

DIRECTORS' REPORT

Bismillahir Rahmanir Rahim.

Dear Shareholders,

Assalamu Alaikum.

The Board of Directors of Doreen Power Generations and Systems Limited (DPGSL) has the pleasure to welcome you all to the 10th Annual General Meeting of the Company. The Directors delightfully presents before you the Audited Financial Statements of the Company for the year ended 30 June 2017 together with the Auditors' Report thereon and the Directors' Report for your consideration and adoption.

The Directors likes to furnish a clear picture of the Company to its valued shareholders. The reports on industry outlook and possible future developments in the industry, on risks and concern and on corporate governance annexed hereto and the tables, graphs and profiles shown separately will be treated as integral parts of this report.

4.1 Plant-Wise Performance

During the year 2016-17, the performance of different Power Plants was as stated below :

| Name of Power Plant | Capacity | Sum of Net Energy Output (Kwh) | Sum of Gas Consumption (Cubic Feet) | Revenue in (BDT) |
|-----------------------|----------|--------------------------------|-------------------------------------|------------------|
| Feni Power Plant | 22 MW | 152,371 | 43,176,821 | 372,686,255 |
| Narsingdi Power Plant | 22 MW | 124,966 | 40,117,439 | 357,766,923 |
| Tangail Power Plant | 22 MW | 139,612 | 40,476,443 | 360,568,697 |

4.2 Operational and Financial Highlights

The Directors are pleased to present the comparative operational and financial results (consolidated) for the year ended 30 June 2017 based on the year ended 30 June 2016:

| Particulars | Amount (Taka) | | % of Change |
|-------------------|-----------------|---------------|------------------------|
| | 2016-17 | 2015-16 | |
| Revenue | 5,150,748,279 | 1,189,835,036 | Increased by 332.90% |
| Cost of Sales | (3,735,565,039) | (795,479,307) | Increased by 369.60% |
| Gross Profit | 1,415,183,240 | 394,355,729 | Increased by 258.86% |
| Profit Before Tax | 740,880,950 | 39,947,197 | Increased by 1,754.65% |
| Profit After Tax | 736,983,344 | 38,452,062 | Increased by 1,816.63% |

Two power plants of 55 MW capacity each of our two subsidiaries started commercial operation during the year. CODs of one was 17 June 2016 and of another was 17 August 2016. Moreover, all the power plants were in operation with almost maximum capacity during the year. As a result, Revenue has increased by 332.90% and all other operational and financial results (i.e. Cost of Sales, Gross Profit, Profit Before Tax and Profit After Tax) moved positively.

4.3 Related Party Transactions

The related party transactions carried out by the Company on a commercial basis during the year have been disclosed in Note-40 under the Notes to the Financial Statements.

4.4 Key Operating and Financial Data

The Directors are pleased to present the Key Operating and Financial Data for the last 5 (five) years and the tabular presentation has been shown separately.

4.5 Financial Performance for the Last 5 (five) Years

The revenue and profits for last 5 (five) years of the company is as follows:

| Particulars | 30.06.2017 | 30.06.2016 | 30.06.2015 | 30.06.2014 | 30.06.2013 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>Taka</u> | <u>Taka</u> | <u>Taka</u> | <u>Taka</u> | <u>Taka</u> |
| Revenue | 5,150,748,279 | 1,189,835,036 | 1,082,372,595 | 1,049,028,427 | 1,041,291,215 |
| Cost of Sales | (3,735,565,039) | (791,458,229) | (646,369,722) | (626,027,545) | (612,226,355) |
| Gross profit | 1,415,183,240 | 398,376,807 | 436,002,873 | 423,000,882 | 429,064,860 |
| General Administrative Exp. | (186,672,562) | (102,847,335) | (67,818,455) | (62,034,551) | (67,986,789) |
| Pre Operating Expenses | (212,7238) | (41526298) | (40,955,630) | (21,629,629) | (16,354,806) |
| Profit from Operation | 1,228,297,940 | 254,003,174 | 327,228,788 | 339,336,702 | 344,723,265 |
| Other Income | - | 445,200 | 383,312 | 374,450 | 3,304,879 |
| Interest Income | 1,775,002 | 5,309,941 | 1,022,482 | 412,331 | 16,352,208 |
| Financial Expense | (481,473,112) | (210,510,650) | (194,769,046) | (181,210,500) | (212,128,857) |
| Loss on disposal of fixed assets | - | - | - | - | (3,476,561) |
| Non-operating Profit (Loss) | (479,698,110) | (204,755,509) | (193,363,252) | (180,423,719) | (195,948,331) |
| Net Profit before Contribution to WPP and WF Fund | 748,599,830 | 49,247,665 | 133,865,536 | 158,912,983 | 148,774,934 |
| Contribution to WPP & WF | (7,718,880) | (9,300,468) | (8,281,035) | (8,862,955) | (9,371,419) |
| Net profit before income tax | 740,880,950 | 39,947,197 | 125,584,501 | 150,050,028 | 139,403,515 |
| Current tax | (3,897,606) | (1,106,633) | (492,028) | (275,374) | (6,455,937) |
| Net profit after income tax | 736,983,344 | 38,840,564 | 125,092,473 | 149,774,654 | 132,947,578 |
| Dividend | | | | | |
| Share Capital | 960,000,000 | 800,000,000 | 600,000,000 | 600,000,000 | 600,000,000 |
| Net Non-Current Assets | 10,234,794,882 | 10,326,080,585 | 8,483,145,167 | 2,942,951,674 | 2,828,147,336 |
| EPS | 7.57 | 0.65 | 2.25 | 2.58 | 2.28 |

4.6 DIVIDEND FOR THE YEAR 2016-17

The Board recommends cash dividend @ 10% for all shareholders excluding the Sponsors/ Directors and stock dividend @ 10% for all shareholders for the year ended 30 June 2017. The Sponsors/Directors hold 72 million shares and the cash dividend to be payable to the General Shareholders is Tk. 24.00 million. So, the shareholders are entitled to get 01 (one) bonus shares of Tk. 10 (Taka Ten) each for holding every 10 (ten) shares on the record date, subject to approval by the shareholders at the 10th Annual General Meeting.

4.7 DIRECTORS' RETIREMENT & RE-APPOINTMENT/RE-ELECTION

With regard to the appointment/election, retirement and re-appointment/re-election of directors, the company is governed by its Articles of Association, the Companies Act 1994 and other related legislations. Accordingly, at the 10th Annual General Meeting, Mr. Tanzeer Alam Siddique will retire from the office of Director. He is however eligible for re-appointment. As required by BSEC's Corporate Governance Guidelines [condition 1.5 (xxii)], his details is disclosed separately under Profiles of Directors.

4.8 APPOINTMENT OF AUDITORS

M/s. ACNABIN, Chartered Accountants, having office at BDBL Bhaban (Level- 13 & 14), 12 Kawran Bazar Commercial Area, Dhaka-1215, Bangladesh, was re-appointed as the auditor by the company in its 9th AGM for another term till conclusion of the 10th AGM of the Company. M/s. ACNABIN has completed assignment of audit and will retire at the 10th AGM, and being qualified, have expressed their willingness to continue in the office next term. The Audit Committee and the Board recommend for re-appointment of M/s. ACNABIN as its auditor for the next year and till conclusion of the 11th AGM. The matter is placed for the consideration of the honorable shareholders.

4.9 Statement of Expenditure of IPO Proceeds for the period ended 30 June 2017

An amount of Tk. 58,00,00,000 was raised through Initial Public Offering (IPO). A Statement of Expenditure of the IPO proceeds as of 31 December 2016 is as follows:

| Estimated Cost for Project Implementation | | Estimated Time of Completion (after receiving IPO Proceeds) | Investment/ Expenses so far made | | Investment / Expenses yet to be made | |
|--|--------------------|---|----------------------------------|-------------|--------------------------------------|-----------|
| Purpose of Amount as per IPO Prospectus | Amount | | Amount | % | Amount | % |
| A. Project Implementation | | | | | | |
| 1. Co-Generations and Water Treatment and Purifying Unit Equipment | 26,000,000 | 4 Months | 26,000,000 | 100% | - | 0% |
| 2. Building Foundation and other constructions | 116,000,000 | 6 Months | 116,000,000 | 100% | - | 0% |
| 3. Testing and Commissioning (Lube Oil) | 50,000,000 | 1 Month | 50,000,000 | 100% | - | 0% |
| 4. Emergency Spare Parts | 50,000,000 | 4 Months | 50,000,000 | 100% | - | 0% |
| 5. Fuel Storage Tank at Plant | 17,000,000 | 1 Month | 17,000,000 | 100% | - | 0% |
| 6. Power Evacuation | 16,000,000 | 1 Month | 16,000,000 | 100% | - | 0% |
| 7. Sub Station | 60,980,000 | 1 Month | 60,980,000 | 100% | - | 0% |
| 8. Rent for Fuel Storage Tank in Chittagong | 33,000,000 | 4 Months | 33,000,000 | 100% | - | 0% |
| 9. Loan Repayment | 190,000,000 | 4 Months | 190,000,000 | 100% | - | 0% |
| B. IPO Expenses | 21,020,000 | As and when required | 18,661,914 | 89% | 2,398,086 | 11% |
| Lube Oil Expenses | | | 23,98,086 | | (2,398,086) | (11%) |
| | 580,000,000 | | 580,000,000 | 100% | - | 0% |

Management has spent an amount of Tk.23,98,086 under the head of Lube Oil Expense from remaining balance of budgeted IPO expenses after taking approval of shareholders in 9th AGM held on 18 December 2016 in compliance with Condition No: 6, PART-C of BSEC Consent Letter No. SEC/CI/IPO/-195/2012/12 dated January 07, 2016.

4.10 BOARD MEETINGS AND ATTENDANCE

The Directors meet regularly for smooth operation and management of Company. During the year ended 30 June 2017, a total of 08 (eight) Board Meetings were held. Attendance of the Directors in the meetings was as follows:

| NAME & DESIGNATION OF DIRECTORS | TENURE OF DIRECTORSHIP | NUMBER OF MEETINGS | |
|--|------------------------|--------------------|----------|
| | | HELD | ATTENDED |
| Ms. Parveen Alam, Chairman | Since 18.12.2016 | 8 | 8 |
| Mr. Tahzeeb Alam Siddique, Managing Director | Since 17.08.2017 | 8 | 8 |
| Mr. Tanzeer Alam Siddique, Director | Since 14.12.2014 | 8 | 8 |
| Ms. Anjabee n Alam Siddique, Director | Since 23.12.2015 | 8 | 8 |
| Mr. Mahtab Bin-Ahmed, Independent Director | Since 23.12.2015 | 8 | 7 |

4.11 REMUNERATION TO DIRECTORS

During the year ended 30 June 2017, only the Managing Director was paid remuneration/ allowance of an amount of Tk. 39,60,000. Any other Director (even the Independent Director) did not take any remuneration/ allowance from the Company.

4.12 THE PATTERN OF SHAREHOLDING

As per condition 1.5 (xxi) of the Corporate Governance Guidelines issued by BSEC, the shareholding pattern as on 30 June 2017 was as follows :

| SL | Name of Shareholder | Description | Number of Shares | Amount (Taka) | % |
|--|---|----------------------|------------------|---------------|--------|
| A. Parent/Subsidiary/Associated Companies and other related parties (name wise details) | | | | | |
| 1 | Asian Entech Power Corporation Limited | Parent Company | 69,054,540 | 690,545,400 | 71.93% |
| 2 | OPG Energy Pvt. Ltd. | Sponsor Company | 65,460 | 654,600 | 0.07% |
| B. (i) Directors and their spouses and minor children (name wise details) | | | | | |
| 1 | Ms. Parveen Alam | Chairman | 2,280,000 | 22,80,000 | 2.38% |
| 2 | Mr. Tahzeeb Alam Siddique [Nominated by Asian Entech Power corporation Limited] | Managing Director | Nil | Nil | Nil |
| 3 | Mr. Tanzeer Alam Siddique [Nominated by Asian Entech Power corporation Limited] | Director | Nil | Nil | Nil |
| 4 | Ms. Anjabeen Alam Siddique [Nominated by Asian Entech Power corporation Limited] | Director | 590,172 | 5,901,720 | 0.61% |
| 5 | Mr. Mahtab Bin-Ahmed | Independent Director | Nil | Nil | Nil |

| SL | Name of Shareholder | Description | Number of Shares | Amount (Taka) | % |
|---|--|------------------------------|------------------|---------------|--------|
| B. (ii) CFO, Company Secretary & Head of Internal Audit and their spouses and minor children (name wise details) | | | | | |
| 1 | Mr. Afroz Alam | Chief Financial Officer | Nil | Nil | Nil |
| 2 | Mr. Masudur Rahman Bhuiyan ACS | Company Secretary | Nil | Nil | Nil |
| 3 | Mr. Taimur Alam ACMA | Head of Internal Audit | Nil | Nil | Nil |
| C. Executives [Top 5 salaried employees] | | | | | |
| 1 | Mr. Mostaf Moin | Chief Executive Officer | Nil | Nil | Nil |
| 2 | Mr. Fazle Elahi Khan | Chief Development Officer | Nil | Nil | Nil |
| 3 | Mr. Iqbal Hossain | Chief Administrative Officer | Nil | Nil | Nil |
| 4 | Mr. Wahiduzzaman | Chief Operating Officer | Nil | Nil | Nil |
| 5 | Mr. Sultan Reza Bin Mahmood | DGM & Plant In charge | Nil | Nil | Nil |
| D. Shareholders holding ten percent (10%) or more voting interest in the Company | | | | | |
| 1 | Asian Entech Power Corporation Limited | Parent Company | 69,054,540 | 690,545,400 | 71.93% |

4.13 CORPORATE SOCIAL RESPONSIBILITY

Doreen Power Generations and Systems Ltd. is maintaining a good Corporate Social Responsibility (CSR) by ensuring good environmental policies and protections to minimize the environmental impact issues to the surrounding environment of its all power plants.

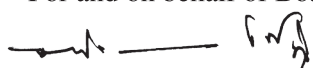
4.14 CORPORATE GOVERNANCE

BSEC has imposed Corporate Governance Guidelines which are mandatory to comply with by all the issuers of securities listed with the stock exchanges of Bangladesh. DPGSL has ensured compliance of all conditions of the said guidelines. The Status of Compliance of BSEC's Corporate Governance Guidelines is shown at Annexure – VI and Certificate thereon has been annexed at annexure-VII Moreover, a separate Report on Corporate Governance is placed as Annexure - V.

4.15 ACKNOWLEDGEMENT

The Directors wish to place on record their profound and sincere gratitude to the government agencies, regulatory authorities, bankers, business constituents, suppliers, auditors, consultants and valued shareholders for their continued co-operation and support to the Company. They also express their deep appreciation for the devoted and sincere services rendered by the employees at all levels of the Company and expect that such devotion will continue in future also.

For and on behalf of Board of Directors



Tahzeeb Alam Siddique
Managing Director
Dated: Dhaka, 23/10/2017