DIRECTORS' REPORT TO THE SHAREHOLDERS

SOCIO-ECONOMIC ENVIRONMENT

The fast growing pace of the world economy in early 2019-20 experienced the deepest global recession in decades due to an unknown pandemic, COVID-19. The pandemic has resulted in contraction across the vast majority of emerging markets and developing economies. With the passage of time, the world has adjusted with terms like –social distancing, lockdown and work from home (WFH). The significant impact of the virus may attenuate with the invention of an effective vaccine and its equilateral distribution across the world. At national level, in the first quarter of 2019, the economy of Bangladesh was the world's seventh fastest growing economy with a 7.3% annual real GDP growth. However, the overall indicators were not as negative compared to the world economic trends in the pandemic. With the withdrawal of large scale lockdown and return to new normal business activities, the country is expected to restore the incurred losses and resume on its growth trajectory.

THE POWER SECTOR OF BANGLADESH

For the fiscal year 2018-19, both the Power Division and Energy & Mineral Resources Division under the Ministry of Power, Energy and Mineral Resources (MPEMR) were awarded with first and third prize respectively for efficient implementation according to the Annual Performance Agreement (APA) among the ministries. According to BPDB, last year, another 1,507 MW installed capacity was added to the national grid, raising the total national generation capacity to 23,548 MW. The table below provides a breakdown of the power generation capacity of the public and private sectors:

Public Sector				
	2018-19 Capacity (MW)		2019-20 Capacity (MW)	
BPDB	5,498	25%	5,590	24%
APSCL	1,444	7%	1,444	6%
EGCB	839	4%	957	4%
NWPGCL	1,395	6%	1,395	6%
RPCL	182	1%	182	1%
B-R Power gen.	149	1%	149	1%
Subtotal	**9,507**	**43%**	**9,717**	**41%**
Private Sector				
IPPs	6,404	29%	7,233	31%
SIPPs (BPDB)	99	0%	99	0%
SIPPs (BREB)	251	1%	251	1%
15 Yr. Rental	169	1%	169	1%
3/5 Yr. Rental	1,371	6%	1,132	5%
Power Import	1,160	5%	1,160	5%
Subtotal	**9,454**	**43%**	**10,044**	**43%**
JV-BCPCL	**2,800**	13%	**622**	3%
Captive Power	**2,800**	13%	**2,800**	12%
Renewable	**280**	1%	**365**	2%
TOTAL	**22,041**	**100%**	**23,548**	**100%**

Figure: Installed Generation Capacity (MW) as on 30 June, 2020
(Source: http://www.bpdb.gov.bd)

At present, approximately 97% of the population of Bangladesh has access to electricity and the Government expects to provide electricity to 100% of the population by 2021. However, the demand for electricity is likely to increase with the improvement in national transmission and distribution systems, digitalisation and economic growth to the middle income country. Hence the vision of the Government is to increase the generation capacity in the following manner:

Year	Targeted Generation Capacity
2021	24,000 MW
2030	40,000 MW
2041	60,000 MW

Figure: Targeted Power Generation Capacity
(Source: www.powerdivision.gov.bd)

A significant emphasis at national policy level has been made for reduction of system loss and subsidies at various levels. Continuous steps are being taken for reducing the cost of generation. Hence, a new model "No electricity, No payment" is now being implemented during new extension of contracts.

BUSINESS ACTIVITIES AND OPERATING PERFORMANCE

Your Company, SPL along with its group Company is the largest private sector power generation company in Bangladesh. In 2000, SPL started its operation with 33 MW power plants and now after 20 years, the company contributes 976 MW to the national grid.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Currently, SPL and its subsidiaries/associate companies operate fifteen power plants of its own and another three power plants with co-ownership. SPL holds 17.64% of ownership of Khulna Power Company Limited (KPCL) and 30% of Summit Meghnaghat Power Company Limited (SMPCL).

Most of your power plants are operated on Build, Own and Operate (BOO) basis for an initial agreement term of 15 years. Ashulia I power plant (11.99 MW), Chandina I power plant (11.99 MW) and Madhabdhi I power plant (11.99 MW) received extensions from the Government for additional 05 years to generate electricity till August 2023.

The technology giant Wärtsilä has signed two major maintenance management and operational advisory agreements with Summit. These seven-year agreements represent the biggest ever signed service deal, in terms of MW generation, in Bangladesh's power & energy sector. The agreements cover two power plants owned by Summit Gazipur II Power Ltd and Ace Alliance Power Ltd (Gazipur I), subsidiaries of SPL. These power plants also received Wärtsilä's Valued Customer Recognition Award 2019 for excellent performance and execution of a fast-track power project complex in record time from the Mayor of the City of Vaasa, Finland, Tomas Häyry.

Summit Gazipur II received USD 140 Million in Project Financing from Clifford Capital and SMBC, Singapore.

Summit received USD 140 million in Project Financing from international commercial financial institutions for Summit Gazipur II Power Plant on 22nd April 2020 during the lockdowns in both Bangladesh and Singapore. The Bangladesh Bank (BB), Power Division and BPDB had extended outstanding support in processing various approvals during this lockdown period to facilitate the financing process.

The total revenue has decreased by 21% over last year because of the downward trend in the demand of electricity. However, the gross profit has increased by BDT 1,482 million mainly due to the positive impact of straight-lining, the method of capacity payment based equalised revenue recognition as operating lease income over the period of PPA term, by applying IFRS 16: Leases. After meeting net finance costs, the net profit has increased by BDT 1,202 million, a 16.50% increase over the last year. A summary of financial performance of the Company is presented below in million BDT:

Particulars	For the year ended 30 June 2020	For the year ended 30 June 2019
Revenue	24,031	30,472
Cost of sales	(14,555)	(22,478)
Gross profit	**9,476**	**7,994**
Other income, net	293	236
General and admin expenses	(507)	(568)
Operating profit	**9,262**	**7,662**
Finance costs, net	(1,032)	(702)
Share of profit of equity-accounted investee	328	402
Net profit before income tax	**8,558**	**7,362**
Income tax	(73)	(79)
Net profit after income tax	**8,485**	**7,283**

Additional operating and financial data have been presented in the "Financial Highlights 2019-20", "Business Review 2019-20" and "Financial Review 2019-20" sections of the Annual Report.

FOREIGN INVESTMENTS

Due to the goodwill of your Company and its subsidiaries, these are being financed by renowned local and international banks, financial institutions and international organisations such as International Finance Corporation (IFC), Islamic Corporation for the Development of the Private Sector (ICD), Clifford Capital Pte Ltd, Sumitomo Mitsui Banking Corporation (SMBC), OPEC Fund for International Development (OFID), Deutsche Investitions- und EntwicklungsgesellschaftmbH (DEG), NederlandseFinancierings-MaatschappijVoo rOntwikkelingslanden N.V. (FMO) and Infrastructure Development Company Limited (IDCOL) etc.

PROFIT APPROPRIATION

During the FY 2019-20, the net profit attributable to the owners of the Company amounted to BDT 5,525 million. Company's financial situation for the year ended on 30th June 2020 for appropriation is as follows:

Particulars	Amount in Million BDT	
Net profit for the year	5,525	
Profit brought forward	11,016	
Profit available for appropriation		**16,541**
Appropriations:		
Interim cash dividend	1,602	
Proposed final cash dividend	2,136	
Total appropriation for the year	3,738	
Transferred to retained earnings		**12,803**

OTHER DISCLOSURES:

Dividend: The Board of Directors of the Company recommends 35% (BDT 3.50 per share) cash dividend for the year ended on 30 June 2020. Out of which 15% (BDT 1.50 per share) cash has already been disbursed as interim dividend. Further 20% (BDT 2.00 per share) final cash dividend will be disbursed subject to approval by the shareholders in the 23rdAGM scheduled to be held on 14th December 2020.

Utilisation of proceeds from public issues, rights issues and/or through any other instrument: Initial Public Offering (IPO) of SPL made in 2005 and funds raised through issuance of Rights Shares in 2008 were utilised and reported accordingly to the regulators. No further issue of any instrument was made during the financial year.

Significant variance between Quarterly and Annual Financial Statements: No significant variations have occurred between the quarterly and final financial results of the Company during the year under report.

Extra-ordinary gain or loss: As per IAS 1: No extra-ordinary gain or loss has been recognised in the financial statements.

Related Party Transaction: The related party transactions carried out by the Company on commercial basis during the year have been disclosed in the Note no 48 to the Financial Statements.

Risk Landscape and Remedial Measures: The Company has exposures to credit, liquidity and market risks from its use of the financial instruments. The details of the risk is available in the Note no 43 to the Financial Statements.

Directors' Election and Re-appointment: As per Article 23(a) of the Articles of Association, Mr. Muhammed Aziz Khan, Mr. Md. Latif Khan, Mr. JaferUmmeed Khan and Mr. Md. Farid Khan will retire in the 23rd Annual General Meeting by rotation and being eligible, offer themselves for re-election.

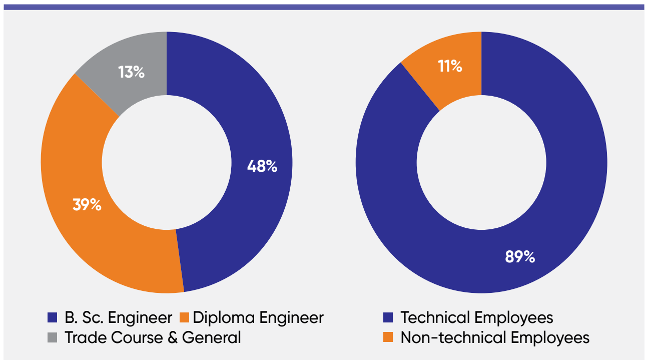
Mr. Helal Uddin Ahmed and Mr. Syed FazlulHaque FCA tendered their resignation from the Board on 29th September 2020 as representative of general shareholders because they do not hold qualifying shares of 2% of the Company's paid-up capital as per BSEC Notification No: BSEC/CMRRCD/2009-193/217/Admin/90. The Board accepted their resignations. However, Mr. Helal Uddin Ahmed has been nominated by Summit Corporation Limited and in exercise of the power vested in Article 20(c) of the company's Articles of Association, the Board appointed Mr. Helal Uddin Ahmed as a Director in its meeting held on 7th October 2020. Mr. Ahmed will retire in this AGM and being eligible, offered him for re- election.

Mr. Mustafizur Rahman Khan, Independent Director, shall also retire in the 23rd Annual General Meeting. He has completed consecutive two tenures (3 years each) and will not be eligible for re-election as per Clause no 2(e) of BSEC notification no BSEC/CMRRCD/2006-158/207/Admin/80.

HUMAN RESOURCES

One of the most important resources and key to a successful company is its people. Summit places great emphasis on the development of its employees and therefore the company undertakes appropriate training and workshops to develop and equip the employees with essential skills, and update their knowledge in respective functional areas. SPL has implemented Training Needs Analysis (TNA) as part of its training system. The aspects of TNA includes determining what is required, to complete the work against existing competency level of employees and mitigating the gap, if any.

DIRECTORS' REPORT TO THE SHAREHOLDERS



SPL also has an enriched Employment Policy with appropriate job descriptions and responsibilities. A detailed succession planning is considered every year to ensure good working environment and knowledge enhancement of employees. A yearly performance appraisal is carried out to reward and encourage diligent employees and assess their training requirements. The Remuneration Committee also awards annual increments and other compensations.

In the initial days of nationwide lockdown due to COVID-19 pandemic, the SPL Board confidently declared that Summit will continue to pay all the employees full salary, wages and benefits however long COVID lasts. Summit Group formed the COVID-19 Management Response Team (CMRT) with representatives from senior management of various subsidiaries. The team ensured clear instructions on health safety, training and supplied necessary personal protective equipment at the headquarter and at the plant levels.

Summit signed an Employee Healthcare Service Agreement with Bangladesh Specialized Hospital Limited (BSHL) for proper medical support to all employees

The company has consistently followed all the guidelines and instructions provided by the Government of Bangladesh for effective containment and management of COVID-19. We are also allowing employees to work from home, who have symptoms of COVID-19 or were in contact with COVID-19 positive identified patients. We also keep hand sanitizer available throughout the office premises, ensure wearing masks, maintain social distance and relevant precautionary instructions provided by the Corporate Headquarter from time to time. We also conducted an awareness training session with third party office staff to increase awareness.

STATUS OF COMPLIANCE

In accordance with the requirement stipulated in condition no-7.00 of the BSEC notification no - BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018 issued under section 2CC of the Ordinance 1969, the "Status of Compliance with Corporate Governance Code" and the "Certificate on Compliance on the Corporate Governance" from MAK & Co. Chartered Accountants are presented in the Annual Report. As the sole authority for adoption of relevant framework and standards for financial reporting in Bangladesh, the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board in its original version.

As per BSEC notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018, the Nomination and Remuneration Committee (NRC) has been formed in the board meeting held on 7th October 2020 as follows:

Name	Board Position	Position in the Committee
Mr. Mustafizur Rahman Khan	Independent Director	Chairman
Mr. Jafer Ummeed Khan	Non-Executive Director	Member
Mr. Muhammad Farid Khan	Non-Executive Director	Member

During the financial year ended on 30th June 2020, six Board meetings were held. The Directors, who could not attend the meetings, were granted leave of absence. The Directors who attended the Board meetings during their respective tenures are shown below:

Sl.	Name of Directors	Attendance
1	Mr. Muhammed Aziz Khan	6
2	Mr. Md. Latif Khan	6
3	Mrs. Anjuman Aziz Khan	4
4	Mr. Jafer Ummeed Khan	5
5	Mr. Md. Farid Khan	4

Sl.	Name of Directors	Attendance
6	Ms. Ayesha Aziz Khan	3
7	Mr. Faisal Karim Khan	6
8	Ms. Azeeza Aziz Khan	5
9	Mr. Syed Fazlul Haque FCA	6
10	Mr. Faruq Ahmed Siddiqi	5
11	Mr. Mustafizur Rahman Khan	6
12	Mr. Junayed Ahmed Chowdhury	3
13	Mr. Helal Uddin Ahmed	6
14	Mr. Md. Arif Al Islam	5
15	Lt. Gen. (Retd.) Engr. Abdul Wadud	6

Remuneration and other related perquisites/benefits of Executive Directors are reviewed annually and approved by the Board as disclosed in the Note no 48(a) to the Financial Statements. Non-Executive Directors including Independent Directors are paid only attendance fee per meeting.

CORPORATE GOVERNANCE

The company has adopted "Code of Conduct and Ethics" and "Statement of Corporate Governance" in 2011. The Statement describes the responsibilities of the Board, its procedures, responsibility of the management, internal control framework. SPL also secured the first position of The Institute of Cost and Management Accountants of Bangladesh (ICMAB) Best Corporate Award 2018 under the power generation category. This is the seventh time in a row that SPL has received this recognition from the ICMAB for corporate governance.

DIRECTORS' RESPONSIBILITIES AND REPORTING FRAMEWORK

The law requires that the financial statements of your Company would follow International Financial Reporting Standards (IFRS). This has been completely followed to fairly present the financial position and performance of the Company. The financial statements have been prepared in accordance with IFRS.

Appropriate accounting records have been maintained so that at any given point, the financial position of the Company can be reflected with reasonable accuracy, complying with Companies Act 1994 and other regulatory authorities.

In compliance with the requirements of the BSEC's notification dated 20th June 2018, the Directors are also pleased to make the following declarations in this report:

a. Financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity;

b. A statement that proper books of account 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 judgment;

d. International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;

e. Statement that the system of internal control is sound in design and has been effectively implemented and monitored;

f. Minority shareholders have been protected from abusive actions in the interest of controlling shareholders acting either directly or indirectly and have effective means of redress;

g. There is no significant doubt upon the Company's ability to continue as a going concern, if the issuer Company is not considered to be a going concern, the fact along with reasons thereof shall be disclosed;

h. Significant deviations from the last year's operating results of the Company shall be highlighted and the reasons thereof shall be explained;

i. Key operating and financial data of at least preceding 5 (five) years shall be summarised;

j. Significant plans and decisions, such as corporate restructuring, business expansion and discontinuation of operations as appropriate, future prospects, risks and uncertainties surrounding the Company have been outlined under the related captions of this report.

DIRECTORS' REPORT TO THE SHAREHOLDERS

AUDIT COMMITTEE AND AUDITORS

The audit committee meetings were held four times within this financial year and the committee members' attendance record is as below:

Name	Status	Attendance
Mr. Faruq Ahmed Siddiqi	Chairman	4
Mr. Faisal Karim Khan	Member	3
Ms. Azeeza Aziz Khan	Member	2
Mr. Syed Fazlul Haque FCA	Member	4
Mr. Mustafizur Rahman Khan	Member	3
Lt. Gen. (Retd.) Engr. Abdul Wadud	Member	4

Pursuant to SEC Order No. SEC/CMRRCD/2009-193/104/Admin dated 27th July 2011, present auditor A. Qasem & Co., Chartered Accountants has completed its second year of appointment for audit and therefore, they will be eligible for re-appointment in the ensuing 23rd AGM.

Your Board therefore, in its meeting held on 7th October 2020, resolved to recommend A. Qasem & Co., Chartered Accountants for appointment as the Statutory Auditors of the Company for the year 2020-21 subject to approval of the shareholders in the forthcoming Annual General Meeting.

GOING CONCERN

SPL has received long term AAA and short term 'ST-1' credit rating by Credit Rating Information & Services Limited (CRISL) consecutively for last 04 years. This indicates that SPL has the highest credit quality while short term rating ST-1 indicates highest certainty of timely repayment. These are the highest possible ratings. Therefore, the company adopted the going concern basis in preparing these financial statements.

CONTRIBUTION TO THE NATIONAL EXCHEQUER AND THE ECONOMY

In this financial year, SPL has generated 2,674 million KwH of electricity. During the unprecedented COVID-19 situation, uninterrupted power supply has enabled people to continue to work, study, shop and communicate online. It has also enabled healthcare professionals to provide their essential services through online and offline. A statement of contribution has been presented in the "Contribution to the National Exchequer and the Economy" section of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

This year SPL has contributed nearly Tk 3 Crore in health & COVID related donation, education, sports, arts & culture at community level. A detailed Corporate Social Responsibility (CSR) report is given in the "Environment, Social & Governance (ESG)" section of this Annual Report.

ACKNOWLEDGEMENT

The Board would like to extend special thanks to the shareholders for their continuous support. Also we would like to put on record the deep appreciation for the dedicated effort of the employees, both individually and collectively. The Board also recognises and appreciates the critical support provided by the families of the employees, especially during COVID-19, enabling them to focus on their work.

The trust and confidence of our valued customers, namely BPDB, BREB and Palli Bidyut Samitees (PBSs) that have been placed upon SPL, is our main driving force. The Board also expresses its heartfelt appreciation and gratitude to the Power Division, MPEMR as well as Bangladesh Petroleum Corporation (BPC), Summit Oil & Shipping Co. Ltd., Chittagong Port Authority (CPA), National Board of Revenue (NBR), Bangladesh Investment Development Authority (BIDA), Department of Environment (DoE), the Deputy Commissioners, the Superintendents of Police, contractors, vendors, consultants, local administration and the communities of our area of operation.

The Board would also like to express its humble gratitude to all the stakeholders including the national and international investors, banks, financial institutions, insurance companies and related regulatory authorities i.e. BSEC, Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Bangladesh Bank (BB) and Chief Controller of Imports and Exports (CCI&E).

May you all have a healthy, peaceful and prosperous life.

Thank you very much.

On behalf of the Board

Lt. Gen. (Retd.) Abdul Wadud
Managing Director
Dhaka, 7th October 2020