

DIRECTORS' REPORT

For the Year Ended 30 June 2022

This report has been prepared in compliance with Section 184 of the Companies Act 1994 and Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission (BSEC) and BSEC notification

To the Members,

The Board of Directors of United Power Generation & Distribution Company Limited (the "Board") has pleasure in presenting the Fifteenth Annual Report along with the Auditor's Report and audited financial statements for the year ended 30th June 2022.

During financial year 2021-22, World saw third and fourth waves of COVID-19 driven by the highly transmissible Delta and Omicron COVID variants respectively. This led to a fresh set of restrictions in the country which impacted the economic activity, although to a lower extent as compared to the previous fiscal year.

The ongoing war in Ukraine has dimmed the prospect of a post-pandemic economic recovery for emerging and developing economies as well as Bangladesh. Global supply chain and logistics disruption, container capacity constraints and geo-political tensions resulted in an increase in freight costs and delivery times and higher fuel prices. Governments are compelled to reconsider their energy use and consistent supply chain strategies.

Despite such a situation, by the Grace of Almighty Allah ST, the Company's plant operations continued to run smoothly, while ensuring adherence to necessary safety measures. Along with the subsidiary companies results, it did turn out to be another year of GOOD performance for the company.

For further details on the Company's performance, operations and strategies for growth, please refer to the Management Discussion and Analysis section which forms a part of this Annual Report.

GLOBAL ECONOMY

While the world economy was recovering from the COVID-19 epidemic, the Ukraine crisis threatened that progress. War-related supply chain disruption is raising commodities costs and slowing economic activity. International organizations revised inflation and economic growth forecasts. The rate of growth in the United States, China, Europe, and developing markets has been lowered downward by more than 1%. Growth is expected to decline from 6.1 percent last year to 3.2 percent in 2022, which is 0.4 percentage points less than this time last year. A disinflationary monetary strategy is anticipated to take hold in 2023, with just a 2.9% increase in world production. In developed countries, inflation is projected to be 6.6 percent, while it will be 9.5 percent in emerging markets and developing economies. The forecast is very vulnerable to negative developments. Gas shipments from Russia to Europe might abruptly halt as a result of the conflict in Ukraine. Alternatively, if threats come to pass and global growth falls to about 2.6% and 2.0% in 2022 and 2023, respectively, it would place growth in the worst 10% of outcomes since 1970. Potential changes will rely on the pandemic's course, the state of the conflict, governmental decisions, the evolution of financial circumstances and commodity prices, and the economy's ability to adapt to health-related activity restrictions. The ebb and flow of these dynamics, along with how they interact with regional factors, will decide how quickly the nation recovers and how severely it is scarred.

BANGLADESH ECONOMIC OUTLOOK

Over a decade, Bangladesh's economy has grown strongly, reaching milestones of 7.0 percent in FY 2015-16 and 8.0 percent in FY 2018. In FY 2020-21, the GDP expanded by 6.94 percent. According to BBS's preliminary projections, the GDP growth in FY 2021-22 was 7.25 percent, 0.31 percent more than the prior fiscal year, and 0.05 percent higher than the goal rate. GDP growth rates are expected to be 7.5% in FY 2022-2023, 7.8% in FY 2023-2024, and 8.0 percent in FY 2024-2025 during the medium term. In FY 2021-22, per capita GDP and per capita national income was estimated by BBS to be \$2,723 and \$2,824 in USD, respectively, up from FY 2020-21's figures of \$2,462 and \$2,591 respectively. In the fiscal year 2021-2022, consumption climbed from 74.66 percent of GDP in the previous fiscal year to 78.44 percent. Gross investment for FY 2021-22 was 31.68 percent of GDP, with governmental investment making up 7.62 percent and private investment making up 24.06 percent of GDP, respectively. Despite this, Bangladesh's export growth is trending in the right direction. The total amount paid for imports (C&F) during the fiscal year 2021-22 (July 2021-March 2022) was US\$ 66,898.70 million. This represents an increase of 43.84 percent compared to the amount paid for imports during the same time period the previous year. The imbalance in the trade balance rose from US\$ 12,359 million in the fiscal year 2020-21 to US\$ 22,306 million in the following year (July 2021-February 2022).

INDUSTRY SCENARIO AND FUTURE OUTLOOK OF POWER SECTOR IN BANGLADESH

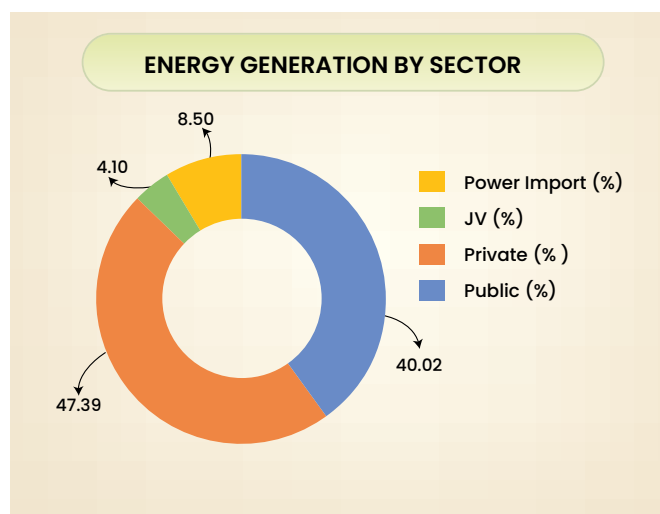
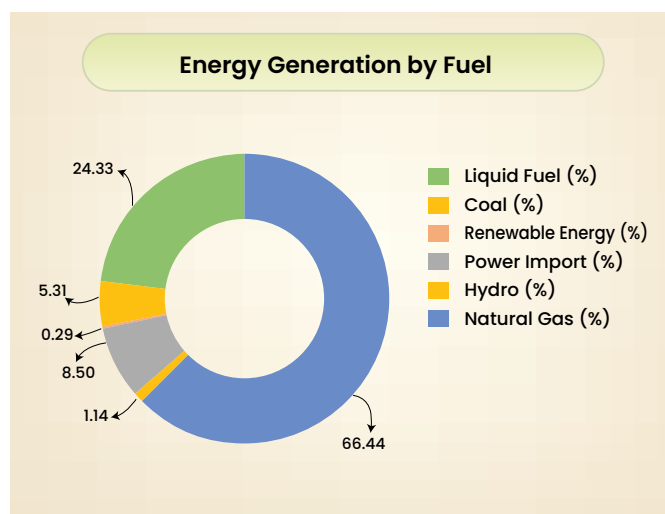
The most fundamental contribution that electricity makes to economic development is the creation of a sustainable framework that, in the long run, aids in the eradication of poverty. The availability of power at a reasonable price and in accordance with environmental standards is essential for long-term sustainable economic growth.

To ensure the power sector's sustainable expansion and the general development of the national economy, the Bangladeshi government has developed a comprehensive power-generating strategy. During FY 2021-22 (up to January 2022), total installed electricity generation capacity stood at 22,066 MW which was 25,284 MW including captive and renewable energy. In March 2022, the government declared that all citizens had access to electricity.

Power generation per person has climbed to 560 kWh. Both the length of the electricity distribution network and the number of consumers have climbed to 6.19 lakh km and 4.19 crore, respectively. The system loss has decreased from 14.73 percent in FY 2010-11 to 9.54 percent through December of FY 2021-22. In accordance with Vision 2041, the government aims to establish a power generation capacity of 40,000 MW by 2030 and 60,000 MW by 2041 (PSMP).

Grid-based installed capacity was 22,066 MW in FY 2021-22 (until January 2022), of which 1,244 MW came from joint ventures, 9,481 MW from the private sector, 9,996 MW from the public sector, and 1,160 MW from power imported from India.

Energy Generation (National) by Fuel		Energy Generation (National) by Sector	
Natural Gas	66.44%	Public	40.02%
Hydro	1.14%	Private	47.39%
Power Import	8.50%	JV	4.10%
Renewable Energy	0.29%	Power Import	8.50%
Coal	5.31%	Total Net Generation: 42,395 kwh	
Liquid Fuel	24.33%		
Total Net Generation: 42,395 kwh			



Source: BPDB [Sector Wise Energy Generation in Bangladesh]

The fuel mix of Bangladesh's power plants are primarily based on natural gas and HFO. Bangladesh is currently experiencing an increase in the cost of imported primary fuel as a result of the global energy crisis. In this respect, the Government decided to use more indigenous natural gas to deal with the situation. Overall power generation-mix is still dominated by Coal, Gas and HFO-based plants. Although Government planned to reduce the Coal and Gas-based power plant but in generation mix they still remain predominant. Renewable Energy (RE) is yet to set a firm footprint although the generation is on the rise.

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According to a UNB article, the finance minister stated that the government is also emphasizing the expansion of transmission networks to maintain a steady supply of electricity.

The 400 KV double circuit transmission lines between Payra and Gopalganj and Gopalganj and Rampal have already been put into service following the completion of construction. Additionally, a 230 KV transmission line between Mongla and Khulna (South) has been built. The 7.5 km long, seven-tower portions of the Gopalganj-Aminbazar 400 KV transmission line that crosses the Padma River is now undergoing foundation work. For the electrical evacuation of the Rooppur nuclear power station, six 400 KV and 230 KV transmission lines are being built.

Natural gas contributes to a significant portion of the demand. 20 of the 28 gas fields that have been found in the nation are now in use. In addition, the national grid is receiving daily additions of 600-753 million cubic feet of imported LNG, to help satisfy the rising demand for gas.

Alternatively, the ERL Unit-2 project, which will increase Eastern Refinery Limited's refining capacity by 3.0 million tons, has been started in order to fulfil the nation's rising fuel demand. After the project is completed, Eastern Refinery Limited's annual refining capacity will grow to 4.5 million tons. Besides, under the Government initiative of "MY Village My Town" encouragement and support are being provided to set-up bio-gas plants and solar panels on group basis.

In order to secure the fuel supply, government has taken a plan for fuel diversification. Electricity generation from gas/LNG, Liquid fuel, coal, nuclear, hydro, renewable energy and import from neighboring countries has also been included in the 'Power System Master Plan 2016 (PSMP)'.

As per this plan, coal, nuclear, and gas/LNG-based combined cycle power plants will be used as base load power plants. On the other hand, liquid fuel and LNG/gas will be used for peak-load power plants. Table 10.3 shows power sector development and the future plan of the government up to 2041.

Table 10.3: Power Sector Generation Future plan

SL	Description	Year 2022 (Feb'22)	Year 2030	Year 2041
1	Installed Capacity (MW)	25284*	40000	60000
2	Electricity Demand (MW)	15500	33000	52000
3	Transmission Line (Ckt. KM)	13017	27300	34850
4	Grid Substation Capacity (MVA)	55307	120000	261000
5	Distribution Line (KM)	619000	660000	783000
6	Per Capita Power Generation (kwh)	560	815	1475
7	Access to Electricity (%)	100%	100%	100%

Source: Power Division *Including Captive and RE.

Bangladesh has already advanced from the low-income nation category into the lower-middle income category. There is no other way to guarantee the transition from lower-middle income to upper-middle income by 2031 and high income by 2041 as envisioned in the Perspective Plan 2021-2041. This is because of the increased need for power and energy to carry out critical socio-economic activities.

Capital Market Scenario

In DSE total number of listed securities has increased from 609 in June 2021 to 623 in April 30, 2022. Total Market Capitalization of all listed securities increased from Tk. 5,14,282.1 crore in June 2021, to Tk. 5,36,961 crore in April, 30, 2022. DSE Broad Index has increased from 6,150.48 points in June 2021 to 6,655.66 points in April 2022, 8.21 percent higher. In CSE total number of listed securities increased from 349 in June 2021 to 378 in April 30, 2022. Total Market Capitalization of all listed securities increased from Tk. 4,38,425.7 crore in June 2021, to Tk. 4,64,876.3 crore in April 30, 2022. CSE Broad Index has increased from 17,439.76 points in June 2021 to 19,474.45 points in April 2022, 11.66 percent higher. The ratio of market capitalization to GDP (at the current market price) stood at 13.02 percent at the end of June 2022. Average Turnover for the year 2022 as a whole was Taka 8,154.45 million.

During the year, the highest value of UPGDCL share price was Taka 313.60 and the lowest price was Taka 242. **Company's market capitalization as on 30 June, 2022 stood at USD 1.541 billion representing 3.35% of the DSE's total Equity Market Capitalization.**

FINANCIAL PERFORMANCE YEAR 2021-22

Consolidated financial performance: reflection of new acquisitions

Total revenue was BDT 49,435.16 million at the consolidated level, up 62 percent from the previous year. Revenue grew by taka 18,854.64 million in terms of revenue. In comparison with the same period of the previous year, the price of HFO rose, which led to an increase in revenue. The cost of HFO was \$350 per ton last year, but it now costs roughly \$730 per ton.

Consolidated gross profit declined by Tk 1,646.91 million for the year, and after financing costs were subtracted, net profit after tax was 10,155.29 which is lower by Tk 1,646.91 million than the last year.

Summary of the "consolidated" financial performance of the company is presented below –

Figure: mIn BDT

	Year 21-22	Year 20-21
Revenue	49,435.16	30,580.52
Cost of sales	(39,269.29)	(18,767.74)
Gross profit	10,165.86	11,812.77
General and administrative expenses	(98'73)	(10784)
Other income/(Loss)	95.13	(24.55)
Operating profit	10,162.26	11,680.37
Finance income	826.96	397.76
Foreign exchange gain/(loss)	(321.17)	(.075)
Finance expense	(510.72)	(973.10)
Profit before tax	10,157.32	11,104.95
Income tax expense	(2.02)	9.21
Profit for the period	10,155.29	11,114.17

Total assets at the consolidated level for UPGDCL stood at BDT 86,210.35 million. Shareholders' equity was BDT 33,197.68 million, a growth of 106.68 million over last year as a result of an increase in retained earnings of Tk 120.26 million. On the other hand, long-term debt stood at Taka 6,008.53 million as a result of increasing the amount of preference shares to Taka 2,100 million by its subsidiary to settle capital machinery payments. Consolidated cash flows at the operating level stood at Taka 1,093.08 million as a result of trade and other receivables, which increased by BDT 19,135.74 million.

Consolidated Financial highlights for the year 2021-22 are presented below –

	Consolidated Performance	
	Year 2022	Year 2021
Earnings per Share (EPS)	Taka 17.21	Taka 18.80
Net Asset Value (NAV)	Taka 56.38	Taka 56.18
Net Operating Cash flow per Share (NOCFS)	Taka 1.89	Taka 27.17
Gross Profit ratio	20.56%	38.63%
Net Profit ratio	20.54%	36.34%

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FINANCIAL PERFORMANCE: CORE ENTITY

Operating Revenue for the year was BDT 6,736.36 million. It represented a slight growth of 0.2 percent than the last year. Power sales to Bangladesh Export Processing Zone Authority (BEPZA)-DEPZ and Bangladesh Export Processing Zone Authority (BEPZA)-CEPZ increased by 4% and 6% respectively. Whereas, revenue from REB, BPDB and Private customers declined by 8, 4 and 8 percent, respectively. On the other hand, Steam sales for the company experienced healthy growth during this financial year.

Operating expenses decreased slightly (2.00 percent) in volume. Fuel & energy cost was BDT 1,390.58 million just 3.00 percent higher than last year. However, O&M expenses decreased by nearly 16 percent. On the other hand, others operational expenses came down by nearly 4 percent.

Gross Margin of 66 percent for the year, was the result of 1 percent growth over LY, which was primarily driven by the Revenue growth mentioned above.

Other operating income of BDT 917.43 million, a sharp growth by 152 percent than the last year. Whereas, the dividend from the subsidiary companies decreased by 64 percent compared to the last year. As a result, the Net Profit of the year was reduced by 46 percent.

Summary of the financial performance of the company's "core" entity is presented below –

Figure: mln BDT

	Year 2021-22	Year 2020-21
Revenue	6,785.00	6,764.78
Cost of sales	(2,318.90)	(2,368.31)
Gross profit	4,466.09	4,396.47
Other operating income	6,035.49	16,310.41
General and administrative expenses	(62.42)	(67.77)
Operating profit	10,439.17	20,639.10
Finance income	821.94	388.48
Finance charge	(1.77)	(1.47)
Profit before tax	11,259.34	21,026.11
Income tax expenses	-	(1.17)
Profit after tax	11,259.34	21,024.94

Financial highlights for the year 2021-22 are presented below –

	2021-22	2020-21
Earnings per share (EPS) from core business	9.18	8.09
Earnings per share (EPS) after dividend income from subsidiaries	19.42	36.27
Net Asset Value (NAV) per share	52.46	50.04
Net Operating cash flow per share (NOCFS)	7.94	8.76
Gross Profit (GP) Ratio	66%	65%
Net Profit (NP) Ratio from core business income	78%	69%

BUSINESS ACTIVITIES & OPERATING PERFORMANCE

UPGDCL, the front-runner in the private sector power operators in Bangladesh, remained “single-mindedly” focused about its roles, responsibilities and tasks on hand with the “positive instinct” which is very much phenomenal for the Group as a whole. We extended the positivity perimeter that embraced all our activities amid the challenging time of COVID-19 pandemic and also

The company pursued the strategy of growth at sustainable pace and value enhancements through parallel acquisition executed last year. For even better competitive benefit and expansion policy Shareholders of the company on its Extra-ordinary General Meeting (EGM) held on November 09, 2022 approved the draft Scheme of Amalgamation of (i) United Jamalpur Power Ltd., (ii) United Anwara Power Ltd., and (iii) United Energy Ltd. (collectively the Transferor Companies) with United Power Generation and Distribution Company Ltd. (Transferee Company) as per provisions of Section 228 and 229 of the Companies Act, 1994 and subject to the sanction of the Scheme by the Hon'ble High Court Division of the Supreme Court of Bangladesh.

The current overall generating capacity of UPGDCL is 895 megawatts (MW). **The actual production for the year was 3,790,696-megawatt hours (MWH), while capacity utilization stood at 60%.**

Generation capacity of UPGDCL

Year 2013	Year 2019-20	Year 2022-23
DEPZ 86MW CEPZ 72MW	DEPZ 82 MW CEPZ 72 MW UEL 81 MW UAEL 195 MW LGBDL 50 MW	DEPZ 82 MW CEPZ 72 MW UEL 81 MW UAEL 195 MW UJPL 115 MW UAnPL 300 MW LGBDL 50 MW
Total 158 MW	Total 480 MW	Total 895 MW

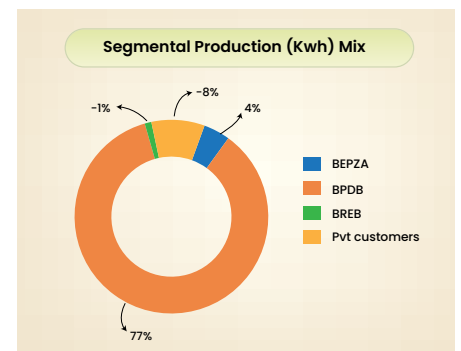
Segment-wise or product-wise performance: Consolidated

Consolidated Revenue for the year was Taka 49,435.16 million generated out of the electricity sale, mostly, from the plants including the subsidiaries. United Jamalpur Power Ltd (UJPL) and United Anwara Power Ltd (UAnPL) have resulted in significant positive shift in Revenue generation and financial performance at the consolidated level.

	UPGDCL	UEL	UAEL	UJPL	UAnPL
Revenue mIn TK	6,784.99	610.73	3,197.60	10,772.91	28,068.92
Proportion to total Revenue	13.73	1.24	6.47	21.79	56.78
Electricity generated MWH	991,615	173,231	259,236	637,860	1,715,204
Proportion to total Generation	26.16	4.68	7.08	16.83	45.25

Segmental production (kwh) mix –

Customers- Electricity	Million Taka	+/- growth
BEPZA	4,535.85	4%
BPDB	43,095.89	77%
BREB	575.45	-1%
Pvt customers	1,179.35	-8%
Total	49,435.16	



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In this respect, relevant disclosures have been provided in the notes to the consolidated Financial Statements. Review of Operating Expenses, Profit Margin and Net Profit Margin – covered under the Overall Financial Performance Review.

EXTRA-ORDINARY GAIN OR LOSS

As per IAS:1-Presentation of Financial Statements, no items of income or expenses are to be presented as “extraordinary” gain or loss in the financial statements. Accordingly, no “extra-ordinary” gain or loss has been presented in the Financial Statements for the year under reporting.

SEGMENT-WISE AND PRODUCT-WISE PERFORMANCE OF THE CORE BUSINESS

UPGDCL provides essentially similar products and services to its contractual customers. Total Revenue for the year was Taka 6,736.36 million from the “core” business operations. Off-which Electricity supply revenue fetched 99.28 percent while Steam supply generated Taka 48.63 million (0.72 percent). Steam supply also experienced growth of 20 percent as the consumption demands from the customer end increased.

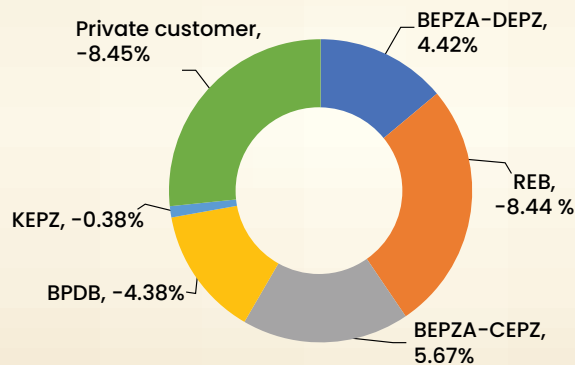
The company has two segregated business operation areas under its own purview which are Dhaka EPZ and Chittagong EPZ, respectively. Revenue composition by operational set-up is presented below –

Plants under UPGDCL	Electricity generated MWH	%	Revenue in Taka million	%
DEPZ plant	473,877,873	47.79%	3,447.51	50.96%
CEPZ plant	517,737,219	52.21%	3,317.27	49.03%
TOTAL	991,615,092		6,764.78	

CUSTOMER-WISE PERFORMANCE OF THE CORE BUSINESS

Customers- Electricity	Million Taka	+/- growth
BEPZA-DEPZ	1,861.96	4.42%
REB	397.78	-8.44%
BEPZA-CEPZ	2,027.39	5.67%
BPDB	643.90	-4.38%
KEPZ	646.48	-0.38%
Private customer	1,158.82	-8.45%
Total	6,736.36	

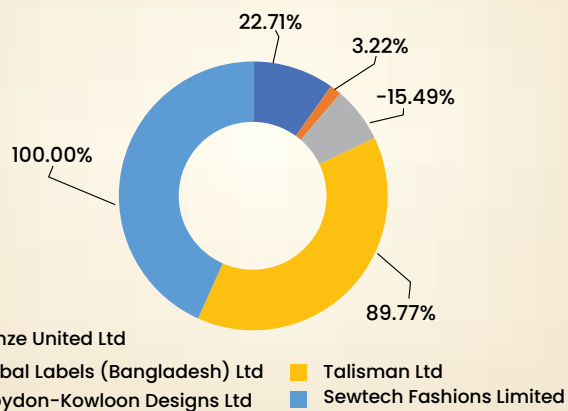
SEGMENTAL REVENUE MIX



STEAM SALE

Customers- Steam	Million Taka	+/- growth
Gunze United Ltd	34.04	22.71%
Global Labels (Bangladesh) Ltd	4.99	3.22%
Croydon-Kowloon Designs Ltd	5.91	-15.49%
Talisman Ltd	1.57	89.77%
Sewtech Fashions Limited	2.09	100%
Total	48.63	

CUSTOMER WISE STEAME SALE GROWTH



Business Risk Management: Business Risk Management is separately reported in page No 111 (TC 8.7) this Annual Report.

Environment, Social and Governance: Environment, Social and Governance is separately reported in page No 87 (TC 8.6) this Annual Report.

Related Party Transactions

All transactions with related parties have been made on normal course of business. Details of related parties and related party transactions have been disclosed following the compliance requirements under BAS 24 at the relevant notes to the Financial Statements. Moreover, in compliance with requirements of the BSEC Notification no BSEC/CMRRCD/2009-193/Admin/103 dated 05th February, 2020 specific approval from the Shareholders at the AGM has also been proposed as regards related party transactions.

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For the Year Ended 30 June 2022

Utilization of proceeds from IPO, Rights Issues and/or any other instruments

UPGDCL acquired the consent/approval for Initial Public Offer (IPO) in the year 2014 (09th December, 2014) and the proceeds thereof were utilized for the business and reported accordingly to the regulators. No further issue of any instrument was made during the financial year.

Significant variance between Quarterly and Annual Financial Statements

Net profit has decreased in 4th quarter from 3rd quarter due to the increase of HFO price in international market than last year. The Russian-Ukrainian conflict has brought about global economic uncertainty and volatility, in particular giving rise to fuel supply shortages and significant price volatility. In addition, the Bangladesh Taka has undergone rapid devaluation. As a result, the company incurred a huge foreign exchange loss for the purchase of HFO.

The variance between Quarterly Financial Statements

Fig in mln BDT

Quarter	Consolidated Net Profit
1 st	2,961.51
2 nd	4,029.33
3 rd	3,238.05
4 th	(73.61)
Total	10,155.29

Quarter	% of Quarterly Profit on Total Profit
1 st	29.16 %
2 nd	39.68 %
3 rd	31.89 %
4 th	(.72) %

Variance between Annual Financial Statements

Fig in mln BDT

	2022	2021	(%)
Revenue	49,435.16	30,580.52	62
Cost of Sales	39,269.29	18,767.74	109
Gross Profit	10,165.86	11,812.77	(14)
Net Profit	10,162.26	11,680.37	(9)

DIRECTORS REMUNERATION

Other than the Managing Director, all of UPGDCL's directors do not participate in the day-to-day operations of the company. As a result, the Directors of the Board have not received any compensation other than attendance fees in connection with the meetings of the Board and its several committees. The Managing Directors' salary was included in the overall Directors' remuneration for the year, which came to a total of Taka 1,56,21,375.

DIRECTORS' RESPONSIBILITIES AND REPORTING FRAMEWORK

Board of Directors are responsible for an accurate and fair view of the company's financial performance and position as part of overall business enterprise governance. In line therewith and also in compliance of the BSEC's Notification dated 20th June, 2018, the Directors are pleased to make the following declarations in this report –

- I. The financial statements prepared by the Management of the company fairly presents the state of affairs, the result of its operations, cash flows and changes in equity;
- II. Proper books of accounts of the company have been maintained;
- III. Appropriate accounting policies have been consistently applied in preparation of the financial and that the accounting estimates are based on reasonable and prudent judgement;
- IV. 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 therefrom has been adequately disclosed;
- V. The system of internal control is sound in design and has been effectively implemented and monitored;
- VI. Minority shareholders have been protected from abusive actions in the interest of controlling shareholders acting either directly or indirectly and have effective means of redress;
- VII. There is no significant doubt upon the company's ability to continue as a going concern;
- VIII. Significant deviations from the last year's operating results have been highlighted along with reasons thereof;
- IX. Key operating and financial data of the last 5 (five) years have been presented separately in the Annual Report;
- X. The company has recommended final dividend for the year 2021-22 and no interim dividend was declared prior to that;
- XI. The company has not declared any stock dividend or bonus share as interim or final dividend in the year 2021-22;
- XII. The company's financial results have continued to improve since the IPO in the year 2015 as reflected in the yearly financial statements thereafter;
- XIII. During the year 2021-22, a total of 4 (four) Board meetings were held, which met the regulatory requirements in this respect. The attendance records along with other related disclosures have been made in this Annual Report separately;
- XIV. Shareholding pattern of the company as on 30th June, 2022 is shown separately in this Annual Report;
- XV. Brief profile (resume), nature of expertise in the specific functional areas and presence as director or shareholder (member) in other companies have been presented in different sections of the Annual Report

DECLARATION OF THE CEO AND CFO ON THE FINANCIAL STATEMENTS

As per the requirements of the BSEC's Corporate Governance Code, the declaration by the Chief Executive Officer (CEO)/ Managing Director (MD) and the Chief Financial Officer (CFO) on Financial Statements 2021-22 to the Board is annexed to this Annual Report.

STATUS OF COMPLIANCE

In compliance with the BSEC Notification dated 03rd June, 2018 the "Status of Compliance with Corporate Governance Code" and the Certificate on Compliance on the Corporate Governance" from MABS & J Partners Chartered Accountants Member Firm of Nexia international, UK are presented in the Annual Report.

MINORITY INTEREST

Minority Shareholders comprises 10 percent of the Paid-up capital which in turn is a mix of institutional and individual shareholders. UPGDCL Board of Directors adheres to all the rules and regulations of the BSEC and the Stock Exchanges to ensure highest standards of governance entailing integrity, transparency and accountability designed to protect the interest of all stakeholders including the rights of the minority shareholders.

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For the Year Ended 30 June 2022

Management's Discussion and Analysis

Management's Discussion and Analysis presenting a detailed analysis of the company's performance and operations along with a brief discussion of changes in the financial statements and other requirements of the Corporate Governance code is disclosed in this Annual Report.

PROFIT APPROPRIATION

The Board of Directors of UPGDCL take pleasure in reporting the financial results of the company for the year ended 30th June, 2022 and recommended the appropriation of available profits as below:

	Taka in million
Profit available for distribution	22,567.01
Appropriations	
Proposed final cash dividend	9,854.82
Transferred to Retained earnings	12,712.19

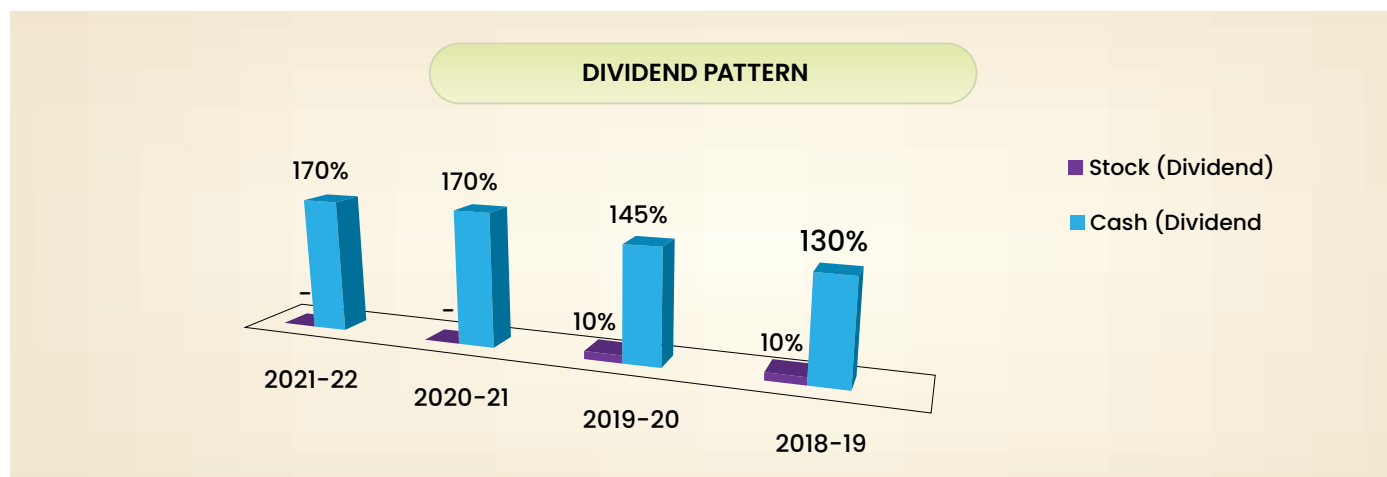
DIVIDEND

The Board of Directors of the company in its 103rd meeting held on **October 27, 2022** recommended **Cash Dividend @ 170% per share** of Taka 10/- each being the final dividend for the year ended 30th June, 2022. Total involvement for the proposed Dividend shall be Taka 985,48,19,590 duly appropriated out of the available profit for distribution for the year. Moreover, no interim dividend was declared during the year.

Shareholders' whose name will be appearing in the Shareholders' Registry as on the Record Date i.e. 22nd November, 2022, shall be eligible to receive the recommended Dividend subject to approval by the Shareholders' in the 15th Annual General Meeting scheduled on 27th December, 2022.

DIVIDEND PATTERN

	2021-22	2020-21	2019-20	2018-19	
Stock (Dividend)	-	-	10%	10%	
Cash (Dividend)	170%	170%	145%	130%	



Board of Directors – Election and Re-appointment

As per Article 23(a) of the Articles of Association of the company, the following Directors are to retire in the 15th AGM of the company and being eligible have been recommended to be re-elected:

1	Mr. Hasan Mahmood Raja
2	Mr. Ahmed Ismail Hossain
3	Mr. Khandaker Moinul Ahsan
4	Mr. Akhter Mahmud
5	Mr. Khondaker Zayed Ahsan

Brief profiles of the Directors being recommended for re-election are given in the Board of Directors profile part of this Annual Report.

Appointment of Auditors and Corporate Governance Compliance Auditor

In compliance with the BSEC Corporate Governance Code-2018, the Board of Directors of UPGDCL has recommended M/S Hoda Vasi Chowdhury & Co., Chartered Accountants to be appointed as auditors for the year ended 30th June 2023, which is going to be placed at the 15th AGM on 27 December 2022 for approval. It is pertinent to mention that the existing auditor, M/S. A. Quasem & Co., Chartered Accountants, has completed three years and that their tenure in office expires in 2021-22.

In compliance with BSEC Corporate Governance Code, the Board re-appointed Podder Associates Cost & Management Account as Corporate Governance Compliance Auditor of the company for the year 2022-23 and the said re-appointment will be approved at the 15th AGM.

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. Aspects of TNA 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, 55 training sessions and drills have been conducted in the reporting year. 24 training sessions was held at the DEPZ plant and 31 training sessions and drills was held at the CEPZ plant. These trainings equipped the plant personnel with technical and organizational skills.

Similar training sessions was also conducted at other UPGDCL-owned power companies. A total of 161 training sessions and drills were conducted, including 29 at the UAEL plant, 28 at the UEL plant, 55 at the UJPL plant, and 49 at the UAnPL plant.

We have enriched Employee Service Rules with proper job descriptions and responsibilities. Detailed succession planning is considered every year to ensure a 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.

DIRECTORS' REPORT

For the Year Ended 30 June 2022

Events after the reporting period

The Board of Directors in its 102nd meeting held on 24 August 2022 has approved the amalgamation scheme of (i) United Jamalpur Power Ltd., (ii) United Anwara Power Ltd., and (iii) United Energy Ltd. with UPGDCL. The Hon'ble High Court Division of the Supreme Court of Bangladesh admitted the application on 1 September 2022. Corporate Governance in UPGDCL

Board of Directors of the company drives this particular area. Corporate Governance is perceived as a system involving and aligning stakeholders' interest in overseeing the business overall. It underscores transparency, accountability and a culture of compliance among all the participants. Philosophy of the governance remains a firm commitment from the board being at the helm that the obligations to the stakeholders at large and alike are given the attention and focus it deserves.

Corporate Governance has been detailed in a separate Chapter to this Report. **It also embodies a summarization of the conduct and activities of the Board and its Committees including attendance.**

UPGDCL: a going concern entity

UPGDCL is the first company of the country established under the Policy Guidelines for Enhancement of Private Participation in the Power Sector, 2008, obtained license from Bangladesh Energy Regulatory Commission (BERC), as Independent Power Producer for installation of Commercial Power Plants. As per Clause 2(b) of the Power Supply Agreement (PSA) with BEPZA, the company is to run initially for 30 years which is renewable for further 30 years tenures. 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 the necessity of power is a prevalent necessity. EPZs are a necessity for the country and so is the energy supply. The company's resources are "adequate" to continue in operation for the foreseeable future (refer to Note 47 of the separate financial statements)



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, 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.

Acknowledgement

The Board would extend its foremost regard 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, the Prime Minister's Office, the 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 to 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 at 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,



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

CHAIRMAN