Honorable Shareholders,

The 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 2019.

This has been a significant year for the company, a year of transformation, wherein UPGDCL was positioned as the prime holding company of gas based power generation facilities of the United Group. The company has under its' wings combined generation capacity of 486 MW, total Assets worth BDT 42,032.01 million and having BDT 11,253.36 million Turnover in aggregate.

We start our deliberations with a snapshot review of the global economy followed by similar look at the Bangladesh economy.

GLOBAL ECONOMIC OUTLOOK

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

Global economic activity experienced slow-down in the second half of the year 2018 reflecting a confluence of factors affecting major economies. This contrasting scenario followed strong growth in 2017 and early 2018. Trade tensions increasingly took a toll on business confidence and, so, financial market sentiment worsened, with financial conditions tightening for vulnerable emerging markets initially and then in advanced economies later in the year, weighing on global demand. China's growth declined following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States. The euro area economy lost more

momentum than expected as consumer and business confidence weakened. Elsewhere, natural disasters hurt activity in Japan. Conditions have eased in 2019 as the US Federal Reserve signaled a more accommodative monetary policy stance and markets became more optimistic about a US–China trade deal.

Nonetheless global growth remains subdued as United States further increased tariffs on certain Chinese imports and China retaliated by raising tariffs on a subset of US imports. Global technology supply chains were threatened by the prospect of US sanctions. Moreover, Brexit related uncertainty continued, and rising geopolitical tensions roiled energy prices.

Global growth in 2019 has been forecast to 2.6 percent reflecting the broad-based weakness observed during the first half of the year, including a further deceleration in investment amid rising trade tensions. In particular, global trade growth in 2019 has been revised down a full percentage point, to 2.6 percent—slightly below the pace observed during the 2015-16 trade slowdown, and the weakest since the global financial crisis. Investment and demand for consumer durables have been subdued across advanced and emerging market economies as firms and households continue to hold back on long-term spending. Accordingly, global trade, which is intensive in machinery and consumer durables, remains sluggish. The downgrades to the growth forecast for China and emerging Asia are broadly consistent with the simulated impact of intensifying trade tensions and associated confidence effects.

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

Euro area growth is expected to pick up over the remainder of this year and into 2020, as external demand is projected to recover. While Japan's economy is set to grow by 0.9 percent in 2019.

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

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

Activity in the Commonwealth of Independent States is projected to grow at 1.9 percent in 2019 which mostly reflects Russia's economic outlook in the overall.

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

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

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

Crude oil prices recovered over the first half of the year,

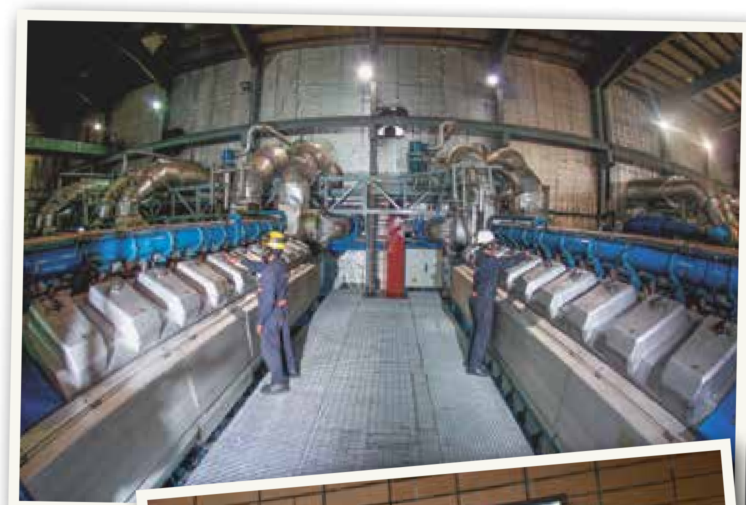
averaging $64 per barrel (bbl), supported by production cuts among OPEC and its non-OPEC partners. More recently, however, the re-escalation of trade tensions have contributed to declining prices for most base metals. Overall, metals prices are expected to decline slightly in 2019 and 2020, a downward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

OUTLOOK 2019

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

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

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



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

BANGLADESH ECONOMIC OUTLOOK

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

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

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

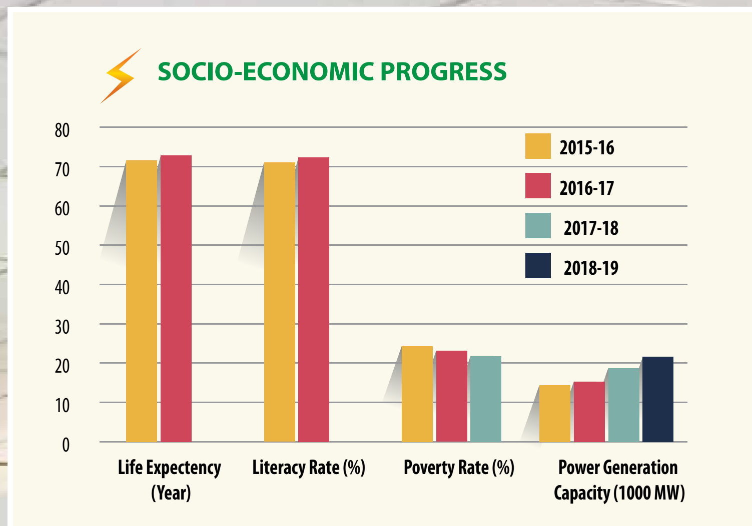
Average inflation during the first nine (9) months of the year stood at 5.44 percent, the moderating effect was the result of decline in food related inflation (from 6.18 percent in July, 2018 to 5.72 percent in March, 2019). Non-food inflation increased by 0.8 percentage point. These were in line with the monetary policy stances for the year 2018-19 which was designed towards attaining price and macro-financial stability along with sustainable growth.

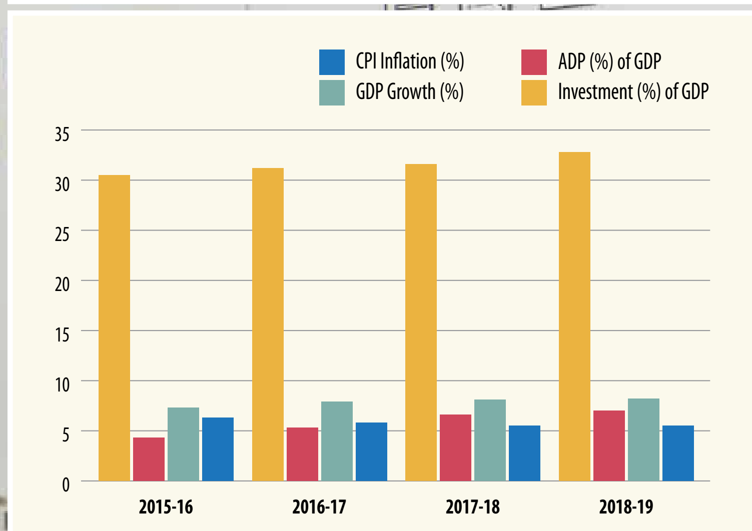
Bangladesh's export earnings grew by 12.57 percent and reached $ 30,903 million in the nine months up to March 2019 of the year. Major contributor to export earnings were Ready-made garments and Knitwear products. Country's import totaled $ 40,895 million which was nearly 6 percent higher. Overall trade deficit during the period up to February, 2019 was $ 10.695 million showing slight improvement compared to last year. At the end of April 2019, foreign exchange reserves stood at $ 32.12 billion. Currency depreciation up to February 2019 was 2.83 per cent and the inter-bank weighted average US dollar rate was Taka 83.85 per Dollar.

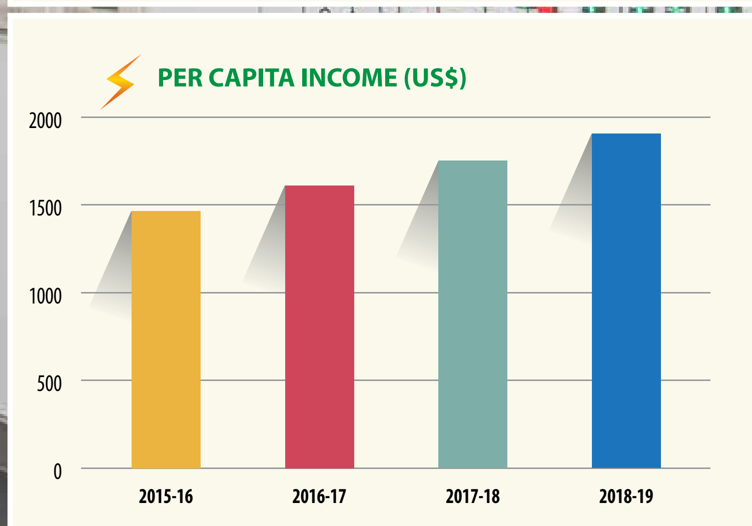
Country achieved self-sufficiency in food production towards which agriculture sector was given the highest priority in the 7th five-year plan and SDG roadmap. Total food grains production is estimated to reach 415.74 lakh metric ton (MT) in 2018-19. Fish production during the year is going to reach 43.81 lakh MT.

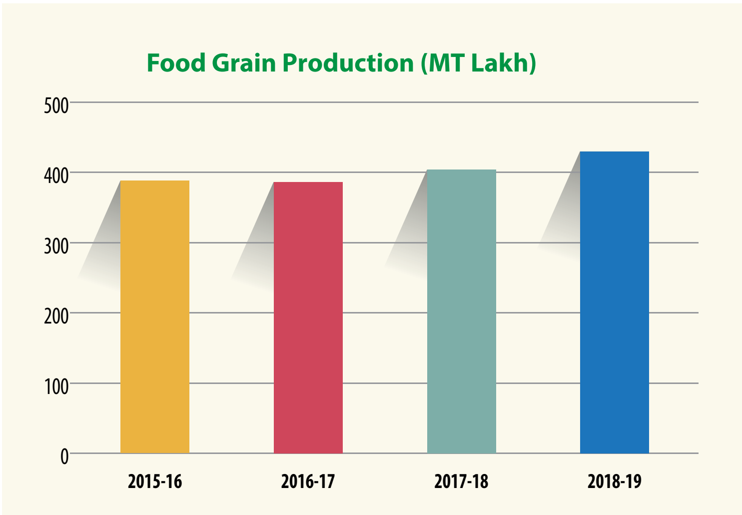
Contribution in GDP from the industry sector is estimated to reach 35.14 percent in the year 2018-19. In order to accelerate the pace of industrialization the government is working in line with the National Industrial Policy 2016. The EPZs and Special Economic Zones shall play a special role in the development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

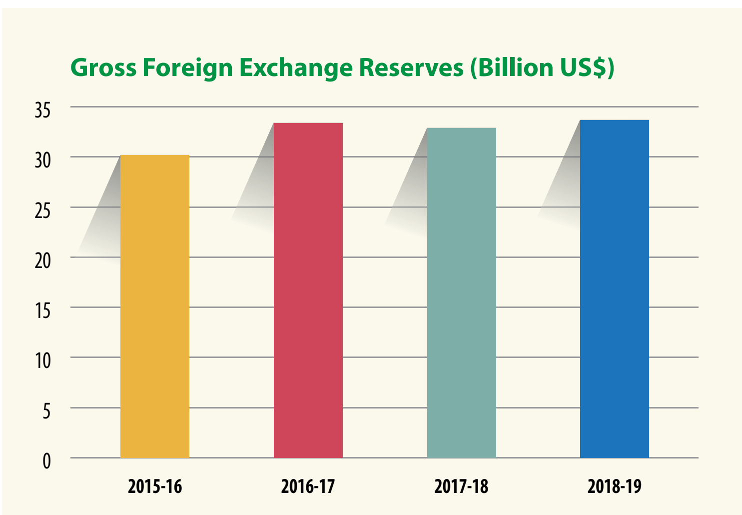
During the year total installed capacity for electricity generation reached 18,079 MW which is 21,169 MW including captive and renewable energy. At present 93 percent population are under electricity coverage. Up to February 2019, highest power generation was 11,623 MW. Total system loss in transmission and distribution has been reduced to 10.90 percent during the period. Further, Bangladesh has achieved an outstanding development in poverty alleviation during the last decade. The rate, incidence as well as depth of poverty have been dropping gradually. Poverty rate declined by 18.2 percent point. According to the 7th Five Year Plan, it has been targeted to reduce to 18.6 percent by 2020











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

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

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

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

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

OUTLOOK 2019

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

CAPITAL MARKET IN 2018 AND OUTLOOK IN 2019

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

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

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

POWER SECTOR SCENARIO IN BANGLADESH

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

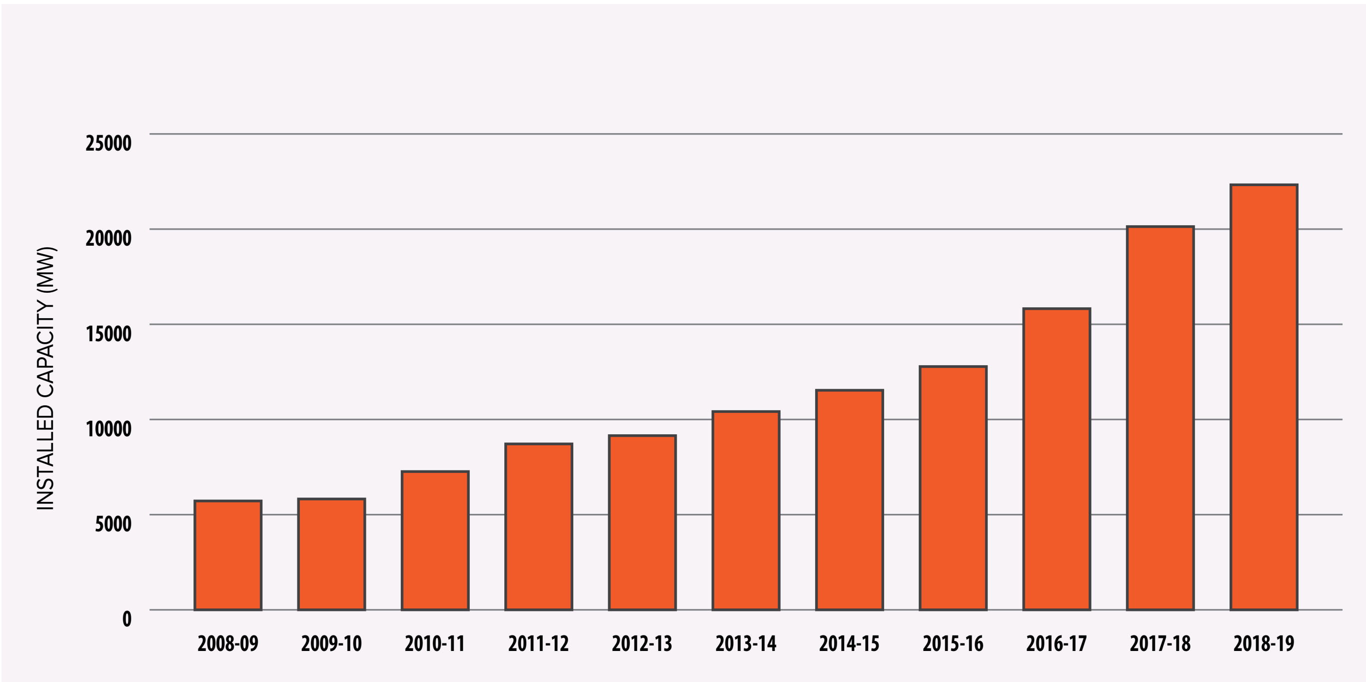
Despite a weaker global growth, favorable trade prospects continue in Bangladesh. On the supply side, higher expansion in industry and services has lifted the robust growth. A steady and available source of electricity has ensured that Bangladesh economy is able to hold onto its momentum.

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

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

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

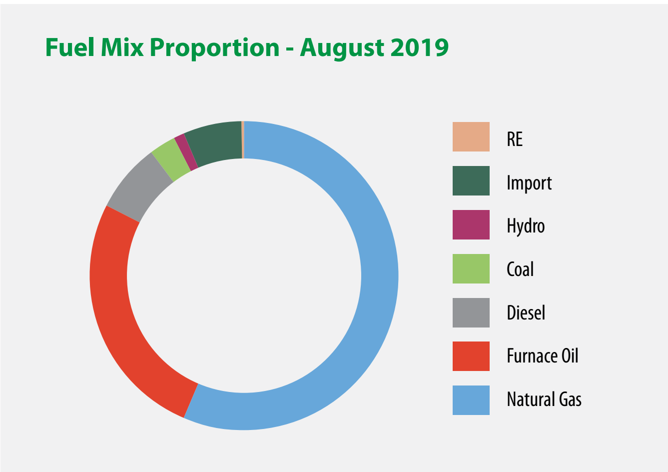
YEAR-WISE INCREASE IN GENERATION

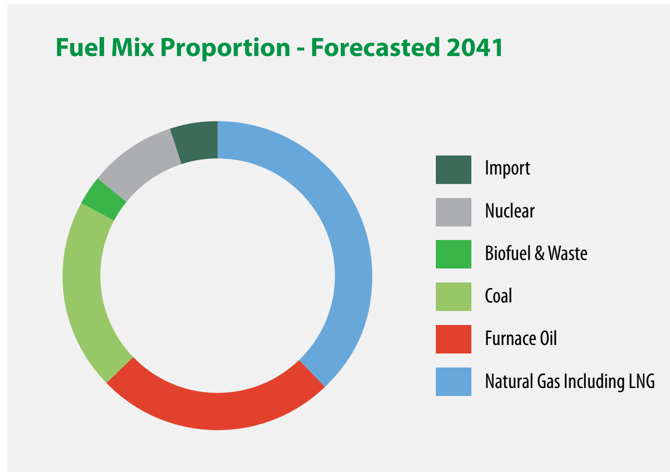


SECTOR-WISE GENERATION

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

FUEL MIX PROPORTION





TRANSFORMATION OF UPGDCL

As part of overall strategic perspective of the Group, some restructuring were done in the Power Division, following which generation and earning base of the company were broadened resulting in prospective value addition for the shareholders. Through this process all the gas-based power generating Units of the Group have been brought under UPGDCL umbrella. At present (w.e.f 01st July 2019) following power generation companies are under the overall ambit of UPGDCL –

	Relation with UPGD	Location	Plant capacity	TOTAL Capacity
UPGDCL	Direct ownership	DEPZ	88 MW	160 MW
		CEPZ	72 MW	
UEL	Direct subsidiary	Ashuganj	53 MW	81 MW
		Sylhet	28 MW	
LGBDL	Direct subsidiary	KEPZ		50 MW
UAEL	Control through UEL	Ashuganj		195 MW
				486 MW

RESTRUCTURING AND DERIVED BENEFITS FOR THE SHAREHOLDERS

At the beginning of the year, UPGDCL was a subsidiary of United Energy Limited (UEL). Subsequently, on 29 October, 2018 UEL's entire holding of 90% in UPGDCL was transferred to United Mymensingh Power Ltd (UMPL) another sister concern of the group. Thus, UPGDCL has become a subsidiary of UMPL.

Subsequently, on 13 November 2018, UPGDCL acquired 99% shares of United Energy Limited (UEL) and ***the effect of the acquisition was accounted for from 01st July, 2018 (FY 2018-19) with a view to extend benefits pertaining to additional accumulated retained earnings and net assets from UEL acquisition (in the books of UEL) to the Non-controlling Interest holders of UPGDCL as well.***

Pertinent to mention that UEL's shares were transferred at face value and from UPGDCL's shareholders perspective this acquisition has resulted in overall value addition and substantial gain.

OVERALL PERFORMANCE OF THE COMPANY

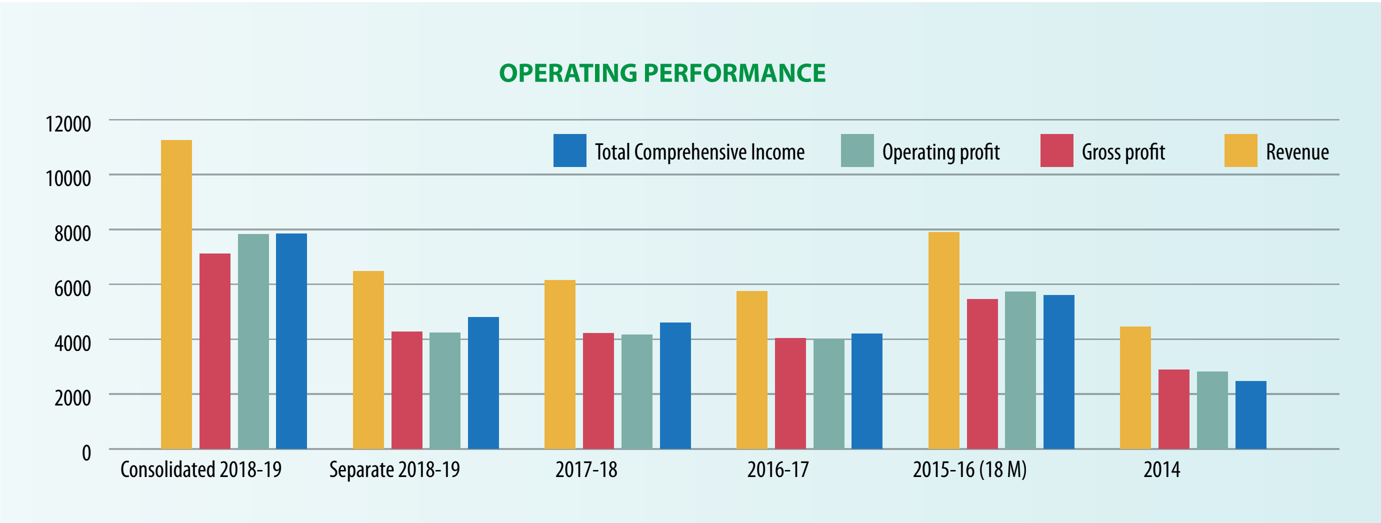
Company has stepped into 11th year of its operation. Ever since it ensured uninterrupted and quality electricity to DEPZ and CEPZ including few private customers in EPZ areas. Consistency has been the hallmark of its performance under the given business and operational environment.

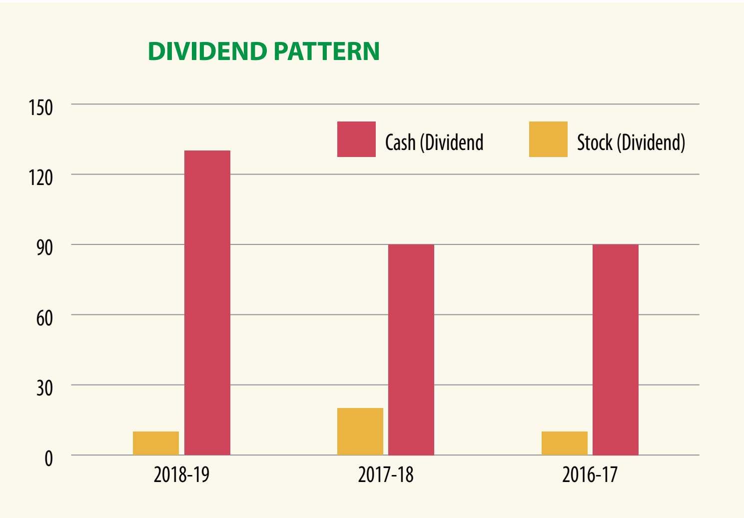
Pursuant to the restructuring, financial statements have been consolidated viz-a-viz the separate performance of the company itself. Basis of Consolidation has been disclosed in Note 49A of the Consolidated Financial Statements. So, the overall performance review emanated from that perspective.

FINANCIAL PERFORMANCE

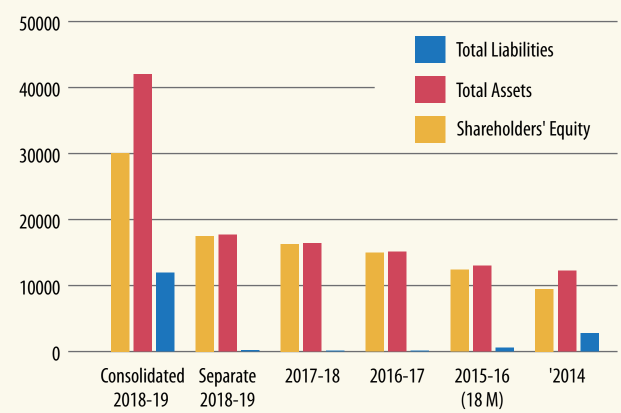
UPGDCL has now under its belt seven plants in operation with total generation capacity of 3,472,000 MWH. Total accumulated Revenue for the year was BDT 11,253.36 million. COGS was at parity with the "restated" last year numbers resulting in Gross Profit at the last year's level. Other operating income increased by 4 percent mostly due to gain on disposal of subsidiary. Overall Profit after Tax stood at BDT 7,855.03 million. Overall summary of financial performance is presented below –

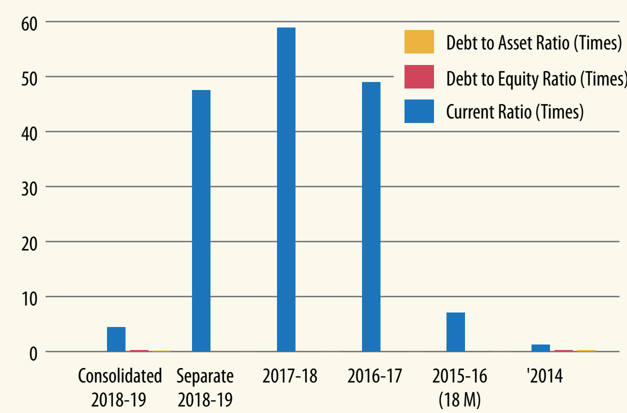
Fig in mln BDT	Jul, 18 - Jun, 19	Jul, 17 - Jun, 18
	Consolidated	Consolidated
		Restated
Revenue	11,253.36	11,305.49
Cost of sales	(4,132.34)	(4,177.01)
Gross profit	**7,121.02**	**7,128.48**
Other opertaing income	(6,092.02)	783.32
General & admin expenses	(99.35)	(154.60)
Operating profit	**929.65**	**7,757.20**
Finance income	627.87	731.85
FX gain/(loss)	6,818.97	(279.22)
Finance costs	(495.42)	461.80
Net profit before tax	**7,881.07**	**7,748.03**
Provision for tax	(2,604.00)	(103.17)
Net profit after tax	**7,855.03**	**7,644.86**

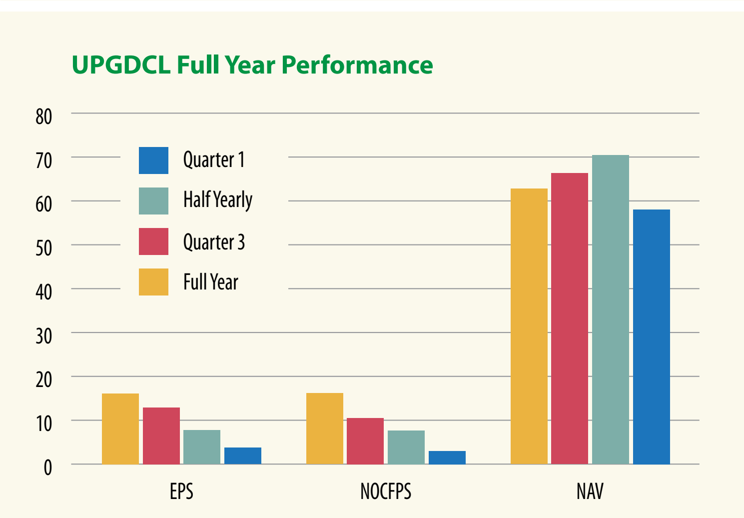




BALANCE SHEET DATA







Additional operating and financial data has been presented in the **Financial and Operational Highlights.**

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

Significant variance between Quarterly and Annual Financial Statements: no significant variations have occurred between quarterly and annual financial statements of the company during the year.

Acquisition of Leviathan Global BD Ltd (LGBDL)

Board of Directors of the company resolved to acquire 75 percent or 300,000 ordinary shares at Face Value of Taka 10/- per share of **Leviathan Global BD Ltd (LGBDL)** from United Enterprises & Co. Ltd. LGBDL is 50 MW IPP gas fired power plant to be built under joint venture with Leviathan Global Corporation, USA. The plant will have a contract period of 30 years (extendable for further 30 years) and will be located at the Karnaphuli EPZ (KEPZ). The acquisition took place on 01 July 2019.

CONSOLIDATED FINANCIAL STATEMENTS

Board of Directors of the company resolved as follows while approving the Consolidated Financial Statements for the year 2018-19 in view of the specific "qualified opinion" by the Auditor—

"…this qualification is given only on consolidated financials and not on the separate financial statements of the Company. …. The Company on 13 November 2018 has acquired 99% shares of United Energy Limited (UEL) and it was also resolved to give effect of the acquisition transaction from 01st July, 2018 (FY 2018-19). Underlying consideration was to extend benefits pertaining to additional accumulated retained earnings and net assets from UEL acquisition to the Non-controlling Interest holders of UPGDCL. Accordingly, the UEL's shares were transferred at face value and from UPGDCL's shareholders perspective this acquisition has resulted in overall value addition and substantial gain.

It is also worthwhile to mention that as per IFRS this acquisition is considered as business combinations under common control (BCUCC). Therefore, although the effective date of transaction is given as 1 July 2018, but the consolidated financial statements also reflects the financial position and results for the prior period (FY 2017-2018) on notional basis.

The auditor has made a qualification point on recognition of other income whereby they observed that a part of income recognized in 2018-19 should have been recognized in the earlier period as per BUCC basis. However, since UPGDCL had no subsidiary in 2017-18 management has decided not to reflect this on notional amounts for 2017-2018. Moreover, there was no published consolidated results for 2017-2018 and hence management considered this to be more appropriate for recognizing the amount in actual year when UPGDCL is legally owned of UEL. Nevertheless, as this is a timing gap and under both basis (i.e. management and auditor) closing retained earnings and balance sheet as at 30 June 2019 are not affected."

DIVIDEND FOR THE YEAR 2018-19

The Board of Directors of the company in its 90th meeting held on 01 August 2019 have recommended **Cash Dividend @130%** per share of Taka 10/- each aggregating to BDT 6,228,131,000 and **Stock Dividend @10%** i.e. 1 (one) Bonus Shares for every 10 (ten) Ordinary Shares of Taka 10/- each held aggregating to BDT 47,908,700 for the year ended 30 June 2019. The aforementioned Dividend has been recommended being the **'final dividend"** for the year ended 30 June 2019. 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 (8 September 2019)** shall be eligible to receive the above Dividends subject to approval by the Shareholders in the 12th Annual General Meeting (AGM) scheduled to be held on 05 November, 2019.

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 newly acquired power plant of Leviathan Global BD Ltd (LGBDL).

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

	Amount (in BDT)
Total: Available for distribution	22,704,577,678
Appropriations by the Board	
Cash Dividend: 130%	6,228,131,000
Stock Dividend: 10%	47,908,700
Balance Transferred to R/E	16,428,537,978

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

CONTRIBUTION TO NATIONAL EXCHEQUER

Fig. in BDT	2018-2019	2017-2018	2016-2017	2015-2016 (18 Months)
Salary Taxes (Directors and Employee)	4 ,738,132	4,357,500	4,082,500	4,586,338
Custom duty on spares and parts	84,687,950	3,793,851	1,340,759	641,801
AIT of Suppliers	13,052,754	4,314,091	6,753,983	3,767,929
VAT of Suppliers & Customers	49,177,637	3 2,672,145	4 1,108,505	6,546,447
AIT on Dividend	111,061,075	48,539,461	247,261,707	767,089,038
AIT on Gas bill	31,614,563	12,405,101	11,424,413	21,394,021
Others	-	-	-	-
Total	**294,332,111**	**106,082,150**	**311,971,867**	**804,025,574**

VALUE ADDED BY UPGDCL

	Fig. in Mln BDT	2018-2019	2017-2018	2016-2017	2015-2016
Value added:		(12 months)	(12 months)	(12 months)	(18 months)
	Revenue	11,253.36	6,144.61	5,759.24	7,901.37
	Other income including interest income	1,438.84	433.01	206.45	410.72
	Cost of Sales, Excluding Depreciation	-2,827.71	-1,574.51	-1,278.07	-1,942.04
	Other operating expenses, excluding depreciation	-672.23	-31.9	-56.26	-60.49
Total Value Added		**9,192.26**	**4,971.21**	**4,631.36**	**6,309.56**
Distribution of added value:					
	To Directors as salaries and allowances	24.27	19.93	19.03	29.44
	To Government	1,245.62	538.97	247.26	767.09
	To Banks and other lenders	-		-	165.67
	To Shareholders	4,982.50	3,054.18	1,394.81	4,281.14
		6,252.39	**3,613.08**	**1,661.10**	**5,243.34**
Retained for reinvestment & future growth:					
	Depreciation and amortization	1,312.96	354.92	453.75	508.3
	Retained Profit	1,626.91	1,003.21	2,516.51	557.92
		2,939.87	1,358.13	2,970.26	1,066.22
Total		**9,192.26**	**4,971.21**	**4,631.36**	**6,309.56**

Board of Directors statements under Condition 1(5) of the Corporate Governance Code dated 3 June 2018 (BSEC Notification no: BSEC/CMRRCD/2006-158/207/Admin/80)

A. Related Party transactions

Related Party transactions of the company during the year have been narrated in details in the Financial Statements for the year ended 30 June, 2019 as below following the compliance requirements under the IAS 24 –

UPGDCL Separate Financial Statements Note 30

UPGDCL Consolidated Financial Statements Note 36

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.

B. Business Risks & Uncertainties

UPGDCL operates in an industry which is exposed to a number of internal and external risk factors over which our company has little or no control. The occurrence of the risk factors as delineated hereunder can have significant bearing on the operational and financial performance of the Company. 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.

(a) 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. Your 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.

(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.

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.

(c) 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.

(d) 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, gas 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.

(e) 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.

(f) 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.

C. 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 fi¬nancial 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 a going concern basis;

g) Significant deviations from last year in operating results of the Company are highlighted and the reasons have been explained in fi¬nancial results and profi¬t 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 2017-18, 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.

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 2007	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

Accounting Standards	Effective Date	Titles	Remarks
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

D. Minority interest

Share capital structure of the company as of 30 June 2019 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 18 has been included to provide detail calculation of the Non-controlling interests from the group or holding company perspective of UPGDCL.

E. 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 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.

F. 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 Messer. 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 56 trainings and drills have been conducted in the reporting year 30 trainings being conducted at DEPZ plant 26 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. An 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 has started its function and as envisaged playing its due role in this respect.

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 four (4) Independent Directors. United Mymensingh Power Ltd (UMPL), which holds 90% shares, has thirteen (13) 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.

During the year in total FOUR (4) Board of Directors meetings took place. 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.

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

Snapshot of the Board of Directors meeting during the year is given below ---

	Q1 June - September 2018	Q2 October-December 2018	Q3 January- March 2019	Q4 April- June 2019
Board Meeting	**86 BM** 8/8/18	**87 BM** 15/11/2018	**88 BM** 31/01/19	**89 BM** 30/04/2019
Audit Committee Meeting	8/8/18	15/11/2018	31/01/19	30/04/2019
PSI	**August 08, 2018** Dividend, 11th AGM Date, Record Date & performance KPI of year ended 30th June 2018	**November 15, 2018** Performance KPI of 1st Quarter (July–September) 2018-19	**31st January 2019** Performance KPI of 2nd Quarter (October to December) 2017-18	**30th April 2019** Performance KPI of 3rd Quarter (January-March) 2018-19
Compliance Notice for Board Meeting Date	**August 01, 2018** **(86 BM)**	**November 12, 2018** **(87 BM)**	**28th January 2019** **(88 BM)**	**30th April 2019** **(89 BM)**
Disclosures		**24th October, 2018** Transfer of shares of UPGDCL and change in the composition of the Board of Directors **13th November, 2018** Acquiring 99% share of United Energy Ltd. **09 December 2018** UAEL Dividends (final and interim)	**3rd February 2019** Live conference on Half-early accounts	**June 22, 2019** Acquisition of 75% shares of Leviathan Global BD Ltd, a 50 MW IPP power plant at KEPZ and expiry of rental power contract of United Energy Ltd. (UEL)'s 53 MW power plant at Ashuganj.

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 sat in tandem with the board and in total **FOUR (4)** meetings took place during the year.

	Designation	Attendance
Lt. Gen. Sina Ibn Jamali awc, psc (Retd)	Chairperson	4
Mr. Abul Kalam Azad	Member	4
Prof. Mohammad Musa, Ph.D.	Member	4

While NOMINATION & REMUNERATION COMMITTEE (NRC) met in its **first formal meeting on 28th January, 2019**.

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

During the year in **total BDT 1.850 million** were paid as fees to the Directors for attending the Board meetings and also for attending the Committees meetings as applicable.

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. **UPGDCL Management Team** comprises highly competent professional and technical personnel. Besides, the positions like Chief Financial Officer (CFO), Company Secretary (CS) and the Head of Internal Control & Compliance (HIAC) are manned by separate personnel with segregated roles and responsibilities as required under the CCG.

DIRECTORS' ELECTION AND RE-APPOINTMENT

A. Board of Directors of the company was re-constituted on 04th November, 2018 by the Nominees of United Mymensingh Power Ltd (UMPL), which acquired 90 percent shares of UPGDCL from United Energy Ltd (UEL). In total THIRTEEN (13) Members were nominated by UMPL as Director and thus the resultant casual vacancy arising out of majority share acquisition by UMPL were filled-up on that date. As per the Article 20 (c) of the Articles of Association of the company following Directors shall retire in the 12th Annual General Meeting (AGM) and being eligible have expressed their desire and given respective consent to be re-elected. The Board of Directors has also recommended them for re-election at the AGM.

General Md. Abdul Mubeen SBP, ndc, psc (Retd.)	Mr. Akhter Mahmud
Mr. Hasan Mahmood Raja	Mr. Abul Kalam Azad
Mr. Ahmed Ismail Hossain	Mr. Faridur Rahman Khan
Mr. Khandaker Moinul Ahsan	Mr. Moinuddin Hasan Rashid
Mr. Malik Talha Ismail Bari	Mr. Nasiruddin Akhter Rashid
Mr. Fahad Khan	Mr. Wasekul Azad
Mr. Nizamuddin Hasan Rashid	

B. Meanwhile on 25th August, 2019 Investment Company of Bangladesh (ICB) has nominated Mr MD. ABUL HOSSAIN, the newly appointed Managing Director, replacing earlier Nominee Mr. Kazi Sanaul Huq. Accordingly, as per the Article 20 (c), Mr. MD. ABUL HOSSAIN shall retire in the 12th Annual General Meeting (AGM) and being eligible have expressed his desire and given respective consent to be re-elected.

C. Further, Prof. Mohammad Musa, PhD is going to complete first tenure of three years as Independent Director in the 12th AGM. As per the Corporate Governance Code 2018, Prof. Musa is eligible for re-appointment.

APPOINTMENT OF AUDITOR

Existing Auditors Messrs. Rahman Rahman Huq, Chartered Accountants, a member firm of KPMG International, has completed three years of their engagement and are not eligible for re-appointment.

Board of Directors has recommended Messrs. A. Quasem & Co, Chartered Accountants to be appointed as auditor for the year 2019-20.

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 12th 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.

Residual wealth creation or **Economic Value Added (EVA)** by the company at the end of the year increased by nearly 63 percent over last year which signifies the future potentialities for growth and also show cases the value addition through power assets consolidation.

Fig. in Mln BDT	2018-2019 (Consolidated)	2017-2018	2016-2017
Net Profit after tax	7,855.03	4,596.36	4,174.96
Shareholders equity	30,087.74	16,290.78	14,960.92
Cost of capital	11.74%	11.89%	13.25%
Value of Cost of Shareholders equity	3,532.30	1,936.97	1,982.32
Economic Value Added (EVA)	**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 ultimate 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 its works in four broad sectors: 'Education', 'Health', 'Interest free Micro Credit', and 'Community Development'.

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,

Moinuddin Hasan Rashid
Managing Director