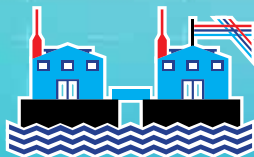


# ANNUAL REPORT

2016 - 2017



**Khulna Power Company Ltd.**



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# Corporate Information

## Board of Directors

### Chairman

Hasan Mahmood Raja

### Managing Director

Md. Abdur Rahim

### Director

Muhammed Aziz Khan

Ahmed Ismail Hossain

K. M. Ahsan Shamim

Latif Khan

Muhammad Farid Khan

Jafer Ummeed Khan

Faridur Rahman Khan

Akhter Mahmud Rana

Abul Kalam Azad

Faisal Karim Khan

Moinuddin Hasan Rashid

A. N. M. Tariqur Rashid

Lt Gen (Retd) Abdul Wadud

### Independent Director

Syed Fazlul Haque, FCA

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

Karishma Jahan

Professor Mohammad Musa, PhD.

### Audit Committee

Syed Fazlul Haque, FCA, Chairman

Abul Kalam Azad, Member

Professor Mohammad Musa, PhD., Member

### Chief Financial Officer & Company Secretary

Md. Shoharab Ali Khan, FCMA

### Head of Internal Audit

H. M. Nuruzzaman Miah

# Power Plants

Khulna Power Company Ltd.

## 1. Khulna Power Company Ltd.

### KPCL 110 MW Barge Mounted Plant (KPCL-I)

Goalpara, Khalishpur, Daulatpur, Khulna-9202

Phone : +88-041 763556-8

Fax : +88-041 760227

## 2. KPC Unit II 115 MW Plant (KPCL-II)

Extended premises of KPCL, Goalpara, Khalishpur, Khulna.

Phone : +88-041 763556-8

Fax : +88-041 760227

## 3. KPC Noapara 40 MW Plant (KPCL-III)

Noapara, Avaynagar, Jessore

Phone : +88-04222 72354

### Registered Office

Landmark (3rd floor), 12-14 Gulshan North C/A, Gulshan-2,  
Dhaka 1212, Bangladesh

Tel : +88-02 58810932, 58810892, 58810868, 9844217

Fax : +88-02 984 3989

Email : [kpcl@khulnapower.com](mailto:kpcl@khulnapower.com)

Web : [www.khulnapower.com](http://www.khulnapower.com)



### Statutory Auditors

Rahman Rahman Huq

Chartered Accountants

9 & 5 Mohakhali C/A, Dhaka 1212

### Corporate Governance

#### Compliance Auditor

Podder & Associates

Cost and Management Accountants

### Legal Adviser

Md. Sameer Sattar

Barrister, Lincoln's Inn

Sattar & Co.

Unit-A3, House-14, Road-13/G

Block-E, Banani, Dhaka-1213

### Main Bankers

Standard Chartered Bank

Citibank, N.A.

BRAC Bank Limited

Bank Alfalah Limited

# Company Information

## Background

In 1997 the Bangladesh Power Development Board (BPDB) was faced with the challenge to ease a critically short power supply in the South Western Zone of Bangladesh. The electrical demand had been consistently higher than available capacity, and generation costs in the area had been very high due to the low efficiency of existing equipment and the heavy use of expensive, low-availability fuel. Bangladesh Power Development Board (BPDB) thus signed a Power Purchase Agreement (PPA) in 1997 with Khulna Power Company Ltd. (KPCL) to set up a power plant at Khulna to alleviate the severe power crisis as a fast-track solution.

## Formation of Khulna Power Company Ltd.

Khulna Power Company Ltd. (KPCL) is the first Independent Power Producer (IPP) in the country, established under the Private Sector Power Generation Policy of Bangladesh. KPCL was incorporated on October 15, 1997 as a private limited company. On July 19, 2009 the company was converted into a public limited company. KPCL was formed with a paid up capital of BDT 2,085.93 million (US\$ 44.10 million) and the initial project cost was US\$ 96.07 million. KPCL commenced its full commercial operation on October 13, 1998 and since then, it has been supplying uninterrupted reliable power to the national grid. The formation of KPCL Project was initially sponsored by Summit Group and United Group along with their foreign partner El Paso Corporation (El Paso), USA, one of the world's largest and most diversified natural gas exploration and pipeline companies and Wärtsilä Corporation (Wärtsilä), Finland, a leading power plant manufacturer of the world. In 2008, El Paso, as part of its global repositioning strategy disposed of its shares in KPCL to Summit Group and United Group. Later in 2009 Wärtsilä's share was also acquired by Summit and United. Khulna Power Company Ltd. had two subsidiary companies named as: i) Khulna Power Company Unit II Ltd.; and ii) Khanjahan Ali Power Company Ltd. Both the subsidiaries subsequently merged with Khulna Power Company Ltd. with the sanction of the Honorable High Court Division of Supreme Court of Bangladesh.



## KPC Unit II 115 MW Plant (KPCL-II)

KPC Unit II 115 MW Plant (Formerly “Khulna Power Company Unit II Ltd.”) was formed on June 22, 2010 for setting up of 115 MW power plant under a contract with Bangladesh Power Development Board (BPDB) signed on June 23, 2010 for supplying electricity on rental basis initially for 5 years, which has been extended for another 5 years with effect from 01 June 2016. The plant is located at the extended premises of the KPCL plant at Khulna. The plant achieved Commercial Operation Date (COD) on June 1, 2011 and since then it has been supplying electricity to the national grid.

## KPC 40 MW Noapara Plant (KPCL III)

KPC 40 MW Noapara Plant (Formerly “Khanjahan Ali Power Company Ltd.”) was formed on July 19, 2010 for setting up of 40 MW power plant under a contract with Bangladesh Power Development Board (BPDB) signed on July 25, 2010 for supplying electricity on rental basis initially for 5 years, which has been extended for another 5 years with effect from 29 May 2016. The plant is located at Noapara, Jessore. The plant achieved Commercial Operation Date (COD) on May 29, 2011 and since then it has been supplying electricity to the national grid.





## Amalgamation of Khanjahan Ali Power Company Ltd. & Khulna Power Company Unit II Ltd. with Khulna Power Company Ltd. (KPCL)

Khanjahan Ali Power Company Ltd. and Khulna Power Company Unit II Ltd. ("Transferor Companies") and Khulna Power Company Ltd. ("Transferee Company") are under common management since incorporation. In order to enable effective management and diversified control of operations as well as to achieve greater financial strength and flexibility in the interests of maximizing overall shareholder value shareholders of the Transferee Company and the Transferor Companies have proposed to restructure, amongst others, assets by way of amalgamation. Further, the amalgamation would help the Companies to create an opportunity for better management of the assets.

On 22 March 2015, the high court division of Honorable Supreme Court of Bangladesh issued an order giving effect to our scheme of amalgamation under company matter no.322 of 2014. The high court ordered that under the amalgamation scheme, the entire undertaking of Khulna Power Company Unit II Ltd. and Khanjahan Ali Power Company Ltd. (the transferor companies) as going concerns will be transferred to and vested in the Khulna Power Company Ltd. (the transferee company) with an effective date of 30 September 2014. In the said Judgment, the Hon'ble High Court took particular interest on the transfer and vesting part of the Scheme as appearing at page 8 of the Judgment which runs as follows:

"All the licenses, permits, quotas, approvals, permissions, incentives, loans, subsidies, concessions, grants, rights, claims, leases, tenancies, exemptions from income tax or other taxes, benefits, rights and privileges and right to extension under the Contract for Supply of Electricity on Rental Basis for 5 years being Contract No. 09751 dated 23.6.2010 and Contract No. 09766 dated 25.7.2010 ("the Power Purchase Agreements") and any amendment thereof between respective Transferor Companies with the Power Development Board and other benefits and privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued, which may accrue to the Transferor Companies shall, pursuant to the provisions of Section 229(2) of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and available to the Transferee Company so as to become as and from Appointed Date 30.9.2014."

## Operation & maintenance (O&M) of KPCL plants (KPCL-I, KPCL-II and KPCL-III)

The three plants of KPCL i.e. KPCL 110 MW barge mounted plant (KPCL-I), KPC Unit II 115 MW plant (KPCL-II) and KPC 40 MW Noapara plant (KPCL-III) were being operated and maintained by Khulna Power Operations & Services Ltd. (KPOSL), a specialised company in power plant operation and maintenance. A team of highly skilled professionals are engaged in the operations of the plant. The operational process has been developed and managed by the expert team. For any technical issue, the equipment manufacturer extends their support as and when needed. The management team at plant level is also professional and possesses requisite expertise to run the operations.

## KPCL 110 MW Barge Mounted Plant (KPCL-I)

### Location:

Goalpara, Khalishpur, Khulna

### Capacity:

110 MW Barge mounted power plant

### Description of Barges:

Two floating barges named Tiger I and Tiger – III. Nine generating units are mounted on one barge and ten on the other. The barges shipped as deck cargo on submersible dry tow ship, are moored in a closed basin. Each barge is approximately 91 metres long and 24 metres wide.

### Generating Plant:

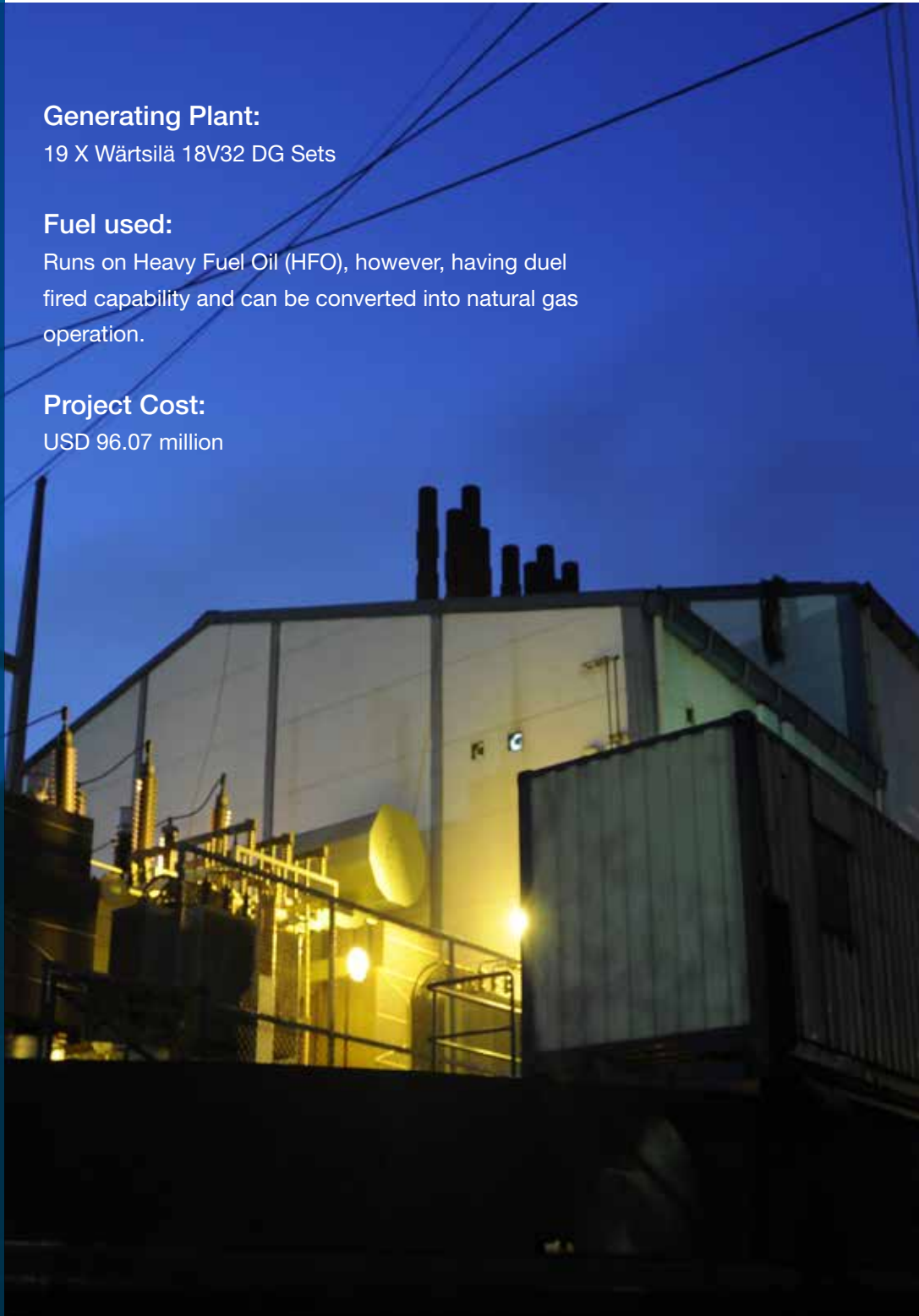
19 X Wärtsilä 18V32 DG Sets

### Fuel used:

Runs on Heavy Fuel Oil (HFO), however, having dual fired capability and can be converted into natural gas operation.

### Project Cost:

USD 96.07 million



Plant Management



Plant Management and Officials

## KPC Unit II 115 MW Plant (KPCL-II)

**Location:**

Extended premises of KPCL plant, Goalpara, Khalishpur, Khulna

**Capacity:**

Land based 115 MW power plant

**Generating Plant:**

7 X Wärtsilä 18V46 DG Sets

**Fuel used:**

Heavy Fuel Oil (HFO)

**Project Cost:**

USD 75 million





## KPC 40 MW Noapara Plant (KPCL-III)

- **Location:**  
Noapara, Jessore
- **Capacity:**  
Land based 40 MW power plant
- **Generating Plant:**  
5 X Wärtsilä 20V32 DG Sets
- **Fuel used:**  
Heavy Fuel Oil (HFO)
- **Project cost:**  
USD 25 million





## The Shareholders

United Energy Ltd. (UEL) own 35.2823%, Summit Corporation Limited own 17.6411%, Summit Power Limited own 17.6411% and 14 individual sponsor shareholders own 0.0237% of 361,284,709 shares of Khulna Power Company Ltd. The rest of 29.4118% shares are owned by the General Public investors.

## United Energy Ltd. (UEL)

United Energy Ltd. (UEL) owns and operates 2 natural gas fired power plants in Bangladesh having a combined installed capacity of 81 MW.

### United Energy Ltd. - Sylhet

UEL - Sylhet, formerly known as Shajahanullah Power Generation Company Ltd., is a 28 MW Natural gas fired modular reciprocating engine based power plant Kumargaon, Sylhet. The power plant houses 3 units of Rolls-Royce Norway B35:40V20AG2 engines each having a net generation capacity of 9.34 MW. The power plant was brought into operation in 2013 to cater to the increasing electricity demand of the Industrial and Commercial industries in the Sylhet area. This is the third Commercial Independent Power Plant (CIPP) under the banner of United Group, the pioneers of CIPP model based power plants in Bangladesh. UEL - Sylhet presently supplies electricity to the utility service providers in Sylhet, namely Rural Electrification Board (REB) and Bangladesh Power Development Board (BPDB).



### United Energy Ltd. - Ashuganj

UEL - Ashuganj, formerly known as United Ashuganj Power Ltd., is a 53 MW Natural gas fired modular, reciprocating engine based power plant at Ashuganj, Brahmanbaria. The power plant houses 14 units of MWM Germany TCG2032V16 engines each having a net generation capacity of 4 MW. The power plant was constructed in a record time of 120 days and was commissioned in June 2011. With an initial term of 3 years from Commercial Operations, the power plant was awarded a further 5 year renewal of the contract term upon the end of its initial contract term. UEL - Ashuganj supplies electricity to Bangladesh Power Development Board (BPDB).





## United Group Overview

United Enterprises & Co. Ltd., more commonly known as United Group is the parent concern of UEL. The Group's diverse socio-economic infrastructural development based portfolio spans power generation, real & construction, port, shipping, retail, healthcare, manufacturing and education. The total installed power generation capacity of United Group's stands at 700 MW, about 11% of the total private sector generation of Bangladesh, with another 615 MW under different stages of development in 3 distinct locations of the country. United has, since its inception in 1978, offered a number of pioneering solutions to address the nation's pressing needs. Notable achievements in the power sector includes introducing the concept of Independent Power Plants (IPP model) by establishing Khulna Power Company Ltd. (KPCL) in 1998 followed by introducing the concept of Commercial Independent Power Plants (CIPP) by establishing 2 power plants in Dhaka and Chittagong Export Processing Zones in 2 consecutive years, in Dhaka and Chittagong. The success of IPP based model needs

to no further introduction as IPP power plants are now the most replicated structure across the country. However, the CIPPs at Dhaka and Chittagong EPZs have given the nation an economic thrust by helping these 2 key EPZs, along with Karnaphuli EPZ by helping them achieve an exponential growth in year-wise investment and export of above 100% over the period of only a decade. United Power Generation & Distribution Company Ltd. (UPGDCL) owns and operates the first 2 CIPPs of United Group.

United's latest endeavor in the power sector is yet again a first-of-its-kind project in Bangladesh, United Ashuganj Energy Ltd. (UAEL), a 200 MW natural gas fired, combined cycle, modular power plant in Ashuganj. The plant is the first joint venture project between a private sector entity and the government of Bangladesh in the power sector. UAEL has earned international recognition as the Combined Cycle project of the year at the Asian Power Awards 2015 and has been dubbed as the largest gas fired flexicycle™ in Asia. It was also recognized as the Best Large Private Sector IPP at the National Power Awards in 2016.

# Summit Group of Bangladesh

The Summit Group is one of the leading private sector conglomerates of Bangladesh, comprising more than twenty business units ranging from power to shipping to communications and currently generating 1,423 MW of electricity. Summit Power Limited (SPL), a subsidiary of Summit Group is the first Bangladeshi Independent Power Producer (IPP) in Bangladesh in private sector providing power to national grid. SPL was incorporated in Bangladesh on March 30, 1997 as a Private Limited Company. On June 7, 2004, the Company was converted into Public Limited Company under the Companies Act 1994.

Today Summit Power Limited owns and operates 13 (thirteen) power plants at different locations across the country having a total capacity of 482 MW of its own. SPL plants are equipped with engines manufactured by world famous technotex companies, i.e. Wartsila – Finland, Caterpillar - USA, and GE Jenbacher, Austria. As per private sector power generation policy of Bangladesh, Summit sells electricity to the Bangladesh Power Development Board (BPDB) and Bangladesh Rural Electrification Board (BREB) only. Due to the practice of Integrated Management System (IMS) to run the day-to-day business operation, the Company has been certified by ISO 9001: 2008 - Quality Management System, ISO 14001: 2004 - Environmental Management System and OSHAS 18001: 2007 - Occupational Health and Safety Assessment System.



This fast-growing company has set a mission to expand the company with a power generation capacity to the tune of a modest 20% of the electricity requirement in Bangladesh. In the way to this mission to enlighten the nation, recently, the Company has been provided with another 149 MW HFO fired power project at Kodda, Gazipur.

Recently, three of the subsidiaries of Summit Power Limited, namely Summit Uttaranchol Power Company Limited, Summit Purbanchol Power Company Limited and Summit Narayanganj Power Limited, have been amalgamated with Summit Power Limited and formed one legal entity as Summit Power Limited to transform the merged Company as a larger player than before in the private sector power generation not only in terms of asset base, generation of higher volume of electricity with consequential increase in revenue and profit, but also in terms of optimization of shareholders' return from conducting its activities more economically, efficiently and effectively.

Due to its Management's dedication, integrity and leadership, the Company has been applauded locally and internationally by several awards at different times, i.e. – Best Fast Track Power Project Award by Asian Power Awards, International Star for Leadership in Quality Award by Business Initiative Directions (BID), Best Presented Accounts and Corporate Governance Disclosures Awards by SAFA, ICAB National Award for Best Published Accounts and Reports in Manufacturing Sector, ICMAB Best Corporate Award in Power Sector, ICSB National Award for Corporate Governance Excellence in General Manufacturing.

Summit Power Limited supports various organizations, community capacity development institutions and contributes towards many social and humanitarian causes as part of its Corporate Social Responsibilities (CSR)

including SEID Trust, Summit Professional and Amateur Cup Golf Tournament, Shilpangan Trust, PROYASH, Friendship Summit Energy Project and Siraj Khaleda Memorial Hospital in Dhaka Cantonment etc. Such activities are in favor of education, sports, underprivileged children and youth, electrification to the remote char dwellers and so on.

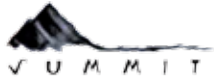
The Vision, Mission and Objectives, the Company articulates in the path of its sustainable growth, are as under:

**Vision** - To provide quality & uninterrupted electricity to the vast majority of rural Bangladesh for their personal, social & economic development.

**Mission – “Empowering Bangladesh”**  
To expand the company into a power generation capacity to the tune of about 20% of the electricity requirement of Bangladesh and maintain that level.

**Objectives –**

- Generate and provide uninterrupted reasonably priced electricity to our customers.
- Efficient utilization of capital, machineries, materials and human resources.
- Continuous improvement of customer satisfaction and resource management.



## Summit Corporation Limited

### Brief Description of Summit Corporation Limited

Summit Group is one of the reputed local conglomerates of the country having interests in independent power generation, petroleum, shipping, real estate, inland container depot, financial services and communications infrastructure. The group sponsored the first independent 110 MW barge-mounted power plant KPCL in 1998 and since then has actively invested in other power generation projects totaling 1465 MW in operation, serving a major portion of the country's power needs. The group is recognized as a major infrastructure-industry company of Bangladesh employing over 4,000 people.

Established in 1985, Summit's focus is in infrastructure development requirement and has aligned its long-term plan with the country's development requirement of the capital-intensive infrastructure. The company is highly regarded for its efficient and ethical business practices with a reputation for excellence and innovation. As a part of its business strategy, Summit continues to grow, implementing innovative and pioneering ideas to empower the infrastructure of Bangladesh.

Summit's companies are recipients of multiple awards including receiving ICAB's award for best financial reporting four years in a row. Other noteworthy accolades include the national awards for best power generation company award in 2013, best power generation project award in 2014, best power generation project award in 2015 and awards for being the best company in corporate governance. Major stakeholders include General Electric (GE), DEG, FMO, International Finance Corporation (IFC), Asian Development Bank (ADB) and Islamic Development Bank (IsDB), Standard Chartered Bank (SCB), Hong Kong Shanghai Banking Corporation (HSBC), DBS Bank of Singapore, among others.



SCL has around 1465-MW installed power generation capacity with electricity being supplied by 18 different power plants in operations utilizing various technologies and individual capacity ranging between 11-MW and 341-MW. The group has sponsored the first IPP, a 110 MW barge-mounted power plant developed by Khulna Power Company Ltd. ("KPCL"). Summit Power Limited ("SPL"), sponsored by Summit Group, is the first Bangladeshi Independent Power Producer ("IPP") in Bangladesh.

Summit Power Limited and Khulna Power Company Ltd. are publicly listed in the Dhaka and Chittagong Stock Exchanges.

Khulna Power Company Ltd.



### Summit's Experience In Power Generation

Summit has invested in and developed a vast portfolio of energy projects, which comprises of gas turbine, combined cycle gas turbine and gas engine based projects. Summit has developed, built and operates a power generation portfolio with a total installed capacity of about 1465 MW, and is working towards doubling that capacity in the next five years.

Major power entities of Summit Corporations Ltd.'s are as follows:

- Summit Power Ltd.
- Summit Bibiyana Power Company Ltd.
- Summit Meghnaghat Power Company Ltd.
- Summit Narayanganj Power Unit II Ltd.
- Summit Barisal Power Company Ltd.

## Notice of the 19<sup>th</sup> Annual General Meeting

Notice is hereby given that the 19th Annual General Meeting of the Shareholders of Khulna Power Company Ltd. will be held on Monday, the 11th day of December 2017, at Hall 4 (Naboratri), International Convention City Bashundhara, Kuril Bishwa Road, Purbachal Express Highway, Dhaka-1229 at 11.00 A.M to transact the following businesses:

### Ordinary Business:

1. To receive and adopt the Directors' report and the audited financial statements for the financial year ended 30 June 2017 together with the auditors' report thereon.
2. To declare dividend for the financial year ended 30 June 2017 as recommended by the Board of Directors.
3. To elect Directors in place of those retiring under Article 20(c) and 23(a) of the Company's Articles of Association.
4. To appoint auditors for the financial year 2017-2018 and to fix their remuneration.
5. To ratify the appointment of the Managing Director as per section 109 of the Companies Act-1994.

Dhaka, 26 November 2017.

By order of the Board



(Md. Shoharab Ali Khan FCMA)  
Company Secretary

### Notes:

1. Shareholders whose names appeared at the record date i.e. November 23, 2017 in the Share Register of the Company or in the Depository Register on that date will be eligible to attend and vote in the Annual General Meeting and to receive dividend as approved in the AGM.
2. Members entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote on his/her behalf. The proxy form must be affixed with requisite revenue stamp and must be submitted to the Registered Office of the Company not less than 48 hours before the time fixed for the Annual General Meeting.
3. Admission into the meeting venue will be allowed on production of the Attendance Slip attached with the Proxy Form.
4. Shareholders who have not updated their respective BO ID with 12 digit Electronic Taxpayer's Identification Number (e-TIN) within the record date i.e. November 23, 2017 through their Depository Participant (DP), are requested to send the same to the registered office of the company before the AGM; failing which, Income Tax at source will be deducted from cash dividend @15% instead of 10% under Sec 54(1)(b)(ii) of the Income Tax Ordinance 1984.
5. In case of non-receipt of Annual Report 2016-2017 of the Company sent through courier, members may collect the same from the Company's corporate office within 7th December 2017. Annual Report is available in investor relations section of the Company's website: [www.khulnapower.com](http://www.khulnapower.com).

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের নির্দেশনা অনুযায়ী আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/খাবার/ কোন ধরনের কুপন প্রদানের ব্যবস্থা থাকবে না।

# 18<sup>th</sup> AGM Photographs

Khulna Power Company Ltd.



# Message from the Chairman



*Dear Fellow  
Owners of  
Khulna Power  
Company Ltd.*

Assalamu Alaikum,

A very warm welcome to the Nineteenth Annual General Meeting of Khulna Power Company Ltd.

It is always a pleasant experience to meet you all during the AGM of this pioneering company of ours. As you know, your company has an electricity generation capacity of 265 MW and is contributing to bringing Bangladesh closer to meeting her electricity demands. Well, so far, we have displayed quite a healthy performance about which we can all be thankful to Almighty Allah.

Your company is the most reliable and dependable power Generation Company operating within the private sector power generation companies in Bangladesh. It follows an Integrated Management System (IMS) to maintain all its power plants, which includes – ISO 14001: 2004 - Environmental Management System (EMS), BS OHSAS 18001:2007 - Occupational Health & Safety (OH&S). It successfully passed the inspections and received the certificates of accreditation for all three standards.

The GDP growth of Bangladesh has been quite satisfactory for six consecutive years and is expected to grow at the rate of 7% in 2017 and 2018. Due to this, the liquidity in the market has been increased and the reserve is in good condition, thus leading to an expansion in the middle-income class. This momentum of GDP growth is also increasing the electricity demand in the country. It is definitely fulfilling to know that your company generated 1,153,982 MW of much demanded electricity for the people of Bangladesh.

Dear Fellow Owners, I am also pleased to update you that your company has earned a net income of Tk.1,830 million during the financial year ended on June 30, 2017. I would like to congratulate all our stakeholders and employees for the overall performance of financial year ended on June 30, 2017. Let me enlighten you with pleasure that there has also been an improvement in our gearing ratio which means that the Company has reduced its dependence on debt financing (zero), awarded as a good borrower hence attributing further profits to our ordinary shareholders. Moreover, Your Company has achieved the highest grading “AAA” rating for long term and “ST-1” rating for Short term.

We are convinced that the Company will maintain its growth momentum in revenue and, of course, profitability in

the years to come. We gratefully appreciate the continued support of our valued fellow owners and would look forward to the same in the future as well.

Finally, I would like to express my sincere thanks to the fellow Directors of KPCL for their continuous support and cooperation. The Management Team and Staff worked very hard to take the Company forward and bringing it to the point where we stand today. I would like to recognize their dedicated and steady services and convey our appreciations and thanks to all of them.

I am thankful to our customers, regulators for allowing us to serve them for a fast growing electricity sector in the country. My deepest gratitude to you, our share holding owners for investing in Khulna Power Company Ltd.

Looking forward to a better future together “Ameen”.

All the best wishes



Hasan Mahmood Raja  
Chairman

# Directors' Report

For the financial year ended 30 June 2017



Dear Shareholders,

As-salamu Alikum,

The Board of Directors of Khulna Power Company Ltd. (KPCL) welcomes you all in the 19th Annual General Meeting of the Company. We are pleased to submit before you the operational activities and audited financial statements of the Company for the financial year ended June 30, 2017.

## Domestic Economic Outlook

In the past decade, Bangladesh has undergone some major developments which includes the rapid expansion of sectors such as information technology, the garments industry, rising employment rates, women empowerment and an overall steady improvement in financial sector.

These transformative expansions which have spanned over the last decade, have enabled Bangladesh to become a 'lower-middle-income-country' instead of a 'low-income-country', due to increases in average income, standard of living, and halving poverty level.

Trade is evidently a vital factor for the well-being of the economy. The value of exports and imports together comprise of 42% of the country's GDP. The Government of Bangladesh have initiated steps to reduce barriers to trade and investment.

*The Directors' Report is prepared in compliance with Section 184 of the Companies Act 1994, Listing Rules of Dhaka & Chittagong Stock Exchange Ltd. (DSE&CSE) and Bangladesh Securities & Exchange Commission's (BSEC) notification no- SEC/CMRRC/2006-158/134/Admin/44 dated 07th August 2012.*



Additionally, it is important to highlight, that the overall development of the country, is largely dependent on its infrastructure, utility and notably, its ability to produce electricity.

Bangladesh, now has easy accessibility to the international market due to the emergence of the private power sectors along with rapidly growing public sectors of the country. In the rising phase of the private power sector of the country, importing equipment for power plants have become easier, and expert technical support has become exceedingly available. KPCL being the first IPP in the country, is well positioned to take advantage of these socio-economic developments. Experienced engineers are becoming more readily available in the job market, and more advanced technologies are becoming implementable due to the higher demand as well as enhancement in in-house capabilities. In recent years, as Bangladesh's power sector becomes all the more vibrant; local engineers, local pioneers and foreign investors are becoming more interested due to the immense opportunities that lie within Bangladesh's power sector.

In regard to the employment of the country, being a pioneer in this sector, KPCL has facilitated tremendously

by providing internships, training, and jobs to the new graduates as well as existing experts from home and abroad. The rapidly expanding power sector of the country is attracting more highly educated people. To be precise, due to the emergence of new job opportunities within the country, the expatriates, who are working in similar sectors abroad are returning home to share their expertise and elevate the local power sector of the country whilst living in the comfort of their homeland.

Bangladesh is one of the most densely populated country in the world, where any negative impact on the environment may take a disastrous toll on the country's population. It is essential for well-maintained power plants to be proactively friendly towards the environment. KPCL recognizes this whole heartedly, and is pleased to announce that we address biodiversity conservation and the eco-system preservation through an integrated management system. We are not only ISO 14001: 2004 – Environmental Management System (EMS) – certified but also, we are determined to fulfill all the requirements of the Department of Environment (DOE). Presently our ISO system is up-graded to the new 2015 version.





## Power Sector Scenario in Bangladesh

The power sector has become significantly crucial for Bangladesh in recent years, for both the Government and the Private Sector. Like the previous year, the Annual Power and Energy Week commenced at the end of October in 2016 with the new theme “Indomitable Bangladesh.” The week-long event celebrated the landmark capacity of 15,000 MW of electricity generation in the country’s power sector. With the nation’s aim to become “Digital Bangladesh” by 2021, the Power and Energy Week was important as initiatives were taken to bring in diversified power production facilities, as the country ushers into a modern and digital era.

Public Sector		Installed Generation Capacity (MW)
BPDB	4,508	29%
APSCL	1508	10%
EGCB	622	4%
NWPGCL	440	3%
RPCL	77	0%
BPDB-RPCL JV	149	1%
Subtotal	7,304	47%
Private Sector		
IPPs	3,133	20%
SIPPs (BPDB)	99	1%
SIPPs (REB)	251	2%
15 YR. Rental	169	1%
3/5 YR. Rental	1,721	11%
Power Import	600	4%
Subtotal	5,973	39%
Captive Power	2,200	14%
<b>TOTAL</b>	<b>15,477</b>	<b>100%</b>

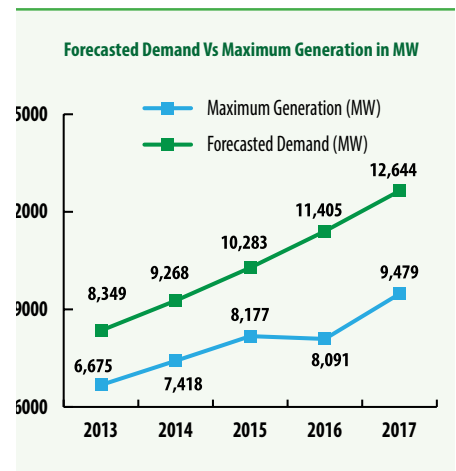
Figure: Present Installed Generation Capacity (MW) as on June, 2017  
(Source: <http://www.bpdb.gov.bd>)



With a population comprising of 163 million individuals, a little more than two-thirds of Bangladesh's population is currently being served by the electricity grid. Scrutiny of the power sector growth of the country, makes it evident that each year, a 500 MW power generation increase must be generated to meet growing demands. The Government of Bangladesh (GOB), sells electricity to its people at a subsidized rate. The amount in subsidy that the GOB is spending each year, increases, as the demand and generation of electricity increases. Thus, in order to resolve this issue, the GOB must consider price increases to match the price to the cost of electricity.

In the last two years (2015 and 2016) the power sector has made outstanding progress. During this time, 929 MW of new capacity has been added including 100 MW imported capacity from India, raising the total generation capacity to 12,356 MW. The "Yearly Maximum Generation Graph" (with sources from BPDB), shows the maximum electricity generated every year so far -

From the graph, it can be seen that there is a gradual increase in the electricity generation every year with the demand for electricity increasing, each day. Still the gap between demand and supply remains, and necessitates more and more power plants to be built. The power demand in Bangladesh, is projected to rise to 34,000 MW by 2030. The government of Bangladesh however, plans to increase its power generating capacity beyond its projected demand to 39,000 MW by 2030 in order to boost the nation's fast-growing economy. This will also include a greater domestic consumption in correlation to the population's growth and induce increases in purchase power, industrialization, additional connections and the use of modern electrical appliances.



Up until last year, the major consideration of energy source for power generation was Natural Gas, which is now being shifted to Coal and LNG, as the deposited reserve of Natural Gas remains uncertain. Therefore, the Government is now looking for Big Power Plants to be run on Coal or LNG in the near future. Although, the environmental impact of coal power plants are detrimental, the Government is considering modern treatment plants and hazard mitigation measures to venture coal into power plants. The Government has also taken visionary initiatives to supply 1000 MMCFD of Regasified LNG into the Gas Grid using 2 Floating Storage and Regasification Units (FSRU), off the coast of Maheshkhali.



## Renewable Energy

In order to ensure that the electricity being generated is done so, sustainably, it remains important for us to use environmental friendly renewable energy resources. Thus, the Government of Bangladesh is taking steps required to file in projects for the future of renewable energy. Today, Bangladesh generates 450 MW of electricity from Renewable energy sources. For instance, some of the solar projects include a 500 MW Solar Power energy project in Feni, 100 MW Solar Photo Voltaic based Grid-Connected Power Generation Plant which is also in Feni, 200 MW Solar Park in Teknaf- Chittagong, 200 MW Grid-tied Solar PV Power Plant in Latshal, 60 MW and 30 MW windmill energy project in Cox's Bazar and a 1MW garbage based power plant in Keraniganj and other areas. Currently, there are several other renewable energy development projects running in Bangladesh.

At present, Bangladesh has the largest Solar Home System project in the world. Although the electricity from Solar Home Systems, are very expensive, a brilliant model by Infrastructure Development Company Limited (IDCOL) has been implemented to facilitate approximately 20,000,000 rural-low-income people, by providing 3,500,000 solar home systems.

According to the Government of Bangladesh, the following renewable energy projects are to be implemented in the country to achieve sustainable production of electricity.

### Renewable Power Plant Projects in MW

Source	2015	2016	2017	2018	2019	2020	2021	Total
Solar	222	253	421	237	195	203	208	1,739
Wind	0	20	250	350	350	200	200	1,370
Biomass	1	16	6	6	6	6	6	47
Biogas	1	1	1	1	1	1	1	7
Hydro	0	2	2	0	0	0	0	4
Total	226	292	680	594	552	410	415	3,167

The Government of Bangladesh have taken the planning initiative and estimates. Thus, if all of the projects progress in accordance to their schedules, then by 2021 there will be a total of 3,167.8 MW generation of electricity from the expansion into renewable energy.

Last year, Transmission Lines have also been increased by hundreds of kilometers, Distribution lines too, have been increased by thousands of kilometers, to support the influx of retail customers. This year, the number of customers have crossed 30,000,000. However, BPDB recently invited private sector companies to contribute in the transmission and distribution system of power in order to improve the service quality.

## Foreign Investments

Foreign investments have increased due to the implementation of successful ventures, and global investors, teaming up with local companies to invest in opportunities in Bangladesh. At present, foreign investors are keen to invest significantly in the power plant sector. Many investors in the Bangladesh power plant sector includes Islamic Corporation for Development (ICD), OPEC Fund for International Development (OFID), and banks including Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG), Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO), and International Finance Corporation (IFC).

India and Bangladesh shares a strong bilateral economic and commercial relationship, especially in the energy and power sector. In the mid of 2015, Bangladesh signed a “Land Boundary Agreement” with India, which have strengthened the two-nation’s bond in terms of political support for improving relations, boosting trade between the two countries and India’s multibillion dollar investments in power generation infrastructure in Bangladesh.

Not only is the power sector destined to expand exponentially, but it brings to fore numerous business opportunities and advantages in the areas of power generation, distribution and transmission. For instance:

- Exemption from corporate income tax for a period of 15 years.
- Allowed to import plant and equipment and spare parts up to a maximum of ten percent (10%) of the original value of total plant and equipment within a period of twelve (12) years of commercial operation without payment of customs duties, VAT and any other surcharges as well as import permit fee except for indigenously produced equipment manufactured according to international standards.
- Repatriation of equity along with dividends allowed freely.
- Exemption from income tax for foreign lenders to such companies.
- The foreign investors will be free to enter into joint ventures but this is optional and not mandatory.



## Business Activities Including Its Operating Performance



At the Credit Rating handover ceremony Chairman of Khulna Power Company Ltd. (KPCL) received the rating documents from the Managing Director of Credit Rating Information and Services Limited (CRISL). Due to strong equity base, good return on investment, good earnings prospects, good operating performance of the investee and experienced management team of Khulna Power Company Ltd., Credit Rating Information and Services Limited (CRISL) has assigned the Long Term Rating “AAA” and Short Term Rating “ST-1” to the Company.

Khulna Power Company Ltd. (KPCL) is the first Independent Power Producer (IPP) of the country in private sector. Established under the Private Sector Power Generation Policy of Bangladesh 1996 (Revised in November 2004), has been in operation for the last 19 years. Initially KPCL started its journey to empower Bangladesh with its 110 MW barge mounted power plants. However in 2011 KPCL added another two efficient power plants – KPC Unit II 115 MW Plant (KPCL II) and KPC 40 MW Noapara Plant (KPCL III). Present total generation capacity is 265 MW. Following is a snapshot of KPCL plants’ operational performance for the recent period:

Name	Licensed Capacity MW	Installed Capacity MW	Generation (As demanded by BPDB)									
			2013		2014		2015		Jan'2016-Jun'2016		Jul'2016-Jun'2017	
			Plant Factor	Generation (MWh)	Plant Factor	Generation (MWh)	Plant Factor	Generation (MWh)	Plant Factor	Generation (MWh)	Plant Factor	Generation (MWh)
KPCL I	110	114	52%	510,454	37%	366,321	46%	454,203	54%	263,366	42.83	423,710
KPCL II	115	119	54%	553,235	50%	517,004	59%	604,045	62%	318,835	51.23	529,706
KPCL III	40	44	64%	230,663	56%	201,510	44%	156,720	56%	99,437	55.39	200,566
<b>Total</b>	<b>265</b>	<b>277</b>		<b>1,294,352</b>		<b>1,084,835</b>		<b>1,214,968</b>		<b>681,638</b>		<b>1,153,982</b>



KPCL plants' added 1,154 GWh of electricity to the national grid during the financial year 2016-2017. Since beginning our plants were being operated and maintained by Wartsila Bangladesh Ltd., a 100% owned subsidiary of Wartsila OY, Finland; the manufacturer and spare parts supplier of these plants. However, from January 2014, these plants have been operated and maintained by the Company itself & Khulna Power Operations & Services Ltd. (KPOSL), a specialised company in power plant operation and maintenance.



Khulna Power Company Ltd. has always used brand new highly efficient engines and other auxiliaries of best international standard. The aim is to spend bare minimum fuel for generation of electricity and save costly fuel of the country. The new and quality machine allows Khulna Power Company Ltd. to maintain its guaranteed contractual availability and Heat Rate (fuel consumption for generation of one unit of electricity) ensuring efficient use of fuel. KPCL follows an Integrated Management System (IMS) to maintain all of its power plants, which includes - ISO 9001:2008 – Quality Management System (QMS), ISO 14001:2004 – Environmental Management System (EMS), BS OHSAS 18001:2007 – Occupational Health & Safety (OH&S).

After introduction of IMS, Bureau Veritas (a global leader in Testing, Inspection and Certification (TIC) with innovative solutions that go beyond simple compliance with regulations and standards, reducing risk, improving performance and promoting sustainable development) audited the management system of the company. KPCL successfully passed the inspections thus received the certificate of accreditation for all three standards e.g. ISO 9001:2008, ISO 14001:2004 & BS OHSAS 18001:2007.



# Financial results and performance of the Company

Key Financial Results compared with last period is detailed below:

Particulars	For the financial year ended 30 June 2017 (In Million Taka)	For the eighteen-month period ended 30 June 2016 (In Million Taka)
Revenue	10,034.16	16,767.90
Cost of sales	(7,784.51)	(12,308.94)
Gross profit	2,249.65	4,458.95
General and administrative expenses	(107.64)	(444.62)
Operating profit	2,148.42	4,039.87
Finance income	86.97	129.16
Finance costs	(134.55)	(183.10)
Profit before tax	2,051.63	4,035.22
Income tax expense	(221.36)	(487.07)
Profit for the year/period	1,830.27	3,548.14



Gross profit margin for the financial year ended 30 June 2017 has been declined to 22.42% compare to 26.59% of the eighteen-month period ended 30 June 2016. This is mainly due to the revised tariff rate. The tariff for initial 5 years term of the contract was Taka 7.78 based on HFO price of Taka 26/Litre and currency conversion rate of 1 US\$=Taka 69.35 at 80% plant factor whereas for the extended 5 years term effective from June 2016, it is Taka 15.73 based on HFO price of Taka 62/Litre and currency conversion rate of 1 US\$= Taka 80 at 80% plant factor. Increase in the effect of fuel oil cost mismatch also contributed to the lower gross profit margin. As a result, the net profit margin has also been reduced to 18.24% in contrast to 21.16% of the eighteen-month period ended 30 June 2016.



## Profit appropriation

The Directors takes pleasure in reporting the financial results of the company for the financial year ended on 30 June 2017 and recommended the appropriation as mentioned below:

Particulars	Amount (In million Taka)
Profit for the financial year ended 30 June 2017	1,830.27
Profit brought forward	4,959.77
	6,790.04
Final Cash Dividend paid for the eighteen-month ended 30 June 2016	1,264.5
Profit available for appropriation	5,525.54
<b>Appropriations:</b>	
Proposed Cash Dividend for the year 2016-2017 @ 55%	1,987.07
Retained Earnings after proposed Cash Dividend	3,538.47

## Extra-ordinary gain or loss

As per BAS 1: Presentation of Financial Statements, no item of income and expenses are to be presented as extra-ordinary gain or loss in the financial statements. Accordingly, no extra-ordinary gain or loss has been recognized in the financial statements.

## Related Party Transaction

The related party transactions carried out by the Company on a commercial basis during the year have been disclosed in the Notes - 29 to the financial statements.

## Utilization of proceeds from public issues, rights issues and/or through any other instrument

Not applicable.



## Significant variance between Quarterly and Half Yearly Financial Statements

1st Quarter ended 30 September 2016

Particulars	July-September 2016 (Taka)	July-September 2015 (Taka)	Difference in Taka	Difference in %
Finance cost	34,815,007	10,212,062	24,602,945	240.92
Finance income	18,939,995	13,464,109	5,475,886	40.67
Earnings Per Share (EPS)	1.42	2.09	0.67	32.06

### Finance Cost

During the period July-September 2015 finance cost related to the import of Heavy Fuel Oil (HFO) under 180 days UPAS was included in the cost of fuel (HFO). In the period July-September 2016 the same finance cost has been shown separately, as a result the finance cost for the period is much higher than the corresponding period of 2015.

### Finance Income

Actually, investment made in FDR in July-September 2015 did not cover the entire quarter, whereas investment made in FDR in July-September 2016 covered the full quarter. As a result, finance income has been increased by 40.67% during the period.

### Earnings Per Share (EPS)

EPS for the period July-September 2016 has been decreased to Tk. 1.42 as compared with Tk. 2.09 for the period July-September 2015. This is mainly due to the revised tariff rate. The tariff for initial 5 years term of the contract was Taka 7.78 based on HFO price of Taka 26/Litre and currency conversion rate of 1 US\$=Taka 69.35 at 80% plant factor whereas for the extended 5 years term effective from June 2016, it is Taka 15.73 based on HFO price of Taka 62/Litre and currency conversion rate of 1 US\$= Taka 80 at 80% plant factor. Increase in the effect of fuel oil cost mismatch also contributed to the lower EPS.



## 2nd Quarter ended 31 December 2016

Particulars	July-December 2016 (Taka)	July-December 2015 (Taka)
Profit before tax	992,738,546	1,314,209,905
Income tax expense	82,500,000	303,114,318
Current tax to profit before tax	8.31%	23.06%

### Income Tax Expense

During the period July-December 2015 a deferred tax expense amounting to Tk. 195,114,318 has been charged along with the income tax expense of Tk. 108,000,000, this has the significant effect while comparing the current tax to profit before tax ratio.

### Dividend

Your Board recommends 55% cash dividend (i.e. Tk 5.50 per share of Tk 10 each) for the financial year ended 30 June 2017, subject to approval by the shareholders at the 19th Annual General Meeting.

## Business Risk & Uncertainties

Investment in equity shares involves various levels of risk. Consequently, the return of investment is dependent on the functioning of the risk factors, KPCL operates in an industry which is exposed to a number of internal and external risk factors over which our company has little or no control. The occurrence of the risk factors as delineated hereunder can have significant bearing on the operational and financial performance of the Company. Therefore, it is imperative to thoroughly understand the risk profile of the Company along with management's perception of the risks so that you are aware that your company is in safe hands.

## Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by it, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments:

- Creditrisk
- Liquidityrisk
- Marketrisk

### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is mainly attributable to trade and other receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Company's receivables arise from a Government entity, viz, Bangladesh Power Development Board (BPDB) to whom the Company's sales are made under the conditions of the power purchase agreement and contract for supply of electricity on rental basis. Sales made to this entity is fully secured by Letters of Credit issued by local scheduled banks.

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

### Market risk

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

### Currency risk

The Company is exposed to currency risk on revenue and certain expenses such as procurement of heavy fuel oil, spare parts and purchase of capital items. Majority of the Company's foreign currency transactions are denominated in United States Dollar (USD) and Euro (EUR) and related to revenue and procurement of heavy fuel oil and spare parts. The Company maintains few USD bank accounts where receipts from Bangladesh Power Development Board (BPDB) are deposited.



### Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. Loans and borrowings are affected by fluctuations in interest rates as the rate is of LIBOR plus variable rate ranging from 1.65% to 1.90%.

Details financial risk management has been disclosed in the notes 30 to the financial statements.

### Capital risk management

KPCL's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

### Operational Risk

Operational risk is measured against the ability of the Company's power projects to generate and distribute stipulated electricity to its off-taker. Limitation of technology used, fuel supply arrangement, operation and maintenance (O&M) arrangement, political or force majeure in the form of natural disasters like floods, cyclone, tsunami and earthquake may hamper normal performance of power generation. However, severe natural calamities which are unpredictable and unforeseen have the potential to disrupt normal operations of KPCL. The management of your company believes that prudent rehabilitation schemes and quality maintenance will lessen the damages caused by such natural disasters. Most importantly, all the above risks are covered under the insurance agreement with Pragati Insurance Limited, to compensate for all potential damages caused in such situations.

The provisions of the power purchase agreement guaranteeing 100% of the monthly capacity payment of KPCL and 100% of monthly capacity rental payment of KPC Unit II 115 MW Plant (KPCL II) and KPC 40 MW Noapara Plant (KPCL III), minimizes the risk of non-utilization of the capacity of the plant. The payment of tariff by BPDB within the specified time is secured under the provisions of the agreement for which Letter of Credit has been issued by BPDB for two months' minimum guaranteed payment. Additionally, GoB through the Implementation Agreement provides sovereign guarantee with regard to payments which mitigates risk of any non-payments.



The Company is operated by a team of highly motivated and trained engineers who were employed for the last nineteen years under Wärtsilä and KPCL. Wärtsilä, the leading power plant manufacturer and plant operator in the world, is technologically advanced enough to keep KPCL plants out of any technology related risk. Moreover, the company is maintaining adequate spare parts stock to avert any or all risk of incurring any liquidated damage due to the non-performance/maintain down time of the plant. The availability of all sorts of spare parts is ensured under a Supply Agreement with Wartsila.

Heavy Fuel Oil (HFO) is used as basic raw material for the operation of all the three units of KPCL power plants. Summit Asia Pacific Pte Ltd. and United Energy Trading Pte Ltd. have been supplying Heavy Fuel Oil (HFO) to the Company under the Fuel Supply Agreement and the risk of price fluctuation in the global oil market is mitigated by the varying Fuel Tariff structure which is based on fuel cost as a Pass-through item. Moreover, KPCL can procure HFO from other vendors if the aforesaid vendors are unable to supply.

## Directors' Election & Re-Appointment

As per article 23 (b) of the Articles of Association Mr. K M Ahsan Shamim, Mr. Abul Kalam Azad, Mr. Akhter Mahmud Rana, Mr. Moinuddin Hasan Rashid, Lt Gen Sina Ibn Jamali, awc, psc (ret'd) and Ms. Karishma Jahan shall retire in the 19th Annual General Meeting (AGM) by rotation and being eligible, offer themselves for re-election.

Ms. Ayesha Aziz Khan resigned from the Board on 29 October 2017 in its 103rd Meeting, in exercise of the power vested in article 20 (c) of the Articles of Association of the Company, the Board in the same meeting appointed Mr. Faisal Karim Khan as nominated Director of Summit Power Limited. Mr. Faisal Karim Khan shall retire in the 19th Annual General Meeting and being eligible offer himself for re-election.

After completion of two consecutive terms as Independent Director of the Board Mr. Syed Fazlul Haque shall retire in the 19th AGM.

## Directors Meeting & Attendance

The Board of Directors of the Company comprises nineteen (19) members including four (4) independent directors. Names and profiles have been provided in detail under the heading Directors' Profile of this Annual Report. A statement for each of their involvement in other corporate bodies has also been provided in Annexure-1 of this report



The meetings of the Board of Directors are presided over by the Chairman. Written notice of the Board meeting mentioning agenda along with working papers are circulated ahead of the meeting; minutes are correctly recorded, signed by the chairman and circulated.



Four (4) Board Meetings took place during the financial year ended on 30 June 2017. The attendance of the Directors are as follows:

Sl.	Name of Director	Attended
1	Mr. Hasan Mahmood Raja	4
2	Mr. Muhammed Aziz Khan	1
3	Mr. Latif Khan	4
4	Mr. Abul Kalam Azad	4
5	Mr. Faridur Rahman Khan	4
6	Mr. Muhammad Farid Khan	4
7	Mr. Ahmed Ismail Hossain	3
8	Mr. K M Ahsan Shamim	4
9	Mr. Jafer Ummeed Khan	3
10	Mr. Akhter Mahmud Rana	1
11	Ms. Ayesha Aziz Khan	-
12	Mr. Moinuddin Hasan Rashid	3
13	Mr. A N M Tariqur Rashid	2
14	Mr. Syed Fazlul Haque, FCA	4
15	Lt Gen (Retd) Abdul Wadud	4
16	Lt Gen Sina Ibn Jamali awc, psc (retd)	3
17	Professor Muhammad Musa, PhD	2
18	Ms. Karishma Jahan	3
19	Mr. Abdur Rahim	4

The Directors who could not attend the meetings were granted leave of absence.

## Directors' Responsibilities /Reporting Framework

The law required that the financial statements of the company should be prepared in accordance to the prescribed format given by International Financial Reporting Standard (IFRS) as adopted by ICAB and Bangladesh Financial Reporting Standards (BFRS). This has been completely followed to fairly present the financial position and performance of the company. While preparing the financial statement, the following points were considered:

- Selection of suitable accounting policies and then applying them consistently;
- Making judgment and estimates that are reasonable and prudent;
- Ensuring that the financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS);
- Preparing the financial statements in an ongoing concern basis unless it is appropriate to presume that the company will not continue in business.

Proper accounting records have been kept so that at any given point the financial position of the company is reflected with reasonable accuracy, which will enable them to ensure that its financial statements comply with Companies Act 1994 and other required regulatory authorities.

In compliance with the requirements of the BSEC's Notification dated 7th August 2012, the Directors are also pleased to make the following declarations in their report:

- a) The financial statements prepared by the management of your Company fairly presents its state of affairs, the result of its operations, cash flows and changes in equity;
- b) Proper books of accounts of your Company have been maintained;
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;
- d) International Accounting Standards and International Financial Reporting Standards as applicable in Bangladesh, have been followed in preparation of the financial statements and any discrepancies have been adequately disclosed;
- e) The system of internal control is well structured and has been effectively implemented and monitored;
- f) There are no significant doubts upon your Company's ability to continue as an ongoing concern basis;
- g) Significant deviations from last year in operating results of the Company are highlighted and the reasons have been explained in financial results and profit appropriation;
- h) Key financial and operating data has been summarized for the preceding five years in Annexure-4:
- i) Risks and uncertainties surrounding the Company has been outlined under the relevant captions of this report;
- j) The number of Board meetings held during the year and attendance of each director has been disclosed;
- k) The pattern of shareholding has been reported in Annexure-5 of this report to disclose the aggregate number of shares.

## Remuneration Of Directors

Remuneration, performance and other related perquisites/benefits of Managing Director reviewed annually and approved by the Board of Directors. Non Executive Directors including Independent Director are paid attendance fee per meeting. Related fees have been disclosed in the notes 29 to the financial statements.

# Audit Committee

Khulna Power Company Ltd.



The Board has constituted an Audit Committee as per the BSEC directives. As required, the report of the Audit Committee is included in this Annual Report. The Committee comprises 4 (four) members of the Board who met four times (4 times) during the financial year ended 30 June 2017. The Committee members' attendance record is provided below:

Name	Status	Attended
Syed Fazlul Haque	Independent Director - Chairman	4
Abul Kalam Azad	Non-Executive Director –Member	4
Ms. Ayesha Aziz Khan	Non-Executive Director –Member	-
Professor Mohammad Musa	Independent Director -Member	2

The Company's Managing Director was invited to audit committee meetings at the discretion of the Committee.

## Statutory Auditors

Rahman Rahman Huq, Chartered Accountants was appointed as the auditors of the Company in the 18th Annual General Meeting (AGM). They have carried out the audit for the year ended 30 June 2017 and the auditors of the Company will retire in the 19th AGM. Being eligible under section 212 of the Companies Act, 1994 they have expressed their willingness for re-appointment for the financial year 2017-2018. Your Board therefore, in its meeting held on 29 October 2017, resolved to recommend Rahman Rahman Huq, Chartered Accountants for appointment as Statutory Auditors of the Company for the year ending on 30 June 2018 subject to approval of the Shareholders in the forthcoming AGM.



## Human Resources & Safety Management

One of the most important resource and key to a successful company is its people. KPCL places great emphasis on the development of its employees and therefore the company undertakes appropriate training and workshops to develop and equip the employees with essential skills, and update their knowledge in respective functional areas.

KPCL complied with ISO 14001:2004 – Environmental Management System (EMS), BS OHSAS 18001:2007 – Occupational Health & Safety (OH&S). DOE regulations and other legal requirements as well as ISO 14K guidelines are strictly complied.

We actively pursued the target of zero tolerance for fire, breakdown and oil spill & lost time incident. As a result we have successfully operated our plants with nil incident and injury for the whole year.

## Corporate Governance

KPCL believes that enriched corporate governance contributes to the long term success of a Company and creates trust and engagement between the company and its stakeholders. Accordingly, the Board of Directors and Management strive to maintain full compliance with the laws, rules and regulations that govern our business and to uphold the highest standards. KPCL follows an Integrated Management System (IMS) to maintain all of its power plants, which includes - ISO 9001:2008 – Quality Management System (QMS), ISO 14001:2004 – Environmental Management System (EMS), BS OHSAS 18001:2007 – Occupational Health & Safety (OH&S). A separate chapter on corporate governance has also been reported.

## Going Concern / Sustainability

While approving the financial statements, the Directors have made appropriate enquires and analyzed significant operating and indicative financials which enabled them to understand the ability of the Company to continue its operations for a foreseeable future. The Directors are convinced and have a reasonable expectation that the company has adequate resources and legal instruments to continue its operations without interruptions. Therefore, the Company adopted the going concern basis in preparing these financial statements.

## Status of Compliance

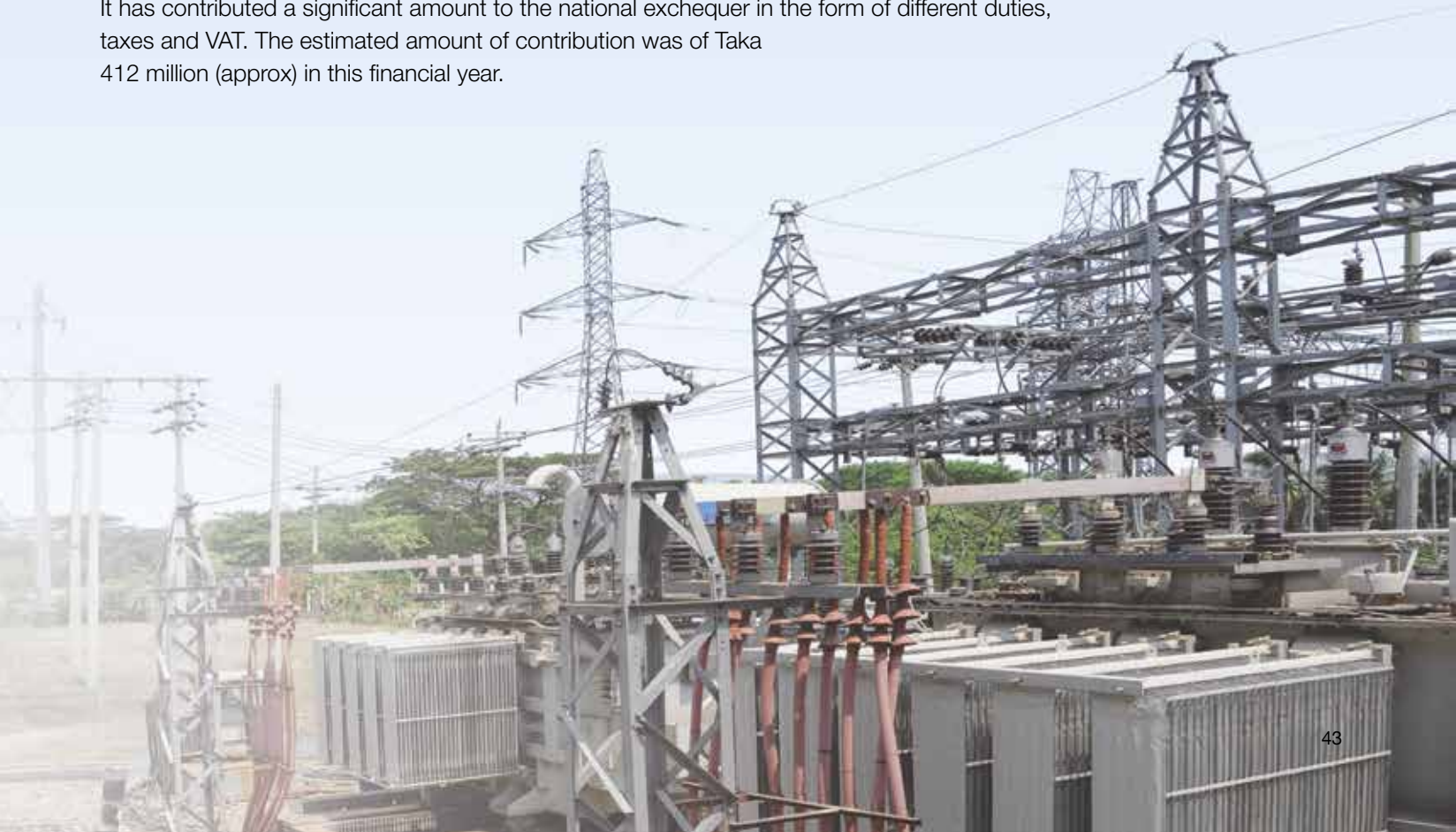
In accordance with the requirement stipulated in condition no-7.00 of the Securities & Exchange Commission's notification no-SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 20C of the Securities and Exchange Ordinance 1969, the Corporate Governance Compliance Report is shown In Annexure-2 A Certificate from Podder & Associates , Cost & Management Accountants confirming compliance of conditions of Corporate Governance Guidelines as stipulated under condition 7(i) is also annexed to this report as Annexure-3.

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). While preparing the financial statements, Khulna Power Company Ltd. complies all the applicables of IAS and IFRS as adopted by ICAB.

## Contribution to the National Exchequer & the Economy

Electricity is one of the main driving forces of the economy and it has diversified use and multiplier effect on the economy. Significantly in the development of industrialization, electric power has no alternative. This financial year your company added 1,154 million Kwh of electricity to the national grid. This addition has contributed significantly in enhancing industrial productions and providing more job opportunities throughout the country. As a shareholder, you can be proud of your Company's contribution to Bangladesh.

It has contributed a significant amount to the national exchequer in the form of different duties, taxes and VAT. The estimated amount of contribution was of Taka 412 million (approx) in this financial year.



## Corporate Social Responsibility

Being a reputed organisation and pioneer in private sector power generation industries, KPCL is very conscious about the environmental and social compliances of its business operation. Each of our plants goes through rigorous Environmental and Social Impact Assessments and complies with international industrial standards & practices. Besides, KPCL is maintaining a very cordial relation with the local community and promoting various social welfare and development activities in a reasonable way to meet the needs of vulnerable community since the beginning of its operation in the area.

At present KPCL is sponsoring an extensive CSR (Corporate Social Responsibility) project named "Community Development CSR Program for KPCL" since 2012. The project has been designed with long term feasibility thoughts of enhancing human life based on the current needs/requirements of the community.

The project is designed with long term feasibility thoughts of enhancing sustainable developments towards vulnerable local community based on the current needs of community around the plants. Among various CSR programs following are some remarkable ones-

- Professional Tailoring Training and Deployment opportunity: Skill Development program for unemployed poor women; Sewing & Tailoring training and later on supporting them for sustainable deployment.



- A total 400 women and girls from the local community has been benefitted from our in house tailoring training and among them 95 beneficiaries received advance trainings like Embroidery, Tie-dye, Aplic Design, Screen Print, making various bags etc.



- Free Treatment support: A full time professional medical consultant is appointed to visit patients and prescribe at free of costs. Free drugs are provided for poor patients. Free Health Cards have been issued for the local community and in last four years around 2,920 families have taken our support for free doctor visits and some of them are provided free medicine too.
- Organizing Special Medical Camps at regular intervals to provide specialist treatment at free of costs for Eye, ENT, Heart disease, Diabetics and Dental problems. A total of 91 patients provided with free Eye Surgeries in reputed Eye Hospitals during last four years when a total of 1567 patients participated in yearly our Eye camps.
- Link up treatment support, Female doctor for gyno & women health issues: During recent years a total of 1557 adolescent patients took specialized treatment from our CSR project organized link-up health care services.



- IT Skill Development Training: Regular ICT trainings for unemployed youths and assisting in sustainable development through their IT skills and developments. In the last 4 years a total 453 students got ICT trainings from the program. Many students after the trainings are involved in entrepreneurship; IT jobs and freelancing outsource works in local and international markets.



- Studentship & Educational Support: Education programs for students (providing financial supports, uniforms & stationeries, voluntary coaching for weak and drop out students etc.).



- Plantation beside public roads and school yards, distribution of plants among students.

- Sports & Cultural Sponsorship: Promoting and sponsoring sports and cultural educations among educational institutes, organizing creative competitions etc.



- Cleanliness and Free waste management: Daily Household waste collection & cleaning of roads and nearby areas. Appointed cleaner, one van and van puller is engaged for this purpose.
- Counseling on anti drug abuses, event based adolescent awareness program for growing up young boys & girls, free specialist doctor visits for women health etc.
- Value added activities like Community Dialogues and FGDs at regular intervals, various awareness raising programs.
- Organizing Blood Grouping Camp to build Community Blood Bank
- Ensuring drinking water supply for school students and cleanliness of school yards and toilets.
- Development of a Library for local community.
- Senior Citizen Service program (providing winter gears & festival supports etc. for poor old peoples).





## Acknowledgement

The Directors would like to give special thanks to the members of the public who have placed their confidence on the Company by purchasing shares and supporting the activities of the Company. Without the support of its shareholders, the Company could not have attained what it has achieved today.

Your Directors would 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 helped KPCL achieve the success that it has today. 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 KPCL.

The trust and confidence that our valued customers, BPDB & PGCB have placed upon KPCL are our main driving forces. We accept this trust in all humility and shall continue to strive to live up to the expectations. The Board expresses its heartfelt appreciation and gratitude to BPDB, the Power Division, MPEMR, Government of Bangladesh as well as Bangladesh Petroleum Corporation (BPC), Jamuna Oil Company Limited, Padma Oil Company Limited, Chittagong Port Authority, National Board of Revenue, Board of Investment (BoI), Department of Environment (DoE), Bangladesh Inland Water Transport Authority (BIWTA), the Deputy Commissioner, the Superintendent of Police, the local administration of Khulna and Noapara and the people of the locality for extending their support towards the Company. The Board also extends its best wishes to Wartsila Bangladesh Limited (Spare parts supplier), 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, 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 Bangladesh Limited, various Government Authorities and lastly the individuals and agencies who have helped us accomplish what we are today.

With best wishes,

On behalf of the Board



Md. Abdur Rahim  
Managing Director

## Our Directors in other Board

Annexure-1

Companies >>																	
Name of Directors	Mr. Muhammed Aziz Khan	Mr. Latif Khan	Mr. Jaleer Ummeed Khan	Mr. Faisal Karim Khan	Mr. Md. Farid Khan	Mr. A N M Tarique Rashid	Lt Gen (Retd) Abdul Wadud	Mr. Syed Fazlul Haque, FCA	Mr. Hasan Mahmood Raja	Mr. Fardur Rahman Khan	Mr. Ahmed Ismail Hossain	Mr. K M Ahsan Shamim	Mr. Abul Kalam Azad	Mr. Akhter Mahmud Rana	Mr. Moinuddin Hasan Rashid	Lt Gen Sina Ibn Jamal emw, fsc (Retd)	Prof. Dr. Mohammad Musa
Summit Power Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Summit Meghna Ghat II Power Company Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Summit Holdings Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Summit Chittagong Power Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ace Alliance Power Limited (up-comming)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Summit Gazipur II Power Limited (up-comming)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Summit Technopolis Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Summit Assets Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Summit Narayananj Power Unit II Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Summit Barisal Power Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Summit Corporation Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Summit LNG Terminal Co. (Pvt.) Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Summit Oil & Shipping Co. Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Summit Alliance Port Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Summit Communications Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cosmopolitan Finance Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Summit Bibiyana II Power Company Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Summit Meghnaghat Power Company Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United Enterprises & Co. Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United Power Generation & Distribution Company Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United Hospital Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United Anwara Power Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United International University	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Unimart Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United Lube Oil Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United Shipping and Logistic Services Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United Makkah Madina Travel & Assistance Co. Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IPCO Developments (Bangladesh) Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IPCO Hotels Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IPCO Resorts Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United Land Port Teknaf Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United Ashuganj Energy Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Neptune Land Development Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Neptune Commercial Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Comilla Spinning Mills Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United Property Solutions Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United Energy Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Soya Products Bangladesh Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United Polymers Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United Engineering & Power Services Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United City Twin Tower Developers Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
UG Ship Management Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United Maritime Academy Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United Grains & Spices Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
United Elevator World Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Gunze United Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Radiant Nutraceuticals Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Radiant Distribution	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Radiant Pharmaceuticals Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Pharmacil Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

# Status of Compliance with the Corporate Governance Guideline (CGC)

Annexure-2

For the financial year ended on 30th June 2017

Status of compliance with the condition imposed by the Commission's Notification No. letter SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969

(Report under Condition no 7.00)

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
<b>1.</b>	<b>BOARD OF DIRECTORS</b>			
1.1	Board's Size (number of Board members – minimum 5 and maximum 20)	√		KPCL Board is composed of 19 directors including Managing Director
<b>1.2</b>	<b>Independent Directors</b>			
1.2 (i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	√		
1.2 (ii)	For the purpose of this clause "independent director" means a director			
1.2 (ii)(a)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		Does not hold any share
1.2 (ii) (b)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company;	√		
1.2 (ii) (c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/ associated companies;	√		
1.2 (ii) (d)	Who is not a member, director or officer of any stock exchange;	√		
1.2 (ii) (e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	√		
1.2 (ii) (f)	Who is not a partner or an executive or was not a Partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm;	√		
1.2 (ii) (g)	Who shall not be an independent director in more than 3 (three) listed companies;	√		
1.2 (ii) (h)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFII);	√		
1.2 (ii) (i)	Who has not been convicted for a criminal offence involving moral turpitude.	√		
1.2 (iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	√		
1.2 (iv)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	√		
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		"Standards of Business Conduct" set for the directors and maintained.
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1(one) term only.	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
<b>1.3</b>	<b>Qualification of Independent Director (ID)</b>			
1.3 (i)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	√		
1.3 (ii)	The person should be a Business Leader/Corporate Leader/ Bureaucrat/ University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have a least 12 (twelve) years of corporate management /professional experiences.	√		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	√		Not applicable
<b>1.4</b>	<b>Chairman of the Board and Chief Executive Officer</b>			
	The positions of the Chairman of the Board and the Chief executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	√		
<b>1.5</b>	<b>The Director's Report to shareholders</b>			
1.5 (i)	Industry outlook and possible future developments in the industry.	√		
1.5 (ii)	Segment-wise or product-wise performance.	√		
1.5 (iii)	Risks and concerns.	√		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.	√		
1.5 (vi)	Basis for related party transactions-a statement of all related party transactions should be disclosed in the annual report.	√		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	√		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO). Rights Offer, Direct Listing, etc.	√		
1.5 (ix)	If significant variance occurs between Quarterly Financial Performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	√		
1.5 (x)	Remuneration to directors including independent directors.	√		
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	√		
1.5 (xii)	Proper books of account of the issuer company have been maintained.	√		
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5 (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standard (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	✓		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	✓		Not Applicable
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		
1.5 (xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by :-			
1.5 (xxi) (a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	✓		Khulna Power Company Unit II Ltd. & Khanjahan Ali Power Company Ltd. amalgamated with Khulna Power Company Ltd. (KPCL) on 30-09-2014
1.5 (xxi) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		
1.5 (xxi) (c)	Executives;	✓		
1.5 (xxi) (d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details). Explanation : For the purpose of this clause, the expression "Executive" means top 5 (five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit.	✓		
1.5 (xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders :-			
1.5 (xxii) (a)	a brief resume of the director;	✓		
1.5 (xxii) (b)	nature of his/her expertise in specific functional areas;	✓		
1.5 (xxii) (c)	names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
<b>2.</b>	<b>CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY (CS)</b>			
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary and defining their respective roles, responsibilities and duties	✓		Mr. Md. Shoharab Ali Khan, FCMA act as a Chief Financial Officer (CFO) as well as Company Secretary (CS) and H. M. Nuruzzaman Miah act as a Head of Internal Audit
2.2	The CFO and the CS shall attend the Board Meetings.	✓		
<b>3.</b>	<b>AUDIT COMMITTEE</b>			
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
3.1	Constitution of the Audit Committee			
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members.	✓		
3.1 (ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	✓		
3.1 (iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	✓		
3.1 (iv)	Expiration of the term of service of the Audit Committee members making the number lower than 3 (three) and fill up the vacancy (ies) by the Board not later than 1 (one) month from the date of vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy (ies).	✓		No such incidence arose
3.1 (v)	The company secretary shall act as the secretary of the Committee.	✓		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
3.2	Chairman of the Audit Committee			
3.2 (i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	✓		
3.2 (ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).	✓		
<b>3.3</b>	<b>Role of the Audit Committee</b> Role of audit committee shall include the following :-			
3.3 (i)	Oversee the financial reporting process.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.3 (ii)	Monitor choice of accounting policies and principles.	✓		
3.3 (iii)	Monitor Internal Control Risk management process.	✓		
3.3 (iv)	Oversee hiring and performance of external auditors.	✓		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
3.3 (vii)	Review the adequacy of internal audit function.	✓		
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	✓		
3.3 (ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.	✓		
3.3 (x)	Declaration to Audit Committee by the company regarding utilization of IPO/RPO, Right issue money.	✓		Not Applicable
<b>3.4</b>	<b>Reporting of the Audit Committee</b>			
3.4.1	Reporting to the Board of Directors	✓		
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any :	✓		No such incidence arose
3.4.1 (ii) (a)	report on conflicts of interests;	✓		No such incidence arose
3.4.1 (ii) (b)	suspected or presumed fraud or irregularity or material defect in the internal control system;	✓		No such incidence arose
3.4.1 (ii) (c)	suspected infringement of laws, including securities related laws, rules and regulations;	✓		No such incidence arose
3.4.1 (ii) (d)	any other matter which shall be disclosed to the Board of Directors immediately.	✓		
3.4.2	Reporting to the Authorities (if any material impact on the financial condition and results of operation, unreasonably ignored by the management).	✓		No such reportable incidence arose
3.5	Reporting to the Shareholders and General Investors	✓		
<b>4.</b>	<b>EXTERNAL/STATUTORY AUDITORS :</b>			
4 (i)	Non-engagement in appraisal or valuation services or fairness opinions.	✓		
4 (ii)	Non-engagement in financial information systems design and implementation.	✓		
4 (iii)	Non-engagement in book-keeping or other services related to the accounting records or financial statements.	✓		
4 (iv)	Non-engagement in broker-dealer services.	✓		
4 (v)	Non-engagement in actuarial services.	✓		
4 (vi)	Non-engagement in internal audit services.	✓		
4 (vii)	Non-engagement in any other service that the Audit Committee determines.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	✓		
4 (ix)	Audit/certification services on compliance of corporate governance as required under clause (i) of condition No. 7.	✓		
<b>5.</b>	<b>SUBSIDIARY COMPANY</b>			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			Not Applicable
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.			Not Applicable
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.			Not Applicable
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.			Not Applicable
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			Not Applicable
<b>6.</b>	<b>DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)</b>			
	The CEO and CFO shall certify to the Board that :-			
6 (i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief :	✓		
6 (i) (a)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
6 (i) (b)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	✓		
<b>7.</b>	<b>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE</b>			
7 (i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary regarding compliance of conditions of Corporate Governance Guidelines of the Commission and include in the Annual Report.	✓		Required certification has been obtained from "PODDER & ASSOCIATES" Cost & Management Accountants for the financial year ended on 30th June 2017.
7 (ii)	The directors of the company shall state in the directors' report whether the company has complied with these conditions.	✓		



# Podder & Associates

Cost and Management Accountants

As per BSEC rules (letter SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August, 2012), all the companies listed with any stock exchange in Bangladesh shall comply with some conditions in accordance with condition no. 7. The condition requires that the directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions and prerequisite set by BSEC in their letter.

## Compliance Certificate

On

### **CORPORATE GOVERNANCE**

To the Shareholders of

### **Khulna Power Company Ltd.**

“Podder & Associates” being one of the firm of “Professional Accountants” in Bangladesh, takes the gratification to study and opine in attainment of Compliance on corporate governance by **Khulna Power Company Ltd.** for the financial year ended on 30 June 2017. This study is completed in accordance with the guideline set by **Bangladesh Securities and Exchange Commission** (BSEC) through the notification SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August, 2012.

Accomplishment of compliance on corporate governance is the conscientiousness of the management of the Company. Our study is imperfect to the measures and execution of such as per guideline set by BSEC. It is neither an audit nor expression of opinion on the financial affairs of the Company.

As per our study and observation on the best of information & explanations provided, **Khulna Power Company Ltd.** has complied with the conditions of Corporate Governance set by Bangladesh Securities & Exchange Commission.

On the above note, we would also like to state that such compliance is neither an assurance as to the future capability of the Company nor the efficiency or effectiveness by which management has conducted the affairs of the Company.

**For Podder & Associates**



Jayanta Kumer Podder

Cost and Management Accountant

Date: 22 November 2017

Place: Dhaka, Bangladesh

## Financial Highlights

Annexure-4

	2016-2017	Eighteen months ended 30 June 2016	2015	2014	2013	2012
<b>Operating data (Taka in million)</b>						
Revenue	10,034.16	16,767.90	12,153.24	7,413.31	7,697.17	10,347.96
Cost of Sales	7,784.51	12,308.94	9,060.60	6,395.90	7,256.12	7,914.60
Gross Profit	2,249.65	4,458.96	3,092.64	1,017.41	441.05	2,433.36
General & Admin. Expenses	107.64	444.62	334.22	79.79	97.65	142.48
Finance Income	86.97	129.16	79.20	108.84	97.32	32.39
Finance Expenses	134.55	183.10	134.57	121.31	34.93	614.98
Income Tax Expenses	221.36	487.07	370.11	132.50	33.18	26.50
Net Profit	1,830.27	3,548.41	2,405.37	831.43	1,966.78	1,661.05
Net Profit (Excluding non-controlling interest)	N/A	N/A	N/A	N/A	1,935.15	1,626.89
<b>Financial Position/Balance Sheet data (Taka in million)</b>						
Share Capital	3,612.85	3,612.85	3,612.85	3,612.85	3,440.81	3,058.49
Shareholders' Equity	9,464.04	8,898.26	9,200.63	8,240.40	4,607.46	5,457.14
Total Debt (Non-current Liabilities)	314.55	276.49	249.00	52.25	13.79	3,440.27
Current Assets	6,333.72	6,011.60	4,441.03	5,896.37	3,077.10	6,115.37
Current Liabilities	4,290.63	4,903.30	3,228.72	6,041.57	3,196.10	6,196.55
Total Assets	14,069.22	14,078.06	12,678.36	14,334.21	7,817.32	15,148.87
Total Liabilities	4,605.17	5,179.80	3,477.72	6,093.82	3,209.86	9,636.82
<b>Financial Ratios</b>						
Gross Profit Ratio (%)	22.42%	26.59%	25.45%	13.72%	5.73%	23.52%
Net Profit Ratio (%)	18.24%	21.16%	19.79%	11.22%	25.55%	16.05%
Return on Assets (%)	13.01%	25.21%	18.97%	5.80%	25.16%	10.96%
Debt Equity Ratio	-	-	0.11%	0.04%	0.05%	0.91%
<b>Other Data</b>						
Earnings Per Share (Tk)	5.07	9.82	6.66	2.30	3.20	5.32
Dividend (%)	55%	75% (Including 40% interim)		40.00	30.00	25.00
Total Number of Ordinary Shares Outstanding	361,284,709	361,284,709	361,284,709	361,284,709	344,080,676	305,849,490
Total Number of Free Float Shares	106,260,244	106,260,244	106,260,244	106,260,244	101,200,233	89,955,752

## Shareholding Information

As on 30 June 2017

Annexure-5

Name of Shareholders	No. of Shares	% of Shareholding
<b>A) Sponsors:</b>		
1. Shajahanullah Power Gen Co Ltd. (incorporated in Bangladesh)	127,469,456	35.282%
2. Summit Power Limited (incorporated in Bangladesh)	63,734,728	17.641%
3. Summit Corporation Limited (incorporated in Bangladesh)	63,734,727	17.641%
4. Hasan Mahmood Raja, Chairman	6,111	0.002%
5. Muhammed Aziz Khan, Director	6,111	0.002%
6. Anjuman Aziz Khan	6,111	0.002%
7. Latif Khan, Director	6,111	0.002%
8. Md. Farid Khan, Director	6,111	0.002%
9. Jafer Ummeed Khan, Director	6,111	0.002%
10. Ayesha Aziz Khan, Director	6,111	0.002%
11. Adeeba Aziz Khan	6,111	0.002%
12. Ahmed Ismail Hossain, Director	6,111	0.002%
13. K. M. Ahsan Shamim, Director	6,111	0.002%
14. Akhter Mahmud Rana, Director	6,111	0.002%
15. Faridur Rahman Khan, Director	6,111	0.002%
16. Abul Kalam Azad, Director	6,111	0.002%
17. Moinuddin Hasan Rashid, Director	6,111	0.002%
<b>Subtotal (A):</b>	<b>255,024,465</b>	<b>70.588%</b>
B) General Investors	106,260,244	29.412%
C) Directors, Chief Operating Officer, Financial Controller, Company Secretary Head of Internal Audit and their spouses	-	-
D) Executives	-	-
<b>Total (A+B+C+D):</b>	<b>361,284,709</b>	<b>100%</b>

10% and above shareholding

Name of Shareholders	No. of Shares	% of Shareholding
1. Shajahanullah Power Gen Co Ltd.	127,469,456	35.282%
2. Summit Power Limited	63,734,728	17.641%
3. Summit Corporation Limited	63,734,727	17.641%

## Report of Audit Committee 2016 - 2017

### Role of the Committee

The Audit Committee's authorities, duties and responsibilities flow from the Board's oversight function and the terms of reference are detailed in Committee Charter approved by the Board. The major responsibilities of the Committee, among others, include:

- Review of the quarterly, half-yearly and annual financial statements as well as other financial results of the company and, upon its satisfaction of the review, recommend them to the board for approval.
- Monitoring and reviewing the adequacy and effectiveness of the company's financial reporting process, internal control and risk management system.
- Monitoring and reviewing the arrangements to ensure objectivity and effectiveness of the external and internal audit functions. Examine audit findings and material weaknesses in the system and monitor implementation of audit action plans.
- Recommending to the Board for appointment, re-appointment or removal of external auditors.
- Reviewing and monitoring of the Company's ethical standards and procedures to ensure compliance with the regulatory and financial reporting requirements.

### Activities of the Committee on Company's affairs for the year under report

In accordance with Audit Committee Charter, governed by the BSEC notifications on Corporate Governance, the committee carried out its duties to work on the areas that were raised for consideration and discussed to evaluate issues related to key events of financial reporting cycles. During the current financial period under report activities of the committee include, among others:

- Reviewed the quarterly and half yearly financial statements of the Company and recommended to the Board for adoption and circulation as per the requirement of Bangladesh Securities and Exchange Commission (BSEC).
- Assessed the report of the external auditors on critical accounting policies, significant judgments and practices used by the company in preparation of financial statements.
- Rahman Rahman Huq KPMG, Chartered Accountants, the retiring auditors have been recommended for re-appointment as the External Auditors of the Company for the next financial year.
- Committee reviewed the effectiveness of internal financial control and the internal audit procedures.
- Reviewed the recurrent related party transactions during the year under report.
- Reviewed the external auditors' findings arising from audit, particularly comments and responses of the management.
- Reviewed the matters of compliance as per requirements of the Bangladesh Securities and Exchange Commission (BSEC) and ensured corrections, as appropriate, to remain compliant.

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

On behalf of the Committee



Syed Fazlul Haque  
Chairman

The Audit Committee, appointed by and responsible to the Board of Directors of Khulna Power Company Ltd. (KPCL), is constituted as per the internal control framework of the company Policy and conditions imposed by the Bangladesh Securities and Exchange Commission (BSEC). The present committee comprises of 4 (four) members of whom two are Independent Directors. The company secretary functions as the secretary of the committee as well. Meetings of the committee are attended by Managing Director. Besides, Directors, Head of Internal Audit, engagement partner of External Audit, as necessary, are also invited for their comments. All members of the committee are financially literate and able to interpret financial statements and assess the adequacy of the internal control process.

The present committee members, nominated by the Board, are:

**Syed Fazlul Haque**  
Independent Director - Chairman

**Abul Kalam Azad**  
Non-Executive Director  
Member

**Ayesha Aziz Khan**  
Non-Executive Director  
Member

**Dr. Mohammad Musa**  
Independent Director  
Member

A total of 5 (five) meetings were held since the last Annual General Meeting of KPCL including the meeting dated 29th October, 2017.

## CEO & CFO's Declaration to the Board

Dated: October 29, 2017

The Board of Directors  
Khulna Power Company Ltd.  
Landmark (3<sup>rd</sup> Floor)  
12-14 Gulshan North C/A, Gulshan-2  
Dhaka-1212.

Subject: CEO and CFO's Declaration to the Board.

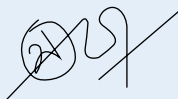
Dear Sirs,

Compliance with the condition no. 6 imposed by Bangladesh Securities & Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

We do hereby certify to the Board that:

- i) We have reviewed the financial statements for the financial year ended on 30 June, 2017 and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii) There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the Company's code of conduct.

Sincerely yours,



Md. Shoharab Ali Khan, FCMA  
Chief Financial Officer (CFO)



Md. Abdur Rahim  
Managing Director

## Short Biography of the Directors



### Hasan Mahmood Raja

Mr. Hasan Mahmood Raja is one of the most renowned businesspersons of the country. Born in 1957, he completed his graduation in commerce and got passionately involved in business. He is one of the Founding Directors of the country's one of the leading business houses - 'United Group'.

Mr. Raja had a keen interest and an innate aptitude for doing business and rendering service to the nation for promoting economic development of Bangladesh. With a humble beginning in 1978, Mr. Raja displayed his excellence in business entrepreneurship by building his business domain. The biggest milestone of his success is the courage to embark into new business ventures based on sound foresight, ingenuity and skillful execution. Within a span of 38 years of his business career, he successfully managed to establish many diversified

business enterprises under the umbrella of United Group. Commitment, integrity and sincerity are the key values of his various business achievements.

Dominant position of United Group in the Country's Power and Real Estate sectors and creating unique establishments like Khulna Power Company Ltd., United Power Generation & Distribution Co. Ltd., United Hospital Ltd., United Nursing College, United International University and United Maritime Academy are few of his landmark entrepreneurship. United Group has always marked its steady growth under Mr. Raja's leadership. His charming personality, focus in flawless implementation of every single business on time, constantly stressing on brainstorming for new ideas, efficiency in business management etc are only a few of his traits that eventually transformed into the core values of his business undertaking and implementation.

At present, Mr. Raja is the Chairman of United Enterprises & Co. Ltd as well the Chairman and Managing Director of more than 20 Concerns of the Group, notably Khulna Power Company Limited, Neptune Land Development Ltd, United City twin Towers Developers Ltd, United Hospital, United Maritime Academy Ltd etc. He is also the Chairman, Board of Trustees of United International University.

Mr. Raja has travelled extensively at home and abroad namely to USA, UK, Australia, Canada, Germany, Japan, Malaysia, Singapore and many other countries for the purpose of business. He also takes a profound interest in community services and contributes generously for the welfare of the community, particularly to the underprivileged ones. He has established multiple school and madrasa in his village and surrounding areas. He continues to employ his best efforts to provide education, healthcare and infrastructure facilities for overall development of the people of Jamalpur district.



## Muhammed Aziz Khan

Muhammed Aziz Khan is the founder of Summit Corporation Limited (formerly known as Summit Industrial and Mercantile Company (Pvt.) Ltd. (SIMCL)). Summit Group is recognized as the largest infrastructure group in Bangladesh employing over 5000 people with investments in the energy sector, ports, shipping, hospitality and information technology.

Under the leadership of Muhammed Aziz Khan, Summit set up the first Independent Power Plant of the country in 1998, Khulna Power Company Limited. Currently, Summit generates more than 1500 megawatts (MW), of electricity and is by far the largest independent power producer in the country. A further 900 MW of electricity generation facility is presently under construction by the group. Summit also set up the country's first private off-dock port facility, Ocean Containers Limited, now known as Summit Alliance Ports Limited which handles about 30% of the country's export

volume and about 10% of the country's import volume. Summit Communications Ltd., another company founded by Mr. Khan is the first company to lay a nationwide telecommunication transmission network. Summit Communication Ltd's fibre optic cables cover 70% of Bangladesh, and the company also connects Bangladesh to India and Myanmar through terrestrial fibre optics. Summit's subsidiary, IPCO Ltd., a hospitality and real estate company, is building one five star hotel (Inter Continental), one four star hotel (Crown Plaza), a convention hall and 1000 high class shops and an office tower beside the International Airport of Dhaka.

Summit Power Limited, Summit Alliance Ports Limited and Khulna Power Company Ltd. are subsidiaries of Summit Group and are currently listed in the Dhaka and Chittagong Stock Exchanges with a combined market capitalization of about Tk. 100 billion.

In the recent past, Summit has entered into a partnership venture with IFC and some other internationally reputed firms, by forming a new company named Summit Power International Pte. Ltd. with its office in Singapore. The partnership has brought in an investment of US \$ 175 million for the power sector of the Group. Besides, Summit also entered into an agreement with General Electric of USA for development of gas turbine power plants in the South Asian Region. An MOU was also signed with Wartsila of Finland, (world's largest manufacturer of reciprocating engines), for cooperation in the Indonesian market.

Muhammed Aziz Khan was born in 1955. He has an MBA from the Institute of Business Administration (IBA), University of Dhaka. Mr. Khan is also the Chairman of SirajKhaleda Trust and President of Bangladesh Association of Publicly Listed Companies (BAPLC), a member of the Prothom Alo Trust and was also the founder President of Bangladesh Scouts Foundation and Bangladesh Energy Companies Association.

Muhammed Aziz Khan is the Honorary Consul General of Finland to Bangladesh.

Muhammed Aziz Khan is married to Anjuman Aziz Khan and has three daughters, Ayesha, Adeeba and Azeeza.



## Md. Latif Khan

Mr. Md. Latif Khan was born 1958 in Dhaka. He pursued BA in Public Administration at Dhaka University, and subsequently left for higher studies to the U.S. in 1981. There, he worked for over 15 years in the financial sector. He was a stockbroker and a financial analyst at Prudential Insurance of America where he received numerous sales achievement awards. He also worked as a Financial Officer at Wells Fargo Bank in California. He returned to Bangladesh in 1997 and thereof joined Summit Group as the Managing Director of Summit Shipping Limited. He has been elected Vice Chairman of Summit Power Limited since 2009 and also elected President of Bangladesh Independent Power Producers' Association since 2015. Mr. Khan has established himself as a sound and dynamic businessman of the country.

## Abul Kalam Azad

Mr. Abul Kalam Azad was born in 1955. After completion of his Bachelor of Science, he joined United Group as one of the Directors. Presently, he is the Vice-Chairman of United Group. Best known for his dynamism, he is a key entrepreneur of the Group especially in real estate sector. His dedication and relentless efforts to the business is playing a pivotal role that has also helped United Group reach new heights.

Over the years in United Group, Mr. Azad has been overseeing diverse construction projects of the group starting from real-estate to power plant construction. Under his leadership United Group is developing "United City", the largest mini township in the country - at Satarkul and the largest international standard commercial complex with two international hotels and resorts adjacent to Hazrat Shahjalal International Airport, Dhaka. At present, he is the Managing Director of almost all real estate enterprises of the Group, notably Neptune Land Development Ltd., United City Twin Towers Developers Ltd., Neptune Commercial Ltd. etc. He is also the Managing Director of United Land Port Teknaf Ltd., one of the pioneering "Build, Operate and Transfer" (BOT) project of the Government. He is also the Director of Khulna Power Company Limited (KPCL), United Hospital Ltd. and many more concerns of the Group. He is one of the members of the Board of Trustees of United International University.

He is well known for his benevolence in the Group, he is one of the Trustees of United Trust, an organ of United Group responsible for Corporate Social Responsibility (CSR). He is a widely traveled man and engaged in many social and charitable works at his village home in Bikrampur.







## Faridur Rahman Khan

Mr. Faridur Rahman Khan, one of the Founding Directors of United Group, was born in 1955. After completion of his Bachelor degree in Science, he engaged himself in Business. He is, at the moment, the Managing Director of one of the most vibrant concerns of the Group: United Hospital Ltd. Under his entrepreneurship and foresight, United Hospital developed its Medicare system at par with any international standard hospitals. Now, it has become a health care asset of the country. He is the founding Chairman of United College of Nursing – a wing of United Hospital Ltd. He is also the Vice-Chairman of the Board of Trustees, United International University. He is a member of the Board of Governors of United Maritime Academy and a member of the Board of Trustees of United Trust – a CSR wing of United Group. He is one of the Directors of United Ashuganj Power Ltd (UAPL), United Ashuganj Energy Ltd (UAEL) and also Khulna Power Company Ltd (KPCL).

Mr. Faridur Rahman Khan hails from Louhajang, Munshigonj. He started his career in shipping and went on to lead one of the most reputed construction companies of the country, Neptune Commercial Limited. Under his dynamic leadership the country saw the implementation of its first Independent Power Plant, Khulna Power Company Limited and the first Commercial IPP, UPGDCL. He was also responsible for the successful completion of several coastal embankment projects, namely Chandpur, Ekhaspur, Patenga and Anwara to name a few.

Being one of the honored Trustees of the United Trust, the CSR wing of the Group, he spontaneously patronizes and contributes substantially in social activities in his home village and surrounding areas. Notably, he set up and is currently the Chairman of “Yunus Khan - Mahmuda Khanam Memorial Complex” in his village home which provides treatment to the local people including Pathology, Radiology and cataract Eye Surgery with nominal fees.

## Ahmed Ismail Hossain

Mr. Ahmed Ismail Hossain is one of the Founding Directors of the country's one of the leading business houses - United Group which marked its debut in business in 1978. He was born in June 1956 and hailed from Kishoreganj district. After schooling from Faujderhat Cadet College, he completed his Honours and Master's degrees in International Relations from Dhaka University. He is one of the architects of the company we know as United Group today.

He undertook the responsibility as the Managing Director of United Enterprises & Co. Ltd., the parent Company of United Group for many years, demonstrated his entrepreneurial skills, and used his experience to establish many corporate bodies of the Group notably in textile and pharmaceutical sectors. He is the Vice-Chairman of United Hospital Ltd and Managing Director of Comilla Spinning Mill Ltd., performing diverse responsibilities of the Group as and when required. He is also one of the Directors on the Board of Khulna Power Company Ltd. He is also a member of the Board of Trustees of United International University.

Being one of the Trustees of the United Trust, the CSR wing of the Group, he enthusiastically undertakes social works in his village in Kishoregonj district. Mr. Ismail is a widely travelled man and has visited many parts of the world for the purpose of business.





## K M Ahsan Shamim

Mr. Khandaker Moinul Ahsan Shamim is one of the Founding Directors of United Group. After completion of his Bachelor of Commerce, he joined the business together with a few like-minded friends. With his diligence and exceptional entrepreneurial skills, he played important roles in establishing firm footing and quick expansion of business of the Group. At one time he also undertook the responsibility of United Group in the capacity of the Managing Director, displaying his entrepreneurial skill and business experience, in order to sustain growth of business of United Group.

At present, he is one of the Directors of all the corporate entities of United Group, notably United Enterprises & Co. Ltd., United Power Generation and Distribution Company Ltd., United Hospital Limited, Khulna Power Company Ltd., etc. He oversees the overall financial management of the Group on behalf of the Board of Directors. Besides this, he is also a member, Board of Trustees of United International University.

He plays key role in the social development sector of his home district. Being one of the active Trustees of the United Trust, a CSR organization of the Group, he generously patronizes education sector in his home village and surrounding areas.

## Md. Farid Khan

Mr. Md. Farid Khan was born in 1960. Mr. Khan is a business graduate from Dhaka University. He is involved in business since 1980. He started his business career with trading in plastic compound, fertilizer and other commodities. He was an integral part of the team that pioneered export of molasses and fertilizer from Bangladesh. Mr. Farid Khan has proved to be an entrepreneur with special skills in the development of new projects. He was solely instrumental in setting up Liquefied Petroleum Gas (LPG) project and Tanks Terminal in Mongla.





## Jafer Ummeed Khan

Mr. Jafer Ummeed Khan was born on 10th May 1957. After completing his studies in the United Kingdom, he joined Summit Group in 1987. He spearheaded the development & expansion of Summit Group, particularly of Summit Industrial & Mercantile Corporation (Pvt.) Limited and later of Summit Power Limited. Because of his contribution in the Power Sector, Mr. Jafer Ummeed Khan was also unanimously elected as the Vice-President of Bangladesh Energy Companies Association.

## Faisal Karim Khan

Mr. Khan is the Director Operations of Summit Power Limited and a member of the Board of Directors of all subsidiary companies under Summit Group. He was involved in the development of 10 Power Projects totaling over 1100MW in the past decade. Mr. Faisal Khan is also the Additional Managing Director of Summit Corporation.

He began his journey with Summit Group as an intern during summers throughout his college days and officially joined the Group in 2007. Thereafter, he spent stints at various businesses of Summit Group which includes Power Generation, Communications, Properties, Ports and Shipping Services; to gain insight, knowledge and experience in various sectors. He is currently responsible for the management and development of large infrastructure businesses of Summit Group.

Mr. Khan served as the Chairman of National Standing Committee for National Energy Strategy for Private Sector Development and also as the Co-Convener of National Standing Committee for Energy & Power Sector at Dhaka Chamber of Commerce & Industries. He was also elected as a Director of Bangladesh-China Chamber of Commerce.

Mr. Khan holds a Bachelor of Mechanical Engineering Degree from University College London (UCL) and a Master of Business Administration Degree from London Business School (LBS).





## Moinuddin Hasan Rashid

Mr. Moinuddin Hasan Rashid was born in 1982 in Dhaka. Upon completion of his B.Sc. in Electrical and Electronics Engineering from University College London he joined United Group in 2005 as a second generation Director. As a young and energetic entrepreneur, he marked his future through dedication, dynamism and foresight in shaping the Power Sector, one of the major enterprises of United Group. On 12 July 2011 he was appointed as Managing Director of United Enterprises & Co. Ltd, and simultaneously holds the position of the Managing Director for United Power Generation and Distribution Co. Ltd. and many more sister concerns. Mr. Rashid is an Active Trustee of the United Trust, a CSR organization of the Group and United International University Foundation. In 2011 he oversaw commissioning of 208 MW Power Generation under three projects (KPCL II, KJAPCL & UAPL). United Ashuganj Power Ltd. (UAPL) is a quick rental power plant that was constructed and commissioned in a record time of 120 days under the tireless and bold leadership of Mr. Rashid. He also established United Maritime Academy in 2011, one of the finest academic institutions in Bangladesh, United Property Solutions Ltd. one of the leading real estate developers of the country and oversaw the development of United Land Port Teknaf Ltd, Bangladesh's only land port with Myanmar. Along with responsibilities mentioned above, he looks after Group Investment and Business Development. Mr. Moinuddin Hasan Rashid supervised Power Plant expansion projects of UPGDCL DEPZ and UPGDCL CEPZ by 75 MW, oversaw commissioning of Shajahanullah Power Generation Co Ltd, a 28 MW Power Plant, and spearheaded the Joint-Venture of Gunze United Limited in 2013. Mr. Rashid also established United Shipping and Logistics Services Ltd. in 2015.

Currently, Mr. Rashid is the Managing Director of United Power Generation & Distribution Co. Ltd. (UPGDCL), United Ashuganj Power Ltd. (UAPL), United Ashuganj Energy Ltd. and United Property Solutions Ltd. (UPSL) and is in the Board of Directors of United Hospital Ltd. (UHL), Khulna Power Company Ltd. (KPCL) and United Landport Teknaf Ltd. (ULPTL). He is also an active member of the Board of Trustees of United International University (UIU).

## Akhter Mahmud Rana

Mr. Akhter Mahmud Rana is one of the first generation Directors of United Group. Born in November 1960 he is the younger brother of Mr. Hasan Mahmood Raja. With his entrepreneurial initiatives and commitment, United Group has added much to its current growth and streamlined human resources of the Group.

He is one of the Directors of all the corporate entities under United Group, notably United Enterprises & Co. Ltd., United Power Generation & Distribution Co. Ltd., United Hospital Ltd., Khulna Power Company Ltd. etc. Besides this, he is also a member, Board of Trustees of United International University. Mr. Rana has looked after several textile related concerns of the Group.

Being one of the active Trustees of United Trust, a CSR organization of the Group, he generously patronizes education, healthcare and various charitable activities in and around his village home, Malancha, Jamalpur.





## A.N.M Tariqur Rashid

Mr. Tariqur Rashid, with in-depth experience in development of power generation and structured finance of power projects, is working as CEO in Summit Meghnaghat Power Company Limited – a joint venture company incorporated to develop on BOO basis a 335MW dual fuel combined cycle power plant a Meghnaghat. In his career, he has developed, financed and/or managed over power plants with aggregated capacity of around 750MW and has been involved in financings of approximately US\$ 500 million. He holds bachelor degree in engineering. Major accomplishments of Mr. Rashid are - developed, financed and/ or managed power plants with aggregate capacity of around 430MW and has been involved in financing of approximately US\$325 million of these power plants; headed a company named "Summit Narayanganj Power Limited", who earned an international award titled "Best Fast Track Project in Asia" in 2011 for completing a project of 102MW within 8.5 months; and worked in Senior management position at Summit Power Limited and participated in its development.

## Lt Gen (Retd) Abdul Wadud

Lt Gen (Retd) Engr Abdul Wadud is the Managing Director of Summit Power Limited. He is a B.Sc. Engineer from Bangladesh University of Engineering & Technology (BUET). Mr. Wadud obtained M.Sc in Resource Planning and Management and a PhD in Management from USA. He has in depth knowledge on Power and Energy sector of Bangladesh. Prior to retirement, he was the Principal Staff Officer to the Honorable Prime Minister in the Armed Forces Division. During his illustrious career, among many assignments, he was the Chief Engineer of Bangladesh Army, Managing Director of Bangladesh Machine Tools Factory and Engineer-in-Chief of the Armed Forces. Mr. Wadud attended various training courses, seminars and conferences both at home and abroad.





## Syed Fazlul Haque, FCA

A Chartered Accountant by profession, Syed Fazlul Haque, started his career as partner of A Qasem & Co, Chartered Accountants in mid 1971. In April 1975, he moved to an executive career by joining Biman, Bangladesh Airlines, as its Controller of Accounts and since then his long, varied career included increasingly higher positions in different local and multinational organizations. Mr. Haque served in Padma Oil Co Ltd for 12 years and left the Company as its CEO in January 1993 to join Glaxo Bangladesh (subsequently renamed as GlaxoSmithKline Bangladesh) as Finance Director. In Glaxo, he was promoted as Managing Director of the Company in August 1997 and continued in the position until his retirement on 31st December 2002. On 1st January 2005 Mr. Haque joined Summit Alliance Port Limited.

During the tenure of his long career, Syed Fazlul Haque served as a Committee member of Metropolitan Chamber of Commerce & Industries, Foreign Chamber of Commerce & Industries and Bangladesh Employers Federation. At present, besides his assignment as a Director of Summit Alliance port Ltd and Ocean Containers Ltd., Mr. Haque is also a Board member of Summit Power Ltd., Summit Purbanchal Power Ltd. and other Companies of Summit group as well as Director and Audit Committee Chairman of Khulna Power Company Ltd.

## Lt Gen Sina Ibn Jamali, awc, psc (retd)

Lt Gen Sina Ibn Jamali, AWC, psc (Retd) studied at Mirzapur Cadet College and was commissioned in Bangladesh Army (Infantry) in May 1977. Besides other coveted appointments, he commanded two Infantry Battalions and an Infantry Brigade involved in counter insurgency operations in Chittagong Hill-Tracts. He held the appointments of Director Military Operations, Adjutant General, Bangladesh Army, General Officer Commanding of 24 Infantry Division, Chittagong and the Chief of General Staff in Army Headquarters.

He is the Masters of Defense Studies (MDS) and graduate of Defense Services Command and Staff College, Mirpur; 'Staff College' Quetta, Pakistan and 'Army War College' of USA. He held the honor of being the Colonel Commandant of 'Corps of Military Police' of Bangladesh Army and the Commandant of National Defense College. He served as an 'Observer' in the United Nation's Iraq-Iran Military Observer Group (UNIIMOG) in 1988, the first Bangladeshi UN Deployment. His other experiences include serving as the President, Bangladesh Cricket Board, Chairman, Sena Kalyan Sangstha, Sena Hotel Development Ltd, Governing Body of Cadet Colleges, Army Welfare Trust and Central Coordination Committee of Cantonment Public Schools & Colleges. He also rendered his services as the Vice Chairman, Trust Bank Limited and Senior Vice President, Bhatary Golf and Country Club, Chittagong. Currently, he is serving as the Corporate Adviser at Radiant Pharmaceuticals Ltd, MD & CEO of Radiant Nutraceuticals Ltd, Radiant Distribution Ltd and Pharmacil Ltd.





## Professor Mohammad Musa, PhD.

Professor Mohammad Musa teaches finance courses in the School of Business at United International University (UIU). He teaches portfolio management & security analysis and corporate finance. His research interest is in market micro-structure, investments and capital markets. He has published a good number of articles on capital market efficiency and market micro-structure in professional academic journals in home and abroad.

He earned MBA from Institute of Business Administration (IBA), University of Dhaka and from University of Wisconsin, Madison, USA before completing his Ph. D. (Major: Finance, Minor: Business Statistics) from the University of Wisconsin, Milwaukee in 1995. He started his teaching career as a Lecturer at the IBA, Dhaka University in 1985. He conducted a large number of short courses and executive development courses as a lead resource person and at times as course coordinator. He worked as Research Director at Center for Research in Business, Economics and Technology at East West University and as Director, Institute of Business and Economic Research at UIU. Under his watch, the MBA curriculum of North South University and the Executive MBA curriculum of East West University were prepared.

Dr. Musa's involvement with the Capital Markets of Bangladesh goes back to 1998 when he started working as Research Advisor to Swadesh Investment Management Limited (SIML), a local merchant bank. He was founder Convener of Bangladesh Merchant Bankers Association (BMBA) and led the organization for about 3 years. He is keen to see Bangladesh Capital Markets to grow big and run efficiently. He advises AM Securities and Financial Services Limited (AMSFSL), a brokerage firm with membership in both the Dhaka and the Chittagong Stock Exchanges.

Professor Musa acted as the Chairman of the Board of Directors (BOD) of SIML for about 2 years. He was in the BOD of Central Depository Bangladesh Limited (CDBL) for two years. He acted as an Independent Director of in the BOD of Dhaka Power Development Company (DPDC) for about one year.

## Karishma Jahan

Ms. Karishma Jahan is an advocate of the Supreme Court of Bangladesh. She was called to the Bar of England and Wales in the year 2002 by the Hon'ble Society of Lincoln's Inn and since then has worked in the courts of Bangladesh. She regularly represents clients in the writ jurisdiction and takes keen interest in the admiralty jurisdiction. Karishma Jahan also focuses on the energy sector and advises clients on strategy and development as well as acquisition and financing of assets in the energy and infrastructure sector. In the electricity industry, she specialises in the negotiation of project agreements with the Government, the drafting and negotiation of engineering, procurement and construction (EPC) contracts and operation and maintenance (O&M) contracts, as well as the financing of energy companies. To any large-scale energy transaction, she brings experience of having worked with a significant variety of industry participants, from the Government which awards the energy contracts, to contractors undertaking EPCs and O&Ms, original equipment manufacturers, as well as multilateral agencies, DFIs and commercial banks providing long-term financing to projects.





### Md. Abdur Rahim (Ex-Officio)

Mr. Md. Abdur Rahim obtained B. Sc in Marine Engineering from the Merchant Marine University College of Rijeka, Yugoslavia. He worked on board various vessels of DDG "Hansa" Lines of West Germany. Afterwards, he worked in Bangladesh Steel & Engineering Corporation in various capacities from 1976 to 1993 starting as Deputy Chief Engineer. He was the General Manager of Khulna Shipyard Ltd from 1982 to 1987 and the Managing Director of Dockyard & Engineering Works Ltd. Narayangonj from 1987 to 1993. He served on deputation as Technical Director in Bangladesh Shipping Corporation and Bangladesh Inland Water Transport Corporation from 1993 to 1997. Thereafter, then he joined in Khulna Power Company Ltd. in 1997 as a Project Director and prior to join as Managing Director he was posted as Chief Operating Officer of the company. He actively involved in formation of the company and was pivotal to timely implementation of the projects.



# Senior Management Team



## **Md. Abdur Rahim**

**Managing Director**

Mr. Md. Abdur Rahim obtained B. Sc in Marine Engineering from the Merchant Marine University College of Rijeka, Yugoslavia. He worked on board various vessels of DDG "Hansa" Lines of West Germany. Afterwards, he worked in Bangladesh Steel & Engineering Corporation in various capacities from 1976 to 1993 starting as Deputy Chief Engineer.

He was the General Manager of Khulna Shipyard Ltd from 1982 to 1987 and the Managing Director of Dockyard & Engineering Works Ltd. Narayangonj from 1987 to 1993. He served on deputation as Technical Director in Bangladesh Shipping Corporation and Bangladesh Inland Water Transport Corporation from 1993 to 1997. Thereafter, then he joined in Khulna Power Company Ltd. in 1997 as a Project Director and prior to join as Managing Director he was posted as Chief Operating Officer of the company. He actively involved in formation of the company and was pivotal to timely implementation of the projects.



## **Md. Shoharab Ali Khan, FCMA**

**Chief Financial Officer & Company Secretary**

Mr. Md. Shoharab Ali Khan, FCMA was born on 28 October 1962. He is a Cost & Management Accountant, qualified from the Institute of Cost & Management Accountants of Bangladesh (ICMAB). He obtained his Master degree in Accounting from Dhaka University and also MBA from Southeast University in Bangladesh. He is having more than 26 years of service experience in the field of accounts, finance and company secretarial matters in various Govt. organization and local companies like Bangladesh Agricultural Research Council (BARC), Lexco Ltd. Anudip Services Pvt. Ltd., Social Development Foundation (SDF), Bangladesh Arsenic Mitigation Water Supply Project (BAMWSP) of World Bank and more than six years working experience in senior management position in Ashugonj Power Station Company Ltd (APSCL) second largest power generation company in Bangladesh and joined in July 2011 in Khulna Power Company Ltd. as Financial Controller & Company Secretary. He has attended in various training courses and seminars in home and abroad.



**Al Mamun M. Atiqul Islam**  
General Manager (Asset Management)

Mr. Al Mamun M. Atiqul Islam obtained his Bachelor of Maritime Science (Engineering) from Bangladesh Marine Academy in 1997. He achieved his professional degrees of Class-1 & 2 Marine Engineering Certificates from Singapore in 2003 and 2008 respectively. He has completed MBA course of Royal Roads University, Canada in 2012. He started his marine engineering career in Bangladesh Shipping Corporation in 1998 and continued till 2004. Then he served in various international reputed shipping companies as Hub Shipping Sdn. Bhd. of Malaysia, NYK Line of Japan, Mediterranean Shipping Company (MSC) of Italy and Thome Ship Management of Singapore. He served as Chief Engineer in MSC Ship Management (HK) and Thome Ship Management (Singapore) from 2008 to 2012. Thereafter he joined Khulna Power Company Ltd. (KPCL) in 2012. He has performed many trainings and short courses on engineering, safety, quality and inspections and also attended several workshops and seminars both at home and abroad.

## Mid-Level Management Team



**H. M. Nuruzzaman Miah**  
Manager- Finance & Accounts



**Md. Mozammel Hossain**  
Manager- Finance & Corporate Affairs



**Md. Mamun Sarwar**  
Manager- Accounts



**A. F. M. Moshir Rahman**  
Manager- IT & Admin.



# Code of Conduct and Ethics

## A. Objective

United Group and Summit Group is the major sponsors of KPCL and therefore all the standards of Code of Conduct and Ethics being followed in KPCL is the course of carrying its business stem from its sponsor, Summit & United. Summit & United holds the values with which it conducts business in high esteem. It has and will continue to uphold the highest levels of business ethics and personal integrity. Following suit, KPCL's Code of Business Conduct and Ethics serves to (1) emphasize the Group's commitment to ethics and compliance with the laws; (2) sets forth basic standards of ethical and legal behavior; (3) provides reporting mechanisms for known or suspected ethical or legal violations; and (4) helps prevent and detect wrongdoing. Given the variety and complexity of ethical questions that may arise in the course of KPCL's business, this Code of Business Conduct and Ethics serves only as guide. Confronted with ethically ambiguous situations, all should remember the KPCL's commitment to the highest ethical standards and seek advice from supervisors, managers or other appropriate personnel to ensure that all actions they take on behalf of KPCL honor this commitment.

## B. Ethical Standards

### 1. Conflicts of Interest

A conflict of interest exists when a person's private interest interferes in any way with the interests of KPCL. A conflict can arise when one takes actions or has interests that may make it difficult to perform his or her work for KPCL objectively and effectively. Conflicts of interest may also arise when an affiliates, or members of his or her family, receives improper personal benefits as a result of his or her position at the Group. It is always a conflict of interest for an officer to work simultaneously for a competitor, customer and supplier or for that matter any other establishment against precursory benefit.

Conflicts of interest may not always be clear-cut, so if anyone has a question, he/she should consult with his/her supervisor or manager or chief operating officer or chief financial officer of KPCL. Any officer who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, manager or other appropriate personnel or consult the procedures described in Section E of this Code.

All directors and executive officers of the KPCL, and the chief executive officers and chief financial officers shall disclose any material transaction or relationship that reasonably could be expected to give rise to such a conflict to the Chairman of the KPCL.

### 2. Corporate Opportunities

All officers are prohibited from taking for themselves opportunities that are discovered through the use of corporate property, information or position without the consent of

**This Code of Business Conduct and Ethics applies to all Khulna Power Company Ltd. (KPCL) directors, officers and employees. Khulna Power Company Ltd. is referred to herein as the "KPCL" and the directors, officers and employees are referred herein collectively as "Officers".**



the Board of Directors of KPCL. No officer may use corporate property, information or position for improper personal gain and no employee may compete with the Group directly or indirectly. Officers owe a duty to the Group to advance its legitimate interests whenever possible.

### 3. Fair Dealing

Officers shall behave honestly and ethically at all times and with all people. They shall act in good faith, with due care, and shall engage only in fair and open competition, by treating ethically competitors, suppliers, customers, and colleagues. No officer should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair practice. The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered or accepted unless it is consistent with customary business practices, cannot be construed as a bribe or payoff and does not violate any laws or regulations. Officers should discuss with their supervisors, managers or other appropriate personnel any gifts or proposed gifts which they think may be inappropriate.

### 4. Insider Trading

Officers who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of KPCL's business. All non-public information about the KPCL should be considered confidential information.

### 5. Confidentiality

Officers must maintain the confidentiality of confidential information entrusted to them. Confidential information includes all non-public information that might be of use to competitors or harmful to the KPCL or its customers if disclosed. It also includes information that suppliers and customers have entrusted to the KPCL. The obligation to preserve confidential information continues even after employment ends.

## 6. Protection and Proper Use of KPCL Assets

All should endeavor to protect the KPCL's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the KPCL's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. The KPCL's equipment should not be used for non-KPCL business, though incidental personal use is permitted.

The obligation of officers to protect the KPCL's assets includes its proprietary information. Proprietary information includes as trade secrets, trademarks, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate KPCL policy. It could also be illegal and result in civil or criminal penalties.



## 7. Compliance with Laws, Rules and Regulations

Obeying the law, both in letter and in spirit, is the foundation on which the KPCL's ethical standards are built. In conducting the business of KPCL, the officers shall comply with applicable governmental laws, rules and regulations at all levels of government in Bangladesh.

## 8. Timely and Truthful Public Disclosure

In reports and documents filed with or submitted to the Securities and Exchange Commission, stock exchanges and other regulators by KPCL, and in other public communications made by KPCL, the officer involved in the preparation of such reports and documents (including those who are involved in the preparation of financial or other reports and the information included in such reports and documents) shall make disclosures that are full, fair, accurate, timely and understandable.

## 9. Significant Accounting Deficiencies

The CEO and each senior financial officer shall promptly bring to the attention of the board any information he or she may have concerning (a) significant deficiencies in the design or operation of internal control over financial reporting which could adversely affect the KPCL's ability to record, process, summarize and report financial data or (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the KPCL's financial reporting, disclosures or internal control over financial reporting.



## C. Waivers

Any waiver of this Code for executive officers or directors may be made only by the KPCL's Board of Directors.

## D. Violations of Ethical Standards

### 1. Reporting Known or Suspected Violations

The KPCL's directors, CEO, chief financial officers, and chief operating officer shall promptly report any known or suspected violations of this Code to the Chairman. All other officers should talk to supervisors, managers or other appropriate personnel about known or suspected illegal or unethical behavior.

### 2. Accountability for Violations

If the KPCL's Audit Committees or its designee determines that this Code has been violated, either directly, by failure to report a violation, or by withholding information related to a violation, the offending officers may be disciplined for non-compliance with penalties up to and including removal from office or dismissal. Violations of this Code may also constitute violations of law and may result in criminal penalties and civil liabilities for the offending officers and KPCL. All Covered Parties are expected to cooperate in internal investigations of misconduct.

## E. Compliance Procedures

All must work together to ensure prompt and consistent action against violations of this Code. In some situations, however, it is difficult to know if a violation has occurred. Because we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. Steps to keep in mind are as follows -

- Make sure you have all the facts. In order to reach the right solutions, we must be as informed as possible.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your manager. This is the basic guidance for all situations. In many cases, your superior will be more knowledgeable about the questions, and he or she will appreciate being consulted as part of the decision-making process.
- You may report ethical violations in confidence without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected to the maximum extent consistent with KPCL's legal obligations. The KPCL in all circumstances prohibits retaliation of any kind against those who report ethical violations in good faith.
- Ask first, act later. If you are unsure of what to do in any situation, seek guidance before you act.

# Success Milestones

## October 1997

October 15, 1997 Incorporation of the Company  
 October 16, 1997 Signing of Power Purchase Agreement with BPDB  
 October 16, 1997 Signing of Implementation Agreement with GOB

## November 19, 1997

O & M Agreement with Wärtsilä, Finland,  
 a world renowned establishment for Power Sector

## October 13, 1998

Full Commercial Operation Date (FCOD)

## February 21, 2001

Plant operation has been Certified:  
 • Quality Management System (QMS) with ISO 9001  
 • Environmental Management System (EMS) with ISO 14001

## September 4, 2003

Plant operation has been Certified:  
 • Occupational Health & Safety Admn. System (OHSAS) 18001

## June 2009

June 3, 2009 Appointment of Issue Manager  
 June 29, 2009 Credit Rating by CRISL

## July 19, 2009

Conversion from Private to Public Limited Company

## March 2010

March 7, 2010 Agreement with CDBL  
 March 15, 2010 Listing with Dhaka Stock Exchange Limited  
 March 18, 2010 Listing with Chittagong Stock Exchange Limited  
 March 29, 2010 Approval of Information Document (ID) from SEC  
 March 30, 2010 Publication of Information Document  
 (Share Offloading) in the daily newspaper

## April 2010

April 4-6, 2010 Bidding for EII for price discovery under BBM  
 April 15, 2010 Allotment of Shares for EII  
 April 18, 2010 Commencement of Trading of Shares for  
 General Investor

## June 23, 2010

Signing of new project Khulna Power Company Unit II Ltd. (99% subsidiary of KPCL) with BPDB to implement 115MW Rental Power Plant Project.

## December 21, 2010

Acquisition (90%) of Khanjahan Ali Power Company Ltd. by KPCL, a 40MW Rental Power Plant Project established for Supply of Electricity to BPDB.

## May 29, 2011

Khanjahan Ali Power Company Ltd. (90% subsidiary of KPCL), a 40MW Rental Power Plant Project achieved COD and started its commercial operation from May 29, 2011.

## June 2011

June 1, 2011  
 Khulna Power Company Unit II Ltd. (99% subsidiary of KPCL), a 115MW Rental Power Plant Project achieved COD and started its commercial operation from June 1, 2011.

June 14, 2011  
 Khanjahan Ali Power Company Ltd. (90% subsidiary of KPCL), a 40MW Rental Power Plant Project received USD 19.5 million Term Loan from Standard Chartered Bank, Mauritius.

## June 8, 2012

Khulna Power Company Unit II Ltd. (99% subsidiary of KPCL), a 115MW Rental Power Plant Project borrowed USD 50.0 million Term Loan from DEG, Germany and FMO, Netherlands.

## September 30, 2014

Khulna Power Company Unit II Ltd. and Khanjahan Ali Power Company Ltd. have been amalgamated with Khulna Power Company Ltd. (KPCL) vide Judgement and order dated 03-03-2015 passed by Hon'ble High Court in Company Matter No. 322 of 2014.

BPDB	Bangladesh Power Development Board
GOB	Government of Bangladesh
O & M	Operation & Maintenance
FCOD	Full Commercial Operation Date
CRISL	Credit Rating Information & Services Limited
CDBL	Central Depository Bangladesh Limited
SEC	Securities & Exchange Commission
ID	Information Document
EII	Eligible Institutional Investors
BBM	Book Building Method
COD	Commercial Operation Date
DEG	Deutsche Investitions – UND ntwicklungsgesellschaft Mbh
Fmo	Nederlandse Financierings Maatschappij Voor Ontwikkelingslanden N.V.



# Corporate Governance

The corporate governance philosophy of the Company is aimed at assisting the top management in efficient conduct of its affairs as well as in meeting obligations to all the stakeholders and is guided by strong emphasis on transparency, accountability and integrity. It provides the Company with strategic guidance as to how the objectives are set and achieved, how risk is monitored and assessed and how the performance is maximized.

Keeping in view the size, complexity and operations, the governance framework of the Company is based on the following principles:

- That the Board is appropriate in size and members are committed to their respective duties and responsibilities.
- That timely flow of information to the Board and its Committees are ensured to enable them discharge their functions effectively.
- That a sound system of risk management and internal control is in place.
- That timely and balanced disclosure of all material information concerning the Company is made to all Stakeholders.
- That all transactions of the Company are transparent and accountability for the same is well established.
- That all regulatory and statutory rules and regulations are complied with.





## The Responsibilities of the Board

To ensure effective maintenance of corporate governance, the Board of Khulna Power Company Ltd. (KPCL) formulates strategic objectives and policies for the company, provides leadership and supervises management actions in implementing those objectives of the company. In KPCL, Board of Directors is in full control of the company's affairs and is also accountable to the shareholders. The Board firmly believes that the success of the company depends largely on the prevalence of a credible corporate governance practice. In discharging its responsibilities, the Board fulfills certain key functions, including:

- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance.
- Ensuring the integrity of the company's accounting & financial reporting systems, in particular, systems for

risk management, financial and operational control and compliance with the law and relevant standards.

- Reviewing company's financial statements and oversee its compliance with applicable audit, accounting and reporting requirement.
- Monitoring implementation and effectiveness of the approved strategic and operating plans.
- Establish company's value.
- Oversee the corporate governance of the company

The Board has appointed four Independent Directors as per the Securities and Exchange Commission's requirement. The short introduction of the Directors has been described separately in this Report. The Board ensures that the activities of the Company are always conducted with adherence to high ethical standard and in the best interest of the shareholders.

## Board meetings and procedures

Four (4) meetings of the Board of Directors of the Company were held during the financial year ended on 30 June 2017. The procedures of the board meeting are mentioned below:

- (a) Selection of Agenda: The Chairman of the Board, in consultation with Managing Director sets the agenda for Board meetings with the understanding that the Board is responsible for providing suggestions for agenda items that are aligned with the advisor and monitoring functions of the Board. Any member of the Board may request that an item be included on the agenda.
- (b) Board Materials: Board materials related to agenda items are provided to Board members sufficiently in advance of Board meetings to allow the Directors to prepare for discussion of the items at the meeting.
- (c) Senior Management in the Board meeting: At the invitation of the Board, members of senior management attended Board meetings or portions thereof for the purpose of participating in discussions.

## Internal Control Framework

The Management recognizes its responsibilities to present a balanced and understandable assessment of the company's position and prospect. The management has accountability for reviewing and approving the effectiveness of internal controls operated by the company, including financial, operational and compliance controls and risk management.

The company has adequate system of internal control in place. The well defined organization structure, predefined authority levels, documented policy guidelines and an extensive system of internal controls ensure optimal utilization and protection of resources, reporting of financial transactions and compliance with applicable laws and regulations. The system also ensures that assets are safeguarded against loss from unauthorized use or disposition.



# Financial Statements

## 2016-2017



# Rahman Rahman Huq

Chartered Accountants  
9 & 5 Mohakhali C/A, Dhaka 1212  
Bangladesh

## Independent Auditor's Report to the shareholders of Khulna Power Company Ltd.

### Report on the financial statements

We have audited the accompanying financial statements of Khulna Power Company Ltd. ("the Company") which comprise the statement of financial position as at 30 June 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Khulna Power Company Ltd. as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

### Emphasis of Matters

We draw users' attention to the following note to the financial statements:

**Note 6.2:** Receivables include Tk. 376,704,805 which is due from BPDB in connection with excess fuel consumption and differences in power factors. In this note, management explains why it believes these amounts are fully recoverable.

Our opinion is not qualified with regard to the above matter.

### Report on other legal and regulatory requirements

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

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books;
- the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and
- the expenditure incurred was for the purposes of the Company's business.



Chartered Accountants

Dhaka: 29 October 2017

## Statement of Financial Position

<i>In Taka</i>	Note	30 June 2017	30 June 2016	31 December 2015
<b>Assets</b>				
Property, plant and equipment	4	7,735,498,100	8,066,468,690	8,237,323,824
<b>Non-current assets</b>		<b>7,735,498,100</b>	<b>8,066,468,690</b>	<b>8,237,323,824</b>
Inventories	5	1,173,104,874	1,412,512,087	543,805,930
Trade and other receivables	6	3,020,402,695	2,571,838,589	1,931,003,788
Current tax assets	7	309,678,615	283,192,099	236,217,194
Advances, deposits and prepayments	8	39,776,580	37,518,410	63,507,719
Cash and cash equivalents	9	1,790,755,001	1,706,533,141	1,666,502,987
<b>Current assets</b>		<b>6,333,717,765</b>	<b>6,011,594,326</b>	<b>4,441,037,618</b>
<b>Total assets</b>		<b>14,069,215,865</b>	<b>14,078,063,016</b>	<b>12,678,361,442</b>
<b>Equity</b>				
Share capital	10	3,612,847,090	3,612,847,090	3,612,847,090
Capital redemption reserve	11	325,647,810	325,647,810	325,647,810
Retained earnings		5,525,547,340	4,959,773,972	5,262,136,974
<b>Total equity</b>		<b>9,464,042,240</b>	<b>8,898,268,872</b>	<b>9,200,631,874</b>
<b>Liabilities</b>				
Deferred tax liability	12	263,915,897	221,073,673	195,114,318
Employee benefits	13	20,462,175	25,246,834	25,349,708
Asset retirement obligation (ARO)	14	30,170,359	30,170,359	28,541,584
<b>Non-current liabilities</b>		<b>314,548,431</b>	<b>276,490,866</b>	<b>249,005,610</b>
Loans and borrowings	15	2,989,634,178	3,353,470,736	2,516,093,630
Trade and other payables	16	840,463,859	1,038,673,326	381,564,095
Unclaimed dividend	17	31,527,157	112,659,216	23,566,233
Provision for income tax	18	429,000,000	398,500,000	307,500,000
<b>Current liabilities</b>		<b>4,290,625,194</b>	<b>4,903,303,278</b>	<b>3,228,723,958</b>
<b>Total liabilities</b>		<b>4,605,173,625</b>	<b>5,179,794,144</b>	<b>3,477,729,568</b>
<b>Total equity and liabilities</b>		<b>14,069,215,865</b>	<b>14,078,063,016</b>	<b>12,678,361,442</b>

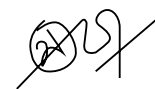
The notes on pages 7 to 37 are an integral part of these financial statements.



Managing Director



Director



Company Secretary

As per our report of same date.



Auditor

Rahman Rahman Huq  
Chartered Accountants

Dhaka, 29 October 2017

## Statement of Profit or Loss and Other Comprehensive Income

In Taka	Note	For the year ended	For the eighteen-month period ended	For the six-month period ended	For the year ended
		30 June 2017	30 June 2016	30 June 2016	31 December 2015
Revenue	19	10,034,160,075	16,767,902,262	4,614,656,432	12,153,245,830
Cost of sales	20	(7,784,511,206)	(12,308,944,446)	(3,248,347,623)	(9,060,596,823)
<b>Gross profit</b>		<b>2,249,648,869</b>	<b>4,458,957,816</b>	<b>1,366,308,809</b>	<b>3,092,649,007</b>
Other income	21	6,407,342	25,539,444	1,235,709	24,303,735
General and administrative expenses	22	(107,638,353)	(444,621,549)	(110,397,711)	(334,223,838)
<b>Operating profit</b>		<b>2,148,417,858</b>	<b>4,039,875,711</b>	<b>1,257,146,807</b>	<b>2,782,728,904</b>
Foreign exchange gain/(loss)	23	(49,204,217)	49,279,548	1,159,854	48,119,694
Finance income	24	86,970,802	129,166,287	49,956,598	79,209,689
Finance costs	25	(134,550,232)	(183,098,007)	(48,528,070)	(134,569,937)
<b>Profit before tax</b>		<b>2,051,634,211</b>	<b>4,035,223,539</b>	<b>1,259,735,189</b>	<b>2,775,488,350</b>
Income tax expense	26	(221,364,362)	(487,073,673)	(116,959,355)	(370,114,318)
<b>Profit for the year/period</b>		<b>1,830,269,849</b>	<b>3,548,149,866</b>	<b>1,142,775,834</b>	<b>2,405,374,032</b>
Other comprehensive income, net of tax		-	-	-	-
<b>Total comprehensive income</b>		<b>1,830,269,849</b>	<b>3,548,149,866</b>	<b>1,142,775,834</b>	<b>2,405,374,032</b>
<b>Earnings per share</b>	27	<b>5.07</b>	<b>9.82</b>	<b>3.16</b>	<b>6.66</b>


The notes on pages 7 to 37 are an integral part of these financial statements.



Managing Director



Director



Company Secretary

As per our report of same date.



Auditor

Rahman Rahman Huq  
Chartered Accountants

Dhaka, 29 October 2017

## Statement of Changes in Equity

In Taka	For the year ended 30 June 2017			
	Share capital	Capital redemption reserve	Retained earnings	Total
<b>Balance at 1 July 2016</b>	<b>3,612,847,090</b>	<b>325,647,810</b>	<b>4,959,773,972</b>	<b>8,898,268,872</b>
Total comprehensive income for the year				
Profit for the year	-	-	1,830,269,849	1,830,269,849
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>			<b>1,830,269,849</b>	<b>1,830,269,849</b>
<b>Transaction with owners of the Company</b>				
<b>Contributions and distributions</b>				
Dividend	-	-	(1,264,496,482)	(1,264,496,482)
<b>Total contributions and distributions</b>	<b>-</b>	<b>-</b>	<b>(1,264,496,482)</b>	<b>(1,264,496,482)</b>
<b>Total transaction with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>(1,264,496,482)</b>	<b>(1,264,496,482)</b>
<b>Balance at 30 June 2017</b>	<b>3,612,847,090</b>	<b>325,647,810</b>	<b>5,525,547,340</b>	<b>9,464,042,240</b>
In Taka	For the six-month period ended 30 June 2016			
	Share capital	Capital redemption reserve	Retained earnings	Total
<b>Balance at 1 January 2016</b>	<b>3,612,847,090</b>	<b>325,647,810</b>	<b>5,262,136,974</b>	<b>9,200,631,874</b>
Total comprehensive income for the period				
Profit for the period	-	-	1,142,775,834	1,142,775,834
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>1,142,775,834</b>	<b>1,142,775,834</b>
<b>Transaction with owners of the Company</b>				
<b>Contributions and distributions</b>				
Dividend	-	-	(1,445,138,836)	(1,445,138,836)
<b>Total contributions and distributions</b>	<b>-</b>	<b>-</b>	<b>(1,445,138,836)</b>	<b>(1,445,138,836)</b>
<b>Total transaction with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>(1,445,138,836)</b>	<b>(1,445,138,836)</b>
<b>Balance at 30 June 2016</b>	<b>3,612,847,090</b>	<b>325,647,810</b>	<b>4,959,773,972</b>	<b>8,898,268,872</b>
In Taka	For the year ended 31 December 2015			
	Share capital	Capital redemption reserve	Retained earnings	Total
<b>Balance at 1 January 2015</b>	<b>3,612,847,090</b>	<b>325,647,810</b>	<b>4,301,901,778</b>	<b>8,240,396,678</b>
Total comprehensive income for the year				
Profit for the year	-	-	2,405,374,032	2,405,374,032
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>2,405,374,032</b>	<b>2,405,374,032</b>
<b>Transaction with owners of the Company</b>				
<b>Contributions and distributions</b>				
Dividend	-	-	(1,445,138,836)	(1,445,138,836)
<b>Total contributions and distributions</b>	<b>-</b>	<b>-</b>	<b>(1,445,138,836)</b>	<b>(1,445,138,836)</b>
<b>Total transaction with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>(1,445,138,836)</b>	<b>(1,445,138,836)</b>
<b>Balance at 31 December 2015</b>	<b>3,612,847,090</b>	<b>325,647,810</b>	<b>5,262,136,974</b>	<b>9,200,631,874</b>

The notes on pages 7 to 37 are an integral part of these financial statements.



## Statement of Cash Flows

	For the year ended	For the eighteen-month period ended	For the six- month period ended	For the year ended
<i>In Taka</i>	30 June 2017	30 June 2016	30 June 2016	31 December 2015
<b>Cash flows from operating activities</b>				
Cash received from customer (BPDB)	9,326,091,076	17,356,029,645	4,047,980,417	13,308,049,228
Cash paid to suppliers	(7,732,160,520)	(12,122,675,683)	(3,395,614,365)	(8,727,061,318)
Received from other sources	16,081,784	2,810,361	388,312	2,422,049
Interest and other financial charges paid	(166,122,482)	(169,956,195)	(41,416,635)	(128,539,560)
Income tax paid	(26,486,517)	(143,846,758)	(46,974,905)	(96,871,853)
<b>Net cash from operating activities</b>	<b>1,417,403,342</b>	4,922,361,370	564,362,824	4,357,998,546
<b>Cash flows from investing activities</b>				
Payment for property, plant and equipment	(6,497,645)	(316,112,313)	(653,245)	(315,459,068)
Proceeds from disposal of fixed assets	1,780,000	85,974,919	19,722,311	66,252,608
Interest received	71,136,203	147,762,775	56,604,664	91,158,111
<b>Net cash from/(used in) investing activities</b>	<b>66,418,558</b>	(82,374,619)	75,673,730	(158,048,349)
<b>Cash flows from financing activities</b>				
Repayment of term loan	(363,836,559)	(353,903,797)	(10,391,586)	(343,512,211)
Working capital/short term loan received	11,233,928,609	15,338,318,427	4,578,259,813	10,760,058,614
Repayment of working capital/short term loan	(10,924,063,549)	(16,792,789,543)	(3,730,491,121)	(13,062,298,422)
Consideration payment	-	(73,898,400)	-	(73,898,400)
Dividend paid to ordinary shareholders	(1,345,628,540)	(2,799,312,293)	(1,437,383,506)	(1,361,928,787)
<b>Net cash from/(used in) financing activities</b>	<b>(1,399,600,039)</b>	(4,681,585,606)	(600,006,400)	(4,081,579,206)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>84,221,860</b>	158,401,145	40,030,154	118,370,991
Opening cash and cash equivalents	1,706,533,141	1,548,131,996	1,666,502,987	1,548,131,996
<b>Closing cash and cash equivalents</b>	<b>1,790,755,001</b>	1,706,533,141	1,706,533,141	1,666,502,987

The notes on pages 7 to 37 are an integral part of these financial statements.

## Notes to the Financial Statements

### 1 Reporting entity

#### 1.1 Company profile

Khulna Power Company Ltd. ("the Company") was incorporated in Bangladesh on 15 October 1997 as a private limited company under the Companies Act 1994 and has subsequently been converted into public limited company on 19 July 2009. The plant came into operation on 13 October 1998 for 15 years and after successful completion of that tenor the Company was awarded extension for another 5 years starting from 12 October 2013. The address of the company's registered office is Landmark, 3rd floor, 12-14 Gulshan North C/A, Gulshan-2, Dhaka-1212, Bangladesh.

On 18 April 2010, the Company listed its shares with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The authorised capital of the company is Tk 7,000,000,000 divided into 500,000,000 ordinary shares of Tk 10 each and 2,000,000 redeemable preference shares of Tk 1,000 each. Out of 2,000,000 redeemable preference shares, 1,100,000 were issued and fully paid up. These were redeemed on 14 May 2014. In 2010, the company took majority interest in two companies named Khulna Power Company Unit II Ltd. (KPCL-II) and Khanjahan Ali Power Company Ltd. (KPCL-III). Both companies were amalgamated with Khulna Power Company Ltd. with effect from 30 September 2014 pursuant to a Scheme of Amalgamation approved by the Honourable High Court Division of Bangladesh Supreme Court on 22 March 2015.

#### 1.2 Nature of business

The principal activity of the Company is to generate electricity, to sell such generated electricity to BPDB and to acquire fuel required for such electricity generation from home and abroad. For this purpose, the Company has set up a nominally rated 110 MW (KPCL-I) liquid fuel-fired, convertible to dual fuel-fired (liquid gas), barge mounted power plant in Khulna, Bangladesh. Since inception the Company has been supplying electricity to the national grid of Bangladesh through selling the same to Bangladesh Power Development Board (BPDB) under Power Purchase Agreement (PPA) between the Company and BPDB.

The Company has two other units, KPCL-II and KPCL-III, which were awarded two separate contracts by Bangladesh Power Development Board (BPDB) to supply electricity under the Contract for Supply of Electricity on Rental Basis. KPCL-II and KPCL-III have set up the nominally rated 115 MW and 40 MW liquid fuel-fired, rental power plant respectively in Khulna and Jessore, Bangladesh for generation of electricity. The principal activity of the units is to supply electric power and energy to BPDB on rental basis for a period of five years (extended for further five years as explained in note 1.4). KPCL-II commenced commercial operation from 1 June 2011 and KPCL-III from 29 May 2011.

#### 1.3 Amalgamation of Khulna Power Company Unit II Ltd. and Khanjahan Ali Power Company Ltd.

On 22 March 2015, the Honourable High Court Division of the Supreme Court of Bangladesh issued an order giving effect to a Scheme of Amalgamation under Company Matter No. 322 of 2014. The High Court ordered that under the amalgamation scheme, the entire undertaking of Khulna Power Company Unit II Ltd. and Khanjahan Ali Power Company Ltd. (the transferor companies) as going concerns will be transferred to and vested in the Khulna Power Company Ltd. (the transferee company) with an effective date of 30 September 2014.

Accordingly both subsidiaries, Khulna Power Company Unit II Ltd. (KPCL-II) and Khanjahan Ali Power Company Ltd. (KPCL-III), have been merged with Khulna Power Company Ltd. with the sanction of the Honourable High Court Division of the Supreme Court of Bangladesh in terms of an application submitted by both the transferor and transferee companies as per Section 228 read with Section 229 of the Companies Act, 1994. Though the Scheme of Amalgamation became effective from 2 April 2015, the day of the certified copy of the court order was submitted to the Registrar of Joint Stock Companies (RJSC), Dhaka, Bangladesh, and both Khulna Power Company Unit II Ltd. and Khanjahan Ali Power Company Ltd. ceased to exist since then, for financial reporting purposes the recording of all transactions on an amalgamated basis is effective from 30 September 2014.

# Notes to the Financial Statements

## 1.4 Extension of Contract for Supply of Electricity on Rental Basis for KPCL-II and KPCL-III

After successful completion of 5 years of Contract for Supply of Electricity on Rental Basis, KPCL-II and KPCL-III were awarded extension for further 5 years starting from 1 June 2016 and 29 May 2016 respectively which were signed on 27 December 2016.

## 2 Basis of accounting

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. The titles and format of these financial statements follow the requirements of BFRS which are to some extent different from the requirement of the Companies Act 1994. However, such differences are not material and in the view of management BFRS titles and format give better presentation to the shareholders.

Detail of the Company's accounting policies are included in Note 35.

### 2.2 Authorisation for issue

These financial statements were authorised by the Board of Directors on 29 October, 2017 for publication.

### 2.3 Functional and presentational currency and level of precision

These financial statements are presented in Bangladesh Taka (BDT/Taka/Tk), which is the Company's functional currency. All amounts have been rounded to the nearest integer, unless otherwise indicated.

### 2.4 Reporting period

These financial statements cover a twelve-month period from 1 July 2016 to 30 June 2017. But the comparative figures stated in the financial statements cover eighteen-month period from 1 January 2015 to 30 June 2016 and the related notes are not entirely comparable.

## 3 Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ended 30 June 2017 is included in the following notes:

Note 4	Property, plant and equipment
Note 5	Inventories
Note 13	Employee benefits
Note 14	Asset retirement obligations (ARO)
Note 18	Provision for income tax
Note 31	Contingencies and commitments

## Notes to the Financial Statements (Continued)

### 4 Property, plant and equipment

See accounting policies in Notes 35(C)

#### Reconciliation of carrying amount

In Taka	Land	Power plant	Motor vehicles	Building and construction	Furniture and fixtures	Office equipment	Office renovation	Total
<b>Cost</b>								
Balance at 1 January 2015	-	11,779,405,579	23,246,161	10,215,381	1,370,668	5,549,120	1,756,040	11,821,542,949
Additions	35,674,749	307,328,781	3,213,000	-	60,700	3,014,041	-	349,291,271
Adjustments/disposal	-	(268,767,830)	-	-	-	-	-	(268,767,830)
Balance at 31 December 2015	35,674,749	11,817,966,530	26,459,161	10,215,381	1,431,368	8,563,161	1,756,040	11,902,066,390
Balance at 1 January 2016	35,674,749	11,817,966,530	26,459,161	10,215,381	1,431,368	8,563,161	1,756,040	11,902,066,390
Additions	-	647,660	-	-	4,900	685	-	653,245
Adjustments/disposal	-	-	-	-	-	-	-	-
Balance at 30 June 2016	35,674,749	11,818,614,190	26,459,161	10,215,381	1,436,268	8,563,846	1,756,040	11,902,719,635
<b>Balance at 1 July 2016</b>	<b>35,674,749</b>	<b>11,818,614,190</b>	<b>26,459,161</b>	<b>10,215,381</b>	<b>1,436,268</b>	<b>8,563,846</b>	<b>1,756,040</b>	<b>11,902,719,635</b>
Additions	-	195,586	5,653,703	-	73,566	574,790	-	6,497,645
Adjustments/disposal	-	-	(2,271,000)	-	-	-	-	(2,271,000)
<b>Balance at 30 June 2017</b>	<b>35,674,749</b>	<b>11,818,809,776</b>	<b>29,841,864</b>	<b>10,215,381</b>	<b>1,509,834</b>	<b>9,138,636</b>	<b>1,756,040</b>	<b>11,906,946,280</b>

#### Accumulated depreciation

Balance at 1 January 2015	-	3,356,744,641	11,312,523	9,507,289	1,082,485	3,650,982	1,404,836	3,383,702,756
Depreciation for the year	-	339,404,037	4,781,122	78,678	148,507	1,359,059	351,191	346,122,594
Adjustment for disposal	-	(65,082,784)	-	-	-	-	-	(65,082,784)
Balance at 31 December 2015	-	3,631,065,894	16,093,645	9,585,967	1,230,992	5,010,041	1,756,027	3,664,742,566
Balance at 1 January 2016	-	3,631,065,894	16,093,645	9,585,967	1,230,992	5,010,041	1,756,027	3,664,742,566
Depreciation for the year	-	168,474,004	2,390,565	39,335	40,747	563,728	-	171,508,379
Adjustment for disposal	-	-	-	-	-	-	-	-
Balance at 30 June 2016	-	3,799,539,898	18,484,210	9,625,302	1,271,739	5,573,769	1,756,027	3,836,250,945
<b>Balance at 1 July 2016</b>	<b>-</b>	<b>3,799,539,898</b>	<b>18,484,210</b>	<b>9,625,302</b>	<b>1,271,739</b>	<b>5,573,769</b>	<b>1,756,027</b>	<b>3,836,250,945</b>
Depreciation for the year	-	329,613,778	5,626,802	78,678	82,866	1,214,486	-	336,616,610
Adjustment for disposal	-	-	(1,419,375)	-	-	-	-	(1,419,375)
<b>Balance at 30 June 2017</b>	<b>-</b>	<b>4,129,153,676</b>	<b>22,691,637</b>	<b>9,703,980</b>	<b>1,354,605</b>	<b>6,788,255</b>	<b>1,756,027</b>	<b>4,171,448,180</b>

#### Carrying amounts

At 31 December 2015	35,674,749	8,186,900,636	10,365,516	629,414	200,376	3,553,120	13	8,237,323,824
At 30 June 2016	35,674,749	8,019,074,292	7,974,951	590,079	164,529	2,990,077	13	8,066,468,690
At 30 June 2017	35,674,749	7,689,656,100	7,150,227	511,401	155,229	2,350,381	13	7,735,498,100

### 4.1 Allocation of depreciation

In Taka	Note	30 June 2017	30 June 2016	31 December 2015
Cost of sales	20	329,613,778	168,474,004	339,404,037
General and administrative expenses	22	7,002,832	3,034,375	6,718,557
		<b>336,616,610</b>	<b>171,508,379</b>	<b>346,122,594</b>

# Notes to the Financial Statements (Continued)

## 5 Inventories

See accounting policies in Notes 35(B)

<i>In taka</i>	30 June 2017	30 June 2016	31 December 2015
Heavy fuel oil (HFO)	641,677,624	570,756,621	130,739,861
Light fuel oil (LFO)	4,335,244	3,744,590	3,969,259
Lube oil	10,126,470	25,741,227	47,329,327
Chemical	684,438	604,262	300,311
Spare parts for plant maintenance	371,745,017	323,594,522	348,186,642
	1,028,568,793	924,441,222	530,525,400
Material-in-transit (HFO)	1,133,615	424,553,275	297,850
Material-in-transit (Spare parts)	143,402,466	63,517,590	12,982,680
	1,173,104,874	1,412,512,087	543,805,930

### 5.1 Movement in inventories

<i>In taka</i>	Heavy fuel oil (HFO)		Light fuel oil (LFO)		Lube oil		Chemicals	Spare parts
	Quantity (MT)	Amount	Quantity (Ltr)	Amount	Quantity (Ltr)	Amount	Amount	Amount
Balance at 1 January 2015	12,812	632,855,748	46,913	3,087,348	89,618	27,629,170	27,500	378,833,602
Addition during the year	253,134	7,388,580,140	234,000	15,415,531	923,547	277,366,738	2,095,820	250,718,107
Consumption during the year	(259,892)	(7,890,696,027)	(220,599)	(14,533,620)	(821,413)	(257,666,581)	(1,823,009)	(281,365,067)
<b>Balance at 31 December 2015</b>	6,054	130,739,861	60,314	3,969,259	191,752	47,329,327	300,311	348,186,642
Balance at 1 January 2016	6,054	130,739,861	60,314	3,969,259	191,752	47,329,327	300,311	348,186,642
Addition during the period	166,408	3,128,161,579	108,000	6,999,497	508,648	141,640,092	1,024,454	105,416,174
Consumption/loss/loan during the period	(147,402)	(2,688,144,819)	(109,903)	(7,224,166)	(597,113)	(163,228,192)	(720,503)	(130,008,294)
<b>Balance at 30 June 2016</b>	25,060	570,756,621	58,411	3,744,590	103,288	25,741,227	604,262	323,594,522
<b>Balance at 1 July 2016</b>	25,060	570,756,621	58,411	3,744,590	103,288	25,741,227	604,262	323,594,522
Addition during the period	245,891	6,691,744,145	252,000	15,834,116	1,189,484	318,513,587	2,113,952	400,713,121
Consumption/loss/loan during the period	(248,576)	(6,620,823,142)	(241,558)	(15,243,462)	(1,212,937)	(334,128,344)	(2,033,776)	(352,562,626)
<b>Balance at 30 June 2017</b>	22,375	641,677,624	68,853	4,335,244	79,835	10,126,470	684,438	371,745,017

## Notes to the Financial Statements (Continued)

### 6 Trade and other receivables

See accounting policies in Note 35(H)

<i>In Taka</i>	<i>Note</i>	<b>30 June 2017</b>	<b>30 June 2016</b>	<b>31 December 2015</b>
Trade receivables	Note 6.1	<b>2,967,729,543</b>	2,259,660,544	1,746,157,159
Other receivables	Note 6.3	<b>52,673,152</b>	312,178,045	184,846,629
		<b>3,020,402,695</b>	2,571,838,589	1,931,003,788

#### 6.1 Trade receivables

Capacity payment/Other monthly tariff		<b>211,864,224</b>	205,053,678	205,093,713
Fuel tariff		-	-	53,172,630
Rental payment		<b>411,743,420</b>	426,752,138	450,116,834
Energy payment (fuel payment)		<b>1,854,491,004</b>	1,202,826,241	684,992,015
Energy payment (variable operation & maintenance payment)	6.2	<b>489,630,894</b>	425,028,487	352,781,967
		<b>2,967,729,543</b>	2,259,660,544	1,746,157,159

6.2 In accordance with the Contract with KPCL-II and KPCL-III, Bangladesh Petroleum Corporation (BPC) had been the liquid fuel oil supplier and BPDB was liable to pay for the fuel. However, since the start of operation of the plants, the quality and quantity of the supplied fuel were not as per given specification in the contract. For this reason, the actual fuel consumption was higher per unit of electricity generation. On account of the actual fuel consumption, BPDB started deduction from some of the monthly invoices of these units which amounted to Tk 93,559,760 for KPCL-II and Tk 145,522,232 for KPCL-III (both the amounts are included under Energy payment- variable operation and maintenance payment) for the year 2012 and 2013. On continuous objections raised to BPDB by these units, BPDB had formed a committee to justify the quality and quantity of supplied fuel. The decision on this issue is under process with the Power Division of Bangladesh Government as of the reporting date.

Trade receivables also includes Tk 137,622,813 due to differences in power factors. Power factor is used to derive revenue amount. BPDB uses the actual monthly power factor as per Power Purchase agreement when determining the amount payable to KPCL whereas the KPCL use a fixed factor (0.85). This creates a difference between the monthly bill and KPCL treated those as receivables.

Management is in discussions with BPDB with a view to resolving these issues and strongly feels that total amount of these Tk 376,704,805 is recoverable.

#### 6.3 Other receivables

<i>In Taka</i>	<b>30 June 2017</b>	<b>30 June 2016</b>	<b>31 December 2015</b>
BPDB (agreed charges paid to BIWTA)	<b>22,537,448</b>	19,176,498	15,045,348
FDR interest due from bank	<b>16,105,344</b>	270,744	6,918,810
Income tax authority (corporate tax deposition at the time of appeal)	<b>4,018,887</b>	4,018,887	4,018,887
BPDB on account of AIT for spare parts	-	8,615,180	8,615,180
Pragati Insurance Ltd for claim -Engine & Generator set	-	73,106,459	93,292,785
Wartsila -as compensation for broken Generator set	<b>6,418,629</b>	50,590,787	50,126,772
Summit Oil & Shipping Co. Ltd. - Fuel oil loan	-	152,854,396	-
BRAC Bank Limited for excess adjustment of fuel oil L/C payment	-	-	3,959,548
Lease rent adjustable/receivable - BPDB	-	117,552	146,940
DEG (on account of CSR program)	<b>1,511,067</b>	1,620,292	867,432
Neptune Commercial Ltd.	<b>1,402,500</b>	1,402,500	1,402,500
Others	<b>679,278</b>	404,750	452,427
	<b>52,673,152</b>	312,178,045	184,846,629

## Notes to the Financial Statements (Continued)

### 7 Current tax assets

See accounting policies in Note 35(G)

<i>In Taka</i>	<i>Note</i>	30 June 2017	30 June 2016	31 December 2015
Opening balance		283,192,099	236,217,194	139,345,340
Paid during the year		162,895,991	46,974,905	96,871,854
Adjustment of advance tax on completion of assessment		(136,409,475)	-	-
Closing balance		309,678,615	283,192,099	236,217,194

### 8 Advances, deposits and prepayments

See accounting policies in Note 35(H)

#### Advances

Padma Oil and Jamuna Oil for HFO supply		634,530	634,530	634,530
Advance to SPS Enterprise		525,000		
Advance Value Added Tax (VAT)		-	-	36,492,891
BIWTA for fuel oil landing charges		1,016,750	1,016,750	3,969,350
Advance to Khulna Power Operations & Services Ltd. (KPOSL)		2,720,166	1,684,595	-
Paribartan, Khulna - CSR program		-	-	951,050
Loan to employees		372,642	425,967	811,773
Others		153,037	179,698	402,772
		5,422,125	3,941,540	43,262,366

#### Deposits

Bangladesh Telephone & Telegraph Board		16,000	16,000	16,000
Grameenphone Ltd.		89,006	89,006	89,006
Central Depository Bangladesh Ltd. (CDBL)		500,000	500,000	500,000
Security deposit for office rent		258,880	258,880	258,880
Security deposit for C & F license		250,000	250,000	250,000
Margin on bank guarantee for leasehold land -DBBL		13,662,500	13,662,500	13,662,500
Leasehold land for KPCL-II- BPDB		183,675	183,675	183,675
Others		20,500	23,500	37,500
		14,980,561	14,983,561	14,997,561

#### Prepayments

General insurance premium (fire, fidelity, health, motor, etc.)		2,236,749	1,956,452	453,571
Leasehold land -BPDB		2,965,525	2,700,064	551,025
Insurance premium -Plant		14,072,750	13,936,793	3,703,271
Commission on OSD for KPCL-I -BRAC Bank		-	-	539,925
Commission on OSD -DBBL/Prime Bank		98,869	-	-
		19,373,894	18,593,309	5,247,792
		39,776,580	37,518,410	63,507,719

### 9 Cash and cash equivalents

See accounting policies in Note 35(H)

Cash in hand		142,207	55,804	134,286
Cash at bank	9.1	1,790,612,794	1,706,477,337	1,666,368,701
		1,790,755,001	1,706,533,141	1,666,502,987

## Notes to the Financial Statements (Continued)

### 9.1 Cash at bank

<i>In Taka</i>	30 June 2017	30 June 2016	31 December 2015
<b>Current account:</b>			
Citibank, NA (operating a/c # 129039 -Taka)	722,960	20,039,884	25,697,116
Citibank, NA (operating a/c # 129032 -US Dollar)	1,093,025	2,201,852	2,193,705
BRAC Bank Ltd. (A/c # 1501200976943001)	-	62,479,975	-
Pubali Bank Ltd. (A/c # 3555901037145)	-	17,668	17,898
Standard Bank Ltd. (A/c # 233011318)	-	37,179	37,754
Standard Chartered Bank (A/c # 01-5547202-01)	2,784,097	12,796,711	14,378,983
BRAC Bank Ltd. (A/c # 1501200976943002)	165,307,578	576,273,898	130,243,592
Jamuna Bank Limited (A/c # 0010-0210016685)	-	1,275	-
Bank Alfalah Limited (A/c # 01701501)	188,558	285,453	27,577
Bank Alfalah Limited (A/c # 03700154)	126,891	1,819,638	359,636
Exim Bank Limited (A/c # 6113100048474)	607,490	8,339,858	2,051,827
Standard Chartered Bank (A/c # 01-1110754-01)	191,801	197,531	343,979
Trust Bank Ltd. (A/c # 300210002865)	463,986	465,636	466,211
BRAC Bank Ltd. (A/c # 1501201870861002)	32	645,845	542,819
Bank Alfalah Ltd. (A/c # 03700161)	-	121,112	935,374
Prime Bank Ltd. (A/c # 13211030031363)	329	789,653	790,728
BRAC Bank Ltd. (A/c # 1501201870861001 -US Dollar)	1,557	-	164,149,721
BRAC Bank Ltd. (A/c # 1501201831046001)	-	-	367,320
Dutch-Bangla Bank Ltd. (A/c # 103110000019467)	2,884	4,494	5,069
Standard Chartered Bank (A/c # 01-114572701)	37,028	370,967	227,011
Trust Bank Ltd. (A/c # 300210002767)	164,257	166,195	166,770
Standard Chartered Bank (A/c # 01-1145727-02 -US Dollar)	-	-	1,668,268
	<b>171,692,473</b>	<b>687,054,824</b>	<b>344,671,358</b>
<b>Special notice deposit (SND) account:</b>			
BRAC Bank Ltd. (A/c # 1501100976943001)	40,559	40,340	40,308
BRAC Bank Ltd. (A/c # 1501101870861001)	-	642,290	639,381
Dutch Bangla Bank Ltd. (A/c # 103120000001348)	241,891	240,877	238,474
Dutch Bangla Bank Ltd. (A/c # 103120000001381)	796	2,392	2,988
Standard Chartered Bank (A/c # 02111075401)	91,589	91,594	92,003
Standard Chartered Bank (A/c # 02114572701)	653	581,525	768,333
Prime Bank GulshanBr.(A/c#11831010045534)	317,526	-	-
Trust Bank Ltd. (A/c # 0018-0320000191)	153,963	166,151	-
Exim Bank Limited (A/c # 02813100365687)	-	199,815	200,389
BRAC Bank Ltd. -Dividend'09 distribution a/c	786,445	780,501	777,809
BRAC Bank Ltd. -Dividend'12 distribution a/c	3,032,340	3,008,149	3,000,792
BRAC Bank Ltd. -Dividend'13 distribution a/c	7,991,142	7,970,946	7,977,924
Bank Alfalah Ltd. -Dividend'14 distribution a/c	7,933,946	7,804,855	7,958,942
Bank Alfalah Ltd. -Interim dividend for the period ended 30 June 2016	4,506,381	-	-
Bank Alfalah Ltd. -Final dividend for the period ended 30 Jun'16 distribution a/c	4,323,090	89,736,828	-
	<b>29,420,321</b>	<b>111,266,263</b>	<b>21,697,343</b>
<b>Fixed deposit account (FDR)*:</b>			
Trust Bank Ltd.	-	-	400,000,000
Janata Bank Ltd.	-	-	200,000,000
EXIM Bank Ltd.	1,489,500,000	908,156,250	700,000,000
Shahajalal Islami Bank	100,000,000	-	-
	<b>1,589,500,000</b>	<b>908,156,250</b>	<b>1,300,000,000</b>
	<b>1,790,612,794</b>	<b>1,706,477,337</b>	<b>1,666,368,701</b>



## Notes to the Financial Statements (Continued)

### 10 Share capital

See accounting policies in 35(l)

<i>In Taka</i>	30 June 2017	30 June 2016	31 December 2015
<b>Authorised</b>			
500,000,000 ordinary shares of Tk 10 each	5,000,000,000	5,000,000,000	5,000,000,000
2,000,000 redeemable preference shares of Tk 1,000 each	2,000,000,000	2,000,000,000	2,000,000,000
	<b>7,000,000,000</b>	<b>7,000,000,000</b>	<b>7,000,000,000</b>
<b>Issued, subscribed and paid up</b>			
208,593,000 ordinary shares of Tk 10 each	2,085,930,000	2,085,930,000	2,085,930,000
31,288,950 ordinary shares of Tk 10 each issued as bonus shares in 2010	312,889,500	312,889,500	312,889,500
47,976,390 ordinary shares of Tk 10 each issued as bonus shares in 2011	479,763,900	479,763,900	479,763,900
17,991,150 ordinary shares of Tk 10 each issued as bonus shares in 2012	179,911,500	179,911,500	179,911,500
38,231,186 ordinary shares of Tk 10 each issued as bonus shares in 2013	382,311,860	382,311,860	382,311,860
17,204,033 ordinary shares of Tk 10 each issued as bonus shares in 2014	172,040,330	172,040,330	172,040,330
361,284,709 ordinary shares of Tk 10 each issued	<b>3,612,847,090</b>	<b>3,612,847,090</b>	<b>3,612,847,090</b>

### Particulars of shareholding:

Name of shareholders	30 June 2017		30 June 2016		31 December 2015	
	No. of share	Value (Tk)	No. of share	Value (Tk)	No. of share	Value (Tk)
Shajahanullah Power Generation Co. Ltd.	127,469,456	1,274,694,560	-	-	-	-
United Enterprises & Company Ltd.	-	-	127,469,456	1,274,694,560	127,469,456	1,274,694,560
Summit Corporation Limited	63,734,727	637,347,270	63,734,727	637,347,270	63,734,727	637,347,270
Summit Power Limited	63,734,728	637,347,280	63,734,728	637,347,280	63,734,728	637,347,280
Other sponsors	85,554	855,540	85,554	855,540	85,554	855,540
General investors	106,260,244	1,062,602,440	106,260,244	1,062,602,440	106,260,244	1,062,602,440
	<b>361,284,709</b>	<b>3,612,847,090</b>	<b>361,284,709</b>	<b>3,612,847,090</b>	<b>361,284,709</b>	<b>3,612,847,090</b>

### 10.1 Percentage of shareholdings

<i>In Taka</i>	30 June 2017	30 June 2016	31 December 2015
Shajahanullah Power Generation Co. Ltd.	35.2823%	-	-
United Enterprises & Company Ltd.	-	35.2823%	35.2823%
Summit Corporation Limited	17.6411%	17.6411%	17.6411%
Summit Power Limited	17.6411%	17.6411%	17.6411%
Other sponsors	0.0237%	0.0237%	0.0237%
General investors	29.4118%	29.4118%	29.4118%
	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Notes to the Financial Statements (Continued)

### 10.2 Classification of shareholders by holding:

Range of holding in numbers of shares	No. of holders			% of holders			No. of Shares			% of holdings		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
Less than 5,000 shares	22,155	24,514	26,767	91.4287%	92.6840%	93.0120%	15,261,196	14,881,348	15,858,325	4.2241%	4.1190%	4.3894%
5,000 to 10,000 shares	1,151	901	1,041	4.7499%	3.4066%	3.6173%	7,933,671	5,880,186	7,326,281	2.1960%	1.6276%	2.0278%
10,001 to 25,000 shares	526	617	517	2.1707%	2.3328%	1.7965%	8,341,379	9,033,369	8,373,940	2.3088%	2.5003%	2.3178%
25,001 to 50,000 shares	177	187	207	0.7304%	0.7070%	0.7193%	6,322,754	6,537,356	7,430,588	1.7501%	1.8095%	2.0567%
50,001 to 100,000 shares	92	114	135	0.3797%	0.4310%	0.4691%	6,721,097	8,363,671	9,770,754	1.8603%	2.3150%	2.7044%
100,001 to 250,000 shares	72	64	65	0.2971%	0.2420%	0.2259%	11,491,706	10,417,891	10,425,860	3.1808%	2.8836%	2.8858%
250,001 to 500,000 shares	33	24	21	0.1362%	0.0907%	0.0730%	10,766,344	9,062,408	7,573,461	2.9800%	2.5084%	2.0963%
500,001 to 2,500,000 shares	18	20	17	0.0743%	0.0756%	0.0591%	15,079,924	16,222,499	13,757,960	4.1740%	4.4902%	3.8081%
2,500,001 to 5,000,000 shares	4	4	3	0.0165%	0.0151%	0.0104%	12,860,243	14,956,188	9,149,885	3.5596%	4.1397%	2.5326%
Over 5,000,000 shares	4	4	5	0.0165%	0.0151%	0.0174%	266,506,395	265,929,793	271,617,655	73.7663%	73.6067%	75.1811%
	24,232	26,449	28,778	100%	100%	100%	361,284,709	361,284,709	361,284,709	100%	100%	100%

### 11 Capital redemption reserve

See accounting policies in 35(P)

In Taka	30 June 2017	30 June 2016	31 December 2015
Capital redemption reserve	325,647,810	325,647,810	325,647,810
	325,647,810	325,647,810	325,647,810

## Notes to the Financial Statements (Continued)

### 12 Deferred tax liabilities

See accounting policies in Note 35(G)

<i>In Taka</i>	Note	30 June 2017	30 June 2016	31 December 2015
Balance at beginning of the year/period		221,073,673	195,114,318	-
Deferred tax expense	12.1	42,842,224	25,959,355	195,114,318
		263,915,897	221,073,673	195,114,318

#### At 30 June 2017

<i>In Taka</i>	Carrying amount on reporting date	Tax base	Taxable/ (deductible) temporary difference
Property, plant and equipment (excluding land)	2,364,907,749	1,289,433,763	1,075,473,986
Gratuity provision	19,810,400	-	(19,810,400)
Taxable temporary difference	2,384,718,149	1,289,433,763	1,055,663,586
Applicable tax rate			25%
Deferred tax liabilities			263,915,897

#### At 30 June 2016

<i>In Taka</i>	Carrying amount on reporting date	Tax base	Taxable/ (deductible) temporary difference
Property, plant and equipment (excluding land)	2,508,244,267	1,604,763,749	903,480,518
Gratuity provision	19,185,827	-	(19,185,827)
Taxable temporary difference	2,527,430,094	1,604,763,749	884,294,691
Applicable tax rate			25%
Deferred tax liabilities			221,073,673

#### At 31 December 2015

<i>In Taka</i>	Carrying amount on reporting date	Tax base	Taxable/ (deductible) temporary difference
Property, plant and equipment (excluding land)	2,580,454,443	1,782,431,697	798,022,746
Gratuity provision	17,565,475	-	(17,565,475)
Taxable temporary difference	2,598,019,918	1,782,431,697	780,457,271
Applicable tax rate			25%
Deferred tax liabilities			195,114,318

The Company has been enjoying tax exemption from its inception to 12 October 2013 as an IPP (Independent Power Producer). In the absence of specific legislation in connection with companies in such situation with regard to tax depreciation, the Company has taken its tax written down value as at 12 October 2013 to be the same as accounting written down value on that date. Deferred tax is calculated considering temporary differences of KPCL-I only.

## Notes to the Financial Statements (Continued)

### 12.1 Deferred tax expense

<i>In Taka</i>	<i>Note</i>	<b>30 June 2017</b>	<b>30 June 2016</b>	<b>31 December 2015</b>
Deferred tax liabilities at the beginning of the year/period		<b>221,073,673</b>	195,114,318	-
Deferred tax liabilities at the end of the year/period	12	<b>263,915,897</b>	221,073,673	195,114,318
Deferred tax expense recognised		<b>42,842,224</b>	25,959,355	195,114,318

### 13 Employee benefits

See accounting policies in Note 35(K)

<i>In Taka</i>	<i>Note</i>	<b>30 June 2017</b>	<b>30 June 2016</b>	<b>31 December 2015</b>
Staff gratuity	Note 13.1	<b>15,037,426</b>	20,173,858	20,285,478
Earned leave encashment	Note 13.2	<b>5,424,749</b>	5,072,976	5,064,230
		<b>20,462,175</b>	25,246,834	25,349,708

### 13.1 Staff gratuity

<i>In Taka</i>		<b>30 June 2017</b>	<b>30 June 2016</b>	<b>31 December 2015</b>
Opening balance		<b>20,173,858</b>	20,285,478	12,888,302
Add: Provision made during the year/period		<b>3,098,782</b>	1,688,380	7,397,176
		<b>23,272,640</b>	21,973,858	20,285,478
Less: Paid during the year/period		<b>(8,235,214)</b>	(1,800,000)	-
Closing balance		<b>15,037,426</b>	20,173,858	20,285,478

### 13.2 Earned leave encashment

<i>In Taka</i>		<b>30 June 2017</b>	<b>30 June 2016</b>	<b>31 December 2015</b>
Opening balance		<b>5,072,976</b>	5,064,230	3,906,533
Add: Provision made during the year/period		<b>757,455</b>	581,473	1,157,697
		<b>5,830,431</b>	5,645,703	5,064,230
Less: Paid during the year/period		<b>(405,682)</b>	(572,727)	-
Closing balance		<b>5,424,749</b>	5,072,976	5,064,230

### 14 Asset retirement obligations (ARO)

See accounting policies in Notes 35(J)

<i>In Taka</i>		<b>30 June 2017</b>	<b>30 June 2016</b>	<b>31 December 2015</b>
Opening balance		<b>30,170,359</b>	28,541,584	24,818,776
Provision made during the year/period		-	1,628,775	3,722,808
Closing balance		<b>30,170,359</b>	30,170,359	28,541,584

## Notes to the Financial Statements (Continued)

### 15 Loans and borrowings

<i>In Taka</i>	30 June 2017	30 June 2016	31 December 2015
<b>Working capital/Short term loan</b>			
Bank Alfalah Limited	-	888,679,935	690,000,000
Standard Chartered Bank	<b>2,064,941,286</b>	1,101,268,028	1,652,435,273
BRAC Bank Limited	-	148,304,785	163,271,715
Citibank, NA	<b>924,692,892</b>	1,215,217,988	-
	<b>2,989,634,178</b>	3,353,470,736	2,505,706,988
Standard Chartered Bank Mauritius Ltd. (current portion)	-	-	10,386,642
	<b>2,989,634,178</b>	<b>3,353,470,736</b>	<b>2,516,093,630</b>

\*KPCL-III has enjoyed long term loan facility from Standard Chartered Bank Mauritius Ltd. under the following terms and conditions:

<b>Limit</b>	USD 19,500,000
<b>Purpose</b>	Import of capital machinery
<b>Interest</b>	3 month LIBOR (2% caps and 1% floors) + 4% margin
<b>Tenor</b>	56 months (effective from 20 June 2011)
<b>Repayment</b>	18 equal quarterly instalments
<b>Security</b>	i) Floating charge over the book debts, receivables, plant, machinery, equipment and current assets of the borrower by way of hypothecation supported by an irrevocable general power of attorney. ii) Fixed charge over the machinery and equipment of the borrower by way of hypothecation supported by an irrevocable general power of attorney.

Various loan related arrangement fees and financial charges have been amortised proportionately during the tenor of the loan. Last instalment has been paid in the month of January 2016.

### 16 Trade and other payables

See accounting policies in Note 35(H)

<i>In Taka</i>	Note	30 June 2017	30 June 2016	31 December 2015
Trade payable	Note 16.1	<b>775,735,210</b>	963,208,744	163,028,433
Payable for expenses and others	Note 16.2	<b>45,489,566</b>	54,823,608	203,377,348
Payable for interest on loan	Note 16.3	<b>19,239,083</b>	20,640,974	15,158,314
		<b>840,463,859</b>	<b>1,038,673,326</b>	<b>381,564,095</b>

#### 16.1 Trade payable

<i>In Taka</i>	30 June 2017	30 June 2016	31 December 2015
Spare Parts-Wartsila Switzerland Ltd	<b>134,053,892</b>	-	-
Fuel cost - Summit Asia Pacific PTE. Ltd	-	860,204,674	-
Fuel cost - United Energy Trading PTE Ltd	<b>517,843,490</b>	-	-
Fuel carrying - Summit Oil & Shipping Co. Ltd./USCOL	<b>64,414,784</b>	75,965,730	153,829,975
Fuel carrying - United Shipping & Logistic Services Ltd.	<b>17,209,165</b>	19,381,332	1,938,220
Fuel storage - South Eastern Tank Terminal Ltd.	<b>6,420,375</b>	7,657,008	7,260,238
Summit Oil & Shipping Co. Ltd. - Fuel oil loan	<b>35,793,503</b>	-	-
	<b>775,735,210</b>	<b>963,208,744</b>	<b>163,028,433</b>

## Notes to the Financial Statements (Continued)

### 16.2 Payable for expenses and others

<i>In Taka</i>	30 June 2017	30 June 2016	31 December 2015
Withholding tax/VAT - O&M fees, professional fees and others	1,267,724	6,974,921	165,438,487
Electricity, gas and water	158,808	255,000	210,000
Auditor's fee	675,000	750,000	625,000
Legal and other professional fees	-	36,000	26,000
Lease rent payable - BPDB	836,865	607,929	468,246
Telephone, fax and e-mail	57,597	57,597	59,517
Employee expenses	11,143,541	14,064,963	13,817,235
Falcon Securities Ltd - plant manned security	532,820	25,694	553,588
Employees' provident fund	266,884	9,674,896	7,823,257
MJL Bd. Ltd.	-	1,527,987	-
Satcom IT Ltd.	-	180,000	-
Payable for other operating expenses	24,952,506	20,277,506	13,947,178
Others	5,597,821	391,115	408,840
	<b>45,489,566</b>	<b>54,823,608</b>	<b>203,377,348</b>

### 16.3 Payable for interest on loan

<i>In Taka</i>	30 June 2017	30 June 2016	31 December 2015
Standard Chartered Bank	10,525,581	3,755,194	10,776,216
Bank Alfalah Limited	-	4,906,025	1,009,306
Citibank, NA	8,713,503	5,408,589	-
BRAC Bank Limited	-	6,571,166	3,372,792
	<b>19,239,083</b>	<b>20,640,974</b>	<b>15,158,314</b>

### 17 Unclaimed dividend

See accounting policies in Notes 35(R)

<i>In taka</i>	30 June 2017	30 June 2016	31 December 2015
Final cash dividend for the year 2009	8,399,445	8,399,445	8,399,445
Final cash dividend for the year 2012	2,233,662	2,234,778	2,239,210
Final cash dividend for the year 2013	6,369,053	6,419,293	6,462,075
Final cash dividend for the year 2014	6,137,016	6,220,171	6,465,503
Interim cash dividend for the period ended 30 June 2016	4,683,183	89,385,529	-
Final cash dividend for the period ended 30 June 2016	3,704,798	-	-
	<b>31,527,157</b>	<b>112,659,216</b>	<b>23,566,233</b>

The above amount represents cash dividend for the year 2009, 2012, 2013, 2014 and 2015-2016 that has remained unclaimed by the shareholders, which is deposited in dedicated bank accounts and is payable on demand.

## Notes to the Financial Statements (Continued)

### 18 Provision for income tax

See accounting policies in Note 35(G)

<i>In Taka</i>	<i>Note</i>	<b>30 June 2017</b>	<b>30 June 2016</b>	<b>31 December 2015</b>
Opening balance		<b>398,500,000</b>	307,500,000	132,500,000
Provision for the year/period	26	<b>163,000,000</b>	91,000,000	175,000,000
		<b>561,500,000</b>	398,500,000	307,500,000
Adjustment made for completion of assessment		<b>(132,500,000)</b>	-	-
Closing balance		<b>429,000,000</b>	398,500,000	307,500,000

Provision for income tax consists of the following:

Income year 2016-2017	<b>163,000,000</b>	-	-
Income year 2015-2016	<b>266,000,000</b>	266,000,000	175,000,000
Income year 2014-2015	-	132,500,000	132,500,000
Balance at end of the year/period	<b>429,000,000</b>	398,500,000	307,500,000

18.1 KPCL-I was allowed tax exemption for a period of 15 years with effect from commencement of commercial production, vide SRO no. 114-Law/99 dated 26 May 1999 and amended time to time issued by Government of Bangladesh, under private sector power generation policy. This expired on 12 October 2013. Though after successful completion of the tenor the Company (KPCL-I) has been granted an extension for a further five-year term, no tax exemption facility has been given. Therefore due income tax provision for the accounting year/period has been made in the accounts on the net profit of this unit (KPCL-I).

18.2 However, no provision is made for income tax for other two units (KPCL-II and KPCL-III), amalgamated with KPCL-I, as Bangladesh Power Development Board (BPDB) is responsible for payment of income taxes, other taxes, VAT, duties, levies and all other charges imposed inside Bangladesh on any payments made by BPDB to the Company from the start of its commercial operation.

### 19 Revenue

See accounting policies in Note 35(A)

<i>In Taka</i>	<b>For the year ended 30 June 2017</b>	<b>Eighteen-month period ended 30 June 2016</b>	<b>Six-month period ended 30 June 2016</b>	<b>For the year ended 31 December 2015</b>
Capacity payment	<b>1,214,199,236</b>	1,787,573,286	598,245,212	1,189,328,074
Rental payment	<b>1,931,437,950</b>	3,562,674,383	1,163,665,335	2,399,009,048
Energy payment - fuel payment	<b>6,440,046,805</b>	10,685,724,912	2,585,408,318	8,100,316,594
Energy payment - variable O & M payment	<b>448,476,084</b>	731,929,681	267,337,567	464,592,114
	<b>10,034,160,075</b>	16,767,902,262	4,614,656,432	12,153,245,830

### 20 Cost of sales

<i>In Taka</i>	<i>Note</i>	<b>For the year ended 30 June 2017</b>	<b>Eighteen-month period ended 30 June 2016</b>	<b>Six-month period ended 30 June 2016</b>	<b>For the year ended 31 December 2015</b>
Consumption of heavy fuel oil (HFO) and related expenses	20.1	<b>6,745,462,291</b>	10,773,962,393	2,741,907,020	8,032,055,373
Consumption of light fuel oil (LFO)		<b>11,868,520</b>	21,789,777	7,243,748	14,546,029
Consumption of lube oil		<b>211,494,265</b>	392,204,128	134,537,547	257,666,581
Consumption of spare parts	20.1	<b>343,478,243</b>	406,040,119	130,008,294	276,031,825
Employee expenses for plant		<b>6,249,297</b>	145,721,476	48,400,603	97,320,873
Other operation and maintenance costs		<b>129,996,469</b>	52,186,264	14,930,217	37,256,047
Manned security services at plant site		<b>6,348,342</b>	9,162,248	2,846,190	6,316,058
Depreciation of power plant		<b>329,613,778</b>	507,878,041	168,474,004	339,404,037
		<b>7,784,511,206</b>	12,308,944,446	3,248,347,623	9,060,596,823

## Notes to the Financial Statements (Continued)

**20.1** The above expenses arise after considering various heavy fuel oil (HFO) and spare parts related expenses and adjustments which are not relevant with HFO and spare parts inventory. Hence, the actual consumption shown in inventory (note no. 5.1) will not directly match with the above mentioned expenses.

### 21 Other income

<i>In Taka</i>	Note	For the year ended 30 June 2017	Eighteen-month period ended 30 June 2016	Six-month period ended 30 June 2016	For the year ended 31 December 2015
Sale proceeds of sludge, used lube oil and empty lube oil drums		5,478,967	8,544,783	12,309,019	1,235,709
Wartsila's O & M fee payable written-back		-	11,007,542	-	11,007,542
Gain from disposal of assets		928,375	5,987,119	-	5,987,119
		<b>6,407,342</b>	<b>25,539,444</b>	<b>1,235,709</b>	<b>24,303,735</b>

### 22 General and administrative expenses

Salary and allowances		27,274,635	38,070,268	12,309,019	25,761,249
Employer's contribution to P.F.		1,059,143	1,505,750	513,900	991,850
Gratuity provision		2,424,573	4,168,953	920,723	3,248,230
Earned leave provision		757,455	1,739,170	581,473	1,157,697
Leave fare assistance		494,866	884,438	243,683	640,755
Office rent and maintenance		5,828,313	8,469,510	3,008,933	5,460,577
Telephone, fax and e-mail		418,498	690,365	180,363	510,002
Advertisement, publicity, press and seminar		1,981,135	1,922,360	569,300	1,353,060
Entertainment expenses		1,321,520	110,626	49,193	61,433
Bank charges and commission		612,749	1,256,786	517,997	738,789
Printing, postage and stationeries		268,034	993,739	125,520	868,219
Travel and conveyance		645,633	1,006,585	238,001	768,584
Vehicle fuel and maintenance		86,009	192,508	56,604	135,904
Newspapers, books and periodicals		18,742	36,135	12,830	23,305
Business promotion, subscription, gift and donation		8,160,644	16,479,935	7,628,224	8,851,711
Uniform and liveries		204,780	46,090	25,200	20,890
Insurance premium		21,378,011	34,314,709	10,886,211	23,428,498
Lease rent - BPDB	28	6,932,292	9,264,967	3,199,752	6,065,215
Directors' fees and board meeting expenses		1,994,341	1,099,932	482,970	616,962
Auditor's fee		675,000	750,000	125,000	625,000
Legal, tax and other professional fees		1,724,485	3,225,816	1,443,216	1,782,600
Survey, testing and inspection fees		2,383,786	1,213,469	153,600	1,059,869
Company matters & share related expenses		2,403,490	211,130	630	210,500
Performance bond/bank guarantee charges		3,041,812	8,586,321	2,672,916	5,913,405
Environmental compliance expenses		804,236	803,596	-	803,596
Computer consumable and maintenance		658,815	953,081	311,350	641,731
General Meeting (AGM/EGM) expenses		1,906,037	3,486,308	188,100	3,298,208
Depreciation - Other property, plant and equipment		7,002,832	9,752,932	3,034,375	6,718,557
Bad debt expenses		-	179,906,386	53,172,630	126,733,756
Amalgamation expenses		-	6,863,064	300,000	6,563,064
VAT expenses		-	4,400,000	-	4,400,000
Liquidated damage expenses		-	80,579,805	-	80,579,805
Other operating expenses		4,675,000	20,277,506	6,330,328	13,947,178
River intake dredging		-	1,092,080	1,092,080	-
Miscellaneous and incidental expenses		501,488	267,229	23,590	243,639
		<b>107,638,353</b>	<b>444,621,549</b>	<b>110,397,711</b>	<b>334,223,838</b>



## Notes to the Financial Statements (Continued)

### 23 Foreign exchange gain/(loss)

See accounting policies in Note 35(F)

Foreign exchange gain/(loss) arises on translating foreign currency denominated monetary assets and liabilities at the exchange rates prevailing on the reporting date. Exchange gain/(loss) arose from foreign currency denominated monetary transactions, assets and liabilities:

<i>In taka</i>	For the year ended 30 June 2017	Eighteen-month period ended 30 June 2016	Six-month period ended 30 June 2016	For the year ended 31 December 2015
Accounts receivable - BPDB	28,653,126	(5,810,722)	(4,652,482)	(1,158,240)
O & M fee payable to Wartsila Bangladesh Ltd.	-	-	-	-
Service charges/Handling commission payable to fuel suppliers	-	12,778,922	-	12,778,922
US Dollar accounts	4,714,082	(30,988,279)	(9,502,536)	(21,485,743)
Term loan and interest on term loan -SCB Mauritius	-	2,509,020	8	2,509,012
Term loan and interest on term loan -DEG-FMO	(835,822)	-	-	-
Working capital loan and interest for acceptance of HFO L/Cs	(76,631,674)	56,416,798	13,927,355	42,489,443
Accounts payable	(5,353,745)	14,231,928	1,387,509	12,844,419
Others	249,816	141,881	-	141,881
	<b>(49,204,217)</b>	<b>49,279,548</b>	<b>1,159,854</b>	<b>48,119,694</b>

### 24 Finance income

See accounting policies in Note 35(E)

<i>In Taka</i>	For the year ended 30 June 2017	Eighteen-month period ended 30 June 2016	Six-month period ended 30 June 2016	For the year ended 31 December 2015
Interest on FDR and SND	86,970,802	129,166,287	49,956,598	79,209,689
	<b>86,970,802</b>	<b>129,166,287</b>	<b>49,956,598</b>	<b>79,209,689</b>

### 25 Finance costs

See accounting policies in Note 35(E)

<i>In Taka</i>	For the year ended 30 June 2017	Eighteen-month period ended 30 June 2016	Six-month period ended 30 June 2016	For the year ended 31 December 2015
<b>Interest on:</b>				
Term loan- SCB Mauritius	-	5,175,691	43,370	5,132,321
Working capital/Short term loans	134,550,232	172,570,733	46,855,925	125,714,808
Other financial charges	-	5,351,583	1,628,775	3,722,808
	<b>134,550,232</b>	<b>183,098,007</b>	<b>48,528,070</b>	<b>134,569,937</b>

### 26 Income tax expense

See accounting policies in Note 35(G)

<i>In Taka</i>	Note	For the year ended 30 June 2017	Eighteen-month period ended 30 June 2016	Six-month period ended 30 June 2016	For the year ended 31 December 2015
Current tax	18	163,000,000	266,000,000	91,000,000	175,000,000
Adjustment made for completion of assessment		15,522,138	-	-	-
Deferred tax expense	12.1	42,842,224	221,073,673	25,959,355	195,114,318
		<b>221,364,362</b>	<b>487,073,673</b>	<b>116,959,355</b>	<b>370,114,318</b>

## Notes to the Financial Statements (Continued)

### 27 Earnings per share (EPS)

See accounting policies in Note 35(Q)

#### 27.1 Basic earnings per share

Earnings Per Share (EPS) is calculated in accordance with the Bangladesh Accounting Standard BAS 33: Earnings Per Share. The composition of EPS is given below:

<i>In Taka</i>	For the year ended 30 June 2017	Eighteen-month period ended 30 June 2016	Six-month period ended 30 June 2016	For the year ended 31 December 2015
Profit attributable to the ordinary shareholders (basic)	1,830,269,849	3,548,149,866	1,142,775,834	2,405,374,032
No of shares outstanding	361,284,709	361,284,709	361,284,709	361,284,709
<b>Earnings per share (EPS)</b>	<b>5.07</b>	9.82	3.16	6.66

#### 27.2 Diluted earnings per share

No diluted earnings per share is required to be calculated for the year/period as there was no scope for dilution during the year/period.

### 28 Operating leases

See accounting policies in Note 35(N)

KPCL-I & KPCL-II are obligated under non-cancellable lease for use of land leased out by Bangladesh Power Development Board that are renewable on a periodic basis, at the option of both lessor and lessee. Initially, two separate indenture of lease were made between BPDB (the lessor) and KPCL-I (the lessee) and KPCL-II (the lessee) for 17 years and 5 years effective from 5 February 1998 and 16 August 2010 respectively. BPDB has taken possession of land from Padma Oil Company Ltd. (POCL) pursuant to lease agreement between POCL and BPDB. Both of the indenture of lease has been extended for another 5 years effective from 1 January 2015 for KPCL-I and 16 August 2016 for KPCL-II as the Power Purchase Agreement between BPDB and KPCL-I.

#### The future minimum lease payments in respect of operating leases as at:

<i>In taka</i>	30 June 2017	30 June 2016	31 December 2015
Not later than one year	6,592,280	6,190,853	6,061,360
Later than one year but not later than five years	15,818,714	17,533,948	20,694,121
	<b>22,410,994</b>	23,724,801	26,755,481

Rental expenses under non-cancellable operating leases aggregated Tk. 6,932,292 for the year ended 30 June 2017 and Tk. 3,199,752 for the six month period ended 30 June 2016.

## Notes to the Financial Statements (Continued)

### 29 Related parties

#### a) Transactions with key management personnel

Key management personnel compensation comprised the following.

<i>In Taka</i>	Transaction values for the year/period ended			Balance outstanding as at		
	30 June 2017	30 June 2016	31 December 2015	30 June 2017	30 June 2016	31 December 2015
<b>Transactions</b>						
Fees to directors	1,325,000	350,000	390,000	-	-	-
Salaries and benefits	16,465,502	8,463,631	16,935,657	-	-	-
Bonus	3,578,000	1,240,000	3,837,001	-	-	-

#### b) Other related party transactions

Name of related party	Transaction values for the year/period ended			Balance outstanding as at		
	30 June 2017	30 June 2016	31 December 2015	30 June 2017	30 June 2016	31 December 2015
<b>Purchase of goods and services</b>						
United Summit Coastal Oil Ltd.	-	-	90,298,116	(7,447,003)	(7,447,003)	(7,447,003)
Neptune Commercial Ltd.	-	-	-	1,402,500	1,402,000	1,402,000
United Energy Trading Pte Ltd.	(3,575,258,870)	-	11,734,978	(517,843,490)	-	-
United Shipping & Logistic Services Ltd.	(285,324,233)	(11,886,781)	14,533,885	(17,209,165)	(13,825,001)	(1,938,220)
Summit Asia Pacific Pte Ltd.	(2,237,523,315)	(860,415,069)	14,910,462	-	(860,415,061)	8
Summit Oil & Shipping Co. Ltd.	(135,025,043)	67,785,426	(97,233,555)	(28,677,080)	(73,885,513)	(141,670,939)
Khulna Power Operations & Services Ltd.	(93,342,530)	1,684,595	-	2,720,166	1,684,595	-

## Notes to the Financial Statements (Continued)

### 30 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by it, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### 30.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is mainly attributable to trade and other receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Company's receivables arise from a Government entity, viz, Bangladesh Power Development Board (BPDB) to whom the Company's sales are made under the conditions of the power purchase agreement and contract for supply of electricity on rental basis. Sales made to this entity is fully secured by Letters of Credit issued by local scheduled banks.

#### a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

<i>In Taka</i>	<i>Note</i>	<b>30 June 2017</b>	<b>30 June 2016</b>	<b>31 December 2015</b>
Trade and other receivables	6	<b>3,020,402,695</b>	2,571,838,589	1,931,003,788
Advances, deposits and prepayments	8	<b>39,776,580</b>	37,518,410	63,507,719
		<b>3,060,179,275</b>	2,609,356,999	1,994,511,507

#### b) Ageing of trade receivables and other receivables

<i>In Taka</i>	<b>30 June 2017</b>	<b>30 June 2016</b>	<b>31 December 2015</b>
Neither past due nor impaired	<b>2,436,689,285</b>	938,331,364	585,752,983
Past due 1-30 days	<b>9,825,264</b>	804,995,196	639,580,968
Past due 31-60 days	<b>3,697,232</b>	110,670,097	119,679,924
Past due 61-90 days	<b>3,553,097</b>	29,137,710	9,141,336
Past due 91-120 days	<b>4,256,419</b>	5,542,551	4,513,510
Past due above 120 days	<b>562,381,398</b>	370,983,626	387,488,438
	<b>3,020,402,695</b>	2,259,660,544	1,746,157,159

#### c) Impairment losses

There were no impairment losses to be recognised for such instrument for the year.

## Notes to the Financial Statements (Continued)

### 30.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

30 June 2017	In Taka	Contractual cash flows						
		Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
	Contingent consideration	557,150,000	557,150,000	-	322,400,000	-	234,750,000	-
	Loans and borrowings	2,989,634,178	2,989,634,178	298,963,418	2,690,670,760	-	-	-
	Trade and other payables	840,463,859	840,463,859	-	840,463,859	-	-	-
	Unclaimed dividend	31,527,157	31,527,157	31,527,157	-	-	-	-
	Provision for income tax	429,000,000	429,000,000	-	429,000,000	-	-	-
	Employee benefits	20,462,175	20,462,175	-	-	-	20,462,175	-
	Asset retirement obligation (ARO)	30,170,359	30,170,359	-	-	-	30,170,359	-
		4,898,407,728	4,898,407,728	330,490,575	4,282,534,619	-	285,382,534	-
30 June 2016	In Taka	Contractual cash flows						
	Contingent consideration	887,915,884	887,915,884	-	887,915,884	-	-	-
	Loans and borrowings	3,353,470,736	3,353,470,736	335,347,074	3,018,123,662	-	-	-
	Trade and other payables	1,038,673,326	1,038,673,326	-	1,038,673,326	-	-	-
	Unclaimed dividend	112,659,216	112,659,216	112,659,216	-	-	-	-
	Provision for income tax	398,500,000	398,500,000	-	398,500,000	-	-	-
	Employee benefits	25,246,834	25,246,834	-	-	-	25,246,834	-
	Asset retirement obligation (ARO)	30,170,359	30,170,359	-	-	-	30,170,359	-
		5,846,636,355	5,846,636,355	448,006,290	5,343,212,872	-	55,417,193	-
31 December 2015	In Taka	Contractual cash flows						
	Contingent consideration	1,492,452,649	1,492,452,649	-	1,492,452,649	-	-	-
	Loans and borrowings	2,516,093,630	2,516,093,630	251,609,363	2,264,484,267	-	-	-
	Trade and other payables	381,564,095	381,564,095	-	381,564,095	-	-	-
	Unclaimed dividend	23,566,233	-	23,566,233	-	-	-	-
	Provision for income tax	307,500,000	307,500,000	-	307,500,000	-	-	-
	Employee benefits	25,349,708	25,349,708	-	-	-	25,349,708	-
	Asset retirement obligation (ARO)	28,541,584	28,541,584	-	-	-	28,541,584	-
		4,775,067,899	4,751,501,666	275,175,596	4,446,001,011	-	53,891,292	-

## Notes to the Financial Statements (Continued)

### 30.3 Market risk

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

#### a) Currency risk

The Company is exposed to currency risk on revenue and certain expenses such as procurement of heavy fuel oil, spare parts and purchase of capital items. Majority of the Company's foreign currency transactions are denominated in United States Dollar (USD) and Euro (EUR) and related to revenue and procurement of heavy fuel oil and spare parts. The Company maintains few USD bank account where receipts from Bangladesh Power Development Board (BPDB) are deposited.

#### Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	30 June 2017		30 June 2016		31 December 2015	
	USD	EUR	USD	EUR	USD	EUR
Trade and other receivables	12,015,172	71,448	13,459,494	571,448	13,457,489	571,448
Cash at bank	13,465	-	27,999	-	2,129,696	-
Loans and borrowings	31,979,754	-	(26,164,063)	(1,675,175)	(21,077,624)	(1,861,306)
Trade and other payables	6,370,322	1,430,624	(11,140,120)	-	(179,351)	-
Net exposure	50,378,713	1,502,072	(23,816,690)	(1,103,728)	(5,669,790)	(1,289,858)

The following exchange rates were applied during the year:

	Year/Period end spot rate		
	30 June 2017	30 June 2016	31 December 2015
United States Dollar (USD)	81.29	78.64	78.89
Euro (EUR)	93.70	88.53	87.72

Source: BRAC Bank TT OD rate

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of foreign currency against Taka at 30 June and 31 December would have effected the measurement of financial instruments denominated in a foreign currency and increased (decreased) equity and profit or loss by the amounts shown in the following page. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

## Notes to the Financial Statements (Continued)

<b>Effects in Taka</b>	<b>Profit or loss</b>		<b>Equity, net of tax</b>	
	Strengthening	Weakening	Strengthening	Weakening
<b>30 June 2017</b>				
USD (3 percent movement)	122,858,567	(122,858,567)	122,858,567	(122,858,567)
EUR (3 percent movement)	4,222,464	(4,222,464)	4,222,464	(4,222,464)
	<b>127,081,030</b>	<b>(127,081,030)</b>	<b>127,081,030</b>	<b>(127,081,030)</b>
<b>30 June 2016</b>				
USD (3 percent movement)	(56,188,334)	56,188,334	(56,188,334)	56,188,334
EUR (3 percent movement)	(2,931,420)	2,931,420	(2,931,420)	2,931,420
	<b>(59,119,753)</b>	<b>59,119,753</b>	<b>(59,119,753)</b>	<b>59,119,753</b>
<b>31 December 2015</b>				
USD (3 percent movement)	(13,418,693)	13,418,693	(13,418,693)	13,418,693
EUR (3 percent movement)	(3,394,348)	3,394,348	(3,394,348)	3,394,348
	<b>(16,813,040)</b>	<b>16,813,040</b>	<b>(16,813,040)</b>	<b>16,813,040</b>

### b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. Loans and borrowings are affected by fluctuations in interest rates as the rate is of LIBOR plus variable rate ranging from 1.65% to 1.90%.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

<b>In Taka</b>	<b>Nominal amount</b>	
	30 June 2017	30 June 2016
<b>Fixed rate instruments</b>		
Financial liabilities	-	-
<b>Variable rate instruments</b>		
Loans and borrowings	<b>2,989,634,178</b>	<b>3,353,470,736</b>
	<b>2,989,634,178</b>	<b>3,353,470,736</b>
		<b>31 December 2015</b>
		2,516,093,630
		<b>2,516,093,630</b>

## Notes to the Financial Statements (Continued)

### c) Accounting classifications and fair values

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

In Taka	Note	Held-for-trading	Designated at fair value	Fair value -hedging instruments	Carrying amount				Fair value			
					Held to maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3
<b>30 June 2017</b>												
<b>Financial assets measured at fair value</b>												
		-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>												
	6	-	-	-	-	3,020,402,695	-	-	-	3,020,402,695	-	-
	7	-	-	-	-	309,678,615	-	-	-	309,678,615	-	-
	8	-	-	-	-	39,776,580	-	-	-	39,776,580	-	-
	9	-	-	-	-	1,790,755,001	-	-	-	1,790,755,001	-	-
		-	-	-	-	5,160,612,891	-	-	-	5,160,612,891	-	-
<b>Financial liabilities measured at fair value</b>												
		-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>												
	15	-	-	-	-	-	-	2,989,634,178	-	2,989,634,178	-	-
	16	-	-	-	-	-	-	840,463,859	-	840,463,859	-	-
	17	-	-	-	-	-	-	31,527,157	-	31,527,157	-	-
	18	-	-	-	-	-	-	429,000,000	-	429,000,000	-	-
		-	-	-	-	-	-	4,290,625,194	-	4,290,625,194	-	-



## Notes to the Financial Statements (Continued)

30 June 2016	In Taka	Note	Carrying amount							Fair value					
			Held-for-trading	Designated at fair value	Fair value -hedging instruments	Held to maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
	<b>Financial assets measured at fair value</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Financial assets not measured at fair value</b>														
	Trade and other receivables	6	-	-	-	-	2,571,838,589	-	-	2,571,838,589	-	-	-	-	-
	Current tax assets	7	-	-	-	-	283,192,099	-	-	283,192,099	-	-	-	-	-
	Advances, deposits and prepayments	8	-	-	-	-	37,518,410	-	-	37,518,410	-	-	-	-	-
	Cash and cash equivalents	9	-	-	-	-	1,706,533,141	-	-	1,706,533,141	-	-	-	-	-
			-	-	-	-	4,599,082,239	-	-	4,599,082,239	-	-	-	-	-
	<b>Financial liabilities measured at fair value</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Financial liabilities not measured at fair value</b>														
	Loans and borrowings	15	-	-	-	-	-	-	-	3,353,470,736	-	-	-	-	-
	Trade and other payables	16	-	-	-	-	-	-	-	1,038,673,326	-	-	-	-	-
	Unclaimed dividend	17	-	-	-	-	-	-	-	112,659,216	-	-	-	-	-
	Provision for income tax	18	-	-	-	-	-	-	-	398,500,000	-	-	-	-	-
			-	-	-	-	-	-	-	4,903,303,278	-	-	-	-	-

## Notes to the Financial Statements (Continued)

31 December 2015	In Taka	Note	Carrying amount							Fair value				
			Held-for-trading	Designated at fair value	Fair value -hedging instruments	Held to maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	<b>Financial assets measured at fair value</b>		-	-	-	-	-	-	-	-	-	-	-	-
	<b>Financial assets not measured at fair value</b>		-	-	-	-	-	-	-	-	-	-	-	-
	Trade and other receivables	6	-	-	-	-	1,931,003,788	-	-	-	-	-	-	1,931,003,788
	Current tax assets	7	-	-	-	-	236,217,194	-	-	-	-	-	-	236,217,194
	Advances, deposits and prepayments	8	-	-	-	-	63,507,719	-	-	-	-	-	-	63,507,719
	Cash and cash equivalents	9	-	-	-	-	1,666,502,987	-	-	-	-	-	-	1,666,502,987
			-	-	-	-	3,897,231,688	-	-	-	-	-	-	3,897,231,688
	<b>Financial liabilities measured at fair value</b>		-	-	-	-	-	-	-	-	-	-	-	-
	<b>Financial liabilities not measured at fair value</b>		-	-	-	-	-	-	-	-	-	-	-	-
	Loans and borrowings	15	-	-	-	-	-	-	-	2,516,093,630	-	-	-	2,516,093,630
	Trade and other payables	16	-	-	-	-	-	-	-	381,564,095	-	-	-	381,564,095
	Unclaimed dividend	17	-	-	-	-	-	-	-	23,566,233	-	-	-	23,566,233
	Provision for income tax	18	-	-	-	-	-	-	-	307,500,000	-	-	-	307,500,000
			-	-	-	-	-	-	-	3,228,723,958	-	-	-	3,228,723,958

## Notes to the Financial Statements (Continued)

### 31 Contingencies and commitments

Contingent liabilities relating to bank guarantees and performance bonds amounted to:

Name of the party	Expiry date	30 June 2017	30 June 2016
BPDB (for KPCL-I)	30-Jun-19	234,750,000	234,750,000
BPDB (for KPCL-II)	23-Jul-17	239,200,000	288,063,500
BPDB (for KPCL-III)	23-Jul-17	83,200,000	91,852,384
		<b>557,150,000</b>	<b>614,665,884</b>

The Company received assessment orders for the assessment years 1999-2000, 2006-2007, 2007-2008 and 2008-2009 where tax authority has claimed Tk 11,544,504. The Company has appealed against these and is confident of satisfactory resolution. Hence, no provision has been made for these claims.

The following letters of credit were outstanding as at 30 June 2017 against which the Company is committed to purchase spare parts:

#### 30 June 2017

Nature of the goods	L/C no.	L/C issue date	Currency	L/C value
Exhaust valve, big end bearing	308517010840	16-Apr-17	EUR	13,778
Exhaust gasket kit, valve	308517010872	19-Apr-17	EUR	9,439
Bearing, Shim, Filter, Nozzle	308517011423	20-Jun-17	EUR	66,233
			<b>Total</b>	<b>89,449</b>

#### 30 June 2016

Nature of the goods	L/C no.	L/C issue date	Currency	L/C value
Exhaust valve, big end bearing	308516011297	22-May-16	EUR	292,775
Exhaust gasket kit, valve	308516011475	9-Jun-16	EUR	65,161
			<b>Total</b>	<b>357,936</b>

### 32 Capacity

Name of plants	Licensed capacity (MW)	Installed capacity (MW)	Plant factor (% on licensed capacity)	Energy generated (MW)	Energy sold (MW)
<b>KPCL-I:</b>					
July 2016 to June 2017	110	114	Average 42.83	423,710	415,334
January to June 2016	110	114	Average 53.96	263,366	259,021
January to December 2015	110	114	Average 46.35	454,203	446,618
January to December 2014	110	114	Average 37.26	366,321	359,910
<b>KPCL-II:</b>					
July 2016 to June 2017	115	119	Average 51.23	529,706	516,777
January to June 2016	115	119	Average 62.26	318,835	312,490
January to December 2015	115	119	Average 58.81	604,045	592,645
October to December 2014	115	119	Average 33.67	87,011	85,453
<b>KPCL-III:</b>					
July 2016 to June 2017	40	44	Average 55.39	200,566	195,752
January to June 2016	40	44	Average 55.74	99,437	97,259
January to December 2015	40	44	Average 43.70	156,720	153,163
October to December 2014	40	44	Average 39.00	35,262	34,476

## Notes to the Financial Statements (Continued)

### 33 Particulars of employees

During the year ended 30 June 2017 there were 14 permanent employees (30 June 2016:111) who received salary of Tk 36,000 or above per year. All permanent employees of plant have been outsourced from Khulna Power Operations & Services Ltd. (KPOSL) effective on 1 July 2016.

### 34 Basis of measurement

The financial statements have been prepared on historical cost basis except for asset retirement obligations (ARO) which are measured at present value of expected future expenditure.

### 35 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

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

A	Revenue
B	Inventories
C	Property, plant and equipment
D	Capital work in progress
E	Finance income and finance cost
F	Foreign currency transaction
G	Income tax
H	Financial instruments
I	Share capital
J	Provisions
K	Employee benefits
L	Workers' profit participation fund (WPPF)
M	Impairment
N	Leases
O	Contingencies
P	Capital Redemption Reserve
Q	Earnings per share (EPS)
R	Dividends
S	Statement of cash flows

#### A Revenue

Revenue is recognised in the statement of profit or loss and other comprehensive income upon supply of electricity to BPDB, quantum of which is determined by survey of meter reading as per Power Purchase Agreement/Contract for Supply of Electricity on Rental Basis with BPDB for the Company.

#### B Inventories

Inventories are measured and stated at cost less allowance for obsolescence. These are for use in the operation and maintenance of power plants. As inventories are for internal use, the value is unlikely to diminish.

#### C Property, plant and equipment

##### *i. Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner. The cost of self constructed asset includes the cost of material, direct labour and any other cost directly attributable to bringing the assets to a working condition for their intended use. The costs of obligations for dismantling and removing the item and restoring the site (generally called 'asset retirement obligation') are recognised and measured in accordance with BAS 37: Provisions, Contingent Liabilities and Contingent Assets.

## Notes to the Financial Statements (Continued)

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

### **ii. Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

### **iii. Depreciation**

Depreciation on power plant has been charged considering 30 years of useful life and residual value at 15% of original cost, on straight line basis on the ground that the management intends to continue with operation after completion of Power Purchase Agreement (PPA) and Contract for Supply of Electricity on Rental Basis. Addition during the period is depreciated for full period irrespective of date of capitalisation, while no depreciation is charged in the period of disposal. For initial year of the project, depreciation has been charged from the date of commercial operation in respect of power plant.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	<i>In Years</i>
Power plant	30
Motor vehicles	4
Building and construction	10
Furniture and fixtures	5
Office equipment	5
Office renovation	5

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### **iv. Retirement and disposals**

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses arising from the retirement or disposal of an asset is determined by the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

### **v. Capitalisation of borrowing cost**

Finance cost that is directly attributable to the construction of power plant is included in the cost of the asset in compliance with BAS 23: *Borrowing Costs*. Capitalisation of borrowing costs ceases upon receipt of COD certificate from BPDB which confirms that the plant is ready for intended use.

## **D Capital work in progress**

Property, plant and equipment that is in the process of construction/acquisition/import is accounted for as capital work in progress until construction/acquisition/import is completed and measured at cost. Capital work in progress consists of legal costs incurred for the purchase of land for set-up of factory and warehouse.

## **E Finance income and finance cost**

The Company's finance income and finance costs include:

- interest income; and
- interest expense.

Interest income is recognised on accrual basis.

Interest expenses comprise interest expense on loans, overdraft, finance lease and bank charges and other finance related costs. All borrowing costs are recognised in the statement of profit or loss and other comprehensive income using effective interest method except to the extent of amounts that are capitalised during construction period of the project in accordance with BAS 23: *Borrowing cost*.

## Notes to the Financial Statements (Continued)

### F Foreign currency transaction

Transactions in foreign currencies are translated to BDT/Taka at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into BDT/Taka at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into BDT/Taka at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss or statement of comprehensive income.

### G Income tax

Income tax expenses comprises current and deferred tax. It is recognised in profit and loss except to the extent that relates to an item recognised directly in equity or in other comprehensive income (OCI).

#### *i. Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

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

As per the enacted tax law, applicable tax rate for the Company is currently 25% (listed company) in respect of income.

#### *ii. Deferred tax*

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

- a) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss.
- b) Temporary differences related to investment in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future, and
- c) Taxable temporary differences arising on the initial recognition of good will.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

### H Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The Company classifies non-derivative financial liabilities into other financial liabilities category.

## Notes to the Financial Statements (Continued)

### ***i. Non-derivative financial assets and financial liabilities – Recognition and derecognition***

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### ***ii. Non-derivative financial assets – Measurement***

#### ***Financial assets at fair value through profit or loss***

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

#### ***Held-to-maturity financial assets***

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

#### ***Loans and receivables***

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

#### ***Available-for-sale financial assets***

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

### ***iii. Non-derivative financial liabilities – Measurement***

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

## **I Share capital**

### ***Ordinary shares***

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

## Notes to the Financial Statements (Continued)

### **J Provisions**

Provisions are recognised at the reporting date if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### **i. Asset retirement obligations (ARO)**

Asset retirement obligations (ARO) are recognised when there is a legal or constructive obligation as a result of past event for dismantling and removing an item of property, plant and equipment and restoring the site on which the item is located and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its present value. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The Company recognises ARO in respect of project's site based on the present value of expected expenditures required to settle the obligation. The periodic unwinding of the discount is recognised in profit or loss as a finance cost as and when it occurs.

### **K Employee benefits**

#### **i. Defined contribution plans (provident fund)**

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The Company maintains a provident fund (CPF) for all local employees, recognised by the National Board of Revenue, Bangladesh. This is a defined contribution scheme as per BAS 19: Employee Benefits. All permanent employees contribute 10% of their basic salary to the provident fund and the Company also makes equal contribution.

#### **ii. Defined benefit plans (gratuity)**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company operates an unfunded gratuity scheme, which is a defined benefit scheme, a provision in respect of which is made periodically covering all permanent employees by applying period of employment to latest basic salary. No valuation was done to quantify actuarial liabilities as per Bangladesh Accounting Standard 19: Employee Benefits.

#### **iii. Defined earned leave encashment policy**

The Company has also a policy of earned leave encashment for head office employees. Under this policy, an employee is allowed twenty one days earned leave for each completed twelve months of continuous service with a maximum accumulation of one hundred and five days.

### **L Workers' profit participation fund (WPPF)**

The government of Bangladesh has made an amendment to the Labour Law 2006 in July 2013. As per amended section-232 (chha) of the Act, any undertaking carrying on business to earn profit is liable to make provision for WPPF at 5% of the net profit and it also needs to be distributed within 9 months of the statement of financial position/balance sheet date.

Provision of the Chapter-XV of the Labour Act 2006, as amended by Bangladesh Labour Amendment Act 2013 is not wholly applicable to Khulna Power Company Ltd and its units (hereinafter referred to as KPCL/the Company) because KPCL does not have any employee who may fall under the category of "Beneficiary" as per the special definitions stipulated in Section-233(1-i) of the Act. All persons working in the Company, by virtue of the nature of work they do and by designation, are part of the 'Management Authority' who are expressly excluded from the scope of the special definition of the term 'Beneficiary' in the Act, rather they come under the purview of the term 'Owner' as stipulated in the special definition in Section-233(1-ee) of the Act.

This position is supported by external legal opinion obtained by the Company. Accounting treatment adopted by the Company in this matter reflects Company's position.



## Notes to the Financial Statements (Continued)

### M Impairment

#### *i. Non-derivative financial assets*

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

#### **Financial assets measured at amortised cost**

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

#### **Available-for-sale financial assets**

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

#### *ii. Non-financial assets*

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

## Notes to the Financial Statements (Continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **N Leases**

#### ***i. Determining whether an arrangement contains a lease***

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

#### ***ii. Leased assets***

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

#### ***iii. Lease payments***

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### **O Contingencies**

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

#### ***i. Contingent liability***

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability should not be recognised in the financial statements, but may require disclosure. A provision should be recognised in the period in which the recognition criteria of provision have been met.

#### ***ii. Contingent asset***

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset must not be recognised. Only when the realisation of the related economic benefits is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

## Notes to the Financial Statements (Continued)

### P Capital Redemption Reserve

The redeemable cumulative class 'A' preference shares have been redeemed out of profits and the face value of the shares redeemed have been transferred to the capital redemption reserve account accordingly.

### Q Earnings per share (EPS)

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

Diluted EPS is determined by the adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the affects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no potential dilutive ordinary shares during the year ended 30 June 2017.

### R Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared and paid.

### S Statement of cash flows

Statement of cash flows have been prepared in accordance with the Bangladesh Accounting Standard 7: "Statement of cash flows" under direct method.

### 36 Standards issued but not yet effective

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted the following new standards and amendments to standards during the year 2015. All previously adopted reporting standards are consistently applied by the Company to the extent relevant for the Company.

New standards	Summary of the requirements	Possible impact on financial statements
BFRS 9 Financial Instruments	BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 Financial Instruments: Recognition and Measurement. BFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39. BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 9.
BFRS 14 Regulatory Deferral Accounts	BFRS 14 specify the financial reporting requirements for regulatory deferral account balance that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. BFRS 14 is effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted.	None. The Company does not perform any activity that is subject to rate regulation.

## Notes to the Financial Statements (Continued)

BFRS 15 Revenue from Contracts with Customers	BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFRIC 13 Customer Loyalty Programmes. BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 15.
Agriculture: Bearer Plants (Amendments to BAS 16 and BAS 41)	These amendments require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16 Property, Plant and Equipment, instead of BAS 41 Agriculture. The amendments are effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted.	None. The Company does not have any bearer plants.

### 37 Comparatives and rearrangement

Comparative information has been disclosed in respect of 2016 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

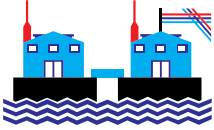
To facilitate comparison, certain relevant balances pertaining to the previous year have been rearranged/restated/reclassified whenever considered necessary to conform to current year's presentation.

### 38 Subsequent events

The Board of Directors of the Company recommended 55% (Tk 5.5 per share) cash dividend amounting to Tk. 1,987,065,900 for the year ended 30 June 2017 at the board meeting held on 29 October 2017. The dividend is subject to final approval by the shareholders at the forthcoming annual general meeting of the Company.

### 39 Going concern

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



# KHULNA POWER COMPANY LTD.

Landmark (3rd floor), 12-14 Gulshan North C/A, Gulshan - 2, Dhaka 1212

## Proxy Form

I/We..... of.....  
 ..... being a member of Khulna Power Company Ltd. hereby appoint  
 Mr./Ms..... of.....  
 as my proxy to attend and vote for me on my behalf at the 19<sup>th</sup> Annual General Meeting of the Company to be held at 11.00 a.m.  
 on Monday, the 11<sup>th</sup> December 2017 at Hall 4 (Naboratri), International Convention City Bashundhara, Kuril Bishwa Road, Purbachal  
 Express Highway, Dhaka-1229.

Signed this .....day of ..... 2017.

Signature of the Shareholder (s)

Signature of the Proxy

Number of Shares held .....

BO ID No. (Proxy)

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BO ID NO. (Shareholder)

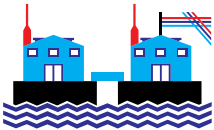
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Note: A member entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in his/her stead. The proxy form, duly stamped, must be deposited at the Registered Office of the Company not later than 48 hours before the time appointed for the meeting.



Signature Verified

Authorised Signatory



# KHULNA POWER COMPANY LTD.

Landmark (3rd floor), 12-14 Gulshan North C/A, Gulshan - 2, Dhaka 1212

## SHAREHOLDERS' ATTENDANCE SLIP

I/We hereby record my attendance at the 19<sup>th</sup> Annual General Meeting of the Company to be held at 11:00 am on Monday, the 11<sup>th</sup> December, 2017 at Hall 4 (Naboratri), International Convention City Bashundhara, Kuril Bishwa Road, Purbachal Express Highway, Dhaka-1229.

Name of the member/Proxy (in Block Letter)																			
BO ID No. of Shareholder																			
Mobile Number of Shareholder																			
E-mail address (if any)																			

Signature Verified by

Signature of the Member

Authorised Signatory of the Company

Note:

- Please note that AGM can only be attended by the honourable shareholder or properly constituted proxy. Therefore, any friend or children accompanying with honourable shareholder or proxy cannot be allowed in to the meeting.
- Please present this slip at the reception desk.

