the year ended 30 June 2020, the Company generated 1,007,546 MWH electricity of which 502,742 MWH was from the DEPZ power plant and 504,804 MWH from the CEPZ power plant.
- b. Of the BDT 3,205,038,972 total revenue from DEPZ plant, BDT 1,700,027,807 is attributable to the plant's extended project which came into operation in 2013.
- c. Of the BDT 3,018,121,080 total revenue from CEPZ plant, BDT 1,022,581,868 is attributable to the plant's extended project which came into operation in 2013.

#### 24 Cost of sales

In Taka	Note	2020	2019
Gas bill Operation and maintenance expenses Spare parts Lube oil and chemicals	24.1	1,334,140,283 579,014,730 372,896,354 42,620,704	940,916,697 627,384,747 574,954,758 49,341,884
		2,328,672,071	2,192,598,086

# 24.1 Operation and maintenance expenses

In Taka	Note	2020	2019
Depreciation	5	357,406,568	356,268,252
Direct overhead	24.2	105,160,573	113,395,425
Minimum load charge		27,278,956	61,466,823
Repair and maintenance		44,486,779	52,137,936
Insurance premium		15,264,000	11,738,666
Entertainment		7,367,168	9,551,400
Utility bill		9,105,228	9,034,907
Security expense		3,461,357	2,962,802
Land lease rent		-	2,331,584
Vehicle running and maintenance		1,679,513	1,480,390
Travelling and conveyance		716,039	1,006,239
Carrying charge		1,819,175	929,234
Gardening and beautification		841,539	837,741
Advertisement expense		154,422	745,750
Site office expense		234,402	717,002
Labour and wages		571,878	696,369
BERC license and others		296,626	691,353
Printing and stationery		439,831	392,272
Environmental expenses		668,957	383,784
Telephone, mobile and internet		277,971	274,913
Worker welfare fund		203,670	201,616
Automation and IP expense and others		87,304	87,284
Postage and courier		29,885	53,005
Amortisation of right of use assets		1,462,890	-
		579,014,730	627,384,747

24.2 The Company signed an agreement for all its operation, maintenance and management (O&M) services with United Engineering and Power Service Ltd (UEPSL). It provides all technical support related to operation and management of the power plants. UEPSL raises invoice for actual cost and a service charge per month.

### 25 Other operating income

In Taka	2020	2019
Scrap sale	18,850,148	5,914,110
Sale of used lube oil and drums	6,657,846	3,143,700
Foreign exchange gain	3,248	6,903
Dividend income	1,935,341	-
Gain on disposal of fixed assets	9,660,461	-
Realised gain/(loss) from marketable securities	(11,552,297)	13,914,422
Unrealised gain/(loss) from marketable securities	(21,606,299)	(6,249,593)
	3,948,448	16,729,542

In Taka	Note	2020	2019
Directorsí remuneration		15,932,500	15,932,500
Office maintenance		10,890,000	10,890,000
CDBL and listing fee		4,981,661	8,160,510
Advertisement		9,467,194	6,838,056
Depreciation	5	3,610,167	3,598,669
AGM expenses		2,742,545	2,521,774
Bank charge and commission		361,444	2,159,893
Board meeting fees		1,812,000	1,850,000
Office rent		1,380,000	1,380,000
Auditorís fee		800,000	800,000
Vehicle running expenses		441,476	480,751
Traveling and conveyance		377,696	250,350
Entertainment		306,442	213,440
Overseas travelling		-	211,250
Consultancy fees		218,750	195,000
VAT on audit fee		120,000	120,000
RJSC expenses		106,225	105,630
Postage, telephone and telex		50,658	64,243
Printing and stationery		26,266	60,944
Office expenses		-	22,830
Trade license and others		35,529	560,740
Legal expense		345,000	-
Fees Fine & Others		35,000	-
Brokerage commission		896,670 54,937,223	56,416,580
Finance income		34,737,223	30,410,300
Finance income See accounting policy in Note 45L			
		2020	2010
In Taka		2020	2019
Interest on related party loan		497,007,078	548,226,878
Interest on Short Term Deposits Account		11,253,702	14,060,251
Finance charge		508,260,780	562,287,129
In Taka		2020	2019
			2017
Interest on leasehold land		1,519,833	-
Income tax expenses		1,519,833	-
In Taka		2020	2010
		2020	2019
Adjustment of advance tax on completion of assessment		808,161	-
Charged/(paid) during the year		665,073	-
Closing balance		1,473,234	-

#### Earnings per share 30

See accounting policy in Note 45N

### 30.1 Basic earnings per share

The calculation of basic earnings per share is based on profit of the Company attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

In Taka	Note	2020	2019
Profit attributable to the ordinary shareholders (basic)		4,348,766,919	4,803,678,525
Weighted average number of shares outstanding (basic)	30.2	526,995,700	526,995,700
Earnings per share		8.25	9.12

### 30.2 Weighted average number of shares outstanding (basic)

	Note	2020	2019
Ordinary shares outstanding at beginning of the year Bonus shares issued in 2017-18	14	479,087,000	399,239,167 79,847,833
Bonus shares issued in 2018-19	14	47,908,700	47,908,700
Total weighted average number of share outstanding		526,995,700	526,995,700

According to paragraph 64 of IAS 33: Earnings per share, if the number of ordinary shares outstanding increases as a result of a bonus issue, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. Therefore, the basic earnings per share (EPS) for the year ended 30 June 2019 has been restated to reflect the bonus shares issued in 2020 on the basis of profit attributable to the ordinary shareholders for the year ended 30 June 2019.

### 31 Net asset value per share

	Note	2020	2019
Net assets	31.1	15,621,943,678	17,501,307,759
Weighted average number of shares outstanding (basic)	30.2	526,995,700	526,995,700
Net asset value per share		29.64	33.21

#### 31.1 Net assets

In Taka	2020	2019
Total assets	15,856,950,151	17,700,468,477
Total liabilities	235,006,473	199,160,718
Net assets	15,621,943,678	17,501,307,759

### 32 Net operating cash flow per share

	Note	2020	2019
Net cash generated from operating activities		3,786,913,538	4,671,465,725
Weighted average number of shares outstanding (basic)	30.2	526,995,700	526,995,700
Net operating cashflow per share		7.19	8.86

#### 33 Reconciliation of net profit with cash flow from operating activities

In Taka	2020	2019
Profit for the year	4,348,766,919	4,803,678,525
Adjustment for		
Depreciation	361,016,735	359,866,921
Amortisation of right of use assets	1,462,890	-
Brokerage commission	896,670	-
Gain on Disposal of fixed assets	(9,660,461)	-
Realised gain/(loss) from marketable securities	11,552,297	(13,914,422)
Unrealised gain/(loss) from marketable securities	21,606,299	6,249,593
Interest on related party loan	(497,007,078)	(548,226,878)
Changes in		
Inventories	(241,443,149)	224,685,588
Trade and other receivables	(219,121,451)	(238,363,731)
Advances, deposits and prepayments	681,335	14,195,919
Trade and other payables	4,433,828	33,466,062
Accrued expenses	(3,878,210)	10,776,121
Payable to related parties	7,606,914	19,052,027
Net cash generated from operating activities	3,786,913,538	4,671,465,725

#### 34 **Related party transactions**

During the year, the Company carried out a number of transactions with related parties. The names of the related parties and nature of these transactions have been set out in accordance with the provisions of IAS 24: Related party disclosures.

#### Α Transactions with key management personnel

#### i. Loan to directors

During the year, no loan was given to the directors of the Company.

#### Key management personnel compensation comprised the following: ii.

The Company's key management personnel includes the Company's Managing Directors.

#### a) Short-term employee benefit:

Short-term employee benefit includes remuneration, festival bonus and meeting attendance fees.

In Taka	2020	2019
Directorsí remuneration	15,932,500	15,932,500
Board meeting fees	1,812,000	1,850,000
	17,744,500	17,782,500
b) Post employment benefit:	-	-
c) Other long-term benefit:	-	-
d) Termination benefit:	-	-
e) Share-based payment:	-	-
	17,744,500	17,782,500

#### Other related party transactions В

In Taka	Transaction value o ended 30		Balance outstanding as at 30 June		
	2020	2019	2020	2019	
Sale of goods and services					
Gunze United Limited	21,852,432	22,643,385	4,057,473	4,826,023	
United Securities Limited	896,670	-	-	-	
Purchase of services					
United Engineering & Power Services Ltd.	100,762,268	106,204,604	7,541,430	9,870,923	
Loans					
United Enterprises & Co. Ltd.	-	-	-	-	
Loan disbursed during the year	-	-	-	-	
Loan repaid during the year		4,759,627,601	-	-	
United Mymensingh Power Ltd	-	-	5,167,681,634	6,528,674,556	
Loan disbursed during the year	10,877,681,635	9,049,674,556	-	-	
Loan repaid during the year	5,710,000,000	2,521,000,000	-	-	
Transfer of inventory (spare parts)					
United Mymensingh Power Ltd	36,121	567,903	531,782	567,903	
United Anowara Power Ltd	14,703	7,257,473	7,272,176	7,257,473	
United Lube Oil Ltd	-	377,392	377,392	377,392	
United Jamalpur Power Ltd		68,114	68,114	68,114	
United Ashuganj Energy Ltd	13,327,300	10,438,917	23,766,218	10,438,917	
United Energy Ltd	2,445,969	3,390,891	944,922	3,390,891	
United Engineering & Power Services Ltd.	-	2,340,800	2,340,800	2,340,800	

# 35 Financial instruments - Fair values and risk management

### Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities. 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 2020 Financial assets measured at fair value Investment in marketable securities 11														
Marcia   Note   wheeling   First   First   First   First   Wards   First   F						Carr	ying amou	unt		Fair value				
Principal assets measured at fair value   1	In Taka		Note	ue-hedg- ing instru-	torily at FVTPL ñ	ñ debt instru-	ñ equity instru-	assets at amortised	financial	Total	Level 1	1		Total
Investment in marketable securities   1	30 June 2020							,	`					
Intersement   manketable securities   1		red at fai	r value											
Financial assets not measured at fair value   Tade and other receivables   9   1   1   1   1   1   1   1   1   1				_	02 817 221				_	. 02 817 221	02 817 221			92,817,22
Financial assets not measured at fair value   Tade and other receivables   9	investment in marketable	3ecunile:	) 11						-		· · ·			92,817,22
Tade and other receivables 9					72,017,22			•	-	- 72,017,221	72,011,221			72,017,22
Receivable from related parties   12	Financial assets not me	asured a	t fair value	е										
Cash and cash equivalents	Trade and other receivable	es	9					- 1,407,646,70	7	- 1,407,646,707	-			
Financial liabilities not measured at fair value Security money received 17	Receivable from related p	arties	12	-				- 5,176,876,02	)	- 5,176,876,020	-			
Financial liabilities not measured at fair value Security money received 17	Cash and cash equivalent	ts	13					323,879,18	)	- 323,879,180	-			
Security money received   17				-				- 6,908,401,90	7	- 6,908,401,907				
Security money received														
Land lease Liability		neasure		ilue										
Tade and other payables				-				•						
Accrued expenses 20														
Payable to related parties   21				-				•						
In Taka   Note   Held-for trading   Prair value   Held for trading   Prair value   P				-				•						
In Taka	Payable to related parties		21	-				•						
Note   Held-for trading   Held-for trading   Total   Level				-				-	- 235,006,47	3 235,006,473	-			
Note   Held-for trading   Held-for trading   Total   Level											Fair v	alue		
Financial assets measured at fair value	In Taka	Note		or- nate g at fa	ed ue-hed ing ir instru	lg- Held t matu ı- rity	o and receiv-		financial	Total	Level 1	Level 2		Total
Financial assets measured at fair value	30 June 2019				inione	3 :	_ <b>i</b>	<u>:</u>				<u> </u>		
Investment in marketable securities														
securities		red at fai	r value											
Financial assets not measured at fair value  Tade and other receivables  Receivable from related parties  Cash and cash equivalents  13		11	126,872,	487	-	-		-	-	126,872,487	126,872,487	-	-	126,872,48
Financial assets not measured at fair value  Tade and other receivables 9 1,188,525,256 - 1,188,525,256	Securities		124 072	107						124 072 407	124 072 407			124 072 40
Trade and other receivables         9         -         -         1,188,525,256         -         1,188,525,256         -         <			120,012,	407	-	-				120,072,407	120,012,401			120,012,40
receivables Receivable from related parties Cash and cash equivalents    13   -   -   -   -   -   -   -   -   -	Financial assets not me	asured a	t fair value	е										
Receivable from related parties  Cash and cash equivalents  13		9		-	-	-		1,188,525,256	-	1,188,525,256	-	-	-	
Parties Cash and cash equivalents    13		12		_				6 536 945 438	_	6 536 9/15 //38				
equivalents         13         -         -         -         -         1,009,871,492         -         1,009,871,492         -	!	12		_		-		0,550,745,450	_	0,550,745,450	_	_		
Financial liabilities not measured at fair value  Security money received 17		13		-	-	-		1,009,871,492	-	1,009,871,492	-	-	-	
Security money received     17     -     -     -     -     -     700,000     700,000     -     -     -       Trade and other payables     19     -     -     -     -     -     149,552,121     149,552,121     149,552,121     -     -     -       Accrued expenses     20     -     -     -     -     22,867,066     22,867,066     -     -     -     -       Payable to related parties     21     -     -     -     -     26,041,531     26,041,531     -     -     -     -				-	-	-		8,735,342,186	-	8,735,342,186	-	-	-	
Security money received       17       -       -       -       -       700,000       700,000       -       -       -         Trade and other payables       19       -       -       -       -       149,552,121       149,552,121       -       -       -         Accrued expenses       20       -       -       -       -       22,867,066       22,867,066       -       -       -         Payable to related parties       21       -       -       -       -       26,041,531       26,041,531       -       -       -	Financial liabilities not r	measure	l at fair va	due										
Trade and other payables       19       -       -       -       -       -       149,552,121       149,552,121       -       -       -       -         Accrued expenses       20       -       -       -       -       -       22,867,066       22,867,066       -       -       -       -         Payable to related parties       21       -       -       -       -       26,041,531       26,041,531       -       -       -       -			a at iali Va	iiuc					700 000	700 000				
Accrued expenses 20 22,867,066 22,867,066 Payable to related parties 21 26,041,531 26,041,531								-			-			
Payable to related parties 21 26,041,531 26,041,531					-			-				-	-	
				-	-	-		-				-	-	
199,100,/18 199,100,/18	rayable to related parties	21		-	-	-		-			-	-	-	
					_							-	_	

#### 36 Financial risk management

The Company has exposure to the following risks from its use of financial instruments.

- A Credit risk
- B Liquidity risk
- C Market risk

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the Company. The Board is assisted in its oversight role by the Audit Committee. Internal audit, under the purview of Audit Committee, undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

#### A Credit risk

Credit risk is the risk of a 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 buyers.

Management monitors the exposure to credit risk on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of financial assets in the statement of financial position.

### i. Exposure to credit risk

The maximum exposure to credit risk at the reporting date was:

In Taka	Note	2020	2019
Trade and other receivables	9	1,407,646,707	1,188,525,256
Investment in marketable securities	11	92,817,221	126,872,487
Receivable from related parties	12	5,176,876,020	6,536,945,438
Cash and cash equivalents (excluding cash in hand)	13	323,738,646	1,009,730,958
		7,001,078,594	8,862,074,139

# ii. Ageing of trade and other receivables

In Taka	2020	2019
Not past due	574,600,818	480,049,539
Past due 0-30 days	113,784,362	132,066,413
Past due 31-60 days	100,729,016	66,554,067
Past due 61-90 days	93,428,059	63,558,325
Past due 91-120 days	75,746,331	25,313,903
Past due 121-365 days	113,683,317	91,454,071
Past due 365+ days	335,674,803	329,528,938
	1,407,646,707	1,188,525,256

### B Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due 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 always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

### 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 2020

	Note		Contrac		
In Taka	Note	Carrying amount	Total	6 months or less	Over 6 months
Non-derivative financial liabilities					
Trade and other payables	19	156,313,540	156,313,540	156,313,540	_
Accrued expenses	20	18,988,856	18,988,856	18,988,856	_
Payable to related parties	21	33,648,445	33,648,445	33,648,445	_
		208,950,841	208,950,841	208,950,841	-
Derivative financial liabilities		-	-	-	-
		208,950,841	208,950,841	208,950,841	-

#### 30 June 2019

la Talia	Taka Note		Co		
In Taka	Note	Carrying amount	Total	6 months or less	Over 6 months
Non-derivative financial liabilities					
Trade and other payables	19	149,552,121	149,552,121	149,552,121	-
Accrued expenses	20	22,867,066	22,867,066	22,867,066	-
Payable to related parties	21	26,041,531	26,041,531	26,041,531	-
•		208,950,841	198,460,718	198,460,718	-
Derivative financial liabilities		-	-	-	-
		208,950,841	198,460,718	198,460,718	-

### C 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 market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### i. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Company is exposed to foreign currency risk relating to purchases and other transactions which are denominated in foreign currencies.

### Exposure to currency risk

The Company's exposure to foreign currency risk arising from foreign currency denominated assets and liabilities at balance sheet date denominated in US dollar (USD) and Great British Pound (GBP) are as follows:

	Note	Note 2020		2019	
	Note	USD	GBP	USD	GBP
Cash and cash equivalents	13	10,552	153	10,558	153
Share application money payable	19.2	(10,552)	(153)	(10,558)	(153)
Net exposure		-	-	-	-

The following significant exchange rates have been applied:

	Ye	ear-end spot rate
In Taka	2020	2019
USD GBP	84.90	84.50
GBP	104.37	107.29

### Sensitivity analysis

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies. As the Company's net exposure to foreign currency risk arising from such assets and liabilities as on the date of statement of financial position was nil, no sensitivity analysis is required.

#### ii. Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on deposits and receivables.

#### Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as at the date of statement of financial position is as follows:

			Nominal Amount
In Taka	Note	2020	2019
Fixed rate instruments			
Financial assets			
Receivable from related parties	12	5,176,876,020	6,536,945,438
Financial liabilities		-	-
		5,176,876,020	6,536,945,438
Variable rate instruments			
Financial assets		-	-
Financial liabilities		-	-
		-	-

### 37 Operational risk

Operational risk constitutes the ability of the Company's power projects to generate and distribute stipulated electricity to its off-takers. Technology used, fuel supply arrangement, operational and maintenance (O&M) arrangement, political or force majeure in the form of natural disaster like floods, cyclone, tsunami and earthquake may hamper normal performance of power generation. The timely and appropriate maintenance of the distribution networks undertaken by BEPZA reduces the chance of major disruptions. However, severe natural calamities which are unpredictable and unforeseen have the potential to disrupt normal operations of the Company. Management 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 Company Limited to compensate for all the potential damages caused in such situations.

### 38 Contingent assets

The Company has raised a claim against BEPZA for losses suffered as a result of BEPZA failing to timely provide vacant possession of required land and gas connection and a consequent 234 day delay in the Company commencing commercial operation.

In March 2015 an arbitration panel (consisting of three arbitrators, appointed by the Company, BEPZA and the Government of Bangladesh, respectively) ordered that BEPZA compensate the Company for the following amounts.

In Taka	2020	2019
Service charge deducted by BEPZA ordered to return to the Company Loss of warranty	18,733,918 17,424,510	18,733,918 17,424,510
	36,158,428	36,158,428

In April 2015, BEPZA took the matter to the Court of District Judge, Dhaka. Multiple hearings took place during this year with no significant developments to date.

#### 39 Commitments

The Company has outstanding letters of credit amounting to USD 384,881 and EUR 1,478,941 against which it is committed to purchase spare parts & Lube Oil.

#### 40 Contingent liabilities

### 40.1 Contingent liabilities relating to bank guarantees amounted to:

Beneficiary	Expiry date	Currency	30 June 2020	30 June 2019
Titas Gas Transmission & Distribution Com. Ltd	. 11 Nov. 2023	BDT	78,790,400	78,790,400
Titas Gas Transmission & Distribution Com. Ltd	. 11 Dec. 2022	BDT	6,628,382	6,628,382
Karnaphuli Gas Distribution Company Limited	23 Jan. 2023	BDT	34,897,650	34,897,650
Karnaphuli Gas Distribution Company Limited	20 June 2023	BDT	8,647,617	8,647,617
Karnaphuli Gas Distribution Company Limited	2 March 2024	BDT	71,724,353	71,724,353
Chattogram Customs House	Unconditional & Continuous	BDT	20,421,244	-
			221,109,646	200,688,402

- 40.2 In line with the provisions of its gas supply agreements, the Company has historically been charged for gas consumption at the rate set for Independent Power Producers (IPPs). However, on 2 January 2018, the Energy and Mineral Resources Division of the Ministry of Power, Energy and Mineral Resources resolved in a meeting that gas based power plants will be charged for gas consumption in the following manner:
  - a) Gas consumed for generating power supplied to the national grid will be charged at the rate set for IPPs.
  - b) Gas consumed for generating power supplied to private customers will be charged at the rate set for captive power producers.

Accordingly, in May 2019, the Company's gas suppliers, Titas Gas Transmission & Distribution Company Limited and Karnaphuli Gas Distribution Company Limited, have claimed additional charges amounting to **BDT 1,776,734,152.53** (for the period January 2018 to June 2020) and BDT 491,063,484 (for the period May 2018 to June 2019) respectively.

The Company has filed two separate writ petitions, dated 23 May 2019 and 1 July 2019, with the Honorable High Court Division of the Supreme Court of Bangladesh against the above decision. The Honorable High Court issued a stay order of 4 months, dated 26 May 2019 and 4 July 2019, respectively, on the operation of this decision.

#### 41 Bank facilities

The Company enjoys the following credit facilities from the following financial institutions:

Name of the bank	Letter of credit limit	Loan against trust receipt limit	Overdraft limit	Bank guarantee facilities limit
Dutch Bangla Bank Limited	100,000,000	-	-	-
Dhaka Bank Limited	350,000,000	300,000,000	300,000,000	221,109,646
Jamuna Bank Limited	1,000,000,000	250,000,000	50,000,000	300,000,000
Total	1,450,000,000	550,000,000	350,000,000	521,109,646

### 42 Expenditure in equivalent foreign currency

In Taka	2020	2019
Foreign travel for business purpose	-	211,250
	-	211,250

#### 43 Other disclosures

### 43.1 Capacity and production

La cattan af ulant	Installed capacity (MWH)		Actual production (MWH)		Capacity utilisation (%)	
Location of plant	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Dhaka EPZ	688,000	688,000	502,742	531,230	73%	77%
Chattogram EPZ	576,000	576,000	504,804	492,726	88%	86%
Total	1,264,000	1,264,000	1,007,546	1,023,956		

### 43.2 Number of employees

The Company has no employees. Operation and maintenance (O&M) activities of the Company is managed by 194 employees of United Engineering & Power Services Ltd under an O&M contract.

#### 43.3 Comparatives and rearrangement

Previous year's figures have been rearranged, wherever considered necessary to conform to the current year's presentation.

#### 43.4 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.

On 15 September 2020, the Board of Directors of the Company, resolved to acquire 99% shares (9,900,000 shares) of United Anowara Power Limited (UAnPL) from Sponsor Shareholders at Net Asset Value based on audited Financial Statements as at 30 June 2020. A share transfer agreement was also signed on the same date stating the acquisition to be effective from 1 July 2020. UAnPL is a 300 MW IPP HFO fired power plant, located at Anwara, Chattogram for a period of 15 years which came into Commercial Operation on 22 June 2019. The principal activity of the company is to generate electricity to sell such generated electricity to Bangladesh Power Development board (BPDB) under a Power Purchase Agreement (PPA).

On 15 September 2020, the Board of Directors of the Company also resolved to acquire 99% shares (9,900,000 shares) of United Jamalpur Power Limited (UJPL) from Sponsor Shareholders at Net Asset Value based on audited Financial Statements as at 30 June 2020. A share transfer agreement was also signed on the same date stating the acquisition to be effective from 1 July 2020. UJPL is a 115 MW IPP HFO fired power plant, located at Jamalpu,r for a period of 15 years which came into commercial operation on 21 February 2019. The principal activity of the company is to generate electricity to sell such generated electricity to Bangladesh Power Development board (BPDB) under a Power Purchase Agreement (PPA).

The Board of Directors in its 95th meeting held on 28 October 2020 recommended cash dividend @ 145% per share of Taka 10 each aggregating Taka 7,641,437,650 and stock dividend @ 10%i.e 1 (one) bonus share for every 10 (ten) ordinary shares of Taka 10 each involving Taka 526,995,700 for the year ended 30 June 2020. The dividend is subject to final approval by the shareholders at the forthcoming annual general meeting of the Company.

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

Following the declaration of COVID-19 as a pandemic by the World Health Organization (WHO) in early March 2020, like many other governments, the Government of Bangladesh introduced restrictive measures to contain further spread of the virus, affecting free movement of people and goods. These measures included imposing nationwide general holidays from 26 March until 30 June 2020. Though demand of BEPZA fell in April 2020 only, BPDB and REB bought low price electricity from UPGDCL as UPGDCL electricity price is lower for them. So, there was is no material impact of (iCOVID-19i) during the reporting period as well as after the reporting period.

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.

### 43.5 Going concern

The Company has adequate resources to continue in operation for the foreseeable future. For this reason, the management continues 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.

#### 44 Basis of measurement

The financial statements have been prepared on historical cost basis except inventories which is measured at lower of cost and net realisable value on each reporting date.

### 45 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also Note 4.2).

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

- A Property, plant and equipment
- **B** Inventories
- C Financial instruments
- D Impairment
- E Revenue
- F Provisions
- G Contingencies
- H Foreign currency
- I Income tax
- J Employee benefits
- K Statement of cash flows
- L Finance income
- M Share capital
- N Earnings per share
- O Dividends
- P Leases

### A Property, plant and equipment

#### Recognition and measurement

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

#### Subsequent costs

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

#### Depreciation

- i) Property, plant and equipment is stated at cost less accumulated depreciation. All property, plant and equipment have been depreciated on straight line method.
- ii) In respect of addition to fixed assets, full depreciation is charged in the month of addition irrespective of date of purchase in that month and no depreciation is charged in the month of disposal/retirement. Residual value is estimated to be zero for all assets.

The rates of depreciation vary according to the estimated useful life of the items of all property, plant and equipmentî Considering the estimated useful life of the assets, the rates of depreciation are as follows:

	%	
Plant and machinery	3.33%	
Gas line	2%	
Office equipment	15%	
Furniture and fixture	10%	
Motor vehicle	10%	

### Retirements and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset in the statement of profit or loss and other comprehensive income.

#### B Inventories

Inventories consisting mainly of spare parts, lube oil and chemicals are valued at lower of cost and net realisable value. Net realisable value is based on estimated selling price in the ordinary course of business less any further costs expected to be incurred to make the sale. Costs of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories is determined by using weighted average cost method.

When inventories are consumed, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### C Financial instruments

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

### i. Recognition and initial measurement

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

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

### ii. Classification and subsequent measurement

### Financial assets

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

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

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

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

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

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

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

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

#### Financial assets ñ Business model assessment

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

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

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

### Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)

For the purposes of this assessment, epincipalí is defined as the fair value of the financial asset on initial recognition. enterestí is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- ñ contingent events that would change the amount or timing of cash flows;
- ñ terms that may adjust the contractual coupon rate, including variable-rate features;
- ñ prepayment and extension features; and
- ñ terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)î

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

### Financial assets ñ Subsequent measurement and gains and losses

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

Financial assets include cash and cash equivalents, trade and other receivables and receivable from related parties.

### (a) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and all cash deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

#### (b) Trade and other receivables

Trade and other receivables and receivable from related parties are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

### iii. Financial liability

All financial liabilities are recognised initially on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include trade and other payables, accrued expenses, payable to related parties etc.

### (a) Trade and other payables

The Company recognises a trade and related party payable when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

### (b) Accrued expenses

Accrued expenses represent various operating expenses that are due at the reporting date which are initially measured at fair value.

### D Impairment

#### Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

#### Non-financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The Company assesses yearly whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the asset is reduced to its recoverable amount by recognising an impairment loss, if and only the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognised immediately in the statement of comprehensive income.

#### E Revenue

Revenue is recognised, upon supply of electricity, quantum of which is determined by survey of meter reading. It excludes value added tax and other government levies, on the basis of net units of energy generated and transmitted to the authorised customer's transmission systems and invoiced on a monthly basis upon transmission to the customers. Revenue is valued using rates in effect when service is provided to customers.

#### F Provisions

A provision is recognised in the statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### G Contingencies

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

### (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 has 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.

#### H Foreign currency

Foreign currency transactions are translated into BDT/Taka at the exchange rates prevailing on the date of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the reporting date.

Foreign currency denominated non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency

are translated using the foreign exchange rates prevailing at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

#### I Income tax

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### (i) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. No provision is required for income tax on the Company's profits as the Company has received exemption from all such taxes from the Government of Bangladesh under the private sector power generation policy for a period of 15 years from start of its commercial operation, vide SRO ref: 188-Law/Income Tax/2009-Income Tax Ordinance (#36) 1984 dated 01 July 2009. Such exemption for Dhaka EPZ power plant will expire in 2023 and for Chittagong EPZ power plant in 2024.

### (ii) Deferred tax

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- 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 it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

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

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

As of 30 June 2020, the Company's power plant operated under tax exemption regime. It has examined the precedent of tax assessment completed of a power generation company for the year when its tax exemption ended, which shows accounting depreciation charge to be equal to the tax depreciation charge, implying that there were no temporary differences between accounting net book value and tax written down value of at that point in time. On this basis, in the preparation of these financial statements, the Company has not considered any deferred tax relating to property, plant and equipment as the Company is still under tax exemption as at the reporting date.

### J Employee benefits

### 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 date. Operation and maintenance (O&M) activities of the Company are managed by employees of United Engineering and Power Services Limited under an O&M contract. Therefore, the provision of WPPF is not applicable for the Company.

### K Statement of cash flows

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

#### L Finance income

Finance income comprises interest on financial deposits with banks and loans made to related parties. Finance income is recognised on an accrual basis and shown under statement of profit or loss and other comprehensive income.

### M Share capital

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

### N Earnings per share

The Company represents earnings per share (EPS) data for its ordinary shares. 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 period.

#### O Dividends

Final dividend distributions to the Companys shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Companys shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared and paid.

#### P Leases

The Company has applied IFRS 16 for the first time as the new standard was effective from 1 January 2019.

#### Policy applicable from 1 July 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 July 2019.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources

and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- i. fixed payments, including in-substance fixed payments;
- ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date:
- iii. amounts expected to be payable under a residual value guarantee; and
- iv. the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- i. fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- ii. the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- iii. the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the:
- iv. the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- iv. facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

In comparative period, as a lessee the Company classified leases as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on quarterly basis.

#### 46 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

Effective for year beginning 1 January 2020	ï Amendments to references to conceptual framework in IFRS standards
	ï Amendments to IFRS 3: Business Combinations of definition of business
	ï Amendments to IAS 1: Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors of definition of material.
Effective for year beginning 1 January 2021	ï IFRS 17: Insurance Contracts
Effective date deferred indefinitely / available for optional adoption	ï Amendments to IFRS 10: Consolidated Financial Statements and IAS 28: Investments in Associates and Joint Ventures on sale or contribution of assets between an investor and its associate or joint venture

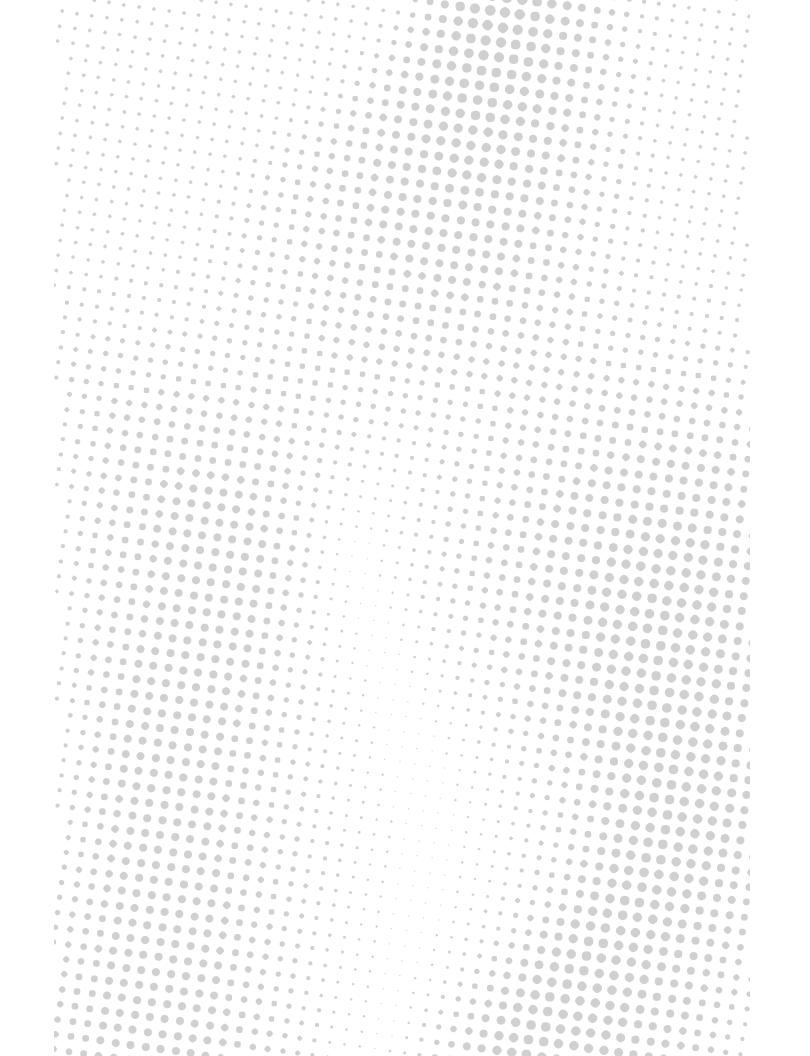
Management does not expect that the adoption of the above new and amended standards and the interpretation to a standard will have a significant impact on the Company's financial statements.

# PROXY FORM

I/We	of being the Member of United
Power Generation & Distribution Company Ltd. (	UPGDCL) hereby appoint Mr./Ms./Mrs
of of	as my proxy to attend and
vote on my behalf at the 13th Annual General N	Meeting of the company to be held on Sunday, 20th December 2020
at 11 a.m. (Dhaka Time) through the digital platf any adjournment thereof.	form with the following link https://upgdcl.bdvirtualagm.com and at
As witness my hand this day of 20	020 signed by the said in presence of
	Revenue Stamp Tk 20.00
(Signature of the Proxy) Date	\/
(Signature of witness) Date	Signature of the Shareholder(s) Register BO ID: Date

### N.B.

- 1. The "Proxy Form", duly filled, signed and stamped at BDT 20 must be sent through email to info@unitedpowerbd.com or atiq@united.com.bd no later than 72 hours before commencement of the AGM.
- 2. Signature of the Member(s) must be in accordance with the Specimen Signature recorded with the Company.





Scan code with a QR code reader-enable mobile phone to find out more about the company

# **CORPORATE HEAD OFFICE**

# UNITED POWER GENERATION & DISTRIBUTION COMPANY LTD.

United House, United City, Madani Avenue, Dhaka-1212.

PABX: +88 02 5505 2000, +88 09666 700900

email: info@unitedpowerbd.com web: www.unitedpowerbd.com

a *TWA ASSOCIATE* production: 017 1110 7917, email: lita.associate@gmail.com