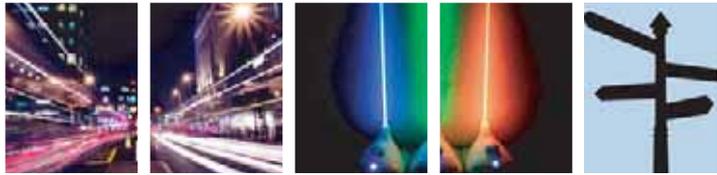




**ANNUAL REPORT 2010**

**DHAKA ELECTRIC SUPPLY COMPANY LIMITED**





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## Notice of the 14<sup>th</sup> Annual General Meeting

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**Dhaka Electric Supply Company Ltd. (DESCO)**  
**House # 3, Road # 24, Block # K, Banani Model Town, Dhaka - 1213.**



## **DHAKA ELECTRIC SUPPLY COMPANY LTD.**

Notice is hereby given that the 14<sup>th</sup> Annual General Meeting of **Dhaka Electric Supply Company Ltd.** (DESCO) will be held on Monday, the 3<sup>rd</sup> January, 2011 at 11:00 a.m. at Bashundhara Convention Center, Bashundhara Residential Area, Baridhara, Dhaka to transact the following business:

### **Agenda**

1. To receive, consider and adopt Directors' and Auditors' Reports and the Audited Financial Statements of the Company for the year ended June 30, 2010.
2. To declare Dividend for the year ended June 30, 2010.
3. To elect Directors.
4. To appoint Auditors for the FY 2010-11 and fix their remuneration.

Shareholders of the Company are hereby requested to kindly make it convenient to attend the Meeting in time.

By order of the Board,

**A. H. M. Nurul Huda**

Company Secretary

Date: December 12, 2010

**Registered Office**

House # 3, Road # 24, Block # K

Banani Model Town, Dhaka - 1213

### **Notes:**

1. Shareholders whose names appeared in the CDS/Company's Register on the record date of 11/11/2010 will be eligible to attend the meeting and will be entitled for dividend for the year ended June 30, 2010.
2. A member eligible to attend and vote at the Annual General Meeting, may appoint a proxy on his/her stead. The proxy form attached with this report, duly filled in, signed and stamped, must be submitted at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
3. Admission to the hall will be strictly on production of the attendance slip sent with the Annual Report.
4. For the sake of convenience, shareholders are requested to submit their queries on the Directors' Report and/or the Audited Financial Statements for the year ended June 30, 2010, if any, at the Registered Office of the Company at least 3 (three) working days before the day of Annual General Meeting.



## Milestones

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**1996**  
**November 03, 1996**  
Certificate of Incorporation

**December 19, 1996**  
First Board Meeting

**1998**  
**September 24, 1998**  
Take over of Mirpur area from erstwhile DESA and commencement of commercial operation

**2003**  
**April 09, 2003**  
Take over of Gulshan Circle from erstwhile DESA

**2004**  
**February 15, 2004**  
Establishment of Sales & Distribution (S&D) Division

**2005**  
**September 07, 2005**  
Inauguration of Prepaid Metering System

**2006**  
**June 18, 2006**  
Company goes public

**2007**  
**March 03, 2007**  
Take over of Tongi Pourashava Area  
**November 15, 2007**  
Distribution license from BERC

**2008**  
**November 11, 2008**  
Inauguration of Data Acquisition System



## Vision

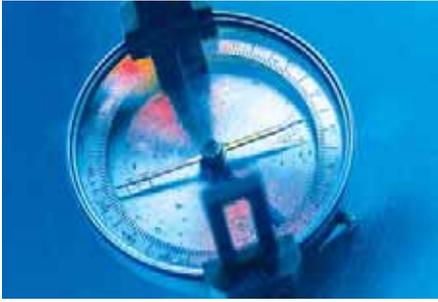
To be a role-model electric supply company in the region using most dependable technologies and be a development partner in the continuous welfare of the society.

## Mission

Service to the utmost satisfaction of the consumers through reliable and uninterrupted power supply and provide value for money. Provide congenial working environment for the employees.

## Corporate Philosophy

Service excellence with integrity and corporate social responsibility.



## Board of Directors

---

### Chairman and Managing Director



**Md. Shahjahan Siddiqui, *Bir Bikram***  
Chairman  
Former Secretary, Govt. of the People's Republic of Bangladesh



**Saleh Ahmed**  
Managing Director  
up to 19/08/2010



**Manzur Rahman**  
Managing Director (In-charge) & Director (Engineering)  
from 20/08/2010

## Directors



**Md. Fazlul Hoque**  
Member (Finance)  
Bangladesh Power Development Board



**Foiz Ahamed**  
Joint Secretary (Admin), Power Division  
Ministry of Power, Energy & Mineral Resources



**Begum Salma Benthe Kadir**  
Joint Secretary (Drafting-4)  
Legislative & Parliamentary Affairs Division  
Ministry of Law, Justice & Parliamentary Affairs



**Prof. Dr. M. M. Shahidul Hasan**  
Department of Electrical and  
Electronic Engineering, BUET



**S R Akhtar**  
Superintending Engineer (Retd.)  
Erstwhile Dhaka Electric  
Supply Authority (DESA)



**Engineer Mohammad Harun**  
Proprietor  
Regal Enterprise, Chittagong



**Md. Abdus Sobhan**  
Managing Director  
Dhaka Power Distribution Company Limited (DPDC)

<b>MANAGING DIRECTOR (In-charge) &amp; DIRECTOR (Engineering)</b>	Monzur Rahman
<b>DIRECTOR (Procurement, Finance &amp; Accounts)</b>	Qudrate Khuda
<b>COMPANY SECRETARY</b>	A. H. M. Nurul Huda
<b>TAX ADVISOR</b>	Rahman Mostafa Alam & Co. Chartered Accountants
<b>LEGAL ADVISOR</b>	Sheikh & Chowdhury
<b>AUDITORS</b>	Aziz Halim Khair Choudhury Chartered Accountants

## Corporate Directory

### BANKERS

- |  |   |
|--|---|
| 01. Arab Bangladesh Bank Limited       | 19. National Credit & Commerce Bank Limited                   |
| 02. Agrani Bank Limited                | 20. National Bank Limited                                     |
| 03. Al-Arafa Islami Bank Limited       | 21. One Bank Limited  |
| 04. Bank Alfalah Limited               | 22. ICB Islami Bank Limited                                   |
| 05. Bangladesh Krishi Bank             | 23. Pubali Bank Limited                                       |
| 06. Bank Asia Limited                  | 24. Premier Bank Limited                                      |
| 07. Bangladesh Commerce Bank           | 25. Prime Bank Limited  |
| 08. BRAC Bank                          | 26. Rupali Bank Limited                                       |
| 09. City Bank N.A.                     | 27. Standard Bank Limited                                     |
| 10. Dutch Bangla Bank Limited          | 28. Shahjalal Islami Bank Limited                             |
| 11. Dhaka Bank Limited                 | 29. Standard Chartered Bank Limited                           |
| 12. Eastern Bank Limited               | 30. Southeast Bank Limited                                    |
| 13. First Security Islami Bank Limited | 31. Social Islami Bank Limited                                |
| 14. IFIC Bank Limited                  | 32. Sonali Bank Limited                                       |
| 15. Janata Bank Limited                | 33. Trust Bank Limited  |
| 16. Jamuna Bank Limited                | 34. The City Bank Limited                                     |
| 17. Mercantile Bank Limited            | 35. The Hongkong and Shanghai Bank Corporation Limited (HSBC) |
| 18. Mutual Trust Bank Limited          |   |

## CORPORATE OFFICE

House # 3, Road # 24, Block # K  
 Banani Model Town, Dhaka - 1213  
 Telephone: 8859642, 8860341  
 Fax: 8854648  
 E-mail: info@desco.org.bd  
 mddesco@bdcom.com  
 Web: www.desco.org.bd

## Sales and Distribution (S&D) Divisions

1. KALLYANPUR	House #4, Road #17 Block #C, Section #10, Mirpur, Dhaka 1216 Phone: 9014846, 9007709, Fax: 8023984 E-mail: kallyanpur.ssd@desco.org.bd COMPLAIN: 9144714
2. KAFRUL	House #4, Road #17 Block #C, Section #10, Mirpur, Dhaka 1216 Phone: 8021344, Fax: 8019852 E-mail: kafrul.ssd@desco.org.bd COMPLAIN: 9001119
3. PALLABI	House #4, Road #17 Block #C, Section #10, Mirpur, Dhaka 1216 Phone: 8052016 (direct), 9002026, Fax: 8019852 E-mail: pallabi.ssd@desco.org.bd COMPLAIN: 9001051
4. GULSHAN	House #47, Road #134, Gulshan-1, Dhaka-1212 Phone: 8859493 (direct), 8825759 Ext. 101 E-mail: gulshan.ssd@desco.org.bd COMPLAIN: 9895045
5. BARIDHARA	House #1/A, Road #2/A Block #J, Notun Bajar Baridhara, Dhaka Phone: 8855244 (direct), 9895117 Ext. 222 E-mail: baridhara.ssd@desco.org.bd COMPLAIN: 9895117
6. UTTARA	20/21, Shahjalal Avenue Sector #6, Uttara, Dhaka 1230 Phone: 8959145 (direct), 8914265, 8911260 Ext. 101 E-mail: uttara.ssd@desco.org.bd COMPLAIN: 8919574
7. DAKSHINKHAN	Dag #3503/3504 Mollah Para, Dakhinkhan, Dhaka-1230 Phone: 8911289 E-mail: dakshinkhan.ssd@desco.org.bd COMPLAIN: 9812398
8. TONGI (EAST)	Squib Road, Cherag Ali, Tongi, Gazipur Phone: 9815901 E-mail: tongieast.ssd@desco.org.bd COMPLAIN: 9815904
9. TONGI (WEST)	Squib Road, Cherag Ali, Tongi, Gazipur Phone: 9815921 E-mail: tongiwest.ssd@desco.org.bd COMPLAIN: 9801080



# Technical & Commercial Highlights

## Technical

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
1. 33/11KV Sub-stations (No.)	13	13	16	19	21	21	22
2. Capacity of 33/11KV Sub-stations	425/493	430/602	620/868	680/952	760/1064	760/1064	770/1078
3. Maximum Demand (MW)	351.82	377.25	397.30	451.00	505.00	545.00	622.00
4. 33KV Overhead Line (KM)	76.70	76.70	76.70	82.80	82.80	82.80	82.80
5. 33KV Underground Line (KM)	125.30	142.80	143.80	182.20	182.20	184.84	208.37
6. 11KV Overhead Line (KM)	552.00	600.00	720.00	860.40	910.07	959.25	1017.86
7. 11KV Underground Line (KM)	205.00	238.00	262.00	314.35	317.10	318.72	350.12
8. LT Line	1021.00	1105.00	1250.00	1473.25	1517.44	1591.39	1671.88
9. Distribution Transformer (No.)	3594	3785	4106	4316	4497	4563	4810

## Commercial

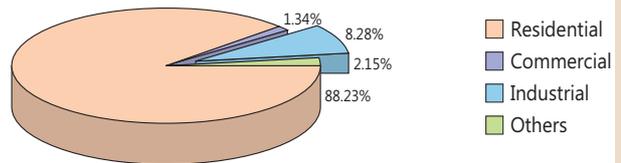
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
1. Energy Import (MKWh.)	1739.87	1842.89	2023.22	2191.46	2573.76	2742.96	2933.72
2. Energy Import (MTk.)	3775.52	3999.07	4390.39	4946.36	6151.29	7117.53	7845.65
3. Energy Sales (MKWh.)	1405.03	1536.31	1695.55	1897.01	2293.03	2474.51	2673.69
4. Energy Sales (MTk.)	4902.32	5466.09	6423.74	7380.98	9094.19	9888.30	10911.20
5. System Loss (%)	19.24	16.64	16.20	13.44	10.91	9.79	8.86
6. Collection Ratio (%)	87.83	97.07	96.63	104.40	100.01	98.18	98.75
7. C.I. Ratio (%)	77.39	80.92	80.98	90.37	89.10	88.57	90.00
8. Consumer Nos.	241964	259580	281960	347614	385037	415842	446129
9. Receivable/Sales (%)	64.24	44.40	38.72	26.52	21.73	22.48	20.69



# Performance

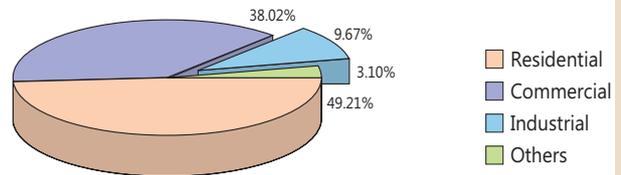
## Consumer Mix

Category	Consumer Number	(%)
Residential	393639	88.23
Industrial	5979	01.34
Commercial	36957	08.28
Others	9554	02.15

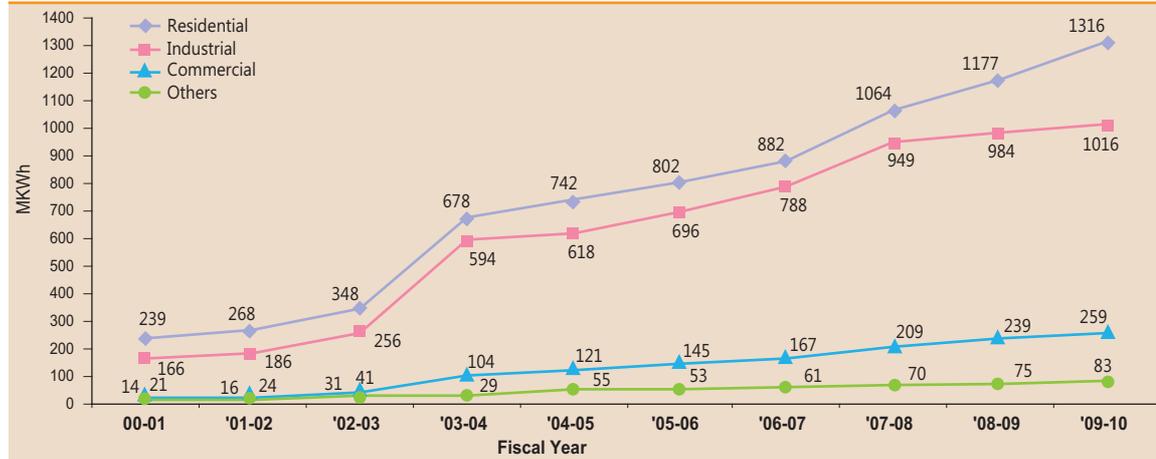


## Consumption Pattern

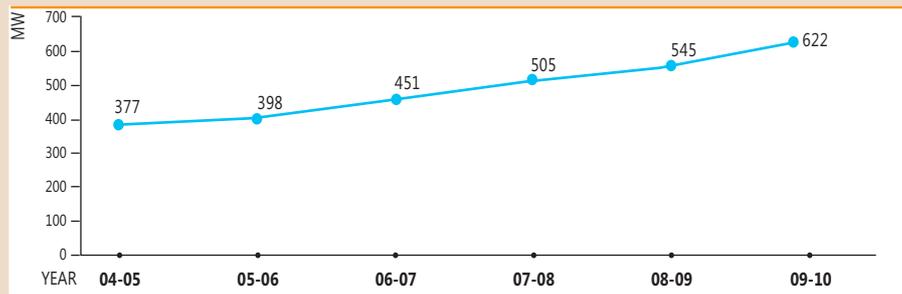
Category	Consumption (MKWh)	(%)
Residential	1315.766	49.21
Industrial	1016.295	38.02
Commercial	258.421	9.67
Others	83.205	3.10



## Consumption Growth

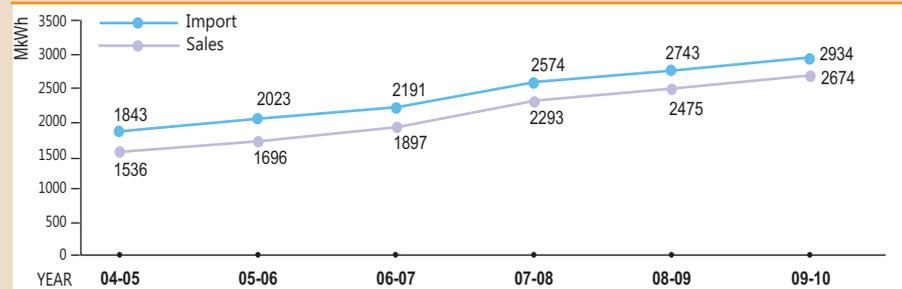


## Load Growth



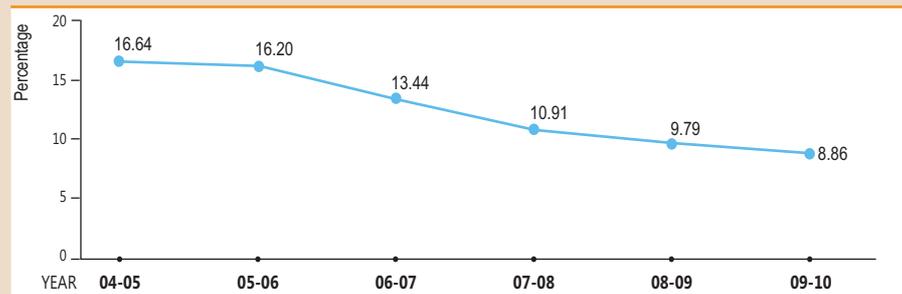
YEAR	MW
04-05	377
05-06	397
06-07	451
07-08	505
08-09	545
09-10	622

## Import & Sales



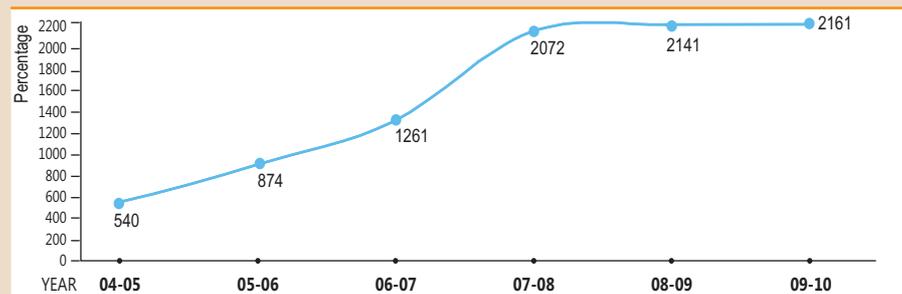
YEAR	Import MWh	Sales MWh
04-05	1843	1536
05-06	2023	1696
06-07	2191	1897
07-08	2574	2293
08-09	2743	2475
09-10	2934	2674

## System Loss



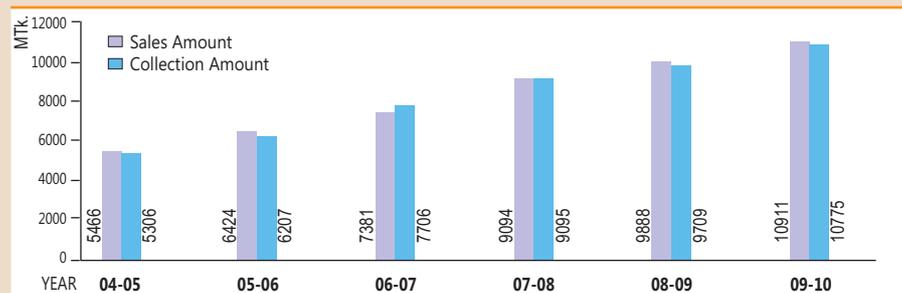
YEAR	System Loss (%)
04-05	16.64
05-06	16.20
06-07	13.44
07-08	10.91
08-09	9.79
09-10	8.86

## Profit / (Loss)

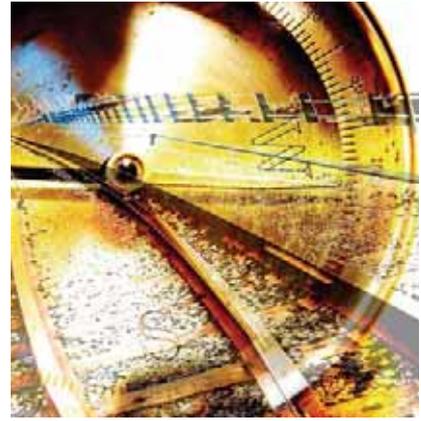


YEAR	Profit-Loss (MTK)
04-05	540
05-06	874
06-07	1261
07-08	2072
08-09	2141
09-10	2161

## Billing and Collection



YEAR	Ratio (%)
04-05	97.07
05-06	96.63
06-07	104.40
07-08	101.01
08-09	99.13
09-10	99.31



# Directors' Report

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## Directors' Report to the Shareholders



**Md. Shahjahan Siddiqui, Bir Bikram**  
Chairman

### **Dear Shareholders,**

*I take great pleasure to welcome you on behalf of the Board of Directors to the 14<sup>th</sup> Annual General Meeting of Dhaka Electric Supply Company Limited (DESCO) and to place before you the Audited Accounts for the financial year ended on June 30, 2010 along with the Auditors' and the Directors' Reports thereon.*

## The Company

You are aware that as a part of on-going Power Sector Reforms by way of unbundling the Power Sector and increasing efficiency in the area of generation, transmission and distribution, Dhaka Electric Supply Co. Ltd. (DESCO) was created as a distribution company in November 1996 under the Companies Act 1994 as a Public Limited Company with an Authorized Capital of Tk. 5.00 billion. However, the operational activities of DESCO at the field level commenced on September 24, 1998 with the taking over of the electric distribution system of Mirpur area (comprising Kallayanpur, Kafrul, Pallabi Sales & Distribution Division) from the erstwhile Dhaka Electric Supply Authority (DESA) with a consumer strength of 71,161 and a load demand of 90 MW. In the subsequent years of successful operation and performance, the operational area of DESCO was expanded through inclusion of Gulshan Circle (comprising Gulshan, Baridhara, Uttara, Dakshinkhan Sales & Distribution Division) in April, 2003 and Tongi Pourashava Area in March, 2007. Today, the total consumer strength stands at 4,46,129 as of 30th June, 2010 with a maximum load demand of 622 MW.

## Territory

The area under service of the Company is about 220 square kilometers which comprises the areas bounded by the Mirpur Road, Agargaon Road, Rokeya Sarani, Progati Sarani, New Airport Road, Mymensingh Road, Mohakhali Jheel, Rampura Jheel connected with the Balu River in the South and East and the Turag River in the West and areas under Tongi Pourashava in the North. Recently "Purbachal Model Town" a Rajuk project, situated on the east side of the Balu River and adjacent to Dakshinkhan area, has also been included under the operational area of DESCO.

## Growth of the Company

The growth of the Company can be better conceived from the figures and graphs presented at page no 11 of this Report. It appears from these figures and graphs that starting from a consumer base of 71,000 nos with load demand of 90 MW in 1998, the Company has grown to cater about 4,46,000 nos of consumers as of December 2010. At the same time the shareholders equity increased from Tk. 7,320 million last year to Tk. 8,760 million, recording a growth of 19.67%.

## Management

The Company is run by a management team headed by the Managing Director under the guidance of the Board of Directors with a view to run it efficiently and economically with optimum overhead cost and manpower. With the expansion of operational areas followed by increase in number of consumers and system load, DESCO reorganized its activities into 9 (nine) Sales & Distribution (S&D) Divisions. Meanwhile, decision has been taken to create 3 (three) more Sales & Distribution Divisions in greater Mirpur area in order to ensure effective control and supervision of field operations in the area..

## Outsourcing of some Operational Activities

The major technical activities like scheduled maintenance of the Substations and switching stations, trouble shooting & breakdown maintenance, overhead line maintenance, handling of the customer service complaints, line & equipment maintenance etc. have been outsourced. On the other hand, commercial support activities like meter reading, distribution of monthly electricity bill, service disconnection of the defaulter consumers, house wiring inspection, installation of new connection meters, changing of old or unserviceable meters etc. have also been outsourced. Other logistic support services like security service, cleaning service and transport service have also been outsourced. In order to get these jobs done, DESCO engaged several experienced contractors through competitive bidding process. With the proper maintenance of the distribution system, consumers service complaints have been reduced significantly. For ensuring more consumer's satisfaction, the procedure for new connection has been simplified and efforts have been made to further reduce the average time now taken.



Infrastructure	
Particulars	As of June 2010
Source line	291 KM
Distribution line	3,049 KM
No of substation	22 Nos
Installed capacity	770/1078 MVA
Max demand	622 MW
load factor	53.84 %
Distribution Transformer	4,810 Nos
No of feeder	212 Nos
132/33 KV Grid SS	02 Nos

## Development Activities

Major development programs implemented during the financial year 2009-10 are highlighted below:

### a) Installation of Substation

Installation, testing and commissioning of a 20/28MVA Transformer was completed at Mirpur Old S/S replacing the damaged 10/14MVA Transformer.

### b) Expansion & Up-gradation of Distribution Line

Expansion and up-gradation of distribution network by:

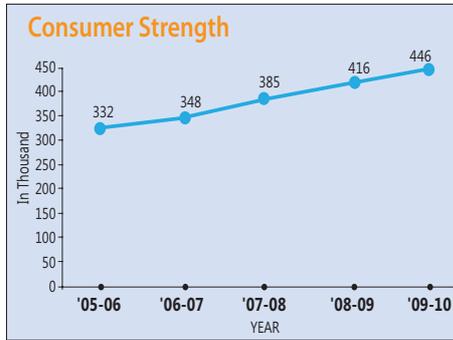
- ▶ Medium Voltage (Source) line: 33 Kv U/G
  - i. New - 20.53 km
- ▶ Distribution line III 11Kv & 11/0.4 Kv
  - i. New - 59.38 km O/H & 29.13 km U/G
  - ii. Renovation -10.45 km
- ▶ Distribution line IV: 0.4 Kv
  - i. New - 78.49 km
  - ii. Renovation -28.66 km

### c) Installation of Distribution Transformers

As many as 203 nos. of 11/0.4Kv, 3-Phase 200KVA & 38 nos. 1-Phase distribution transformers were installed.

### Major on-going Projects to be completed by June, 2012

- ▶ In order to strengthen power supply facilities in greater Mirpur area, a Project with the title "**Strengthening DESCO's Electric Distribution Network**" with Project cost of Tk. 4,859.20 million, of which Tk. 229.26 million will be financed by GOB, Tk. 1,559.67 million to be financed by DESCO and the rest to be financed by ADB against ban No: 2332-BAN under the scope of "**Sustainable Power Sector Development Program-II (SPSDP-II)**" of ADB, is in the implementation stage. The Project work is scheduled to be completed by June, 2012. Up to June, 2010, the physical progress achieved was 54% while financial progress achieved was 44%. The completion of the project will result in augmentation of Sub-Station capacity of DESCO by 120 MW to facilitate in providing electric connections to 43,850 nos of new consumers in greater Mirpur area.
- ▶ Another project with the title "**Upgrading and Expanding Distribution System in Gulshan Circle**" with Project cost of Tk. 5,949.00 million, of which Tk. 270.30 million will be financed by GOB, Tk. 2,149.55 million to be financed by DESCO and the rest to be financed by ADB against ban No: 2332-BAN under the scope of "**Sustainable Power Sector Development Program-II (SPSDP-II)**" of ADB, is also in the implementation stage. The Project work is scheduled to be completed by June, 2012. Up to June, 2010 the physical progress achieved was 54% while financial progress achieved was 46%. The completion of the project will result in augmentation of Sub-Station capacity of DESCO by 210 MW and facilitate in providing electric connections to 94,250 nos of new consumers in the Gulshan Circle.



### Future Plans

- ▶ A new area named "**Purbachal Model Town**" is being developed by RAJUK in the north east of DESCO area and on the eastern bank of the Balu River under the District of Gazipur and Narayanganj. This new township has been decided to be included in DESCO's operational area. The electrical network development for this area will soon be taken up by DESCO. The load demand of Purbachal Model Town is expected to be about 500MW. To keep pace with the load growth and consumer strength, DESCO will create adequate facilities in phases by taking up new projects.
- ▶ Another new area named "**Uttara 3rd Phase**" is being developed by RAJUK within DESCO's territory. The electrical network development for this area is at its planning stage. The load demand of "Uttara 3rd Phase" is expected to be about 230 MW.
- ▶ DESCO has completed a study to ascertain load demand and consumer growth in DESCO area up to 2030 with 5 years phasing. The report shows that the load demand of DESCO will increase to 1,129.15 MVA by the year 2015, 1,910.35 MVA by the year 2020, 3,489.02 MVA by the year 2025 and 6,287.77 MVA by the year 2030. DESCO has prepared a Plan to cater to this increasing load demand. For this purpose 117 nos of new 33/11 Kv Sub-Stations and 28 nos of new 132/33 Kv grid Sub-Stations will be required. Up-gradation of some of the existing Sub-Stations will also be required.

### Power Generation

To overcome the prevailing power crisis in Bangladesh, the Government has taken up the policy to generate adequate power through different ways like IPP, PPP, Merchant Power Plant, Rental & Quick Rental basis. The various options are under active consideration of DESCO to install a **200 MW Power Plant**.

### Data Acquisition System (DAS)

The Data Acquisition System (DAS) established by DESCO as a tool for strong monitoring of real time load status and effective load management is being upgraded. A remote terminal unit for data gathering and computer-server network has been integrated with the system.

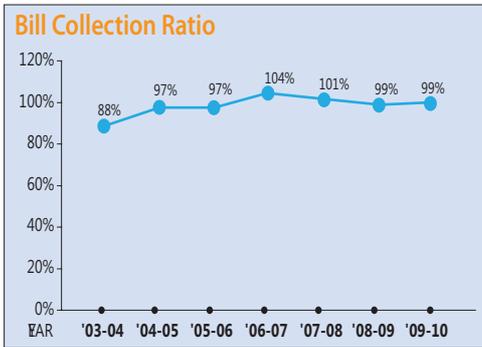
## Commercial Activities

The major commercial activities undertaken by DESCO during the year are highlighted below:

### Disconnection / Reconnections

The most effective tool to recover outstanding bills from the defaulters is disconnection of power line. A total number of 24,009 defaulting consumer services were disconnected with the help of the Outsource Contractor and by the Company's own staff during the year. Moreover, 12,432 nos of illegal consumer services were traced and disconnected during the year.

During the year, 18,010 nos of consumers were given re-connection on recovery of their outstanding dues and realization of penalty as applicable under the law. An aggregate amount of Tk.185.52 million was realized from the defaulting consumers and Tk.27.45 million against supplementary bills.



Year	System Loss (%)
03-04	19.24%
04-05	16.64%
05-06	16.20%
06-07	13.44%
07-08	10.91%
08-09	9.79%
09-10	8.86%

### New Connections

During the year 32,402 nos of new connections have been added to our system. Thus the total number of electric connections under DESCO at the end of the financial year stands at 4,46,129 nos.

### Metering

Energy meter being the 'cash box' of the Company, every effort has been made to change defective meters, sealing of meters and inspection of meters on a regular basis. During the year, 19,569 nos of defective meters were changed, 8,858 nos of meters were sealed and 35,177 nos of meters were inspected.

### Consumer Complaints

DESCO continuously strives to offer 'service excellence' to its valued consumers. Consumer complaints in terms of billing errors, correction of names and addresses are seriously attended to. During the year, 4,974 nos of bills were corrected, records of 2,716 nos of consumers names and addresses were corrected and 3,099 nos of meters were changed on receiving complaints from the consumers.

### One Point Service Center

Customer satisfaction is the key to success of any business. Our customers are our prime focus and we are committed to ensure satisfactory customer service as deemed suitable. The issue is seriously considered by DESCO, which led to the establishment of **Customers' One Point Service Center** in each of the Sales and Distribution Divisions.

Consumer visiting any of DESCO's Sales & Distribution Divisions can get his/her desired service and solution of any problem from the staff of the One Point Service Centre. It covers new connection, load extension, service cable renovation, relocation, bill correction, reconnection and other related services.

The Customer Service Centers are under continuous improvement to bring them up to the desired standard, for which DESCO is giving emphasis on regular training of the employees.

### Billing/ Collection

The primary objective of maintaining the financial strength of the Company is achieved by continuous efforts to maintain a healthy billing/ collection ratio.

Considering sales at Tk.10,811 million and collection at Tk.10,737 million, the billing collection ratio during the year works out at 99.31%. The Collection/ Import (C.I.) ratio is 90.51% this year as against 89.10% last year.

### Accounts Receivable/ Sales

One of the indicators of efficient financial management of any company is decreasing balance of accounts receivable ratio. DESCO maintains a system of continuous monitoring of accounts receivable by way of monthly reports and analysis. The Accounts Receivable/ Sales ratio works out at 20.69% this year as against 22.48% last year.

### System Loss

This is a key performance indicator for any electricity distribution company, and is determined by the quantity of energy purchased and sold. The system loss works out to **8.86%** this year as against **9.79%** in the previous year.

Relentless efforts have been made to maintain the system loss at single-digit figure.



### Pre-paid Metering

Pre-paid meter utilizes smart card technology that allows customers to put money on a smart card which is inserted into and removed from the pre-paid meter. The meter reads a chip in the card and ensures that only the amount of electricity for which payment has been made be available to the customer. Customers can re-charge their smart cards by making payment at DESCO's Vending Stations. The introduction of pre-paid meters in Uttara area has helped DESCO to improve revenue collections and minimize system loss as well.

Upto the year under review, 9,767 nos of single phase pre-paid meters and 380 nos of three phase pre-paid meters have been installed in Uttara area. Sectors 1, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13 & 14 of Uttara have already been covered under the programmed. In order to facilitate continuous supply of pre-paid meters in future, DESCO has set up a "Pre-paid Meter Production Unit" at Mirpur with the technical assistance of the Institute of Information & Communication Technology (IICT), Bangladesh University of Engineering and Technology (BUET)..

## Financial Results and Appropriation

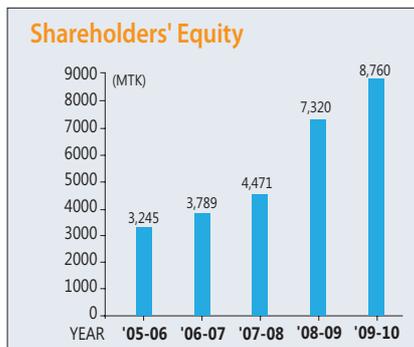
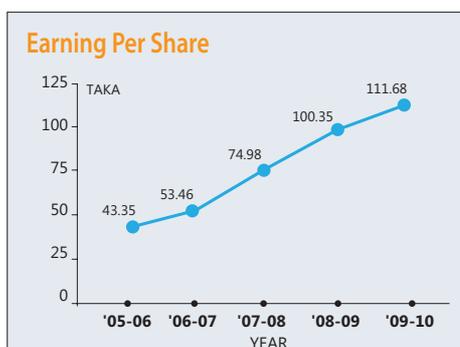
The year to year financial results are presented as under:

Particulars	2009-10 (MTK)	2008-09 (MTK)	2007-08 (MTK)
Revenue from Operations	10,989	10,005	9,189
Cost of Sales	(8,656)	(7,860)	(6,953)
Gross Profit	2,333	2,145	2,236
Expenses	(799)	(487)	(484)
Operating Profit	1,534	1,658	1,752
Financial Expenses (Net)	(221)	(170)	(256)
Non Operating Income	880	669	576
Taxation	(373)	(533)	(1,072)
Net Profit for the year	1,789	1,607	1,001
Dividend (proposed)	721	601	381
Un appropriated profit carried forward	5,531	3,758	1,479

## Contribution to the Govt. Exchequer

Since commencement of its operation, DESCO has been continuously contributing substantial amount to the Government Exchequer:

VAT and Income Tax	2009-10 (MTK)	2008-09 (MTK)	2007-08 (MTK)
VAT from Electricity Bills	514.84	474.48	430.62
VAT from Contractors/Suppliers Bills	15.11	52.40	18.83
Income Tax deduction at Source	81.11	45.97	37.53
Corporate Income Tax	438.32	459.74	426.81
<b>Total</b>	<b>1049.38</b>	<b>1032.59</b>	<b>913.79</b>



## Financial Indicators

Financial ratios are indicators of financial strength/weakness of an organization. Some of the indicators are presented below to reflect DESCO's financial position:

Financial Indicator	2009-10	2008-09	2007-08
01. Current Ratio	3.65	3.23	2.58
02. Quick Ratio	2.66	2.25	2.39
03. Debt Equity Ratio	67:33	60:40	73:27
04. Accounts Receivable (Months Equivalent to Sales)	2.74	2.73	2.61
05. Operating Expenses to Operating Revenue	78.77	78.55	75.67
06. Gross Margin / Sales Ratio	21.58	21.89	24.81
07. Operating Margin / Sales Ratio	14.19	16.86	19.44
08. Net Income / Sales Ratio	16.55	16.40	11.10
09. Return on Asset Ratio	20.31	21.89	14.00
10. Return on Equity Ratio	20.42	21.96	22.38
11. Net Asset Value Per Share (Tk.)	546.91	548.46	334.95
12. Net Operating Cash Flow Per Share (Tk.)	153.76	185.38	194.58
13. Earning Per Share (Tk.)	111.68	100.35	74.98

## Share Information

The distribution of shareholding, market value of shares, type of shareholding of the company are shown below:

### General

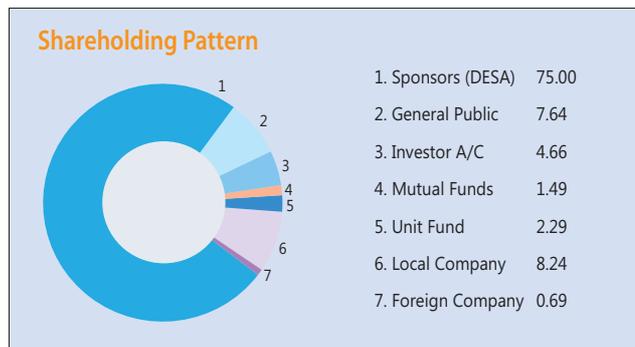
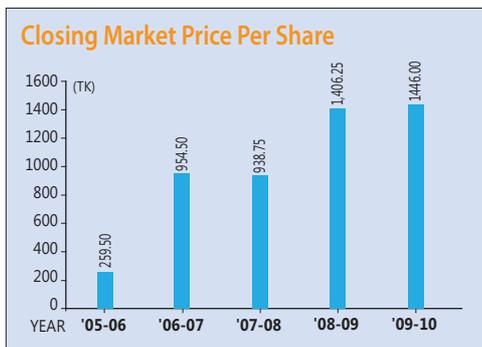
Authorized Capital: M.Tk.5000.00

Paid up Capital: M.Tk.1601.70

Class of Share: Ordinary Shares of Tk. 100/- each

### Stock Exchange Listing

The issued Ordinary shares of Dhaka Electric Supply Company Ltd. (DESCO) are listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE).



## Distribution of Shareholdings

Number of Shareholders as on 30th June, 2010 stood at 4,191 nos which was 4,769 nos on record date of 11<sup>th</sup> November, 2010.

Range of Holding in number of Shares	Number of Shareholders	% of Shareholders	Number of Shares	% of share capital
1 to 499	3616	86.28	331,207	2.07
500 to 5000	473	11.29	643,521	4.02
5001 to 10000	47	1.12	336,888	2.10
10001 to 20000	22	0.52	307,431	1.92
20001 to 30000	7	0.17	181,058	1.13
30001 to 40000	9	0.21	306,958	1.91
40001 to 50000	4	0.10	186,732	1.17
50001 to 100000	5	0.12	359,420	2.24
100001 to 1000000	7	0.17	1,351,070	8.44
100000 to 1000000000	1	0.02	12,012,759	75.00
<b>Total</b>	<b>4,191</b>	<b>100</b>	<b>16,017,044</b>	<b>100</b>

## Market Value per Share during the FY 2009-10

Particulars	Tk.
Highest during the year	1,446
Lowest during the year	766
At closing of the year	1,446

## Shareholding Pattern as on 30th June, 2010

Group Name	Number of Shareholders	Number of Shares held	Percentage of holding
Sponsors (DESA)	7	12,012,780	75.00
General Public	3,864	1,223,108	7.64
Investors A/C	34	745,743	4.65
Mutual Funds	26	238,178	1.49
Unit Fund	3	366,154	2.29
Local Company	255	1,320,361	8.24
Foreign Company	2	110,720	0.69
<b>Total</b>	<b>4,191</b>	<b>16,017,044</b>	<b>100</b>



## Shareholders' Role

The Directors of the DESCO Board have always recognized the important role played by the valued Shareholders of the company in assisting the Board to implement proper corporate governance.

The Company also welcomes the active participation of the Shareholders at the Annual General Meetings and solicits their views at all times. Whenever possible, the Company has also implemented the suggestions of the shareholders. The Board and the Company Management constantly interacts with the shareholders of the Company through the half yearly and annual publications of financial statements, meetings and other forms of communications.

## Directors' Responsibilities for Financial Statements

Section 18 of the Companies Act 1994 requires Directors of the Board to ensure that the Company keeps proper books of accounts of all transactions and prepare financial statements that give a true and fair view of the state of the Company's affairs and of the profit/ loss for the year.

The Directors are also required to ensure that the financial statements have been prepared and presented in accordance with the requirements of the International Accounting Standards/ International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh and provide the information required by the Companies Act 1994, Securities and Exchange Ordinance 1980, Securities and Exchange Commission Rules 1992 and the regulations of the Dhaka / Chittagong Stock Exchanges. They are also responsible for taking reasonable measures to safeguard the assets of the Company, and in that context to establish appropriate systems of internal control with a view to the prevention and detection of any fraud and other irregularities.

## Corporate Governance Compliance Report

The pattern of shareholding along with the name wise details of (i) Parent/Subsidiary/Associated Companies and other related parties; (ii) Shareholding of Directors; (iii) Shareholding of CEO, CFO, Company Secretary & Head of Internal Audit; (iv) Shareholding of Senior Executives (Top five salaried persons other than CEO, CFO, CS, HIA) and (v) Shareholder(s) holding 10% or more voting interest in the Company as on 30.06.2010 are shown at **Annexure-I**

Dhaka Electric Supply Company Limited (DESCO) to this end has complied with all the requirements of Corporate Governance as required by the Securities and Exchange Commission. Accordingly, Corporate Governance Compliance Report is prepared and shown at **Annexure- II**.

## Board Meetings and Attendance

During the year, 17(seventeen) Board Meetings were held. The attendance record of the Board Directors is shown at Annexure- III of this report.



## Audit Committee

In compliance with Securities & Exchange Commission (SEC) Regulations, the company has formed a 4-member Audit Committee of the Board headed by an independent Director, Mr. Mustafizur Rahman, FCA, Council Member of ICAB. The other members of the Committee were Mr. Mohammad Wahid Hossain, ndc Joint Secretary (Admin), Power Division, Ministry of Power, Energy & Mineral Resources, Mr. Mohammad Reazul Islam, Vice-President (Admin & Finance), Institute of Engineers Bangladesh and Mr. Qudrate Khuda, FCA, FCMA, Director (Finance), DESCO. The Attendance record of the Audit Committee is shown at **Annexure-IV**.

During the Financial Year 2009-2010, the Audit Committee of the Board of Directors held 03 (three) meetings in which, among other things, the following issues were discussed/evaluated/reviewed and the Committee accordingly provided necessary guidelines and instructions:

- ▶ Reviewed and finalized the draft Auditors Report & Audited Accounts of the Company for the financial year ended on 30th June, 2009.
- ▶ Reviewed and finalized the un-audited financial statements for the half year ended on 31st December, 2009.
- ▶ Reviewed the existing use and management of transports in DESCO.

## Human Resource Development

Training improves the knowledge, skills, efficiency, performance and attitudes of an employee needed by his / her job. Only skilled and quality people can deliver quality service. In order to achieve the Company's vision and mission, DESCO recognizes and emphasizes on qualitative development of its employees. So, based on the directives of the Ministry of Power, Energy and Mineral Resources, DESCO has developed a training schedule for each employee designed to meet at least 20 hours training on different topics, round the year. A target group of 929 employees received 20 hours of training during the year 2009-2010 which shows that almost 100% of the target man hours of training have been achieved.

These courses include training on Service Rules, Electricity Act, Customer Service, Introduction to Management, e-governance, record Management, Organogram, Official manners and behavior. Essential Technical Training Programs are also conducted for the concerned employees on Distribution System Inspection and Maintenance, New Connection Process, Distribution Network Protection System, Fundamentals of Electrical Safety Guidelines, Breaker Maintenance & Relay, House Wiring Inspection, Disaster Management, Fire Fighting & first Aid, Security System Maintenance, Energy Meter Installation-Connection-Calibration & Testing, Financial Management, Strategic Management, Tender Evaluation Process, Electricity & Energy Regulatory Acts, etc.

Besides, DESCO arranged participation of its employees in trainings / seminars / workshops in organizations and institutions like the Institution of Engineers of Bangladesh (IEB), Engineering Staff College of Bangladesh, Institute of Information and Communication Technology (IICT), Bangladesh University of Engineering & Technology (BUET), Bangladesh Power Development Board (BPDB), Institute of Chartered Secretaries and Managers of Bangladesh, Bangladesh Metrological Department, World Bank, ADB for its employees which is about 2500 man – hour during the year.

## E-Governance

To keep pace with the modern technological advancement in Information Technology (I.T) sector and to make the utility management more user friendly, DESCO Management has decided to launch e-governance program with a unified approach. Institute of Information and Communication Technology (IICT), BUET is helping DESCO in this regard. E-governance software in One Point Service Center, New Connection, Monthly Bill Collection, Miscellaneous Bill Collection, DESCO Website and E-mail Communication, Inter Office Wide Area Network (WAN) Connectivity have already been developed and implemented. Training of DESCO officials on this newly implemented software are going on. Citizen Charter has also been displayed in DESCO's website and now any consumer may check the status of his/her bill and load shedding schedule from this website.



## Citizen Charter

The Citizen Charter makes it clear that the services offered by the utility organization are the right of its customers and not a favour to them. The increasing demand for time bound services by the public will bring qualitative improvement in services rendered by DESCO and the Charter will help DESCO to evaluate the delivery of services.

DESCO's Citizen Charter is displayed in its customer service centers for public awareness. There are some printed leaflets on different categories of services. These are available at the Customer Service Centers of DESCO.

## Bill Payment through Internet

Payment of utility bills through internet is one of the modern and expected service facilities worldwide for the customers. In view of increasing customer's need and expectations for faster service, Bangladesh Bank has allowed online transaction through Debit/Credit cards of Banks from this year.

DESCO is the first Public Sector electrical utility company that launched the facility of bill payment through internet under NEXUS gateway of Dutch-Bangla Bank.

DESCO consumers can pay their regular monthly electricity bill using internet at anytime and from anywhere in the world by Credit/Debit card as allowed by NEXUS-gateway of Dutch-Bangla Bank such as Master, VISA, NEXUS, Mastro etc.

Bill payment procedure is published in the web and there is a printed leaflet available in the DESCO's Customer Service Center.

Bill payment is now so easy that with a few mouse-clicks, payments may be made. At the same time, the payer will get an acknowledgement slip automatically. Again, customers can view the bill payment status instantly by login to their respective accounts.

## Bill Payment through Mobile Phone

Mobile phone service providers have introduced several value added services for the public. One of the most important value added service is utility bill payment through Mobile phone or through retail seller of the Mobile phone operator.

DESCO's customers may pay their monthly electricity bill through **Mobile Phone** network at marked retail shops of mobile phone operators in Dhaka and also all over the country. DESCO has implemented this service under the contract with Grameen Phone, Banglalink and Citycell.

## Corporate Social Responsibility (CSR)

The ethos of DESCO for pursuing its activities in social arena has got further momentum with continuous enthusiasm and support of the stakeholders. While running the company on commercial basis, DESCO also has got some social responsibilities. Some of the Corporate Social Responsibility (CSR) activities of the Company are:

- DESCO collects electricity bills during Biswa Ijtema period at Tongi Ijtema Ground at a nominal rate of Tk.0.50 per unit only from the Biswa Ijtema Committee. Additional amount payable in this respect for the said period is borne by DESCO.
- DESCO also provides support to the Govt. approved Freedom Fighters living in its geographical area for which monthly electricity bills up to 200 units are being paid by DESCO.
- Monthly electricity bills up to 1500 units for the family of the National Poet Kazi Nazrul Islam are also being paid as a gesture of goodwill and respect to the National Poet.

## Dividend

Based on the performance of the Company, the Board of Directors recommends 15% cash dividend and 30% stock dividend (i.e. 3 bonus shares for every 10 shares held) for the financial year 2009-10.

## Election of Directors

In terms of Article 86 of the Articles of Association of the Company, Mr. Md. Shahjahan Siddiqui, Bir Bikram, Retired Secretary, Govt. of the People's Republic of Bangladesh, Begum Salma Binthe Kadir, Joint Secretary (Drafting-4), Legislative & Parliamentary Affairs Division, Ministry of Law, Justice & Parliamentary Affairs and Engr. Mohammad Harun, Proprietor, Regal Enterprise shall retire from the Board of Directors. However, as per article 87 of the Articles of Association of the Company, the retiring Directors are eligible to be re-elected as Directors of the Company.

Whereas, Mr. Md. Fazlul Hoque, Member (Finance), Bangladesh Power Development Board (BPDB), Mr. Foiz Ahamed, Joint Secretary (Admin), Power Division, Ministry of Power, Energy and Mineral Resources, Prof. Dr. M. M. Shahidul Hasan, Department of Electrical and Electronic Engineering, Bangladesh University of Engineering & Technology (BUET), Mr. S. R. Akhter, Superintending Engineer (Retd.), Mr. Md. Abdus Sobhan, Managing Director, Dhaka Power Distribution Company Ltd. (DPDC) and Mr. Md. Monzur Rahman, Managing Director (In-charge), DESCO shall continue to act as Directors of the Board.

It may please be noted here that Mr. Saleh Ahmed resigned from the post of Managing Director of DESCO on 19/08/2010. Accordingly, his letter of resignation was duly accepted by the Board w.e.f. 19/08/2010 in its meeting held on 19/08/2010. In view of officiating the vacant post, the Board also resolved in the same meeting to appoint Mr. Md. Monzur Rahman, Director (Engineering), DESCO as Managing Director (in-charge). Appointment of the Managing Director is under process.

## Auditors

Aziz Halim Khair Choudhury, Chartered Accountants, the existing Auditors of the Company will retire at the forthcoming Annual General Meeting and have expressed their willingness to continue in the office for the Financial Year 2010-11.

## Acknowledgement

### Esteemed Shareholders,

On behalf of the Board of Directors, I would like to express my sincere gratitude to the Power Division, Ministry of Power, Energy & Mineral Resources, Economic Relations Division, Ministry of Finance, Ministry of Planning, Power Cell, Bangladesh Power Development Board, Rural Electrification Board, Dhaka Power Distribution Company Ltd., Power Grid Company of Bangladesh, all concerned Government Departments, Asian Development Bank, World Bank, Securities and Exchange Commission (SEC), Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Limited (CSE), ICB Capital Management Limited, ICB Securities and Trading Company Limited, and other development partners for their continuous support and assistance.

I would also like to express my thanks to all the employees of the Company on behalf of the Board of Directors for their sincere efforts in performing their duties and responsibilities for progress, prosperity and development of the Company.

In conclusion, I pray to the Almighty Allah that may the Company continue its performance gloriously throughout the years ahead.

For and on behalf of the Board of Directors,



**Md. Shahjahan Siddiqui, Bir Bikram**  
Chairman

# Annexure I

## I) PARENT/SUBSIDIARY/ASSOCIATED COMPANIES AND OTHER RELATED PARTIES: NIL

## II) DIRECTORS' SHAREHOLDING

Sl. No.	Name	Designation	% of shares as on June 30, 2010
01.	Mr. Md. Shahjahan Siddiqui, Bir Bikram Retired Secretary Govt. of the People's Republic of Bangladesh	Chairman	Nil
02.	Mr. Md. Fazlul Hoque Member (Finance) Bangladesh Power Development Board (BPDB)	Director	Nil
03.	Mr. Foiz Ahamed Joint Secretary (Admin.), Power Division Ministry of Power, Energy & Mineral Resources	Director	Nil
04.	Begum Salma Benthe Kadir Joint Secretary (Drafting-4) Legislative & Parliamentary Affairs Division Ministry of Law, Justice & Parliamentary Affairs	Director	Nil
05.	Dr. M. M. Shahidul Hasan Professor Department of Electrical and Electronic Engineering, BUET.	Director	Nil
06.	Mr. S R Akhtar Superintending Engineer (Retd.) Erstwhile Dhaka Electric Supply Authority (DESA)	Director	Nil
07.	Engineer Mohammad Harun Proprietor, Regal Enterprise Chittagong	Director	Nil
08.	Mr. Md. Ataul Masud Former Managing Director Dhaka Power Distribution Company Limited (DPDC).	Director	Nil
09.	Mr. Saleh Ahmed Former Managing Director Dhaka Electric Supply Company Limited (DESCO)	Director	Nil

## III) SHAREHOLDING OF CEO, CFO, COMPANY SECRETARY & HEAD OF INTERNAL AUDIT

01.	Chief Executive Officer and his spouse and minor children	-	Nil
02.	Chief Financial Officer and his spouse and minor children	-	Nil
03.	Company Secretary and his spouse and minor children	-	Nil
04.	Head of Internal Audit and his spouse and minor children	-	Nil

**IV) SHAREHOLDING OF SENIOR EXECUTIVES (TOP FIVE SALARIED PERSONS OTHER THAN CEO, CFO, CS, HIA)**

Sl. No.	Name	Designation	% of shares as on June 30, 2010
1.	Engr. Md. Monzur Rahman	Director (Engineering)	Nil
2.	Engr. Md. Shahjahan Mia	GM (ON & C) and Director Operation (in-charge)	0.0052
3.	Mr. Md. Shafiqul Islam Chowdhury	DGM, S&D Division, Baridhara	0.0040
4.	Engr. S.M. Habibur Rahman	DGM, S&D Division, Kallyanpur	0.0003
5.	Engr. Noor Mohammad	DGM, Administration	Nil
6.	Engr. AKM Mostofa Kamal	DGM, S&D Division, Gulshan	0.0075
7.	Engr. Md. Shah Alam	DGM (System Engg. & Design)	0.0160
8.	Mr. Md. Rofi Uddin	DGM (Finance & Accounts)	0.0138

**V) SHAREHOLDERS HOLDING 10% OR MORE VOTING RIGHT**

1.	Dhaka Electric Supply Authority Erstwhile (DESA)	-	75.00
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**VI) TWENTY LARGEST SHAREHOLDERS AS ON JUNE 30, 2010**

Sl. No.	Name of Shareholder	Nos. of Shares Held	Percentage
1	DHAKA ELECTRIC SUPPLY AUTHORITY	10,010,633	75.00
2	ICB UNIT FUND	495,282	1.93
3	ABIL - IDA	342,750	1.74
4	ICB	288,765	1.47
5	ARAB BANGLADESH BANK LTD.	264,370	1.25
6	UNION CAPITAL LTD. INVESTOR ACC.	147,488	0.73
7	PRIME BANK LTD. INVESTORS A/C 1	129,100	0.67
8	IDLC - PORTFOLIO ACCOUNT	103,917	0.65
9	RABINDRA NATH SARKER	93,916	0.49
10	RABINDRONATH SARKER	92,000	0.48
11	CACEIS BL A/C BARCA GL.M.FUND	80,850	0.46
12	LANKABANGLA FINANCE LTD. IP A/C	62,100	0.42
13	TBL IDA	39,102	0.40
14	ARUNA RANI SARKER	37,995	0.29
15	EASTERN BANK LTD.	33,723	0.29
16	THE PREMIER BANK LIMITED	31,450	0.29
17	ICB AMCL UNIT FUND	30,914	0.29
18	EASTERN BANK LTD.	27,945	0.25
19	HBFS FRONTIER FND (BERMUDA) L	27,050	0.24
20	MD. SHAHID ULLAH	20,000	0.21
	<b>TOTAL</b>	<b>1,40,22,081</b>	<b>87.54</b>

# Annexure II

Status of compliance with the conditions imposed by Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 of the Securities and Exchange Commission (SEC) issued under section 2CC of Securities and Exchange Ordinance 1969:

Condition No.	Title	Compliance Status (Put in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Not Complied	
1.1	<b>Board's size: should not be less than 5 (five) and more than 20(twenty)</b>	√	-	-
1.2(i)	Independent Director: at least 1/10 i.e. minimum one	√	-	-
1.2(ii)	Appointment of Independent Director by elected Directors	√	-	-
1.3	Separate Chairman of the Board and Chief Executive and clearly defined roles and responsibilities	√	-	-
1.4	<b>Directors Report to Shareholders on:</b>			
1.4(a)	Fairness of Financial Statements	√	-	-
1.4(b)	Maintenance of proper books of account	√	-	-
1.4(c)	Adoption of appropriate accounting policies and estimates	√	-	-
1.4(d)	Compliance with International Accounting Standard	√	-	-
1.4(e)	Soundness of Internal Control System	√	-	-
1.4(f)	Ability to continue as a going concern	√	-	-
1.4(g)	Significant deviations in operating results from last year	√	-	-
1.4(h)	Presentation of at least preceding three years financial data	√	-	-
1.4(i)	Declaration of Dividend	√	-	-
1.4(j)	Details of Board meeting	√	-	-
1.4(k)	Shareholding pattern	√	-	-
2.1	Appointment of CFO, Company Secretary & Head of Internal Audit and defining of their responsibilities	√	-	-
2.2	Attendance of CFO & Company Secretary in the Board of Directors meeting	√	-	-
3.00	<b>Audit Committee:</b>		-	-
3.1 (i)	Constitution of Audit Committee	√	-	-
3.1(ii)	Constitution of Audit Committee with Board members including the Independent Director	√	-	-
3.1(iii)	Filling of casual vacancy in the Audit Committee	√	-	Not applicable
3.2(i)	Chairman of the Committee	√	-	-
3.2(ii)	Professional qualification and experience of the Chairman of the Committee	√	-	-
3.3.1(i)	Reporting on the activities of the Audit Committee	-	-	
3.3.2(ii)(a)	Reporting of Conflict of interest to the Board of Directors	-	-	No such case as yet
3.3.2(ii)(b)	Reporting of any fraud or irregularity to the Board of Directors	-	-	No such case as yet
3.3.2(ii)(c)	Reporting of violation of laws to the Board of Directors	-	-	No such case as yet
3.3.2(ii)(d)	Reporting of any other matter to the Board of Directors	√	-	-
3.3.2	Reporting of Qualified point to Commission	-	-	No such case as yet
3.4	Reporting of activities to the Shareholders and General Investors	√	-	-
4.00	<b>External/Statutory Auditors:</b>			
4.00(i)	Non-engagement in appraisal of valuation	√	-	-
4.00(ii)	Non-engagement in designing of Financial Information System	√	-	-
4.00(iii)	Non-engagement in Book-Keeping	√	-	-
4.00(iv)	Non-engagement in appraisal of valuation	√	-	-
4.00(v)	Non-engagement in Actuarial Services	√	-	-
4.00(vi)	Non-engagement in Internal Audit	√	-	-
4.00(vii)	Non-engagement in any other services	√	-	-

## Annexure III

Board Meeting and attendance during the Year ended June 30, 2010.

Name of the Directors	Meetings held while a member	No of meeting attended in person/alternates
01. Mr. Safar Raj Hossain	01	Nil
02. Md. Shahjahan Siddiqui, Bir Bikram	16	15
03. Mr. Mohammad Wahid Hossain, ndc.	08	08
04. Mr. Md. Mustafizur Rahman, FCA	16	13
05. Mr. A.T.M. Murtozaa Reza Chowdhury	08	02
06. Mr. Mohammad Reazul Islam	08	08
07. Mr. Md. Reza Shah Alam	08	08
08. Mr. Latifur Rahman	09	Nil
09. Prof. Dr. S. M. Lutful Kabir	08	06
10. Mr. Md. Fazlul Hoque	09	09
11. Mr. Foiz Ahamed	09	08
12. Prof. Dr. M. M. Shahidul Hasan	09	08
13. Mr. S R Akhtar	09	09
14. Mr. Md. Ataul Masud	08	03
15. Begum Salma Benthe Kadir	01	Nil
16. Engineer Mohammad Harun	01	01
17. Mr. Saleh Ahmed	17	17

## Annexure IV

Audit Committee Meetings and Attendance during the year ended June 30, 2010.

Name of the Members	Meetings held while a Member	No of Meetings attended
01. Mr. Md. Mustafizur Rahman, FCA	3	3
02. Mr. Mohammad Wahid Hossain, ndc.	3	3
03. Mr. Mohammad Reazul Islam	3	3
04. Mr. Qudrate Khuda	3	3



## Events Highlights

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Boad of Directors attending the 13<sup>th</sup> Annual General Meeting.



Honourable Shareholders at the 13<sup>th</sup> Annual General Meeting.

# events

Exchanging views with consumers at Uttara S&D Division.



Visit at DESCO's Head Office by the honourable State Minister.



Visit at DESCO stall by the advisor to the honourable Prime Minister at "Power Expo-2009".



Blood Donation Program organised by DESCO.

# highlights



## Auditors' Report

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*to the Shareholders of*  
**DHAKA  
ELECTRIC  
SUPPLY  
COMPANY  
LIMITED  
(DESCO)**

We have audited the accompanying balance sheet of Dhaka Electric Supply Company Limited (DESCO) as of June 30, 2010 and the related Income Statement and Statement of Cash Flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

#### **Scope:**

We conducted our audit in accordance with Bangladesh Standards of Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

#### **Opinion:**

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the company's affairs as of June 30, 2010 and of the results of its operations and its cash flows for the year then ended and comply with the applicable section of the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

#### **We also report that:**

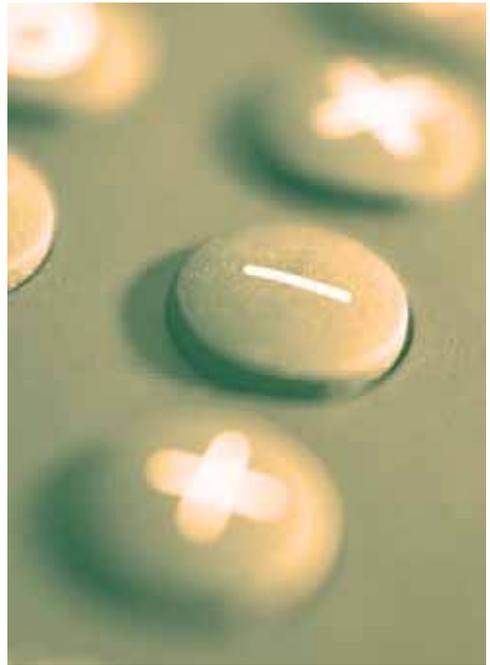
- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books and (where applicable) proper returns adequate for the purpose of our audit have been received from Sales & Distributions Divisions;
- c) The company's balance sheet and income statement dealt with by the report are in agreement with the books of account and returns;
- d) The expenditure incurred was for the purposes of the company's business.

Dated: 31 October 2010  
Dhaka

**Aziz Halim Khair Choudhury**  
*Chartered Accountants*

# Financial Statements





## Financial Statements

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# Balance Sheet as on 30 June 2010

Particulars	Note	30 June 2010 Taka	30 June 2009 Taka
<b>APPLICATION OF FUND</b>			
<b>Non Current Assets</b>			
Property, Plant & Equipment	2	8,440,892,392	7,293,090,558
Capital Work -in- Progress	3	335,313,744	50,442,120
Investment in Shares	4	29,131,000	23,392,193
		<b>8,805,337,136</b>	<b>7,366,924,871</b>
<b>Current Assets</b>			
Stores and Spares	5	4,671,791,624	4,840,363,451
Accounts Receivable	6	2,375,140,475	2,130,059,408
Advances & Deposits	7	134,659,063	204,155,440
Advance Income Tax	8	438,322,022	386,901,394
Cash and Bank Balances	9	9,668,541,622	8,491,302,150
		<b>17,288,454,805</b>	<b>16,052,781,843</b>
<b>Current Liabilities</b>			
Creditors for Goods/Works	10	1,028,992,195	1,081,397,673
Accounts Payable	11	1,865,308,079	1,631,201,600
Creditors for Other Finance	12	747,920,808	714,182,281
Creditors for Expenses	13	79,095,756	78,605,476
Current Maturity of Long Term Loans	14	257,279,761	254,502,284
Accrued Interest on Loans	15	359,487,193	488,677,181
Provision for Income Tax	16	405,311,657	718,119,385
		<b>4,743,395,449</b>	<b>4,966,685,880</b>
		<b>12,545,059,356</b>	<b>11,086,095,962</b>
		<b>21,350,396,492</b>	<b>18,453,020,833</b>
<b>Net Current Assets</b>			
<b>SOURCES OF FUND</b>			
<b>Capital &amp; Reserves</b>			
Share Capital	17	1,601,704,440	1,334,753,700
Share Money Deposit	18	75,000,000	75,000,000
GOB Equity	19	1,552,140,000	1,552,140,000
Proposed Dividend	38	-	600,639,165
Retained earnings	20	5,531,011,195	3,757,874,232
		<b>8,759,855,635</b>	<b>7,320,407,097</b>
<b>Equity</b>			
<b>Long Term Liabilities</b>			
Loan from ADB/GOB	21	6,482,508,563	5,368,637,037
Deferred Tax Liability	35.2	1,213,835,706	990,291,231
Due to DESA (for assets taken over)	22	4,039,671,539	4,039,671,539
Consumer Security Deposits	23	854,525,049	734,013,930
		<b>12,590,540,857</b>	<b>11,132,613,736</b>
		<b>21,350,396,492</b>	<b>18,453,020,833</b>

These financial statements should be read in conjunction with the annexed notes.

Company Secretary

Director (Finance)

Director

Managing Director

Signed in terms of our separate report of even date annexed.

Dhaka, 31 October, 2010

**Aziz Halim Khair Choudhury**  
Chartered Accountants

# Income Statement for the year ended 30 June 2010

Particulars	Note	2009-2010 Taka	2008-2009 Taka
<b>OPERATING REVENUE</b>			
Energy Sales (Net of Vat)	24	10,810,974,226	9,799,615,712
Other Operating Revenue	25	178,217,188	205,225,995
<b>Total Revenue from Operation</b>		<b>10,989,191,414</b>	<b>10,004,841,707</b>
<b>COST OF ENERGY SALES</b>			
Energy Purchase (including wheeling Charge)	26	7,845,646,912	7,117,531,238
Operating Expenses	27	243,981,218	223,793,553
Depreciation (Operating)	34	566,749,957	518,475,544
		<b>8,656,378,087</b>	<b>7,859,800,335</b>
<b>Gross Margin</b>		<b>2,332,813,327</b>	<b>2,145,041,372</b>
<b>COST &amp; EXPENDITURE</b>			
Administrative Expenses	28	126,159,977	104,840,703
Employee Expenses	29	619,018,529	334,395,921
Bad Debts Provision	6.2	12,007,263	11,015,698
Depreciation (Non Operating)	34	41,347,127	36,666,370
		<b>798,532,896</b>	<b>486,918,692</b>
<b>Operating Profit</b>		<b>1,534,280,431</b>	<b>1,658,122,680</b>
<b>NON OPERATING INCOME/(EXPENSE)</b>			
Interest Income	30	872,083,490	666,222,788
Interest Expenses	31	(221,200,045)	(169,794,396)
Exchange (Loss)/Gain	32	(32,193,487)	(10,580,118)
Appreciation / (diminution) in value of Investment	4.1	5,738,807	(5,738,807)
Miscellaneous Income	33	2,603,285	2,577,507
<b>Non Operating Income(Net)</b>		<b>627,032,050</b>	<b>482,686,974</b>
<b>Net Profit before tax</b>		<b>2,161,312,481</b>	<b>2,140,809,654</b>
<b>INCOME TAX</b>			
Current Tax Provision	35.1	(149,037,371)	(533,472,132)
Deferred Tax Provision	35.2	(223,544,475)	-
		(372,581,846)	(533,472,132)
<b>Net Profit After Tax</b>		<b>1,788,730,635</b>	<b>1,607,337,522</b>
<b>Basic Earnings per Share</b>	36	<b>111.68</b>	<b>100.35</b>

These financial statements should be read in conjunction with the annexed notes.

Company Secretary

Director (Finance)

Director

Managing Director

Signed in terms of our separate report of even date annexed.

Dhaka, 31 October, 2010

**Aziz Halim Khair Choudhury**  
Chartered Accountants

# Statement of Changes in Equity

for the year ended 30 June 2010

Particulars	Note	Share Capital	Share Money Deposit	GOB Equity	Reserve & Surplus	Proposed Dividend	Total Taka
<b>FOR THE YEAR ENDED 30 JUNE 2010</b>							
<b>Balance at 1st July 2009</b>		1,334,753,700	75,000,000	1,552,140,000	3,757,874,232	600,639,165	7,320,407,097
GOB Equity		-	-	-	-	-	-
Net profit for the year		-	-	-	1,788,730,635	-	1,788,730,635
Priors year's adjustment	37	-	-	-	(15,593,672)	-	(15,593,672)
Stock Dividend paid		266,950,740	-	-	-	(266,950,740)	-
Cash Dividend paid		-	-	-	-	(333,688,425)	(333,688,425)
<b>Balance at 30 June 2010</b>		<b>1,601,704,440</b>	<b>75,000,000</b>	<b>1,552,140,000</b>	<b>5,531,011,195</b>	-	<b>8,759,855,635</b>

## FOR THE YEAR ENDED 30 JUNE 2009

<b>Balance at 1st July 2008</b>		1,334,753,700	75,000,000	1,264,440,000	1,478,782,960	317,798,500	4,470,775,160
GOB Equity		-	-	287,700,000	-	-	287,700,000
Net profit for the year		-	-	-	1,607,337,522	-	1,607,337,522
Priors year's adjustment	37	-	-	-	1,272,392,915	-	1,272,392,915
Proposed Dividend		-	-	-	(600,639,165)	600,639,165	-
Dividend paid		-	-	-	-	(317,798,500)	(317,798,500)
<b>Balance at 30 June 2009</b>		<b>1,334,753,700</b>	<b>75,000,000</b>	<b>1,552,140,000</b>	<b>3,757,874,232</b>	<b>600,639,165</b>	<b>7,320,407,097</b>

These financial statements should be read in conjunction with the annexed notes.

Company Secretary

Director (Finance)

Director

Managing Director

Signed in terms of our separate report of even date annexed.

Dhaka, 31 October, 2010

**Aziz Halim Khair Choudhury**  
Chartered Accountants

# Cash Flow Statement for the year ended 30 June 2010

Particulars	Note	2009-2010 Taka	2008-2009 Taka
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Received from Energy Sales		10,736,499,500	9,714,268,126
Collection of Govt. Duty, VAT & Tax		589,913,372	552,723,170
Received from Other Operating & Non Operating Activities		319,559,818	249,396,178
Received against Financial Income		803,683,195	598,413,710
Payment for Energy Purchase		(7,842,804,434)	(6,838,886,262)
Payment for Employee Expenses		(619,900,904)	(331,336,879)
Payment for Administrative & Other Expenses		(124,787,322)	(101,367,992)
Payment for Interest on Long Term Loan		(195,862,119)	(279,224,646)
Income Tax Paid		(431,843,705)	(562,712,744)
Payment for Govt. Duty, Vat & Tax		(774,193,750)	(526,897,787)
<b>Net cash inflow from operating activities</b>		<b>2,460,263,651</b>	<b>2,474,374,874</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Property & Plant		(193,473,710)	(557,901,078)
Acquisition of Stores & Equipment		(2,096,556,826)	(3,584,094,636)
<b>Net cash used in investing activities</b>		<b>(2,290,030,536)</b>	<b>(4,141,995,714)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long Term Loan received		1,445,003,853	2,856,377,073
Dividend Paid		(323,318,100)	(125,674,650)
Long Term Loan Paid		(235,190,514)	(271,128,954)
Consumer Security Deposits		120,511,119	150,708,490
<b>Net cash inflow from financing activities</b>		<b>1,007,006,358</b>	<b>2,610,281,959</b>
<b>D.</b> Cash & Cash equivalents increase /(decrease) during the year		1,177,239,472	942,661,119
<b>E.</b> Cash & Cash equivalents at the beginning of the year		8,491,302,150	7,548,641,031
<b>F. Cash &amp; Cash equivalents at the ending of the year</b>		<b>9,668,541,622</b>	<b>8,491,302,150</b>

*These financial statements should be read in conjunction with the annexed notes.*

Company Secretary

Director (Finance)

Director

Managing Director

Signed in terms of our separate report of even date annexed.

Dhaka, 31 October, 2010

**Aziz Halim Khair Choudhury**  
Chartered Accountants



# NOTES TO THE FINANCIAL STATEMENTS

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**for the year ended 30 June 2010**

## 1 LEGAL STATUS & NATURE OF THE COMPANY, SIGNIFICANT ACCOUNTING POLICIES AND OTHER RELEVANT INFORMATION

### 1.1 Legal Status

Dhaka Electric Supply Company Limited (DESCO) was incorporated as a Public Limited Company by shares, on November 03, 1996 with an Authorized Capital of TK.5,000 million divided into 50 million ordinary shares of Tk.100 each. The shares of the Company have been listed and are being traded in Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) since 2006.

### 1.2 Principal Activities

The main objective of the Company is to distribute electricity to its consumers effectively and efficiently. DESCO started its operation from 24 September 1998 in Mirpur area and as per Govt. decision the operation of greater Gulshan area was added from 09 April 2003. Further on 04 March 2007 operation of Tongi Area was also handed over from DESA to the Company.

### 1.3 Basis of Accounting

The Financial Statements have been prepared on historical cost convention in accordance with Bangladesh Accounting Standards (BAS), except where otherwise mentioned, and are in compliance with the relevant requirements of the Companies Act, 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

### 1.4 Property, Plant & Equipment

#### 1.4.1 Valuation of Property, Plant & Equipment Purchased by DESCO

All property, plant & equipment purchased by DESCO are recorded at cost considering its purchase price and any directly attributable cost of bringing the assets to working condition for intended use inclusive of inward freight, duties and non-refundable taxes.

#### 1.4.2 Valuation of Assets Taken Over from DESA

1.4.2.1 Property, plant & equipment taken over from Dhaka Electric Supply Authority (DESA) in the Mirpur area have been valued at Tk.1, 271.194 million as per joint survey report between DESA and DESCO, while those of Gulshan and Tongi areas have been provisionally estimated by DESCO at Tk.1,998.92 million and Tk.795.04 million respectively.

1.4.2.2 DESCO also took over two Grid Substations (Bashundhara and Uttara) from DESA at provisional estimated cost of Tk.1,245.71 million, including cost of land, as per Vendor Agreement signed between DESCO and DESA.

1.4.2.3 Independent valuers have been appointed to physically verify and value the assets taken over by the company from DESA. The valuers have submitted their draft report which is under scrutiny by the management for placement to the Board.

#### 1.4.3 Depreciation

1.4.3.1 Depreciation is charged at straight-line method at rates varying from 2% to 20% depending on category and economic life of the assets as under:

Categories	Rate (%)
Land & Land Development	Nil
Building & Other Constructions	2.5%
Distribution Equipment & Cables	2%-10%
Furniture & Fixtures	10%
Office Equipment	15%
Motor Vehicles	20%

- 1.4.3.2 The company has acquired 0.1532 acres land from National Housing Authority (NHA) at Tk. 7.42 lac on 99 years lease in the year 2005. The amortization of the cost of this land would have been Tk. 7,490/- per year, which would not have any 'material impact' on the profitability of the company, hence no amortization has been considered.
- 1.4.3.3 Full year's depreciation is charged on assets acquired during the year and put into use for six months and over, while no depreciation is charged on assets acquired for less than six months during the year.
- 1.4.3.4 Depreciation on the assets taken over in Gulshan and Tongi area has been charged on the value and economic life as provisionally estimated by DESCO.

## 1.5 Investment in Shares

Investment in marketable ordinary shares has been shown at cost or marketable price, whichever is lower. Provision for appreciation / (diminution) in value of shares, as on closing of the year, if required, is taken into account as per BAS-25.

## 1.6 Stores and Spares

Stores and spares have been stated at the lower of cost and net realizable value in accordance with BAS 2 "Inventories", after making due allowance for any obsolete or slow moving items. The cost of inventories is assigned by using weighted average cost method.

## 1.7 Foreign Currency Translation

Foreign currency transactions are translated into Taka at exchange rates prevailing on the respective dates of transaction, while foreign currency monetary liabilities at the end of the year are reported at the rate prevailing on the balance sheet date. Exchange losses/gain arising out of the said conversion is recognized as expense/ income for the year in accordance with BAS-21.

## 1.8 Revenue Recognition

- (a) The Company recognizes revenue of energy on issue of bills to the consumers for consumption of energy, demand charge, service charge, meter and transformer rent.
- (b) Other operating income arising from connection/disconnection fees, bills against materials, meter-testing fees, LPC (Late Payment Charge) etc, are recognized on cash basis
- (c) Interest on short-term deposits (STD) and on FDR's with banks is recognized as income on cash basis.

## 1.9 Cash Flow Statement

Cash Flow Statement is prepared principally in accordance with BAS 7 "Cash Flow Statement" and the cash flow from operating activities has been presented under the direct method as required by the Securities and Exchange Rules 1987 and considering the provisions that "Enterprises are encouraged to Report Cash Flow from Operating Activities using the Direct Method"

## 1.10 Accounts Receivable

Accounts Receivable for energy is stated at realizable amount less provision for doubtful debts.

The company provides for doubtful debts @ 0.5% of Accounts Receivable balance standing at the balance sheet date, as decided by the Board of Directors at the meeting held on 17.04.2005.

## 1.11 Related Party Transaction

- (a) The 'related party' as per BAS-24 is Dhaka Electric Supply Authority (DESA), which holds 75% of the total shares outstanding.
- (b) The Company entered into contract with Bureau of Research, Testing & Consultation (BRTC), BUET for technical assistance in prepaid metering pilot project for production of prepaid meters, e-governance and Data Acquisition System. BUET is represented on the company's Board.

### 1.12 Earnings Per Share (EPS)

- (a) **Basic Earnings per Share (BEPS):** Basic Earnings per share has been calculated by dividing the earnings attributable to the number of shares (ordinary) outstanding during the year. However, neither the "GOB Equity" nor the "Share Deposit" amounts have been considered for determining BEPS and no shares have been allotted against these receipts.
- (b) **Weighted average Number of shares Outstanding during the year:** This represents the number of ordinary shares Outstanding at the beginning of the year plus the year the numbers of ordinary shares issued during the year multiplied by a time weighting factor. The time weighting factor is the numbers of days the specific shares are outstanding as a proportionate of the number of days in the year.
- (c) **Diluted Earnings Per Share:** No diluted Earnings per share was required to be calculated for the year under review as there is no scope for dilution of Earnings per share for the year.

### 1.13 Retirement Benefit Plans

#### (a) Contributory Provident Fund

The Company maintains a Contributory Provident Fund (CPF), recognized by the National Board of Revenue (NBR), under which the employees contribute 10% of their basic salary to the fund. The company contributes an equal amount. The fund is managed and operated by a Board of Trustees. The net earnings of the fund are apportioned to the Fund member's accounts at the end of the year.

#### (b) Gratuity

The Company maintains a Gratuity Fund, approved by the NBR under Income Tax Ordinance, 1984. Under the Gratuity Scheme, the company pays to a retired employee, having completed at least 3 (three) years of service, at the rate of two months' last drawn basic salary for every completed year of service. The company pays to the fund for the liability at the end of each year considering the number of years of service of employees eligible under the scheme.

The liability shown in the Balance Sheet does not reflect the present value of the expected payments by the company's retirement plan to existing and past employees attributable to the service already rendered and is therefore not in compliance with BAS 26.

#### (c) Group Insurance

The Company has taken Group Insurance Endowment policy for its employees and provision for the premium on the coverage is made annually.

### 1.14 Taxation

#### (a) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differ from net profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

#### (b) Deferred Tax Liability

The Company accounts for deferred tax liability as per Bangladesh Accounting Standard (BAS-12). Deferred Tax is provided using the liability method for all temporary timing difference arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. An appropriate proportion of provision has been considered in calculating temporary timing difference. Tax rate prevailing at the balance sheet date is used to determine deferred tax liability.

### 1.15 Borrowing Cost

Interest on borrowed funds for ongoing projects is charged as expense.

### 1.16 Reporting Currencies

The financial statements presented are stated in Bangladesh Taka and rounded off to the nearest Taka.

### 1.17 Reporting Period

The accounting year of the company covers the period from 1<sup>st</sup> July to 30<sup>th</sup> June consistently.

	2009-2010 Taka	2008-2009 Taka
<b>2 PROPERTY, PLANT &amp; EQUIPMENT</b>		
<b>Cost</b>		
<b>Balance at 1<sup>st</sup> July</b>	<b>10,187,476,954</b>	<b>9,574,550,383</b>
Less: Disposal of office equipment	(41,800)	(63,400)
Less: Disposal of vehicles	(7,817,710)	-
	<b>10,179,617,444</b>	<b>9,574,486,983</b>
Additions during the year (2.1)	1,755,920,148	612,989,971
<b>Balance at 30<sup>th</sup> June</b>	<b>11,935,537,592</b>	<b>10,187,476,954</b>
<b>Depreciation</b>		
<b>Balance at 1<sup>st</sup> July</b>	<b>2,894,386,396</b>	<b>2,339,280,432</b>
Less: Adjustment for disposal of equipment	(20,567)	(23,600)
Less: Adjustment for disposal of vehicles	(7,817,710)	(12,350)
	<b>2,886,548,119</b>	<b>2,339,244,482</b>
Charged for the year	608,097,081	555,141,914
<b>Balance at 30<sup>th</sup> June</b>	<b>3,494,645,200</b>	<b>2,894,386,396</b>
<b>Written down Value</b>	<b>8,440,892,392</b>	<b>7,293,090,558</b>

**2.1** Detail of assets are shown in Annexure-1 attached.

### 3 CAPITAL WORK -IN- PROGRESS

33/11KV OH/UG Cable Line (Note 3.1)	11,905,188	13,638,000
33/11Kv Sub- Station - Turnkey Project. (Note 3.2)	283,103,077	-
Data Acquisition System (Note 3.3)	27,164,474	21,283,152
Prepaid Meter Pilot Project	-	9,103,500
Boundary Wall Construction and Central Store / Bounia Substation	-	1,194,500
Construction Office Shed & Land Development(Notes-3.4)	6,357,829	-
Civil work for Bashundhara Sub-station.(Note 3.5)	6,783,176	5,222,968
	<b>335,313,744</b>	<b>50,442,120</b>

**3.1** 33/11kv overhead & under ground cable works are in progress at Uttara & Mirpur respectively. The total contract price of the works is Tk. 183.72 million.

**3.2** The Company entered into an agreement with Energypac to implement 10 (ten) nos. 33/11Kv Sub -Station under ADB Contract. The total contract price is Tk 2831 million.

**3.3** The Company entered into an agreement with Bureau of Research, Testing and Consultation ( BRTC) to implement Data Acquisition System (DAS) whereby different parameters of power quality would be available at 33kv & 11kv level for effective load management.

**3.4** This represents construction of boundary fencing office shed and land Development of Purbachal (Total contract price is Tk12.71 million).

**3.5** This represents civil work for Bashundhara Sub-station. The total contract price is Tk. 8.92 million.

	<b>2009-2010</b> Taka	<b>2008-2009</b> Taka
<b>4 INVESTMENT IN SHARES</b>		
<b>Balance at 1<sup>st</sup> July</b>	<b>23,392,193</b>	<b>29,131,000</b>
Add/Less appreciation / (diminution) in value of Investment	5,738,807	(5,738,807)
<b>Balance at 30th June</b>	<b>29,131,000</b>	<b>23,392,193</b>
<b>4.1</b>	This represents face value of 29,131 shares of Tk. 1000/- each of ICB Islamic Bank Ltd (former Oriental Bank Ltd) allotted to the Company against fixed deposits in the Bank under the reconstruction scheme of Oriental Bank Ltd undertaken by Bangladesh Bank. As on June 30, 2010 market price of the shares was Tk. 1,395/- per share as against Tk. 803/- per share on 30 June 2009 (Source: DSE Website). The appreciation / (diminution) in value has been shown as income / (expense).	
<b>4.2</b>	Out of the shares held, 29,130 shares were subsequently sold at average sale price of Tk. 2,068.88 per share on 17/08/2010 as per Board decision taken in this matter in its meeting held on 03/05/2009.	
<b>5 STORES &amp; SPARES</b>		
Stores & Spares -Note-5.1	3,811,753,660	3,799,519,112
Stores in Transit -Note- 5.2	860,037,964	1,040,844,339
	<b>4,671,791,624</b>	<b>4,840,363,451</b>
<b>5.1 Cost of Stores &amp; Spares</b>		
Cable & Accessories	2,587,419,487	2,853,165,049
Pole & Pole fittings materials	323,294,785	121,776,180
Distribution transformers	287,665,901	354,636,360
Meter & meter accessories	249,299,545	346,448,301
Sub-station Equipment & spares	352,176,719	110,637,939
Tools & equipment & others	11,897,224	12,855,283
	<b>3,811,753,660</b>	<b>3,799,519,112</b>
<b>5.2</b>	This represents cost of materials, including L/C charge and Pre -Shipment- Inspection (PSI) expenses, paid against import of materials for which post landing inspection (PLI) has not been completed.	
<b>5.3</b>	Stores & spares have been valued at weighted average cost.	
<b>6 ACCOUNTS RECEIVABLE</b>		
Receivable from consumers -(Note 6.1)	2,401,452,649	2,203,139,556
Less: Provision for doubtful debts (Note 6.2)	(164,389,919)	(152,382,656)
	<b>2,237,062,730</b>	<b>2,050,756,900</b>
Receivable from DPDC against materials supplied	76,283,173	76,283,173
Receivable from BPDB against materials supplied	55,472,106	-
Expenses recoverable from employees	358,971	197,372
Advertisement cost recoverable from other utility organization.	5,963,494	2,821,964
	<b>2,375,140,475</b>	<b>2,130,059,408</b>
<b>6.1 Receivable from Consumers are Categorised as Follows</b>		
Government (Eqv. month 2.16, 2008-09 : 3.74)	182,306,887	98,250,950
Semi- Government/Autonomous (Eqv. month 4.0, 2008-09 :3.31)	190,928,216	175,332,201
Private (Eqv. Month 2.4, 2008-09 : 2.5)	2,028,217,546	1,929,556,405
<b>Average ( Eqv. Month 2.74, 2008-09: 2.62)</b>	<b>2,401,452,649</b>	<b>2,203,139,556</b>

	2009-2010 Taka	2008-2009 Taka
<b>6.2</b> Provision made this year @ 0.5% of the amount outstanding at the balance sheet date, as per Company's policy, amounts to Tk. 12,007,263/-.		
This balance has been arrived at as under:		
Balance at 1 <sup>st</sup> July	152,382,656	141,366,958
Provision during the year	12,007,263	11,015,698
<b>Balance at 30<sup>th</sup> June</b>	<b>164,389,919</b>	<b>152,382,656</b>

## 7 ADVANCES & DEPOSITS

### Advances

Against goods and services -Note 7.1	96,494,363	177,070,981
Advance against Office rent	5,462,306	6,149,906
Others ( Note 7.2)	2,184,963	742,079
	<b>104,141,631</b>	<b>183,962,965</b>

### Security Deposits

Telephone/ Mobile	670,621	670,621
Dhaka City Corporation (against road cutting)	28,169,959	18,412,202
Dhaka WASA	10,411	10,411
Central Depository Bangladesh Ltd (CDBL)	500,000	500,000
Others	1,166,440	599,240
	<b>30,517,432</b>	<b>20,192,474</b>
	<b>134,659,063</b>	<b>204,155,440</b>

**7.1** Advance against goods & services includes Tk. 20.31 million paid to Bangladesh Power Development Board (BPDB) against purchase of spun pre-stressed concrete (SPC) poles, Tk. 61.16 million paid to GEMCO for purchase of transformers and Tk.9.73 million paid to BRTC, BUET against E-Governance Project.

**7.2** Advance to others include Tk 1.80 million against CFL bulb distribution.

## 8 ADVANCE INCOME TAX

This is made-up as follows:

<b>Balance at 1<sup>st</sup> July</b>	<b>386,901,394</b>	<b>134,898,928</b>
Deducted at source (on interest on FDR & STD) during the year	79,149,766	60,320,139
Deducted at source (on imported materials) during the year	2,272,256	71,581,255
Income tax paid for FY 2009-10, (AY-2010-11)	356,900,000	255,000,000
Adjustment made during the year (Note-8.1)	(386,901,394)	(134,898,928)
<b>Balance at 30<sup>th</sup> June</b>	<b>438,322,022</b>	<b>386,901,394</b>

**8.1** As the company's assessment has been finalized up to FY 2008-09 (AY 2009-10) after adjusting carried forward tax losses of previous years, the excess provision has been adjusted against this head.

	<b>2009-2010</b> Taka	<b>2008-2009</b> Taka
<b>9 CASH &amp; BANK BALANCES</b>		
Cash in hand	44,734	55,335
Imprest Cash with S&D Divisions	438,405	438,405
Cash at banks -Note-9.1	9,668,058,483	8,490,808,410
	<b>9,668,541,622</b>	<b>8,491,302,150</b>
<b>9.1 Cash at Banks</b>		
Current Account (Revenue collection) (Note 9.1.1)	2,039,403,386	1,686,786,263
Current Account (VAT)	87,644,242	57,658,412
STD Accounts	577,705,542	702,420,187
Fixed Deposits (Note 9.1.2)	6,963,305,313	6,043,943,548
	<b>9,668,058,483</b>	<b>8,490,808,410</b>
<b>9.1.1</b> This represents collection for the month of June 10, by the different collecting banks, which will be transferred to the Company's main Account in the next month.		
<b>9.1.2</b> Fixed Deposits include Tk.86.86 million in ICB Islamic Bank Ltd. (former Oriental Bank Ltd.) which is subject to phase wise withdrawal restriction imposed by Bangladesh Bank under the reconstruction scheme.		
<b>10 CREDITORS FOR GOODS</b>		
Equipment & materials (Note-10.1)	18,096,103	10,742,178
Imported Materials against ADB loan (Note 10.2)	1,010,896,092	1,070,655,495
	<b>1,028,992,195</b>	<b>1,081,397,673</b>
<b>10.1</b> This includes Tk 4.79 million payable to Rangs Ltd against purchase of two cars Tk.2.02 million to Monospol Paper Manufacturing against purchase of printing & stationery , Tk 2.69 million to M/s. Wahid Trader and M/s. Sunrise International Ltd. against purchase of pole fittings materials, Tk 2.20 million payable to M/s.Sadia Ltd against purchase of pole fittings materials and Tk 0.55 million against purchase of energy meters.		
<b>10.2</b> This includes provision of Tk 791.25 million for LME price adjustment against imported materials under ADB loan.		
<b>11 ACCOUNTS PAYABLE</b>		
Bangladesh Power Development Board (BPDB)- Note 11.1	1,392,078,751	1,320,904,826
Power Grid Company of Bangladesh (PGCB)- Note 11.2	130,617,689	123,949,136
Dhaka Electric Supply Authority (DESA) - Note 11.3	342,611,639	186,347,638
	<b>1,865,308,079</b>	<b>1,631,201,600</b>
<b>11.1 Accounts Payable - BPDB</b>		
<b>Balance at 1<sup>st</sup> July</b>	<b>1,320,904,826</b>	<b>1,054,249,379</b>
Energy purchased during the year	7,173,531,702	6,489,118,723
	<b>8,494,436,528</b>	<b>7,543,368,102</b>
Payment made during the year	(7,102,357,777)	(6,222,463,276)
<b>Balance at 30<sup>th</sup> June</b>	<b>1,392,078,751</b>	<b>1,320,904,826</b>
<b>11.2 Accounts Payable - PGCB</b>		
<b>Balance at 1<sup>st</sup> July</b>	<b>123,949,136</b>	<b>111,959,607</b>
Wheeling charge during the year	672,115,210	628,412,515
	<b>796,064,346</b>	<b>740,372,122</b>
Payment made during the year	(665,446,657)	(616,422,986)
<b>Balance at 30<sup>th</sup> June</b>	<b>130,617,689</b>	<b>123,949,136</b>

	2009-2010 Taka	2008-2009 Taka
<b>11.3 Accounts Payable - DESA</b>		
Energy Purchase and other costs	100,026,837	147,972,580
Adjustment for DSL	203,243,360	-
Stores materials	33,091,222	33,091,222
Consumer bill collection	6,250,220	5,283,837
	<b>342,611,639</b>	<b>186,347,638</b>
<b>12 CREDITORS FOR OTHER FINANCE</b>		
Vat collected against electricity bills	89,561,893	58,542,309
Tax / Vat deducted from contractors, suppliers & others	8,650,473	24,600,506
Retention money ( contractors & suppliers)	28,683,883	21,037,092
Receipts against Deposit Works	410,665,000	410,665,000
Unpaid Dividend	205,322,172	194,951,847
Others	5,037,388	4,385,527
	<b>747,920,808</b>	<b>714,182,281</b>
<b>13 CREDITORS FOR EXPENSES</b>		
Audit Fees	172,025	172,025
Contribution to Provident Fund	3,722,666	-
Contribution to Gratuity Fund	(223,819)	4,381,222
Line maintenance & commercial services and others	60,520,359	64,642,300
BERC sales charge	14,904,525	9,409,929
	<b>79,095,756</b>	<b>78,605,476</b>
<b>14 CURRENT MATURITY OF LONG TERM LOANS</b>		
ADB Loan No-1505 (Note-14.1)	55,098,135	53,102,098
ADB Loan No-1731 (Note-14.2)	170,931,146	170,149,705
GOB Loan (Note-14.3)	31,250,480	31,250,481
	<b>257,279,761</b>	<b>254,502,284</b>

#### 14.1 ADB (Loan No 1505)

	2009-2010		2008-2009	
	\$	Taka	\$	Taka
<b>Balance at 1st July</b>	<b>768,927</b>	<b>53,102,098</b>	<b>774,149</b>	<b>53,052,425</b>
Transferred from long term loan	899,490	62,514,528	900,786	62,208,262
	<b>1,668,417</b>	<b>115,616,626</b>	<b>1,674,935</b>	<b>115,260,687</b>
Paid during the year	(900,786)	(62,514,528)	(906,008)	(62,514,528)
	<b>767,631</b>	<b>53,102,098</b>	<b>768,927</b>	<b>52,746,159</b>
Adjustment as per ADB Schedule	25,148	1,747,788	-	-
Exchange loss/(gain)	-	248,249	-	355,939
<b>Balance at 30<sup>th</sup> June</b>	<b>792,779</b>	<b>55,098,135</b>	<b>768,927</b>	<b>53,102,098</b>

2009-2010  
Taka

2008-2009  
Taka

#### 14.2 ADB (Loan No 1731)

	2009-2010		2008-2009	
	\$	Taka	\$	Taka
Balance at 1 <sup>st</sup> July	2,463,795	170,149,705	2,474,206	169,557,339
Transferred from long term loan	1,781,078	123,785,020	1,795,845	124,021,057
	<b>4,244,874</b>	<b>293,934,725</b>	<b>4,270,051</b>	<b>293,578,396</b>
Paid during the year	(1,783,646)	(123,785,020)	(1,806,256)	(124,631,644)
	<b>2,461,228</b>	<b>170,149,705</b>	<b>2,463,795</b>	<b>168,946,752</b>
Adjustment as per ADB Schedule	(1,787)	(124,195)	-	-
Exchange loss/(gain)	-	905,636	-	1,202,954
<b>Balance at 30<sup>th</sup> June</b>	<b>2,459,441</b>	<b>170,931,146</b>	<b>2,463,795</b>	<b>170,149,705</b>

#### 14.3 GOB Loan

<b>Balance at 1<sup>st</sup> July</b>	<b>31,250,481</b>	<b>31,250,483</b>
Transferred from long term loan	48,890,965	48,890,965
	<b>80,141,446</b>	<b>80,141,447</b>
Paid during the year	(48,890,966)	(48,890,966)
<b>Balance at 30<sup>th</sup> June</b>	<b>31,250,480</b>	<b>31,250,481</b>

#### 15 ACCRUED INTEREST ON LOANS

Interest payable on ADB Loan (15.1)	345,496,869	454,592,505
Interest payable on 40% (Debt Portion) of GOB Loan(15.2)	13,990,324	34,084,675
	<b>359,487,193</b>	<b>488,677,181</b>

##### 15.1 ADB

<b>Balance at 1<sup>st</sup> July</b>	<b>454,592,505</b>	<b>967,712,948</b>
Less: Adjustment relating to previous year	-	(443,786,691)
Interest accrued during the year	204,070,868	153,864,617
	<b>658,663,373</b>	<b>677,790,874</b>
Paid during the year	(158,638,591)	(223,198,369)
Adjustment against dsl	(154,527,913)	-
<b>Balance at 30<sup>th</sup> June</b>	<b>345,496,869</b>	<b>454,592,505</b>

##### 15.2 GOB

<b>Balance at 1<sup>st</sup> July</b>	<b>34,084,675</b>	<b>148,885,039</b>
Less: Adjustment relating to previous year	-	(74,703,866)
Interest accrued during the year	17,129,177	15,929,779
	<b>51,213,852</b>	<b>90,110,952</b>
Paid during the year	(37,223,528)	(56,026,277)
<b>Balance at 30<sup>th</sup> June</b>	<b>13,990,324</b>	<b>34,084,675</b>

#### 16 PROVISION FOR INCOME TAX

<b>Balance at 1<sup>st</sup> July</b>	<b>718,119,385</b>	<b>762,950,546</b>
Provided during the year -Note-35.1	149,037,371	533,472,132
	<b>867,156,756</b>	<b>1,296,422,678</b>
Payment during the year ( Note-16.1)	(74,943,705)	(307,712,744)
Adjustment during the year ( Note-16.2)	(386,901,394)	(270,590,549)
<b>Balance at 30<sup>th</sup> June</b>	<b>405,311,657</b>	<b>718,119,385</b>

**2009-2010**  
Taka

**2008-2009**  
Taka

**16.1** This represents final payment of income tax liability upto FY- 2008-2009 (AY 2009-10) on finalization of assesment upto that year.

**16.2** As Assessment upto FY- 2008-2009 (AY- 2009-2010) has been finalized, the excess provision amounting to Tk. 256,274,286/- up to Fy 2008-09 has been written back and adjusted with current tax expenses as per BAS - 8 which is disclosed in note 35.1 and Tk. 386,901,394 has been asjusted against advance income tax.

## 17 SHARE CAPITAL

### Authorized

50000000 ordinary shares @Tk.100 each

**5,000,000,000**

**5,000,000,000**

### Issued & subscribed

750,000 ordinary shares @Tk.100 each, fully paid up in cash

75,000,000

75,000,000

11,961,940 Nos. Ordinary shares @ Tk. 100 each for consideration against Mirpur area assests taken over from DESA

1,196,194,000

1,196,194,000

3,305,104 Nos. Ordinary shares @ Tk. 100 each issued as Bonus

330,510,440

63,559,700

**16,017,044 Nos. of shares @ 'Tk. 100 each**

**1,601,704,440**

**1,334,753,700**

### 17.1 Composition of Shareholding

The composition of Share holding position as of 30<sup>th</sup> June, 2010 are as follows:

	No of Share Holders	Number of Share	% of Share
Sponsors (DESA)	7	12,012,780	75.00%
General Public	3864	1,223,108	7.64%
Investor A/C	34	745,743	4.66%
Mutual Fund	26	238,178	1.49%
Unit Fund	3	366,154	2.29%
Local Company	255	1,320,361	8.24%
Foreign Company	2	110,720	0.69%
	<b>4191</b>	<b>16,017,044</b>	<b>100.00%</b>

### 17.2 Distribution Schedule

The distribution Schedule as of 30 June, 2010 showing the number of shareholders and their shareholding in percentages is disclosed below as a requirement of the "Listing Regulation" of Dhaka stock Exchange (DSE) and Chittagong Stock Exchange (CSE).

Range of Holding in Number of Shares	No of Share Holders	% of Shareholders	Number of Share	% of Share Capital
1 to 499	3616	86.28%	331,207	2.07%
500 to 5000	473	11.29%	643,521	4.02%
5001 to 10000	47	1.12%	336,888	2.10%
10001 to 20000	22	0.52%	307,431	1.92%
20001 to 30000	7	0.17%	181,058	1.13%
30001 to 40000	9	0.21%	306,958	1.92%
40001 to 50000	4	0.10%	186,732	1.17%
50001 to 100000	5	0.12%	359,420	2.24%
100001 to 1000000	7	0.17%	1,351,070	8.44%
1000001 to 10000000	1	0.02%	12,012,759	75.00%
	<b>4191</b>	<b>100%</b>	<b>16,017,044</b>	<b>100%</b>

	2009-2010 Taka	2008-2009 Taka
<b>18 SHARE MONEY DEPOSIT</b>	<b>75,000,000</b>	<b>75,000,000</b>

The amount was received from DESA against shares of the company which have not yet been issued.

<b>19 GOB EQUITY</b>	<b>1,552,140,000</b>	<b>1,552,140,000</b>
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This represents 60% of loan received from the Government as "Equity" under Annual Development Program (ADP), the balance 40% being shown as loan. In the absence of any Govt. directive, no share have been issued against such equity.

<b>20 RETAINED EARNINGS</b>		
Balance at 1st July	3,757,874,232	1,478,782,960
Prior year's adjustment - Note-37	(15,593,672)	1,272,392,915
Net Profit for the year	1,788,730,635	1,607,337,522
	<b>5,531,011,195</b>	<b>4,358,513,397</b>
Proposed Dividend	-	(600,639,165)
<b>Balance at 30th June</b>	<b>5,531,011,195</b>	<b>3,757,874,232</b>

<b>21 LONG TERM LOANS</b>		
<b>(a) Loan from Asian Development Bank (ADB)</b>		
Loan No 1505 - Note 21.1	854,629,533	1,013,704,086
Loan No 1731 - Note 21.2	1,378,594,566	1,492,868,118
Loan No 2332 - Note 21.3	3,825,305,866	2,365,232,429
	<b>6,058,529,964</b>	<b>4,871,804,633</b>
<b>(b) Loan from Government of Bangladesh (GOB )</b>		
Loan No (1505 & 1731 ) Note 21.4	272,233,255	321,124,219
Loan No 2332: Note 21.5	151,745,344	175,708,184
	<b>423,978,599</b>	<b>496,832,403</b>
<b>Total</b>	<b>6,482,508,563</b>	<b>5,368,637,037</b>

#### 21.1 Loan from ADB (No - 1505, 9<sup>th</sup> Power Project)

This has been arrived at as under

	2009-2010		2008-2009	
	\$	Taka	\$	Taka
<b>Balance at 1<sup>st</sup> July</b>	<b>14,678,600</b>	<b>1,013,704,086</b>	<b>15,579,385</b>	<b>1,067,655,274</b>
Drawn	-	-	-	-
	<b>14,678,600</b>	<b>1,013,704,086</b>	<b>15,579,385</b>	<b>1,067,655,274</b>
Adjustment against DSL	(1,482,282)	(103,018,609)		
Transferred to Current Liability	(899,490)	(62,514,528)	(900,786)	(62,208,262)
	<b>12,296,828</b>	<b>848,170,949</b>	<b>14,678,600</b>	<b>1,005,447,013</b>
Adjustment as per ADB Schedule	-	-	-	-
Exchange loss	-	6,458,584	-	8,257,073
<b>Balance at 30<sup>th</sup> June</b>	<b>12,296,828</b>	<b>854,629,533</b>	<b>14,678,600</b>	<b>1,013,704,086</b>

- (i) This represents dollars amount drawn to date translated at exchange rate prevailing at balance sheet date for import of materials/ equipment for 9th Power Project under the Subsidiary Loan Agreement (SLA) entered into between the company and the Govt. of Bangladesh (GOB). The primary loan agreement is between the ADB and the GOB.

- (ii) According to the terms of the agreement the Principal amount of the subsidiary loan repayable by DESCO and the Government under this agreement shall be in local currency equivalent, determined at official rate of exchange prevailing on the date of repayments. The principal amount of the subsidiary loan is repayable in 25 years including a grace period of 5 (five) years in 40( forty) consecutive semi- annual installments as per Amortization Schedule. The installment is payable on a semi-annual basis (i.e. June 15 and December 15 in each year). The foreign exchange risk on the outstanding amount of loan shall be borne by DESCO.
- (iii) The company shall pay to the Government in local currency interest at the rate of 4% per annum on the local currency equivalent, determined at the official rate of exchange prevailing on the date of each interest payment of the principal amount of the Loan relent to DESCO disbursed and outstanding from time to time The interest is payable semi- annually on June 15 and December 15 , each year).
- (iv) The term of the project under which the loan was sanctioned expired on 30th June, 2004.

### 21.2 Loan from ADB (No - 1731, 10<sup>th</sup> Power Project)

This has been arrived at as under

	2009-2010		2008-2009	
	\$	Taka	\$	Taka
<b>Balance at 1<sup>st</sup> July</b>	<b>21,616,972</b>	<b>1,492,868,118</b>	<b>23,412,817</b>	<b>1,604,480,382</b>
Add Drawn	-	-	-	-
	<b>21,616,972</b>	<b>1,492,868,118</b>	<b>23,412,817</b>	<b>1,604,480,382</b>
Transferred to Current Liability	(1,781,079)	(123,785,020)	(1,795,845)	(124,021,057)
	<b>19,835,893</b>	<b>1,369,083,098</b>	<b>21,616,972</b>	<b>1,480,459,325</b>
Exchange loss	-	9,511,468	-	12,408,793
<b>Balance at 30<sup>th</sup> June</b>	<b>19,835,893</b>	<b>1,378,594,566</b>	<b>21,616,972</b>	<b>1,492,868,118</b>

- (i) This represents dollars amount drawn to date translated at exchange rate prevailing at balance sheet date for import of materials/ equipment for 10th Power Project under the Subsidiary Loan Agreement (SLA) entered into between the Company and the Govt. of Bangladesh (GOB), the primary Loan agreement being between the ADB and the GOB.
- (ii) As per the terms of the Agreement the principal amount of the subsidiary Loan repayable by DESCO to the Government shall be in local currency equivalent, determined at official rate of exchange prevailing on the date of repayment . The principal amount of the subsidiary loan is repayable in 20 years including a grace period of 4 years in 32 consecutive semi- annual installments on a semi-annual basis (i.e. January 15 and July 15 in each year). The foreign exchange and interest rate risks are to be borne by DESCO during the repayment period of 20 years.
- (iii) DESCO shall pay interest to the Government in local currency interest at the rate of 4% per annum on the local currency equivalent, determined at the official rate of exchange prevailing on the date of each interest payment of the principal amount of the loan relent to DESCO disbursed and outstanding from time to time. The interest is payable on semi-annual basis, (i.e. January 15 and July 15, in each year).
- (iv) The term of the project under which the loan was sanctioned expired on 30th June, 2006.

### 21.3 Loan from ADB (No - 2332BAN, Sustainable Power Sector Development Project)

This has been arrived at as under

	2009-2010		2008-2009	
	\$	Taka	\$	Taka
<b>Balance at 1st July</b>	<b>34,248,949</b>	<b>2,365,232,429</b>	-	-
Add Drawn	20,791,423	1,445,003,887	34,248,949	2,376,877,073
	<b>55,040,372</b>	<b>3,810,236,316</b>	<b>34,248,949</b>	<b>2,376,877,073</b>
Transferred to Current Liability	-	-	-	-
	<b>55,040,372</b>	<b>3,810,236,316</b>	<b>34,248,949</b>	<b>2,376,877,073</b>
Exchange loss	-	15,069,550	-	(11,644,644)
<b>Balance at 30th June</b>	<b>55,040,372</b>	<b>3,825,305,866</b>	<b>34,248,949</b>	<b>2,365,232,429</b>

**2009-2010**  
Taka

**2008-2009**  
Taka

- (i) This represents dollars amount drawn to date translated at exchange rate prevailing at balance sheet date for import of materials/ equipment for Sustainable Power Sector Development Project under the Subsidiary Loan Agreement (SLA) entered into between the Company and the Govt. of Bangladesh (GOB), the primary Loan agreement being between the ADB and the GOB.
- (ii) As per the terms of the Agreement the principal amount of the subsidiary Loan repayable by DESCO to the Government shall be in local currency equivalent, determined at official rate of exchange rate prevailing on the date of repayment. The principal amount of the subsidiary loan is repayable in 20 years including a grace period of 5 years in 30 consecutive semi- annual installments (i.e. May 1 and November 1 in each year). The foreign exchange and interest rate risks are to be borne by DESCO during the repayment period of 20 years.
- (iii) DESCO shall pay interest to the Government in local currency at the rate of 4% per annum. Such interest shall be calculated on the total principal amount outstanding of the subsidiary loan. The interest is payable on semi-annual basis, (i.e. May 1 and November 1, in each year).
- (iv) The term of the project under which the loan was sanctioned will expire on 30th June, 2012

#### 21.4 Loan from GOB (1505 & 1731)

This has been arrived at as under

**Balance at 1<sup>st</sup> July**

Received during the year

Refunded during the year

Transferred to Current Liability

**Balance at 30<sup>th</sup> June**

<b>321,124,219</b>	<b>370,015,184</b>
-	-
<b>321,124,219</b>	<b>370,015,184</b>
-	-
<b>321,124,219</b>	<b>370,015,184</b>
(48,890,965)	(48,890,965)
<b>272,233,255</b>	<b>321,124,219</b>

- (i) This represents 40% of the amount released to the Company by the Government under Annual Development Program (ADP) to enable the Company to pay the customs duty & Vat on material/ equipment imported by the company under the ADB Loan, as well as to meet other project related expenses. The balance 60% is accounted for under "GOB Equity".
- (ii) The loan carries interest at 3% p.a, and is repayable as per Debt Service Liability (DSL) schedule provided by the Government.

#### 21.5 Loan from GOB (2332)

**Balance at 1st July**

Received during the year

Refunded during the year

**Balance at 30th June**

<b>175,708,184</b>	<b>19,000,000</b>
-	191,800,000
<b>175,708,184</b>	<b>210,800,000</b>
(23,962,840)	(35,091,816)
<b>151,745,344</b>	<b>175,708,184</b>

- (i) This represents 40% of the amount released to the Company by the Government under Annual Development Program (ADP) to enable the Company to pay the customs duty & Vat on material/ equipment imported by the company under the ADB Loan, as well as to meet other project related expenses. The balance 60% is accounted for under "GOB Equity". The loan is repayable in 30 instalments starting from 2012 after a grace period of 5 years.
- (ii) The loan carries interest at 3% p.a, and is repayable as per Debt Service Liability (DSL) schedule provided by the Government.

	2009-2010 Taka	2008-2009 Taka
<b>22 DUE TO DESA FOR ASSETS TAKEN OVER</b>	<b>4,039,671,539</b>	<b>4,039,671,539</b>
<b>22.1</b> Area wise break-up is as under:		
Gulshan Area (comprising Gulshan, Baridhara, Uttara, Dakshinkhan)	1,998,920,000	1,998,920,000
Tongi Area (comprising Tongi East and Tongi West)	795,040,000	795,040,000
Uttara & Bashundhara Grid Substation	1,245,711,539	1,245,711,539
<b>Balance at 30<sup>th</sup> June</b>	<b>4,039,671,539</b>	<b>4,039,671,539</b>

**22.2** Value of assets shown above are provisional. Independent valuers have been appointed for identification, valuation and recording of assets taken over from DESA which is under finalization.

**22.3** The terms and conditions of repayment to DESA against the assets taken over have not yet been determined.

## 23 CONSUMER SECURITY DEPOSITS

<b>Balance at 1<sup>st</sup> July</b>	<b>734,013,930</b>	<b>583,305,439</b>
Received during the year	137,853,471	160,742,482
	<b>871,867,401</b>	<b>744,047,922</b>
Refunded during the year	(17,342,352)	(10,033,992)
<b>Balance at 30<sup>th</sup> June</b>	<b>854,525,049</b>	<b>734,013,930</b>

## 24 ENERGY SALES

	Tariff	%		
Domestic	A	43.39%	4,734,475,071	4,131,297,287
Agricultural Pump	B	0.00%	441,669	734,177
Small Industries	C	4.39%	478,784,701	536,751,289
Non-Residential	D	1.20%	130,852,013	136,648,697
Commercial & Office	E	13.04%	1,422,955,378	1,237,012,247
Medium Voltage	F	34.07%	3,717,263,712	3,487,512,261
High Voltage (33kv & above)	H	0.07%	8,009,733	9,873,647
REB High Voltage	I	0.31%	33,781,348	19,636,770
Street Light, Pump	J	0.31%	33,977,519	37,621,782
Construction & others	2E	2.30%	250,433,082	202,527,555
	<b>100%</b>		<b>10,810,974,226</b>	<b>9,799,615,712</b>

## 25 OTHER OPERATING REVENUE

	<b>178,217,188</b>	<b>205,225,995</b>
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This represents disconnection / reconnection fees, cost of materials realized, meter testing fees, meter rent etc.

## 26 ENERGY PURCHASE

2009-2010		2008-2010	
Unit (KWH)	Taka	Unit (KWH)	Taka
<b>2,938,444,536</b>	<b>7,845,646,912</b>	<b>2,742,961,661</b>	<b>7,117,531,238</b>

**26.1** Electricity is purchased solely from Bangladesh Power Development Board (BPDB) at the rate of Tk. 2.4452 per kwh and pays wheeling charge to Power Grid Co. Ltd (PGCB) at Tk 0.2291 per kwh.

	<b>2009-2010</b> Taka	<b>2008-2009</b> Taka
<b>27 OPERATING EXPENSES</b>		
Commercial operation Support Services	94,690,644	92,473,739
Schedule & preventive maintenance	87,824,336	87,825,121
Special Action Team & Collection Drive	491,310	1,032,216
Consultancy Fees for Distribution network	1,839,355	4,351,624
Consultancy Fees for valuation of assets.	-	977,500
Installation & Replacement of Meters	996,386	2,084,410
Maintenance of distribution of line & equipment	76,923,672	27,567,591
Repair & Maintenance of Transformer	28,702,913	17,539,861
Revenue Stamp Charge Against Consumer Bill	15,344,756	14,882,463
System operating Fee BERC ( Note 27.1)	7,506,896	5,567,776
	<b>314,320,268</b>	<b>254,302,301</b>
Less: Receipt against Deposit Work	70,339,050	30,508,748
	<b>243,981,218</b>	<b>223,793,553</b>

**27.1** This represents provision on net sales value as "annual system operating fees" payable to Bangladesh Energy Regulatory Comision (BERC) for the FY 2009-2010 as per BERC rules.

## 28 ADMINISTRATION EXPENSES

Audit Fees	150,000	125,000
Advertisement & Notices	8,027,742	6,887,604
Annual Picnic	817,130	-
Annual General Meeting	2,776,247	2,327,672
Bank charges	2,637,217	2,049,124
Conveyance	1,479,238	1,062,227
Cleaning Expenses	712,814	526,561
Directors' Fees(Note 28.1)	661,250	713,000
Electricity, gas & water	12,120,722	11,528,440
Entertainment	3,721,508	3,201,644
Fuel for Vehicles	12,084,951	12,007,631
Honorarium to committee members	2,278,320	640,000
Insurance of vehicles	992,857	1,347,128
Legal & Professional fees	1,488,750	886,165
Newspaper & Periodicals	363,732	301,896
Office maintenance	3,097,642	2,240,524
Office Rent	11,393,848	8,026,756
Office Security	15,978,818	10,923,633
Postage , telephone & internet	5,571,846	5,324,030
Printing & Stationery	10,732,975	11,320,331
Rates & Taxes	688,280	421,624
Repair & Maintenance of Non operating Assets	6,538,072	6,977,673
Repair & Servicing of Vehicle	5,069,386	5,699,237
Recruitment Expenses	-	891,913
Inspection ,Survey & Consultancy fees	1,670,661	455,261
Staff Training	2,171,783	370,527
Listing Fee & annual charges	2,063,513	1,310,891
Transport	8,140,645	6,517,953
Corporate Social Expenses (Note-28.2)	2,318,608	44,609
Miscellaneous	411,422	756,258
	<b>126,159,977</b>	<b>104,840,703</b>

**28.1** Directors are entitled to Tk 5,000 as board meeting fee for attending each meeting.

**28.2** Corporate Social Expenses included Tk. 0.61 million paid to Mr. Md Yousuf Bin Siraj, AM (SO), against accidental death, Tk 0.89 Milion for Bisho Estema and Tk. 0.35 Milion paid electricity bill of National Poet Kazi Nazrul Islam's family.

	2009-2010 Taka	2008-2009 Taka
<b>29 EMPLOYEES EXPENSES</b>		
Salary & allowances ( Note - 29.1)	388,071,953	249,774,675
Festival Bonus	23,853,677	18,988,952
Incentive Bonus	87,651,577	29,548,789
Company's Contribution to provident fund	19,836,915	11,679,820
Company's Contribution to gratuity fund	84,754,951	15,289,818
Group Insurance premium	533,389	2,936,255
Electricity/ telephone expense reimbursed (Note - 29.2)	2,877,166	2,657,775
Medical Expense reimbursed ( Note - 29.2)	11,249,076	3,519,837
Uniform	189,825	-
<b>Total Employees Expenses (Note- 29.3)</b>	<b>619,018,529</b>	<b>334,395,921</b>

**29.1** Remuneration of Director and Executives

	2008-2009		2007-2008	
	Taka		Taka	
	Directors	Executives	Directors	Executives
Salary and Bonus	5,876,619	108,611,861	3,475,933	61,922,159
House rent	1,925,236	42,847,380	1,124,970	22,052,722
Provident Fund	385,048	7,902,638	249,993	4,411,732
Dearness Allowance	-	-	529,783	11,168,685
	<b>8,186,903</b>	<b>159,361,879</b>	<b>5,380,679</b>	<b>99,555,298</b>

**29.2** Electricity bills and medical expense are reimbursed on actual basis to employees, subject to ceiling.

**29.3** Employee expenses increased due to implementation of new pay structure, effective from July 01, 2009.

**30 INTEREST INCOME**

Interest earned on STD/FDR	803,683,195	597,168,688
Late Payment Charge	68,400,295	69,054,100
	<b>872,083,490</b>	<b>666,222,788</b>

**31 INTEREST EXPENSES**

Interest Expense against ADB loan	204,070,868	153,864,617
Interest Expense against GOB loan	17,129,177	15,929,779
	<b>221,200,045</b>	<b>169,794,396</b>

**32 EXCHANGE (LOSS)**

<b>(32,193,487)</b>	<b>(10,580,118)</b>
---------------------	---------------------

Exchange fluctuation loss of Tk.32,193,487/- has arisen out of translation of foreign currency loan into taka at balance sheet date at Tk.69.50/\$1 (2008-09: at Tk.69.06/\$1) and has been recognized as expenses as per BAS-21.

**33 MISCELLANEOUS INCOME**

Sale of Tender Documents	445,600	129,406
Sale of Obsolete Store Materials	2,157,685	2,448,101
	<b>2,603,285</b>	<b>2,577,507</b>

	2009-2010 Taka	2008-2009 Taka
<b>34 DEPRECIATION</b>		
Depreciation (Operating)	566,749,957	518,475,544
Depreciation (Non operating)	41,347,127	36,666,370
	<b>608,097,084</b>	<b>555,141,914</b>
<b>35 INCOME TAX</b>		
Current Tax Provision (35.1)	149,037,371	533,472,132
Deferred Tax Provision (35.2)	223,544,475	-
<b>Tax Expenses</b>	<b>372,581,846</b>	<b>533,472,132</b>

**35.1** The Company's income tax assessment up to the FY 2008-2009 (AY 2009-2010) has been completed and agreed upon. The details of current tax calculation are given below:

Profit before tax as per income statement	2,161,312,481
Add: Accounting depreciation to be consider later on	608,097,084
Bad debt Provision	12,007,263
	<b>2,781,416,828</b>
Depreciation as per 3 <sup>rd</sup> Schedule of Tax Ordinance,1984.	(1,307,556,256)
	<b>1,473,860,572</b>
Current Tax( rate 27.5%) for the year	405,311,657
Less: Previous year over provision	(256,274,286)
Current tax expenses	<b>149,037,371</b>

As Assessment upto Assessment Year 2009-2010 ( Financial Year 2008-2009) has been finalized the excess provisions amounting to Tk. 256,274,286/- up to FY 2008-09 has been written back and adjusted with current tax expenses as per BAS 8.

**35.2** Provision for deferred tax has been made an amount of Tk 223,544,475 for the year 2009-2010.

Deferred Tax Provision		
<b>Balance at 1<sup>st</sup> July</b>	<b>990,291,231</b>	<b>1,608,542,768</b>
Addition during the year	223,544,475	-
	<b>1,213,835,706</b>	<b>1,608,542,768</b>
Adjustment relating to previous year	-	(618,251,537)
<b>Balance at 30<sup>th</sup> June</b>	<b>1,213,835,706</b>	<b>990,291,231</b>
<b>Calculation of deferred tax this has been arrived as under</b>		
Carring amount of Assets	8,440,892,392	
Tax base amount of Assets	4,026,944,367	
<b>Temporary Difference</b>	<b>4,413,948,025</b>	
Effective Tax Rate	27.50%	
<b>Deferred Tax Provision during the year</b>	<b>1,213,835,706</b>	

### 36 EARNING PER SHARE (EPS)

#### Earning Per Share

Earning attributable to ordinary Shareholders	1,788,730,635	1,607,337,522
Number of shares outstanding	16,017,044	16,017,044
<b>Basic Earning Per Share</b>	<b>111.68</b>	<b>100.35</b>

**36.1** Earning per share has been calculated in accordance with BAS -33 "Earning Per Share (EPS)". Previous year's figures have been restated for the issue of 26,69,507 Bonus Shares during the year.

	2009-2010 Taka	2008-2009 Taka
<b>37 ADJUSTMENT RELATED TO PREVIOUS YEAR</b>		
Energy purchase for previous year payable to DESA	(18,221,560)	-
Interest income of ICB Islamic Bank (former Oriental Bank Ltd.) in previous year accounted for.	4,251,481	4,000
Walki talki set burnt in previous year accounted for.	-	(44,800)
Excess provision of deferred tax written back	-	618,251,537
Excess provision of Income tax written back	-	135,691,621
Excess provision of interest on ADB & GOB Loan written back	-	518,490,557
Exchange fluctuation loss of prior year	(1,623,593)	-
	<b>(15,593,672)</b>	<b>1,272,392,915</b>

### 38 SUBSEQUENT EVENTS-DISCLOSURES UNDER BAS 10 "EVENTS AFTER THE BALANCE SHEET DATE".

#### 38.1 Proposed Dividend

Subsequent to the balance sheet date, the Board of Directors in their meeting held on October 28, 2010 recommended cash dividend of Tk. 15/- per share and stock dividend @ 30%, i.e. 03 bonus shares for every 10 shares held at record date of the year ended June 30, 2010. Thus, total amount of cash and stock dividends is Tk. 720,766,998.00. The dividend proposal is subject to shareholders' approval at the forthcoming 14th AGM.

Except the fact stated above, no circumstances have arisen since the Balance Sheet date which would require adjustment to, or disclosure in the financial statements or notes thereto.

#### 38.2 Sale of Investment

Out of 29,131 shares held in ICB Islamic Bank Ltd. (former Oriental Bank Ltd.) 29,130 shares were subsequently sold on 17/08/2010 at an average sale price of Tk. 2,068.88 per share as per Board decision taken on 03/05/2009.

### 39 CONTINGENT LIABILITY

**39.1** As the value of assets taken over from DESA in the Gulshan and Tongi area have been shown at estimated value, the Company may have to incur additional cost after finalization of the value of the assets.

### 40 CREDIT FACILITY AVAILED

There was no credit facility availed of by the company under any contract as on June 30, 2010 other than trade credit available in the ordinary course of business.

### 41 CAPITAL COMMITMENT

**41.1** The Company has entered into contracts for various construction works, land development, installation renovation and dismantling O/H and U/G cables to the tune of Tk 2,902 million, works of which will be started in the next financial year.

### 42 EMPLOYEES' SALARY

a. Employment throughout the year in receipt of remuneration aggregating Tk 36,000 or more per annum	993	890
b. Employment for a part of the year and in receipt of remuneration aggregating Tk 3,000 or more per month	Nil	101
	<b>993</b>	<b>991</b>

### 43 GENERAL

Previous year's figures have been re-arranged, wherever necessary, to conform to current year's presentation to facilitate comparison.

*Company Secretary*

*Director (Finance)*

*Director*

*Managing Director*

Signed in terms of our separate report of even date annexed.

Dhaka, 31 October, 2010

**Aziz Halim Khair Choudhury**  
*Chartered Accountants*

# Schedule of Property, Plant & Equipment

as at 30 June 2010

## Annexure-1

Sl No.	Category of Assets	Note	Cost			Rate	Depreciation			Written down value as on 30-06-10	Written down value as on 30-06-09
			Balance as on 01-07-09	Addition during the year	Adjustment for disposal		Total as on 30-6-2009	Balance as on 01-07-09	Charged during the year		
1	Land	1	906,182,414	1,566,614	-	-	907,749,028	-	-	907,749,028	906,182,414
2	Building	2	165,902,123	3,239,285	-	2.50%	169,141,408	5,566,997	-	131,900,367	134,228,079
3	Motor Vehicles	3	115,373,585	14,488,000	(7,817,710)	20%	122,043,875	21,511,175	(7,817,710)	25,723,125	32,746,300
4	Furniture & Fixture	-	24,490,742	1,541,270	-	10%	26,032,012	2,518,570	-	13,790,444	14,767,744
5	Office Equipment	4	100,425,994	14,153,449	(41,800)	15%-20%	114,537,643	17,317,382	(20,567)	38,825,621	42,010,786
6	Distribution Equipment	5	3,002,977,075	226,942,933	-	2%-10%	3,229,920,007	170,935,778	-	2,383,184,339	2,327,177,185
7	Distribution Line	6	5,872,125,021	1,493,988,598	-	2%-10%	7,366,113,618	390,247,179	-	4,939,719,467	3,835,978,050
	<b>Total</b>		<b>10,187,476,954</b>	<b>1,755,920,148</b>	<b>(7,859,510)</b>		<b>11,935,537,592</b>	<b>608,097,081</b>	<b>(7,838,277)</b>	<b>8,440,892,392</b>	<b>7,293,090,558</b>

### Note:

- 1) Addition to land is for registration and incidental cost of 40 decimel land acquired during the year at Dumni Moujia, Badda, Dhaka.
- 2) Building includes Store Godown Sheds, Boundary Wall. Addition represents Tk.1.28 paid for development of Gulshan S&D office building
- 3) During the year 02 (two) Nos. of cars at total cost of Tk. 4.79 Million and 01 (one) No. of Jeep at the cost of Tk. 9.25 Million was purchased. 11 (eleven) Nos.of old vehicles were disposed through public auction.
- 4) Office Equipment comprise Communication Equipmet , Computer & Peripherals , Electric and Store Equipment etc. .
- 5) Addition to Distribution Equipment includes 528 Nos. of Distribution Transformer, 4,664 Km Conductor and 1,466 Km Service Cable etc.
- 6) During the year 137.87 Km of 11Kv & 11/0.4 Kv. overhead and 20.53 Km of 33Kv underground line was laid.

# Tariff

## RETAIL TARIFF

Sl. No.	Tariff Category	Consumption Slab	Present Tariff (from March 01, 2008) Taka/KWH
1.	Domestic-A	i) from 00 to 100 units	2.50
		ii) from 101 to 400 units	3.15
		iii) above 400 units	5.25
2.	Agriculture-B		1.93
3.	Small Industries-C	i) Flat	4.02
		ii) Off-peak hour	3.20
		iii) Peak hour	5.62
4.	Non Residential-D (Charitable Industry)		3.35
5.	Commercial -E	i) Flat	5.30
		ii) Off-peak hour	3.80
		iii) Peak hour	8.20
6.	Medium Voltage-F (11 KV)	i) Flat	3.80
		ii) Off-peak hour	3.14
		iii) Peak hour	6.73
7.	Very High Voltage-G (132 KV)	i) Time: 23.00-06.00	1.49
		ii) Time: 06.00-13.00	2.48
		iii) Time: 13.00-17.00	1.66
		iv) Time: 17.00-23.00	5.52
		iv) Flat Rate	2.82
8.	High Voltage-H (33 KV)	i) Flat	3.58
		ii) Off-peak hour	3.03
		iii) Peak hour	6.45
9.	Street Light and Pump-J		3.86

## BULK PURCHASE TARIFF

Sl. No.	Tariff Category	Present Tariff (from October 01, 2008) Taka/KWH
1.	BPDB to DESCO (for energy)	2.4452
2.	PGCB to DESCO (for wheeling)	0.2291

# Proxy Form

I/We.....of  
.....  
being a member of **Dhaka Electric Supply Company Ltd. (DESCO)** do hereby appoint  
Mr./Mrs./Miss.....of  
....., as my/our proxy to attend and vote for me/us on my/our behalf  
at the 14<sup>th</sup> Annual General Meeting of the Company to be held on Monday, the 3<sup>rd</sup> January, 2011  
at 11.00 am. at Bashundhara Convention Center, Bashundhara Residential Area, Baridhara, Dhaka and at any adjournment thereof.  
As witness my hand this day of ....., 2010.

Affix  
Revenue  
Stamp of  
TK. 8/-

(Signature of the Shareholder)

BO ID No. : .....

Date: .....

(Signature of the Proxy)

BO ID No. : .....

Date: .....

**Note:** The proxy form should reach the Corporate Office of the Company not less than 48 hours before the time fixed for the meeting i.e. not later than 1<sup>st</sup> January, 2011 within office hours.

Signature Verified

Authorized Signatory

**Dhaka Electric Supply Company Ltd. (DESCO)**

# Attendance Slip

I hereby record my attendance at the 14<sup>th</sup> Annual General Meeting being held on Monday, the 3<sup>rd</sup> January, 2011 at 11.00 am. at Bashundhara Convention Center, Bashundhara Residential Area, Baridhara, Dhaka

BO ID No. : .....

Name of the Shareholder/Proxy .....

Signature .....

Date: .....

**Note:** Please present this slip at the Reception Desk.





**DHAKA ELECTRIC SUPPLY COMPANY LIMITED**

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Banani Model Town, Dhaka - 1213

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**Web: [www.desco.org.bd](http://www.desco.org.bd)**