

Directors' Report

For the Year Ended 30 June 2023

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 the pleasure of presenting the Sixteenth Annual Report along with the Auditor’s Report and audited financial statements for the year ended 30th June 2023.

Global Economy

The global economic growth in 2023 remains highly uncertain due to the impact of the COVID-19 pandemic over the past three years and the growing adverse effects of the ongoing Russia’s war in Ukraine and the Israel-Hamas war. According to the IMF’s World Economic Outlook (WEO) published in October 2023, global growth would slow down from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024. The projections for 2024 are 0.1 percentage points lower than the average for the period 2000–19, which was 3.8 percent. This decline has been observed since the World Economic Outlook Update in July 2023. Advanced economic growth is projected to decline from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024, owing to stronger-than-anticipated momentum in the United States and weaker-than-anticipated growth in the euro area. It is anticipated that the property sector crisis in China will reduce the growth of emerging markets and developing economies by 0.1 percentage points in 2024, from 4.1 percent in 2022 to 4.0 percent in 2023 and 2024. Predictions for medium-term global development are at their lowest level in decades, at 3.1%, and it is unlikely that nations will be able to catch up in terms of improved living standards. Forecasted global inflation rates for 2022, 2023, and 2024 are 8.7 percent, 6.9 percent, and 5.8 percent, respectively. However, forecasts for 2023 and 2024 have been raised by 0.1 and 0.6 percentage points, respectively, and inflation is not expected to return to target until 2025 in most cases.

Bangladesh Economic Outlook

After the COVID-19 epidemic, Bangladesh recovered to 7.1 percent real GDP growth in FY22. The epidemic was contained, foreign and domestic demand increased, and government policies supported the recovery. In FY23, real GDP growth is projected to slow down to 5.2%. This is because of higher inflation, a lack of income, energy deficits, and slower growth around the world. As a result of the devaluation of the taka and the increase in the prices of commodities, in the first eight months of fiscal year 23, inflation increased to 8.7%, which was 6.1% in the fiscal year 22. Monetary policy was made less flexible at the end of FY22 and the beginning of FY23. Refinancing plans helped private sector credit grow in FY22 and the beginning of FY23. The Bangladesh Bank (BB) sold dollars, and negative real deposit rates caused deposits to grow less quickly. In FY22 and FY23, external sector pressure caused a large balance of payments (BoP) deficit in the current and finance accounts. The current account deficit increased to 4% of GDP in FY22 because imports went up by 35.5% and government remittances went down by 15.1%. In the first half of FY23, the trade deficit was lessened by limits on imports, small drops in prices, and strong growth in exports. But trade credit shrank sharply, and short-, medium-, and long-term loans also went down. This led to a loss in the financial account and the balance of payments. BB’s actions on the foreign exchange market to support the taka also led to a drop in foreign exchange holdings. Inflation, tighter financial conditions, trade limits that cause problems, and volatility in the world economy would slow real GDP growth to 5.2% in FY23. As foreign conditions get better, price pressure eases, and reforms are put into action more quickly, growth should pick up in FY24 and hit 6.5 percent in the middle run. To speed up growth in the long run, fundamental changes need to be made. To become an upper middle-income country by 2031, Bangladesh needs to create jobs by making it easier for businesses to compete, expanding its exports, improving its human capital, building better infrastructure, expanding its financial sector, and making policies that encourage private investment.

Source: *Bangladesh Development Update: The World Bank, April 2023*

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 Government of Bangladesh has developed a comprehensive power-generating strategy. During FY 2022-23 (up to January 2023), the total installed electricity generation capacity stood at 26,700 MW including captive and renewable energy. In March 2022, the government declared that all citizens had access to electricity.

Presently, Power generation has increased to 609 kWh per capita. Electricity distribution lines and the consumers of electricity have reached 6.29 lakh km and 4.45 crore respectively. As the years progressed, system loss for transmission and distribution decreased to 9.30 percent till December of FY 2022-23 which was 14.73 percent in FY 2010-11. Following Vision 2041, the government aims to establish a power generation capacity of 40,000 MW by 2030 and 60,000 MW by 2041 (PSMP).

POWER GENERATION AND FUEL MIX

Grid-based installed capacity is 23,482 MW including 10,246 MW in the Public Sector, 1,861 MW in JV, 10,215 MW in the Private Sector, and 1,160 MW of power imported from India as of January 2023.

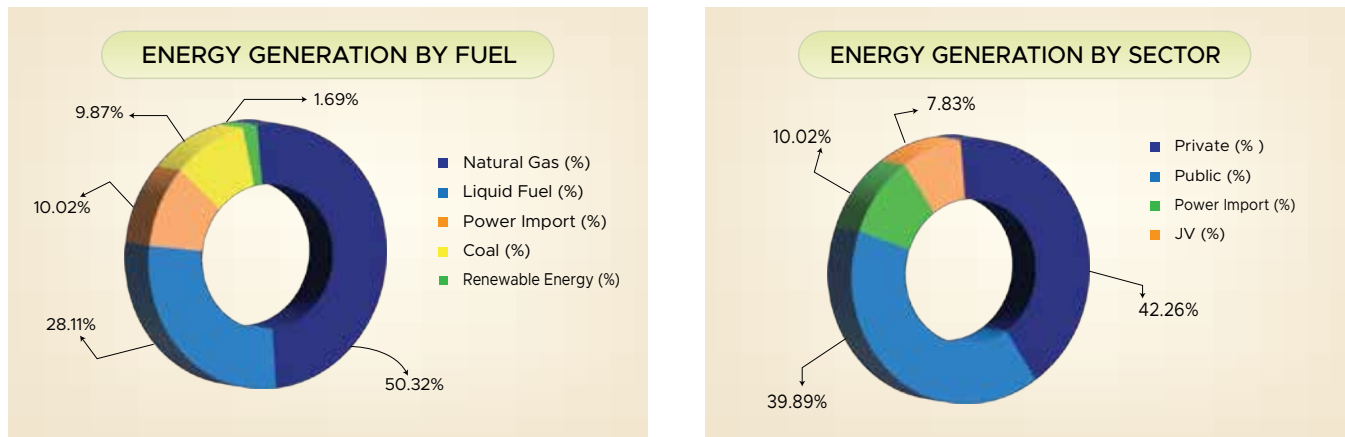
The grid-based generation for FY 22-23 50.32 percent was gas-based, 9.87 percent was coal-based, 28.11 percent was liquid fuel-based, 10.02 percent was imported electricity and 1.69 percent was renewable. Fuel-wise and sector-wise net energy generation in FY 2022-23 (up to December 2022) is provided below.

Table: Energy Generation by Fuel and Sector

Energy Generation (National) by Fuel		Energy Generation (National) by Sector	
Natural Gas	50.32%	Private	42.26%
Liquid Fuel	28.11%	Public	39.89%
Power Import	10.02%	Power Import	10.02%
Coal	9.87%	JV	7.83%
Renewable Energy	1.69%		
Total Net Generation: 44,633 million kWh		Total Net Generation: 44,633 million kWh	

Source: Bangladesh Economic Review 2023

Figure: Energy Generation by Fuel and Sector



Source: Bangladesh Economic Review 2023

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 because 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 the number of plants has reduced in case of Coal and Gas-based generation the mix remains predominant.

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RENEWABLE ENERGY

Renewable Energy (RE) power generation is on the rise. Solar-based generation capacity currently stands at 459 MW, compared to nearly none in 2009. An 'Energy Efficiency and Conservation Master Plan up to 2030' was established by SREDA that works according to the plan to achieve the goal. The Master Plan has set a target of improving 20 percent energy intensity by 2030 with respect to FY 2013-14. Bangladesh Rural Electrification Board has installed 5,717 solar home systems in off-grid areas, the number of rooftop solar home systems installed at the customer end in grid areas is 96,389; with a peak capacity of about 18.57 MWp, 40 solar irrigation pumps (0.237 MWp) and 14 solar charging stations (0.303 MWp) have been installed. Multiple other funded projects aided in providing agricultural irrigation through solar-powered pumps. Through these projects, 2,000 solar irrigation pumps will be installed within the project period (2024). As of January 2023, 190 solar irrigation pumps have been installed out of 2,000 solar irrigation pumps, with a maximum peak capacity of 1.67 MWp. Wind energy has seen significant development, as reported by the Financial Express, when the country's first large-scale centralized wind power project with 60 MW capacity at Cox's Bazar attained commercial operation in October 2023.

TRANSMISSION AND DISTRIBUTION

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. In the past year (February 2022-January 2023), a total of 1,334 ckt. km transmission lines and 7 nos. of grid substations of 2,769 MVA capacity have been newly added to the national grid at different voltage levels.

The 400 KV double circuit transmission lines between Gopalganj and Aminbazar have aided two of the largest coal-based power plants to distribute electricity into Dhaka's load center along with nearby areas that are dense with factories. Bogura and Rohanpur 400/230 KV double circuit transmission line and grid substation has reduced operations of fuel-based power plants around Rajshahi and Rangpur as a result the cost of electricity reduces nationwide. In addition to significant fall in system loss, most low-voltage issues in the nearby areas have been resolved. For the electrical evacuation of the Rooppur nuclear power station, six 400 KV and 230 KV transmission lines are being built.

The aim is to increase the Transmission Line from 14,456 Ckt. km to 27,300 Ckt. km by 2030 and 34,850 Ckt. km by 2041. Similarly, the target to increase Grid Substation Capacity is 120,000 MVA by 2030 and 261,000 MVA by 2041 from current capacity of 58,076 MVA.



ENERGY SECTOR (OIL, GAS AND MINERAL RESOURCES)

Natural gas contributes to a significant portion of the demand. 20 of the 28 gas fields those have been found 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 fulfill 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.

The gas demand in the Power sector is increasing with the steady industrialization in the country. According to Gas Sector Master Plan Bangladesh 2017 (Scenario C), total Gas demand is expected to rise up to 4,787 mmcf in FY 2022-23, 4,931 mmcf in FY 2023-24, 5,079 mmcf in FY 2024-25 and 5,257 mmcf in FY 2025-26. Gas demand in the industrial sector is considered to become 1,169 mmcf in FY 2022-23 and 1,575 mmcf in FY 2025-26. Moreover, demand for gas in the Commercial and Tea sectors is considered to become 38 mmcf in FY 2022-23 and is expected to remain the same up to FY 2025-26.

To mitigate the demand-supply gap and ensure fuel supply security, the government has taken a plan for importing liquefied natural gas (LNG). Two Floating Storage and Regasification Units (FSRU) are installed in the deep sea near Moheshkhali, Cox's Bazar having a storage capacity of 1,38,000 m3 LNG and regasification capacity of 500 MMSCFD each. The FSRU(s) were commissioned in August 2018 and April 2019 respectively. To import LNG on a long-term basis, Petrobangla signed two separate LNG Sale and Purchase Agreement (SPA) with Ras Laffan Liquefied Natural Gas Company Limited of Qatar and Oman Trading International of Oman respectively in 2017 and 2018.

Electricity generation from gas/R-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. The following table shows power sector development and the future plan of the government up to 2041.

Table: Power Sector Generation Future plan

SL	Description	Year 2023 (Feb'23)	Year 2030	Year 2041
1	Installed Capacity (MW)	26,700*	40,000	60,000
2	Electricity Demand (MW)	15,500	33,000	52,000
3	Transmission Line (Ckt. KM)	14,546	27,300	34,850
4	Grid Substation Capacity (MVA)	58,076	120,000	261,000
5	Distribution Line (KM)	629,000	660,000	783,000
6	Per Capita Power Generation (kwh)	609	815	1,475
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. The only 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 is to make available the ever-increasing 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 625 in June 2022 to 653 in June 2023. Total Market Capitalization of all listed securities increased from Tk. 5,16,4707 million in June 2022, to Tk. 7,720,780.40 million in June 2023. DSE Broad Index has decreased from 6,376.94 points in June 2022 to 6,344.09 points in June 2023. The

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ratio of market capitalization to GDP (at the current market price) stood at 19.28 percent at the end of June 2023. Average Turnover for the year 2023 as a whole was Taka 8,155.60 million.

During the year, the highest value of UPGDCL share price was Taka 255 and the lowest price was Taka 228.70. **The company's market capitalization as of 30 June, 2023 stood at BDT 135474.785 million representing 1.75% of the DSE's total Equity Market Capitalization.**

FINANCIAL PERFORMANCE YEAR 2022-23

Consolidated financial performance: reflection of new acquisitions

The consolidated revenue for the year was BDT 41,309.11 million, 16% lower than the consolidated revenue of the previous year. Consolidated revenue declined as a result of the decrease in both power generation and the price of HFO. Government policies pertaining to the supply of gas additionally had a direct impact on the company's production.

The annual consolidated gross profit experienced a decrease of BDT 1,702.85 million. Furthermore, upon deducting financing costs, the net profit after tax amounted to BDT 8,242.30, reflecting a reduction of Tk 1,912.99 million compared to the previous year.

A summary of the "consolidated" financial performance of the company is presented below –

Figure: *mIn BDT*

	30 June 2023	30 June 2022
Revenue	41,309.11	49,435.16
Cost of sales	(30,656.19)	(37,079.39)
Gross profit	10,652.92	12,355.77
General and administrative expenses	(443.81)	(98.73)
Other income/(Expenses)	154.69	95.13
Operating profit	10,363.80	12,352.17
Finance income	555.41	826.96
Foreign exchange gain/(loss)	(1,468.39)	(2,511.09)
Finance expense	(1,204.42)	(510.73)
Profit before tax	8,246.40	10,157.32
Income tax (expense)/income	(4.09)	(2.02)
Profit for the period	8,242.30	10,155.30
Other comprehensive income	-	
Total comprehensive income	8,242.30	10,155.30

Total assets at the consolidated level for UPGDCL was BDT 81,187.55 million. Shareholders' equity was BDT 31,352.82 million, a reduction of 1,844.85 million over last year. Moreover, long-term Liabilities went down by Taka 1,750.12 million as a result of decreasing the amount of preference shares and long-term loans. During the year Cash received from customers increased by BDT 17,470.70 million. As a result, Consolidated cash flows at the operating activities stood at Taka 11,247.81 million which was 10,154.72 million higher than the last year. In addition, Consolidated EPS decreased incurring a significant amount of exchange loss in foreign currency transactions incurred by subsidiary companies for the volatile foreign exchange situation, brought about by the sharp devaluation of the taka against the dollar. Banks have also raised the interest rate on the back of stubbornly high inflation compared to the same period last year.

Consolidated Financial highlights for the year 2022-23 are presented below –

Financial result	July 22 - June 23	July 21 - June 22
Earnings per share (EPS)	13.83	17.21
Net Operating cash flow per share (NOCFs)	19.40	1.89
Net asset value per share	53.22	56.38
GP Ratio	25.8%	24.9%
NP Ratio	20%	20.5%

Financial Performance: core entity

Operating Revenue for the year was BDT 5,596.54 million. It represented a straight reduction of 17.52 percent compared to the last year. As a result of the Government gas allocation policy, the production (power generation) of the company decreased by 18.66%. On the other hand, Steam sales for the company experienced healthy growth of 140.39% during this financial year.

Operating expenses increased by 66% in volume. Fuel & energy cost was BDT 2,668.92 million, 92% percent higher than last year. In addition, O&M expenses also increased by 30 percent as a result of major Maintenance works.

As a consequence of the above facts, Gross profit reached 1,744.28 million which was 61% lower than the last year.

Other operating income increased by BDT 5,380.01 million, representing a significant improvement of 89% compared to the previous year. Which is mainly because of dividends received from subsidiary companies amounting to BDT 11,261.25 million. As a consequence, there was an 18.47 percent increase in the yearly net profit.

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

Figure: *mIn BDT*

	July 22 - June 23	July 21 - June 22
Revenue	5,596.54	6,784.99
Cost of sales	(3,852.27)	(2,318.90)
Gross profit	1,744.28	4,466.09
Other operating income	11,415.50	6,035.49
General and administrative expenses	(359.96)	(62.41)
Operating profit	12,799.82	10,439.17
Finance income	540.85	821.93
Finance charge	(1.69)	(1.76)
Profit before tax	13,338.98	11,259.348
Income tax expenses	-	-
Profit after tax	13,338.98	11,259.35

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Financial highlights for the year 2022-23 are presented below – **core entity**

	2022-23	2021-22
Earnings per share (EPS) from core business	3.58	9.18
Earnings per share (EPS) after dividend income from subsidiaries	23.01	19.42
Net Asset Value (NAV) per share	58.47	52.46
Net Operating cash flow per share (NOCFS)	3.65	7.93
Gross Profit (GP) Ratio	31%	66%
Net Profit (NP) Ratio from core business income	37%	78%

BUSINESS ACTIVITIES & OPERATING PERFORMANCE

UPGDCL, the front-runner in the private sector power operators in Bangladesh, remained “single-mindedly” focused on 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 global socio-economic uncertainty and volatility.

The current overall generating capacity of UPGDCL is 6,336,000 megawatts (MWh). Actual production for the reporting year was 2,740,356 megawatt-hours (MWh), 1,050,341 megawatt-hours (MWh) less than the previous year. In addition, capacity utilization for 2023 was 43% compared to 60% for the previous year.

Generation capacity of UPGDCL

Plant Name	Install capacity
	(MWH)
DEPZ	656,000
CEPZ	576,000
UEL	224,000
UAEL	1,560,000
UAnPL	2,400,000
UJPL	920,000

Actual Production (MWH)		
	July 22 - June 23	July 21 - June 22
DEPZ	303,725	473,878
CEPZ	417,449	517,737
UEL	95,509	177,474
UAEL	368,711	268,543
UAnPL	1,040,743	1,715,204
UJPL	514,218	637,860

Capacity Utilization of UPGDCL

Plant Name	July 22 - June 23	July 21 - June 22
DEPZ	46%	72%
CEPZ	72%	90%
UEL	43%	79%
UAEL	24%	17%
UAnPL	43%	71%
UJPL	56%	69%
	43%	60%

Segment-wise or product-wise performance: Consolidated

Consolidated Revenue for the year was Taka 41,309.11 million generated out of the electricity sale, mostly, from the plants including the subsidiaries. In the sales mix, electricity sales of all power plants declined except UAEL. However, Steam sales for the company experienced healthy growth during this financial year as a result of adding new customers.

Product-wise performance:

	July 22 - June 23	July 21 - June 22	Growth
Electricity sales	41,192.20	49,386.53	-17%
Steam sales	116.90	48.63	140%
Total	41,309.11	49,435.16	

Plant-wise performance:

	UPGDCL	UEL	UAEL	UJPL	UAnPL
Revenue mIn TK	5,596.54	437.66	4,608.66	10,217.77	20,448.47
Proportion to Total Revenue	13.55%	1.06%	11.16%	24.73%	49.50%
Electricity generated MWH	721,174	95,509	368,711	514,218	1,040,743
Proportion to Total Generation	26%	3%	13%	19%	38%

Customer-wise performance:

Customers- Electricity	2022-23 (kWh)	2021-22 (kWh)	+/- growth
BEPZA	3,882	4,536	-14%
BPDB	36,057	43,096	-16%
BREB	214	575	-63%
Pvt customers	1,040	1,179	-12%

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.

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Segment-wise or 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 5,596.54 million from the “core” business operations. Of which, electricity supply revenue accounted for 98% of total revenue, while steam supply generated only 02%. During the year Steam supply experienced growth of 140 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	%	Steam sales in Taka million	%	Revenue in Taka million	%
DEPZ plant	303,725	42%	41.41	35%	2,564.49	47%
CEPZ plant	417,449	58%	75.49	65%	2,915.14	53%
TOTAL	721,174		116.90		5,479.63	

Product-wise or product-wise performance of the core business

Customers- Electricity	2022-23	2021-22	+/- growth
	Taka million	Taka million	
BEPZA-DEPZ	1,491	1,862	-19.94%
REB	122	398	-69.46%
BEPZA-CEPZ	2,391	2,674	-6.58%
BPDB	460	644	-28.50%
KEPZ	497	646	-23.09%
Private customer	1,016	1,159	-12.33%
Total	5,977	7,383	

Customers- Steam	2022-23	2021-22	+/- growth
	Taka million	Taka million	
Gunze United Ltd	28	34	-17.69%
Global Labels (Bangladesh) Ltd	5	5	8.22%
Croydon-Kowloon Designs Ltd	4	6	-30.85%
Talisman Ltd	4	2	146.44%
Sewtech Fashions Limited	7	2	226.21%
Universal Jeans Limited	65	-	100.00%
Pacific Jeans Ltd.	4	-	100.00%

Business Risk Management: Business Risk Management is separately reported on page No - 111 of this Annual Report.

Environment, Social and Governance: Environment, Social and Governance is separately reported on page No - 85 of 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 “extraordinary” gain or loss in the financial statements. Accordingly, no “extraordinary” 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 in the normal course of business. Details of related parties and related party transactions have been disclosed following the compliance requirements under IAS 24: “Related party disclosures” in the relevant notes to the Financial Statements. Moreover, in compliance with requirements of the BSEC Notification, no BSEC/CMRRCD/2009-193/10/Admin/118 dated March 22, 2021, 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

Net profit has decreased in the 4th quarter from the 3rd quarter due to a reduction in production and a significant amount of exchange loss in foreign currency transactions incurred by subsidiary companies for the volatile foreign exchange situation, brought about by the sharp devaluation of the taka against the dollar. Banks have also raised the interest rate on the back of stubbornly high inflation compared to the same period last year.

The variance between Quarterly Financial Statements

Fig in *mIn BDT*

Quarter	Consolidated Net Profit
1 st	2,963.52
2 nd	2,895.86
3 rd	2,548.01
4 th	(165.09)

Quarter	% of Quarterly Profit on Total Profit
1 st	35.96%
2 nd	35.13%
3 rd	30.91%
4 th	-2.00%

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Fig in mln BDT

	July - September (Q1)			October - December (Q2)			January - March (Q3)			April - June (Q4)		
	2022	2021	%	2022	2021	%	2023	2022	%	2023	2022	%
Revenue	12,063.72	8,594.08	40.37%	10,411.13	12,197.89	-14.65%	8,606.87	12,440.98	-30.82%	10,227.37	16,202.19	-36.88%
Cost of Sales	(9,147.11)	(5,731.69)	59.59%	(7,130.79)	(8,418.54)	-15.30%	(5,346.29)	(9,185.39)	-41.80%	(9,031.98)	(15,933.65)	-43.32%
Gross Profit	2,916.60	2,862.39	1.89%	3,280.34	3,779.34	-13.20%	3,260.58	3,255.58	0.15%	1,195.39	268.53	345.15%
Net Profit	2,963.52	2,961.51	0.07%	2,895.86	4,029.33	-28.13%	2,548.01	3,238.05	-21.31%	(165.09)	(73.61)	124.28%
EPS-basic	5.00	5.00	0.09%	4.84	6.84	-29.22%	4.28	5.50	-22.11%	(0.30)	(0.13)	128.27%
NOCFPS	0.89	(0.87)	-201.92%	8.70	(8.35)	(2.04)	3.48	17.88	-80.52%	6.33	(6.77)	-193.49%
NAV per share	53.22	61.17	-13.00%	49.23	51.02	(0.04)	53.51	56.52	-5.32%	53.22	56.38	-5.61%

Variance between Annual Financial Statements

Fig in mln BDT

	2023	2022	(%)
Revenue	41,309.11	49,435.16	16.44
Cost of Sales	(30,656.18)	(37,079.38)	17.32
Gross Profit	10,652.92	12,355.77	13.78
Net Profit	8,242.30	10,155.29	18.84

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 BDT 26,005,500.

Directors' Responsibilities and Reporting Framework

The Board of Directors is 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 with 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 2022-23 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 2022-23;
- 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 2022-23, a total of 5 (five) Board of Directors 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. The shareholding pattern of the company as on 30th June, 2023 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 2022-23 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 M/S Poddar & Associates, Cost & Management Accountants are presented in the Annual Report.

Minority Interest

Minority Shareholders comprise 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 the 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 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.

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PROFIT APPROPRIATION

The Board of Directors of UPGDCL take pleasure in reporting the financial results of the company for the year ended 30th June 2023 and recommended the appropriation of available profits as below:

	Taka in million
Profit available for distribution	26,051.18
Appropriations	
Proposed final cash dividend	4,637.56
Transferred to Retained earnings	21,413.62

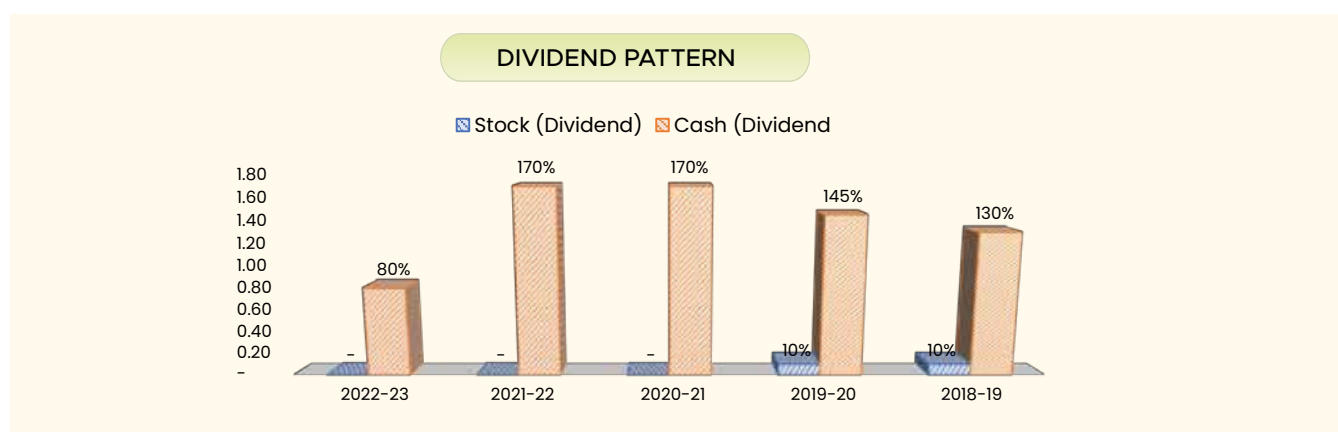
DIVIDEND

The Board of Directors of the company in its 107th meeting held on October 26, 2023 recommended **Cash Dividend @ 80% per share** of Taka 10/- each being the final dividend for the year ended 30th June, 2023. Total involvement for the proposed Dividend shall be Taka 4,637,562,160 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. 16th November 2023, shall be eligible to receive the recommended Dividend subject to approval by the Shareholders' in the 16th Annual General Meeting scheduled on 14th December 2023.

DIVIDEND PATTERN

DIVIDEND PATTERN					
	2022-23	2021-22	2020-21	2019-20	2018-19
Stock (Dividend)		-	-	10%	10%
Cash (Dividend)	80%	170%	170%	145%	130%



Declaration of Status of Un-claimed Dividend

As of 30 June 2023, the unclaimed dividends stood at BDT 1,29,43,407.80. In compliance with BSEC directive no. BSEC/CMRRCD/2021-386/03, dated 14 January 2021 and BSEC CMSF rule 2021, on June 25, 2023, the Company had deposited BDT 36,702,36.52 to the Capital Market Stabilization Fund (CMSF).

Further, in total BDT 1,47,38,290.52 had been deposited to the CMSF, in which unclaimed dividends were BDT 92,24,335.52 and Share application money BDT 55,13,955. The detail of the present unclaimed dividend is as follows:

Year	Un-Claimed Amount (BDT)
2019-20	39,14,680
2020-21	54,06,305
2021-22	36,23,136
Total Un-claimed Dividend	1,29,44,121

Details of “Share Application Money” & “Un-claimed Dividend” have been provided/up-loaded on the Company website.

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 16th AGM of the company and being eligible have been recommended to be elected /re-elected:

1	General Md. Abdul Mubeen
2	Malik Talha Ismail Bari
3	Nizamuddin Hasan Rashid
4	Kutubuddin Akhter Rashid
5	Sharfuddin Akhter Rashid

Brief profiles of the Directors being recommended for election/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 24, which is going to be placed at the 16th AGM on December 14, 2023 for approval.

In compliance with the BSEC Corporate Governance Code, the Board appointed M/S Podder & Associates, a professional accounting firm as Corporate Governance Compliance Auditor of the company for the year 2023-24, and the said re-appointment will be approved at the 16th AGM.

Human Resource Management

Efficient manpower is the prerequisite for an organization’s development. Thus the Board always emphasised on the employment of qualified and skilled manpower for the right post in the company. 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 conditions 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, 56 training sessions and drills have been conducted in the reporting year. 24 training sessions were held at the DEPZ plant and 32 training sessions and drills were held at the CEPZ plant. These training equipped the plant personnel with technical and organizational skills.

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Similar training sessions were also conducted at other UPGDCL-owned power companies. A total of 154 training sessions and drills were conducted, including 26 at the UAEL plant, 33 at the UEL plant, 55 at the UJPL plant, and 40 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.

Events after the reporting period

The board approved (102nd meeting held on 24 August 2022) the amalgamation scheme of UPGDCL with UAnPL a 300 MW HFO-based power plant at Anwara, UJPL a 115 MW HFO-based power plant at Jamalpur and UEL 28 MW gas based Power Plant at Sylhet and 53 MW gas-based power plant at Ashuganj. Following this the Company made an application to the High Court division of the Honourable Supreme Court regarding the approval of the scheme of amalgamation. The Court admitted the application and passed an order on 1 September 2022 for further compliance. The Company submitted the compliance on 15 January 2023 to the Honourable Court. The Honourable High Court by its Judgement and Order dated 05.06.2023 approved the amalgamation Scheme. By a subsequent Order dated 01.08.2023, the Honourable High Court determined 1 July 2023 as the "Appointment Date" under the scheme.

Corporate Governance in UPGDCL

The 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 of 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

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

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 for anybody who is financially capable in 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.

ACKNOWLEDGMENT:

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 the 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 teamwork 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

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