

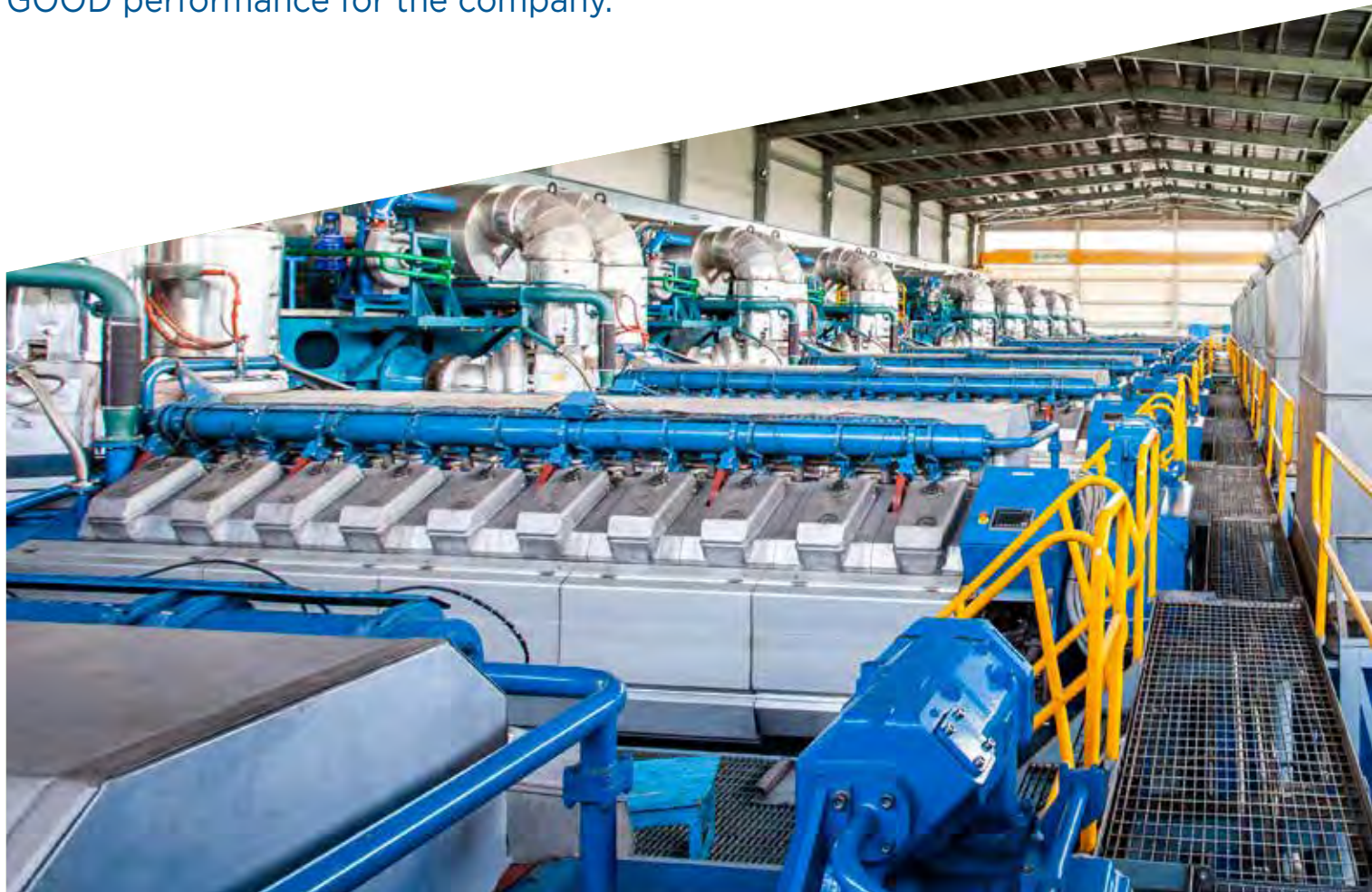
DIRECTORS' REPORT 2021 TO THE SHAREHOLDERS

Board of Directors of United Power Generation & Distribution Company Limited (UPGDCL) is pleased to present the annual Directors' Report along with the audited financial statements for the year ended June 30, 2021.

SOCIO-ECONOMIC ENVIRONMENT

Year 2020-21 was characterized by the COVID-19 pandemic's impending spread across the globe. Intermittent lock-downs and restrictive/selective economic/social activities within and outside Bangladesh were the common features through-out the year. Our Country like most other economies, responded with fiscal and monetary policies to limit or minimize the pandemic impact. Hopes were raised by effective pandemic containment measures including the vaccination drive which lead to significant upliftment in the overall public sentiment towards the end of the year.

Amid such a demanding socio-economic environment, UPGDCL could maintain its steady pace of journey by the Grace of Almighty Allah ST. Along with the subsidiary companies results, it did turn out to be another year of GOOD performance for the company.



Global economy

Global economy started reversing to the recovery path after a sharp contraction in the year 2020 as nations across the globe cautiously engaged in phase-wise re-opening of economic activities. According to the World Economic Situations and Prospects (WESP) mid-2021 report, global economy is now projected to expand by 5.4 percent. However, the overall outlook remains highly uncertain with major risks around the trajectory of pandemic and the possibility of financial stress amid large debt burdens. Controlling the pandemic at the global level will require more equitable vaccine availability especially for low-income countries. Policy makers across the globe face a difficult balancing act between recovery safeguarding the price stability and fiscal sustainability.

Risks associated with climate change are becoming even-greater challenge and climate action must be an integral part of upcoming policy priorities. Bringing change in the energy mix and arresting global warming will require a strong political will size by side the deployment of all available policy instruments.

Bangladesh Economic Outlook

Notwithstanding the worldwide outbreak of coronavirus disease, which began to strike in Bangladesh from early March 2020, the economy displayed inherent resiliency. Noteworthy here that, the government of Bangladesh has so far announced stimulus packages worth BDT 1.35 trillion, which stands at nearly 5 percent of FY20's GDP, to mitigate adverse impacts of the COVID-19 on the economy and also to facilitate recovery. In this respect, spread of digitization of the trade and monetary system remarkably contributed in channelizing the economic activities during this prolonged period of COVID marked by intermittent lock-downs.

It may be mentioned that, Bangladesh economy has been performing consistently with above 6 percent GDP growth since FY11 till the COVID outbreak. According to BBS estimates, growth rate achieved in FY20 is nearly 4 percent. Prudent fiscal and monetary policy measures, rebounded exports and import growth amid high growth of inward remittances aided the country to carry-on with growth momentum recording an estimated growth of 6.1 percent in FY 21.

According to the BBS estimates per capita national income reached USD 2,227 in FY21. While domestic savings stood at 24.12 percent of GDP. Country's gross investment stood at approximately 30 percent of GDP where share of public and private investments were 8.67 percent and 21.25 percent, respectively. Historically, Bangladesh has remained a low-saving and low-investment country.

Overall inflation rate in FY21 was 5.56 percent mostly driven by food inflation (5.73 percent). Yet the Government's continuous efforts to keep up the food supply chain uninterrupted during COVID-19 period worked well and helped to keep the overall inflation under control.

Bangladesh Bank's monetary policy has been growth supportive and aimed at preserving price stability and generating employment. For the FY21 expansionary monetary policy has been adopted against the backdrop of the COVID-19. Central Bank's credit policies and programs were directed to channeling adequate credit flows for productive purposes, especially to agriculture, SME sectors. Domestic credit recorded 13.58 percent growth. Credit flow to private sector registered a lower growth of 8.61 percent mostly due to COVID impact. On the contrary, public sector credit recorded a growth of over 37 percent in the same period and was driven by nearly 56 percent growth in credit support to the Government.

Downward trends of interest rate for both deposit and credit remain static. Weighted average (Feb, 21) interest rate stood at 7.48 percent for credit and 4.46 percent for deposit respectively.

Capital market was found positively working in FY 20-21 although both Stock Exchanges - Dhaka and Chittagong- experienced some volatile period also. Overall there was a mentionable growth in the capital and value index. The growth of broad index for DSE was 37.37 percent and CSE it was 39.84 percent.

Export sector has resumed back to a positive trend after overcoming the pandemic shock. Earnings from export grew by 15.1 percent in FY21 at USD 38,758.31 million. Imports during the same period was recorded at USD 65,564.70 million nearly 20 percent higher over LY. During the year, remittance flow reached a higher level at USD 24,777.71 million nearly 36 percent higher than LY. Country's Foreign exchange reserve reached USD 45.39 billion an all-time high. Exchange rate throughout the year was also static.



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Year 2021 and beyond

The global economic recovery is continuing, even as the pandemic resurges. The fault lines opened up by COVID-19 are looking more persistent—near-term divergences are expected to leave lasting imprints on medium-term performance. Vaccine access and early policy support are the principal drivers of the gaps. The global economy is projected to grow 5.9 percent in 2021 and 4.9 percent in 2022. The downward revision for 2021 reflects a downgrade for advanced economies—in part due to supply disruptions—and for low-income developing countries, largely due to worsening pandemic dynamics. This is partially offset by stronger near-term prospects among some commodity-exporting emerging market and developing economies. Rapid spread of Delta and the threat of new variants have increased uncertainty about how quickly the pandemic can be overcome. Policy choices have become more difficult, with limited room to maneuver.

Bangladesh remains among the fastest growing economies in the world over the past decade, supported by a demographic dividend, strong ready-made garment (RMG) exports, and stable macroeconomic conditions. Continued recovery in exports and consumption will help growth rates pick up to 6.4 percent in fiscal year 2021-22. It is on track to graduate from the UN's Least Developed Countries (LDC) list in 2026. Poverty declined from 43.5 percent in 1991 to 14.3 percent in 2016, based on the international poverty line of \$1.90 a day (using 2011 Purchasing Power Parity exchange rate). Moreover, human development outcomes improved along many dimensions.

Like other countries, Bangladesh faces the daunting challenge of fully recovering from the COVID-19 pandemic which has constrained economic activities and reversed some of the gains achieved in the last decade. The COVID-19 pandemic decelerated economic growth in 2020. Nevertheless, strong remittance inflows and a rebound in export market has helped the economy to start recovering gradually. Vaccinating the population will reduce the incidence of the disease and mortality and enable the full resumption of economic activities. Bangladesh also needs to address the challenge of creating jobs/employment opportunities through a competitive business environment, increased human capital and skilled labor force, efficient infrastructure, and a policy environment that attracts private investments. Other development priorities include diversifying exports beyond the RMG sector; deepening the financial sector; making urbanization more sustainable and strengthening public institutions. Addressing vulnerability to climate change and natural disasters will help Bangladesh to continue to build resilience to future shocks. Pivoting towards green growth would support the sustainability of development outcomes for the next generation.

THE POWER SECTOR OF BANGLADESH

Electricity plays the most basic role in the economic growth through facilitating a sustainable structure which help eradicate poverty, ultimately. Long-term sustainable economic growth depends on the availability of electricity at affordable value and environment friendly standard.

Bangladesh Government has designed an extensive power generation plan to create sustainable growth of power sector and for overall development of the country's economy. Considerable progress has been made in ensuring electricity to the door steps of the population. At the end of FY 2021, total Installed Capacity reached 25,227 MW while Per capita generation increased to 515 kwh (nearly 20% higher) and access to electricity reached to 99.5%.

Overall power generation-mix is still dominated by the Coal, Gas and HFO based plants. Although the number of plants has reduced in case of Coal and Gas-based generation the mix still remain pre-dominant. Renewal Energy (RE) power is yet to set firm foot print although the generation is on the rise.

Energy -mix	YEAR 2021		% of generation
	No of Plants	MW generation	
Gas based	67	11,402	51.77%
HFO based	61	6,044	27.44%
Coal based	03	1,768	8.02%
HSD based	10	1,290	5.86%
Total Fossil fuel based	141	20,504	93.10%
Hydro power	01	230	1.04%
Solar power	07	129	0.59%
Imported power	-----	1,160	5.26%
TOTAL	149	22,023	

Power plants ownership

Public PP	Joint Venture	IPP	Rental PP	Total
57	1	71	20	149

Source: BPDB

Mega projects having total generation capacity of 3,840 MW are being implemented at Payra, Maheshkhali and Matarbari areas aimed at ensuring power and energy security. Government has also set a target of generating 2,000 MW of electricity from renewable energy sources in the coming three years. For ensuring the supply of LNG an initiative to develop a land-based LNG terminal at Matarbari is under active consideration.

With the rise in generation capacity, transmission and distribution remains a challenge. Total Distribution line reached 612,000 km in the year 2021. BPDB has also under taken the country's first smart-grid project under Dhaka Power Development Company (DPDC). Besides, a Taka 4,000 crore project has been taken up for expansion of distribution network under the Bangladesh Rural Electrification Board (BREB). Move is under way to develop the transmission system to evacuate electricity from the Rooppur Nuclear Power Plant (RNPP) and Matarbari and Payra power plants, respectively.

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. Overall system loss has been reduced to the level of 8.73 per cent in 2021. In the FY 2022 Budget, the Energy and Power Sector has been given an allocation of Taka 27,484 crore off which ADP allocation for the Power Division was Taka 27,367 crore.

Bangladesh has already been graduated into a lower-middle income country from the low-income country. To ensure 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, there is no alternative to ensuring the provision of quality energy and power supply in view of the rising demand for power and energy to implement necessary socio-economic activities.

Capital Market scenario

Bangladesh's stock market was the best performing equity market in Emerging Asia during the year with a return of 21.3 % and with the second-highest return in the world after NASDAQ (43.4%) despite the pandemic. In peer markets, Bangladesh posted the highest returns followed by India's 15.5% and Vietnam's 14.6%. However, in the overall, the market was impacted significantly due to Covid-19. Subsequently, BSEC imposed floor prices to control the fall of prices. Moreover, both the stock markets in Bangladesh remained closed for 66 days during the first half of the year due to the nationwide lockdown measures.

Government's declaration of a stimulus package in the national budget had a positive influence on the market; coupled with several policy changes brought about by the Bangladesh Bank were key to persuading investors to look for alternative investment opportunities. BSEC made further changes which were investor friendly, such as strict stance on compliance issues, enlistment of reputed companies among others helped regain faith and positive response from investors.

Above initiatives resulted in an impressive recovery, the average daily turnover increased from Taka 3,864 million in the first half year to Taka 8,233 million. Average Turnover for the year 2020 as a whole was Taka 6,489 million.

During the year, the highest value of UPGDCL share price was Taka 321.10 and the lowest price was Taka 220. **Company's market capitalization as on 30 June, 2021 stood at USD 1.885 billion representing 2.75% of the DSE's total Equity Market Capitalization.**

BUSINESS ACTIVITIES & OPERATING PERFORMANCE

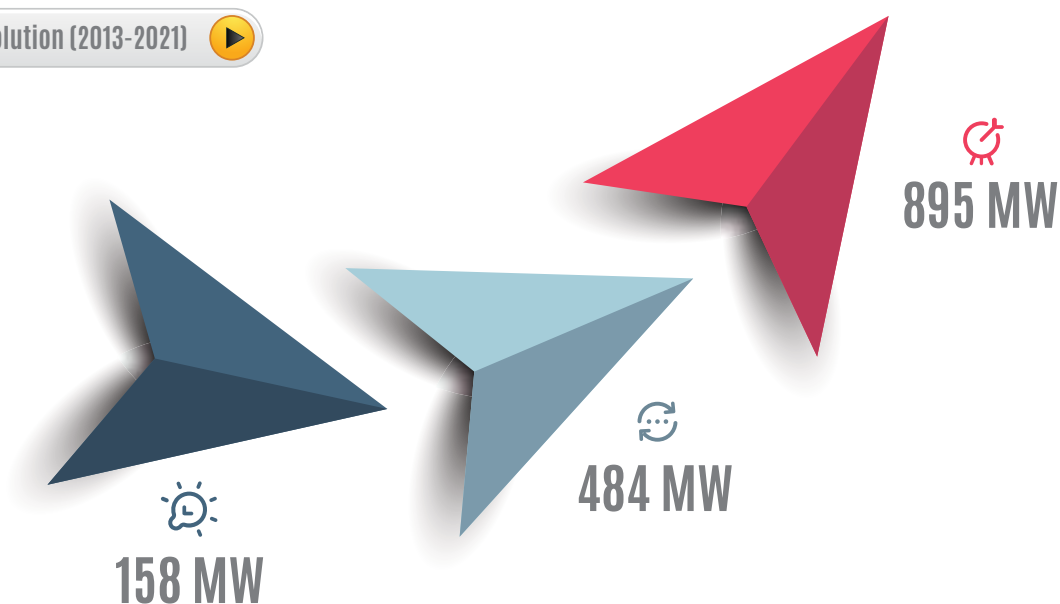
UPGDCL, the front-runner in the private sector power operators in Bangladesh, remained "single-mindedly" focused about its roles, responsibilities and tasks on hand with the "positive instinct" which is very much phenomenal for the Group as a whole. We extended the positivity perimeter that embraced all our activities amid the challenging time of the year when intermittent "lock-downs" and/or "restricted" movements were thrust upon the socio-economic life of ours, due to the onslaught of the pandemic named COVID.

The company pursued the strategy of growth at sustainable pace and value enhancements through parallel acquisition which marked the beginning of the year. Two HFO based power plants having combined generation capacity of 415 MW involving total investment of Taka 536 crore [eq to \$ 64 million] joined the fray on 01st July, 2020. UPGDCL's total generation capacity has jumped to 899 MW during the year, a phenomenal increase of 86 percent.

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Year 2013	Year 2020	Year 2021
DEPZ 86MW CEPZ 72MW	DEPZ 86MW CEPZ 72MW UEL 81MW UAEL 195MW	DEPZ 82MW CEPZ 72MW UEL 81MW UAEL 195MW UJPL 115MW UAnPL 300MW
Total 158MW	Total 484MW	Total 895MW

Growth evolution (2013-2021) 



COVID-19 and Initial Response: Operational challenges in 2020-21

When COVID-19 first surfaced and was spreading, there was little or no definite information available about the virus to take precaution against. This became a challenge for power generation companies, as this is a service that can't be halted (Core Industry or Frontline Industry). With guidelines from the concerned Ministries/Authorities as a foundation, UPGDCL laid out its own COVID guidelines for the operation and employees of the plant. The challenges that arose were unforeseen hence caution was required. **Ensuring the health and safety of our colleagues in parallel with maintaining maximum plant availability were our utmost responsibility.**

Mitigation Measures

At the time there was no formal data on how covid was spreading. To address this all plants under UPGDCL went into a bio bubble, isolated from the rest of the community.

1. **Accommodation** : All employees were facilitated to stay inside the plant premises with necessities provided by the company as and when required.
2. **Contact Tracing** : Tracing out affected person was a difficult task as there have been asymptomatic cases. To tackle this, a daily checklist was maintained by the Plant Health Officer for each individual.
3. **Availability of Health Services** : Contracts were made with local health centers (Upazilla Health Complexes and/or private hospitals/clinics) for Covid testing. Special arrangements were made at United Hospital Limited (a sister concern of United Group) for testing and treatment of any employee requiring further treatment.
4. **Access Control** : On site it's difficult to maintain bio bubble of the plant, which is why there were isolation housings for people who were coming from outside the bio bubble of the plant.
5. **Disinfection Practices** : It was found that, Covid may also spread through any other foreign body excluding human e.g. vehicle. To address this the plants had disinfecting chambers at its entrance.
6. **Mental Wellbeing** : Employees were separated from their family but appropriate motivational steps were taken so they can be in sound mind while working.
7. **HSE Practices and PPE** : Cleanliness has always been a key point to keep oneself away from Covid, hence stations were supplied with adequate washing, protective and cleaning materials.
8. **General COVID-19 Protocols** : As interaction between plant employee is a must, all were provided with mask and kept minimum distance that can be maintained while working.

In addition, all COVID-19 protocols issued by World health Organization (WHO) and Directorate of Health Services (DGHS) were adopted on an expedited basis.

There were zero confirmed cases of Covid patients in the plants and all the plants had a plant availability factor of 99% during the crisis.

Employees at the Plants

UPGDCL and its subsidiaries have standard O&M arrangement outsourced to the United Engineering & Power Services Ltd (UEPSL) which also deploys required manpower at the Plants. Company provide employees with various benefits and a working friendly environment for the tireless work they do. There is health insurance provision for the employee and family. Also, there are facilities for dormitory with food within the plant premises for easier movement.

Safety

Safety is one of vital area for any industries and UPGDCL plants have excellent track record for being able to maintain it. These plants have records of having no LTI (Lost Time Injuries) for straight 1000 days. Each and every employee on site of the plant receives proper PPE (Personal Protective Equipment) necessary for safety. Yearlong training in each month basis is given by Internal and External professionals on safety. Plants have Safety Officers for follow up with O&M Team on regular basis to ensure proper safety is maintained. Besides, yearly drills with Fire Service and Civil Defense are arranged so that all employees are well informed about any emergency situation.



FINANCIAL PERFORMANCE YEAR 2020-21

Consolidated financial performance: reflection of new acquisitions

Consolidated Revenue of UPGDCL for the year, was Taka 30,580.52 million, off which two newly acquired HFO business contributed over 66 percent. In terms of volume, Revenue increase was Taka 20,486.49 million. It is pertinent to mention that two diverse production bases (HFO and Gas) impacted the overall consolidated results of the company which is also going to be a feature in the years to come.

For the year, consolidated Gross Profit increased by Taka 5,959.86 million and after absorption of financing expenses the Net Profit after Tax stood at Taka 11,114.18 million as against Taka 6,078.79 for the last year.

DIRECTORS' REPORT 2021 TO THE SHAREHOLDERS

Summary of “consolidated” financial performance of the company is presented below -

In Mln Taka

	Year 20-21	Year 19-20
Revenue	30,580.52	10,094.03
Cost of sales	(18,767.74)	(4,241.89)
Gross profit	11,812.78	5,852.14
Other operating income	(24.56)	3.97
General and administrative expenses	(107.85)	(69.81)
Operating profit	11,680.37	5,786.30
Finance income	397.76	524.79
Finance charge	(973.10)	(338.52)
Foreign exchange gain/(loss)	(0.08)	(40.56)
Profit before tax	11,104.96	5,932.01
Income tax expenses	(9.22)	(146.78)
Profit after tax	11,114.18	6,078.79

Total assets at the consolidated level for UPGDCL stood at Taka 67,673.35 million showing the acquisition effects during the year. Shareholders' equity was Taka 33,090.99 million, growth of 83 percent, due to additional Net Profit generation to the extent of Taka 5,035.39 million. On the other hand, Long-term debt stood at Taka 5,275.14 million as a result of issuance of Preference Shares worth Taka 15,500 million by its subsidiary United Jamalpur Power Ltd (UJPL) to settle capital machinery payments. Consolidated Cash flows at the Operating level also depicts the ability to settle business obligations as the NOCF stood at Taka 15,749.63 million.

Financial highlights for the year 2020-21 are presented below -

	Consolidated performance	
	Year 2021	Year 2020
Earnings per Share (EPS)	Taka 18.80	Taka 10.24
Net Asset Value (NAV)	Taka 56.18	Taka 50.56
Net Operating Cash flow per Share (NOCF)	Taka 21.17	Taka 12.04
Gross Profit ratio	39%	58%
Net Profit ratio	21.17%	12.04%



Financial Performance: core entity

Overall performance of the company as “separate” or “core” entity [apart from its subsidiaries] was persistent. Both DEPZ and CEPZ plants capacity utilization increased marginally to raise the overall utilization at nearly 82 percent. Business within EPZs was at par with last year which helped absorbing the COVID related operational and business challenges. Total Revenue of Taka 6,764.78 million had nearly 9 percent growth which resulted from maximization of the revenue-customer-mix of the company. Gross Profit for the year was Taka 4,396.47 million, an increase of Taka 501.98 million, as the higher margin Revenue mix helped towards absorption of Cost of Sales which was almost at par with last year. After meeting of administrative and finance expenses, the Operating Profit generated from the “core business” stood at Taka 4,691.11 million, growth of 8 percent over last year. However due to pooling of Dividends received from the subsidiary companies total Operating Profit stood at Taka 21,926.11 million. During the year, company received Taka 16,335 million as Cash Dividend from the subsidiaries.

Summary of financial performance of the company’s “core” entity is presented below -

In Mln Taka	Year 20-21	Year 19-20
Revenue	6,764.78	6,223.16
Cost of sales	(2,368.31)	(2,328.67)
Gross profit	4,396.47	3,894.49
Other operating income	16,310.41	3.95
General and administrative expenses	(67.77)	(54.94)
Operating profit	20,639.10	3,843.50
Finance income	388.48	508.26
Finance charge	(1.47)	(1.52)
Profit before tax	21,026.11	4,350.24
Income tax expenses	(1.17)	(1.47)
Profit after tax	21,024.94	4,348.77

Total Equity reached Taka 21,162.49 million upon receipt of the Cash Dividends issued by United Energy Ltd (UEL) and United Jamalpur Power Ltd (UJPL), two of UPGDCL’s subsidiaries. At the same time, the company could continue its debt-free situation at the core business level thus resulting in significant growth (86 percent) in Net Assets. Company’s Total Assets stood at Taka 29,505.40 million.



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PROJECT DEBT RE-STRUCTURING

Newly acquired subsidiaries of UPGDCL availed Taka 5,750 million worth term financing in the last financial year 2020-21. Besides, United Jamalpur Power Ltd (UJPL) issued Preference Share worth of Taka 1,500 million at the rate of 5.50% pa. Mentioned facilities were availed at a competitive pricing and helped re-structure debt portfolio of the subsidiaries with matching time-line for smooth cashflow generation and also to strengthen the ability to re-pay the liabilities from own sources.

Moreover, mix of different financial products in capital structure like Preference Shares, Term Loan etc at competitive rates helped to increase the profitability of the subsidiaries concerned and ultimately adding to shareholders value. Amidst volatile global currency and credit situation as a fall-out of pandemic, these local currency loan help avoided the exchange rate and interest rate vulnerability. These finances were also taken based on the respective company's financial ability to mitigate term loan obligations



in the medium term so with a foreseeable timeframe particular company would become debt free contributing more profit in the coming years. Signing of Preference Share Agreement for United Jamalpur Power Ltd

DISCLOSURES/STATEMENTS ACCORDING TO THE PROVISIONS OF THE BSEC'S CORPORATE GOVERNANCE CODE 2018

Industry outlook and possible future developments in the industry

Socio-economic scenario - COVID-19 response remained a priority throughout the year crisscrossing both the Government and all other socio-economic operators' activities. UPGDCL had to adopt contingency response plans for smooth running of its activities. We had to remain vigilant to meet our contractual commitments under this challenging situation. On the other hand, near normal activities inside the EPZs coupled with increased power lifting from the two HFO plants could allow the company stave off the business challenges well.

Environmental perspective - UPGDCL and its subsidiaries are fully aware of the spectrum of challenges in this respect and strives to operate within pre-determined standards. Besides regular regulatory vigilance in these aspects are carried-out

Technological aspect - Government went ahead with the full-fledged introduction various digital solutions in the arena of payment methods to the national exchequer like VAT, Customs Duty etc. The company was able to keep pace with such developments and remained compliant through-out.

Regulatory regime - the business and the entire operation of the UPGDCL and its subsidiaries are end-to-end regulated. While maintaining to be a complaint entity it is determined to keep the committed delivery and service.

UPGDCL being a listed company with the Stock Exchanges are also regulated in the sphere of compliances, disclosures and shareholder relations. In this respect, the year witnessed many directives and instructions issued by the Bangladesh Securities & Exchange Commission (BSEC) covering COVID time responses, conducting general meetings through digital and/or hybrid system, unclaimed dividend regulation among others. UPGDCL responded and remained compliant through-out.

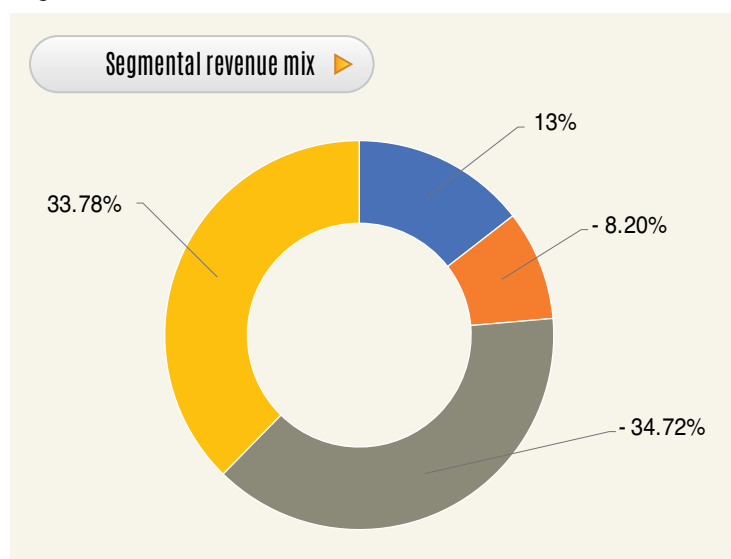
Segment-wise or product-wise performance

UPGDCL provides essentially the similar products and services to its contractual customers. Total Revenue for the year was Taka 6,764.78 million from the “core” business operations. Off which Electricity supply revenue fetched 99.40 percent while Steam supply generated Taka 40.42 million (0.6 percent). Steam supply also experienced growth of 35 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	482,577	48.04%	3,447.51	50.96%
CEPZ plant	522,016	51.96%	3,317.27	49.03%
TOTAL	1,004,593		6,764.78	

Segmental revenue mix --



	Mln Taka	+/- growth
BEPZA	4,350.78	+13%
BPDB	673.40	-8.2%
BREB	434.44	-34.72%
Pvt customers	1,265.74	+33.78%

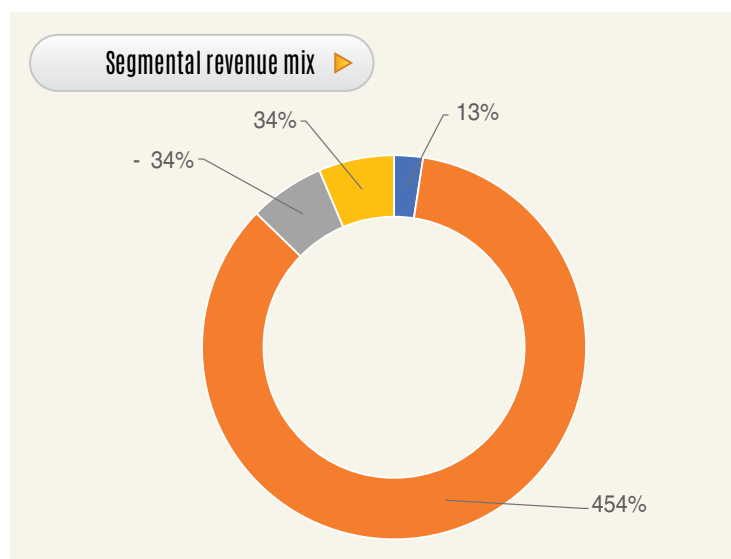
Consolidated Revenue for the year was Taka 30,580.52 million generated out of the electricity sale, mostly, from the plants including the subsidiaries. Acquisitions of United Jamalpur Power Ltd (UJPL) and United Anwara Power Ltd (UAnPL) have resulted in significant positive shift in Revenue generation and financial performance at the consolidated level.

	UPGDCL	UEL	UAEI	UJPL	UAnPL
Revenue mln TK	6,764.78	520.93	2,937.75	6,775.83	13,581.23
Proportion to total Revenue	22.12%	1.70%	9.61%	22.16%	44.41%
Electricity generated MWH	1,004,593	150,581	153,457	547,319	1,220,825
Proportion to total Generation	32.65%	4.89%	4.99%	17.79%	39.68%



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Segmental revenue mix consolidated -



	MIn Taka	+/- growth
BEPZA	4,350.78	+13%
BPDB	24,322.53	+ 454%
BREB	580.37	-34%
Pvt customers	1,265.74	+34%

In this respect relevant disclosures have been provided in the notes to the Financial Statements.

Review of Operating Expenses, Profit Margin and Net Profit Margin – covered under the Overall Financial Performance Review.

Business Risk Management: Business Risk Management is separately reported in page No 104 (TC 8.7) this Annual Report.

Environment, Social and Governance: Environment, Social and Governance is separately reported in page No 102 (TC 8.6) this Annual Report.

Extra-ordinary gain or loss

As per IAS:1-Presentation of Financial Statements, no items of income or expenses are to be presented as “extra ordinary” 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.

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/CMMRRCD/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.

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

Variances in Quarterly and Yearly performances, compared to the last year, at the consolidated level of UPGDCL were basically the outcome of acquisition of the UJPL and UAnPL power plants effective this year. Results of both these plants have been accounted for from the beginning of the year.

Variance between Quarterly Financial Statements

Quarterly FS Variance Analysis

Fig in Taka	July - September (Q1)			October - December (Q2)				January - March (Q3)		April - June (Q4)		
	2020	2019	%	2020	2019	%	2021	2020	%	2021	2020	%
Revenue	9,224,771,503	2,765,041,135	233.62%	6,954,674,659	2,665,857,246	160.88%	8,674,268,430	2,593,471,767	234.47%	5,726,805,929	2,069,662,798	176.70%
Cost of Sales	(6,095,053,060)	(1,127,240,324)	440.71%	(4,116,817,977)	(1,112,033,980)	270.21%	(5,271,086,103)	(1,029,320,982)	412.09%	(3,284,783,943)	(973,296,760)	237.49%
Gross Profi	3,129,718,443	1,637,800,811	91.09%	2,837,856,682	1,553,823,266	82.64%	3,403,182,327	1,564,150,785	117.57%	2,442,021,986	1,096,366,037	122.74%
Net Profi	2,981,641,219	1,647,579,593	80.97%	2,631,789,619	1,593,780,271	65.13%	3,164,091,159	1,583,326,611	99.84%	2,336,653,011	1,254,101,074	86.32%
EPS-basic	5.55	3.06	81.37%	4.45	2.69	65.63%	5.33	2.66	100.35%	3.98	2.11	88.81%
EPS-restated	5.05	2.79	81.23%	4.45	2.69	65.63%	5.33	2.66	100.35%	3.98	2.11	88.81%
NOCFPS	3.76	3.29	14.40%	8.32	2.99	1.78	4.67	3.8	22.84%	10.42	1.96	430.70%
NAV per share	62.4	60.05	3.91%	47.88	51.26	(0.07)	52.2	54.26	(3.80%)	56.18	50.56	11.12%

Variance between Annual Financial Statements

Fig in Mln Taka	2021	2020	%
Revenue	30,580.52	10,094.03	202.96%
Cost of Sales	(18,767.74)	(4,241.89)	342.44%
Gross Profi	11,812.78	5,852.14	101.85%
Net Profi	11,114.18	6,078.79	82.84%
EPS-basic	18.00	10.24	75.78%
NOCFPS	27.17	12.04	125.66%
NAV per share	56.18	50.56	11.12%

Directors Remuneration

No remuneration is given to the Directors of the Board apart from attendance fees in connection with Board and its various Committee meetings. During the year attendance fees paid to Directors including the Independent Directors totaled Taka 4,947,195 (2020; Taka 3,325,876).

However, Managing Director is paid remuneration as approved by the Board which was Taka 15,621,375 this year.

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;

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- 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 2020-21 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 2020-21;
- 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 2020-21, 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, 2021 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 2020-21 to the Board is annexed to this Annual Report (page no 86).

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 PODDAR & ASSOCIATES, Cost & Management Accountants are presented in the Annual Report (page no 93).

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.

Management's Discussion and Analysis

Management's Discussion and Analysis presenting 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 (page no 81).

PROFIT APPROPRIATION

The Board of Directors of UPGDCL take pleasure in reporting the financial results of the company for the year ended 30th June, 2021 and recommended the appropriation of available profits as below:

	Taka in million
Profit available for distribution	21,162.49
Appropriations	
Proposed final cash dividend	9,854.82
Transferred to Retained earnings	11,307.67

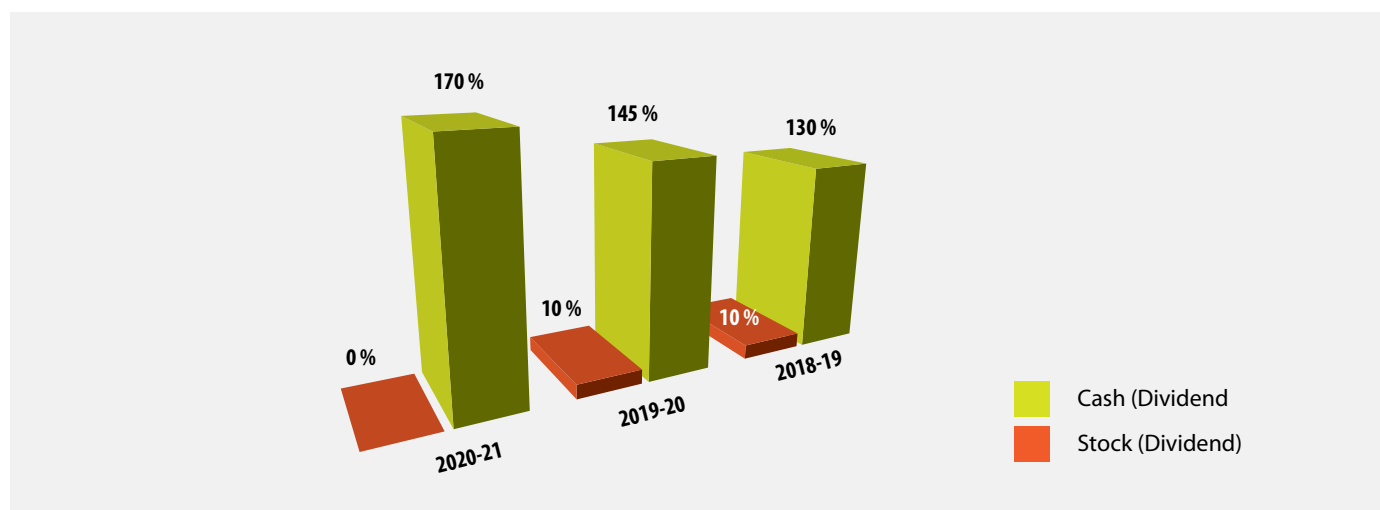
DIVIDEND

The Board of Directors of the company in its 98th meeting held on 27th October, 2021 recommended Cash Dividend @ 170% per share of Taka 10/- each being the final dividend for the year ended 30th June, 2021. 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, 2021, shall be eligible to receive the recommended Dividend subject to approval by the Shareholders' in the 14th Annual General Meeting scheduled on 27th December, 2021.

DIVIDEND PATTERN

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



Submission of Un-claimed Dividend

As per BSEC Directive no BSEC/CMRRCD/2021-386/03, dated 14 January 2021 and BSEC Capital Market Stabilization Fund (CMSF) Rule 2021, the Company has deposited Taka. 10,183,338.94 as detailed below. Prior to that, a Notice was given to the Shareholders to collect un-claimed Dividend if any, within the cut-off date, as per the BSEC Directive.

Year	Amount (Tk.)
Public Subscription Money (IPO)	46,29,240.00
2013 & 2014	14,20,959.69
2015-16 (Interim)	18,42,896.00
2015-16 (Final)	14,81,724.52
2016-17	8,08,518.73

Details of "Un-claimed Dividend" has been provided/up-loaded in the website of the Company

Board of Directors - Election and Re-appointment

As per the Article 23(a) of the Articles of Association of the company, following Directors are to retire in the 14th AGM of the company and being eligible have been recommended to be re-elected:

- 1 Malik Talha Ismail Bari
- 2 Nasiruddin Akhter Rashid
- 3 Fahad Khan
- 4 Wasekul Azad
- 5 Nizamuddin Hasan Rashid

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

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Appointment of Auditors and Corporate Governance Compliance Auditor

Board of Directors of UPGDCL has recommended Messers. A. Quasem & Co, Chartered Accountants to be re-appointed as auditor for the year 2021-22 which is going to be placed at the 14th AGM on 27th December, 21 for approval.

In compliance with BSEC Corporate Governance Code, the Board appointed Messers. MABS & J Partners, Chartered Accountants as Corporate Governance Compliance Auditor of the company for the year 2021-22 and the said appointment will be approved at the 14th AGM. Existing Compliance Auditor Messers. Poddar & Associates, Cost & Management Consultants completed three consecutive tenure this year.

Other disclosures: compliances of BSEC Notifications/Directives on specific matters

1. BSEC Notification: SEC/CMRRCD/2008-183/Admin/03-30 dated 01st June, 2009
United Mymensingh Power Ltd (UMPL), which holds 90 percent shares of UPGDCL, has availed loan from HSBC against lien of 200,00,000 shares.
2. BSEC Directive: BSEC/CMRRCD/2021-386/03 dated 14th January, 2021
 - a. Board of Directors of the company approved the Dividend Policy and it has duly disclosed in the website. This has also been mentioned under the section Corporate Governance Structure in this Annual Report.
 - b. Company complied with the related requirements as to unclaimed cash dividend and IPO application money exceeding three years and also conformed to the BSEC Capital Market Stabilization Fund (CMSF) Rules, 2021 in this regard.

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 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 75(including 34 online trainings) trainings and drills have been conducted in the reporting year 32 trainings being conducted at DEPZ plant 43 trainings and drills being conducted at CEPZ plant. The training equipped the plant personnel with technical and organization skills.

We have an enriched Employee Service Rules with proper job descriptions and responsibilities. A detailed succession planning is considered every year to ensure good working environment and enhancement of knowledge of the employees. A yearly performance appraisal is carried out to reward and encourage diligent employees and assess their training requirements. Accordingly, the personnel department awards the yearly increment and other remuneration related matters.

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 remain a firm commitment from the board being at the helm that the obligations to the stakeholders at large and alike is given the attention and focus it deserves.

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

UPGDCL: a going concern entity

UPGDCL is the first Commercial Independent Power Purchase (CIPP) power generation company of the country established under the Private Sector Power Generation Policy of Bangladesh on November 2004. As per Clause 2(b) of the Power Sharing Agreement (PSA) with BEPZA, the company is to run initially for 30 years which is renewable for further 30 years. Moreover, Gas Supply for the Plants are ensured by the Government. It is dubbed an "open ended" project because of the longer duration. Mentionable that, EPZ operation is a 24X7 cycle and hence necessity of power is a prevalent necessity. EPZs are a necessity for the country and so is the energy supply. Company's resources are "adequate" to continue in operation for the foreseeable future (refer to Note 48 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, and Healthcare and so on.

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

Impact of Pandemic

Following the declaration of COVID-19 as a pandemic by the World Health Organization (WHO) in early March 2020, the Government of Bangladesh introduced restrictive measures to contain further spread of the virus. Several lockdowns were imposed as the virus spread across the country. Though demand for electricity from BEPZA fell during lockdown, BPDB and REB bought low priced electricity from the company which kept the certain level of dispatch moving. As a result, there was no material impact of COVID-19 during the reporting period as well as after the reporting period.

Acknowledgement

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,



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

CHAIRMAN