

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Environment we Operate in

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. 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 sector along with rapidly growing public sector 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. Summit being the largest 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, Summit 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 countries 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. Summit 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). At present, we are also working on the up-gradation of ISO 14001: 2004 to version 2015.

The Sector we Operate in

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.

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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.

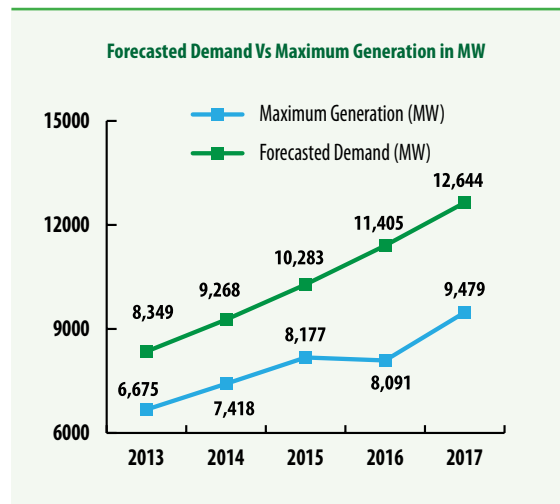
Category	Installed Generation	
	Capacity (MW)	
<i>Public Sector</i>		
BPDB	4,508	29%
APSCCL	1508	10%
EGCB	622	4%
NWPGCL	440	3%
RPCL	77	0%
BPDB-RPCL JV	149	1%
Subtotal	7,304	47%
<i>Private Sector</i>		
IPPs	3,133	20%
SIPPs (BPDB)	99	1%
SIPPs (BREB)	251	2%
15 YR. Rental	169	1%
3/5 YR. Rental	1,721	11%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

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 & 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, 200MW 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	228	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 the Development of the private sector (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), etc.

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:

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- 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

Amidst the private sector power generating Companies of Bangladesh, Summit Power Limited (SPL) is considered to be a pioneer in the industry.

SPL started power generation from 2000 and over the years, it has gained experience in project (power plant) implementation, operation and maintenance. This has given Summit Power Limited a competitive edge over others, in becoming the leading Bangladeshi Company with thirteen operating plants of its own and three operating plants with co-ownership. Summit Power Limited holds 17.64% of ownership of Khulna Power Company Limited (KPCL) and 30% of Summit Meghnaghat Power Company Limited.

Summit Power limited, also holds the record for being the only Company to be able to constructing a Heavy Fuel Oil (HFO) fired, quick rental power plant, within two hundred and seventy days.

The Company received International Gold Award on September 28, 2011 as "The Best Fast Track" project in Asia. Summit Narayananj Power Limited achieved financial close by receiving a foreign currency term loan of USD 45 million from DEG - Deutsche

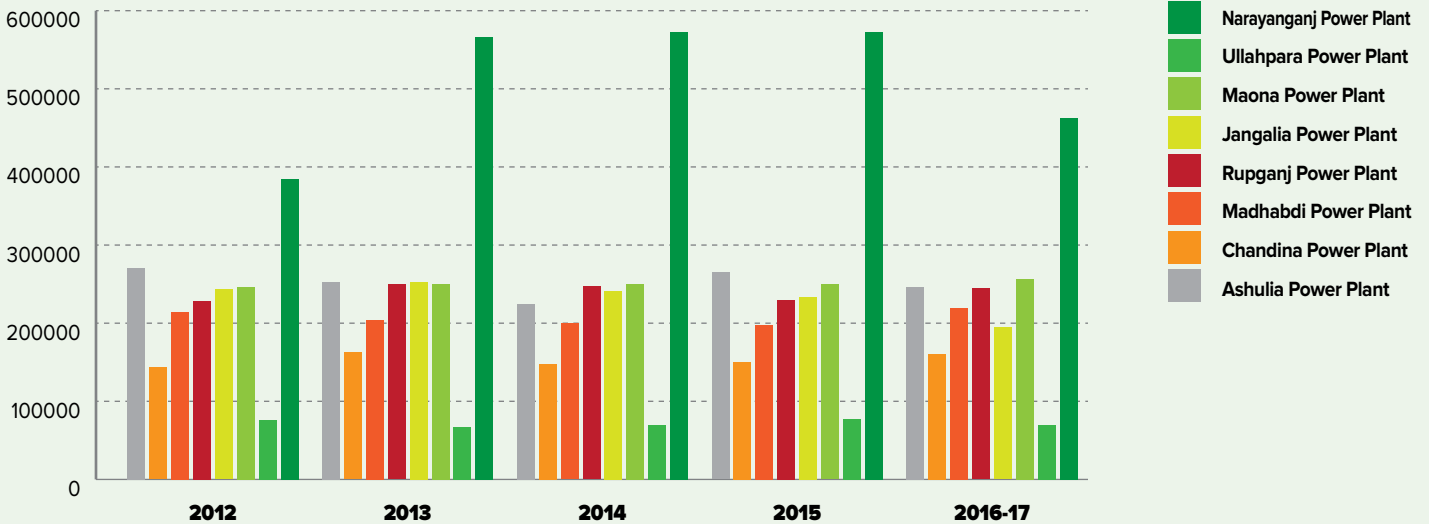
Investitions- und Entwicklungsgesellschaft mbH and FMO – NederlandseFinancierings – Maatschappij Voor Ontwikkelingslanden N.V. which has recently been fully paid off, using regular source of revenue.

SPL has recently completed project work and commenced on Commercial Operation for its Summit Barisal 110 MW plant and Summit Narayananj Unit II 55 MW within merely twelve months, instead of the allotted contractual construction period of fifteen months. This is indeed a great recognition of the ability of the country in general and Summit in particular, to construct international standard medium-sized power plants. Summit Barisal Power Limited (SBPL) and Summit Narayananj Power Unit II Limited (SNPL II) – two subsidiaries of the Company, achieved financial close by receiving a foreign currency term loan of USD 50 million and USD 27.64 million respectively from Islamic Corporation for the Development of the Private Sector (ICD), OPEC Fund for International Development (OFID) and Infrastructure Development Company Limited (IDCOL).

In 2016-17, all the power plants were available to supply to the extent required as per the Power Purchase Agreement (PPA), indicating excellent operational performance of your Company. As a result, this year these plants could deliver electrical energy to the national grid totaling to 2,819 million Kwh. Summit Barisal Power Limited (SBPL), a subsidiary Company of Summit Power Limited received the "Best Power Generation Project Award 2016" in Private Sector Power Generation by the Government of the country. This is the 4th time in a row for Summit Group to receive this prestigious award.



PLANT WISE PERFORMANCE



Summit Power Limited has always used brand new and highly efficient engines and other auxiliaries of best international standard. The aim, is to become more eco-efficient and spend minimum fuel, for generation of electricity. The new and efficient machines, allow Summit Power Limited to maintain its guaranteed contractual availability and Heat Rate (fuel consumption for generation of one unit of electricity) ensuring efficient use of fuel and gas. SPL follows an Integrated Management System (IMS) to maintain all of its power plants, which includes - ISO 9001 : 2000 –

Quality Management System (QMS), ISO 14001 : 2004 – Environmental Management System (EMS), ISO 18001 : 2007 – Occupational Health & Safety (OH&S). Of late, the Company is working to adopt new up-gradation of these standards. In implementing the Integrated Management System the Company has adopted the Quality Policies, Environmental Policies and Occupational Health Protection and Safety Policies. In addition your Company has implemented Anti-bribery & Corruption Policy, and the Whistle Blower Policy, which have been presented in **Annexure - 6**.



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Financial Results and Performance of The Company

Consolidated financial result and its comparison have been given below:

The Company has changed its financial year from January – December to July – June as a compliance requirement. Hence, a four column data table has been presented for better understanding. Revenue has increased significantly as two new power plants 110 MW HFO based power plant under Summit Barisal Power Limited (SBPL) and 55 MW HFO based power plant under Summit Narayanganj Power Unit II Limited, have come into operation during this period.

Accordingly, the cost of sales have been aligned. The net profit of the Company has increased by Taka 72.7 crore, which is 20.13% higher than that of previous year. The finance cost has increased significantly in the process of attaining a low cost long term foreign loan to implement both the Summit Barisal Power Plant and Summit Narayanganj Unit II Power Plant. However, the other areas showed a very natural increase, which also has aided the increase in profit.

Summit Power Limited (consolidated)

Particulars	For the eighteen-month period ended 30-Jun-17	For the year ended 30-Jun-17	For the six-month period ended 30-Jun-16	For the year ended 31-Dec-15
	(In Million Taka)	(In Million Taka)	(In Million Taka)	(In Million Taka)
Revenue	22,634	16,213	6,420	10,012
Cost of sales	(16,110)	(11,760)	(4,350)	(6,760)
Gross profit	6,524	4,453	2,070	3,252
Other income, net	487	233	254	265
General and admin. expenses	(721)	(500)	(220)	(386)
Operating profit	6,290	4,186	2,104	3,131
Finance costs, net	(505)	(496)	(9)	(91)
Share of profit of equity- accounted investee	874	648	226	570
Net profit before income tax	6,658	4,337	2,321	3,610
Income tax	-	-	-	-
Net profit after income tax	6,658	4,337	2,321	3,610



Profit Appropriation

During the period ended 30 June 2017, your Company's net profit amounted to Tk. 6,658 million. However, the Company needs availability of adequate funds for uninterrupted progress of the projects as well as for future growth. Keeping this view, the Directors would like to report the Company's financial results for the eighteen months ended 30 June 2017 with the recommendations for appropriation as follows:

Particulars	Amount in Million Taka	
Net profit for the year	6,136	
Profit brought forward	4,875	
Profit available for appropriation		11,011
Appropriations:		
Proposed cash dividend	(3,204)	
Total appropriation for the year		(3,204)
Transferred to retained earnings		7,807

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 - 42 to the financial statements.



Utilization of Proceeds from Public Issues, Rights Issues and/ or through any other Instrument

Initial Public Offering (IPO) of Summit Power Limited was made in 2005 and the fund raised thereby has already been utilized as reported to the regulators. Fund raised through issuance of rights shares in 2008 has also been utilized and reported accordingly to the regulators. No further issue of any instrument was made during the year. Besides, Summit Purbanchol Power Company Limited, the then subsidiary of Summit Power Limited, had raised fund through IPO and has utilized them to acquire 20% holding of Summit Narayanganj Power Limited, which has already been notified to regulators.

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Significant Variance Between Quarterly and Annual Financial Statements

No significant variations have occurred between quarterly and final financial results of the Company during the year under report.

Dividend

Your Board recommends 30% cash dividend for the period ended 30 June 2017. The cash dividend of 30% implies Tk. 03/- for each share held on the record date, subject to approval by the shareholders at the 20th Annual General Meeting.

Business Risk & Uncertainties

Financial risk management

The Group has exposures to the following risks from its use of financial instruments:

- i) Credit risk
- ii) Liquidity risk
- iii) Market risk

The Board of Directors have overall responsibility for the establishment and oversight of the Company's/ Group's risk management framework. The Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the Company/ Group. The Board is assisted in its oversight role by Audit Committee. Internal Audit, under the purview



of Audit Committee, undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

i) Credit risk

Credit risk is the risk of financial loss to the Company/ Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company/Group's receivable from customers and investment securities. The Group's sales are made to Government entity, viz, Bangladesh Rural Electrification Board (BREB) and Bangladesh Power Development Board (BPDB) under the conditions of the fixed term Power Purchase Agreement (PPA).

ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure,

as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically, the Group ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Group seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flows projections and credit lines facilities with banks are negotiated accordingly.

iii) Market risk

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

a) Currency risk

The Group is exposed to currency risk on purchases of spare parts and capital machinery that are denominated in a currency other than the functional currency primarily the United States Dollar (USD) and Euro (EUR). The Company has not entered into any type of derivatives instrument in order to hedge foreign currency risk as at 30 June 2017.

b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. Foreign loans and borrowings are affected by fluctuations in interest rates as the rate is of 3 months LIBOR plus 4.25% on account of Summit Barisal Power Limited (SBPL) and Summit Narayanganj Power Unit II Limited. The Group has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date. However, the management feels the risk arising from interest rate fluctuation is immaterial to the financials of the Group, for the time being.

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Capital risk management

The Group's objectives when managing capital are to safeguard the Group's 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. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Directors' Election & Re-Appointment

As per Article 23 (a) of the Articles of Association Muhammed Aziz Khan , Md. Farid Khan, Helal Uddin Ahmed, Syed Fazlul Haque, shall retire in the 20th Annual General Meeting by rotation and being eligible, offer themselves for re-election.

Your Board in its Board Meeting held on 31 January

2017 appointed Md. Mostafa Kamal, Mr. Faruq Ahmed Siddiqi and as Independent Director of the Board and Md. Arif Al Islam an nominated director from Summit Corporation Limited. Their short bio-data has been presented in the "Our Directors" section. They will also retire in the 20th Annual General Meeting and being eligible, offers themselves for re-election.

Directors Meeting & Attendance

During the eighteen months ended June 30, 2017, the Board of Directors held 15 (fifteen) meetings. Directors who attended the Board meetings during their respective tenure are shown below:

Sl.#	Name of Directors	Attendance
1	Mr. Muhammed Aziz Khan	7
2	Mrs. Anjuman Aziz Khan	4
3	Mr. Md. Farid Khan	6
4	Ms. Ayesha Aziz Khan	2
5	Mr. Jafer Ummeed Khan	12
6	Mr. Md. Latif Khan	10
7	Mr. Faisal Karim Khan	4
8	Mr. Helal Uddin Ahmed	14
9	Mr. Syed Fazlul Haque FCA	13
11	Mr. Mustafizur Rahman Khan	9
12	Lt. Gen. (Retd.) Engr. Abdul Wadud	15
13	Mr. Md. Mostafa Kamal	3
14	Mr. Faruq Ahmad Siddiqi	-
15	Mr. Md. Arif Al Islam	1
16	Mr. Abbas Uddin Ahmed	2
17	Mr. Ziaul Hasan Siddiqui	2

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

Directors' Responsibilities /Reporting Framework

The law requires that the financial statements of your Company would follow International Financial Reporting Standards (IFRS) as adopted by ICAB as Bangladesh Accounting Standards (BAS) 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 statements, the following points were considered –

- I. Selection of suitable accounting policies and then applying them consistently,
- II. Making judgments and estimates that are reasonable and prudent,
- III. Ensuring that the financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS),
- IV. 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 SEC's Notification dated 07th August 2012, the Directors are also pleased to make the following declarations in their report:

- a. The financial statement 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, 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;

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- g. Significant deviations from last year in operating results of the Company are highlighted and the reasons have been explained in financial results & profit appropriation;
- h. Key operating and financial data has been summarized for the preceding five years;
- i. Significant plans and decisions, such as corporate restructuring, business expansion and discontinuation of operations as appropriate, future prospects, risks and uncertainties surrounding the Company has been outlined under the related 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 - 3** to disclose the aggregate number of shares.

Remuneration of Directors

Remuneration, performance and other related perquisites/benefits of Executive Directors are reviewed annually and approved by the Chairman as disclosed in Notes - 34.1 to the financial statements. Non-Executive Directors including Independent Directors are paid only attendance fee per meeting.

Audit Committee

The Company has an audit committee with an established charter. The audit committee has met 06 (six) times within this eighteen months period and the committee members' attendance (as per their tenure) record is disclosed below:

Name	Status	Attended
Mr. Faruq Ahmad Siddiqi	Chair	01
Mr. Abbas Uddin Ahmed	Ex-Chair	01
Lt. Gen. (Retd.) Engr. Abdul Wadud	Member	06
Mr. Syed Fazlul Haque FCA	Member	06

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

Auditors

Pursuant to SEC Order No. SEC/CMRRCD/2009-193/104/Admin dated 27th July 2011 present auditors Rahman Rahman Huq, Chartered Accountant has completed its second year/period of appointment and audit and therefore, they will be eligible for re-appointment in

the ensuing 20th AGM. Your Board therefore, in its meeting held on 09 September 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 Annual General Meeting.

Corporate Governance

Corporate Governance is the system through which Companies are directed, guided and controlled by the Board while keeping in view its accountability to the shareholders. Your Company strives to maintain full compliance with the laws, rules and regulations that govern our business and to uphold the highest standards. The Company has adopted "Code of Conduct & Ethics" and "Code of Corporate Governance" in 2011. Since corporate governance is not a static process, we will always continue to improve our practices. The formation of an Audit Committee, Executive Committee, Technical Committee, Purchase Committee, Operation & Maintenance Committee and Remuneration Committee, which may be seen in **Annexure - 4** of the Annual Report, are steps in this process. From 2011 your Company started implementing Integrated Management System (IMS) to make it compliant to ISO 9001: 2000 – Quality Management System (QMS), ISO 14001: 2004 – Environmental Management System (EMS), ISO 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.

Human Resources Management

One of the most important resource and key to a successful Company is its people. Summit 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. Summit Power Limited has implemented Training Needs Analysis (TNA) as part of its training system. The aspects of TNA includes determining what is required to complete the work against existing competency level of employees and mitigating the gap (if any).

We have an enriched Employment Policy/Employee Hand Book with proper job descriptions and responsibilities. A detailed succession planning is considered every year to ensure good working environment and enhancement of knowledge of the employees. A yearly performance appraisal is carried out to reward and encourage diligent employees and assess their training requirements. The Remuneration Committee also awards yearly increments and other remuneration related matters. Your Company is ISO 18001: 2007 – Occupational Health & Safety (OH&S) certified by Bureau Veritas, since all the programs are undertaken by an Integrated Management System (IMS) and fosters a safe and healthy work environment.

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/Admin/44 dated 07 August 2012 issued under section 2CC of the Ordinance 1969 the Corporate Governance Compliance Report is shown In **Annexure - 1**. A Certificate from Podder & Associates confirming compliance of conditions of Corporate Governance Guidelines as stipulated under condition 7(i) is also annexed to this report as **Annexure - 2**.

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, Summit Power Limited complies all the applicables of IAS and IFRS as adopted by ICAB. The detail disclosure is shown in **Annexure – 5**.

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 year your Company added 2,819 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. The Company is now set to increase and enhance its contribution to national economy in the years to come.

Your Company has received exemption from all such taxes from the Government of Bangladesh under the private sector power generation policy for a period of 5 to 15 years. Conversely, it has contributed a significant amount to the national exchequer in the form of other different duties, taxes and VAT, while importing spare parts for the power plant maintenance work and at operational level works. The estimated amount of contribution was of Taka 309 million in this period of twelve months.

Corporate Social Responsibility

Summit strategy of powering nations and transforming lives is not only confined to power it produces. It believes in making a positive impact on the communities and cities that we operate in. As part of our Corporate Social Responsibility, we have long-standing partnerships with several non-governmental organizations (NGOs) to support projects that improve access to education and healthcare for underprivileged individuals. Summit also supports social programs and humanitarian initiatives.

We also recognize the importance of creating sustainability directly around the power plants that we operate in. This goes to the heart of our CSR initiatives, helping to provide the fundamentals to foster sustainable communities. Summit is involved with numerous community welfare development works that includes education, health and social service, sport and arts and culture which directly add value to the community.

Our community involvement focuses on the following key areas:

- Education** – empowering people of all ages with knowledge and skills
- Health and social service** – investing in health care and promoting well-being
- Sports** – bringing communities together and encouraging healthy living
- Arts and culture** – supporting cultural project to raise awareness

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Education:

SEID Trust

Since 2010, Summit has assisted SEID Trust to improve the condition of poor children with intellectual and multiple disabilities and autism. All too often, the children come from the most financially disadvantaged segment of society. Over three thousand underprivileged children to date have received education and support including pre-primary and special education, education materials, physiotherapy, speech therapy, counseling, medical services, sports, cultural, food and transport facilities. In addition, Summit also supports two SEID Trust Community Therapy Centre in Shyamoli and Kamrangir Char.

Centre for Research & Information

The Centre for Research and Information (CRI) is a not-for-profit policy research organisation which aims to create a stage for public dialogue on important matters of national policy in Bangladesh. CRI explores through people-centered debate the political ideas and the policy reforms that will define progressive politics and policies in a new, digital Bangladesh. With a focus on youth engagement and democratized debate, CRI aims to bring politics closer to the people. Summit stands beside Centre for Research & Information to enhance the development of the society.

Health and social service

Shornokishoree

Summit actively contributes Shornokishoree which is a private, non-profit and voluntary organization. It has been established in 2012 when an overwhelming health crisis of adolescent girls and young mothers are observed in all over the Bangladesh. In the beginning, the Foundation started working only in the area of safe motherhood through adolescent reproductive health & development utilizing media as tool for reaching the millions adolescent girls. But gradually it expands with working areas and building its reputation as one of the few organization linking different levels of the society from the highest level of the government, development partners, NGOs, private sectors, civil societies and to the grassroots level.

Shipir Pashe Foundation

In a bid to offer support to ailing or terminally ill

artistes, a charity platform named 'Shilpir Pashe Foundation' has been formed in 2016 with the theme 'Shilpir Pashe Amra Sobai'. Summit comes forward to support the destitute artists.

SPORTS

Summit Open Golf Tournament

Since 1996 Summit has been sponsoring and organizing Summit Open Golf Tournament at Kurmitola Golf Club, Dhaka. Golf is an emerging sport in Bangladesh and the tournament is used to promote the game, providing an opportunity for people to get involved in new hobbies and garner new talents.



Bangladesh Roller Skating Federation

Summit has been supporting Bangladesh Roller Skating Federation for some time now. Summit took an initiative to promote Skating in Bangladesh by facilitating the Federation to develop its infrastructure and its facilities to an International level.

ARTS AND CULTURE

Shurer Dhara

Summit keenly contributes to Shurer Dhara Music for Development, an organisation founded in 1992 by Rezwana Chowdhury Bannya, a distinguished alumna of Viswa-Bharati (the renowned university of Nobel

Laureate Rabindranath Tagore), a Professor of Music at the University of Dhaka and an accomplished exponent of Rabindra Sangeet. Their mission is to cultivate and promote music and culture across Bangladesh and has over two thousand students on average each year.

Benuka Institute of Fine Arts

Summit actively facilitates Benuka Institute of Fine Arts, which was founded in 1980 by dancer Golam Mustafa Khan to spread the Bengali culture among the new generation and to carry on the Bangladeshi view to others on culture and tradition through art, music and dance.



DIRECTORS' REPORT TO THE SHAREHOLDERS



S M Sultan Sriti Sangshad

SM Sultan was an avant-garde artist who worked in painting and drawing. His fame rests on his striking depictions of exaggeratedly muscular Bangladeshi peasants engaged in the activities of their everyday lives. To keep the memory of renowned artist S M Sultan alive, S M Sultan Sriti Sangshad was formed. Summit proactively contributes the Sriti Sangshad.

Community Services

Rotary Club

The Rotary Club of Dhaka North West formed on 1st February, 1976. It identifies projects that are run by secular and non-political charitable organizations in

Bangladesh and are consistent. It raises funds to support the projects identified, and it is committed to verifying that funds dispersed are used as intended, like Education, Health, Humanity, Poverty Alleviation, and Awareness against Drug Abuse, HIV/AIDS, Polio Eradication Program, and Integrated Rural Development. Summit stands beside Rotary Club to enhance the development of the society.

Construction of Road

Summit has constructed a 1.5 km long road at Ruggang, Naryangang. This road has changed the modality of people's livelihood. Estimated around twenty thousand people are being benefited.

Power & Energy Week

Summit proudly sponsors Power & Energy Week. The Ministry of Power, Energy and Mineral Resources organizes the annual National Power and Energy Week. The event is an occasion to celebrate the achievements of Bangladesh in power generation, crossing new milestones and to showcase the Government's success in powering the country's progress and to bring such triumphs into light to all Bangladeshis.

National Press Club

Summit has contributed to develop the infrastructure of The National Press Club. The National Press club was founded in 1954 as the East Pakistan Press Club. It was formed to be run by an elected committee guided by its rules and regulations. The Club contains around 800 members of journalist.

Forum for Energy Reporters

Summit actively facilitates Forum for Energy Reporters Bangladesh (FERB) began on November 27, 2000. The main reason of launching the FERB was to improve skills of journalists in the sector, disseminating information among them, strengthening their internal and external relationship and highlighting major issues.

Mosques and Orphanage

Summit also recognizes the importance of creating sustainability directly around the plants that we operate. To help the poor, this year we have supported mosques and orphanages like Chandertek Mollah Bari Jame Mosque, Morolpara Madrasha & Etimkhana, Nayalkhal Etim Khana, Rainadi Aziza Madrasha and Etimkhana, Modho Kolabag Jame Masjid, and Haji Sadia Jame Masjid. Summit philanthropic activity helps estimated around twenty four thousand beneficiaries.

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 SPL 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 SPL.

The trust and confidence that our valued customers, BPDB, BREB and its members in Palli Bidyut Samitees (PBSs) have placed upon SPL 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, Bangladesh Investment Development Authority (BIDA), Department of Environment, the Deputy Commissioners, the Superintendents of Police, the local administration and the people of the locality for extending their support towards the Company. The Board also extends its best wishes to the contractors and consultants who helped us running power plants and achieve this growth. As the Company is growing very rapidly in a very short time it is obvious that the big support from the lenders from home and abroad is significant for the Company. We do recognize their trust and honor vested in our Company and put a special thanks for a sustainable better future.

The Board would also like to express their humble gratitude to all the stakeholders including the investors, suppliers, banks & financial institutions, insurance Companies, service providers, the 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. Best regards to all shareholders. May you all have peaceful and progressive life.

On behalf of the Board



Lt Gen (Retd.) Engr. Abdul Wadud
Managing Director
Dhaka, 09 September 2017