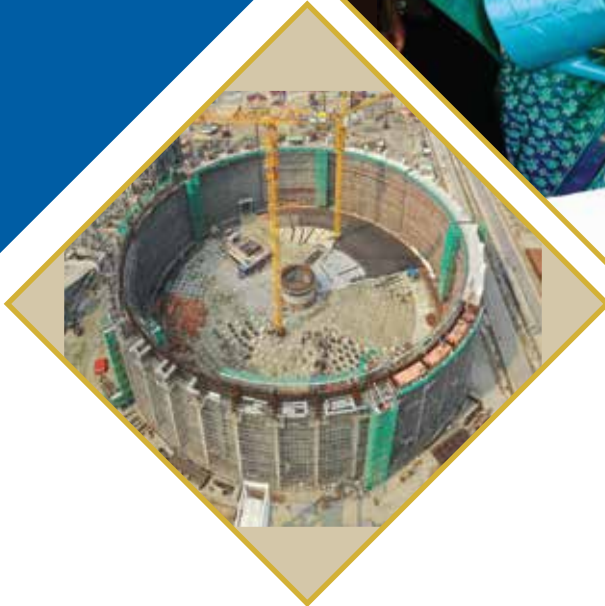


# ANNUAL REPORT 2018



**Bangladesh-China Power Company (Pvt.) Limited**  
(A Joint Venture of CMC and NWPGL)

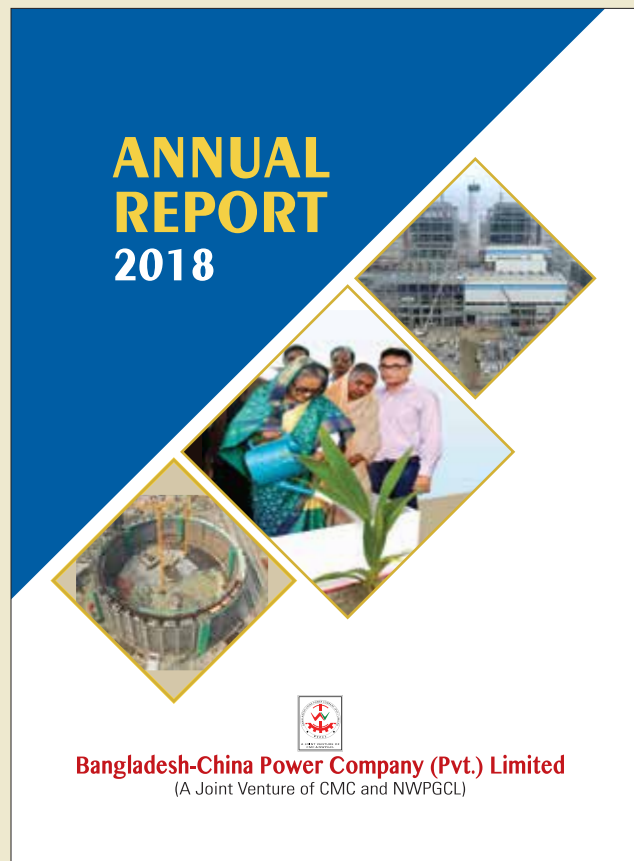


3rd Annual General Meeting of BCPCL



Board Meeting of BCPCL

# Annual Report 2018



**BANGLADESH-CHINA POWER COMPANY (PVT.) LIMITED**  
(A Joint Venture of CMC and NWPGL)





# Chairman's Message

Bangladesh-China Power Company (Pvt.) Limited (BCPCL) is at the forefront of power generation from coal. The 4th Annual General Meeting (AGM) on 16 April, 2019 echoes the fast progress of the Company.

Since the Hon'ble Prime Minister Sheikh Hasina took the office about 10 years back, Bangladesh has made remarkable progress in power sector. The government has taken quick, short-term, mid-term and long-term plans for improving the power system. As a result, power generation, transmission and distribution have obtained momentum and achieved unprecedented success. The general mass of the country has been relieved of the dismal state of electricity left by the previous government.

According to the Power System Master Plan (PSMP), we have to generate 24,000 MW by 2021; 40,000 MW by 2030 and 60,000 MW by 2041. It demands diversification of fuel- especially coal, renewable energy, LNG, nuclear etc. In order to meet the challenge of providing affordable electricity with a very minimum ecological impact, we have adopted and promoted safe, highly efficient, sophisticated and clean coal technologies for the mega coal-fired power plant projects.

Bangladesh-China Power Company (Pvt.) Limited has been implementing a coal- fired mega power plant project- Payra 1320 MW Thermal Power Plant Project (1st Phase) - with eco-friendly ultra-supercritical technology. This plant's efficiency will be 48.05% with lower emissions, and lower fuel cost per kilowatt. Besides this, the Company is going to implement another coal- fired mega power plant project- Payra 1320 MW Thermal Power Plant Project (2nd Phase) at the same location of Patuakhali.

BCPCL follows the global practice of corporate social responsibility to address the environmental and social issues. I hope the Company will keep up the practice imbued with the development policy of Bangladesh.

Finally, I wish success of the 4th AGM of BCPCL.

**Dr. Ahmad Kaikaus**

Chairman

Board of Directors, BCPCL

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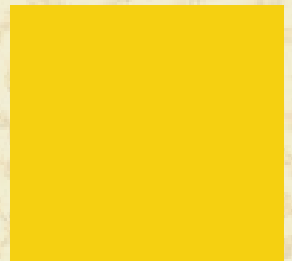
Senior Secretary, Power Division

MoPEMR, Dhaka





# Message from the Chairman, CMC



It is a great pleasure to know that Bangladesh-China Power Company (Pvt.) Limited (BCPCL), a Joint Venture of NWPGL and CMC, is going to hold its 4th AGM as well as publish the Annual Report for the FY 2017-2018. On this occasion, I express my sincere felicitations and wishes to all concerned.

The People's Republic of China is the major development partner of Bangladesh for over 43 years. As a neighboring country and trusted partner, China is always with Bangladesh in every field of co-operation. China is very much aware of Bangladesh GDP growth rate which is bullish trend to be a middle income country within a short period. Besides this, the demographic potentiality of the country is very significant. We feel comfort that Bangladesh is a good and reliable destination for every sort of investment, especially in the power sector.

Her Excellency Sheikh Hasina, the Hon'ble Prime Minister of the Government of the People's Republic of Bangladesh paid an official visit to China in June, 2014 for deepening the closer comprehensive partnership of co-operation. During her visit in China, we both the parties CMC and NWPGL signed a Joint Venture Agreement on 09.06.2014 in order to establish BCPCL to implement Payra 1320 MW Thermal Power Plant Project in presence of the Hon'ble Prime Ministers of Bangladesh and China at the Great Hall of the People, Beijing, China. Consequently, BCPCL was incorporated with the Joint Stock Companies and Firms (RJSC), Bangladesh on 01.10.2014 and the activities of the Company is going on in full swing. I believe, Payra 1320 MW Thermal Power Plant Project (1st Phase) is one of the fastest implementing projects of the country. It is only possible for the keen interest of the Government as well as cordial relations of the two countries and relentless efforts of the concerned personnel of the Company.

China stands ready to work with Bangladesh to strengthen synergy of bilateral development strategies within the framework of the Belt and Road Initiative so as to push forward the ever-closer China-Bangladesh comprehensive partnership of co-operation. China has especially a sharp and comprehensive interest in investing in Bangladesh power sector. I believe that Payra (1st Phase) will set up one good example on the co-operation between Bangladesh and China; and Payra 1320 MW Thermal Power Plant Project (2nd Phase) will be implemented within the timeline limit.

I, on behalf of the CMC, China and our people, hope and wish that Bangladesh-China Power Company (Pvt.) Ltd will play a vital role in the power sector of the country.

Finally, I wish grand success of the 4th AGM of BCPCL.

**Ruan Guang**  
Chairman  
CMC, China





# From the Desk of Managing Director



It gives me immense pleasure that Bangladesh-China Power Company (Pvt.) Limited (BCPCL) is publishing the Annual Report-2018 and holding the 4th Annual General Meeting of the Company for the FY 2017-2018. The report delineates the managerial, technical and financial activities and other significant information of the Company.

I am pleased to share with you the highlights of the Company's performance during the FY 2017-2018. I would like to inform you that BCPCL is a Joint Venture Company of NWPGCL and CMC. The Company has commenced its functioning with Payra 1320 MW Thermal Power Plant Project (1st Phase), located at Dhankhali, Kalapara, Patuakhali. The EPC contract for implementation of the said project was signed on 29 March, 2016 between the Company and Consortium of NEPC & CECC, China. The EPC work of the Project runs in full swing. The Plant will be eco-friendly with clean coal technology and operated by imported coal. The 1st Unit and 2nd Unit of the Plant are expected to be commissioned in December, 2019 and June, 2020 respectively.

Besides this, another coal-fired mega project Payra 1320 MW Thermal Power Plant Project (2nd Phase) is going to be set up at the same location in the vicinity of Payra 1320 MW Thermal Power Plant Project (1st Phase). To explore the fuel diversity, we believe in wind as a viable source of clean energy. Therefore, BCPCL intends to implement Payra 50 MW Wind Power Plant Project at the same location.

NWPGCL, Siemens, BP and CMC are going to implement Payra 3600 MW LNG-to-Power Project, the largest power project of the country at the same location of Patuakhali immediately through another joint venture.

I would like to convey my deep, sincere and especial gratitude to the Hon'ble Prime Minister Her Excellency Sheikh Hasina for her spontaneous role to the power sector. I express my thanks to the Hon'ble Adviser to the Prime Minister for Power, Energy & Mineral Resources Dr. Tawfiq-e-Elahi Chowdhury, BB and Hon'ble State Minister for Power, Energy & Mineral Resources Mr. Nasrul Hamid, MP for their continuous invaluable suggestion and kind support. I express my especial thanks to the Hon'ble Chief Co-ordinator (SDG) to the Prime Minister Mr. Md. Abul Kalam Azad. I also convey my deep and sincere thanks to the Hon'ble Senior Secretary, Power Division, Ministry of Power, Energy & Mineral Resources Dr. Ahmad Kaikaus for his continuous close monitoring and unstinting support.

I wish to express my deep and sincere gratitude to the Directors of the Board, my colleagues and all levels of employees for their spontaneous support, co-operation, loyalty and dedication in making the Company sustainable.

I hope that BCPCL will continue to play a dynamic role in ensuring integrity, transparency, accountability, capacity building and efficiency in the business arena of our national growing economy.

The Annual Report-2018 is the culmination of the diligent and intellectual works of a few officers who have created this package. I wish the **4th Annual General Meeting** of BCPCL and the related events a complete success. I hope and believe that the Company will continue to fulfill the expectations of all stakeholders and will create a new benchmark of excellence.



**Engr. A.M. Khurshedul Alam**  
Managing Director, BCPCL



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# CORPORATE ETHOS

## Corporate Vision

- Achieving excellence in power generation and powering growth of Bangladesh.

## Corporate Mission

- To achieve excellence in project implementation and operation of power plants.
- To ensure stable and reliable power generation.
- To lead Bangladesh in thermal power generation.
- To explore business opportunities through market scanning and adopt new business plans accordingly.
- To practice the highest standards of corporate governance and be a financially sound company.
- To win with technology and services.
- To earn the trust and confidence of all stakeholders, surpassing their expectations.
- To improve the mode of life of the local community in all the projects.
- To make real what matters.

## Core Objectives

- Corporate Ethics and Compliance
- Customer Focus
- Environmentally and Financially Sustainable
- Sustainable Power Growth
- Business Expansion

# COMPANY OVERVIEW

Power is the prime mover for the economic development of a country. For sustainable growth of GDP, Bangladesh needs reliable and cost-effective power generation for feeding its emerging economy. The Government has launched quick, short, mid and long term programs in order to generate 24,000 MW by 2021; 40,000 MW by 2030 and 60,000 MW by 2041 through introducing fuel mix, public- private partnership for mobilizing finance, demand side management and energy efficiency. North-West Power Generation Company Limited (NWPGCL) along with other generation entities has been entrusted to achieve this target of the Government.

Since NWPGCL is not financially sound to install a coal-based mega project, the solution was to establish a strategic alliance of joint venture. For this purpose, NWPGCL signed a Joint Venture Agreement (JVA) with CMC on 09.06.2014 at the Great Hall of the People, Beijing, China in presence of the Hon'ble Prime Minister of the People's Republic of Bangladesh Her Excellency Sheikh Hasina and her counterpart the Hon'ble Prime Minister of the People's Republic of China His Excellency Li Keqiang in order to implement Payra 1320 MW Thermal Power Plant Project through establishment of a Joint Venture Company (JVC). In this perspective, BANGLADESH-CHINA POWER COMPANY (PVT.) LIMITED was incorporated with the Joint Stock Companies and Firms (RJSC), Bangladesh on 01.10.2014 under the provision of the Companies Act, 1994. The ratio of ownership of this Company between NWPGCL, Bangladesh and CMC, China is 50:50.

## The Promoters

1. NORTH-WEST POWER GENERATION COMPANY LIMITED is an enterprise of Bangladesh Power Development Board (BPDB) and state-owned company, incorporated and registered with the Joint Stock Companies and Firms (RJSC), Dhaka, Bangladesh on 28.08.2007 under the provision of the Companies Act, 1994; and has its Corporate Office at UTC Building (Level-4), 8 Panthapath, Kawran Bazar, Dhaka-1215, Bangladesh;

**AND**

2. CHINA NATIONAL MACHINERY IMPORT & EXPORT CORPORATION is a wholly state-owned company, incorporated and registered in the State Administration for Industry and Commerce as a corporate group in 1997 under the provision of the Company Law of People's Republic of China and has its Head Office at West Wing of Sichuan Mansion, 1 Fuchengmenwai Avenue, Beijing-100037, China.

Future energy mix for power generation in Bangladesh leads the path towards coal and LNG. Bangladesh has no other choice but to develop coal-based power plants to meet-up the ever increasing demand for electricity. Sustainable power generation (affordable and available for long-term) requires steady, reliable supply of primary energy. There is no additional gas in the country, and oil is too expensive with volatile price fluctuation. This leaves us with coal-based power generation. More than 50% of the total generation of electricity will come from coal in the near future. The present Government's plan to develop 20,000 MW coal-based power plants by 2030 is a pragmatic decision in term of fuel choice.

Coal will remain as main source of energy for several decades. This is because coal is the most important commercial source of energy. In this context, the Company intends to have a schematic plan for installing eco-friendly ultra supercritical coal fired power plants for the cost-effective nature of coal. Moreover, the Company intends to implement renewable energy based power plants without cost of energy.

BCPCL is implementing Payra 1320 MW Thermal Power Plant Project (1st Phase) and going to implement Payra 1320 MW Thermal Power Plant Project (2nd Phase) at Dhankhali, Kalapara of Patuakhali by using eco-friendly clean coal technology i.e. ultra supercritical technology on turn-key basis. Moreover, the Company intends to implement renewable energy based power plants without cost of energy.

We believe that investors will gain a better understanding of our Company, if they understand how we respond and perform. We intend to generate competitive, eco-friendly, reliable and flexible power. We shall have the industry's most comprehensive portfolio of thermal technologies and hold the leading position in power generation services. In the very outset of development, we will continue to create value for clients and to join hands in creating a splendid future.

# COMPANY PROFILE

<b>Name of the Company</b>	: <b>Bangladesh-China Power Company (Pvt.) Limited</b> (A Joint Venture of CMC and NWPGL)
<b>Date of Registration and Commencement of Business</b>	: 01 October, 2014
<b>Registered Office</b>	: Bidyut Bhaban 1 Abdul Gani Road Dhaka-1000, Bangladesh
<b>Corporate Office</b>	: UTC Building (Level-4) 8, Panthapath, Kawran Bazar Dhaka-1215, Bangladesh
<b>Status of the Company</b>	: Private Limited Company
<b>Line Business</b>	: Generation of Electricity
<b>Current Development Activities</b>	: 2,690 MW
<b>Future Development Plan</b>	: 1,000 MW
<b>Chairman</b>	: Dr. Ahmad Kaikaus Senior Secretary, Power Division, MoPEMR
<b>Managing Director</b>	: Engr. A. M. Khurshedul Alam
<b>Company Secretary</b>	: Mr. Dipak Kumar Dhali
<b>Auditors</b>	: A. Qasem & Co., Chartered Accountants (A Member Firm of Ernst & Young Global Ltd)
<b>Bankers</b>	: Standard Chartered Bank Ltd
<b>E-mail Address</b>	: info@bcpcl.org.bd md@bcpcl.org.bd cs@bcpcl.org.bd
<b>Web site</b>	: www.bcpcl.org.bd

# CORPORATE DIRECTORY

## Board of Directors

The Board of Directors is the highest level of authority in the organization structure. The present strength of the Board of Directors is 6 (six). Of the total six Directors, 3 (three) are Nominee Directors each from NWPGL and CMC. The Board of Directors comprises eminent experts who are committed to the key underlying principles and values. The Board meets periodically to transact matters placed before them that require Board's approval and direction for execution.

### Chairman

**Dr. Ahmad Kaikaus**

Senior Secretary, Power Division  
Ministry of Power, Energy & Mineral Resources  
Bangladesh Secretariat, Dhaka.

### Directors

**Engr. Khaled Mahmood**

Chairman, BPDB, Dhaka, Bangladesh

**Mr. Ruan Guang**

Chairman, CMC, Beijing, China

**Engr. A.M. Khurshedul Alam**

Chief Executive Officer, NWPGL, Dhaka, Bangladesh

**Mr. Zhang Guodong**

President, CMC, Beijing, China

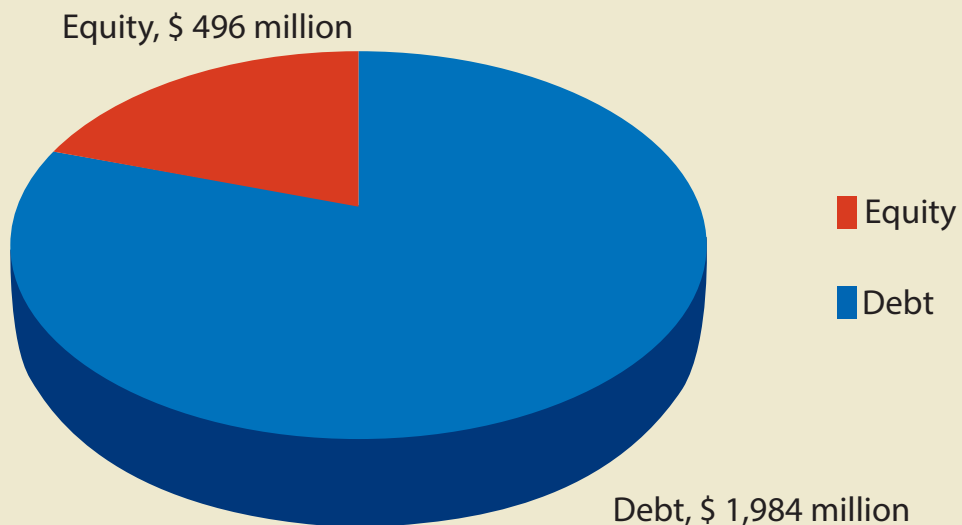
**Dr. Kang HuBiao**

Vice President, CMC, Beijing, China

# BUSINESS PERFORMANCE

As a Joint Venture Company (JVC), Bangladesh-China Power Company (Pvt.) Limited (BCPCL) was incorporated on 01 October, 2014 under the banner of NWPGCL, Bangladesh and CMC, China in order to implement Payra 1320 MW Thermal Power Plant Project. Since the Company started its activities with project, the revenue earnings of the Company have not yet started. The Government of Bangladesh through Ministry of Finance has issued the Sovereign Guarantee of USD 1.0 billion (NWPGCL portion: 50%) in favor of BCPCL towards CEXIM Bank against the said loan facility USD 1.984 billion for implementing Payra 1320 MW Thermal Power Plant Project (1st Phase). The Financial Framework Agreement of USD 1.984 Billion for Payra 1320 MW Thermal Power Plant Project between the CEXIM Bank and BCPCL was signed on 14.10.2016.

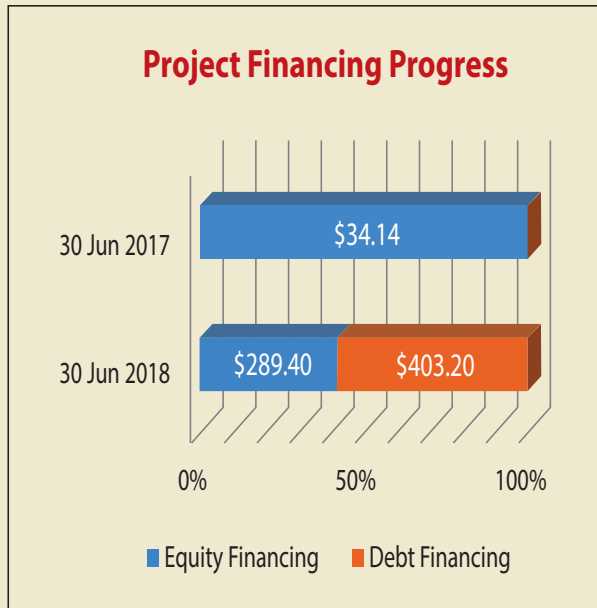
## CAPITAL STRUCTURE



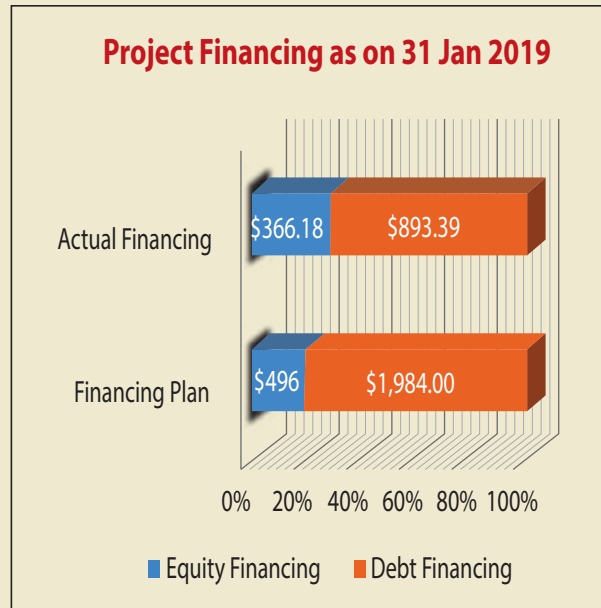
The shareholders (NWPGCL and CMC) invested equity capital amounting BDT 20,915.44 million in the proportion of 50:50 during the FY 2017-18 out of the total equity contribution of BDT 23,610.19 million since inception, which is shown in the Statement of Financial Position in the form of BDT 10,400.00 million as Paid-up-Capital and BDT 13,210.19 million as Share Money Deposit.



(Figures in million USD)

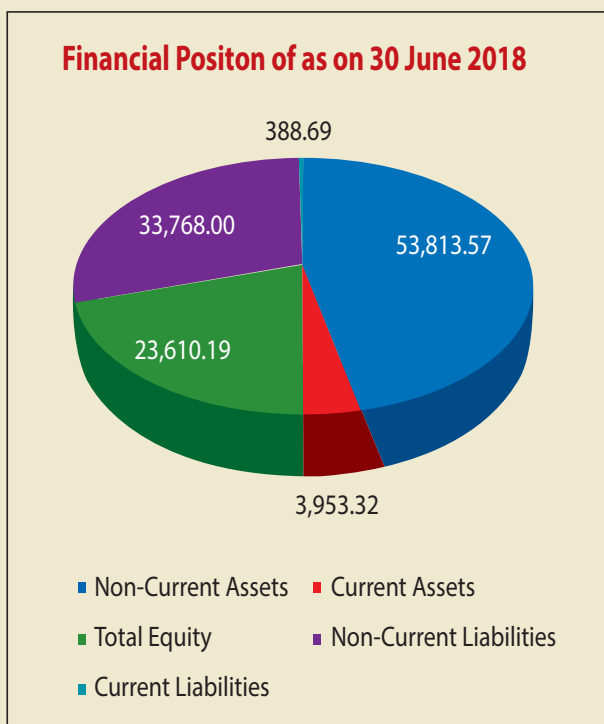


(Figures in million USD)

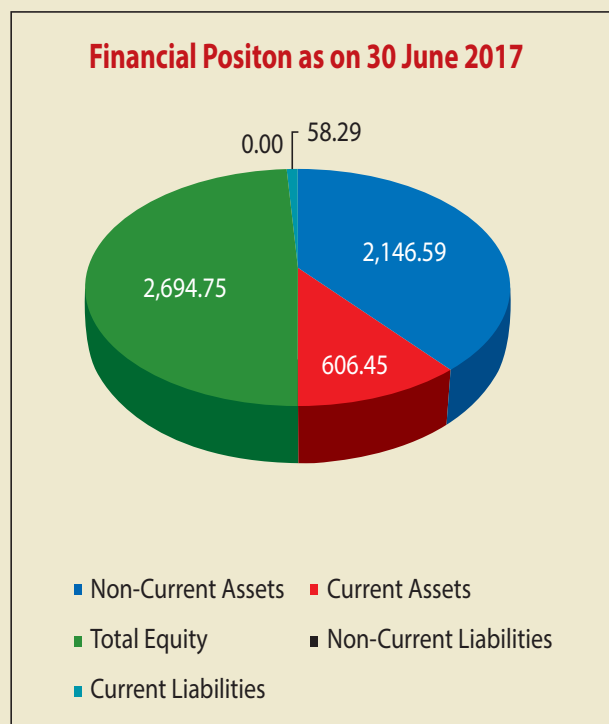


Total Equity and Liabilities had been increased by a significant amount more than that of the previous year. In aggregate of additional USD 658.46 million (BDT 54,643.12 million) cash inflow on equity and debt had been taken place as on 30 June 2018 from 30 June 2017 and USD 566.97 million (BDT 47,213.17 million) cash inflow on equity and debt had been taken place as on 31 January 2019 from 30 June 2018. It denotes that BCPCL has a good prospect ahead.

(Figures in million BDT)



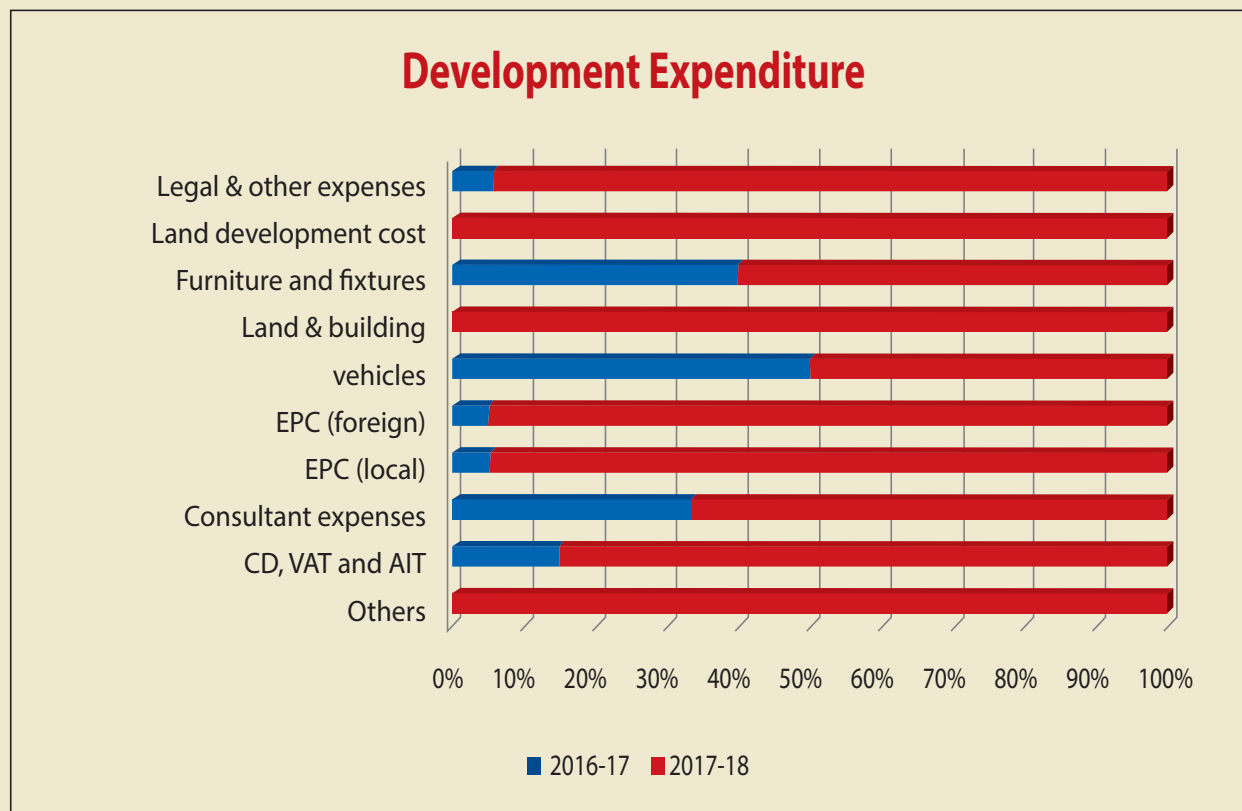
(Figures in million BDT)



The Company had a total Non-current Asset amounting BDT 53,813.57 million as on 30 June 2018 which was 2,406.93% higher than the preceding year. The portion of Equity amounts was BDT 23,610.19 million and debt amount was BDT 33,768 million as on 30 June 2018. The amount of Current Assets was BDT 3,953.32 million and Current and Non-current Liabilities were BDT 388.69 million and BDT 33,768.00 million respectively.

As on 30 June 2018, actual work completed was 37.57% and actual payment made was 23.55%. The Company is exempted from income tax on sales of electricity for 15 years from the commercial production date as per SRO No. 213-AIN/Income tax/2013. Conversely, the Company contributed an amount of BDT 349.91 million during the FY 2017-18 and BDT 64.15 million during the FY 2016-17 to the National Exchequer.

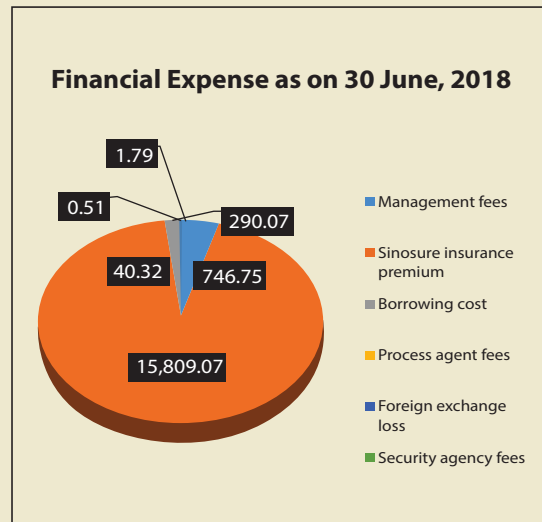
(Figures in million BDT)



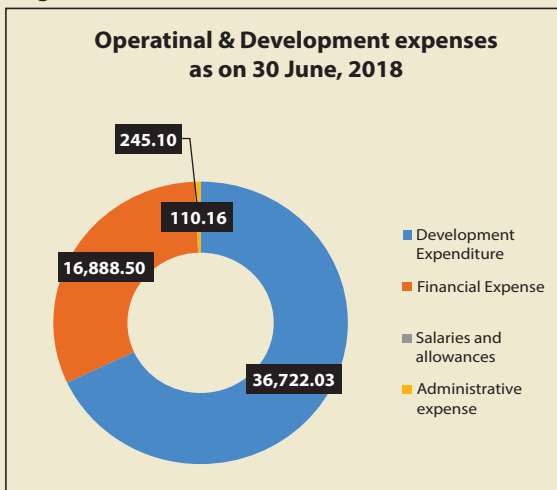
Development expenditure augmented significantly in the FY 2017-18 comparing to the preceding year. Total Development Expenses were BDT 36,722.03 million which was progressed by 1715.10%; and EPC (foreign) cost amounting BDT 29,981.30 million encompassed the ceiling weight which was 81.64% of total cost. Total Land Development costs incurred for Payra 1320 MW TPP Project was BDT 5,132.55 million and Building costs for the Corporate Office incurred during the FY 2017-2018 was BDT 295.84 million. EPC (local) cost amounting to BDT 461.46 million had been progressed to 1711.54% comparing to the last year. It indicates that overall progress of development expenditure is quite satisfactory.

(Figures in million BDT)

Significant Financial Expense amounting BDT 16,888.504 million had been incurred during the FY 2017-18, whereas Sinosure insurance premium was BDT 15,809.068 million encompassing 93.61% of total weight of finance cost. The rest 6.39% included Management Fees, Borrowing Cost, Process Agent Fees, Foreign Exchange Loss and Security Agency Fees retaining BDT 746.75 million, BDT 290.07 million, BDT 0.51 million, BDT 40.32 million and BDT 1.79 million respectively.



(Figures in million BDT)



As on 30 June, 2018, Total Operational and Development Expenses incurred to BDT 53,965.80 million which was higher than the previous year due to the projects' work-in-progress, borrowing cost, salary and allowance to the officers and staff, insurance premium, administrative expenses, development expenses and other procurement related works. Since the development work of Payra 1320 MW Thermal Power Plant Project was going on in full swing to complete the work for launching one power generating unit within this year, the incurred operating and administrative costs have no reason to be unjustified.

# GOVERNANCE

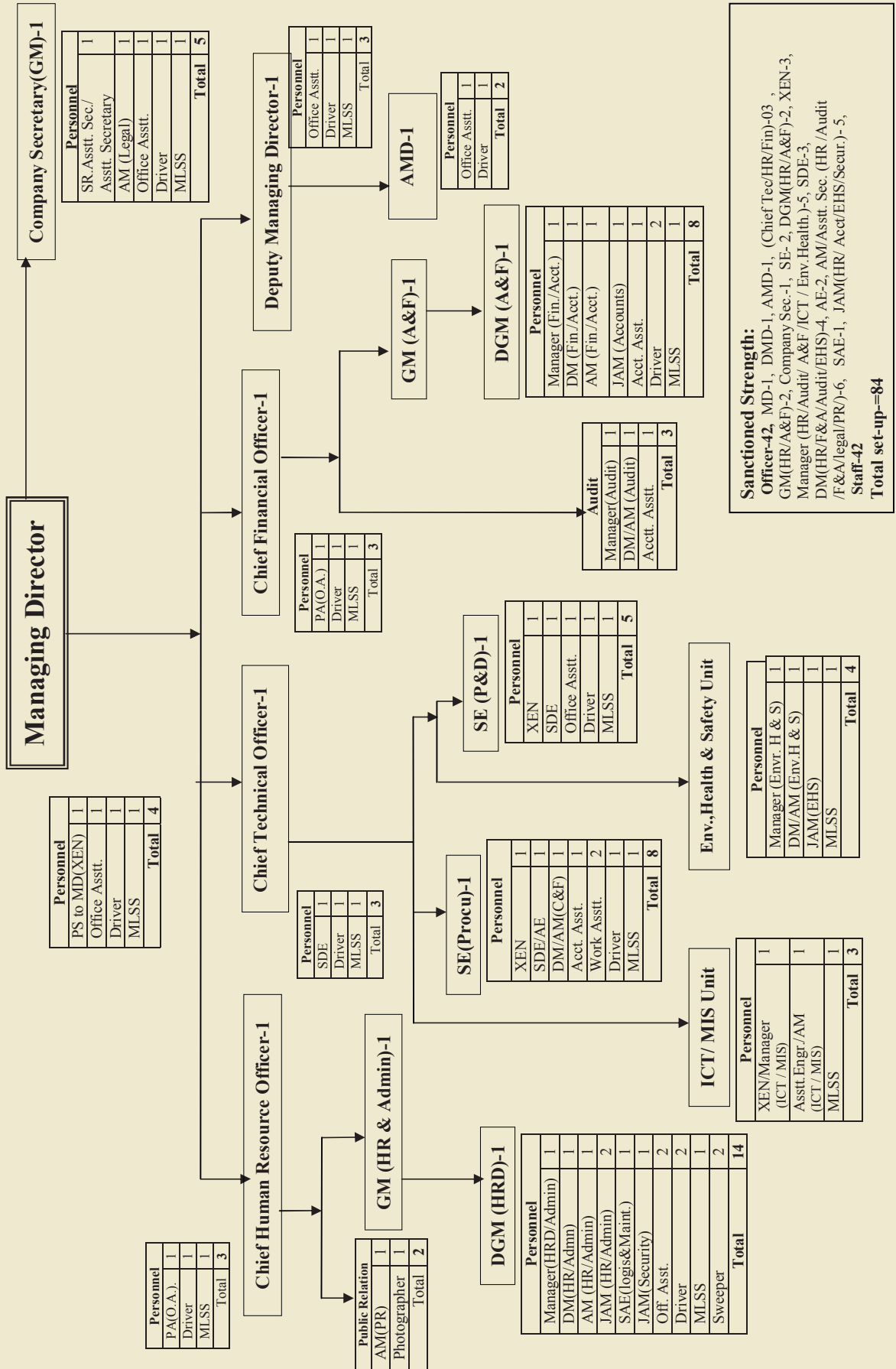
## The Hon'ble Shareholders

As per the Joint Venture Agreement of the Company (BCPCL), the equity between the owners North-West Power Generation Company Limited (NWPGL) and China Machinery Import & Export Corporation (CMC) is in proportion of 50:50. NWPGL and CMC are the only two shareholders of the Company and they have injected equity money equally on the basis of resolutions. Currently (FY 2017-18), the total Paid-up Capital of the Company is BDT 10,400,000,000.00 divided into 1,040,000,000.00 ordinary shares of BDT 10.00 (Ten) each. NWPGL and CMC are holding shares in the Company in the following manner:

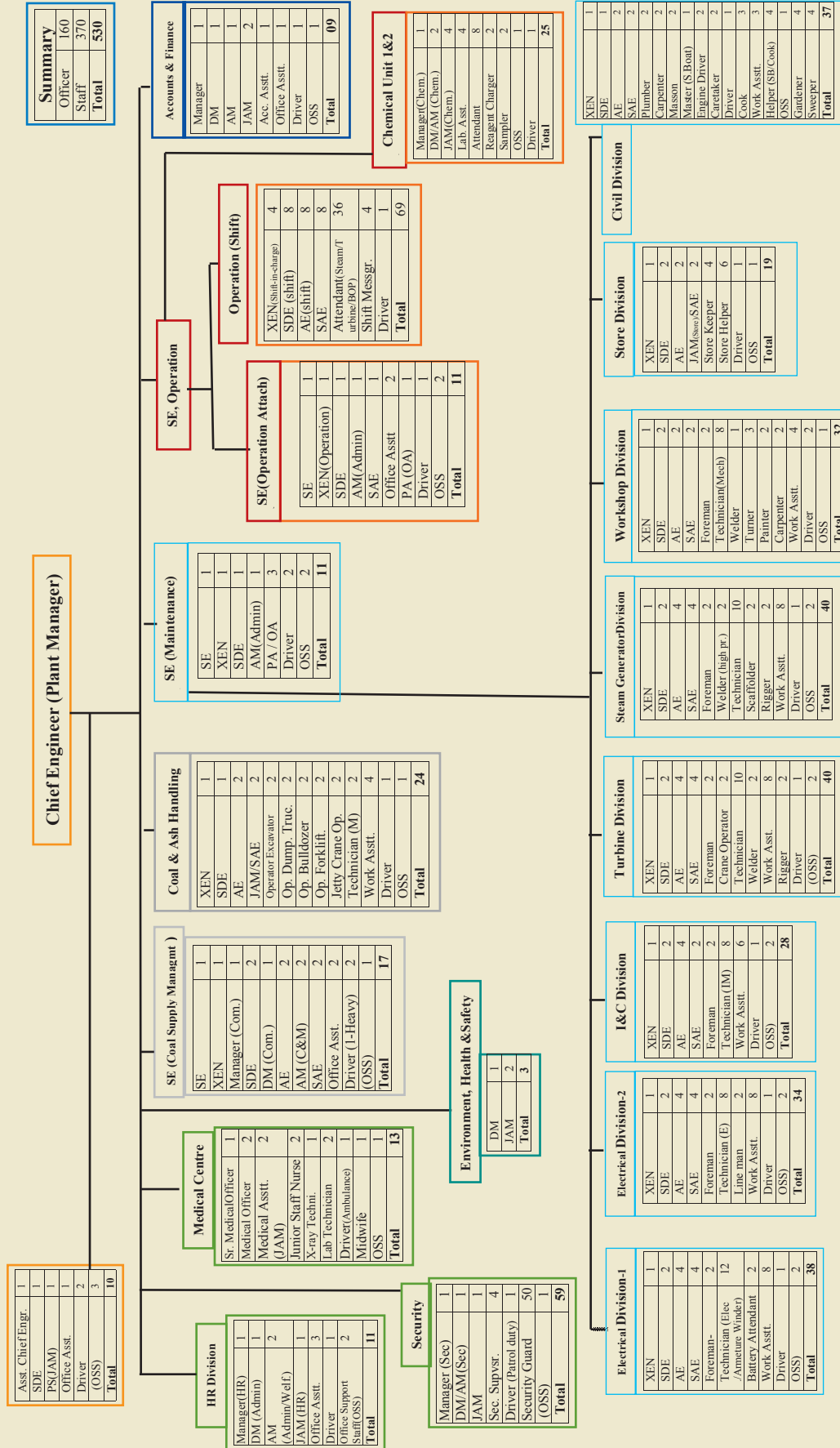
## Shareholders' Folio (up to the FY 2017-18)

S/L No.	Shareholders	Date of Subscription/ Allotment	Number of Shares	Distinctive Number of Shares		Face Value per Share (BDT)	Nominal Value of Shares	Balance of Shares held
				From	To			
01	NWPGL, Bangladesh represented by its MD/ CEO	01.10.2014	05	01	05	100.00	500.00	05
	CMC, China represented by its President		05	06	10		500.00	05
02	NWPGL, Bangladesh represented by its MD/ CEO	Face value per share converted from Tk.100 to Tk.10 on 02.06.2016	50	01	50	10.00	500.00	50
	CMC, China represented by its President		50	51	100		500.00	50
03	NWPGL, Bangladesh represented by its MD/ CEO	20.12.2017	23,999,950	101	24,000,050	10.00	239,999,500	24,000,000
	CMC, China represented by its President		23,999,950	24,000,051	48,000,000		23,999,9500	24,000,000
04	NWPGL, Bangladesh represented by its MD/ CEO	07.03.2018	496,000,000	48,000,001	544,000,000	10.00	4,960,000,000	520,000,000
	CMC, China represented by its President		496,000,000	544,000,001	1,040,000,000		4,960,000,000	520,000,000
<b>The Value of Shares up to the FY 2017-18</b>			<b>BDT 10,400,000,000.00 divided into 1,040,000,000 Shares of BDT 10.00 each.</b>					

# Organogram of Corporate Office of Bangladesh-China Power Company (Pvt.) Ltd



# Organogram of Payra 1320 MW Thermal Power Plant



# Directors' Profile





**Dr. Ahmad Kaikaus**  
Chairman, BCPCL  
&  
Senior Secretary  
Power Division, MoPEMR

Dr. Ahmad Kaikaus, Senior Secretary of Power Division, Ministry of Power, Energy & Mineral Resources, Government of Bangladesh, holds the responsibility of Chairman of Bangladesh-China Power Company (Pvt.) Limited. He is also the Convener of the Remuneration & Appointments Committee of the Company.

Dr. Kaikaus joined the Bangladesh Civil Service in January 1986. Being a career bureaucrat for long 32 years, he worked at different levels of field administration in different capacity such as Assistant Commissioner, Upazila Magistrate and Upazila Nirbahi Officer. He also worked on deputation in several organizations that include Directorate of Accommodation, Department of Narcotics Control and Bangladesh Services Limited. At the ministerial level, he worked for the Ministry of Public Administration, Ministry of Post and Telecommunications, and Economic Relations Division. He worked as a part-time faculty member at Collin County Community College in Texas, USA and American International University, Bangladesh.

Prior to joining as Secretary of Power Division, MoPEMR, Dr. Kaikaus served as the Chairman of Bangladesh Energy and Power Research Council. Earlier he worked as Additional Secretary of Power Division. He worked as Deputy Chief of Party of the Policy Research and Strategy Support Program (PRSSP) at the International Food Policy Research Institute (IFPRI). He has an unusual combination of civil service experience and high academic accomplishments with solid empirical research involvement. His civil service career provided him a unique opportunity to work in diverse places encompassing both rural and urban areas, regulatory and development agencies of central government. Academic and research background made him well conversant of development policy perspectives.

Dr. Kaikaus received his Master of Arts degree in Development Economics from the Center for Development Economics, Williams College, Massachusetts, USA and PhD in Public Policy and Political Economy from the University of Texas at Dallas, Texas, USA. His research focus covers interdisciplinary subjects such





as governance, poverty, development, labor market, migration, etc.

Dr. Kaikaus has published research papers and survey reports for IFPRI. His one of the significant journal articles was in the World Development Journal on structural transformation in Bangladesh economy. He has expertise on developing questionnaires and sampling frames for surveys.

Dr. Kaikaus has keen knack for imparting training. As a trainer he regularly attends as a guest-speaker at the Public Administration Training Centre, Bangladesh Civil Service Academy and the Dhaka University. He is blessed with two lovely daughters.



### **Engr. Khaled Mahmood**

Director, BCPCL  
&  
Chairman, BPDB

Engr. Khaled Mahmood, Chairman of Bangladesh Power Development Board (BPDB), joined BCPCL as a Director on 15 October, 2016. He is the Convener of the Audit Committee and the Technical & Procurement Review Committee of the Company.

Mr. Mahmood is also the Chairman of Ashuganj Power Station Company Ltd and United Ashuganj Energy Ltd and a Member of the Board of Directors of Electricity Generation Company of Bangladesh, Power Grid Company of Bangladesh Ltd, Coal Power Generation Company Bangladesh Ltd, Nuclear Power Plant Company Bangladesh Ltd, Bangladesh-India Friendship Power Company (Pvt.) Ltd, North-West Power Generation Company Ltd, Sembcorp North-West Power Company Ltd, Titas Gas Transmission & Distribution Company Ltd and Bakhrabad Gas Distribution Company Ltd.

Mr. Mahmood did his Bachelor of Science in Electrical & Electronic Engineering from BUET in 1981. He joined as Chairman of BPDB on 17 August 2016. He is the 34th Chairman of BPDB. Before joining as Chairman, he was the Member (Generation) of BPDB.

Mr. Mahmood joined the Directorate of Programme of Bangladesh Power Development Board (BPDB) as an Assistant Engineer in 1981. In his long career, Engineer Khaled discharged his duties in various positions in BPDB. He worked as Sub-Divisional Engineer in Design & Inspection-1 Directorate, Deputy Director (XEN) in Program Directorate and Design & Inspection-1 Directorate, Assistant Chief Engineer in the Office of the Chief Engineer (Generation), Director of Design & Inspection-1 Directorate and Chief Engineer (Generation).

In his illustrious career, Mr. Mahmood discharged his duties as an expert, especially in international bid document preparation, design & drawing preparation and approval, international negotiation of various power sector activities.

A renowned sportsman and organizer, Mr. Mahmood visited India, China, South Korea, Japan, France, USA, Czech Republic, Italy, Australia, Germany, Turkey, Spain, Thailand, Singapore, Poland, Indonesia and UAE for training and professional purposes.

At present, Mr. Mahmood is an elected Central Council Member of Institution of Engineers Bangladesh (IEB).



**Mr. Ruan Guang**  
Director, BCPCL  
&  
Chairman, CMC, China

Mr. Ruan Guang, Chairman of CMC, China is a Director of the BCPCL Board. He is a Member of the Remuneration and Appointments Committee of BCPCL. He studied on the Chinese Language and Literature at the Nan Kai University and completed his graduation. Then he did his MBA in Industrial and Commercial Management from the School of Economics and Management, China. He has a rich and varied experience of over 34 years.

Mr. Ruan started his career as the General Representative of the Central Commission for Discipline Inspection. Gradually he glorified the various positions like Official of General Division for Export at Genertec; Section Chief and Deputy Division Chief at Public Division of Genertec; Deputy Director and Director of the General Manager's Office at CNTIC; Deputy Director and Deputy Executive Director at Genertec; Secretary for Commission for Discipline Inspection and Deputy President of China Light (China National Light Industrial Import & Export Group Co. Ltd). Finally, he caught the helm of CMC, China since November 2017 as Chairman.

Mr. Ruan is an International Senior Commercial Engineer. He is also a member of the Communist Party of China. He has visited many countries for different official and business purposes.



**Engr. A.M. Khurshedul Alam**  
Director, BCPCL  
&  
CEO, NWPGL

Engr. A.M. Khurshedul Alam, Chief Executive Officer, NWPGL is a Director of the BCPCL Board. He is also the Managing Director of Bangladesh-China Power Company (Pvt.) Limited. He is a Member of the Audit Committee, Remuneration & Appointments Committee and Technical & Procurement Review Committee of BCPCL. He is a Member of the Administrative Affairs Committee and the Technical & Engineering Committee of NWPGL. He is also a Director of the Board of Coal Power Generation Company Bangladesh Limited (CPGCL) and a Member of the Technical & Engineering Committee of CPGCL.

He came of a respectable Muslim family from Jamalpur District. He did his B.Sc. in Mechanical Engineering from BUET in 1976. He has a rich and varied experience of over 42 years in engineering management. He caught the helm of North-West Power Generation Company Limited on 24.11.2008 and Bangladesh-China Power Company (Pvt.) Limited on 01.10.2014 in addition. He is responsible for overall administration, finance, corporate planning, business development and co-ordination of the Company. He is also responsible for development of rules, regulations, systems and legal functions and negotiations with commercial sources of credit for future expansion of the Company. He is the key architect to build and expand the brightest corporate image of the Company. Prior to his current assignment of Chief Executive Officer, he was an Additional Chief Engineer of Bangladesh Power Development Board and had held various posts in multifarious project works of BPDB.

He has received much prestigious recognition at home and abroad for his outstanding performance in power plant project management. For his transparent and innovative role in project implementation, he has been awarded the Integrity Award for the FY 2017-18 by the Government of the Peoples' Republic of Bangladesh. Moreover, under his dynamic leadership and close monitoring of the project activities, North-West Power Generation Company Limited (NWPGL) has been declared as the Fastest Growing Power Generation Organization of Bangladesh and in this regard, Hon'ble Prime Minister Her Excellency Sheikh Hasina awarded

him a trophy, an emblem of recognition at the inauguration of the National Power & Energy Week-2018.

Engr. A.M. Khurshedul Alam is privileged to take part in many high profile training courses, seminars, symposiums, workshops, meetings, inspections, factory tests at home and abroad. He is married and blessed with a daughter, a son and grandchildren.



**Mr. Zhang Guodong**  
Director, BCPCL  
&  
President, CMC, China

Mr. Zhang Guodong, President, CMC, China is a Director of the BCPCL Board. He is a Member of the Audit Committee and Technical & Procurement Review Committee of BCPCL.

Mr. Zhang completed his Bachelor Degree in Mechanical Engineering and Automation from the Shandong Institute of Agricultural Mechanization and Master Degree in Mechanical Design and Manufacturing from the Beijing Agricultural Engineering University.

He has a rich and varied experience of over 28 years. He is a senior level engineer of China. He started his career as Staff of the Export Department II of CMC in 1990. In his long bright career, he passed several prestigious positions such as Deputy Section Chief of CMC; Section Chief/ DGM of a subsidiary company of CMC; General Manager of Complete Equipment Company under CMC; Vice President of China Technology Trading Co. and CMC; and DGM & GM of CMC. Finally, with the proven track record success in service, he became the President of CMC, China.

Mr. Zhang is a Chinese Communist Party Member as well as the Deputy Secretary of the Communist Party of CMC. He has visited many countries for different official and business purposes.



**Dr. Kang HuBiao**  
 Director, BCPCL  
 &  
 Vice President, CMC, China

Dr. Kang HuBiao, Vice President, CMC, China is a Director of the BCPCL Board. He is a Member of the Audit Committee, Remuneration & Appointments Committee and Technical & Procurement Review Committee of BCPCL.

Dr. Kang did his Bachelor Degree in Mining Engineering from the China University of Mining & Technology. Then, he obtained Ph.D. from the University of Chinese Academy of Sciences and Doctor of Science from the Eco-environmental Research Centre, China.

He has a rich and varied experience of over 24 years. He started his career as Pre-job training staff in August, 1994. Then, he held the posts of Salesman of Mining and Power Company under CMC; Bangladesh Project Team Salesman of CMC; General Representative and Vice General Manager of Mining and Power Company under CMC; DGM of Mining and Electricity Engineering Department of CNTIC; Vice Minister of Business of CECC under CMC; Vice GM of Business of CECC under CMC; DGM of CECC under CMC; GM and Branch Secretary of CECC under CMC. DGM & GM of CECC under CMC. At present, he is a CMC Director.

Dr. Kang is a member of the Chinese Communist Party. He has visited many countries for different official and business purposes.

# Board Committees

To ensure the efficiency of the Company's works, the Board has 3 (three) standing committees, which prepare the proposals and issues to be dealt with at the Board's plenary meetings. The Conveners of the Board committees report to the Board on the committee's work at the subsequent Board Meeting. The Board has established the following committees:

## Remuneration and Appointments Committee:

Sl. No.	Name & Designation	Position on the Committee
1	Chairman, BCPCL, Dhaka	Convener
2	Chairman, CMC, China	Member
3	Chief Executive Officer, NWPGCL, Dhaka	Member
4	Vice President, CMC, China	Member
5	Company Secretary, BCPCL	Member-Secretary

## Audit Committee:

Sl. No.	Name & Designation	Position on the Committee
1	Chairman, BPDB, Dhaka	Convener
2	Chief Executive Officer, NWPGCL, Dhaka	Member
3	President, CMC, China	Member
4	Vice President, CMC, China	Member
5	CFO, BCPCL	Member-Secretary

## Technical and Procurement Review Committee:

Sl. No.	Name & Designation	Position on the Committee
1	Chairman, BPDB, Dhaka	Convener
2	Chief Executive Officer, NWPGCL, Dhaka	Member
3	President, CMC, China	Member
4	Vice President, CMC, China	Member
5	CTO, BCPCL	Member-Secretary



# Management Team

The Management Team of BCPCL is engaged to implement the decisions of Board of Directors. At present the Managing Director, Deputy Managing Director, Company Secretary, Project Director (Chief Engineer) of Payra 1320 MW Thermal Power Plant Project and Assistant Managing Director are responsible for achieving business goals and overseeing the day to day operations and other activities of the Company.

**The Managing Director** is the chief executive officer of the Company reporting to the Board of Directors. He is the leader of the Management Team of the Company, responsible for overall management of administration, finance, corporate planning, business development and ensuring the compliances of laws, rules and regulations, good governance, corporate culture, including development of set-up, rules, regulations, systems and legal functions of the organization. He is also responsible for supervision of all technical, financial and welfare aspects, negotiation for project financing issues with development partners etc.

**The Deputy Managing Director** is a key officer in the Management Team. He assists the Managing Director in different fields of business of the Company as per requirements.

**The Company Secretary** is a key officer as well as the compliance officer to the Board. He is the spokesperson of the Company. He is responsible for providing support services to the BCPCL Board for ensuring compliances of laws, rules and regulations for good governance and corporate culture of the organization. He keeps proper records of the Board meetings and assists the Managing Director in monitoring the implementation of the decisions of the Board of Directors, and is responsible for convening meetings of the Board of Directors as advised with recording minutes of meetings. He has contribution to discussions and calls up the Directors about the legal, governance and other implications of the policies proposed in the meeting; monitor changes in relevant regulatory environment and takes appropriate action liaising with Auditors, Advisors and Solicitors. He is engaged in arranging statutory requirements and filing returns and statements with the concerned authorities.

**Project Director (Chief Engineer)** is an important officer in the Management Team. He assists the Managing Director in project implementation activities of the Company as requirement.

**The Assistant Managing Director** is also a key officer in the Management Team. He assists the Managing Director in different fields of business of the Company as per requirement and instruction of the competent authority.



**Engr. A.M. Khurshedul Alam**  
Managing Director (Acting)

# Present Management Team



**Mr. Wang Xin**  
Deputy Managing Director  
(Additional Charge)



**Mr. Dipak Kumar Dhali**  
Company Secretary (GM)



**Mr. Shah Abdul Moula**  
Project Director (Chief Engineer)  
Payra 1320 MW TPP Project



**Mr. Qi Yue**  
Assistant Managing Director  
(Additional Charge)



## Bangladesh-China Power Company (Pvt.) Limited

(A Joint Venture of CMC and NWPGL)

UTC Building (Level-4), 8 Panthapath, Kawran Bazar, Dhaka- 1215, Bangladesh

Memo No. 459/BCPCL/AGM-4/2018

Date: 27-03-2019

### NOTICE OF THE 4TH ANNUAL GENERAL MEETING

Notice is hereby given that the 4th Annual General Meeting of the Hon'ble Shareholders of Bangladesh-China Power Company (Pvt.) Limited will be held on 19-04-2019 at 12.00 PM in Beijing, China to transact the following businesses:

#### Agenda

1. To receive, consider and adopt the Directors' Report, Audited Accounts of the Company for the year ended June 30, 2018 together with the Auditors' Report and the Annual Report of the Board of Directors thereon.
2. To appoint Auditors for the FY 2018-2019 and fix their remuneration.
3. To transact any other business of the Company with the permission of the chair.

All the Hon'ble Shareholders and Directors are requested to make it convenient to attend the Meeting.

By order of the Board,

**Dipak Kumar Dhali**  
Company Secretary  
BCPCL, Dhaka.



Memo No. 459/BCPCL/AGM-4/2018

Date: 27-03-2019

**Copy for kind distribution:**

1.	Dr. Ahmad Kaikaus, Chairman, BCPCL Board and Senior Secretary, Power Division, Ministry of Power, Energy & Mineral Resources, Bangladesh Secretariat, Dhaka.
2.	Mr. Khaled Mahmood, Director, BCPCL Board and Chairman, BPDB, Dhaka.
3.	Mr. Ruan Guang, Director, BCPCL Board and Chairman, CMC, Beijing, China.
4.	Mr. A.M. Khurshedul Alam, Director, BCPCL Board and CEO, NWPGCL, Dhaka.
5.	Mr. Zhang Guodong, Director, BCPCL Board and President, CMC, Beijing, China.
6.	Dr. Kang HuBiao, Director, BCPCL Board and Vice President, CMC, Beijing, China.

**Copy for kind information:**

1.	Senior Secretary, Power Division, MoPEMR, Bangladesh Secretariat, Dhaka.
2.	Executive Chairman, BIDA, Dhaka.
3.	Chairman, CMC, Beijing, China.
4.	Registrar of Joint Stock Companies and Firms, Dhaka, Bangladesh.
5.	Chief Executive Officer, NWPGCL/ Managing Director, BCPCL, Dhaka.
6.	President, CMC, Beijing, China.
7.	Executive Director (Finance/ P&D/ Engineering), NWPGCL, Dhaka.
8.	Deputy Managing Director, BCPCL, Dhaka.
9.	General Manager (HR & Admin / Accounts & Finance), NWPGCL, Dhaka.
10.	Project Director, Payra 1320 MW Thermal Power Plant Project, BCPCL, Dhaka.
11.	Assistant Managing Director, BCPCL, Dhaka.
12.	Manager (Accounts & Finance/HR), BCPCL, Dhaka.
13.	M/s. A. Oasem & Co., Chartered Accountants, Gulshan Pink City, Suites # 01-03 Level-7, Plot # 15, Road #103, Gulshan Avenue, Dhaka-1213, Bangladesh.
14.	Office Copy.

  
**Company Secretary**  
 BCPCL, Dhaka



# DIRECTORS' REPORT



**The Hon'ble Shareholders,**

The Directors of **Bangladesh-China Power Company (Pvt.) Limited** have the pleasure of welcoming you to the 4th Annual General Meeting and presenting before you the Company Affairs together with the Auditors' Report and the Audited Financial Statements of Accounts of Bangladesh-China Power Company (Pvt.) Limited for the year ended June 30, 2018.

**Glimpses of Power Sector in Bangladesh**

Like many other developing countries, electricity plays a pivotal role in the socio-economic development of Bangladesh. In line with many other macroeconomic indicators, the country has experienced an unprecedented growth rate in this sector in the past ten years. The coverage of electricity is an excellent example of inclusive growth. At present, country's electricity coverage is 90.50% of its total population which was only 47% in a few years back. Besides, per capita generation has mounted from 220 KWh in 2009 to 464 KWh in 2018. The Government has taken many initiatives for increasing power generation as well as expanding its coverage.

Demand for electricity has been increasing day by day. Realizing the importance of electricity, Government has set a target to provide electricity to all citizens by 2021. It has declared 'Vision 2021' to raise the economy at the level of a middle-income country; and for feeding the emerging economy reasonably quick, short, mid and long-term generation, distribution and transmission projects are in different phases of implementation. As a part of innovating financing, Government has managed G2G financing, Bidder's financing and ECA financing for the power projects. However, the co-operation of development partners and the private sector is very essential.

To achieve the overarching goal of Vision 2021 and Vision 2041 through bringing stability to the macro-economic structure and achieving rapid economic growth, Government has set target to generate 24,000 MW; 40,000 MW and 60,000 MW by 2021, 2030 and 2041 respectively. Simultaneously priority has been given for construction of adequate transmission and distribution network to evacuate generated power to the people. Transmission line (132KV, 230 KV, 400KV & 765KV) will be increased from 11,122 circuit kilometer to 36,870 circuit kilometer by 2041. Similarly, distribution line will be enhanced from 455,000 Kilometer to 530,000 Kilometer by 2041.

Government has taken different projects for distribution automation, smart meter, installation of under-ground substation in Dhaka city, GIS mapping, SCADA/EMS, ICT, smart grid and innovation activities to ensure uninterrupted and reliable power supply. As such, Government has put the highest priority to improve power supply. Besides, through repair and re-powering of the existing old power plants and improving the demand side management, an unprecedented success has been achieved in power sector.

Power Division has adopted policies to set up base load power plants in order to reduce electricity production cost and ensure sustainable way of electricity generation. Depletion of natural gas reserve restricts the current generation of electricity. To supplement gas supply, Government has taken initiatives to set up land based and FSRU LNG terminals.

## Bangladesh's Development Miracle: MDGs to SDGs

Bangladesh has an inspiring story to tell. The country has earned many international accolades for its achievements in MDGs. While embarking on the journey to implement the SDGs, it draws inspiration from the ideals of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman, who envisaged a prosperous Bangladesh with equal opportunities for all.

Hon'ble Prime Minister Sheikh Hasina envisioned transforming Bangladesh into a middle income country by 2021 and a developed country by 2041. Bangladesh has already become a low middle income country by achieving the three graduation index (per capita GNI, Human Asset Index & Economic Vulnerability Index). This indicates that Bangladesh is well positioned to emerge as a global thought leader with regard to achieving the Sustainable Development Goals (SDGs) which was adopted by the leaders of 193 countries in 2015, also known as the 2030 Agenda. The SDGs rest on three pillars-economic, social and environmental-so that development is sustainable, inclusive and holistic. At the heart of 17 goals and 169 targets of the SDGs is the principle of leaving no one behind, that is reaching out to each and every one who is deprived.

Bangladesh integrated the 2030 Agenda in its 7th FY (2016-2020). This offered a tremendous opportunity to implement the 2030 Agenda, while reflecting the priorities of the SDGs in the national plan. The Government has adopted **Whole of Society** approach to ensure wider participation of NGOs, development partners, private sector and media in the process of formulation of the implementing SDGs.

### National Economic Environment

In the last fiscal year 2017-18, the economy of Bangladesh illustrates a decent picture, with robust and stable growth of 7.86% in GDP growth. After years of languishing in the neighborhood of 6%, this is the 3rd consecutive year that the economic growth is above 7%. Such strong growth comes with political and economic stability, infrastructural development, consistent sector growth, stable inflation, moderate public debt and greater resilience to external shocks. The country continues to make a steady progress in reducing poverty and improving social indicators. Poverty has declined steadily and other social indicators, like gender disparity in education and maternal mortality, have also improved. Throughout this process, the country has diversified away from an agrarian to a more manufacturing-based economy with rapid growth in the ready-made garment industry.

It is undergoing a transformation from a low income to a middle income economy. The move from LDC to developing country status will improve investor interest and support the growth of export industries. As a South Asian country, Bangladesh continues to generate a strong growth which significantly lifting pre-capita income (GNI) at \$ 1,751 in 2017-18.

The Global Economic Prospects (GEP), a flagship report of the World Bank Group, has painted a brighter picture of Bangladesh's economy in the next two fiscal years, pinning hopes on strong domestic demand, exports, investments and remittance. According to this report, Bangladesh is among the top 17 out of 134 countries in the list of GEP forecasts that are projected to have a growth rate of 6.4% or more in 2017-18.

Another analysis by Price Waterhouse Coopers (PwC), one of the largest multi-national professional bodies headquartered in London, UK, depicts that Bangladesh has the potential to be among the fastest growing economies in coming years, which will help it take 28th place among the world's most powerful economies by 2030.

Source: Bangladesh Bureau of Statistics



### **Fuel Mix**

In the earlier stage, the power sector of Bangladesh was heavily reliant on natural gas with about 84% of total capacity while about 8% was oil-based. However due to the depletion of this source, the Government has been zooming on some other bases which brought down the share of gas from 72% in 2013-14 to 61% in 2017-18. In contrast, the contribution of liquid fuel has been increased from 18% in 2013-14 to 31% in 2017-18. A major switch in fuel use is expected to happen from 2020-21, when a massive increase in power generation is expected to be based on imported coal following the commencement of three coal fired power plants 1320MW at Payra, 1320MW at Rampal and 1200MW at Matarbari.

Significant progress has been made in power trading with the neighboring countries. The Government has a plan to import 9000MW electricity from the neighboring countries by 2041 to maintain the country's high economic growth. Besides, a memorandum of understanding has already been signed in the last 4th BIMSTEC Summit at Kathmandu for trade of 500MW of electricity with Nepal. Moreover, in that summit the member countries have inked a memorandum of understanding in order to establish electricity grid interconnection which will eventually ensure the optimization of the uses of energy sources and promote and secure an efficient power operating system in the region.

### **Renewable Energy**

The Government is continuing on its effort to increase the production of renewable energy based power generation in its fuel mix. Though at present the share of renewable energy is nominal, the Government is aiming at uplifting that ratio (share of renewable) 10% plus by 2020. The country has already installed world's largest SHS (Solar Home System) program with about 5 million SHS. Over 30 million people are benefitting directly from solar energy and over 100,000 new employments have already been created with a 10% rise in the last year.

Another promising renewable energy for Bangladesh is biomass as most of the households, especially the rural households in the country use biomass fuels. In the preceding year, the country ranked 5th in terms of installing domestic bio-gas plant. Nearly 50,000 bio-gas plants have been installed in Bangladesh so far.

Besides, the Government is working for wind energy; another potential source of energy, since the country is situated in the tropical zone having hundreds kilometer coastal line. The country has the opportunity to generate power from the wind energy in the coastal and near coastal areas at Khulna, Bagerhat, Satkhira, Barishal, Patuakhali, Barguna, Chattogram and Cox's Bazar.

### **Industry Characteristics**

The power market is witnessing several different trends. Bangladesh is facing with an urgent need for new generation capacity for either peak or base load to meet up the growing demand of electricity, which is directly linked to her economy and demographic dynamics. Despite a slowdown in growth in Bangladesh, the economy still remains the largest markets for new thermal power plants in the years to come. There is a very high degree of correlation between power sector growth and economic growth. It is imperative that power sector needs to grow for sustainable economic growth.



## Technology

To meet the challenge of fulfilling the demand of electricity of the country at affordable cost with a very minimum environmental impact, the Company intends to adopt and promote safe, efficient, sophisticate and clean technologies for power generation. The Company is setting up coal-fired units with eco-friendly ultra supercritical technology for Payra 1320 MW Thermal Power Plant Project upon turnkey basis, targeting efficiency comparable to best available technology in the world. Besides this, the Company intends to use the renewable technologies for renewable power generation solutions.

### Why Ultra Supercritical Technology?

Conventional coal-fired power plants have efficiency of about 32%. On the contrary, ultra supercritical power plants operate at temperatures and pressures above the critical point of water i.e. above the temperature and pressure at which the liquid and gas phase of water co-exist in equilibrium, at which there is no difference between water gas and liquid water. This results in higher efficiencies – above 45%. Ultra supercritical power plants require less coal per megawatt-hour, leading to lower emissions (including CO<sub>2</sub> & Hg), higher efficiency and lower fuel costs per megawatt.

In recent years, the Clean Coal Technology has been a must in power generation. The very best Clean Coal Technology must be based on high efficiency plants where the coal consumption per kWh of electricity will be the lowest, and as a natural consequence bring the best reduction of emissions. The ultra supercritical power cycle is the ultimate commercial technology, due to its high electric efficiency of just below 50%.

## Project Management

The Company has a plan to establish a state-of-the-art IT enabled Project Monitoring Centre (PMC) for facilitating fast track project implementation. It intends to establish an integrated Enterprise Resource Planning (ERP) platform for monitoring and controlling of critical project activities spread across various functions like engineering, contracts and finance. This interface will help in getting timely inputs for decision making.

## Projects

### (a) Projects-in-progress

S/N	Name of the Project	Fuel	Present Status (March, 2019)	Generation Capacity	Expected COD
01	Payra 1320 MW (2x660) Thermal Power Plant Project (1st Phase), Patuakhali	Coal	Physical Progress: 70% Financial Progress: 52.5%	1320 MW	December, 2019 (1 <sup>st</sup> Unit) June, 2020 (2 <sup>nd</sup> Unit)
02	Payra 1320 MW (2x660) Thermal Power Plant Project (2nd Phase), Patuakhali	Coal	Board has approved Consortium of CECC & NEPC as EPC Contractor	1320 MW	December, 2021 (3 <sup>rd</sup> Unit) June, 2022 (4 <sup>th</sup> Unit)
03	Payra 50 MW Wind Power Plant Project, Patuakhali	Wind	Work-in-progress	50 MW	December, 2022
<b>Total</b>				<b>2690 MW</b>	



## Salient Features of Payra 1320 MW Thermal Power Plant Project (1st Phase)

Invitation for Bid	29.09.2015
EPC Contract signing	29.03.2016
EPC Contractor	Consortium of NEPC & CECC, China
EPC Contract Price	1.77 Billion USD
Total Project Cost	2.48 Billion USD
Project Financier	CEXIM Bank
Progress of EPC Work	Physical Progress: 70 %
	Financial Progress: 52.5 %
Plant capacity	1320 MW (2 x 660 MW)
Boiler Technology	Ultra Supercritical (27 mpa/600/610°C )
Turbine Heat Rate	7522 KJ/KWh
Cooling Water System	Closed Circulation of Water Using Cooling Tower
Power Evacuation	400 KV GIS Substation 400 KV Transmission Line (Payra Power Plant – Gopalganj – Dhaka)
Primary Fuel	Sub – Bituminous / Bituminous Coal
Coal Sourcing	P.T. Bayan Resources Tbk, Indonesia
Coal Transportation	Oldendorff, Germany
Expected COD	1st Unit: December, 2019 2nd Unit: June, 2020

## (b) Future Development Plan

To meet the future challenges of the country by generating electricity with minimum environmental impact and selling electricity at affordable cost, the Company has drawn a long-term technology roadmap.

S/N	Name of the Project	Fuel	Generation Capacity	Expected COD
01	Dighipara 1000 MW Ultra Supercritical Thermal Power Plant Project	Coal	1000 MW	June, 2025

## Recent Agreements &amp; Contracts

S/N	Name of Agreement	By and between	Date of Signing
01	GOB Facility Guarantee for Payra 1320 MW Thermal Power Plant Project (1st Phase)	GOB-Ministry of Finance and CEXIM Bank, China	31.12.2017
02	Contract for Third Party Inspection Services for Payra 1320 MW Thermal Power Plant Project (1st Phase)	BCPCL & HRL Technology Group, Australia	10.06.2018
03	Contract for Owner's Engineering Services for Payra 1320 MW Thermal Power Plant Project (2nd Phase)	BCPCL & Minconsult, Malaysia in association with SEEC & PEMEC	10.07.2018

### Fuel Security

Fuel availability is currently the biggest challenge faced by the power generation companies in the country. The Company has a plan of making long-term coal supply agreement with the foreign coal supplier P.T. Bayan Resources Tbk, for running the plant uninterruptedly and smoothly for a definite period.

### Safety and Security

Safety and Security at workplace is one of the prime concerns; and utmost importance is given to provide safe working environment and to inculcate safety awareness among the employees. The Company recognizes and accepts its responsibility for establishing and maintaining a safe and secured working environment for all its installations, employees and associates. The Company ensures stringent implementation of EHS (Environment, health & safety) policy.

### Environment Management

The Company has adopted sound environment management practices and advanced environment protection system to minimize impact of power generation on environment. The Company has adopted advanced and high efficiency technologies such as ultra supercritical boiler for its green field projects: Payra 1320 MW Thermal Power Plant Project (1st Phase & 2nd Phase). The Company is designing its upcoming plant to use imported low-ash coal. High efficiency Electro-Static Precipitators (ESPs) with advanced control systems shall be provided in the coal-based power station to keep Suspended Particulate Matter (SPM) below permissible limits. Fugitive emission from ash pond will be controlled by maintaining water cover and tree plantation. Control of water pollution and promotion of water conservation will be taken up in power generation by using 3Rs (Reduce, Recycle and Reuse) as guiding principles. Apart from this, the Company has obtained EIA for Payra 1320 MW Thermal Power Plant Project from the Department of Environment (DoE).

### Resettlement of the Project Affected Persons

The Company is committed to help the people affected by its projects and has been making all its efforts to improve the socio-economic status of the project affected persons. In order to meet its social objectives, the Company has focused on effective Resettlement Action Plan (RAP) and undertaken community development activities in and around the projects.

As per commitment of the Company, the RAP has successfully been done; and **Shawpner Thikana: Payra Thermal Power Plant Resettlement Project** has been inaugurated and the **Keys and Documents** have been handed over by Her Excellency Shiekh Hasin, Hon'ble Prime Minister, Government of the People's Republic of Bangladesh on October 27, 2018 to the concerned affected people.

### Salient Features of Shawpner Thikana

Name of the Project	:	Shawpner Thikana : Thermal Power Plant Resettlement Project
Executing Entity	:	North- West Power Generation Company Limited
Maintaining Entity	:	Bangladesh-China Power Company (Pvt.) Limited
Location	:	Mouza: Nishanbaria & Madhupara; Union: Dhankhali Thana: Kalapara; District: Patuakhali
Area of the Project	:	16 Acres of Land
Affected Families	:	130
Common Facilities	:	a) Entrance; Fencing; Internal Road with Drainage System
		b) School & Play Ground
		c) Mosque & Grave Yard
		d) Tubewells - 48 and Ponds- 02
		e) Office-cum Community Centre
		f) Community Clinic
		g) Shops and Kancha Bazar
		h) Electricity connection to each house

### Human Resource Management

The Company takes pride in its highly motivated and dedicated and competent human resources that has contributed its best to bring the Company to its present heights. It has a well-diversified pool of limited human resources, which is composed of personnel with high academic background. It intends to re-shape and upgrade its Human Resources Department so that it may be effective and efficient one. There is a positive demographic characteristic within the organization. Most employees are comparatively young in age, but matured in experience. Being young and energetic, employees are highly dedicated to excel their contribution towards business growth and HR team is also too much supportive as a strategic partner of the Company. HR team strongly realizes that integrity among employees and collective effort to reach vision can make the Company a successful one in this competitive business sector. It is a matter of great importance that sustainable business growth and company culture is a long term task. In doing so, HR team not only focuses on job efficiency, but also develops culture in a greater context. The overall employee relations are peaceful and harmonious.

## Manpower Statistics as on 30 June, 2018

(Set-up of the Corporate Office, Project and Power Plant)

SL	Name of the Post	Set-Up	Working	Vacant	Remarks
1	Managing Director	1	1	0	(In-Charge)
2	Deputy Managing Director	1	1	0	(In-Charge)
3	Chief Technical Officer	1	0	1	
4	Chief Human Resource Officer	1	0	1	
5	Chief Financial Officer	1	0	1	
6	Company Secretary (GM)	1	1	0	
7	Assistant Managing Director	1	1	0	(In-Charge)
8	Chief Engineer	2	1	1	
9	GM (HR)	1	1	0	(In-Charge)
10	GM (Acc. & Finance)	1	1	0	(In-Charge)
11	Superintending Engineer (SE)	6	0	6	
12	DGM (HRD)	1	0	1	
13	DGM (Acc.& Finance)	1	0	1	
14	Executive Engineer (XEN)	22	1	21	
15	PS to MD	1	0	1	
16	Manager (HR/Admin)	2	0	2	
17	Manager (Acc./Fin./Audit)	3	1	2	
18	XEN/Manager (ICT)	1	0	1	
19	Manager (C&M)	1	0	1	
20	Manager (Chemical)	1	0	1	
21	Manager (Security)	1	0	1	
22	Manager (C&F)	1	0	1	
23	Senior Medical Officer (Manager)	1	0	1	
24	Manager (EHS)	1	0	1	
25	Sub-Divisional Engineer (SDE)	36	1	35	
26	DM (HR & Admin)	3	0	3	
27	DM (Acc./Fin./Audit)	4	0	4	
28	DM (EHS)	2	0	2	

SL	Name of the Post	Set-Up	Working	Vacant	Remarks
29	DM (Commercial)	1	0	1	
30	Assistant Engineer	47	23	24	
31	Asstt. Secretary/ Senior Asstt. Secretary	1	0	1	
32	AM (HR/Admin/Transport)	3	1	2	
33	AM (Acct./Fin./ Audit)	3	2	1	
34	DM/AM (C&F)	5	1	4	
35	AM (Chemical)	1	0	1	
36	AM (Store)	2	0	2	
37	AM (Legal)	1	0	1	
38	AM (PR)	1	0	1	
39	AM (Environment, Health & Safety)	1	0	1	
40	Medical Officer	2	0	2	
41	Sub-Assistant Engineer	42	4	38	
42	JAM (HR & Admin)	4	2	2	
43	JAM (Accounts/Finance/Audit)	3	1	2	
44	JAM (Environment, Health & Safety)	4	1	3	
45	JAM (Security)	3	1	2	
46	JAM (Chemical)	4	0	4	
47	JAM (Store)	2	0	2	
48	JAM (PA to PM)	1	0	1	
49	JAM (Medical Assistant)	2	0	2	
50	JAM (PR)	1	0	1	
	<b>Total Officers</b>	<b>233</b>	<b>46</b>	<b>187</b>	
51	Foreman	12	0	12	
52	Office Assistant	26	3	23	
53	Account Assistant	5	0	5	
54	Caretaker (Rest House)	3	0	3	
55	Security Supervisor	4	3	1	
56	Welder	5	0	5	
57	Technician	58	0	58	
58	Operator	8	0	8	
59	Rigger	4	0	4	

SL	Name of the Post	Set-Up	Working	Vacant	Remarks
60	Crane Operator/Jetty Crane Operator	4	0	4	
61	Attendant	44	0	44	
62	Driver	41	2	39	
63	Scaffolder	2	0	2	
64	Turner	3	0	3	
65	Laboratory Assistant	4	0	4	
66	Battery Attendant	2	0	2	
67	Plumber	2	0	2	
68	Painter	2	0	2	
69	Carpenter	4	0	4	
70	Masson	2	0	2	
71	Master (Speed Boat)	2	1	1	
72	Engine Driver (Speed Boat)	3	1	2	
73	Work Assistant	67	11	56	
74	Reagent Charger	2	0	2	
75	Sampler	2	0	2	
76	Store Keeper	4	0	4	
77	Line Man	2	0	2	
78	X-Ray Technician/Lab. Technician	3	0	3	
79	Junior Staff Nurse	2	0	2	
80	Midwife	1	0	1	
81	Cook	4	1	3	
82	Store Helper	6	0	6	
83	Cook Helper	5	1	4	
84	Speep Boat Helper	4	2	2	
85	Shift Messenger	4	0	4	
86	Office Support Staff (OSS)	44	3	41	
87	Security Guard	74	13	61	
88	Gardener	6	0	6	
89	Sweeper	8	2	6	
	<b>Total Staff</b>	<b>478</b>	<b>43</b>	<b>435</b>	
	<b>Grand Total</b>	<b>711</b>	<b>89</b>	<b>622</b>	

## Recruitment and Selection Process

Recruiting is discovering potential applicants for actual or anticipated organizational vacancies. It involves seeking viable job candidates. On the other hand, the selection process is the process of screening job applications to ensure that the most appropriate candidates are hired. The Company follows a strict and transparent recruitment and selection policy in order to ensure that only the best people are selected and recruited.

## Employee Relations

The Company takes pride in its employees. The human resource has been the backbone of the Company in driving operational and financial performance. As a commitment towards the company's core values, employees' participation in management is effective based on mutual respect, trust and a feeling of being a progressive partner in growth and success. Both employees and management complement each other's efforts in furthering the interest of the Company as well as its stakeholders, signifying and highlighting overall harmony and cordial employee relations prevalent in the Company.

## Key Performance Indicators (KPIs)

The performance targets had been set in the 20th Board Meeting as reliable measuring tools for monitoring and regulating business activities, technical standards, cost reduction, maximum availability of plant to ensure reliable commissioning power plant and thus more effectively guide it to become a financially viable company. The KPI targets of BCPCL for the FY 2018-19 are placed below:

Performance Indicator	Targets
Development Target: Physical progress of Payra 1320 MW TPPP (Phase-1)	72%
Financial progress of Payra 1320 MW TPPP (Phase-1)	55%
EPC contract agreement of Payra 1320 MW TPPP (Phase-2)	100%
Training Hours	75 hours

## Corporate Governance

Corporate Governance is the overall control of activities in a company. It is concerned with the formulation of long-term objectives and plans and the proper management structure (organization, systems and people) to achieve them. At the same time, it entails making sure that the structure functions to maintain the company's integrity and responsibility to its various constituencies. The structure to ensure corporate governance, for our purpose, includes the Honorable Shareholders & Creditors, Board of Directors, top management and others. Role of each of these stakeholders is crucial in guaranteeing responsible corporate performance. Before examining the role of each of these groups, it is useful to understand the relevance of corporate governance in the present context. From the very beginning, the Company tries its level best to nurture and follow the good corporate governance. At present, the governance of the Company is formally provided at three levels: the Board of Directors, its Committees and the Management Team.

The Company continues to maintain its industry leadership, by pursuing excellence in everything it does including standards of business conduct. The Company's philosophy on Corporate Governance revolves around principle of ethical governance and is aimed at conducting of business in an efficient, accountable and transparent manner and in meeting its obligations to shareholders and other stakeholders. This objective has been achieved



by adopting corporate practices based on principles of transparency, accountability, fairness and integrity to create long-term sustainable value for all its stakeholders.

### Right to Information:

The Company is very much conscious of the issues following the rules and regulations under the Right to Information Act, 2009 and the Right to Information Rules, 2010.

### Project Financing

The Company (BCPCL) has been implementing Payra 1320 MW Thermal Power Plant Project (1st Phase) with the estimated project cost of USD 2.48 billion financed through 20% equity investment provided by BCPCL's shareholders (CMC, Chaina and NWPGL, Bangladesh) and the rest 80% debt provided through loan from the Export- Import Bank of China (CEXIM Bank).

The Company has arranged the project loan. For this purpose, the Framework Financial Agreement of USD 1.984 billion for Payra 1320 MW Thermal Power Plant Project between the CEXIM Bank and BCPCL was signed on 14 October, 2016 in presence of the Hon'ble President of the People's Republic of China and the Hon'ble Prime Minister of the Government of Bangladesh at the Prime Minister's Office, Bangladesh. Then, the Government of Bangladesh through Ministry of Finance has issued the Sovereign Guarantee of USD 1.0 billion (NWPGL portion 50%) in favor of BCPCL towards the CEXIM Bank against the said loan facility of USD 1.984 billion for implementing the Payra 1320 MW Thermal Power Plant Project.

Later on, BCPCL reached financial close with the CEXIM Bank on 3 May, 2018 and made its first drawdown on 7 May, 2018. The Company received loan of USD 403.20 million (Equivalent BDT 33,768.00 million) as on 30 June, 2018 and total loan of USD 893.39 million (Equivalent BDT 74,579.96 million) as on 31 January, 2019 from the CEXIM Bank.

### Investment as Equity Capital

Bangladesh-China Power Company (Pvt.) Limited is a joint venture company under the banner of NWPGL and CMC. The shareholders (NWPGL and CMC) invested Equity Capital amounting BDT 20,915.44 million in the proportion of 50:50 during the FY 2017-18 out of the total equity contribution of BDT 23,610.19 million from inception, which is shown in the Statement of Financial Position in the form of BDT 10,400.00 million as Paid-up-Capital and BDT 13,210.19 as Share Money Deposit. Recently, the full amount of Share Money Deposit was converted into the Paid-Up-Capital with the consent of Bangladesh Securities and Exchange Commission. Besides, currently CMC has contributed net USD 76.78 million (Equivalent BDT 6,360.89 million) which has been kept as Share Money Deposit during the FY 2018-19. Summary of the Equity and Debt Financing as on 31 January, 2019 is as follows:

(Figures in million USD)

Project Financing	Financing Plan	Actual Financing	Percentage
Equity Financing (20% of Total Project cost)	496.00	366.18	73.83%
Debt Financing (80% of Total Project cost)	1,984.00	893.39	45.03%
<b>Total Project Financing</b>	<b>2,480.00</b>	<b>1,259.57</b>	<b>50.79%</b>



A comparative graph of Project Financing as on 31 January, 2019 is as follows:

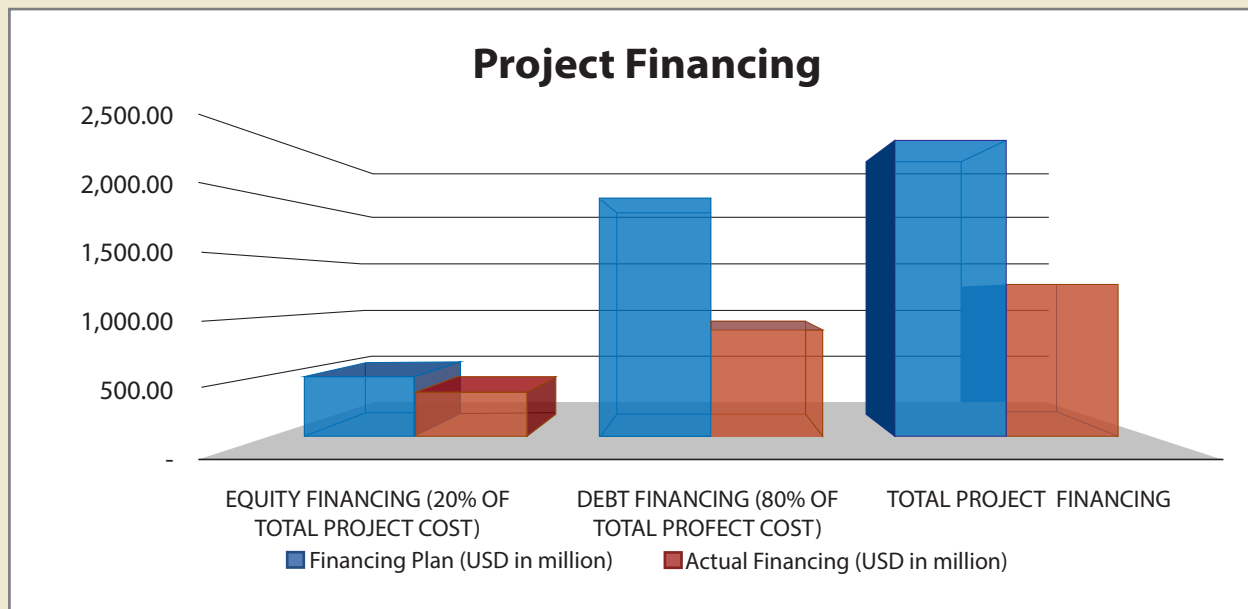


Chart: A comparative graph of Project Financing as on 31 January, 2019

### Financial Performance

As a Joint Venture Company (JVC), Bangladesh-China Power Company (Pvt.) Limited (BCPCL) was incorporated on 01 October, 2014 under the banner of NWPGL, Bangladesh and CMC, China in order to implement Payra 1320 MW Thermal Power Plant Project. Since the Company started its activities with project, the revenue earnings of the Company have not yet started.

### Financial Position

The Comparative Financial Position of the Company for the FY 2016-2017 and 2017-2018 is as follows:

(Figures in million BDT)

Particulars	2017-2018	2016-2017	% Change
Non-Current Assets	53,813.57	2,146.59	2,406.93%
Current Assets	3,953.32	606.45	551.88%
Total Assets	57,766.88	2,753.04	1,998.29%
Total Equity	23,610.19	2,694.75	776.16%
Non-Current Liabilities	33,768.00	-	100.00%
Current Liabilities	388.69	58.29	566.82%
Total Equity & Liabilities	57,766.88	2,753.04	1,998.29%

A comparative picture showing the composition of Assets, Equity and Liabilities over the last two years is presented below:

(Figures in million BDT)

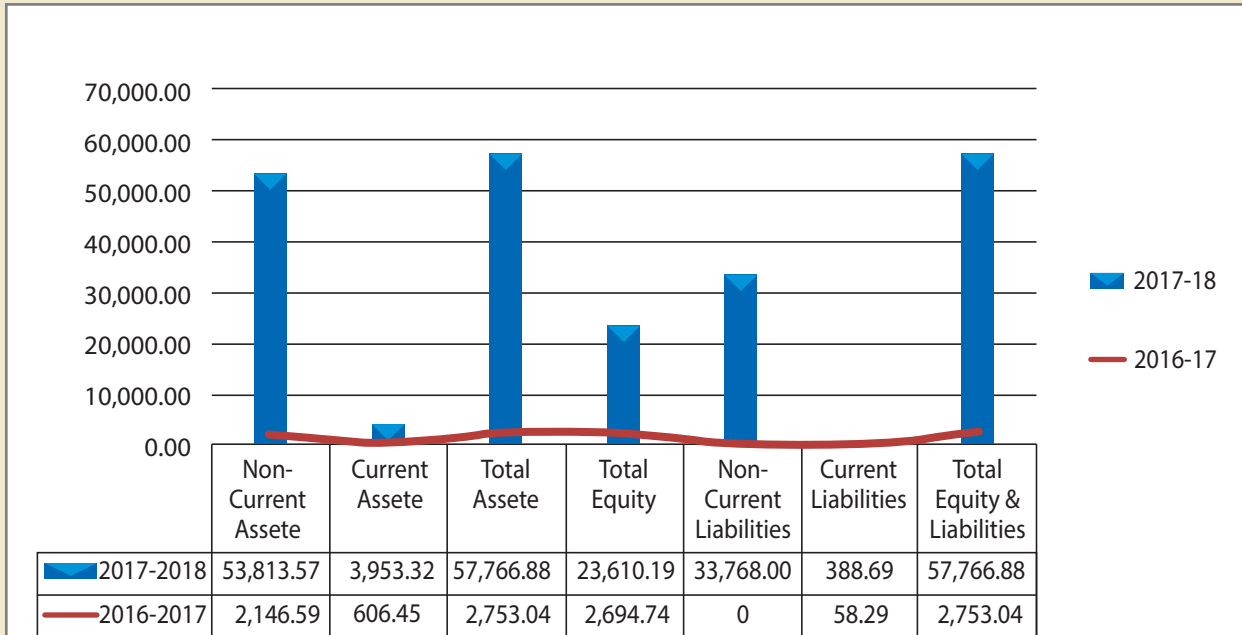
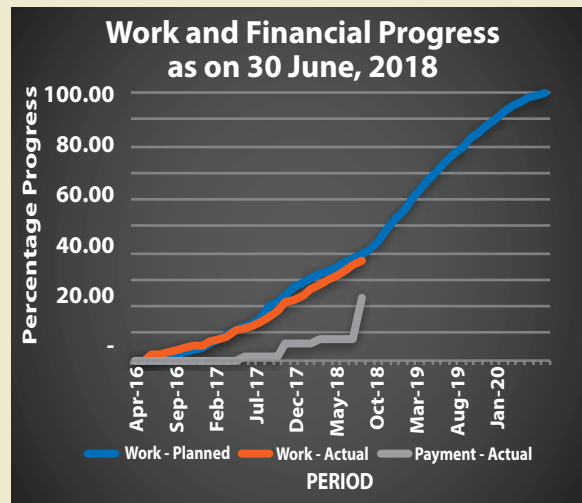
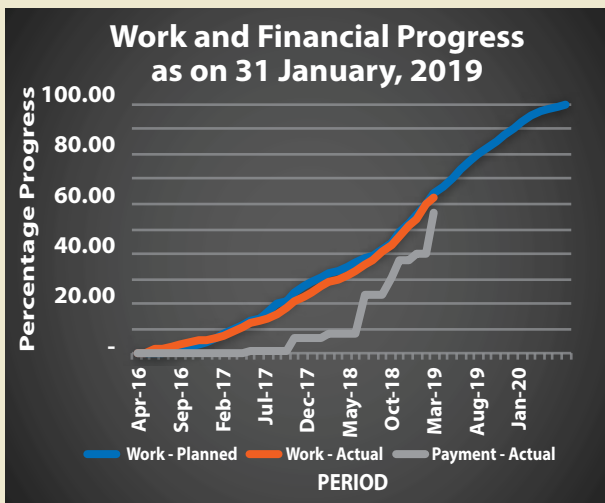


Chart: Comparative Picture of the Financial Positions over the last two years

During the FY 2017-2018, the Non-Current Assets increased by BDT 51,666.98 million (2,406.93%) from the previous year indicating 77.97% of total asset in the FY 2016-17 to 93.16% of total asset in the FY 2017-18. The Capital Work-in-Progress account is mostly responsible for this change. The Current Asset increased by BDT 3,346.87 million (551.88%) from the FY 2016-17 to the FY 2017-18 and Equity increased by BDT 20,915.44 million (776.16%) from the FY 2016-17 to the FY 2017-18 as a result of capital injection by the respective shareholders of the Company. Non-Current Liabilities increased by 100% compared to the previous year due to loan financing of BDT 33,768 million (Equivalent USD 403.20 million) from the Export-Import Bank of China during the FY 2017-18.

**Work and Financial Progress**



The initial EPC (Engineering, Procurement, Construction and Commissioning) contract value was USD 1,536.42 million and BDT 1,959.47 million and the amendment contract value is now USD 1,720.11 million and BDT 3,957.12 million. The Company paid USD 361.83 million and BDT 461.46 million (Twenty-six milestone) as on 30 June, 2018 and as on 31 January, 2019, the total payment amounted to USD 868.85 million and BDT 1,108.09 million (Fifty milestone) as per the initial contract.

As on 30 June, 2018, work planed for Payra 1320 MW Thermal Power Plant Project was 39.40%, actual work completed was 37.57% and actual payment made was 23.55%. A comparison of work and financial progress as on 30 June, 2018 is presented in the above graph.

As on 31 January, 2019, work planed for Payra 1320 MW Thermal Power Plant Project was 63.93%, actual work completed was 62.28% and actual payment made was 56.55%. A comparison of work and financial progress as on 31 January, 2019 is presented in the above graph.

**Contribution to National Exchequer**

The Company is exempted from income tax on sales of electricity for 15 years from the commercial production date as per SRO No. 213-AIN/Income tax/2013. Conversely, the Company has contributed an amount of BDT 349.91 million during the FY 2017-18 and BDT 64.15 million during the FY 2016-17 to the National Exchequer. The details are as follows:

(Figures in million BDT)

Particulars	FY 2017-2018	FY 2016-2017
Corporate tax (Other Income)	46.08	3.97
AIT	55.87	5.53
CD/VAT	15.34	6.06
TDS & VDS	171.64	47.31
Government license & fees	60.98	1.28
<b>Total Contribution to National Exchequer</b>	<b>349.91</b>	<b>64.15</b>

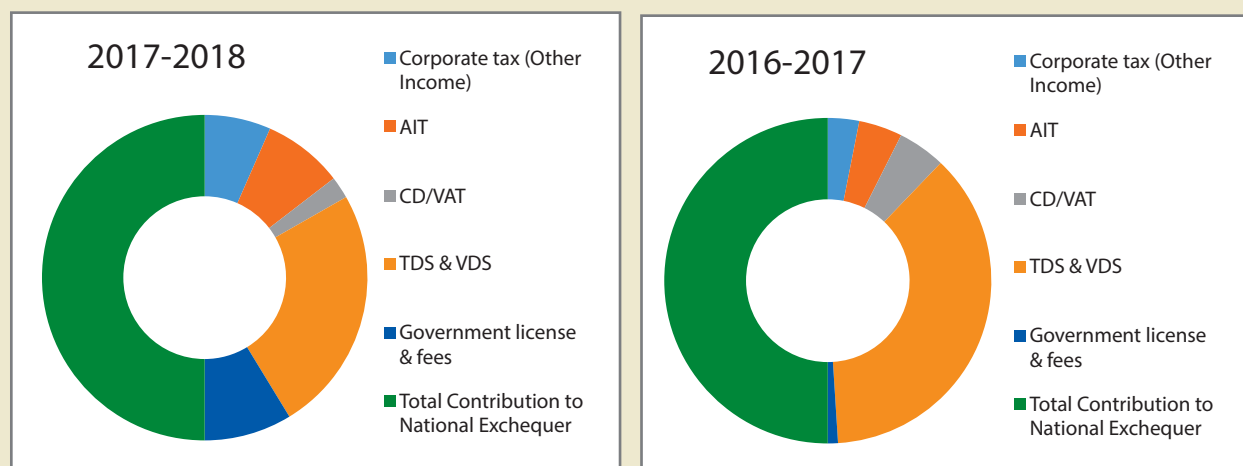


Chart: Proportion of the Contribution to National Exchequer over the last two years

With the investment in the power generation and the payment of taxes, the Company is making a significant contribution to the country's development, growth and employment.

### Financial Analysis

BCPCL is a newly-created promising power generation company. It has been expanding with project works. All investment securities are initially recognized at cost, including acquisition charges associated with the investment. It has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. This capital management process aims to achieve four major objectives: exceed regulatory thresholds and meet longer-term internal capital target, maintain strong credit ratings, manage capital levels commensurate with the risk profile of the Company and provide its shareholders with acceptable returns.

### Risk Factors and Management Perception Regarding the Risk

**A. Credit Risk:** Credit risk is the risk of financial loss to the company if a customer or counterparty fails to meet its contractual obligations. BCPCL's product will be sold exclusively to Bangladesh Power Development Board, which is a government entity. The sales will be made under the conditions of long term Power Purchase Agreement (PPA). Moreover, the history of payment and sovereign backing ensures the risk of failures to pay by our customer is minimal.

**B. Liquidity Risk:** Liquidity risk is the risk that a company may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and / or income in the process. BCPCL has its focus on repayment when it comes to meet the short and long term debts. BCPCL maintains debt levels within operational limits to ensure there is no liquidity crisis. It has a strong base which enables the company to service its debt obligations in particular through operating earnings. The strong revenue and operating margin shown by BCPCL will mitigate any such liquidity risk.

**C. Competitive Condition of the Business:** BCPCL is operating in a free market economy regime. The Company may face competition challenging the profitability of the business. The Company is working in a sector for which the demand is always increasing. Hence, the risk of competition causing a fall in profitability is very low.

**D. Interest & Exchange Rate Risk:** Interest rate risk is the risk that the company faces due to unfavorable movement in the interest rates. On the other hand, exchange rate risk arise when taka may be devalued significantly against dollar and BCPCL may suffer due to such fluctuation. In order to mitigate such risks, appropriate and reasonable hedging mechanisms may be exercised by BCPCL with a view to keeping the cost minimum; and similar strategies will be followed in the near future.

### Dividend

As the Company is at the outset of implementation stage i.e. at pre-commercial operation stage, no net income is accrued to declare dividend to the members for the period.



### Post-Balance Sheet Events

No material events occurred after the balance sheet/ reporting date, non-disclosure of which could affect the ability of the users of these financial statements to make an appropriate evaluation.

### Corporate and Financial Reporting Framework

The Company prepares its financial statements in accordance with the International Financial Reporting Standard (IFRS), the Companies Act, 1994 and other applicable laws and regulations. The Company maintains its books of accounts and prepares financial statements considering the following:

- ④ Selection of appropriate accounting policy and apply the same consistently.
- ④ Preparation of financial statements on the going-concern basis and accrual basis of accounting.
- ④ Preparation of financial statements as per the guidelines of the International Financial Reporting Standards (IFRS).
- ④ Making reasonable and prudent judgments and estimates, if necessary, for ensuring free and fair presentation of financial information so that the users of information can make their reasonable decisions.
- ④ Maintaining the books of accounts up-to-date so that the financial position of the Company is reflected with accuracy.

### DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Board is responsible to present a true and fair view of the Company's financial performance and position as a part of good governance and to that end the Directors confirm to the best of their knowledge that:

- a. The Financial Statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- b. Proper books of accounts of the 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 judgments;
- d. The International Financial Reporting Standards (IFRSs) have been followed in preparation of the Financial Statements and any departure therefrom has been adequately disclosed;
- e. The system of internal control is sound in design and has been effectively implemented and monitored;
- f. There is no doubt upon the Company's ability to continue as a going concern.

### Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading. The Company has adequate resources to continue in operation for the foreseeable future. The current resources of the Company provide sufficient funds and attributable credit facilities to meet the present requirements of its existing business. Since, there is no material uncertainty related to events or conditions at reporting date which may cast significant doubt upon the Company's ability to continue as a going concern, for this reason, management continues to adopt going concern basis in preparing the financial statements.

### Auditors' Report

The auditors, A. Qasem & Co., have submitted their Report for the FY 2017-2018. I, on behalf of the Board of Directors, request the honor of the Hon'ble Shareholders (Members) to receive and adopt the Auditors' Report.

### Appointment of Auditors

As per the Facility Agreement signed between the Export-Import Bank of China and Bangladesh-China Power Company (Pvt.) Limited on May 12, 2017, "Auditor" means Price Waterhouse Coopers, KPMG, Ernst & Young or Deloitte (including a local affiliate of any of the foregoing), or such other firms of independent accountants of recognized international standing as may be appointed by the Borrower with the prior approval of the Lender. Provided that these audit firms are treated as Big-4 in Bangladesh. In accordance with the Lender's requirements, it is necessary to appoint any audit firm under the direct affiliation of any Big-4 audit firms. In Bangladesh, there is no Big-4 audit firm working directly but only the two affiliated firms of the Big-4 namely A Qasem & Co (affiliated with Ernst & Young) and Rahman Rahman Huq (affiliated with KPMG) are working.

Pursuant to Section-210 of the Companies Act, 1994, the Board of Directors of BCPCL took a resolution of assent in its 19th Board Meeting for placing the Expression of Interest (EOI) of M/s A Qasem & Co (Ernst & Young in Bangladesh) in its 4th AGM to appoint them as external auditors of the Company for the FY 2018-2019 until the conclusion of the next AGM at audit fees of BDT 3,60,000.00 (Three Lac and Sixty Thousand) only excluding VAT (15%).

In order to build the corporate image and fulfill the Lender's requirements, it is necessary to appoint M/s A Qasem & Co (Ernst & Young in Bangladesh) as the auditors of the Company for the FY 2018-2019. The Hon'ble Shareholders (Members) are, therefore, requested to receive and adopt the proposal. If appointed at ensuing annual general meeting, they will hold office until the conclusion of next annual general meeting of the Company on fixed remuneration and other terms and conditions as may be agreed upon by the Company and the auditors.

### Business Philosophy

The business philosophy of BCPCL is to provide reliable electricity and services of such quality that the stakeholders will receive the superior value; the employees will share in the success and the investors will receive a superior return on investment. It attempts to gain a reputation for a long time.



### Change of Directors

The Board of Directors comprises 6 (six) Directors, 3 (three) Nominee Directors each from NWPGCL and CMC. During the 3rd AGM, there were two changes in the Board. On 28 April, 2018, Mr. Ruan Guang, Chairman, CMC, China and Mr. Zhang Guodong, President, CMC, China were appointed in place of Mr. Wang XuSheng and Mr. Li Guohua respectively as the nominee Directors from CMC, China.

### The Annual Report-2018

The Company Authority has prepared the Annual Report-2018. I, on behalf of the Board of Directors, request the honor of the Hon'ble Members (Shareholders) to receive and adopt the Annual Report-2018.

### Acknowledgement

The Board places on record its deep and sincere appreciation for the strenuous services of Managing Director and Secretary of the Company. The Board also wishes to convey its grateful thanks to the Company's esteemed Shareholders (Members) and other associated officers and employees of the Company for their full support and hearty co-operation.

**(Dr. Ahmad Kaikaus)**

Chairman, BCPCL

&

Senior Secretary, Power Division

MoPEMR, Dhaka



# MEMORABLE EVENTS & REMARKABLE VIEWS





Hon'ble Prime Minister handing over the Award to the MD, BCPCL & CEO, NWPGL For becoming the Fastest Growing Power Generation Organization of Bangladesh



MD, BCPCL briefing the Hon'ble Prime Minister on Payra 1320 MW TPP Project



Hon'ble Prime Minister at the Payra TPP Resettlement Project site during its Inauguration



Hon'ble Chairman, CMC, China handing over a Cheque to the Hon'ble Prime Minister For the Boy Scout Activities during the inauguration of Payra TPP Resettlement Project



MD, BCPCL briefing the Hon'ble Prime Minister on Swapner Thikana:  
Payra TPP Resettlement Project



Hon'ble Prime Minister handing over Key to a Beneficiary of Payra TPP Resettlement Project



Hon'ble Finance Minister handing over the 2nd Prize to MD, BCPCL  
For the Best Stall at the National Power & Energy Week-2018



Hon'ble State Minister for Shipping in a Meeting at Payra 1320 MW TPP Project



Hon'ble State Minister for Power, Energy & Mineral Resources and BPDB Chairman  
Paying Visit to Payra 1320 MW TPP Project



Briefing by Hon'ble State Minister for Power, Energy & Mineral Resources  
Regarding Payra 1320 MW TPP Project



Hon'ble Senior Secretary, Power Division and Member (Administration), BPDB  
Paying Visit to Payra 1320 MW TPP Project



MD, BCPCL & CEO, NWPGL receiving Integrity Award for the FY 2017-2018  
For the Innovative Financing towards Payra 1320 MW TPP Project



Bird's Eye View of Payra 1320 MW TPP Project (1st Phase)



Turbines: Payra 1320 MW TPP Project (1st Phase)





Boiler Unit 1 & 2 : Payra 1320 MW TPP Project (1st Phase)



Generator : Payra 1320 MW TPP Project (1st Phase)



Chimney : Payra 1320 MW TPP Project (1st Phase)



Absorber : Payra 1320 MW TPP Project (1st Phase)



Coal Yard : Payra 1320 MW TPP Project



Coal Jetty : Payra 1320 MW TPP Project



400 KV GIS Substation : Payra 1320 MW TPP Project (1st Phase)



Switchgear Room : Payra 1320 MW TPP Project (1st Phase)



Fly Ash Silo : Payra 1320 MW TPP Project (1st Phase)



CW Pump Station : Payra 1320 MW TPP Project (1st Phase)



BOP : Payra 1320 MW TPP Project (1st Phase)



IDCT : Payra 1320 MW TPP Project (1st Phase)



Fuel Tank : Payra 1320 MW TPP Project (1st Phase)



SWAPNER THIKANA : Payra 1320 MW TPP Resettlement Project





# INDEPENDENT AUDITORS' REPORT AND AUDITED FINANCIAL STATEMENTS

of  
**Bangladesh-China Power Company (Pvt.) Limited**

as at & for the year ended 30 June 2018



# **Independent Auditors' Report**

## **To**

### **The Shareholders of**

## **Bangladesh-China Power Company (Pvt.) Limited**

We have audited the accompanying financial statements of Bangladesh-China Power Company (Pvt.) Limited which comprise the statement of financial position as at 30 June 2018 and 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 notes.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), 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 International Standards on Auditing (ISA). 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

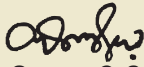
## Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Bangladesh-China Power Company (Pvt.) Limited as at 30 June 2018 and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and other applicable laws and regulations.

## We also report that:

- (a) 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;
- (b) 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 those books; and
- (c) The Company's statement of financial position, statement of cash flows and statement of changes in equity dealt with by the report are in agreement with the books of accounts and returns.

Dated, Dhaka  
28 October 2018

  
**A. Qasem & Co.**  
Chartered Accountants

## Bangladesh-China Power Company (Pvt.) Limited

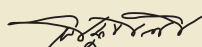
### Statement of Financial Position

as at 30 June 2018

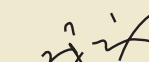
	Notes	Amount in BDT		
		30 June 2018	30 June 2017 Restated	01 July 2016 Restated
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		-	-	-
Intangible assets		-	-	-
Capital work in progress	4	53,813,568,997	2,146,593,601	112,321,984
Preliminary expenses		-	-	-
		<b>53,813,568,997</b>	<b>2,146,593,601</b>	<b>112,321,984</b>
<b>Current assets</b>				
Interest receivable	6	12,546,688	-	-
Advances, deposits and prepayments	7	65,298,613	6,767,553	2,034,377
Cash and cash equivalents	8	3,875,469,749	599,681,834	56,637,481
		<b>3,953,315,050</b>	<b>606,449,387</b>	<b>58,671,858</b>
<b>Total assets</b>		<b>57,766,884,047</b>	<b>2,753,042,988</b>	<b>170,993,842</b>
<b>Equity and liabilities</b>				
Share capital	9	10,400,000,000	1,000	1,000
Share money deposit	10	13,210,191,500	2,694,753,000	155,199,000
<b>Total equity</b>		<b>23,610,191,500</b>	<b>2,694,754,000</b>	<b>155,200,000</b>
<b>Non-current liabilities</b>				
Long term loan	11	33,768,000,000	-	-
		<b>33,768,000,000</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Others payable	12	333,921,118	19,910,766	8,119,923
Withholding tax payable	13	-	12,260,948	242,993
VAT payable	14	-	15,326,186	26,087
Provision for tax	15	47,549,829	6,160,896	6,261,925
Provision for gratuity	16	6,851,600	1,504,400	578,000
Contributory provident fund (CPF)	17	-	3,000,792	471,164
Provision for expenses	18	370,000	125,000	93,750
		<b>388,692,547</b>	<b>58,288,988</b>	<b>15,793,842</b>
<b>Total liabilities</b>		<b>34,156,692,547</b>	<b>58,288,988</b>	<b>15,793,842</b>
<b>Total equity and liabilities</b>		<b>57,766,884,047</b>	<b>2,753,042,988</b>	<b>170,993,842</b>

The annexed notes from 1 to 18 form an integral part of these financial statements.

For and on behalf of the Board of Directors of Bangladesh-China Power Company (Pvt.) Limited

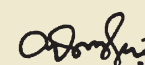
  
Company Secretary

  
Managing Director

  
Director

See annexed report of even date.

Dated, Dhaka  
28 October 2018

  
A. Qasem & Co.  
Chartered Accountants

## Bangladesh-China Power Company (Pvt.) Limited

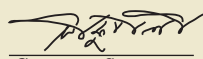
### Statement of changes in equity

For the year ended 30 June 2018

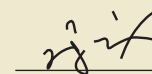
	Amount in BDT		
	Share capital	Share Money Deposit	Total
<b>As at 1 July 2016</b>	<b>1,000</b>	<b>155,199,000</b>	<b>155,200,000</b>
Addition during the year	-	2,539,554,000	2,539,554,000
<b>As at 30 June 2017</b>	<b>1,000</b>	<b>2,694,753,000</b>	<b>2,694,754,000</b>
<b>As at 1 July 2017</b>	<b>1,000</b>	<b>2,694,753,000</b>	<b>2,694,754,000</b>
Addition during the year	10,399,999,000	20,915,437,500	31,315,436,500
Issuance of ordinary share	-	(10,399,999,000)	(10,399,999,000)
<b>As at 30 June 2018</b>	<b>10,400,000,000</b>	<b>13,210,191,500</b>	<b>23,610,191,500</b>

The annexed notes from 1 to 18 form an integral part of these financial statements.

For and on behalf of the Board of Directors of Bangladesh-China Power Company (Pvt.) Limited.

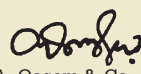
  
Company Secretary

  
Managing Director

  
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28 October 2018

  
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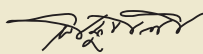
### Statement of Cash Flows

For the year ended 30 June 2018

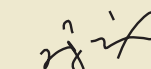
	Amount in BDT	
	30 June 2018	30 June 2017
<b>Operating activities</b>		
<b>Net cash from operating activities</b>	-	-
<b>Investing activities</b>		
Capital work in progress	(46,176,245,314)	(1,990,468,100)
Advance, deposits and prepayments	(58,531,061)	(6,041,547)
<b>Net cash used in investing activities</b>	<b>(46,234,776,375)</b>	<b>(1,996,509,647)</b>
<b>Financing activities</b>		
Increase in paid-up capital	10,399,999,000	-
Increase in share money deposit	5,382,885,290	2,539,554,000
Increase in long term loan	33,727,680,000	-
<b>Net cash used in financing activities</b>	<b>49,510,564,290</b>	<b>2,539,554,000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,275,787,915</b>	<b>543,044,353</b>
Cash and cash equivalents at 1 July	599,681,834	56,637,481
<b>Cash and cash equivalents as at 30 June</b>	<b>3,875,469,749</b>	<b>599,681,834</b>

The annexed notes from 1 to 18 form an integral part of these financial statements.

For and on behalf of the Board of Directors of Bangladesh-China Power Company (Pvt.) Limited

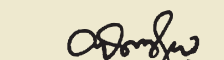
  
Company Secretary

  
Managing Director

  
Director

See annexed report of even date.

Dated, Dhaka  
28 October 2018

  
A. Qasem & Co.  
Chartered Accountants

# Bangladesh-China Power Company (Pvt.) Limited

## Notes to the financial statements

### 1 Reporting entity

#### 1.1 Company profile

Bangladesh-China Power Company (Pvt.) Limited. (hereinafter referred to as "the Company") was incorporated on 1st October 2014 as a Private Limited Company in Bangladesh under the Companies Act 1994 vide reg. no C - 118576/14 under the Joint Venture Agreement between China National Machinery Import & Export Corporation (CMC) and North-West Power Generation Company Limited (NWPGL). The registered office of the Company is located at Bidyut Bhaban, Level-14, 1 Abdul Gani Road, Dhaka-1000, Corporate Head Office is located at UTC Building (Level # 4), 8 Panthapath, Kawran Bazar, Dhaka - 1215, Bangladesh and Plant is located at Payra, Dhankali Union, Kalapara Upazila, Patuakhali District, Bangladesh.

#### 1.2 Nature of business

The principal activity of the Company is to set up power plants for generation of electricity and sale the same to BPDP to enhance the national development programs. The Company has the schematic comprehensive future development plan for implementing different power plant projects of different sizes, capacities and technologies.

### 2 Basis of preparation of financial statements

#### 2.1 Basis of measurement

The financial statements have been prepared on going concern basis under the historical cost convention.

#### 2.2 Statement of compliance

been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) vide letter no 1/1/ICAB - 2017 dated 14 December 2017. The compliance status of these IFRS is as follows:

Name of IFRS/IAS	Compliance Status
IAS 1: Presentation of Financial Statements	Complied
IAS 2: Inventories	Not Applicable
IAS 7: Statement of Cash Flows	Complied
IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	Complied
IAS 10: Events after the Reporting Period	Complied
IAS 11: Construction Contracts	Not Applicable
IAS 12: Income Taxes	Complied
IAS 16: Property, Plant and Equipment	Complied
IAS 17: Leases	Complied
IAS 18: Revenue	Complied
IAS 19: Employee Benefits	Complied
IAS 20: Accounting for Government Grants and Disclosure of Government Assistance	Not Applicable
IAS 21: The Effects of Changes in Foreign Exchange Rates	Complied
IAS 23: Borrowing Costs	Complied



IAS 24: Related Party Disclosures	Complied
IAS 26: Accounting and Reporting by Retirement Benefit Plans	Complied
IAS 27: Separate Financial Statements	Not Applicable
AS 28: Investment in Associates and Joint Ventures	Not Applicable
IAS 29: Financial Reporting in Hyperinflationary Economics	Not Applicable
IAS 32: Financial Instruments: Disclosure and Presentation	Complied
IAS 33: Earnings Per Share	Not Applicable
IAS 34: Interim Financial Reporting	Complied
IAS 36: Impairment of Assets	Complied
IAS 37: Provisions, Contingent Liabilities and Contingent assets	Complied
IAS 38: Intangible Assets	Complied
IAS 39: Financial Instruments: Recognition and Measurement	Complied
IAS 40: Investment Property	Not Applicable

Name of IFRS/IAS	Compliance Status
IAS 41: Agriculture	Not Applicable
IFRS 1: First time Adoption of International Financial Reporting Standards	Not Applicable
IFRS 2: Share based Payment	Not Applicable
IFRS 3: Business Combinations	Not Applicable
IFRS 4: Insurance Contracts	Not Applicable
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Not Applicable
IFRS 6: Exploration for and Evaluation of Mineral Resources	Not Applicable
IFRS 7: Financial Instruments: Disclosures	Complied
IFRS 8: Operating Segments	Not Applicable
IFRS 9: Financial Instruments	Complied
IFRS 10: Consolidated Financial Statements	Not Applicable
IFRS 11: Joint Arrangements	Not Applicable
IFRS 12: Disclosure of Interests in Other Entities	Complied
IFRS 13: Fair Value Measurement	Complied
IFRS 14: Regulatory Deferral Accounts	Not Applicable
IFRS 15: Revenue from Contracts with Customers	Complied

### Compliance with other regulatory requirements

The Company complied with the requirements of following laws and regulations from various government bodies:

- i) The Companies Act 1994;
- ii) The Income Tax Ordinance, 1984 and amendment thereon;
- iii) The Income Tax Rules 1984;
- iv) The Value Added Tax Act 1991;
- v) The Value Added Tax Rules 1991;
- vi) The Stamp Act 1899;
- vii) The Bangladesh Labor Act, 2006 and amended in 2015;
- viii) The Bangladesh Securities and Exchange Ordinance 1969;
- ix) The Bangladesh Securities and Exchange Rules 1987;
- x) Bangladesh Energy Regulatory Commission Act 2003;
- xi) Power System Master Plan 2010;
- xii) Payra Port Authority Act 2013;
- xiii) Environment Conservation Act 1995 and the Amendments thereafter;
- xiv) Any other applicable laws and regulations.



### 2.3 Functional and presentation currency

The financial statements are presented in Bangladeshi Taka (BDT), which is the Company's functional and presentation currency. Except as indicated, financial information presented has been rounded off to the nearest BDT.

### 2.4 Adoption of new and revised standards in 2019 and later

The following new, revised and amended standards have been issued and yet to be applied in the financial statements of the Company. The assessment by the management shows the expected effects as disclosed in the table below.

Standards	Effective date	Planned application
IFRS 16: Leases	01 January 2019	Reporting year 2019
IFRS 17: Insurance Contracts	01 January 2019	Not Applicable

### 2.5 Reporting period

The financial period of the Company covers one year from 1 July to 30 June of the corresponding year and is followed consistently.

### 2.6 Comparative information

Comparative information including narrative and descriptive one is disclosed in respect of the preceding period where it is relevant to enhance the understanding of the current period's financial statements. Certain comparative figures for the year ended 30 June 2018 have been restated, rearranged and reclassified where relevant and considered necessary to conform to the current year's presentation and to comply with relevant IASs.

### 2.7 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, 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 accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimates and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in these financial statements are stated in the following notes:

Note 16 & 17	-	Employee benefit
Note 05	-	Borrowing cost
Note 12 & 18	-	Provisions and accruals
Note 15	-	Current tax liabilities

### 2.8 Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading. The Company has adequate resources

to continue in operation for the foreseeable future. The current resources of the Company provide sufficient funds and attributable credit facilities to meet the present requirements of its existing business. Since, there is no material uncertainties related to events or conditions at reporting date which may cast significant doubt upon the Company's ability to continue as a going concern, for this reason, management continues to adopt going concern basis in preparing the financial statements.

### **2.9 Accrual basis of accounting**

The Company prepares its financial statements, except the statement of cash flows, using the accrual basis of accounting. When the accrual basis of accounting is used, an entity recognises the elements of financial statements such as assets, liabilities, equity, income and expenses when they satisfy the definitions and recognition criteria for those elements in the conceptual framework.

### **2.10 Materiality and aggregation**

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

### **2.11 Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Appropriate disclosures have been made in the financial statements.

## **3 Summary of significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### **3.1 Capital Work in Progress**

Capital Work in Progress consists of acquisition costs, directly attributable borrowing costs, capital components and related installation costs and other development, revenue and administrative expenditures until the date when the assets ready to use for its intended purpose. Capital work in progress is stated at cost less impairment if any, until the construction is completed. Upon completion of construction, the cost of such assets together with the cost directly attributable to construction, including capitalization of the borrowing costs are transferred to the respective class of assets and depreciated when the asset is completed and commissioned. No depreciation is charged on capital work in progress.

### **3.2 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non derivative financial instruments comprise deposits, trade and other receivables, cash and cash equivalents, trade and other payables, share capital and interest-bearing borrowings.

#### **3.2.1 Financial assets**

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the transaction.

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 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.

The Company's financial assets comprise advance, deposits & prepayments, investments and cash & cash equivalents.

### 3.2.1.1 Investments

Investment in fixed deposit receipt is shown in the financial statements at its cost and interest income is recognised quarterly.

### 3.2.1.2 Advance, deposits and prepayments

Advances with no stated interest are measured at the original amount if the effect of discounting is immaterial. Deposits are measured at payment value.

### 3.2.1.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balance and deposits with financial institutions that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

## 3.2.2 Financial liabilities

The Company initially recognises financial liabilities in its statement of financial position when the Company becomes a party to the contractual provisions of the liability. The Company recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company's financial liabilities comprise Other payable.

### 3.2.2.1 Other payables

Other payables are recognised when contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits. Trade and other payable are recognised initially at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost using the effective interest method.

## 3.3 Inventories

The Company is yet to start commercial production, so there was no closing inventory as at 30 June 2018.

## 3.4 Employee benefits

The Company maintains both defined contribution plan and defined benefit plan for its eligible employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds. The Company has accounted for and disclosed employee benefits in compliance with the provisions of IAS 19: Employee Benefits.

The cost of employee benefits is charged off as revenue expenditure in the period to which the contributions relate. The Company's employee benefits include the following:

### 3.4.1 Defined contribution plan (provident fund)

The Company has a recognized provident fund with effect from 31 October 2017 vide letter # Nothi No: 1A /PF-4/2017-18/828 dated 29 October 2017. This registered provident fund scheme (Defined



Contribution Plan) for employees of the Company eligible to be members of the fund in accordance with the rules of the provident fund constituted under an irrevocable trust. All permanent employees contribute 10% of their basic salary to the provident fund and the Company also makes equal contribution. The Company recognizes contribution to defined contribution plan as an expense when an employee has rendered services in exchange of such contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

### **3.4.2 Defined benefit plan (gratuity fund)**

A defined benefit plan is a post employment benefit plan (gratuity fund) other than a defined contribution plan. The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its permanent eligible employees.

### **3.5 Provision**

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and if it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is probable that an outflow of resources embodying economic benefits are required to settle the obligation, the provisions are reversed.

### **3.6 Revenue recognition**

Sale of the products shall be recognized upon delivery of goods and services and raising invoices to Bangladesh Power Development Board (BPDP) in compliance with the requirements of IFRS 15 Revenue from Contracts with Customers. The Company has not yet entered into commercial operation and therefore no revenue was generated in this financial year.

### **3.7 Foreign currency translation**

Foreign currency transaction are recorded on initial recognition in the functional currency at the exchange rate ruling on the transaction date.

At the end of each reporting period, in compliance with the provision of IAS 21: The Effects of Changes in Foreign Exchange Rates, are determined as under:

- i) Foreign currency monetary items are translated using the exchange rate at the reporting date.
- ii) Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.
- iii) Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rate different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise.

### **3.8 Borrowing Cost**

Borrowing cost that can be directly attributable to a qualifying asset is capitalized during construction period. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing cost that would have been avoided if the expenditure or the qualifying asset that not been made. All other borrowing costs are

recognized in Statement of Comprehensive Income in the period in which they are incurred.

Borrowing costs relating to projects have been charged to project-in-progress and work-in-progress as interest during construction (IDC).

### 3.9 Interest Bearing Loans and Borrowings

All such loans and borrowings are initially recognized at fair-value including transaction costs.

### 3.10 Finance income and expense

investment, sale of tender documents and others. Finance income is recognised on an accrual basis and net off from capital work-in-progress. Finance costs comprise interest expense on borrowings from bank.

### 3.11 Income tax

As per SRO no 213-AIN/Income tax/2013, coal based private sector power generation Company is exempted from tax for 15 years from commercial production date. Therefore no income tax is provided in this financial year except on other income.

### 3.12 Statement of cash flows

Statement of cash flows is prepared under direct method in accordance with IAS - 7 "Statement of Cash Flows" as required by the Bangladesh Securities and Exchange Rules 1987.

### 3.13 Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

### 3.14 Accounting policies, changes in accounting estimates and error

#### Accounting policies

Accounting policies are the specific principles, bases, conventions, requirements and practices used by an entity in preparing and presenting its Financial Statements. An existing accounting policy should only be changed where a new accounting will result in reliable and more relevant information being presented. Any changes in accounting policy required to be accounted for retrospectively except where it is not practicable to determine the effect in prior periods.

#### Accounting estimates

The preparation of Financial Statements requires many estimates to be made on the basis of latest available, reliable information. The effect of a change in accounting estimates should, therefore, be recognized prospectively.

**Prior period error**

A prior period error is where an error has occurred even though reliable information was available when those Financial Statements were authorized for issue. IAS-8 requires retrospective restatement of Financial Statements to adjust prior period errors as if the prior period error had never been occurred.

**3.15 Events after the reporting period**

Events after the reporting period that provide additional information about the Company's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Amounts recognised in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period.

**3.16 Date of authorisation**

The financial statements were authorised for issue by the Board of Directors on 28 October 2018 for publication.

		Amount in BDT	
		30 June 2018	30 June 2017
<b>4</b>	<b>Capital work in progress</b>		
	Opening balance	2,146,593,601	112,321,984
	Add: development expenditure (Annexure -A)	51,587,400,256	1,941,772,634
	Add: revenue expenditure (Annexure -A)	207,276,925	105,401,885
	Add: income tax expenses	46,076,950	3,969,298
		<b>53,987,347,732</b>	<b>2,163,465,801</b>
	Other income	(131,079,335)	(11,340,850)
	Advance income tax (AIT)	(42,699,400)	(5,531,350)
		<b>53,813,568,997</b>	<b>2,146,593,601</b>

Opening balance of property, plant & equipment (BDT 10,233,047), intangible assets (BDT 19,167) and preliminary expenses (BDT 631,025) have been restated from 01 July 2016. In prior periods, property, plant & equipment, intangible assets and preliminary expenses have been erroneously classified and those classification was inconsistent in line with IAS 16: Property, Plant & Equipment. As per IAS 16, all directly attributable expenditure incurred during the implementation phase of the project shall be capitalized and classified under the head of capital work in progress.

Advance income tax amounted to BDT 42,699,400 is included in capital work in progress of respective project accounts but shown separately as advance income tax under the advance, deposit and prepayment.

#### 4.1 Other Income

Interest income from SND account	4.1.1	37,776,277	2,108,085
Interest income from FDR	4.1.2	88,743,769	7,986,565
Transportation charge		7,200	7,200
Recruitment fees		57,000	1,239,000
Foreign exchange gain		4,375,000	-
Miscellaneous income		413,400	-
<b>Total other income</b>		<b>131,372,646</b>	<b>11,340,850</b>
Foreign exchange losses		(293,311)	-
<b>Net other income</b>		<b>131,079,335</b>	<b>11,340,850</b>

#### 4.1.1 Interest income from SND account

Jamuna Bank	17,779,197	-
Rupali Bank Limited (Rupali Sadan)	18,061,540	-
Taka equity account (Standard Chartered Bank)	1,148,198	-
Janata Bank Limited	159,783	-
Rupali Bank Limited (Local Office)	627,559	-
	<b>37,776,277</b>	<b>-</b>

#### 4.1.2 Interest income from FDR

AB Bank Limited	8,074,411	-
Shahajalal Islami Bank Limited	4,625,000	-
Jamuna Bank Limited	23,125,000	-
NRB Commercial Bank Limited	1,960,000	-
Mutual Trust Bank Limited	5,781,250	-
Standard Bank Limited	17,812,500	-
Mercantile Bank Limited	5,937,500	-
Social Islami Bank Limited	2,375,000	-

		Amount in BDT		
		30 June 2018	30 June 2017	
	Premier Bank Limited	1,260,195	-	
	Janata Bank Limited	17,792,913	-	
		<b>88,743,769</b>	-	
<b>5</b>	<b>Borrowing cost</b>			
	Interest expenses	298,943,452	-	
	Interest income on surplus fund	(8,874,475)	-	
		<b>290,068,977</b>	-	
<b>6</b>	<b>Interest receivable</b>			
	Interest receivable on FDR	3,947,998	-	
	Interest receivable on surplus fund	8,598,690	-	
		<b>12,546,688</b>	-	
<b>7</b>	<b>Advances, deposits and prepayment</b>			
	Temporary advance	7.1	1,104,720	206,740
	Advance income tax	7.2	57,983,569	6,540,813
	Advance to contractors	7.3	6,210,324	20,000
			<b>65,298,613</b>	<b>6,767,553</b>
<b>7.1</b>	<b>Temporary advance</b>			
	Opening balance		206,740	246,006
	Addition during the year		29,884,623	17,650,869
			30,091,363	17,896,875
	Adjustment/received during the year		(28,986,643)	(17,690,135)
			<b>1,104,720</b>	<b>206,740</b>

This represent amount paid to employees to meet the expenses required for official work and which will be adjusted upon submission of bill/voucher.

<b>7.2</b>	<b>Advance income tax</b>			
	Opening balance		6,540,813	1,308,371
	Addition during the year	7.2.1	55,873,142	6,540,813
			62,413,955	7,849,184
	Adjustment during the year		(4,430,386)	(1,308,371)
	Adjustment with tax return		(3,969,298)	(1,308,371)
	Excess TDS refund		(461,088)	-
			<b>57,983,569</b>	<b>6,540,813</b>

Advance income tax represents the deduction of tax at source on interest on FDR, CD/VAT & interest on Bank Account.

<b>7.2.1</b>	<b>Addition during the year</b>			
	TDS at interest on FDR		8,479,577	798,656
	TDS at interest on bank account		4,694,165	210,807
	TDS at Custom House, Chittagong		42,699,400	5,531,350
			<b>55,873,142</b>	<b>6,540,813</b>



		Amount in BDT	
		30 June 2018	30 June 2017
<b>7.3</b>	<b>Advance to contractors</b>		
	Opening balance	20,000	480,000
	Addition during the year	6,712,200	1,089,000
		6,732,200	1,569,000
	Adjustment/received during the year	(521,876)	(1,549,000)
		<b>6,210,324</b>	<b>20,000</b>
<b>8</b>	<b>Cash and cash equivalents</b>		
	Cash in hand	40,000	20,000
	Cash at bank	3,559,956,826	192,503,925
	FDR with maturity date of 3 month or less	315,472,923	407,157,909
		<b>3,875,469,749</b>	<b>599,681,834</b>
<b>8.1</b>	<b>Cash in hand</b>		
	Corporate office	20,000	20,000
	Payra site office	20,000	-
		<b>40,000</b>	<b>20,000</b>
<b>8.2</b>	<b>Cash at bank</b>		
	Janata Bank Limited (SND - 004003638)	11,823,893	107,598,572
	Rupali Bank Limited (SND - 240002084)	570,268	327,500
	Rupali Bank Limited (FC - 5018)	44,952,816	70,378,184
	Rupali Bank Limited (SND - 0026024000170)	274,054,502	14,199,669
	Rupali Bank Limited (FC - 0026027000005)	-	-
	Jamuna Bank A/C (SND - 011-0320001526)	139,637,421	-
	SCB TAKA Equity Account (32-1308117-03)	3,056,702,967	-
	SCB TAKA Loans Account (32-1308117-08)	251,717	-
	SCB USD Loans Account (01-1308117-02)	31,963,242	-
		<b>3,559,956,826</b>	<b>192,503,925</b>
<b>8.3</b>	<b>FDR with maturity date of 3 month or less</b>		
	AB Bank Limited	-	104,120,409
	Janata Bank Limited	315,472,923	303,037,500
		<b>315,472,923</b>	<b>407,157,909</b>
<b>9</b>	<b>Share capital</b>		
	<b>Authorised capital</b>		
	4,000,000,000 ordinary shares of BDT 10 each for FY-2017-18 & 200,000,000 ordinary shares of BDT 10 each for FY-2016-17	<b>40,000,000,000</b>	<b>2,000,000,000</b>
	<b>Issued, subscribed and paid-up capital</b>		
	1,040,000,000 ordinary shares of BDT 10 each fully paid in cash for FY 2017-2018	<b>10,400,000,000</b>	<b>1,000</b>
	100 ordinary shares of BDT 10 each fully paid in cash for FY 2016-2017		

30 June 2018

30 June 2017

**Composition of issued, subscribed and fully paid-up share capital**

Name of shareholders	No. of Share	Percentage (%)	Face value per share (Taka)	Amount in BDT	Amount in BDT
China National Machinery Import & Export Corporation (CMC)	520,000,000	50%	10	5,200,000,000	500
North-West Power Generation Company Limited (NWPGL)	520,000,000	50%	10	5,200,000,000	500
<b>Total</b>	<b>1,040,000,000</b>	<b>100%</b>	<b>10</b>	<b>10,400,000,000</b>	<b>1,000</b>

**10 Share money deposit**

Opening balance		2,694,753,000	155,199,000
Addition during the year	10.1	20,915,437,500	2,539,554,000
		23,610,190,500	2,694,753,000
Share issue during financial year 2017 - 2018		(10,399,999,000)	-
		<b>13,210,191,500</b>	<b>2,694,753,000</b>

The company has received share money deposit from CMC taka 5,257,719,250 and taka 5,257,719,250 from NWPGL during the year. Subsequently, after performing the regulatory requirements these will be converted into paid-up capital.

**10.1 Addition during the year**

CMC (cash)	10,457,718,750	1,269,777,000
NWPGL (cash)	5,325,165,540	1,269,777,000
NWPGL (in kind)	5,132,553,210	-
	<b>20,915,437,500</b>	<b>2,539,554,000</b>

**11 Long term loan**

Exim Bank of China	33,727,680,000	-
Foreign exchange loss	40,320,000	-
	<b>33,768,000,000</b>	<b>-</b>

**12 Others payable**

Interest payable	298,943,452	-
Telephone, telex, fax and internet	32,000	-
Fuels and lubricants	17,307	-
Vehicle rent	545,120	-
Consultant's fee	34,371,377	19,897,805
Electricity bill	11,862	12,961
	<b>333,921,118</b>	<b>19,910,766</b>

**13 Withholding tax**

Opening balance	12,260,948	242,993
Addition during the year	70,315,065	12,017,955
	82,576,013	12,260,948
Adjustment during the year	(82,576,013)	-
	<b>-</b>	<b>12,260,948</b>

		Amount in BDT	
		30 June 2018	30 June 2017
<b>14</b>	<b>VAT payable</b>		
	Opening balance	15,326,186	26,087
	Addition during the year	73,735,401	15,300,099
		<b>89,061,587</b>	<b>15,326,186</b>
	Adjustment during the year	(89,061,587)	-
		-	<b>15,326,186</b>
<b>15</b>	<b>Provision for taxation</b>		
	Opening balance	6,160,896	6,261,925
	Addition during the year	46,076,950	3,969,298
		<b>52,237,846</b>	<b>10,231,223</b>
	<b>Adjustment during the year</b>		
	For FY 2014 - 2015	-	(168,956)
	For FY 2015 - 2016	(718,719)	(3,901,371)
	For FY 2016-17	(3,969,298)	-
		<b>47,549,829</b>	<b>6,160,896</b>
<b>16</b>	<b>Provision for gratuity</b>		
	Opening balance	1,504,400	578,000
	Addition during the year	5,347,200	926,400
		<b>6,851,600</b>	<b>1,504,400</b>
<b>17</b>	<b>Contributory provident fund (CPF)</b>		
	Opening balance	3,000,792	471,164
	Addition during the year	5,527,929	2,529,628
		<b>8,528,721</b>	<b>3,000,792</b>
	Transferred to CPF account	(8,528,721)	-
		-	<b>3,000,792</b>
<b>18</b>	<b>Provision for Expenses</b>		
	Opening balance	125,000	93,750
	Statutory audit fee during the year	370,000	125,000
		<b>495,000</b>	<b>218,750</b>
	Payment during the year	(125,000)	(93,750)
		<b>370,000</b>	<b>125,000</b>

## Bangladesh-China Power Company (Pvt.) Limited

### Schedule of Capital Work in Progress

Annexure - A

Head of account	30 June 2018 BDT	Addition During the year BDT	30 June 2017 BDT
<b>Development expenditure</b>			
CD/VAT account	22,228,231	15,341,370	6,886,861
Advance income tax (AIT)	48,230,750	42,699,400	5,531,350
Consultant expenses	749,037,428	374,740,759	374,296,669
Engineering, procurement and commissioning (local)	461,457,257	435,984,033	25,473,224
Engineering, procurement and commissioning (foreign)	29,981,297,167	28,384,919,732	1,596,377,435
Computer and peripherals	1,074,513	602,537	471,976
Vehicles	6,926,000	-	6,926,000
Land & building	295,838,112	295,838,112	-
Office equipment	1,659,566	384,050	1,275,516
Furniture and fixtures	7,820,202	2,576,535	5,243,667
Web hosting	23,000	-	23,000
Preliminary expenses	631,025	-	631,025
Land development cost	5,132,553,210	5,132,553,210	-
Legal advisory fees	4,064,000	4,064,000	-
LC commission	5,886,185	5,886,185	-
Civil works	3,306,000	3,306,000	-
<b>Financing expenses (Borrowing cost)</b>			
Management fees	746,754,131	746,754,131	-
Sinosure insurance premium	15,809,068,167	15,809,068,167	-
Borrowing cost (IDC)	290,068,977	290,068,977	-
Process agent fees	506,309	506,309	-
Foreign exchange loss	40,320,000	40,320,000	-
Security agency fees	1,786,750	1,786,750	-
<b>(a) Total development expenditure</b>	<b>53,610,536,980</b>	<b>51,587,400,257</b>	<b>2,023,136,723</b>
<b>Revenue general expenditure</b>			
<b>Salaries &amp; allowance</b>			
Pay of officers	38,859,083	23,997,805	14,861,278
Pay of officers (casual)	6,798,771	2,559,834	4,238,937
Pay of staff	4,607,478	4,076,595	530,883
Pay of staff (casual)	7,181,180	3,174,527	4,006,653
House rent allowance of officers	18,787,383	11,433,914	7,353,469
Medical allowance of officers	281,334	210,134	71,200
Conveyance allowance of officers	1,994,266	1,361,408	632,858
Project allowance of officers	2,038,208	2,038,208	-
New year allowance of officers	848,047	450,871	397,176
Employee electricity allowance of officers	880,309	569,110	311,199
Education support allowance of officers	83,589	48,266	35,323
Entertainment allowance of officers	135,994	74,639	61,355
Servant allowance of officers	20,081	4,800	15,281
Sweeper allowance of officers	20,081	4,800	15,281

Head of account	30 June 2018 BDT	Addition During the year BDT	30 June 2017 BDT
Security allowance of officers	20,081	4,800	15,281
Gas allowance of officers	359,600	200,071	159,529
Water and sewerage of officers	196,880	102,429	94,451
House rent allowance of staffs	2,209,096	1,952,106	256,990
Medical allowance of staffs	547,967	490,979	56,988
Washing allowance of staffs	19,806	18,442	1,364
New Year allowance of staffs	126,045	112,945	13,100
Conveyance allowance of staffs	807,222	722,493	84,729
Employee electricity allowance staffs	218,425	195,823	22,602
Project allowance of Staffs	534,906	534,906	-
Education support allowance of staffs	13,033	13,033	-
Bonus of officers	6,799,114	3,967,584	2,831,530
Bonus of staffs	1,279,725	932,565	347,160
Bonus of officers (casual)	70,065	70,065	-
Bonus of staffs (casual)	27,330	27,330	-
Dearness allowance of officers	195,407	-	195,407
Employers contribution to p/f	4,306,038	2,805,642	1,500,396
Medical reimbursement	3,046,683	2,011,374	1,035,309
Gratuity	6,851,600	5,347,200	1,504,400
<b>Total salaries &amp; allowance</b>	<b>110,164,827</b>	<b>69,514,698</b>	<b>40,650,129</b>
<b>Administrative expenses</b>			
Traveling allowance of officers	54,955,062	21,003,522	33,951,540
Traveling allowances of staff	89,566	69,361	20,205
Depreciation	-	-	-
Amortization	-	-	-
Office rent	2,546,046	220,000	2,326,046
Taxes, license & fees	62,497,968	60,984,660	1,513,308
Electricity expenses	384,554	141,720	242,834
Postage and telegraph	97,946	77,931	20,015
Telephone, telex, fax and internet	1,195,443	596,143	599,300
Legal fees	15,000	-	15,000
Corporate social responsibility	3,000,000	2,000,000	1,000,000
Ceremonial expenses	8,604,191	1,751,683	6,852,508
Consultation fees	21,373,319	17,148,319	4,225,000
Charge allowance	21,998,336	7,436,565	14,561,771
Stationery	4,383,007	1,560,018	2,822,989
Advertising and promotion	2,312,625	629,661	1,682,964
Miscellaneous expenses	324,101	236,621	87,480
Vehicle rent	9,635,342	7,595,036	2,040,306
Donation and contribution	100,000	-	100,000
Insurance of motor vehicles	487,524	122,974	364,550
Repair and maintenance - car/vehicle	381,423	174,055	207,368
Repair and maintenance - office furniture	89,699	67,499	22,200
Petrol, diesel and lubricants	3,139,704	2,265,140	874,564
Bank charges and commissions	13,835,091	406,964	13,428,127
Entertainment	2,208,289	1,218,002	990,287

Head of account	30 June 2018 BDT	Addition During the year BDT	30 June 2017 BDT
Office maintenances	1,294,683	1,005,043	289,640
Board meeting expenses	8,041,208	682,730	7,358,478
AGM Expenses	3,652,727	1,669,926	1,982,801
Audit fees	873,750	592,500	281,250
Honorarium (board of directors)	4,833,793	3,253,313	1,580,480
Honorarium (officers)	2,732,590	1,708,540	1,024,050
Honorarium (committee and others)	832,080	325,060	507,020
Books and periodicals	2,111,093	1,298,952	812,141
Training expenses	4,311,145	366,401	3,944,744
Recruitment expenses	1,524,500	-	1,524,500
Liveries and uniforms	345,525	311,755	33,770
Conveyance	81,914	30,210	51,704
Group insurance premium	811,920	811,920	-
<b>Total administrative expenses</b>	<b>245,101,164</b>	<b>137,762,227</b>	<b>107,338,940</b>
<b>(b) Total revenue general expenditure</b>	<b>355,265,991</b>	<b>207,276,925</b>	<b>147,989,069</b>
<b>Total project-in-progress - local (a+b)</b>	<b>53,965,802,971</b>	<b>51,794,677,182</b>	<b>2,171,125,792</b>



📍 Jurisdiction of Bangladesh-China Power Company (Pvt.) Limited



## **Bangladesh-China Power Company (Pvt.) Limited** **(A Joint Venture of CMC and NWPGL)**

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