Early Warning System

IFC-37593

Summit Mezzanine

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Quick Facts

Countries	Bangladesh
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	A
Voting Date	2016-08-04
Borrower	POWER INTERNATIONAL PTE LTD
Sectors	Energy
Investment Type(s)	Loan
Investment Amount (USD)	$ 65.00 million

Project Description

PROJECT DESCRIPTION

Summit Corporation Limited (SCL, formerly Summit Industrial & Mercantile Corporation (Pvt.) Limited), established in 1985 in Bangladesh, is the core holding company of Summit Group's power sector assets. SCL currently produces around 1,460MW of power, which is around 13% of the total power generation capacity of Bangladesh, making it the largest independent power producer in Bangladesh. As per the private sector power generation policy of Bangladesh, Summit sells electricity to the Bangladesh Power Development Board (BPDB) and Bangladesh Rural Electrification Board (BREB) only.SCL operates both gas based - reciprocating type and combined cycle and Heavy Fuel Oil (HFO) based power plants through its subsidiaries - turbine division and Summit Power Limited (SPL). The turbine division of SCL currently comprises two subsidiary companies namely i) Summit Bibiyana II Power Company Ltd. (SBIICL); and (iii) Summit Meghnaghat Power Company Ltd. (SMPCL). SMPCL has one dual fuel based 335 MW power plant operational since 2014 at Meghnaghat and SBIIPCL has commissioned a 341 MW gas based plant in 2015 at Hobibganj, Bibiyana.SPL which is a subsidiary of SCL is a holding company and comprises of five subsidiary companies including: (i) Summit Narayanganj Power Ltd. (SNPL), (ii) Summit Purbanchal Power Company Ltd. (SPPCL), (iii) Summit Uttaranchal Power Company Ltd. (SUPCL), (iv) Summit Narayanganj Power Unit II Ltd. (SNPUIIL); and (v) Summit Barisal Power Ltd. (SBPL). SPL also holds 17.64% of the ownership of Khulna Power Company Limited (KPCL) which has three HFO based power plants: (i) 110 MW (operational since 1998) at Goalpara, Khulna (ii) 115 MW (operational since 2011) at Goalpara, Khulna and (iii) 40 MW (operational since 2011) at Noapara, Jessore. SPL along with its subsidiaries owns and operates 08 (eight) power plants at different locations in Bangladesh having a total generation capacity of 317 MW and the current assets include: (i) three gas based power projects having capacity of 45 MW at Ashulia, 35 MW at Narsingdi and 25 MW at Comilla and operational since 2001, 2006 and 2007 respectively under SPL; (ii) gas based projects of 11 MW at Ullapara and 33 MW at Maona operational since 2009 under SUPCL, (iii) two gas based projects of 33 MW capacity each at Jangalia and Rupganj operational since 2009 under SPPCL; and (iv) 102 MW HFO based power plant at Madanganj operational since 2011under SNPL. Two new power plants are under construction with a total generation capacity of 165 MW: (i) 110 MW HFO based plant at Barisal for SBPL and (ii) 55 MW HFO based plant at Narayanganj by SNPUIIL. There are four proposed projects in the pipeline to be developed which include a 200 MW HFO plant at Chittagong, a 165 MW HFO plant at Gazipur, a 350 MW dual fuel (LNG/HFO plant) at Meghnaghat and a 660 MW LNG based plant at Anwara Chittagong.IFC is considering a convertible loan investment of up to US$170 million, from its own account, IFC's Asset Management Company, and certain other potential co-investors, to a Singapore holding company to be established by the Khan Family, to help SCL meet its equity funding requirements for its future power projects in Bangladesh.

OVERVIEW OF IFC'S SCOPE OF REVIEW

IFC's review included interviews with SPL's and turbine divisions' key corporate staff responsible for business development, construction and operations, environment, health and safety (EHS), social responsibility and human resources; and review of internal documents and records related to the company's environmental and social (E&S) programs, procedures, and standards. Among others, the review focused on: corporate Integrated Management System (IMS); corporate EHS management plans; corporate EHS staffing; and corporate Human Resource (HR) policy & procedures. A sample of projects, both under implementation and in operation phase, were reviewed to: assess the company's capacity to implement the projects in accordance with the IFC PSs; identify any areas in the company's E&S management procedures that need to be strengthened; and develop an action plan to address the areas of improvement. IFC staff also conducted visits to i) HFO based power plants at Madanganj, Narayanganj of SNPL (Unit I - 102 MW operational since 2011 and Unit II- 55MW presently under testing phase and soon to be commissioned); and ii) HFO based power plants of KPCL (Unit I - 110 MW barge mounted and Unit II - 115 MW

Investment Description

- International Finance Corporation (IFC)

The Sponsor, the Khan Family, owns one of the largest business groups in Bangladesh with interests across power, energy, trading, port operations, telecommunications and real estate (the Summit Group). The Summit Group was founded in 1972 by its current Chairman, Mr. Muhammed Aziz Khan, and the power business that now forms SCL was set up in 1985. IFC had previously financed SCL's Khulna Power Plant in 1999 and Bibiyana II Project in 2015.

Contact Information

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/

CONTACTS

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Bank Documents

- Environmental and Social Assessment and Management System
- Set I - Corporate ESMS Review for SCL.pdf
- Set II - ESDD report for gas based projects of SPL.pdf
- Set III - ESDD report for HFO based projects of SPL.pdf
- Set IV - ESDD report for projects of Summit's Turbine Division.pdf
- Set V - ESDD report for projects under KPCL.pdf
- Set VI - ESDD report for proposed projects of SCL.pdf