

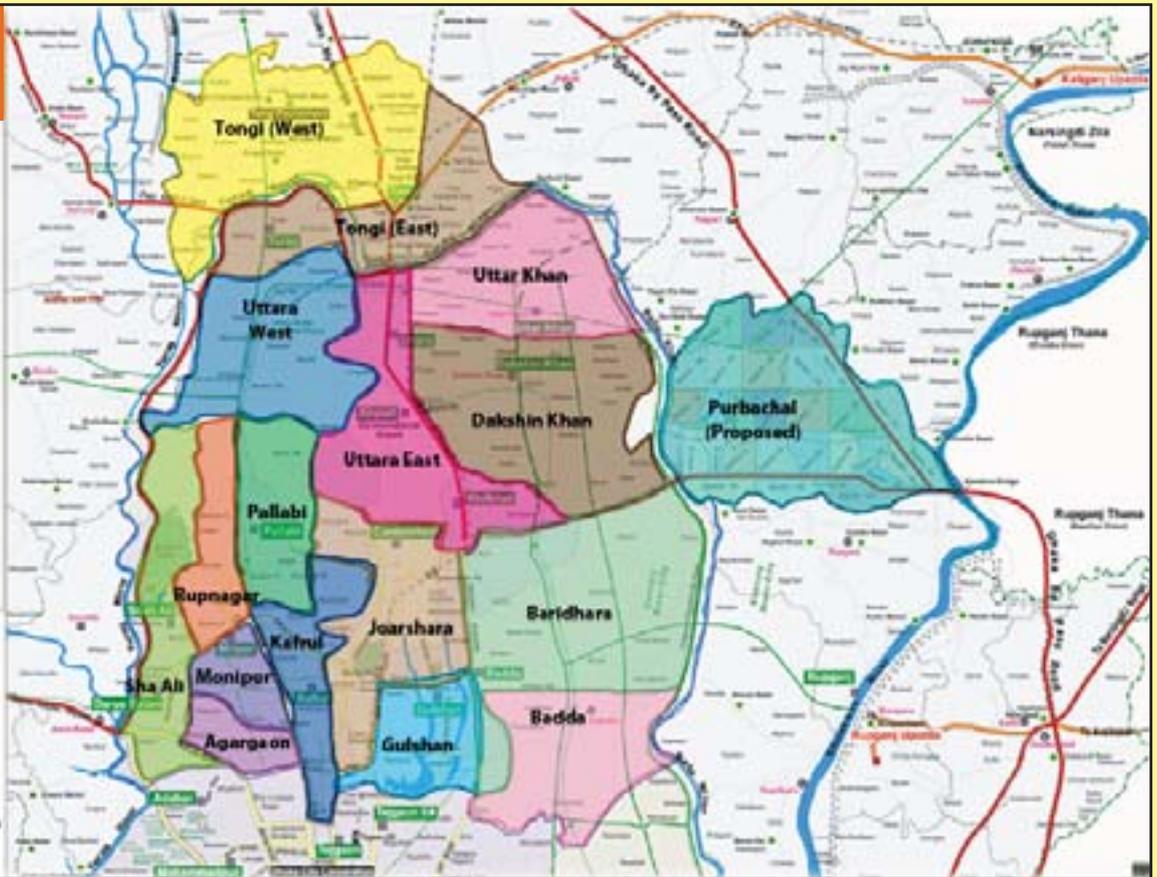
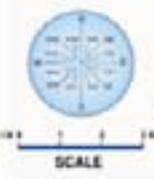
# Annual Report 2012



**DHAKA ELECTRIC SUPPLY COMPANY LIMITED**

S&D Wise  
DESCO Map

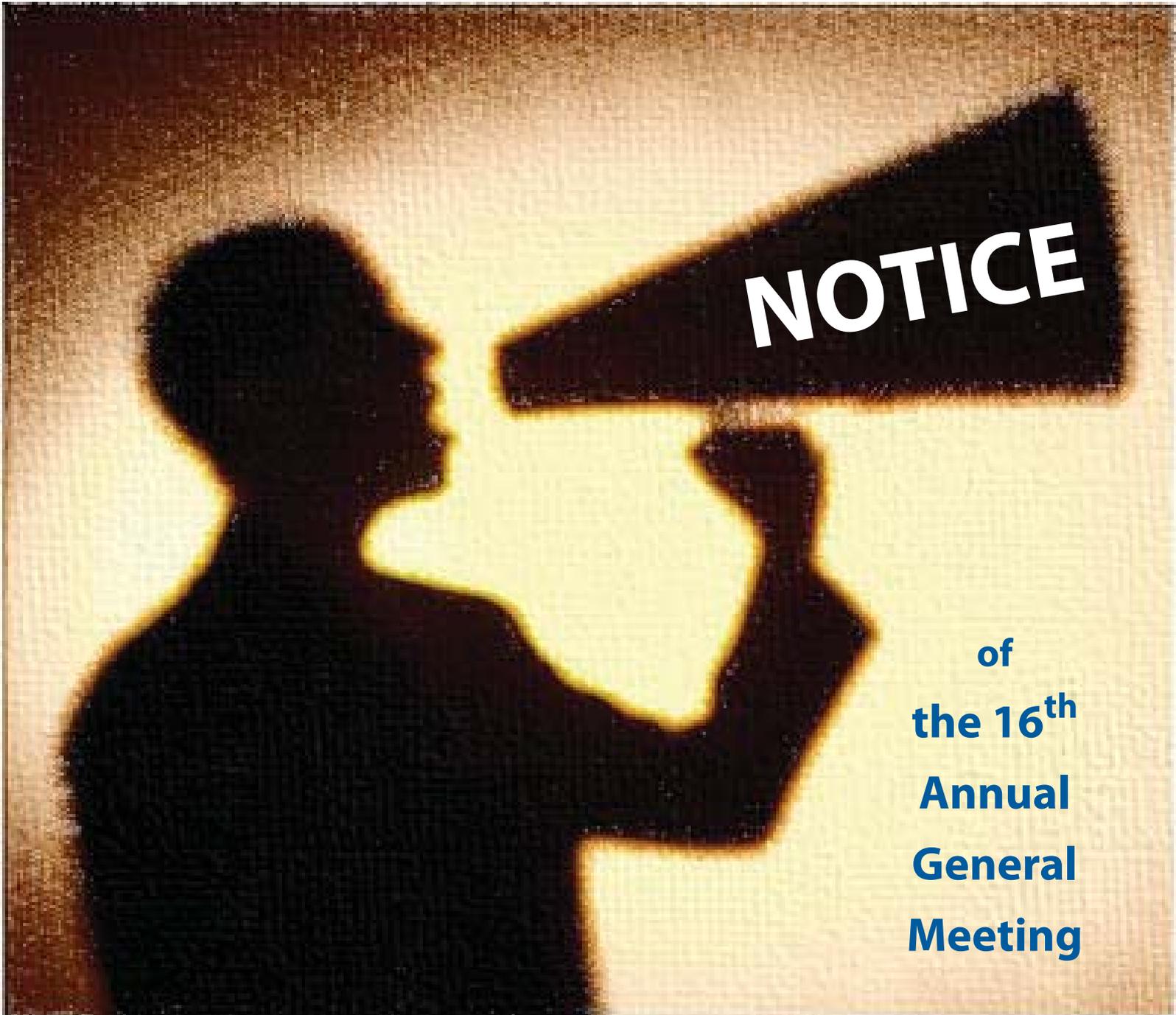
LEGEND



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**NOTICE**

**of  
the 16<sup>th</sup>  
Annual  
General  
Meeting**

**DHAKA ELECTRIC SUPPLY COMPANY LIMITED (DESCO)**

## NOTICE OF THE 16th ANNUAL GENERAL MEETING

This is for notification of all concerned that the 16th Annual General Meeting (AGM) of Dhaka Electric Supply Company Ltd. (DESCO) will be held on Wednesday, January 02, 2013 at 10:00 a.m. at Bashundhara Convention Center-02, Bashundhara Residential Area, Baridhara, Dhaka to transact the following business:

1. To consider and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended June 30, 2012 together with the Auditors' Report thereon.
2. To declare Dividend for the year ended June 30, 2012 as recommended by the Board of Directors.
3. To elect/re-elect the Directors.
4. To appoint Auditors for the year 2012-13 and to fix their remuneration.

All the members of the Company are requested to kindly make it convenient to attend the Meeting in time.

Dhaka, December 06, 2012

By order of the Board of Directors,  
Sd/-  
**Md. Shofiqul Islam**  
Company Secretary

### Notes:

1. Members, whose names appear on the Members/Depository Register as on 'Record Date' i.e. 07/11/2012, will be eligible to attend the Annual General Meeting (AGM).
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 the Annual Report-2012, duly filled, signed and stamped by revenue stamp of Tk. 20/- must be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
3. Members may collect the Annual Report from the registered office in case of non receipt of the same sent through courier service. No additional Annual Report will be distributed at the AGM venue.
4. Registration counter will remain open from 8:00 a.m. to 10:00 a.m. on the meeting day.



## MILESTONES



<b>1996</b>	November 03, 1996	Certificate of Incorporation
	December 19, 1996	First Board Meeting
<b>1998</b>	September 24, 1998	Take over of Mirpur are from DESA and commencement of commercial operation
<b>2003</b>	April 09, 2003	Take over of Gulshan Circle from DESA
<b>2004</b>	February 15, 2004	Establishment of Sales & Distribution (S&D) Divisions
<b>2005</b>	September 07, 2005	Inauguration of Prepaid Metering System
<b>2006</b>	June 18, 2006	Company goes public
<b>2007</b>	March 03, 2007	Take over of Tongi Pourashava Area
	November 15, 2007	Distribution License from BERC
<b>2008</b>	November 11, 2008	Inauguration of Data Acquisition System
<b>2010</b>	June 04, 2010	Introduction of Online Bill Payment System
<b>2012</b>	February 23, 2012	Online Application for New Connection



## **VISION**

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



## **MISSION**

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



## **CORPORATE PHILOSOPHY**

Service excellence with integrity and corporate social responsibility.

# BOARD OF DIRECTORS 2011-2012

## *Chairmen and Managing Directors*



**Mr. Md. Mofazzel Hossain**  
Chairman  
From: 03/01/2012



**Mr. Md. Shahjahan Siddiqui**  
Chairman  
Till: 02/01/2012



**Mr. Md. Arjad Hossain**  
Managing Director (In-charge)  
From: 22/03/2012



**Mr. Md. Monzur Rahman**  
Managing Director  
Till: 22/03/2012

## Directors



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



**Mr. Md. Foiz Ahamed**  
Additional Secretary (Admin)  
Power Division, Ministry of Power,  
Energy & Mineral Resources



**Begum Salma Benthe Kadir**  
Joint Secretary, Legislative &  
Parliamentary Affairs Division  
Ministry of Law, Justice &  
Parliamentary Affairs



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



**Mr. S. R. Akhter**  
Superintending Engineer (Retd.)



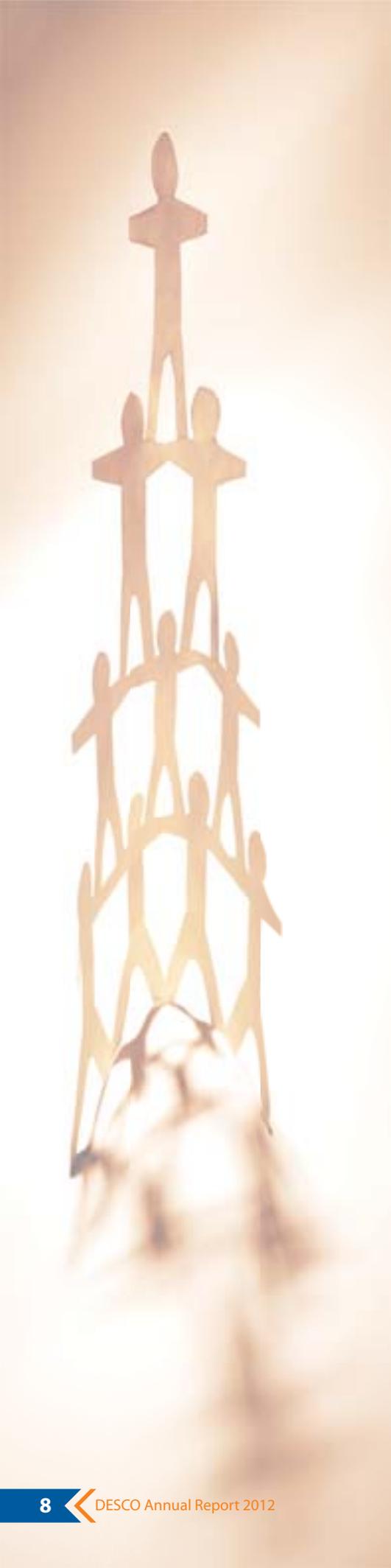
**Engineer Mohammad Harun**  
Proprietor, Regal Enterprise



**Big. Gen. (Retd) Md. Nazrul Hasan**  
Managing Director  
Dhaka Power Distribution  
Company Limited (DPDC)  
(From 08/03/2012)



**Mr. Md. Abdus Sobhan**  
Managing Director  
Dhaka Power Distribution  
Company Limited (DPDC)  
(From 07/10/2011 to 08/03/2012)



## CORPORATE DIRECTORY

MANAGING DIRECTOR (In-charge)	Mr. Md. Arjad Hossain
DIRECTOR (Finance & Accounts)	Mr. Md. Rofi Uddin
COMPANY SECRETARY	Mr. Md. Shofiqul Islam
TAX ADVISOR	Rahman Mostafa Alam & Co. Chartered Accounts
LEGAL ADVISOR	Sheikh & Chowdhury Barristers. Advocates
AUDITORS	M/S Ata Khan & Co Chartered Accounts

## CORPORATE HEAD OFFICE

22/B Faruk Sarani, Nikunja-2 Khilkhet, Dhaka-1229

PABX: 8900110-11, 8900220-23 Fax: 8900100

E-mail: [info@desco.org.bd](mailto:info@desco.org.bd) [mddesco@desco.org.bd](mailto:mddesco@desco.org.bd)

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

# COMPANY'S SERVICE CENTERS

## MIRPUR ZONE

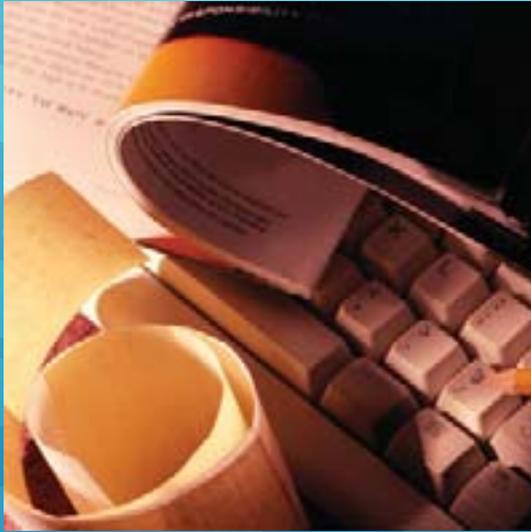
AGARGAON	:	E-10, Agargaon, Sher-E-Bangla Nagar, Dhaka-1207 Phone: 8181485, 8181486 Fax: 8181484 E-mail: agargaon.sdd@desco.org.bd Complain: 9144714, 9101340
KAFRUL	:	House # 4, Road # 17, Block # C, Section # 10, Mirpur, Dhaka-1216 Phone: 8021344, Fax: 8035068 E-mail: kafrul.sdd@desco.org.bd Complain: 9001119
MONIPUR	:	House # 4, Road # 17, Block # C, Section # 10, Mirpur, Dhaka-1216 Phone: 9007709, 9014846 E-mail: monipur.sdd@desco.org.bd Complain: 9001119
PALLABI	:	House # 4, Road # 17, Block # C, Section # 10, Mirpur, Dhaka-1216 Phone: 9002026, Fax: 8035657 E-mail: pallabi.sdd@desco.org.bd Complain: 9001051
SHAH ALI	:	As-salam Tower, Plot # 82 & 83, Dhaka National Zoo Road Block # A, Section # 2, Mirpur, Dhaka-1216 Phone: 9016619, 8034059 Fax: 8054182 E-mail: shahali.sdd@desco.org.bd Complain: 9144714
RUPNAGAR	:	Plot # I/1, Road # 7, Section # 7, Pallabi, Mirpur, Dhaka-1216 Phone: 8055527, 8050080 Fax: 9020136 E-mail: rupnagar.sdd@desco.org.bd Complain: 9001051

## GULSHAN ZONE

GULSHAN	:	House # 47, Road # 134, Gulshan-1, Dhaka-1212 Phone: 8859493, 8825759 Ext. 101 Fax: 9859397 E-mail: gulshan.sdd@desco.org.bd Complain: 9895045, 9895120
BARIDHARA	:	Plot # 4, Road # 1/A, Block # J, Notun Bazar, Baridhara, Dhaka Phone: 9895117, 9882521 Ext. 222, Fax: 8855244 E-mail: baridhara.sdd@desco.org.bd Complain: 9883598, 9888965
JOAR SHAHARA	:	House # 47, Road # 134, Gulshan-1, Dhaka-1212 Phone: 8859493, 8825759 Ext. 111 Fax: 9859397 E-mail: Complain: 9895045, 9895120
BADDA	:	Plot # 4, Road # 1/A, Block # J, Notun Bazar, Baridhara, Dhaka Phone: 9895117, 9882521 Ext. 310, Fax: 8855244 E-mail: Complain: 9883598, 9888965

## UTTARA ZONE

UTTARA (East)	:	20/21, Shahjalal Avenue, Sector # 6, Uttara, Dhaka-1230 Phone: 8959146, 8957656, 7911262 Ext. 101, 105 Fax: 8959145 E-mail: uttara.sdd@desco.org.bd Complain: 8914265, 8919574
UTTARA (West)	:	20/21, Shahjalal Avenue, Sector # 6, Uttara, Dhaka-1230 Phone: 8959146, 8957656, 7911262 Ext. 124 Fax: 8959145 E-mail: uttara.sdd@desco.org.bd Complain: 8914265, 8919574
DAKKHIN KHAN	:	Dag # 3504, Mollah Para, Dakkhinkhan, Dhaka-1230 Phone: 8911289, 8912389 Ext. 101 Fax: 8912309 E-mail: dakkhinkhan.sdd@desco.org.bd Complain: 8912398, 8999470
UTTAR KHAN	:	Dag # 3504, Mollah Para, Dakkhinkhan, Dhaka-1230 Phone: 8911289, 8912389 Ext. 121 Fax: 8912309 E-mail: Complain: 8912398, 8999470
TONGI (East)	:	Squib Road, Cherag Ali, Tongi, Gazipur Phone: 9815903, Fax: 9810162 E-mail: tongieast.sdd@desco.org.bd Complain: 9815904
TONGI (West)	:	Squib Road, Cherag Ali, Tongi, Gazipur Phone: 9815921, Fax: 9815922 E-mail: tongiwest.sdd@desco.org.bd Complain: 9817637, 9811083



## **TECHNICAL & COMMERCIAL HIGHLIGHTS**



## TECHNICAL HIGHLIGHTS

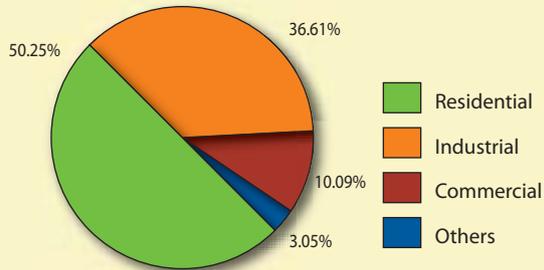
Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
33/11KV Sub-stations (No.)	19	21	21	21	22	25
Capacity of 33/11KV Substations	680/952	760/1064	760/1064	770/1078	880/1232	980/1372
Maximum Demand (MW)	451	505	545	622	640	715
33KV Overhead Line (KM)	82.8	82.8	82.8	82.8	82.8	82.8
33KV Underground Line (KM)	182.2	182.2	184.84	208.37	215.88	294.61
11KV Overhead Line (KM)	860.4	910.07	959.25	1017.86	1044.55	1084.05
11KV Underground Line (KM)	314.35	317.1	318.72	350.12	360.54	390.29
LT Line	1473.25	1517.44	1591.39	1671.88	1717.35	1774.73
Distribution Transformer (No.)	4316	4497	4563	4810	4938	5227

## COMMERCIAL HIGHLIGHTS

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Energy Import (MKWh.)	2191.463	2573.763	2742.962	2933.72	3122.746	3401.585
Energy Import (MTk.)	4946.361	6151.294	7117.531	7845.647	8801.829	13327.738
Energy Sales (MKWh.)	1897.007	2293.027	2474.511	2673.687	2848.381	3111.124
Energy Sales (MTk.)	7380.98	9094.192	9888.304	10911.199	12400.183	16094.631
System Loss (%)	13.44	10.91	9.79	8.86	8.79	8.54
Collection Ratio (%)	104.4	100.01	98.18	98.75	98.96	98.54
C.I. Ratio (%)	90.37	89.1	88.57	90	90.26	90.13
Consumer Nos.	347614	385037	415842	446129	449063	504723
Receivable/Sales (%)	26.52	21.23	22.48	20.69	19.96	18.54

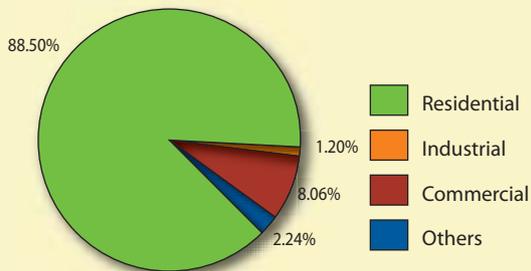
# PERFORMANCE

## Consumption Pattern



Category	Consumption MKWh	(%)
Residential	1563.466	50.25%
Industrial	1139.08	36.61%
Commercial	314.023	10.09%
Others	93.99	3.05%

## Consumer Mix

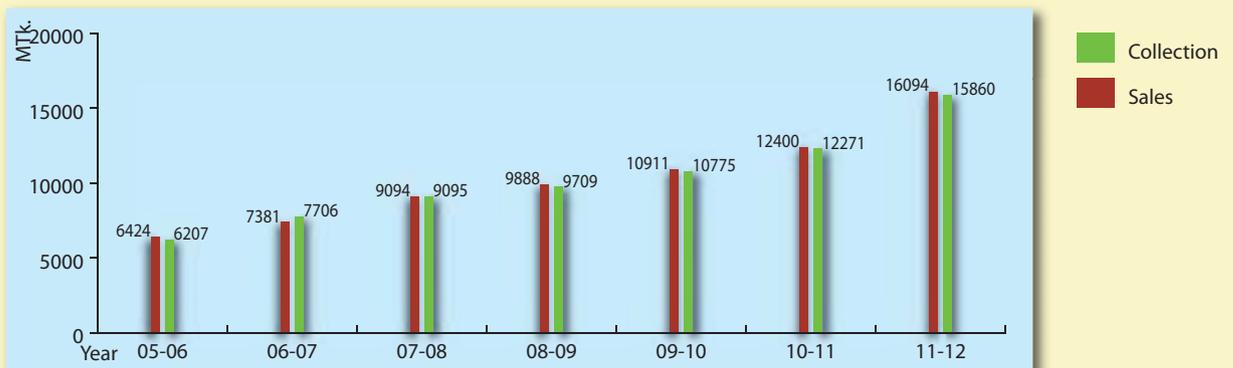


Category	Consumer Number	(%)
Residential	446683	88.50%
Industrial	6016	01.20%
Commercial	40674	08.06%
Others	11350	02.24%

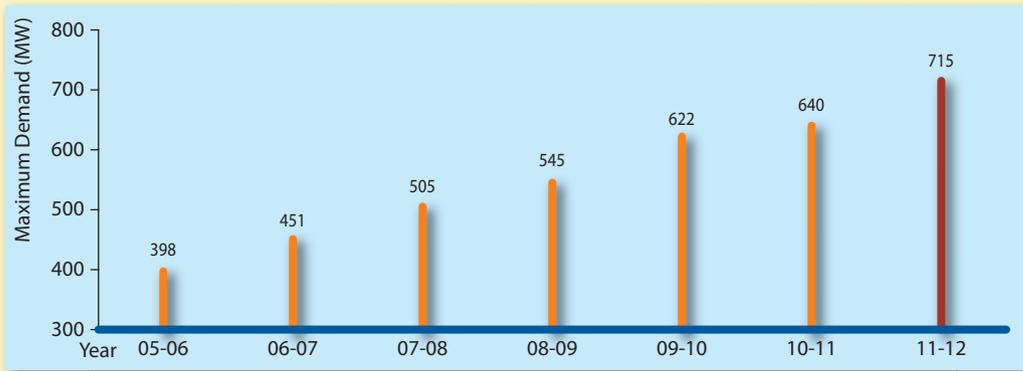
## Category wise Consumption Growth



## Sales and Collection



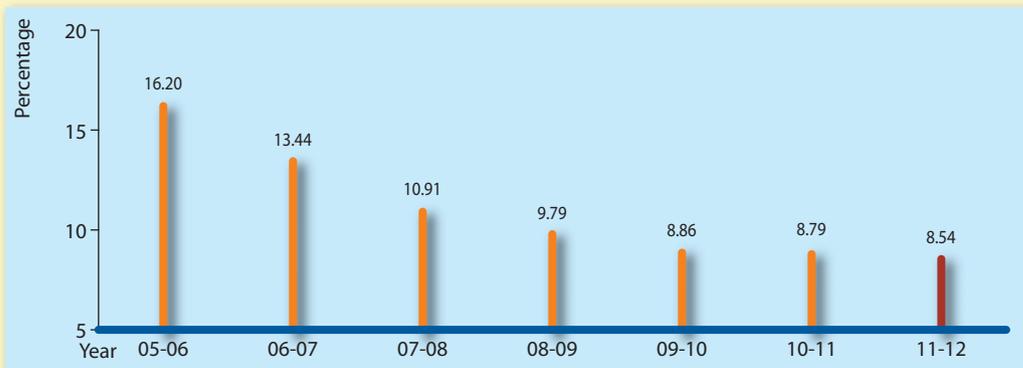
## Load Growth



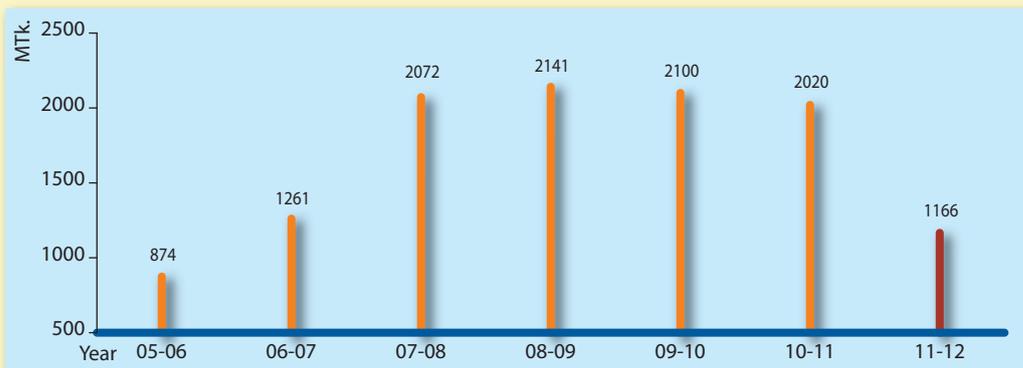
## Import & Sales



## System Loss



## Profit Loss





## DIRECTORS' REPORT

### *Directors' report to the shareholders*



**Mr. Md. Mofazzel Hossain**  
Chairman

#### **Dear Honorable Shareholders,**

I welcome you, on behalf of the Board of Directors, to the 16th Annual General Meeting of Dhaka Electric Supply Company Limited (DESCO), and place before you the Audited Accounts for the year ended June 30, 2012 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 from 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 in April, 2003 and Tongi Pourashava Area in March, 2007. The total consumer strength stands at 5,04,723 as of 30th June, 2012 with a maximum load demand of 715 MW as on that date.

## TERRITORY

The area, about 250 square kilometers under service of the Company, comprises the areas bounded by the Mirpur Road, Agargaon Road, Rokeya Sarani, Bijoy Sarani, New Airport Road, Mymensingh Road, Mohakhali Jheel, Rampura Jheel connected with Balu River in the South, Balu River in the east and Turag River in the West, areas under Tongi Pourashava in the North and “Purbachal Model Town” a Rajuk Project, situated on the east side of Balu River adjacent to Dakkhinkhan area.

## GROWTH OF THE COMPANY

The Company's growth can be better conceived by the figures and graphs presented in this Report. Starting from a consumer base of 71,000 with load demand of 90 MW in 1998, the Company has grown to cater about 5,04,723 consumers as of June 30, 2012. The shareholders equity increased from Tk. 9,919 million last year to Tk. 10,553 million, recording a growth of 6.39% during the year.

## 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 area and increasing number of consumers and system load, DESCO reorganized its activities into 16 (sixteen) Sales & Distribution (S&D) Divisions.

The major field level technical activities like scheduled maintenance, trouble shooting and breakdown maintenance of substation and switching stations, trouble shooting of customer complaints, line & equipment maintenance etc. have been outsourced. Similarly, Commercial support activities like meter reading, distribution of monthly electricity bills, service disconnection of the defaulter consumer, customers' house wiring inspection, new electric connection, meter installation, change of old or unserviceable meter etc. have also been outsourced, including other logistic support services like security service, cleaning service and partial transport service. To this end, DESCO engaged in several experienced contractors through competitive bidding process. With the proper maintenance of the distribution system, service complaints from consumers have been reduced significantly. To achieve greater consumer satisfaction, the procedure for new connection has been simplified and efforts are on to further reduce the average time now taken.

## TECHNICAL ACTIVITIES

Major technical activities completed during the year 2011-12 are highlighted below:

### Substation :

DESCO always feels to be consistent with load growth and capacity enhancement. As such it took various projects for capacity building. In FY 2011-12 the company installed, tested and commissioned the following 5 (five) 33/11 KV substations within its jurisdiction:

Sl. No	Name of the Substation	Date of completion	Capacity
01	Hazrat Shahjalal (R) International Airport (CAAB)	July 07, 2011	2x20/28 MVA
02	Mirpur (DOHS)	August 28, 2011	2x20/28 MVA
03	Uttara	September 21, 2011	3x20/28 MVA
04	Mirpur (Old)	October 15, 2011	3x20/28 MVA
05	Baunia	December 30, 2011	2x10/14 MVA
<b>Total Capacity increased</b>			<b>220/308 MVA</b>

### Electric Line Construction :

During last financial year DESCO completed the expansion and up gradation of its source line and distribution network as stated below:

Sl. No	Type of Line	Level	Length
1.	Underground ( Source )	33 KV	78.02 Circuit Kilometer
2.	Underground	11 KV	30.33 Circuit Kilometer
		<b>Total</b>	<b>106.17 Circuit kilometer</b>
3.	Overhead	11 KV	30.27 Kilometer
4.	Overhead	11/0.4 KV	4.55 Kilometer
5.	Overhead	0.4 KV	51.39 Kilometer
		<b>Total</b>	<b>86.21 Kilometer</b>
6.	Renovation		19.33 Kilometer

### Distribution Transformer :

In order to cater the increasing load demand and enhance load capacity DESCO installed as many as 261 nos of 11/0.4 KV Three Phase 200 KVA and 28 nos Single Phase transformers, in addition to consumer's own transformers.



INFRASTRUCTURE	Particulars	As on June 2012
	Source line (33KV)	377.41 KM
	Distribution line (11KV & LT)	3249.07 KM
	No of substation	25 Nos.
	Installed capacity	980/1372 MVA
	Max demand	715 MW
	Load factor	54.16%
	Distribution Transformer	5227 Nos
	No of feeder	221 Nos
	132/33 KV Grid SS	02 Nos

### Ongoing Projects :

- 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 financed by GOB, Tk. 1,559.67 million financed by DESCO and the rest financed by ADB against Loan No: 2332-BAN Under the scope of "Sustainable Power Sector Development Program (SPSDP)", is in the implementation stage. The project work is scheduled to be completed by June, 2013. Up to June, 2012, the physical progress achieved was 92.20% while financial progress achieved was 59.02%. The completion of the project will result in augmentation of sub-station capacity of DESCO by 120 MW to facilitate connection 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 Tk 5,949.00 million, of which Tk. 270.30 million financed by GOB, Tk. 2,149.55 million financed by DESCO and the rest financed by ADB against Loan No. 2332-BAN under the scope of "Sustainable Power Sector Development Program (SPSDP)", is also in the implementation stage. The project work is scheduled to be completed by June, 2013. Up to June, 2012 the physical progress achieved 90.15% while financial progress achieved 60.28%. The completion of the project will result in augmentation of Sub-station capacity of DESCO by 210 MW to facilitate connections to 94,250 nos. of new consumers in the Gulshan Circle.
- To meet the expected demand up to the year 2015 in DESCO area, DESCO has taken up development projects on turnkey basis by its own fund to install 05 (Five) new 33/11 KV Substations and rehabilitate 03 (three) existing 33/11 KV Substations, the total estimated cost of which is Tk.177 crore. Through this project, the total power distribution capacity will be enhanced by 224 MW.

As a result, DESCO will be able to meet the increased demand up to 2015.

### Looking into the future :

- DESCO has completed a study to ascertain load demand and consumer growth in DESCO area up to the year 2030 with 5-year phasing. The report shows that the load demand of DESCO will increase to 1,129 MVA by the year 2015, to 1,910 MVA by the year 2020, to 3,489 MVA by the year 2025 and to 6,288 MVA by the year 2030. Accordingly, DESCO has prepared a plan to cater this increasing load demand. For this purpose, 117 nos of new 33/11KV Substations and 28 nos of new 132/33 KV Grid Substations will be required along with up gradation of some existing Substations. To meet the demand up to 2020. DESCO has taken initiative to construct 03 (three) nos of new 33/11 KV substation and rehabilitate 01 no of 33/11KV substation under DESCO own fund.
- A new township 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 Narayangonj and Gazipur. This new township has already been added to DESCO's operational area. The electrical network development for this area has already been taken up by DESCO. The load demand of Purbachal Model Town is expected to be about 500 MW. 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 Model Town (3rd Phase)" is being developed by RAJUK and has also been added to DESCO's territory. The electrical network development for this area has already been started. The load demand of "Uttara Model Town (3rd Phase)" is expected to be about 352 MW.
- With the view to meet the demand up to 2025, preparation of Development Project Proforma (DPP) of new construction & rehabilitation of 33/11 KV Substations, 33 KV and 11KV U/G & O/H lines, related 132/33 KV Grid substations are in progress. The estimated cost requirement for these projects is about Tk. 3,000 crore.

## COMMERCIAL ACTIVITIES

Major commercial activities undertaken during the year are highlighted below :

### Disconnection / Reconnections :

Disconnection of electric line has been considered to be an effective tool to recover outstanding bills/dues. By applying this tool a total number of 33,272 defaulting consumers' services were disconnected during the year. Moreover, 15,376 illegal consumer services were traced and disconnected during the year.

During the year, 29,548 consumers were given re-connection on recovery of their outstanding dues and realization of penalty as applicable. An aggregate amount of Tk. 576.90 million was realized from the defaulting consumers and Tk. 10.59 million against penal/supplementary bills.

### New Connections :

This year 55,660 new connections have been added to our system. With these new connections, the total number of electric connections under DESCO at the end of the financial year stands at 5,04,723.

### Energy Saving & Use of Alternative Energy :

Power saving means Power generation. Aiming this motto, DESCO has undertaken different steps to encourage the consumers for using energy efficient appliances in their homes / offices, turning off lights and fans when not in use and replacing the older incandescent lamp by CFL (Compact Florescent Lamp) etc. by means of distributing leaf-let, displaying poster and festoons.

To encourage the use of renewable energy, DESCO ensured installatiaon of eco-friendly Solar Panel of capacity around 2.7 MW by 2,491 nos of consumers at their premises up to June 30, 2012 in line with the Government policy. DESCO installed solar panel of capacity 17.04 kw at its 48 nos own installations up to June 30, 2012

### Metering :

The meter being the 'cash box' of the Company, every effort is made to change defective meters, sealing of meters and inspection of meters on a regular basis. During the year 21,937 defective meters were changed, 2,364 meters were sealed and 48,747 meters were inspected.

### Consumer Complaints :

DESCO continuously strives to offer 'service excellence' to its valued consumers. Consumer complaints in terms of billing errors, rectification of names and addresses are seriously attended. During the year, 12,410 bills were corrected and records of 2,655 names and addresses were rectified 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 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. Any consumer coming to DESCO's Sales & Distribution Division office, may receive desired service and solution from the staff of the "One Point Service Centre".

The Customer Service Centers are under continuous improvement in order to raise their standard up to the desired level. For this purpose, DESCO is giving emphasis on routine 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.15,962 million and collection at Tk. 15,709 million, the billing collection ratio works out at 99.31% and the Collection/ Import (C.I.) ratio to 89.77% this year.

### **Accounts Receivable/ Sales :**

One of the indicators of efficient financial management is to decrease the accounts receivable/sales ratio. The Company maintains a system of continuous monitoring of accounts receivable by way of monthly reports and analysis. The Accounts Receivable/ Sales ratio works out to 15.37% this year as against 19.96% in the last year.

### **System Loss :**

This is a key performance indicator of any electric distribution company and is determined by the quantity of energy purchased and sold. The system loss works out to 8.54% this year as against 8.79% in the previous year.

### **Prepaid Metering :**

Prepaid meter utilizes smart card technology that allows customers to put money on a smart card which is inserted and removed from the prepaid meter. The meter reads a chip in the card and ensures that only the amount of electricity that has been paid for be available to the customer. Customers can re-charge their smart cards at DESCO's vending stations. The introduction of prepaid meters has helped to improve revenue collections as well as to reduce system loss.

A total of 11,333 nos of prepaid meters have been installed in different Sectors of Uttara as of 30th June, 2012. In order to facilitate continuous supply of prepaid meters, DESCO has set up a "Prepaid Meter Production Unit" at Mirpur with the technical assistance of Institute of Information and Communication Technology (IICT), BUET.

### **Key Performance Indicator (KPI) targets for DESCO**

KPIs help an organization define and measure progress toward organizational goals. Once an organization has analyzed its mission, identified all its stakeholders and defined its goal, it needs a way to measure progress toward those goals. This can be done by setting KPIs. KPIs are quantifiable measurements that reflect the success factors of an organization.

A Memorandum of Understanding (MOU) was signed between Power Division, Ministry of Power, Energy & Mineral Resources (MPEMR) and DESCO with a view to achieve some Key Performance Targets by the company for the period January-June, 2012 which included System Loss, Accounts Receivable, Collection Bill Ratio, Collection Import Ratio, Current Ratio, Quick Ratio, Debt Service Coverage Ratio, Average Training Hour per Employee and Implementation of Annual Development Program (Physical & Financial). DESCO attained all the targets successfully.

However, a similar MOU has also been signed for the FY 2012-13 containing the targets of Annual Average Power Factor, System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) in addition to previous targets. DESCO strives to achieve all the targets by involving every employee in their own vicinity.



## FINANCIAL RESULTS AND APPROPRIATION

The synergy between technical and commercial activities is reflected in the improved financial results of the Company year to year as under:

Particulars	2011-12 (Million Taka)	2010-11 (Million Taka)	2009-10 (Million Taka)	2008-09 (Million Taka)	2007-08 (Million Taka)
Revenue from Operations	16,251	12,475	10,989	10,005	9189
Cost of Sales	14,388	(9,679)	(8,656)	(7,860)	(6953)
Gross Profit	1,863	2,796	2,333	2,145	2236
Expenses	(878)	(795)	(798)	(487)	(484)
Operating Profit	985	2,001	1,534	1,658	1752
Financial Expenses	(343)	(278)	(221)	(170)	(256)
Exchange Fluctuation (loss/gain)	(758)	(516.36)	(32.19)	(10.58)	45.37
Non Operating Income	1,282	813	880	669	576
Taxation	(328)	(542)	(373)	(533)	(1,072)
Net Profit for the year	839	1,478	1,789	1,607	1001
Dividend (proposed)	650	729	721	601	381
Un appropriated profit carried forward	6,324	6,209	5,531	3,758	1,479

## CONTRIBUTION TO THE EXCHEQUER

Since commencement of its operation, DESCO has been contributing substantial amount to the National Exchequer by way of VAT and Taxes as shown in the table below :

VAT and Income Tax	2011-12 (Million Taka)	2010-11 (Million Taka)	2009-10 (Million Taka)	2008-09 (Million Taka)	2007-2008 (Million Taka)
VAT from Electricity Bills	682.33	584.30	514.84	474.48	430.62
VAT from contractors / suppliers Bills	31.70	26.79	15.11	52.40	18.83
Income Tax deduction at Source	73.06	81.63	81.11	45.97	37.53
Corporate Income Tax	583.30	322.96	438.32	459.74	426.81
<b>Total</b>	<b>1370.39</b>	<b>1,015.68</b>	<b>1049.38</b>	<b>1032.59</b>	<b>913.79</b>



## FINANCIAL RATIOS

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

Financial Ratio	2011-12	2010-11	2009-10	2008-09	2007-08
Current Ratio	3.02	3.49	3.65	3.23	2.58
Quick Ratio	2.60	2.78	2.66	2.25	2.39
Debt /Equity Ratio	59:41	58:42	59:41	60:40	73:27
Accounts Receivable (Months Equivalent to Sales)	2.05	2.43	2.74	2.73	2.61
Operating Expenses to Operating Revenue	88.53	77.58	78.77	78.55	75.67
Gross Margin / Sales Ratio	11.46	22.75	21.58	21.89	24.81
Operating Margin / Sales Ratio	6.06	16.28	14.19	16.86	19.44
Net Income / Sales Ratio	5.16	12.03	16.55	16.40	11.10
Return on Asset	8.86	16.01	20.31	21.89	14.00
Return on Equity	7.95	14.90	20.42	21.96	22.38
Net Asset Value Per Share	40.54	459.83	546.91	548.46	334.95
Net Operating Cash Flow Per Share	14.04	164.97	118.15	118.83	194.58
Earnings Per Share (Tk.)	3.22	5.68	6.87	6.18	3.85

## SHARE INFORMATION

The distribution of shareholding and type of shareholding are shown below:

### General

Authorized Capital : Tk. 500 crore

Paid up Capital : Tk. 260.28 crore

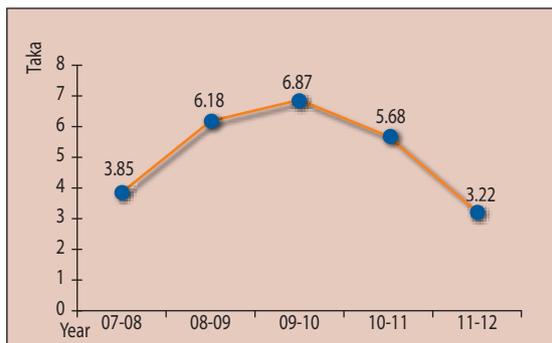
Total Shares (Nos.) : 260,276,962

Class of Share : Ordinary Shares of Tk.10/- each

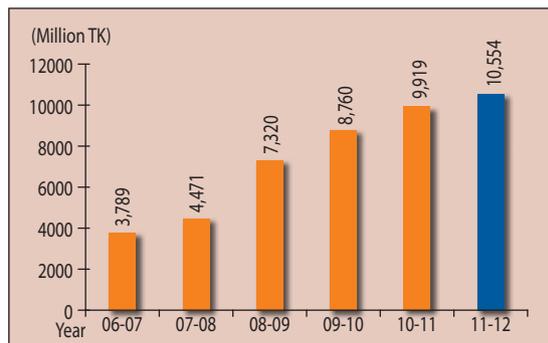
### Stock Exchange Listing

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

### Earning Per Share



### Shareholders' Equity



## Distribution of Shareholdings

Number of Shareholders on 30th June, 2012 stood at 8,442 nos.

Range of holding in numbers of shares	Number of Shareholders	% of Shareholders	Number of Shares	% of Share Capital
less than 501 Shares	2,818	33.38	876,071	0.34
501 to 5,000 shares	4,668	55.29	8,106,216	3.11
5,001 to 10,000 shares	415	4.92	3,068,256	1.18
10,001 to 20,000 shares	252	2.99	3,599,979	1.38
20,001 to 30,000 shares	87	1.03	2,140,896	0.82
30,001 to 40,000 shares	49	0.58	1,679,146	0.65
40,001 to 50,000 shares	23	0.27	1,042,061	0.40
50,001 to 100,000 shares	46	0.54	3,087,708	1.19
100,001 to 1,000,000 shares	75	0.89	20,340,945	7.82
1,000,001 to 5,000,000 shares	8	0.09	21,128,347	8.12
Over 5,000,000 Shares	1	0.01	195,207,337	75.00
<b>Total</b>	<b>8,442</b>	<b>100.00</b>	<b>260,276,962</b>	<b>100.00</b>

## Shareholding Composition

as of 30th June, 2012

Category	Number of Shareholders	Number of Shares	% of Total Shares
Sponsor	7	195,207,634	75.00
Local Company	371	25,433,443	9.77
Local Individual	7,887	20,249,047	7.78
Investors	55	11,026,681	4.24
Mutual Fund	34	7,363,833	2.83
Foreign Company	9	825,362	0.32
NRB	61	136,090	0.05
Foreign Individual	18	34,872	0.01
<b>Total</b>	<b>8,442</b>	<b>260,276,962</b>	<b>100.00</b>

## Shareholding Pattern



## SHAREHOLDERS' ROLE

The Directors have always recognized the important role played by the honorable 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, promoting healthy dialogue. Whenever possible, the Company has also implemented suggestions of the shareholders. The Board and the Company Management constantly interacts with the shareholders of the Company through quarterly and annual publications of financial statements, meetings and other forms of communications.

## DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

Section 181 of the Companies Act 1994 requires Directors 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 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 1969, Securities and Exchange Commission Rules 1987 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 Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary (CS) and Head of Internal Audit (HIA); (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 June, 2012 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 shown at **Annexure-II**.

## BOARD MEETINGS, ATTENDANCE AND REMUNERATION

During the year 22 (twenty two) Board Meetings were held. As per corporate governance guidelines the Company Secretary attended all meeting but CFO was not able to attend all meetings due to ill health. The attendance record of the Board Meeting is shown at **Annexure-III** of this report.

## AUDIT COMMITTEE

Company has formed a 4-member Audit Committee of the Board headed by Mr. Md. Fazlul Hoque, Member (Finance), Bangladesh Power Development Board (BPDB). The other members of the Committee were (i) Mr. Foiz Ahamed, Additional Secretary, Power Division, Ministry of Power, Energy & Mineral Resources, (ii) Begum Salma Benthe Kadir, Joint Secretary, Legislative & Parliamentary Affairs Division, Ministry of Law, Justice & Parliamentary Affairs and (iii) Mr. Qudrate Khuda, FCA, FCMA, Director (Procurement, Finance & Accounts), DESCO. Due to retirement of Mr. Qudrate Khuda the Audit Committee was reconstituted by inclusion of Mr. Md. Rofi Uddin, Director, Finance and Accounts, DESCO in his place. The attendance record of the Audit Committee is shown at **Annexure-IV**. During the Financial Year 2011-2012, the Audit Committee held 06 (six) meetings in which, among other things, reviewed the followings:

- Draft Auditors Report & Audited Accounts of the Company for the fiscal year 2010-11.
- Review the activities of the Internal Audit Department of the company.
- Un-audited half yearly Statement of Accounts for the fiscal year 2011-12.
- Un-audited 3rd Quarter Statement of Accounts for the fiscal year 2011-12.
- Review vehicle management system of the company.
- Draft Budget for the fiscal year 2012-13.

## HUMAN RESOURCE DEVELOPMENT

Training improves the knowledge, skills and attitudes of an employee. Quality people can deliver quality service. In order to achieve the company's vision and mission, DESCO recognizes and emphasizes on productivity development of its employees. Accordingly, DESCO developed training schedule for each employee designed to meet at least 50 hours training on different topics round the year. A target group of 1181 employees received training during the year 2011-12.

Besides In-house trainings, participation of the employees in trainings / seminars / workshops in outside organizations like Institution of Engineers, Bangladesh, Engineering Staff College of Bangladesh, Institute of Information and Communication Technology (IICT) of Bangladesh University of Engineering and Technology, Bangladesh Power Development Board (BPDB), Institute of Chartered Secretaries of Bangladesh (ICSB), Bangladesh Institute of Administration Management (BIAM), Bangladesh Institute of Management (BIM) etc., are also ensured in which about 10,311.5 Man-Hour training is achieved during the year.

## E-GOVERNANCE

To keep pace with the modern technological advancement in IT (Information Technology) sector and to make the utility management more efficient, DESCO Management decided to launch e-governance program with a unified approach. Institute of Information and Communication Technology (IICT), BUET is helping DESCO in this regard. One Point Service Centre, Complaint Management, New Connection, Monthly Bill Collection, Miscellaneous Bill Collection, DESCO Website and E-mail Communication, Inter Office Wide Area Network (WAN) Connectivity has been developed and implemented. Training Program of DESCO officials on this newly implemented software are going on.

## ON-LINE APPLICATION FOR NEW CONNECTION :

To achieve "Vision 2021" for making digital Bangladesh DESCO has introduced internet based application system for New Electricity Connection. Through this system an applicant can apply in the concern Division and can get the required information from the web site. Even an applicant is able to know the status of his / her application. This system enables them to get electricity connection within the shortest possible time.

## **CITIZEN CHARTER**

This is an official document of the organization's commitment to its consumers. The Citizen Charter makes it very clear that the services required from DESCO by its customers are their rights rather than considering that as favour to them. The increasing demand by the public for time bound services will bring qualitative improvement in services by DESCO and the charter will help DESCO to evaluate the delivery of services.

DESCO's identified Charter is publicly displayed in its Customer Service Centers for awareness of the customers. There are also some printed leaflets on different category of services available and rendered at Customer Service Centers of DESCO.

## **BILL PAYMENT THROUGH INTERNET**

Payment of utility bill through internet is one of the modern and expected service facilities for the customers worldwide. In line with increasing customer need and expectations for faster service, Bangladesh Bank has allowed DESCO online transaction through Debit/Credit cards of Banks. DESCO is the first public sector utility that launched the facility of bill payment through internet under NEXUS gateway of Dutch-Bangla Bank.

DESCO consumers may pay their monthly electricity bills through internet by using Credit/Debit card as allowed by NEXUS-gateway of Dutch-Bangla Bank such as Master, VISA, NEXUS, Mastro etc. stated in DESCO website [www.desco.org.bd](http://www.desco.org.bd).

DESCO web-portal is secured by SSL which is displayed on the web page. A Bill payment procedure or instruction is published in the web and there is a printed leaflet available in DESCO's Customer Service Centers. At present there is no extra charge to be borne by the customer for this service.

## **BILL PAYMENT THROUGH MOBILE PHONE**

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

DESCO consumers may also pay their electricity bill through mobile phone operators GrameenPhone, Banglalink, Robi 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. Besides running on commercial basis, DESCO also recognizes some social responsibilities. Some of the Corporate Social Responsibility (CSR) activities of the Company are:

- During Ijtema period at Tongi Ijtema Ground, DESCO collects electricity bills at a nominal rate of Tk.0.50 per unit from the Ijtema Committee while any additional amount in this respect for the period are borne by DESCO.
- DESCO also provides support to the 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 Late Kazi Nazrul Islam are also being paid by DESCO as a gesture of goodwill and respect to the National Poet.
- Contribution to other social activities as decided by the Board from time to time.

## DIVIDEND

Based on the performance of the Company, the Board of Directors recommends 10% cash dividend and 15% stock dividend (i.e. 3 bonus shares for every 20 shares held on Record Date), for the financial year 2011-12.

Since listing with the exchanges the company paid dividend to its valued shareholders in the following manner:

Financial Year	Dividend (Cash)	Dividend (Stock/Bonus Shares)
2005-06	20%	-
2006-07	25%	-
2007-08	25%	5%
2008-09	25%	20%
2009-10	15%	30%
2010-11	10%	25%

## ELECTION OF DIRECTORS

Due to casual vacancy, the Board vide its decision appointed (i) Brig. Gen. (Retd.) Md. Nazrul Hassan, Managing Director of Dhaka Power Distribution Company Ltd., (ii) Mr. Md. Arjad Hossain, Managing Director (in-charge) of DESCO, (iii) Mr. Md. Nurul Alam, Personal Secretary to the Hon'ble State Minister, Ministry of Power, Energy and Mineral Resources, Government of Bangladesh and (iv) Dr. Md. Mahfuzul Islam, Professor, Computer Science and Engineering, BUET in place of (i) Mr. Md. Abdus Sobhan, (ii) Engr. Md. Monzur Rahman, (iii) Mr. Foiz Ahmed and (iv) Dr. M. M. Shahidul Hassan respectively.

On the other hand the Board also appointed Mr. A. K. M. Humayun Kabir, Deputy Secretary, Power Division, Ministry of Power, Energy and Mineral Resources, Government of Bangladesh and Lieutenant Colonel (Retd.) Engr. Shah Khaled Reza as Director of the Board as per nomination of Power Division, Ministry of Power, Energy and Mineral Resources, Government of Bangladesh.

In terms of Article 86 of the Articles of Association of the Company, (i) Mr. Md. Nurul Alam, Personal Secretary to the Hon'ble State Minister, Ministry of Power, Energy and Mineral Resources, Government of Bangladesh (ii) Mr. Md. Fazlul Hoque, Member (Finance), Bangladesh Power Development Board and (iii) Engr. Mohammad Harun, Proprietor, Regal Enterprise will retire by rotation. 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.

On contrary, (iv) Mr. Md. Mofazzel Hossain, Additional Secretary, Power Division, Ministry of Power, Energy and Mineral Resources, Government of Bangladesh, (v) Dr. Md. Mahfuzul Islam, Professor, Computer Science and Engineering, BUET, (vi) Engr. S. R. Akhter, Superintending Engineer (Retd.), (vii) Begum Salma Binthe Kadir, Joint Secretary, Legislative & Parliamentary Affairs Division, Ministry of Law, Justice & Parliamentary Affairs, Government of Bangladesh, (viii) Brig. Gen. (Retd.) Md. Nazrul Hassan, Managing Director of Dhaka Power Distribution Company Ltd., (ix) Mr. Md. Arjad Hossain, Managing Director (in-charge) of DESCO shall continue to act as Directors of the Board. The following persons are hereby proposed to be elected as Directors of the Board as per nomination of the Power Division, Ministry of Power, Energy and Mineral Resources, Government of Bangladesh:

- 1) Mr. A. K. M. Humayun Kabir, Deputy Secretary, Power Division, Ministry of Power, Energy and Mineral Resources
- 2) Lieutenant Colonel (Retd.) Engr. Shah Khaled Reza

## BRIEF RESUMES OF DIRECTORS NEW/PROPOSED TO BE ELECTED/RE-ELECTED

Sl. No	Name and Designation	Age	Qualification	Experience and Specialization	Directorship other than DESCO
1.	Brig. Gen. (Retd.) Md. Nazrul Hassan	53 years	MBA, AIUB B.Sc. Engg., EEE, BUET	34 years Distribution system	DPDC Ltd.
2.	Mr. Md. Arjad Hossain	59 years	B.Sc. Engg., RUET	30 years, Power Generation & Distribution system	DPDC Ltd.
3.	Mr. Md. Nurul Alam	48 years	M.A. (Governance & Development) BRAC University, MSS (Sociology), DU	19 years, Govt. Service	Karnaphuli Gas Distribution Co. Ltd.
4.	Mr. A. K. M. Humayun Kabir	49 years	MATT-2, UK, M.Com (Management), DU	21 years, Govt. Service	North West PGC Ltd.
5.	Engr. Shah Khaled Reza	64 years	B.Sc. Engg., RUET	-	-
6.	Mr. Md. Fazlul Hoque	54 Years	BA (Hons.), MA (Economics), MBA	29 years, Govt. service in which 2½ years as Member (Finance),BPDB	West Zone PDC Ltd., BCM Co. Ltd., North West PGC Ltd.
7.	Engr. Mohammad Harun	57 years	B.Sc. Engg.	35 years	-
8.	Dr. Mohammad Mahfuzul Islam	39 years	Ph.D (IT), Monash University, Australia	15 years Teaching and consultancy	-

## AUDITORS

M/s Ata Khan & Co., Chartered Accountants, 67, Motijheel C/A, Dhaka-1000 the existing statutory auditors of the Company, shall retire in the AGM upon accomplishment of audit of the company. The existing audit firm has not expressed their intention to continue as Auditor of the Company for further period.

On the other hand M/s Saha Mazumder & Company, Chartered Accountants, 21, Purana Paltan Line (4th and top floor), Dhaka-1000 vide its letter dated: September 27, 2012 has expressed its willingness to be appointed as statutory auditors of the company for the financial year 2012-2013.

## ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express my sincere gratitude to all honorable shareholders, the Power Division, Ministry of Power, Energy & Mineral Resources, Economic Relations Division, Ministry of Finance, Ministry of Planning, Power Cell, Bangladesh Power Development Board (BPDB), Dhaka Power Distribution Company Ltd. (DPDC), Rural Electrification Board (REB), Power Grid Company of Bangladesh (PGCB), 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 assistance, guidance and advice.

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 and relentless efforts in performing their duties and responsibilities for 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. Mofazzel Hossain**  
Chairman

## ANNEXURE-I : CORPORATE GOVERNANCE GUIDELINES COMPLIANCE

### i) Parent / Subsidiary / Associated Companies and other related parties

Sl. No.	Name	Number of shares	% of shares as on June 30, 2012
1.	Dhaka Electric Supply Authority (DESA)	195,207,337	75.00

### ii) Directors' Shareholding

Sl. No.	Name	Designation	% of shares as on June 30, 2012
1.	<b>Mr. Md. Mofazzel Hossain</b> Additional Secretary, Power Division, MPEMR Govt. of the People's Republic of Bangladesh	Chairman	Nil
2.	<b>Mr. Md. Arjad Hossain</b> Managing Director (in-charge), DESCO	Director	Nil
3.	<b>Mr. Md. Fazlul Hoque</b> Member (Finance) Bangladesh Power Development Board (BPDB)	Director	Nil
4.	<b>Mr. Foiz Ahmed</b> Additional Secretary, Power Division Ministry of Power, Energy & Mineral Resources	Director	Nil
5.	<b>Begum Salma Benthe Kadir</b> Joint Secretary Legislative & Parliamentary Affairs Division Ministry of Law, Justice & Parliamentary Affairs Govt. of the People's Republic of Bangladesh	Director	Nil
6.	<b>Prof. Dr. M. M. Shahidul Hassan</b> Department of Electrical and Electronic Engineering, BUET.	Director	Nil
7.	<b>Mr. S R Akhtar</b> Superintending Engineer (Retd.)	Director	Nil
8.	<b>Engineer Mohammad Harun</b> Proprietor Regal Enterprise	Director	Nil
9.	<b>Brig. Gen. (Retd.) Nazrul Hasan</b> Managing Director Dhaka Power Distribution Company Limited (DPDC).	Director	Nil

### iii) Shareholding of CEO, CFO, Company Secretary and Head of Internal Audit

Sl. No.	Name	Number of shares	% of shares as on June 30, 2012
1.	Chief Executive Officer and his spouse and minor children	Nil	Nil
2.	Chief Financial Officer and his spouse and minor children	35,812	0.01376
3.	Company Secretary and his spouse and minor children	1,062	0.00041
4.	Head of Internal Audit and his spouse and minor children	562	0.00022

### iv) Shareholding of Senior Executives (Top five salaried persons other than CEO, CFO, CS, HIA)

Sl. No.	Name	Designation	Number of shares	% of shares as on June 30, 2012
1.	Engr. Md. Shah Alam	Director (Engineering)	41,762	0.01605
2.	Engr. Md. Arjad Hossain	Director (Operation)	Nil	Nil
3.	Engr. AKM Mostofa Kamal	Director (Procurement)	6,625	0.00255
4.	Md. Shafiqul Islam Chowdhury	GM, Administration	10,425	0.00401
5.	Engr. S.M. Habibur Rahman	GM, Network Operation	1,650	0.00063
6.	Engr. Noor Mohammad	GM, Development and Projects	Nil	Nil
7.	Engr. Md. Zakir Hossain	DGM, S & D Operation (Mirpur Zone)	25	0.00001
8.	Engr. A.K.M Mahiuddin	DGM, S & D Operation (Gulshan Zone)	Nil	Nil
9.	Engr. Md. Enamul Haque	DGM, S & D Operation (Uttara Zone)	6,500	0.00250
10.	Engr. Md. Rashidur Rahman	DGM, Administration	Nil	Nil
11.	Mr. S. M. Zamil Hussain	DGM, HRM	Nil	Nil
12.	Engr. Md. Shariful Islam	DGM, Procurement, Inspection & Testing	1,250	0.00048
13.	Engr. Abdus Salam	DGM, ICT	Nil	Nil
14.	Mr. Md. Mominul Islam	DGM, Accounts	11,762	0.00452
15.	Engr. Jyotish Chandra Roy	DGM, Finance	125	0.00005
16.	Engr. Shamim Ahsan Chowdhury	DGM, Projects	14,500	0.00557
17.	Engr. Md. Mafizul Islam Bhuiyan	DGM, Development & Meter Plant	1,525	0.00059
18.	Engr. Zulfiquar Tahmid	DGM, Planning & Design	Nil	Nil
19.	Engr. Md. Monjurul Hoque	DGM, Substation & Network	Nil	Nil
20.	Engr. Jagodish Chandra Mandol	DGM, Material Planning & Stores	462	0.00018
21.	Mr. Khandaker Najibul Alam	Manager, Monipur S & D Division	Nil	Nil
22.	Engr. Md. Mustafizur Rahaman	Manager, Agargaon S & D Division	Nil	Nil
23.	Engr. Md. Akharul Islam	Manager, Pallabi S & D Division	287	0.00011
24.	Engr. Md. Golam Rabbani	Manager, Tongi (West) S & D Division	25	0.00001
25.	Engr. Md. Sadequ Islam	Manager, Projects	187	0.00007
26.	Engr. Md. Kamruzzaman	Manager, Uttara (East) S & D Division	Nil	Nil
27.	Mr. M.A. Rouf	Manager, Estate and Legal Affairs	22,100	0.00849
28.	Engr. Md. Nazrul Islam	Manager, Kafrul S & D Division	175	0.00007

**v) Shareholders Holding 10% or more voting right**

Sl. No.	Name	Number of shares	% of shares as on June 30, 2012
1.	Dhaka Electric Supply Authority (DESA)	195,207,337	75.00

**vi) Forty Largest Shareholders as on June 30, 2012**

Sl. No.	BO/Folio	Name of the shareholder	Number of shares	% of shares as on June 30, 2012
1	1	Dhaka Electric Supply Authority	195207337	75.00
2	1201530000003518	ICB Unit Fund	4863550	1.87
3	1203710008539156	AB Bank Ltd.	3716500	1.43
4	1201530043478871	Bangladesh Fund	3620250	1.39
5	1601760000002797	ABIL - IDA	2666788	1.02
6	1602110007984872	Prime Bank Invest Ltd. MSD A/C	2335797	0.90
7	1201530000003501	ICB	1567000	0.60
8	1204590025071031	The Premier Bank Limited	1266000	0.49
9	1201530003855716	Sonali Bank	1092462	0.42
10	1201910004079620	Union Capital Ltd Investor Acc	980050	0.38
11	1601760000002612	ABIL - MDA	928112	0.36
12	1604650028665147	BRAC EPL Investments Limited	804509	0.31
13	1201530020703440	Agrani Equity & Invest. Ltd.	737875	0.28
14	1602110007884745	Prime Bank Invest Ltd. 2nd MKT	667500	0.26
15	1604420000017168	Prime Finance & Inv. Ltd. Portfo	604175	0.23
16	1204290044375817	Alarafah Islami Bank Ltd Folio	595500	0.23
17	1602340016695674	TBIL IDA	494962	0.19
18	1201530000002341	ICB AMCL Unit Fund	480387	0.18
19	1602510000881730	IDLC Investments Limited	439075	0.17
20	1604620033421010	PHP First Mutual Fund	430000	0.17
21	1203620000042986	Green Delta Insurance Co. Ltd.	397875	0.15
22	1604620036816313	EBL NRB Mutual Fund	362500	0.14
23	1601880016508679	Mrs. Romana Rouf Chowdhury	350000	0.13
24	1203440006495692	Pubali Bank Securities Limited	332500	0.13
25	1601670032815156	LR Global A/C LR.GB.BD MF One	325750	0.13
26	1203350037427462	First Security Islami Bank Ltd	318250	0.12
27	1203410000803683	The City Bank Ltd.	314625	0.12
28	1601670032193259	LR Global A/C Green Delta MF	314312	0.12
29	1203710030175720	ABIL	310625	0.12
30	1604580022706421	Trust Bank 1st Mutual Fund	304250	0.12

Sl. No.	BO/Folio	Name of the shareholder	Number of shares	% of shares as on June 30, 2012
31	1204290045062825	AIBL Capital Management Ltd.	301000	0.12
32	1201530000136624	Agrani Bank Ltd	283000	0.11
33	1201740042118883	Prime Fin. Capital Mang. Ltd.	280000	0.11
34	1601670023974042	LR Global A/C DBH First MF(CE)	276562	0.11
35	1601670043537582	Mellon Bank NA A/C UPS Group T	275375	0.11
36	1602290021388797	SEBCSL-Omnibus	269936	0.10
37	1202090000048338	NCC Bank Ltd.	269550	0.10
38	1201530017553369	ICB AMCL Second NRB Mutual Fund	254375	0.10
39	1201530038429901	First Agrani Bank Mutual Fund	253750	0.10
40	1201740020615684	Sharif M Lutful Matin	239750	0.09
<b>Total</b>			<b>229531814</b>	<b>88.19</b>

#### ANNEXURE-II : REPORT UNDER CONDITION NO. 7 OF THE SEC

Status of compliance with the conditions imposed by the Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of Securities and Exchange Ordinance 1969:

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
11.1	Board's size: shall not be less than 5(five) and more than 20(twenty)	✓	-	-
1.2(i)	Independent Director (ID): at least 1/5 i.e. minimum 3 (three)	✓	-	-
1.2(ii)(a)	ID holds less than 1% shares of total paid-up capital	✓	-	-
1.2(ii)(b)	ID is not a sponsor and not concerned with any sponsor or Director or shareholder who holds 1 % shares	✓	-	-
1.2(ii)(c)	ID does not have other relation with the company or its subsidiary/associated companies	✓	-	-
1.2(ii)(d)	ID is not a member, Director or officer of any Stock Exchange	✓	-	-
1.2(ii)(e)	ID is not a shareholder, Director or Officer of any member of stock exchange or an intermediary of the capital market	✓	-	-
1.2(ii)(f)	ID is not a partner or an executive during the preceding 3 years of company's statutory audit firm	✓	-	-
1.2(ii)(g)	ID is not an Independent Director in more than 3 listed companies	✓	-	-
1.2(ii)(h)	ID has not been convicted by a court as a loan defaulter	✓	-	-
1.2(ii)(i)	ID has not been convicted for criminal offence involving moral turpitude	✓	-	-
1.2(iii)	ID appointed by Board of Directors	✓	-	-
1.2(iv)	Post of ID was not vacant for more than 90 days	✓	-	-
1.2(v)	Code of conduct for all Board members and annual compliance thereof	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.2(vi)	Tenure of office of ID shall be 3 years	✓	-	-
1.3(i)	ID shall be a knowledgeable individual with integrity and able to ensure compliance with financial, regulatory and corporate law.	✓	-	-
1.3(ii)	ID should be Business Leader/Corporate Leader/Bureaucrat/ University Teacher with Economics or Business Studies or Law background/ Professionals like CA, CMA, CS having 12 years corporate management/ professional experiences	✓	-	-
1.3(iii)	Qualification of ID relaxed subject to prior approval of SEC	-	-	No such case raised
1.4	Separate Chairman of the Board and Chief Executive and clearly defined roles and responsibilities	✓	-	-
1.5(i)	Industry outlook and future development	✓	-	-
1.5(ii)	Segment-wise/product-wise performance	✓	-	-
1.5(iii)	Risks and concerns	-	-	No such case raised
1.5(iv)	Discussion on cost of goods sold, Gross profit margin and net profit margin	✓	-	-
1.5(v)	Discussion on continuity of any extraordinary gain or loss	✓	-	-
1.5(vi)	Related party transaction statement	-	-	No such case raised
1.5(vii)	Utilization of sale proceeds from public issue, right issue and/or other instrument	-	-	No such case raised
1.5(viii)	Explanation in case of deterioration of financial results after IPO, RPO, RO or Direct Listing	-	-	No such case raised
1.5(ix)	Statement on variance between Quarterly Financial performance and Annual Financial Statements	-	-	No significant variance found
1.5(x)	Remuneration of Directors	✓	-	-
1.5(xi)	Fairness of Financial Statements	✓	-	-
1.5(xii)	Maintenance of proper books of account	✓	-	-
1.5(xiii)	Adoption of appropriate accounting policies and estimates	✓	-	-
1.5(xiv)	Compliance with International Accounting Standard	✓	-	-
1.5(xv)	Soundness of Internal Control System	✓	-	-
1.5(xvi)	Ability to continue as a going concern	✓	-	-
1.5(xvii)	Significant deviations in operating results from last year and explanation thereof	✓	-	-
1.5(xviii)	Presentation of at least preceding three years key operating and financial data	✓	-	-
1.5(xix)	Declaration of Dividend	✓	-	-
1.5(xx)	Details of Board meeting	✓	-	-
1.5(xxi)(a)	Shareholding pattern of parent/subsidiary/associated companies and other related parties	✓	-	-
1.5(xxi)(b)	Shareholding pattern of CEO, CFO, CS, HIA and their spouse and minor children	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5(xxi)(c)	Shareholding pattern of Top five salaried executives	✓	-	-
1.5(xxi)(d)	Shareholders holding of 10% or more voting interest	✓	-	-
1.5(xxii)(a)	A brief resume of Director in case of appointment/re-appointment	✓	-	-
1.5(xxii)(b)	Nature of the proposed Directors' expertise in specific functional areas	✓	-	-
1.5(xxii)(c)	Proposed Directors' Directorship in other company/companies	✓	-	-
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(i)	Audit Committee: As a subcommittee of the Board	✓	-	-
3(ii)	Role of the Audit Committee	✓	-	-
3(iii)	Duties and responsibilities of the Audit Committee	✓	-	-
3.1 (i)	Constitution of Audit Committee with at least 3 members	✓	-	-
3.1(ii)	Inclusion of at least 1 Independent Director in Audit Committee	✓	-	-
3.1(iii)	Financial literacy of the Audit Committee members and at least 1 Independent Director having accounting or related financial management experience	✓	-	-
3.1(iv)	Filling of casual vacancy in the Audit Committee	✓	-	-
3.1(v)	CS as Secretary of the Audit Committee	✓	-	-
3.1(vi)	1 Independent Director is mandatory for quorum of the Audit Committee meeting	✓	-	-
3.2(i)	Chairman of the Committee shall be an Independent Director	✓	-	-
3.2(ii)	Presence of Audit Committee Chairman in the AGM	✓	-	-
3.3(i)	Oversee financial reporting process	✓	-	-
3.3(ii)	Monitor Choice of accounting policies and principles	✓	-	-
3.3(iii)	Monitoring Internal Control Risk Management Process	✓	-	-
3.3(iv)	Oversee hiring and performance of external auditors	✓	-	-
3.3(v)	Review annual financial statements before submission to the Board	✓	-	-
3.3(vi)	Review quarterly and half-yearly financial statements before submission to the Board	✓	-	-
3.3(vii)	Review adequacy of internal audit functions	✓	-	-
3.3(viii)	Review significant related party transactions	-	-	No such case raised
3.3(ix)	Review weakness of internal control raised by the statutory auditors	-	-	No such case raised
3.3(x)	Review the utilization of money raised through IPO, RPO, Rights Issue	-	-	No such case raised
3.4.1(i)	Reporting activities of the Audit Committee before Board of Directors	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3.4.1(ii)(a)	Reporting conflict of interest to the Board of Directors	-	-	No such case raised
3.4.1(ii)(b)	Reporting suspected or presumed fraud or irregularity or material defect in the internal control system to the Board of Directors	-	-	No such case raised
3.4.1(ii)(c)	Reporting suspected infringement of laws including securities related laws, rules and regulations to the Board of Directors	-	-	No such case raised
3.4.1(ii)(d)	Reporting of any other matter to the Board of Directors	-	-	No such case raised
3.4.2	Reporting of Qualified point to Commission	✓	-	-
3.5	Reporting of activities of the audit committee to the Shareholders and General Investors	✓	-	-
4(i)	Non-engagement in appraisal of valuation	✓	-	-
4(ii)	Non-engagement in designing of Financial Information System	✓	-	-
4(iii)	Non-engagement in Book-Keeping	✓	-	-
4(iv)	Non-engagement in Broker-dealer service	✓	-	-
4(v)	Non-engagement in Actuarial Services	✓	-	-
4(vi)	Non-engagement in Internal Audit	✓	-	-
4(vii)	Non-engagement in any other services	✓	-	-
4(viii)	Prohibition of holding any shares of the company by any partner or employees of its external audit firms	✓	-	-
5(i)	Composition of the Board of the subsidiary company	-	-	Not applicable
5(ii)	Independent Director of a holding company shall be director in the board of the subsidiary company	-	-	Not applicable
5(iii)	Reviewing minutes of the Board meeting of the subsidiary company by the Board of Directors of holding company	-	-	Not applicable
5(iv)	Inclusion of the statement in the minutes of the holding company regarding reviewing the affairs of its subsidiary company	-	-	Not applicable
5(v)	Review of Financial Statements and Investment of the subsidiary company by the Audit Committee of the holding company	-	-	Not applicable
6(i)(a)	Certification of CEO and CFO that financial statements does not contain untrue or omit any material facts or any statement that may mislead	✓	-	-
6(i)(b)	Certification of CEO and CFO that financial statements presents true and fair view of the company's affairs and complies existing accounting standard and applicable law	✓	-	-
6(ii)	Certification of CEO and CFO regarding fair transaction by the company.	✓	-	-
7(i)	Compliance Certificate from CA, CMA or CS on Corporate Governance Guidelines	✓	-	-
7(ii)	Attachment of Annexure in the Directors report	✓	-	-

### ANNEXURE III: ATTENDANCE OF THE BOARD MEETING

Board Meeting and attendance during the year ended on June 30, 2012.

Sl. No.	Name of the Directors	Meeting held while a member	No. of meeting attended in person/alternates	Total Director Fee Received
01.	Mr. Md. Shahjahan Siddiqui, Bir Bikram	10	09	45,000/-
02.	Mr. Md. Mofazzel Hossain	12	12	60,000/-
03.	Mr. Md. Fazlul Hoque	22	22	1,10,000/-
04.	Mr. Foiz Ahamed	22	19	95,000/-
05.	Begum Salma Benthe Kadir	22	17	85,000/-
06.	Prof. Dr. M.M Shahidul Hassan	22	19	95,000/-
07.	Mr. S. R Akhtar	22	22	1,10,000/-
08.	Engineer Mohammad Harun	22	14	70,000/-
09.	Mr. Md. Abdus Sobhan	15	12	60,000/-
10.	Brig. Gen. (Retd) Md. Nazrul Hasan	07	07	35,000/-
11.	Mr. Md. Monzur Rahman	16	16	80,000/-
12.	Mr. Md. Arjad Hossain	06	06	30,000/-

### ANNEXURE IV: ATTENDANCE OF THE AUDIT COMMITTEE MEETING

Audit Committee meeting and Attendance during the year ended on June 30, 2012.

Sl. No.	Name of the Directors	Meeting held while a member	No. of meeting attended in person/alternates
01.	Mr. Md. Fazlul Hoque	06	06
02.	Mr. Foiz Ahamed	06	06
03.	Begum Salma Benthe Kadir	06	06
04.	Mr. Qudrate Khuda	03	03
05.	Mr. Md. Rofi uddin	03	03

# Event Highlights



Board of Directors attending the 15th Annual General Meeting



Honorable Shareholders at the 15th Annual General Meeting

# Event Highlights



Inauguration of on line application system for new connection by Energy Advisor to the hon'ble Prime Minister



Receiving 12th ICAB national award from the hon'ble Finance Minister for best presented annual report 2011



Agreement signing ceremony of land take over between DESCO & BIHS (Bangladesh Institute of Health Science) for substation construction



A view of monthly coordination meeting



DESCO Annual Picnic 2011



# AUDITORS' REPORT

to the shareholders of  
DHAKA ELECTRIC SUPPLY COMPANY LIMITED (DESCO)



We have audited the accompanying Financial statements of Dhaka Electric Supply Company Limited (DESCO)(The Company), which comprise the Statement of Financial Position as at 30 June 2012 and the Statement of Comprehensive Income, Statement of Changes in shareholders' Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS)/Bangladesh Accounting Standards (BAS). This responsibility includes designing implementing and maintaining internal control relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in circumstances.

#### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### OPINION:

In our opinion, the financial statements referred to above give a true and fair view of the financial position of Dhaka Electric Supply Company Limited (DESCO) as at 30 June 2012 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS)/ Bangladesh Accounting Standards (BAS) and comply with the applicable sections of the Companies Act, 1994, the Securities and Exchange Rules, 1987 and applicable laws and regulations.

#### WE ALSO REPORT THAT:

- i) 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;
- ii) in our opinion, proper books of account as required by the law have been kept by the Company so far as it appeared from our examination of those books;
- iii) the Company's Statement of Financial Position and Statement of Comprehensive Income dealt with by the report are in agreement with the books of accounts and returns; and
- iv) the expenditure incurred was for the purposes of the company's business.

Dated, Dhaka  
31 October, 2012

ATA KHAN & CO.  
Chartered Accountants



# FINANCIAL STATEMENT

DHAKA ELECTRIC SUPPLY COMPANY LIMITED  
for the year ended 30 June, 2012



# Statement of Financial Position (As at 30 June 2012)

Particulars	Note	'30 Jun 2012 Taka	'30 Jun 2011 Taka
<b>APPLICATION OF FUND:</b>			
<u>Non Current Assets:</u>			
Property, Plant & Equipment	2	10,570,433,799	8,352,974,008
Capital Work -in- Progress	3	429,752,752	1,312,565,899
Investment in Shares	4	1,000	1,000
		<b>11,000,187,551</b>	<b>9,665,540,906</b>
<u>Current Assets:</u>			
Stores and Spares	5	3,001,582,811	4,026,231,885
Accounts Receivable	6	3,205,802,165	2,703,257,156
Advances & Deposits	7	160,123,974	130,770,356
Advance Income Tax	8	714,318,380	399,469,804
Cash and Bank Balances	9	14,518,068,663	12,383,737,339
		<b>21,599,895,993</b>	<b>19,643,466,541</b>
<u>Current Liabilities:</u>			
Accounts Payable	10	3,396,510,599	2,103,174,342
Creditors for Goods/Works	11	948,335,135	832,341,679
Creditors for Other Finance	12	1,264,084,918	1,146,976,859
Creditors for Expenses	13	203,281,841	119,945,956
Current Maturity of Long Term Loans	14	393,488,410	363,406,475
Accrued Interest on Loans	15	739,943,582	516,632,143
Provision for Income Tax	16	199,096,465	544,799,496
		<b>7,144,740,951</b>	<b>5,627,276,948</b>
		<b>14,455,155,042</b>	<b>14,016,189,593</b>
<b>Net Current Assets</b>		<b>25,455,342,593</b>	<b>23,681,730,500</b>
<b>SOURCES OF FUND:</b>			
<u>Capital &amp; reserves:</u>			
Share Capital	17	2,602,769,620	2,082,215,772
Share Money Deposit	18	75,000,000	75,000,000
GOB Equity	19	1,552,140,000	1,552,140,000
Proposed Dividend	38	-	-
Retained Earnings	20	6,323,799,513	6,209,984,623
<b>Equity</b>		<b>10,553,709,133</b>	<b>9,919,340,395</b>
<u>Long Term Liabilities:</u>			
Loan from ADB/GOB	21	8,187,206,150	7,516,987,500
Deferred Tax Liability	35.2	1,540,567,703	1,254,797,127
Due to DESA / DPDC (for assets taken over)	22	4,039,671,539	4,039,671,539
Consumer Security Deposits	23	1,134,188,068	950,933,940
		<b>14,901,633,460</b>	<b>13,762,390,105</b>
		<b>25,455,342,593</b>	<b>23,681,730,500</b>

The accounting policies and other notes from 1 to 43 form an integral part of these Financial Statements. The Financial statements were authorized for issue by the Board of Directors on 25 October 2012 and signed on its behalf by :

sd/-  
Company Secretary

sd/-  
Director (F &A)

sd/-  
Director

sd/-  
Managing Director

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

October 31, 2012  
Dhaka

sd/-  
Chartered Accountants

# Statement of Comprehensive Income (For the year ended 30 June 2012)

Particulars	Note	2011-2012 Taka	2010-2011 Taka
<b>Operating Revenue:</b>			
Energy Sales (Net of Vat)	24	15,961,959,226	12,290,781,425
Other Operating Revenue	25	289,983,640	184,827,800
<b>Total Revenue from Operation</b>		<b>16,251,942,866</b>	<b>12,475,609,225</b>
<b>Cost of Energy Sales:</b>			
Energy Purchase (including wheeling charge)	26	13,327,608,403	8,801,828,794
Operating Expenses	27	377,422,743	217,830,914
Depreciation (Operating)	34	683,657,829	659,587,005
		<b>14,388,688,975</b>	<b>9,679,246,713</b>
<b>Gross Profit</b>		<b>1,863,253,891</b>	<b>2,796,362,512</b>
<b>Cost &amp; Expenditure:</b>			
Administrative Expenses	28	226,510,395	161,576,317
Employee Expenses	29	604,197,080	575,014,500
Bad Debts Provision	6.2	15,766,586	13,154,539
Depreciation (Non Operating)	34	31,833,489	45,337,476
		<b>878,307,550</b>	<b>795,082,832</b>
<b>Operating Profit</b>		<b>984,946,342</b>	<b>2,001,279,680</b>
<b>Non Operating Income/(Expense)</b>			
Interest Income	30	1,236,552,360	781,098,894
Interest Expenses	31	(342,526,497)	(277,851,267)
Exchange Fluctuation (Loss)	32	(758,334,325)	(516,364,173)
Gain on sale of Investment	4.1	-	31,136,600
Miscellaneous Income	33	45,634,014	1,296,793
<b>Non Operating Income(Net)</b>		<b>181,325,551</b>	<b>19,316,846</b>
<b>Net Profit Before Tax</b>		<b>1,166,271,893</b>	<b>2,020,596,526</b>
<b>Income Tax :</b>			
Current Tax Provision	35.1	(41,988,409)	(501,296,533)
Deferred Tax Provision	35.2	(285,770,576)	(40,961,421)
		(327,758,984)	(542,257,954)
<b>Net Profit After Tax</b>		<b>838,512,909</b>	<b>1,478,338,572</b>
<b>Basic Earnings per Share</b>	36	<b>3.22</b>	<b>5.68</b>

The accounting policies and other notes from 1 to 43 form an integral part of these Financial Statements. The Financial statements were authorized for issue by the Board of Directors on 25 October 2012 and signed on its behalf by :

sd/-  
Company Secretary

sd/-  
Director (F &A)

sd/-  
Director

sd/-  
Managing Director

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

October 31, 2012  
Dhaka

sd/-  
Chartered Accountants

## Statement of Cash Flows (For the year ended 30 June 2012)

Particulars	2011-2012 Taka	2010-2011 Taka
<b>A. Cash Flow from operating Activities:</b>		
Received from Energy Sales	15,708,763,210	12,278,991,231
Collection of Govt. Duty, VAT & Tax	774,645,657	595,447,691
Received from Other Operating & Non Operating Activities	590,004,490	312,896,368
Received against Financial Income	1,104,418,043	673,080,257
Payment for Energy Purchase	(12,035,865,720)	(8,571,116,103)
Payment for Employee Expenses	(604,197,080)	(575,013,288)
Payment for Administrative & Other Expenses	(423,255,198)	(142,784,931)
Payment for Interest on Long Term Loan	(119,552,996)	(120,706,318)
Income Tax Paid	(583,302,370)	(322,956,476)
Payment for Govt. Duty, Vat & Tax	(758,556,366)	(692,723,553)
<b>Net cash inflow from operating activities</b>	<b>3,653,101,669</b>	<b>3,435,114,878</b>
<b>B. Cash Flow from Investing Activities:</b>		
Acquisition of Property & Plant	(1,004,924,299)	(436,846,655)
Acquisition of Stores & Equipment	(258,172,087)	(911,155,593)
<b>Net cash used in investing activities</b>	<b>(1,263,096,386)</b>	<b>(1,348,002,248)</b>
<b>C. Cash Flow from Financing Activities:</b>		
Long Term Loan received	282,205,642	935,249,683
Dividend Paid	(394,693,097)	(97,205,597)
Long Term Loan Paid	(340,239,382)	(311,008,206)
Consumer Security Deposits Received	197,052,878	101,047,208
<b>Net cash inflow from financing activities</b>	<b>(255,673,959)</b>	<b>628,083,087</b>
<b>D. Cash &amp; Cash equivalents increase /(decrease) during the year</b>	<b>2,134,331,324</b>	<b>2,715,195,718</b>
<b>E. Cash &amp; Cash equivalents at the beginning of the year</b>	<b>12,383,737,339</b>	<b>9,668,541,622</b>
<b>F. Cash &amp; Cash equivalents at the ending of the year</b>	<b>14,518,068,663</b>	<b>12,383,737,339</b>

The accounting policies and other notes from 1 to 43 form an integral part of these Financial Statements. The Financial statements were authorized for issue by the Board of Directors on 25 October 2012 and signed on its behalf by :

sd/-  
Company Secretary

sd/-  
Director (F &A)

sd/-  
Director

sd/-  
Managing Director

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

October 31, 2012  
Dhaka

sd/-  
Chartered Accountants

## Statement of Changes in Shareholders' Equity

Particulars	Note	Share Capital	Share Money Deposit	GOB Equity	Reserve & Surplus	Proposed Dividend	Total
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### For the year ended 30 June 2012

<b>Balance at 01 July 2011</b>		2,082,215,772	75,000,000	1,552,140,000	6,209,984,623	-	9,919,340,395
GOB Equity		-	-	-	-	-	-
Net profit for the year		-	-	-	838,512,909	-	838,512,909
Priors year's adjustment	37	-	-	-	4,077,407	-	4,077,407
Proposed Dividend	38	-	-	-	-	-	-
Stock Dividend paid		520,553,848			(520,553,848)		-
Cash Dividend paid		-	-	-	(208,221,577)		(208,221,577)
<b>Balance at 30 June 2012</b>		2,602,769,620	75,000,000	1,552,140,000	6,323,799,513	-	10,553,709,133

### For the year ended 30 June 2011

<b>Balance at 01 July 2010</b>		1,601,704,440	75,000,000	1,552,140,000	5,531,011,195	-	8,759,855,635
GOB Equity		-	-	-	-	-	-
Net profit for the year		-	-	-	1,478,338,572	-	1,478,338,572
Priors year's adjustment	37	-	-	-	(78,598,146)	-	(78,598,146)
Proposed Dividend	38	-	-	-	-	-	-
Stock Dividend paid		480,511,332			(480,511,332)		-
Cash Dividend paid		-	-	-	(240,255,666)		(240,255,666)
<b>Balance at 30 June 2011</b>		2,082,215,772	75,000,000	1,552,140,000	6,209,984,623	-	9,919,340,395

#### Note:

- As per the members register maintained in the office of the Company Secretary of DESCO, DESCO's 75% shares are owned by the DESA (presently known as DPDC) but Cash dividend Tk.344,456,602.00 (thirty four core forty four lack fifty six thousand six hundred and two), (for FY: 2008-2009 Tk.2,00,296,770 & FY: 2009-2010 Tk.1,44,159,832) has been paid to BPDB as per the decision and instruction of the respective Ministry of the Government.

The accounting policies and other notes from 1 to 43 form an integral part of these Financial Statements. The Financial statements were authorized for issue by the Board of Directors on 25 October 2012 and signed on its behalf by :

sd/-  
Company Secretary

sd/-  
Director (F &A)

sd/-  
Director

sd/-  
Managing Director

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

October 31, 2012  
Dhaka

sd/-  
Chartered Accountants

DHAKA ELECTRIC SUPPLY COMPANY LIMITED (DESCO)

# NOTES TO THE FINANCIAL STATEMENTS

As on and for the year ended 30 June 2012

8,417,965	52.2
30,322	1.8
28,418	1.6
69,306	8.2
42,114	5.3
38,875	5.0
29,573	3.7
19,252	2.4
11,245	1.4
33,702	4.3
7,719	0.9
6,077	0.8
1,388	0.2
26,839	3.3
99,553	100.0%

## 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 500 million ordinary shares of Tk.10 each as per SEC notification no SEC/CM RRCD/2009-193/109, dated: 15/09/2011. 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 the 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 had been appointed to physically verify and value the assets taken over by the company from DESA. The valuers have submitted their draft report which has been placed by the management before the Board for finalization.

#### 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 Statement of Cash Flows:**

Statement of Cash Flows is prepared principally in accordance with BAS 7 "Cash Flow Statements" 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 against consumers 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), and 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:

- (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 number 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 month's 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 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 1st July to 30th June consistently.

## 2 PROPERTY, PLANT & EQUIPMENT:

### Cost:

#### Balance at 01 July

Less: Disposal of distribution equipment (Note 2.1)

Additions during the year (Note 2.1)

#### Balance at 30 June

### Depreciation:

#### Balance at 01 July

Less: Adjustment for disposals (Note 2.1)

Charged for the year

#### Balance at 30 June

#### Written Down Value (WDV)

2011-2012 Taka	2010-2011 Taka
12,540,556,947	11,935,537,592
(124,400)	(30,857,098)
<b>12,540,432,547</b>	<b>11,904,680,494</b>
2,933,033,884	635,876,453
<b>15,473,466,432</b>	<b>12,540,556,947</b>
4,187,582,940	3,494,645,201
(41,625)	(11,986,742)
<b>4,187,541,315</b>	<b>3,482,658,459</b>
715,491,318	704,924,481
<b>4,903,032,633</b>	<b>4,187,582,940</b>
<b>10,570,433,799</b>	<b>8,352,974,008</b>

2.1 Additions of Tk. 25 Crore has been paid to RAJUK for purchase of land at 1st July 2011 but till now the land has not been registered in the name of DESCO. Furthermore as per the verdict of The High Court, dated 21.06.11, litigation no. Civil Court: 43/2010 (Joint District Judge, 3rd Court, Dhaka) RAJUK is not the original owner of the same land and a litigation is continuing in The High Court against RAJUK on the same land.

2.2 Detail of addition & disposals of assets are shown in Annexure-1 attached.

## 3 CAPITAL WORK -IN- PROGRESS:

33/11KV OH/UG Cable Line (Note 3.1)

33/11Kv Sub- Station - Turnkey Project (Note 3.2)

Remote Metering Unit - Turnkey Project (Note 3.3)

Construction Office Shed & Land Development

Construction of 3 Storied Store Building (Note 3.4)

Construction of Rental Office Building (Note 3.5)

#### Total:

39,525,549	14,636,663
334,101,614	1,274,244,800
29,840,501	3,015,132
-	12,079,875
17,046,781	8,589,429
9,238,308	-
<b>429,752,752</b>	<b>1,312,565,899</b>

3.1 33/11kv overhead & under ground cable works are in progress at Mirpur, Gulshan and Tongi circle respectively. The total contract price of the works is Tk. 58.80 million.

3.2 The Company entered into an agreement with Energypac Ltd to implement 10 (ten) nos. 33/11Kv Sub -Station under ADB Contract . 8 (eight ) nos. of Sub-Station has been completed during the year.The total contract price is Tk 2,831 million.

3.3 Remote metering unit installation are in progress at Mirpur zone under ADB contract. The total contract price is Tk 30.29 million.

3.4 This represents civil work for central store 3 storied building at Mirpur.The total contract price is Tk. 80.12 million.

3.5 This represents Infrastructure development charge of rental office building, which will be amortized of contract period (five years).

	2011-2012 Taka	2010-2011 Taka
<b>4 INVESTMENT IN SHARES</b>		
<b>Balance at 01 July</b>	1,000	29,131,000
Add/Less appreciation / (diminution) in value of Investment	-	-
Cost of sale	-	(29,130,000)
<b>Balance at 30 June</b>	<b>1,000</b>	<b>1,000</b>

- 4.1** The Company was allotted 29,131 share of Tk. 1,000/- each of ICB Islamic Bank Ltd. (former Oriental Bank Ltd.) against fixed deposits in the Bank under the reconstruction scheme of Oriental Bank Ltd. undertaken by Bangladesh Bank. The company sold 29,130 shares @ Tk. 2,068.88 (average) as per decision of Board of Directors, resulting in a gain of Tk. 31,136,600/- in the Financial Year 2010-2011.

<b>5 STORES &amp; SPARES</b>		
Stores & Spares (Note 5.1)	2,984,360,428	3,999,272,716
Stores in Transit (Note 5.2)	17,222,383	26,959,169
<b>Total</b>	<b>3,001,582,811</b>	<b>4,026,231,885</b>

<b>5.1 Cost of Stores &amp; spares</b>		
Cable & Accessories	1,677,364,600	2,597,506,499
Pole & Pole fittings	600,451,329	702,610,158
Distribution transformers	151,670,991	153,209,961
Meter & Meter accessories	200,897,158	190,833,551
Sub-station equipment & spares	302,417,818	336,979,532
Tools, equipment & others	51,558,533	18,133,016
<b>Total</b>	<b>2,984,360,428</b>	<b>3,999,272,716</b>

- 5.2** 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.

- 5.3** Stores & spares have been valued at weighted average cost method.

<b>6 ACCOUNTS RECEIVABLE</b>		
Receivable from consumers (Note 6.1)	3,153,317,250	2,630,907,718
Less: Provision for doubtful debts (Note 6.2)	(193,311,044)	(177,544,458)
	<b>2,960,006,207</b>	<b>2,453,363,260</b>
Receivable from DPDC against materials supplied (Notes 6.3)	175,629,857	185,780,165
Receivable from BPDB against materials supplied	55,472,107	55,472,107
Contribution to Provident Fund	33,609	-
Expenses recoverable from employees	513,568	584,666
Advertisement cost recoverable from other utility organization	14,146,818	8,056,958
<b>Total</b>	<b>3,205,802,165</b>	<b>2,703,257,156</b>

<b>6.1 Receivable from consumers are categorized as follows</b>		
Government (Eqv. month 6.94, 2010-11 : 5.36)	516,582,050	284,133,564
Semi- Government/Autonomous (Eqv. month 1.69, 2010-11 :2.68)	164,567,298	183,300,129
Private (Eqv. Month 1.81, 2010-11 : 2.43)	2,472,167,902	2,163,474,025
<b>Average ( Eqv. Month 2.05, 2010-11: 2.43)</b>	<b>3,153,317,250</b>	<b>2,630,907,718</b>

- 6.2** Provision of Tk 193,311,044/- has been made this year @ 0.5% of the receivables amount outstanding at the balance sheet date, as per Company's policy.

This balance has been arrived at as under:

	2011-2012 Taka	2010-2011 Taka
<b>Balance at 01 July</b>	<b>177,544,458</b>	<b>164,389,919</b>
Provision during the year	15,766,586	13,154,539
<b>Balance at 30 June</b>	<b>193,311,044</b>	<b>177,544,458</b>

- 6.3** This balance has been arrived at as under:

	2011-2012 Taka	2010-2011 Taka
<b>Balance at 01 July</b>	<b>185,780,165</b>	<b>185,780,165</b>
Material received from DPDC	(10,150,308)	-
<b>Balance at 30 June</b>	<b>175,629,857</b>	<b>185,780,165</b>

## 7 ADVANCES & SECURITY DEPOSITS

### Advances:

	2011-2012 Taka	2010-2011 Taka
Against goods and services (Note 07.1)	82,772,751	93,616,076
Advance against office rent	20,572,180	10,859,118
Others ( Note 07.2)	9,435,801	5,513,229

### Sub-Total

**112,780,732**      **109,988,423**

### Security Deposits:

	2011-2012 Taka	2010-2011 Taka
Telephone/ Mobile	698,621	669,621
Dhaka City Corporation (against road cutting)	45,188,870	18,407,335
Dhaka WASA	10,411	10,411
Central Depository Bangladesh Ltd (CDBL)	500,000	500,000
Bangladesh Railway	60,000	60,000
Others	885,340	1,134,565

### Sub-Total

**47,343,242**      **20,781,933**

### Total

**160,123,974**      **130,770,356**

- 7.1** Advance against goods & services includes Tk. 7.80 million paid to Bangladesh Power Development Board (BPDB) against purchase of spun pre-stressed concrete (SPC) poles, Tk. 32.33 million paid to GEMCO for purchase of transformers, Tk 27.11 million paid to Progoti Industries Ltd. for purchase of vehical and Tk 14 million paid to Gazi Wire Ltd. against enamel wire purchased for repair and maintenance of transformer.
- 7.2** Advance to others include Tk 1.08 million against CFL bulb distribution Tk 2.50 million paid to BEREC for Licence fee and Tk. 1.20 million paid to Nabayan Engineering Ltd for installation of under ground cable.

## 8 ADVANCE INCOME TAX

This arrived at as under:

	2011-2012 Taka	2010-2011 Taka
<b>Balance at 01 July</b>	<b>399,469,804</b>	<b>438,322,022</b>
Deducted at source (on interest on FDR & STD) during the year	110,033,967	64,290,882
Deducted at source (on imported materials) during the year	9,203,679	25,465,594
Income tax paid for FY 2011-12, (AY-2012-13)	195,610,930	233,200,000
Adjustment made during the year	-	(361,808,694)
<b>Balance at 30 June</b>	<b>714,318,380</b>	<b>399,469,804</b>

## 9 CASH & BANK BALANCES

	2011-2012 Taka	2010-2011 Taka
Cash in hand	88,482	2,323
Imprest cash with S&D divisions	1,066,405	423,405
Cash at banks (Note 9.1)	14,516,913,776	12,383,311,611
<b>Total</b>	<b>14,518,068,663</b>	<b>12,383,737,339</b>

	2011-2012 Taka	2010-2011 Taka
<b>9.1 Cash at Banks</b>		
Current account (revenue collection) (Note 9.1.1)	3,297,248,471	2,109,009,992
Current account (VAT)	190,777,306	97,842,678
STD accounts	683,721,048	1,182,507,615
Fixed Deposit Receipts (FDR) (Note 9.1.2)	10,345,166,951	8,993,951,325
<b>Total</b>	<b>14,516,913,776</b>	<b>12,383,311,611</b>

**9.1.1** This represents collection for the last two months, by the different collecting banks, which has been transferred to the Company's main account in the next month.

**9.1.2** Fixed Deposit Receipts include Tk.86.65 million (2010-2011 :Tk 88.88) 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. An amount of Tk 2.20 million has been realized during the year. As per Bangladesh Bank reconstruction scheme balance amount will be realized by 2013.

<b>10 ACCOUNTS PAYABLE</b>		
Bangladesh Power Development Board (BPDB) - (Note 10.1)	3,049,024,630	1,719,081,022
Power Grid Company of Bangladesh (PGCB) - (Note 10.2)	152,969,653	141,170,578
Dhaka Electric Supply Authority (DESA/DPDC) - (Note 10.3)	194,516,315	242,922,742
<b>Total</b>	<b>3,396,510,599</b>	<b>2,103,174,342</b>

<b>10.1 Accounts Payable - BPDB</b>		
<b>Balance at 01 July</b>	<b>1,719,081,022</b>	<b>1,392,078,751</b>
Energy purchased during the year	12,548,440,423	8,093,250,153
	<b>14,267,521,445</b>	<b>9,485,328,904</b>
Payment made during the year	(11,218,496,815)	(7,766,247,882)
<b>Balance at 30 June</b>	<b>3,049,024,630</b>	<b>1,719,081,022</b>

<b>10.2 Accounts Payable - PGCB</b>		
<b>Balance at 01 July</b>	<b>141,170,578</b>	<b>130,617,689</b>
Wheeling charge during the year	779,296,968	715,421,110
	<b>920,467,546</b>	<b>846,038,799</b>
Payment made during the year	(767,497,893)	(704,868,221)
<b>Balance at 30 June</b>	<b>152,969,653</b>	<b>141,170,578</b>

<b>10.3 Accounts Payable - DESA / DPDC</b>		
<b>Balance at 01 July</b>	<b>242,922,742</b>	<b>336,361,419</b>
Payment made during the year	(50,000,000)	(100,000,000)
Consumer bill collection	1,593,574	6,561,323
<b>Balance at 30 June</b>	<b>194,516,315</b>	<b>242,922,742</b>

<b>11 CREDITORS FOR GOODS/ WORK</b>		
Equipment & materials (Note-11.1)	123,713,481	10,061,919
Imported materials against ADB loan (Note 11.2)	824,621,654	822,279,759
<b>Total</b>	<b>948,335,135</b>	<b>832,341,678</b>

**11.1** This includes Tk 121.83 million (local portion) to M/s. Energypac Engineering Ltd. against supply and installation of 8 (eight) nos. 33/11kv Sub-Station.

**11.2** This includes provision of Tk 791.16 million for LME price adjustment against imported materials under ADB loan. It is also to be noted that the above provision amount (Tk.791.16 million) is against five (5) parties among them two (2) parties sued in favor of their claim.

	2011-2012 Taka	2010-2011 Taka
<b>12 CREDITORS FOR OTHER FINANCE</b>		
Vat collected against electricity bills	192,321,039	100,005,541
Tax / Vat deducted from contractors, suppliers & others	12,207,597	2,427,066
Retention money ( contractors & suppliers)	21,744,749	28,444,822
Receipts against deposit works	860,665,000	660,665,000
Unpaid dividend	164,486,766	350,958,286
Others	12,659,767	4,476,144
<b>Total</b>	<b>1,264,084,918</b>	<b>1,146,976,859</b>
<b>13 CREDITORS FOR EXPENSES</b>		
Audit Fees	194,025	194,025
Contribution to Gratuity Fund	-	251,078
Line maintenance & commercial services and others	174,056,920	98,450,937
BERC sales charge	29,030,896	21,049,916
<b>Total</b>	<b>203,281,841</b>	<b>119,945,956</b>
<b>14 CURRENT MATURITY OF LONG TERM LOANS</b>		
ADB Loan No-1505 (Note-14.1)	134,986,569	122,633,253
ADB Loan No-1731 (Note-14.2)	193,723,314	175,994,696
GOB Loan (Note-14.3)	64,778,527	64,778,527
<b>Total</b>	<b>393,488,410</b>	<b>363,406,475</b>

	2011-2012		2010-2011	
	\$	Taka	\$	Taka
<b>14.1 ADB (Loan No. 1505)</b>				
<b>Balance at 01 July</b>	<b>1,636,201</b>	<b>122,633,253</b>	<b>792,779</b>	<b>55,098,135</b>
Transferred from long term loan	1,090,801	89,991,046	1,934,222	144,969,970
	<b>2,727,001</b>	<b>212,624,299</b>	<b>2,727,001</b>	<b>200,068,105</b>
Paid during the year	(1,090,801)	(87,373,125)	(1,090,801)	(78,101,321)
	<b>1,636,201</b>	<b>125,251,174</b>	<b>1,636,201</b>	<b>121,966,784</b>
Adjustment as per ADB Schedule	-	-	-	-
Exchange loss/(gain)	-	9,735,395	-	666,469
<b>Balance at 30 June</b>	<b>1,636,201</b>	<b>134,986,569</b>	<b>1,636,201</b>	<b>122,633,253</b>
<b>14.2 ADB (Loan No. 1731)</b>				
<b>Balance at 01 July</b>	<b>2,348,161</b>	<b>175,994,696</b>	<b>2,459,441</b>	<b>170,931,146</b>
Transferred from long term loan	2,348,161	193,723,314	2,236,882	167,654,288
	<b>4,696,323</b>	<b>369,718,009</b>	<b>4,696,323</b>	<b>338,585,434</b>
Paid during the year	(2,348,161)	(188,087,727)	(2,348,161)	(168,128,355)
	<b>2,348,161</b>	<b>181,630,282</b>	<b>2,348,161</b>	<b>170,457,079</b>
Adjustment as per ADB Schedule	-	-	-	-
Exchange loss/(gain)	-	12,093,032	-	5,537,617
<b>Balance at 30 June</b>	<b>2,348,161</b>	<b>193,723,314</b>	<b>2,348,161</b>	<b>175,994,696</b>

	2011-2012 Taka	2010-2011 Taka
<b>14.3 GOB Loan</b>		
<b>Balance at 01 July</b>	64,778,527	31,250,480
Transferred from long term loan	64,778,530	98,306,577
	<b>129,557,057</b>	<b>129,557,057</b>
Paid during the year	(64,778,530)	(64,778,530)
<b>Balance at 30 June</b>	<b>64,778,527</b>	<b>64,778,527</b>

	2011-2012 Taka	2010-2011 Taka
<b>15 ACCRUED INTEREST ON LOANS</b>		
Interest payable on ADB Loan (15.1)	739,943,582	509,637,605
Interest payable on 40% (Debt Portion) of GOB Loan(15.2)	-	6,994,537
<b>Total</b>	<b>739,943,582</b>	<b>516,632,143</b>
<b>15.1 Interest on ADB loan</b>		
<b>Balance at 01 July</b>	<b>509,637,605</b>	<b>345,496,869</b>
Interest accrued during the year	332,016,117	265,064,912
	<b>841,653,722</b>	<b>610,561,781</b>
Paid during the year	(101,710,140)	(100,924,176)
Adjustment against DSL	-	-
<b>Balance at 30 June</b>	<b>739,943,582</b>	<b>509,637,605</b>
<b>15.2 Interest on GOB Loan</b>		
<b>Balance at 01 July</b>	<b>6,994,537</b>	<b>13,990,324</b>
Interest accrued during the year	10,510,380	12,786,355
	<b>17,504,917</b>	<b>26,776,679</b>
Paid during the year	(17,504,917)	(19,782,142)
<b>Balance at 30 June</b>	<b>-</b>	<b>6,994,537</b>
<b>16 PROVISION FOR INCOME TAX</b>		
<b>Balance at 01 July</b>	<b>544,799,496</b>	<b>405,311,657</b>
Provided during the year (Note-35.1)	41,988,409	501,296,533
	<b>586,787,905</b>	<b>906,608,190</b>
Paid during the year ( Note-16.1)	(387,691,440)	(361,808,694)
<b>Balance at 30 June</b>	<b>199,096,465</b>	<b>544,799,496</b>

**16.1** As Assessment upto FY- 2007-2008 (AY- 2008-2009) has been finalized and Tk. 387,691,440 paid during the year.

## 17 SHARE CAPITAL

### Authorized:

50,000,000 Nos ordinary shares @ Tk. 100 each

### Issued , subscribed and paid up:

7,500,000 Nos Ordinary shares @ Tk 10 each, fully paid up in cash

11,961,9400 Nos. Ordinary shares @ Tk. 10 each for consideration against Mirpur area assets taken over from DESA

133157571 Nos.Ordinary shares @ Tk.10 each issued as Bonus

**260,276,962 Nos. of shares, Tk. 10 each**

<b>5,000,000,000</b>	<b>5,000,000,000</b>
75,000,000	75,000,000
1,196,194,000	1,196,194,000
1,331,575,620	811,021,772
<b>2,602,769,620</b>	<b>2,082,215,772</b>

### 17.1 Composition of shareholding

The composition of Share holding position as of 30th June 2012 is as follows:

Sponsors (DESA)

General Public

Investor A/C

Mutual Fund

NRB

Local Company

Foreign Individual

Foreign Company

Number of Share Holders	Number of Share	% of Share
7	195,207,634	75.00
7,887	20,249,047	7.78
55	11,026,681	4.24
34	7,363,833	2.83
61	136,090	0.05
371	25,433,443	9.77
18	34,872	0.01
9	825,362	0.32
<b>8,442</b>	<b>260,276,962</b>	<b>100.00</b>

## 17.2 Distribution Schedule

The distribution Schedule as at 30 June 2012 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 500	2,818	33.38	876,071	0.34
501 to 5000	4,668	55.29	8,106,216	3.11
5001 to 10000	415	4.92	3,068,256	1.18
10001 to 20000	252	2.99	3,599,979	1.38
20001 to 30000	87	1.03	2,140,896	0.82
30001 to 40000	49	0.58	1,679,146	0.65
40001 to 50000	23	0.27	1,042,061	0.40
50001 to 100000	46	0.54	3,087,708	1.19
100001 to 1000000	75	0.89	20,340,945	7.82
1000001 to 50000000	8	0.09	21,128,347	8.12
Over 50000000 Shares	1	0.01	195,207,337	75.00
	<b>8,442</b>	<b>100%</b>	<b>260,276,962</b>	<b>100%</b>

## 18 SHARE MONEY DEPOSIT

Share Money Deposit

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

2011-2012  
Taka

2010-2011  
Taka

**75,000,000**

**75,000,000**

## 19 GOB EQUITY

GOB Equity

This represents loan received from the Government from time to time under Annual Development Program (ADP) of which 60% is "Govt. Equity" the balance 40% is soft loan. In the absence of any Govt. directive, no share have been issued against such equity.

**1,552,140,000**

**1,552,140,000**

## 20 RETAINED EARNINGS

**Balance at 01 July**

**6,209,984,623**

**5,531,011,195**

Prior year's adjustment ( Note-37)

4,077,407

(78,598,146)

Net Profit for the year

838,512,909

1,478,338,572

**7,052,574,938**

(728,775,425)

**6,930,751,621**

Dividend paid/ Bonus shares issued for FY 2010-2011

(728,775,425)

(720,766,998)

**Balance at 30 June**

**6,323,799,513**

**6,209,984,623**

## 21 LONG TERM LOANS

### (a) Loan from Asian Development Bank (ADB)

Loan no. 1505 (Note 21.1)

764,923,914

776,677,288

Loan no. 1731 (Note 21.2)

1,258,195,151

1,319,045,927

Loan no. 2332 (Note 21.3)

5,903,193,593

5,095,592,262

**Sub-Total:**

**7,926,312,658**

**7,191,315,477**

### (b) Loan from Government of Bangladesh (GOB)

Loan no. (1505 & 1731), (Note 21.4)

109,148,148

173,926,678

Loan no. 2332 (Note 21.5)

151,745,344

151,745,344

**Sub-Total:**

**260,893,492**

**325,672,022**

**Total**

**8,187,206,150**

**7,516,987,500**

2011-2012  
\$ Taka

2010-2011  
\$ Taka

### 21.1 Loan from ADB ( No - 1505, 9th Power Project)

This has been arrived at as under:

	2011-2012 \$	2011-2012 Taka	2010-2011 \$	2010-2011 Taka
<b>Balance at 01 July</b>	<b>10,362,606</b>	<b>776,677,288</b>	<b>12,296,828</b>	<b>854,629,532</b>
Drawn	-	-	-	-
	<b>10,362,606</b>	<b>776,677,288</b>	<b>12,296,828</b>	<b>854,629,532</b>
Transferred to Current Liability	(1,090,801)	(89,991,046)	(1,934,222)	(144,969,970)
	<b>9,271,805</b>	<b>686,686,242</b>	<b>10,362,606</b>	<b>709,659,563</b>
Exchange loss	-	78,237,672	-	67,017,725
<b>Balance at 30 June</b>	<b>9,271,805</b>	<b>764,923,914</b>	<b>10,362,606</b>	<b>776,677,288</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 relented 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, 10th power project)

This has been arrived at as under:

	2011-2012 \$	2011-2012 Taka	2010-2011 \$	2010-2011 Taka
<b>Balance at 01 July</b>	<b>17,599,012</b>	<b>1,319,045,927</b>	<b>19,835,893</b>	<b>1,378,594,566</b>
Add: Drawn	-	-	-	-
	<b>17,599,012</b>	<b>1,319,045,927</b>	<b>19,835,893</b>	<b>1,378,594,566</b>
Transferred to current liability	(2,348,161)	(193,723,314)	(2,236,882)	(167,654,288)
	<b>15,250,850</b>	<b>1,125,322,613</b>	<b>17,599,012</b>	<b>1,210,940,278</b>
Exchange loss	-	132,872,538	-	108,105,649
<b>Balance at 30 June</b>	<b>15,250,850</b>	<b>1,258,195,151</b>	<b>17,599,012</b>	<b>1,319,045,927</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 relented 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.

	2011-2012		2010-2011	
	\$	Taka	\$	Taka
<b>21.3 Loan from ADB (No - 2332 BAN, Sustainable Power sector Development Project)</b>				
This has been arrived at as under:				
<b>Balance at 01 July</b>	<b>67,986,554.54</b>	<b>5,095,592,263</b>	<b>55,040,372</b>	<b>3,825,305,866</b>
Add: Drawn	3,567,307	282,205,642	12,946,183	935,249,684
	<b>71,553,862</b>	<b>5,377,797,905</b>	<b>67,986,555</b>	<b>4,760,555,550</b>
Exchange loss	-	525,395,688	-	335,036,713
<b>Balance at 30 June</b>	<b>71,553,862</b>	<b>5,903,193,593</b>	<b>67,986,555</b>	<b>5,095,592,263</b>

- (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, 2013.

	2011-2012	2010-2011
	Taka	Taka
<b>21.4 Loan from GOB (No. 1505 &amp; 1731)</b>		
This has been arrived at as under:		
<b>Balance at 01 July</b>	<b>173,926,678</b>	<b>272,233,255</b>
Received during the year	-	-
	<b>173,926,678</b>	<b>272,233,255</b>
Transferred to Current Liability	(64,778,530)	(98,306,577)
<b>Balance at 30 June</b>	<b>109,148,148</b>	<b>173,926,678</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.

	2011-2012	2010-2011
	Taka	Taka
<b>21.5 Loan from GOB (loan No 2332)</b>		
<b>Balance at 01 July</b>	<b>151,745,344</b>	<b>151,745,344</b>
Received during the year	-	-
	<b>151,745,344</b>	<b>151,745,344</b>
Unutilized fund refunded during the year	-	-
<b>Balance at 30 June</b>	<b>151,745,344</b>	<b>151,745,344</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 2013 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.

## 22 DUE TO DESA/ DPDC FOR ASSETS TAKEN OVER

Due to DESA/ DPDC for assets taken over

2011-2012  
Taka

2010-2011  
Taka

**4,039,671,539**

**4,039,671,539**

### 22.1 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

**Balance at 30 June**

**4,039,671,539**

**4,039,671,539**

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 / DPDC which is under finalization.

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

## 23 CONSUMER SECURITY DEPOSITS

**Balance at 01 July**

**950,933,940**

854,525,049

Received during the year

197,052,878

101,047,208

**1,147,986,818**

**955,572,258**

Refunded during the year

(13,798,750)

(4,638,318)

**Balance at 30 June**

**1,134,188,068**

**950,933,940**

## 24 ENERGY SALES: TAKA

Domestic

Tariff

%

6,947,761,992

5,349,808,431

Agricultural Pump

B

0.003

478,859

368,723

Small Industries

C

4.24

676,787,071

521,129,132

Non-Residential

D

0.62

98,964,147

76,202,845

Commercial & Office

E

13.15

2,098,997,638

1,616,237,757

Medium Voltage

F

34.77

5,549,973,223

4,273,504,701

High Voltage (33kv & above)

H

0.05

7,980,980

6,145,391

REB High Voltage

I

0.33

52,674,465

40,559,579

Street Light, Pump

J

0.31

49,482,074

38,101,422

Construction & others

2E

3.00

478,858,777

368,723,443

**Total**

**100%**

**15,961,959,226**

**12,290,781,425**

### 24.1 Energy Sales - Unit (Mkwh)

Domestic

Tariff

%

2011-12

2010-11

Unit (Mkwh)

Unit (Mkwh)

1,563.84

1,402.45

Agricultural Pump

B

0.01

0.20

0.16

Small Industries

C

3.78

117.55

119.30

Charitable Organization

D

0.75

23.44

22.39

Commercial & Office

E

10.09

314.02

279.18

Medium Voltage

F

32.84

1,021.73

968.60

Very High Voltage

H

0.11

3.39

1.12

REB High Voltage

I

0.59

18.40

15.51

Street Light, Pump

J

0.30

9.31

8.53

Construction & others

2E

1.26

39.24

31.14

**Total**

**100%**

**3,111.12**

**2,848.38**

## 25 OTHER OPERATING REVENUE

Other Operating Revenue

This represents application fee, disconnection / reconnection fees, cost of materials realized, meter testing fees, meter rent etc.

2011-2012  
Taka

2010-2011  
Taka

289,983,640

184,827,800

## 26 ENERGY PURCHASE

Energy Purchase

2011-2012  
Unit (kwh) Taka

2010-2011  
Unit (kwh) Taka

3,401,584,795

13,327,608,403

3,122,746,012

8,801,828,794

- 26.1 Electricity is purchased solely from Bangladesh Power Development Board (BPDB) at the rate of Tk. 2.9680 per kwh which has been enhanced to tk 4.57/ kwh effective from 1st March -2012. The company also pays wheeling charge to Power Grid Co. Ltd (PGCB) at Tk 0.2291 per kwh.

## 27 OPERATING EXPENSES

Commercial operation support services

94,016,280

83,739,170

Schedule & preventive maintenance

119,558,930

106,353,877

Special action team & collection drive

596,222

519,686

Consultancy fees for staking sheet

1,950,203

2,002,545

Maintenance of distribution of line & equipment

49,177,638

88,863,134

R&M of grid sub-station/sub-station

44,274,064

33,465,945

Repair & maintenance of transformer

14,557,420

26,930,735

Meter & service cable issue

113,244,719

7,362,058

Revenue stamp charge against consumer bill

23,622,998

20,730,331

System operating fee BERC (Note 27.1)

7,980,980

6,145,391

**468,979,453**

**376,112,872**

Less: Receipt against deposit work

91,556,710

158,281,958

**Total**

**377,422,743**

**217,830,914**

- 27.1 This represents provision at 0.05% of net sales value as "annual system operating fees" payable to Bangladesh Energy Regulatory Commission (BERC) as per BERC rules.

## 28 ADMINISTRATIVE EXPENSES

	2011-2012 Taka	2010-2011 Taka
Audit fees	195,000	195,000
Advertisement & Notices	23,235,284	19,281,013
Annual picnic	1,149,742	1,076,895
Annual General Meeting (AGM)	3,840,568	3,678,928
Bank charges	3,090,160	2,606,411
Conveyance	1,606,921	1,362,981
Cleaning expenses	909,993	729,322
Directors' fees (Note 28.1)	957,000	1,782,500
Electricity, gas & water	22,501,569	14,010,236
Entertainment	2,849,432	5,126,967
Fuel for vehicles	19,333,536	12,651,455
Honorarium to various committee members	2,426,210	2,446,400
Insurance of vehicles	953,772	1,201,344
Legal & Professional fees	3,824,603	2,080,295
Newspaper & Periodicals	378,749	355,955
Office maintenance	2,118,986	2,506,410
Office rent	28,165,161	14,907,125
Office security	16,915,768	17,419,141
Postage , telephone & internet	5,094,762	5,362,510
Printing & Stationery	14,930,435	11,165,993
Rates & Taxes	1,265,950	964,431
Repair & Maintenance of non operating assets	12,300,344	7,284,103
Repair & Maintenance of head office building (rental)	1,026,479	-
Repair & Servicing of vehicle	6,656,301	5,810,927
Recruitment expenses	785,500	1,587,770
Inspection survey & consultancy fees	615,952	2,258,814
Staff training	13,274,065	1,734,462
Listing fee & annual charges	7,287,273	2,815,034
Transport (hired)	15,319,869	12,640,152
Corporate Social Expenses (CSR)	10,019,546	3,775,400
BERC license fee	2,530,000	2,500,000
Office shifting	951,466	258,344
<b>Total</b>	<b>226,510,395</b>	<b>161,576,317</b>

28.1 Directors are entitled to a fee of Tk 5,000/- for attending each Board meeting.

## 29 EMPLOYEE EXPENSES

Salary & allowances ( Note - 29.1)	457,457,729	388,268,343
Festival bonus	41,610,202	34,766,594
Incentive bonus	-	56,512,794
Company's contribution to provident fund	25,397,406	23,741,917
Company's contribution to gratuity fund	27,154,517	32,896,502
Group insurance premium	5,717,789	1,957,546
Electricity / telephone expense reimbursed (Note - 29.2)	11,409,619	5,797,443
Medical expense reimbursed ( Note - 29.2)	35,358,590	30,976,876
Uniform	91,228	96,485
<b>Total</b>	<b>604,197,080</b>	<b>575,014,500</b>

	2011-2012 (Taka)		2010-2011 (Taka)	
	Directors	Executives	Directors	Executives
<b>29.1 Remuneration of Directors and Executives</b>				
Salary and bonus	6,583,658	105,215,001	4,620,733	99,511,533
House rent	2,960,545	54,362,944	1,815,355	44,921,021
Provident fund	553,867	9,060,518	347,974	12,288,000
<b>Total</b>	<b>10,098,070</b>	<b>168,638,463</b>	<b>6,784,062</b>	<b>159,361,879</b>

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

	2011-2012	2010-2011
	Taka	Taka
<b>30 INTEREST INCOME</b>		
Interest earned on STD/FDR	1,104,418,043	672,679,261
Late payment charge (LPC)	132,134,317	108,419,633
<b>Total</b>	<b>1,236,552,360</b>	<b>781,098,894</b>
<b>31 INTEREST EXPENSES</b>		
Interest expense against ADB loan	332,016,117	265,064,912
Interest expense against GOB loan	10,510,380	12,786,355
<b>Total</b>	<b>342,526,497</b>	<b>277,851,267</b>
<b>32 EXCHANGE FLUCTUATION (LOSS)</b>		
Exchange Fluctuation (Loss):	<b>(758,334,325)</b>	<b>(516,364,173)</b>
Exchange fluctuation loss of Tk.758,334,325/- has arisen out of translation of foreign currency loan (in dollar) into taka at balance sheet date at the rate of Tk.82.50/\$1 (2010-11: at Tk.74.95/\$1) and has been recognized as expenses as per BAS-21.		
<b>33 MISCELLANEOUS INCOME</b>		
Sale of tender documents	189,000	862,000
Sale of obsolete store materials	45,445,014	434,793
<b>Total</b>	<b>45,634,014</b>	<b>1,296,793</b>
<b>34 DEPRECIATION</b>		
Depreciation (operating)	683,657,829	659,587,005
Depreciation (non operating)	31,833,489	45,337,476
<b>Total</b>	<b>715,491,318</b>	<b>704,924,481</b>
<b>35 INCOME TAX</b>		
Current tax provision (35.1)	41,988,409	149,037,371
Deferred tax provision (35.2)	285,770,576	223,544,475
<b>Total</b>	<b>327,758,984</b>	<b>372,581,846</b>

**35.1** The Company's income tax assessment up to the FY 2007-2008 (AY 2008--2009) has been completed and agreed upon.

The details of current tax calculation are given below:

Profit before tax as per income statement

Add: Accounting depreciation

Add: Bad debt Provision

Add: Corporate Social Expenses (CSR)

Less: Depreciation as per 3rd Schedule of Tax Ordinance, 1984.

Current Tax (at 27.5%)

Less: Previous year excess provision written back

**Current tax expenses**

	2011-2012 Taka	2010-2011 Taka
	<b>1,166,271,893</b>	<b>2,161,312,481</b>
	715,491,318	608,097,084
	15,766,586	12,007,263
	10,019,546	-
	<b>1,907,549,343</b>	2,781,416,828
	(1,754,864,221)	(1,307,556,256)
	<b>152,685,122</b>	<b>1,473,860,572</b>
	41,988,409	405,311,657
	<b>41,988,409</b>	<b>405,311,657</b>
	-	(256,274,286)
	<b>41,988,409</b>	<b>149,037,371</b>

**35.2 Deferred Tax Provision:**

**Balance at 01 July**

Provision for the year

**Balance at 30 June**

**Deferred tax provision has been arrived at as under**

Carrying amount of assets

Tax base amount of assets

**Temporary Difference**

Effective Tax Rate

**Total Deferred tax Provision required**

Already provided up to last year

**Deferred tax Provision during the year**

	<b>1,254,797,127</b>	<b>990,291,231</b>
	285,770,576	223,544,475
	<b>1,540,567,703</b>	<b>1,213,835,706</b>
	10,570,433,799	8,440,892,392
	4,968,369,426	4,026,944,367
	<b>5,602,064,373</b>	<b>4,413,948,025</b>
	0	27.50%
	<b>1,540,567,703</b>	<b>1,213,835,706</b>
	1,254,797,127	990,291,231
	<b>285,770,576</b>	<b>223,544,475</b>

**36 EARNING PER SHARE (EPS)**

Earning attributable to ordinary Shareholders (Tk)

Number of shares outstanding (Nos.)

**Basic Earning Per Share (Tk.)**

	838,512,909	1,478,338,572
	260,276,962	260,276,962
	<b>3.22</b>	<b>5.68</b>

**37 ADJUSTMENT RELATED TO PREVIOUS YEAR**

Interest income on FDR accounted in this year

Salary adjustment from employee

Operating & administrative expenditure of previous year adjusted

Utility expenses adjustment

Vat amount paid to Govt. account

Annual license fee of BERC for 2009

Loss for stolen transformer in previous year accounted for this year

PFC charge of previous year paid to BPDB

Bank interest accounted for

**Total**

	1,814,750	-
	1,800	(40,278,232)
	(1,625,024)	(185,722)
	3,953,831	(14,614,304)
	(67,950)	-
	-	(2,500,000)
	-	(14,559,608)
	-	(6,842,469)
	-	382,189
	<b>4,077,407</b>	<b>(78,598,146)</b>

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

#### Proposed Dividend:

The Board of Directors of Dhaka Electric Supply Company (DESCO) Limited in its 236th meeting held on October 25, 2012 recommended 10% cash and 15% bonus dividend (i. e. tk.1 per share and 3 bonus shares for every 20 existing shares on the record date November 07, 2012) for the year 2011-2012.

### 39 CONTINGENT LIABILITIES

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

39.2 An aggregate amount of Tk. 51,699,300/- claimed by BPDB as shown below is disputed by the Company.

Particulars	Amount (Taka)
Arrear Energy bill (November '05 to May '07)	13,198,386
Arrear Surcharge	26,160,734
PFC Charge (March 2011 to June 2012)	12,340,180
<b>Total</b>	<b>51,699,300</b>

### 40 CREDIT FACILITY AVAILED

No credit facility existed under any contract as on June 30, 2012 other than trade credit available in the ordinary course of business.

### 41 CAPITAL COMMITMENT

41.1 The Company has entered into various contracts for construction works, substations, land development, installation, renovation dismantling O/H and U/G cables, etc. amounting to Tk 4,042 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.
- b) Employment for a part of the year and in receipt of remuneration aggregating Tk 3,000 or more per month.

#### Total

2011-2012 Number	2010-2011 Number
1,198	1,024
Nil	Nil
<b>1,198</b>	<b>1,024</b>

### 43 GENERAL

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

The accounting policies and other notes from 1 to 43 form an integral part of these Financial Statements. The Financial statements were authorized for issue by the Board of Directors on 25 October 2012 and signed on its behalf by :

sd/-  
Company Secretary

sd/-  
Director (F &A)

sd/-  
Director

sd/-  
Managing Director

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

October 31, 2012  
Dhaka

sd/-  
Chartered Accountants

## Statement of Financial Position (As at 30 June 2012)

Sl No.	Category of Assets	Cost			Rate	Depreciation			Written down value as on 30-06-12	Written down value as on 30-6-11
		Balance as on 01-07-11	Addition during the Period	Adjustment		Total as on 30-06-12	Balance as on 01-07-11	Charged during the year		
1	Land	911,470,985	250,981,416	-	1,162,452,401	-	-	-	1,162,452,401	911,470,985
2	Building	181,244,181	43,902,312	-	225,146,493	2.50%	6,462,153	49,476,953	175,669,540	138,229,381
3	Motor Vehicles	122,043,875	16,261,166	-	138,305,041	20%	14,936,278	135,665,803	2,639,238	1,314,350
4	Furniture & Fixture	27,704,518	7,230,944	-	34,935,462	10%	2,772,284	17,601,921	17,333,541	12,874,881
5	Office Equipment	125,566,112	24,467,609	124,400	149,909,321	15%-20%	14,124,927	108,113,090	41,796,231	31,536,324
6	Distribution Equipment	3,437,247,934	1,584,975,461	-	5,022,223,395	2%-10%	203,847,694	1,234,003,345	3,788,220,049	2,407,092,282
7	Distribution Line	7,735,279,342	1,005,214,974	-	8,740,494,316	2%-10%	473,347,983	3,358,171,519	5,382,322,798	4,850,455,805
	<b>Total</b>	<b>12,540,556,947</b>	<b>2,933,033,882</b>	<b>124,400</b>	<b>15,473,466,429</b>		<b>715,491,318</b>	<b>4,903,032,631</b>	<b>10,570,433,799</b>	<b>8,352,974,008</b>

### Note:

- TK. 25 Core has been paid to RAJUK for purchase of land at 1st July 2011 but till now (09.10.11) the land has not been registered in the name of DESCO. Furthermore as per the verdict of The High Court, dated: 21.06.11, litigation no. Civil Court: 43/2010 (Joint District Judge, 3rd Court, Dhaka) RAJUK is not the original owner of the same land and a litigation is continuing in The High Court against RAJUK on the same land.
- Building includes Office Building, Store Godown Sheds and Boundary Wall.
- Office Equipment comprise Communication Equipment, Computer & Peripherals, Electric and Store Equipment etc.
- Addition to Distribution Line and Equipment includes 1,002 Nos. of Distribution Transformer, 934.026 Km Conductor and 1236.734 Km Service Cable etc.
- Addition to Motor Vehicle Includes 6 (six) nos Car and 22 (twenty-two) Nos Motor Cycle.

# TARIFF RATE

## BULK PURCHASE TARIFF

Sl. No	Tariff Category	Present Tariff (from September 01, 2012) Taka/KWH
01	BPDB to DESCO (for energy)	5.4050
02	PGCB to DESCO (for wheeling)	0.2291

## RETAIL SALES TARIFF

Sl. No	Tariff Category	Consumption Slab	Present Tariff (from September 01, 2012) Taka/KWH
01	Domestic-A	i. From 00 to 75 units	3.33
		ii. From 76 to 200 units	4.73
		iii. From 201 to 300 units	4.83
		iv. From 301 to 400 units	4.93
		v. From 401 to 600 units	7.98
		vi. Above 600 units	9.38
02	Agriculture - B		2.51
03	Small Industries - C	i. Flat	6.95
		ii. Off-peak hour	5.96
		iii. Peak hour	8.47
04	Non Residential - D (Charitable Industry)		4.53
05	Commercial - E	i. Flat	9.00
		ii. Off-peak hour	7.22
		iii. Peak hour	11.85
06	Medium Voltage – F (11 KV)	i. Flat	6.81
		ii. Off-peak hour	5.96
		iii. Peak hour	9.33
07	High Voltage – F (33 KV)	i. Flat	6.48
		ii. Off-peak hour	5.87
		iii. Peak hour	9.14
08	Street Light & Pump – J		6.48

# CERTIFICATE OF COMPLIANCE

## **ATA KHAN & CO.**

CHARTERED ACCOUNTANTS

ATA UDDIN KHAN, M. COM. FCA  
G. M. MUNIR AHMED, B. COM. (HONS) M. COM. FCA  
MAQBUL AHMED, B. COM. (HONS) M. COM. FCA

67, MOTIJHEEL COMM. AREA, DHAKA-1000  
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26, SADARGHAT ROAD, CHITTAGONG- 4000  
BANGLADESH  
TEL: 880-31-6211110, MOBILE: 01720-270618

**To the Shareholders of  
Dhaka Electric Supply Company Limited**

**Certificate on Compliance of  
Corporate Governance by Dhaka Electric Supply Company Limited**

We do hereby certify that, we have examined the books and records of Dhaka Electric Supply Company Limited and we are of the opinion that the company complied with the conditions of Corporate Governance Guidelines for the year ended 30 June 2012 as prescribed by Securities and Exchange Commission as per its notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012.

Dated: Dhaka  
The 02 December 2012



**ATA KHAN & CO.**  
Chartered Accountants







## PROXY FORM

I/ We ..... of  
.....  
being a member of Dhaka Electric Supply Company Ltd. (DESCO) hereby appoint Mr./Mrs./Miss .....  
..... adress .....  
..... as my/our proxy to vote for me/us on my/ our behalf  
at the 16<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, January 02, 2013 at 10:00am at Bashundhara Convention  
Center 02, Bashundhara Residential Area, Baridhara, Dhaka and at any adjournment thereof.  
As witness my / our hand this ..... day of ..... 2012.

Affix  
Revenue  
Stamp of  
Tk. 20/-

(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 December 30, 2012 within office hours. The proxy form must contain revenue stamp of Tk. 20 as per Stamp Act, 2012.

Signature Varified

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

## ATTENDANCE SLIP

I hereby record my attendance at the 16<sup>th</sup> Annual General Meeting being held on Wednesday, the January 02, 2013 at Bashundhara Convention Center 02, 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**

22/B Faruk Sarani, Nikunja-2, Khilkhet, Dhaka-1229

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