

Annual Report 2014





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Notice of the
18th
Annual General Meeting

Registered Office:

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

Visit us at : www.desco.org.bd

NOTICE OF THE 18TH ANNUAL GENERAL MEETING

This is for notification of all concerned that the 18th Annual General Meeting (AGM) of Dhaka Electric Supply Company Ltd. (DESCO) will be held on Saturday, January 03, 2015 at 10:00 a.m. at Baridhara DOHS Convention Centre, Baridhara, Dhaka Cantonment, Dhaka-1206 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, 2014 together with the Auditors' Report thereon.
2. To declare Dividend for the year ended June 30, 2014 as recommended by the Board of Directors.
3. To elect/re-elect the Directors.
4. To appoint Auditors for the year 2014-15 and to fix their remuneration.

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

By order of the Board of Directors,

Sd/-

Md. Shofiqul Islam
Company Secretary

Dhaka, December 10, 2014

Notes:

1. Members, whose names appear on the Members/Depository Register as on 'Record Date' i.e. 13/11/2014, 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 her/his stead. The proxy form attached with the Annual Report-2014, duly filled, signed and stamped by revenue stamp of Tk. 20/- must be deposited at the Registered Office of the Company not later than 72 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.



MILESTONE

2014 February 23, 2014
Establishment of Live Payment Gateway

2012 February 23, 2012
Online Application for New Connection

2010 June 04, 2010
Introduction of Online Bill Payment System

2008 November 11, 2008
Inauguration of Data Acquisition System

2007 March 03, 2007: Takeover of Tongi Pourashava Area
November 15, 2007: Distribution License from BERC

2006 June 18, 2006
Company goes public

2005 September 07, 2005
Inauguration of Prepaid Metering System

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

2003 April 09, 2003
Takeover of Gulshan Circle from DESA

1998 September 24, 1998: Takeover of Mirpur area from
DESA and commencement of commercial operation

1996 November 03, 1996: Certificate of Incorporation
December 19, 1996: First Board Meeting

VISION & MISSION

VISION



To be an enabler of economic development and social progress by providing safe, reliable and sustainable electricity.

MISSION



Bringing comfort to customers, supporting business and commerce and building strong communities. Achieving and maintaining the highest degree of efficiency, reliability and responsiveness for variety of customers.

CORPORATE PHILOSOPHY



We will achieve our vision through our core corporate principles.

Safety: Placing the safety of our communities, Customers and employees first;

Customer Focus: Providing superior service to help customers more effectively manage their use of electricity;

Community Focus: Being an integral part of the communities in which we live, work and serve;

Operational Excellence: Incorporating continuous improvement to deliver safe and dependable electricity at affordable prices;

Performance Driven Culture: Fostering a strong values and performance based culture designed to attract, develop and retain best talents.

BOARD OF DIRECTORS

Chairman and Managing Director



Dr. Ahmad Kaikus
Chairman, DESCO Board



Engr. Md. Arjad Hossain
Managing Director, DESCO

Directors



Brig. Gen. (Retd.) Md. Nazrul Hasan
Managing Director
Dhaka Power Distribution Company
Limited (DPDC).



Mr. Md. Israil Hossain
Joint Secretary (Drafting)
Ministry of Law, Justice and
Parliamentary Affairs
Govt. of the People's Republic of
Bangladesh.



Mr. A.K. M. Humayun Kabir
Deputy Secretary (Company Affairs)
Power Division, Ministry of Power,
Energy & Mineral Resources
Govt. of the People's Republic of
Bangladesh.



Mr. Selim Abed
Deputy Secretary
Ministry of Power, Energy & Mineral
Resources
Govt. of the People's Republic of
Bangladesh.



Md. Selim Uddin
Deputy Secretary
Ministry of Power, Energy and
Mineral Resources
Govt. of the People's Republic of
Bangladesh.



Engr. Ataul Mahmud
Ex-AGS, Institute of Engineers,
Bangladesh (IEB).



Engr. Rabiul Hasnat
Real Estate & Housing Association of
Bangladesh (REHAB).



Dr. Ahsan Aktar Hasin
Professor
Department of Industrial and
Production Engineering (IPE)
Bangladesh University of
Engineering and Technology
(BUET), Dhaka.



Mr. Tamal Chakraborty
Member (Company Affairs),
Bangladesh Power Development
Board (BPDB).

CORPORATE DIRECTORY

MANAGING DIRECTOR	Engr. Md. Arjad Hossain
CHIEF FINANCIAL OFFICER	Md. Rofi Uddin
COMPANY SECRETARY	Engr. Md. Shofiqul Islam
TAX ADVISOR	Rahman Mostafa Alam & Co. Chartered Accounts
LEGAL ADVISOR	Sheikh & Chowdhury Barristers. Advocates
AUDITORS	MABS & J Partners 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 mddesco@desco.org.bd
www.desco.org.bd

MIRPUR ZONE		
AGARGAON	:	E-10, Agargan, 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 # 1/1, 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
JOAR SHAHARA	:	House # 47, Road # 134, Gulshan-1, Dhaka-1212 Phone: 9897320, Ext. 111 Fax: 9897709 E-mail: joarshahara.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: 9897971
BADDA	:	Plot # 16, Road # 4, Block # D, Aftab Nagar R/A, Rampura, Dhaka Phone: 8855244, 9895117, Fax: 8855244 E-mail: badda.sdd@desco.org.bd 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 Mob. 01713443031
UTTARA (West)	:	House-26, Road-7, Sector-12 Uttara, Dhaka-1230. Phone: 7920382(PABX) Fax: 7920364 E-mail: uttarawest.sdd@desco.org.bd Complain: 02-8919574, Mob. 01713443031
DAKKHIN KHAN	:	Dag # 3504, Mollah Para, Dakkhinkhan, Dhaka-1230 Phone: 58951289, Fax: 58952509 E-mail: dakkhinkhan.sdd@desco.org.bd Complain: 58952398
UTTAR KHAN	:	40 Shah Kabir Majar Rd, Mazar Chowrasta, Uttarkhan, Dhaka-1230. Phone: 02-8952317, 02-8952278 Fax: 02-8952279 E-mail: uttarkhan.sdd@desco.org.bd Complain: 8912398, 8999470
TONGI (East)	:	Squib Road, Cherag Ali, Tongi, Gazipur Phone: 9815903, Fax: 9810162 E-mail: tongieast.sdd@desco.org.bd Complain: 9815904, Mob. 01713333202
TONGI (West)	:	Squib Road, Cherag Ali, Tongi, Gazipur Phone: 9815921, Fax: 9815922 E-mail: tongiwest.sdd@desco.org.bd Complain: 9817637, 9811083 Mob. 01713333203



TECHNICAL & COMMERCIAL HIGHLIGHTS



TECHNICAL HIGHLIGHTS

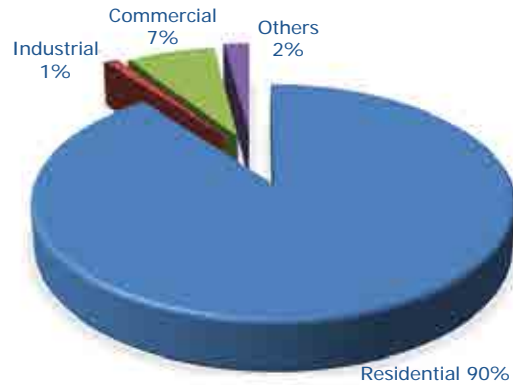
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
33/11 KV Sub-station (No.)	21	22	25	26	30
Capacity of 33/11 KV Sub-Station (MVA)	770/1078	880/1232	980/1372	1080/1512	1200/1680
Demand Handling Capacity (MW)	616	704	784	864	960
Maximum Demand (MW)	622	640	715	726	786
33KV Overhead Line (KM)	83	83	83	83	83
33KV Underground Line (KM)	208	216	295	316	322
11KV Overhead Line (KM)	1,018	1,045	1,084	1,122	1,204
11KV Underground Line (KM)	350	361	390	434	438
LT Line (KM)	1,672	1,717	1,775	1,838	1,936
Distribution Transformer (No.)	4,810	4,938	5,227	5,215	5,672

COMMERCIAL HIGHLIGHTS

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Energy Import (MKWh.)	2,933.72	3,122.75	3,401.59	3,726.31	4,064.19
Energy Import (MTk.)	7,845.65	8,801.83	13,327.74	20,393.48	22,898.05
Energy Sales (MKWh.)	2,673.69	2,848.38	3,111.12	3,411.91	3,722.23
Energy Sales (MTk.)	10,911.20	12,400.18	15,961.96	21,951.48	24,431.03
System Loss (%)	8.86	8.79	8.54	8.44	8.41
Collection Ratio (%)	98.75	98.96	98.54	100.93	100.53
C.I. Ratio (%)	90.00	90.26	90.13	92.40	92.07
Consumer Nos.	4,46,129	4,49,063	5,04,723	5,73,356	6,41,933
Receivable/Sales (%)	20.69	19.96	18.54	14.49	13.60

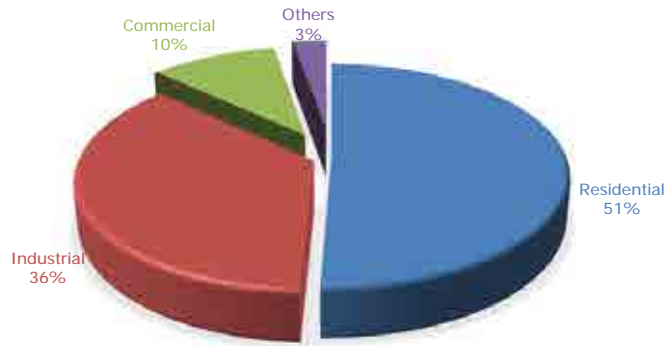
Consumer Mix

Category	Consumer Number	(%)
Residential	576427	89.80%
Industrial	6354	0.99%
Commercial	45932	7.16%
Others	13220	2.05%

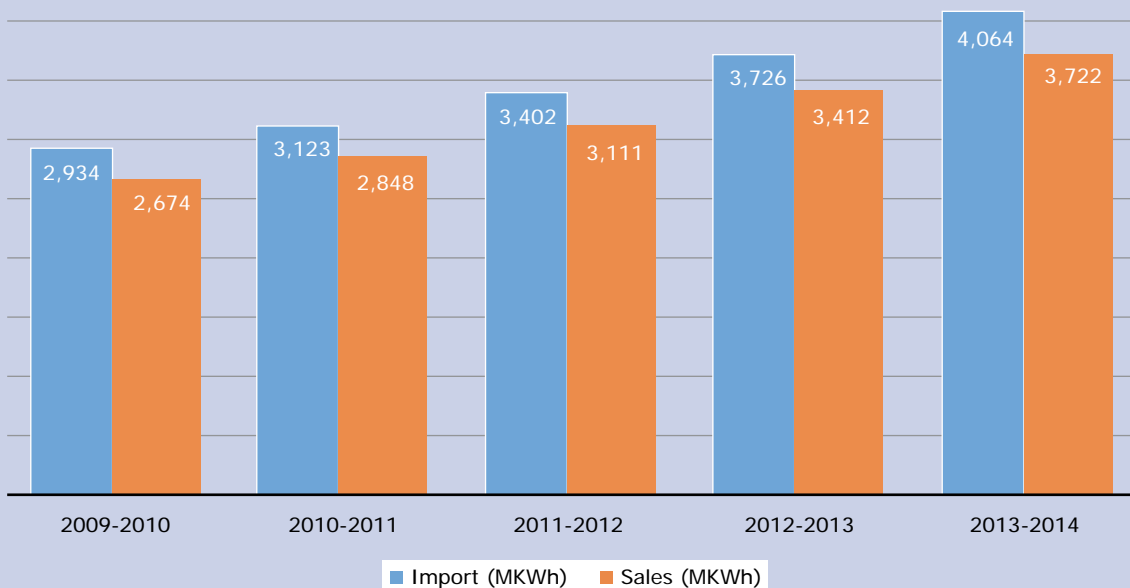


Consumption Pattern

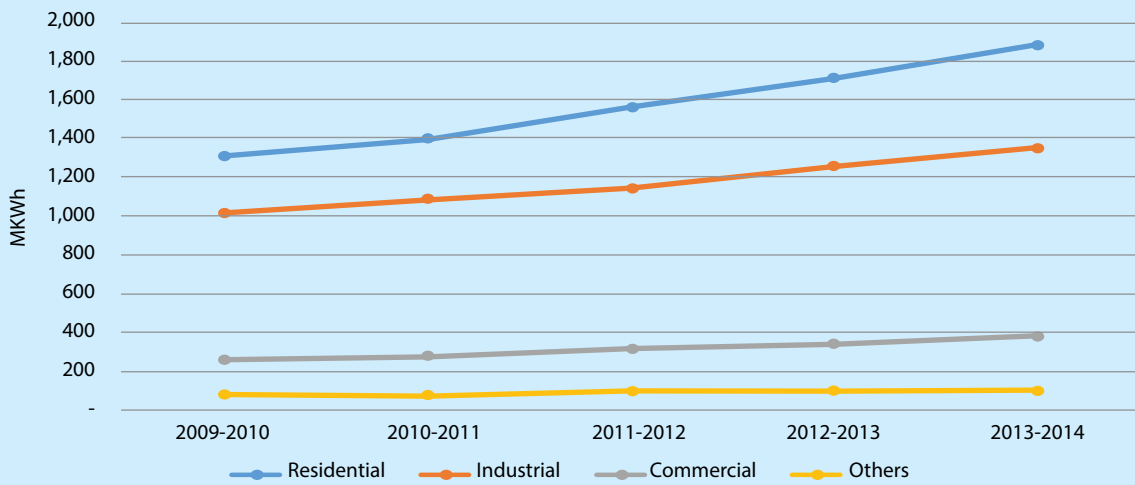
Category	Consumption (MKWh)	(%)
Residential	1885.110	50.64%
Industrial	1350.920	36.30%
Commercial	383.095	10.29%
Others	103.102	2.77%



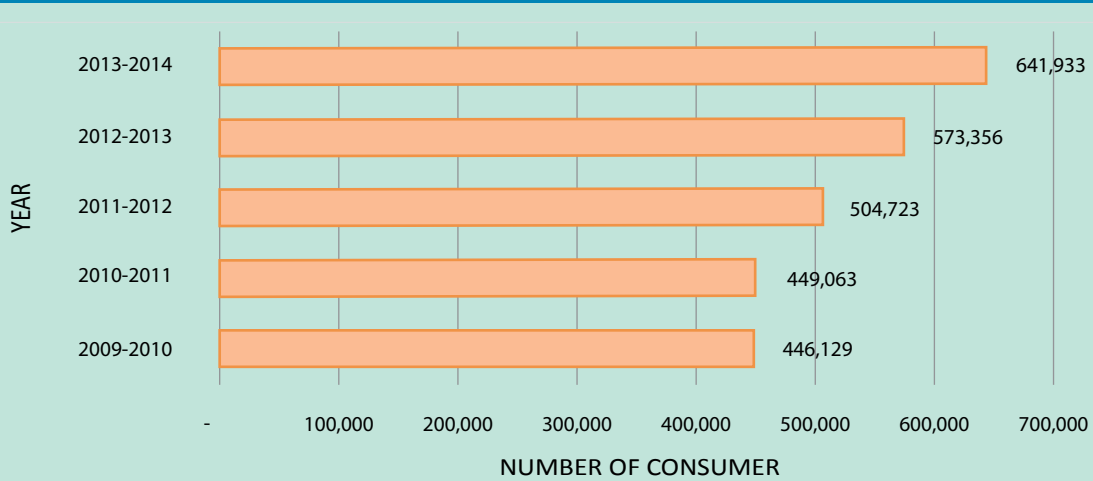
Power Import & Sales



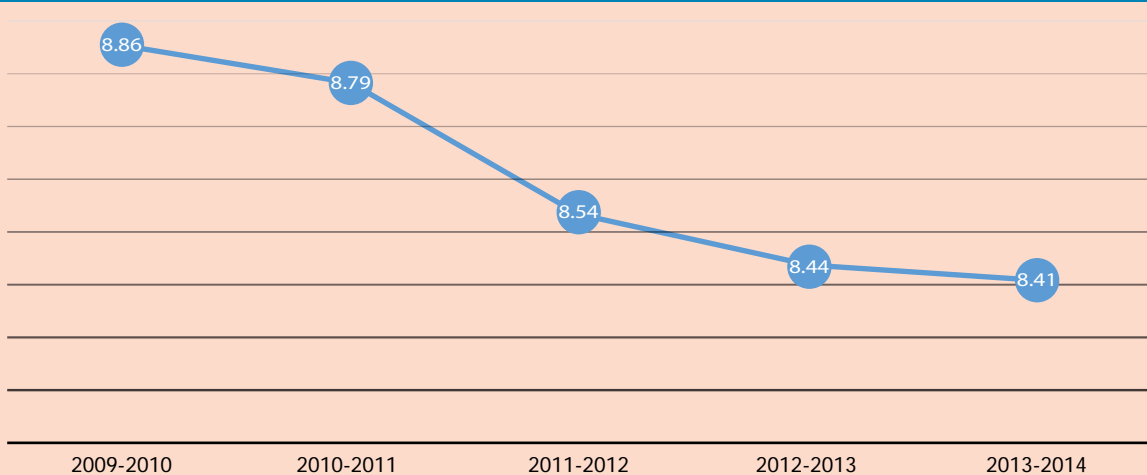
Category wise Consumption Growth



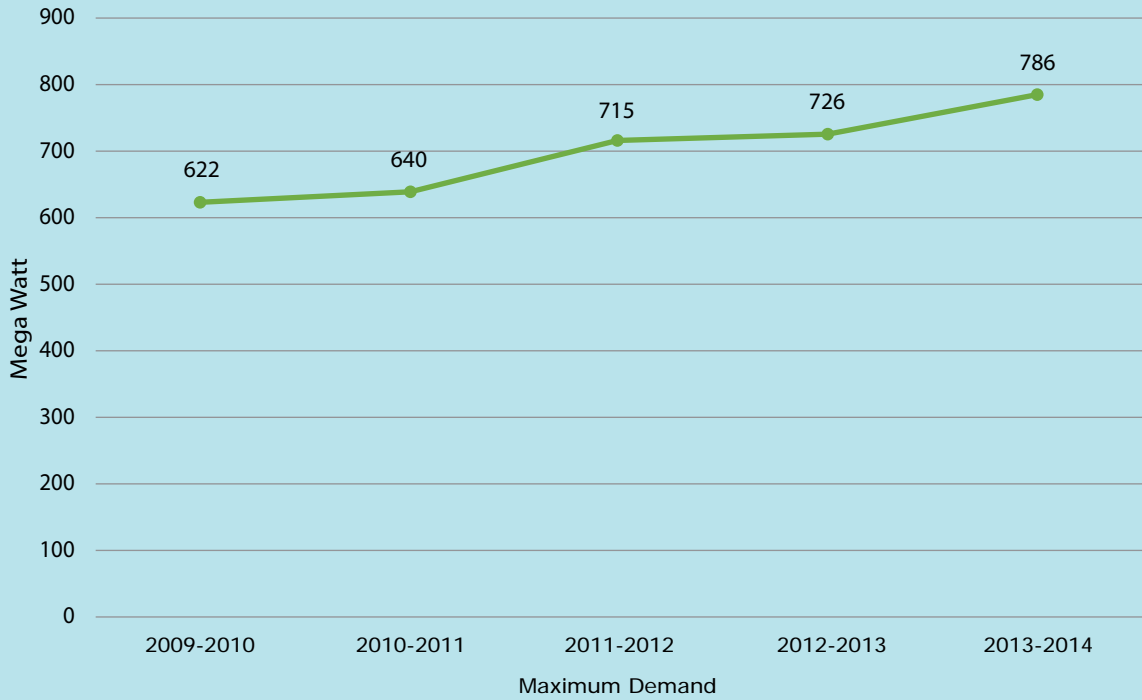
Consumer Growth



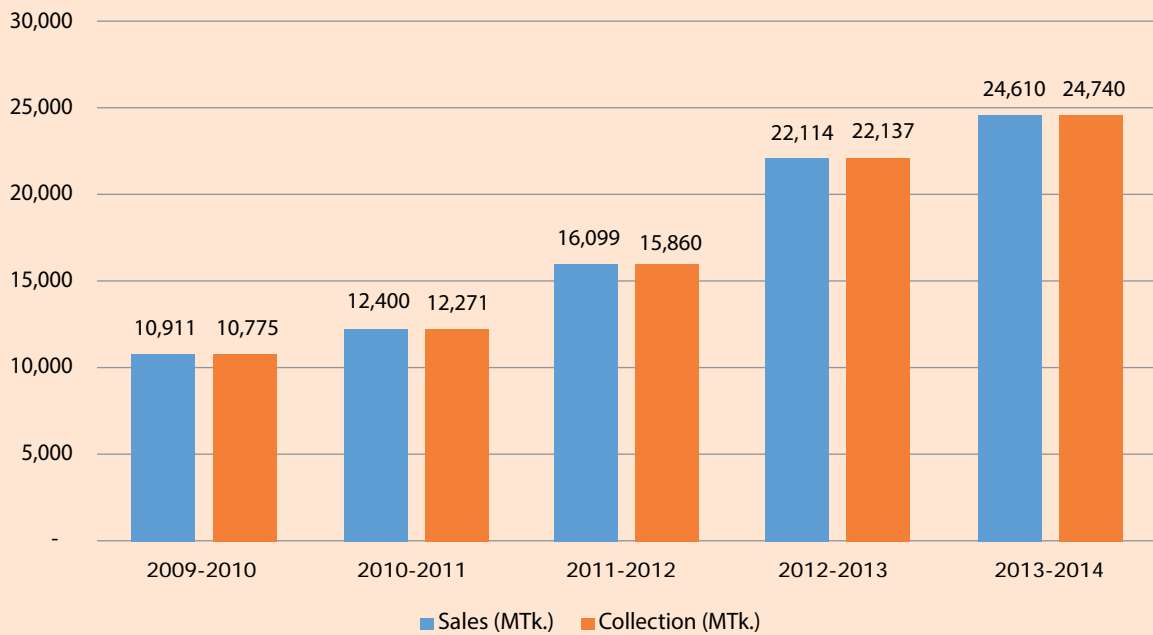
System Loss (%)



Load Growth



Sales and Collection



DIRECTORS' REPORT



Dr. Ahmad Kaikus, Chairman, DESCO Board

Honorable Shareholders,

Let me take the opportunity to welcome you, on behalf of the Board of Directors, to the 18th Annual General Meeting of Dhaka Electric Supply Company Limited (DESCO). We would like to present you the Audited Accounts ended June 30, 2014 in addition to the Auditors' and the Directors' Reports.

THE COMPANY

You know that DESCO, a power distribution company, was founded as a public limited company on November 03, 1996 under the Companies Act 1994. It was a demand of time to establish the company as part of an ongoing Power Sector Reforms to increase efficiency in the area of power generation, transmission and distribution. It started with the Authorized Capital of Tk 5.00 billion.

However, the company started its field-level operational activities on September 24, 1998 as it took over the electric distribution system of Mirpur area from erstwhile Dhaka Electric Supply Authority (DESA) with the 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 on April 9, 2003 and Tongi Area on March 4, 2007. The total consumer strength stands at 6,41,933 while the load demand reached its peak at 786 MW on 30th June, 2014.

TERRITORY

The company's core operation lies within an area of around 250 square kilometers, covering 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, Turag River in the west and areas under the then Tongi Pourashava in the North. "Purbachal Model Town" a Rajuk Project, located on the east side of Balu River was also added.

GROWTH OF THE COMPANY

The figures and graphs presented in this report well represent the company's growth. Starting from a consumer base of 71,000 with load demand of 90 MW in 1998, the company has grown to cater to nearly 6,41,933 consumers with load demand of 786 MW on June 30, 2014. The shareholders equity increased from Tk. 10,766 million last year to Tk. 11,296 million.

MANAGEMENT

On top of the pyramid of the chain of command stands the Managing Director. The company is guided by the Board of Directors. The core objective of the management is to run it efficiently and balance perfectly the output against cost and manpower. DESCO reorganized its activities into 16 (sixteen) Sales & Distribution (S&D) Divisions.

DESCO has got its major field-level technical activities done through outsourcing. These include scheduled maintenance, trouble shooting and breakdown maintenance of substation and switching stations, trouble shooting of customer complaints, line & equipment maintenance etc. Commercial support activities were also outsourced. These are 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. The company also got logistic support services like security service, cleaning service and partial transport service done through outsourcing. To achieve this goal, DESCO opted for a bidding process to engage several experienced contractors. Proper maintenance of the distribution system led to a significant reduction in consumers' complaints about service. In order to ensure maximum consumer satisfaction, the procedure for new connection has been simplified to shorten the time for load sanction. Efforts are taken further to reduce the average time to resolve the consumer complaints.

TECHNICAL ACTIVITIES

Stated below are the highlights of major technical activities completed during the financial year 2013-14:

SUBSTATION:

DESCO always strives to be consistent with load growth and capacity enhancement. It took various projects for capacity building. In FY 13-14, the company has commissioned following 3 (Three) 33/11KV substations, pushing the power handling capacity to maximum 151 MW:

Sl. No.	Name of the Substation	Date of Completion	Capacity (MVA)
01	Agargoan-2	June 29, 2014	2x20/28
02	Mirpur-6		2x20/28
03	Niketon		2x20/28
Total Capacity Increased			120/168 (~151 MW Max)

Substations under Construction:

Under construction are 2 nos of 33/11KV substation mentioned below. These will add a distribution capacity of about 101 MW to the system. Construction works of the substations are going on and will be completed by December, 2014.

Sl. No.	Name of the Substations	Capacity (MVA)
03	Banani-2	2x20/28
04	Purbachal	2x20/28
Capacity will be Increased		80/112 (~101 MW max.)

Moreover, following 3 nos. of new and 1 no upgrading of 33/11 KV substation under turnkey basis is under construction. The contract has been signed with M/S Energypac Engineering Ltd. The works will be completed by December, 2015. This development works are implemented by DESCO with its own fund.

Sl. No.	Name of the Substation	Capacity (MVA)
01	BIHS Mirpur	3x 20/28
02	Mohakhali Health Complex, Mohakhali	3x20/28
03	United City Centre, Gulshan Avenue	2x10/14
04	Augmentation of Baridhara 33/11 KV substation 10/14 MVA to 20/28 MVA	1x20/28 (10/14)
Capacity will be Increased		150/210 (~189MW max.)

Electric Line Construction:

Every year DESCO expands its source line and distribution network. The following table shows a real picture of electric line construction in the financial year 2011-12, 2012-13 & 2013-14.

SL. no	Type of Line	Level	Length		
			2011-12	2012-13	2013-14
	Underground line construction	33 KV	78.02 Circuit KM	21.58 Circuit KM	6 Circuit KM
		11 KV	30.33 Circuit KM	43.56 Circuit KM	4 Circuit KM
Total			108.35 Circuit KM	65.14 Circuit KM	10 Circuit KM
	Overhead line construction	11 KV	30.27 KM	25.44 KM	45.06 KM
		11/0.4 KV	4.55 KM	12.98 KM	38.52 KM
		0.4 KV	51.39 KM	63.73 KM	61.90 KM
Total			86.21 KM	102.15 KM	145.47 KM
	Renovation		19.33 KM	64.97 KM	32.32 KM

Distribution Transformer:

In order to cater the increasing load demand and enhance distribution capacity DESCO installed as many as 396 nos. of 11/0.4 KV Three phase 200 KVA and 121 nos. Single phase transformers, in addition to consumer's own transformers.

Looking into the future:

DESCO has completed a study to ascertain the load demand and consumer growth in DESCO area up to the year 2030 with every 5 years 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, 3,489 MVA by the year 2025 and 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 33/11 KV Substations and 28 nos. of new 132/33 KV Grid Substations will be required along with upgradation of some existing sub-stations.

Two new townships named "Purbachal Model Town" and "Uttara Model Town (3rd Phase)" are being developed by Rajuk in the DESCO area. These new townships have already been added to DESCO's operational area. Electrical network development for this area has already been taken up by DESCO. The load demand of "Purbachal Model Town" and "Uttara Model Town (3rd Phase)" are expected to be about 500 MW and 352 MW respectively.

New Development Projects

Two projects namely "Augmentation and Rehabilitation of Distribution System" and "Construction of 132/33/11 KV Grid Substations" are jointly financed by Asian Development Bank (ADB), Government of Bangladesh and DESCO under Power System Expansion and Efficiency Improvement Investment Program, Tranche-2 to meet the load demand up to the year 2020. This will enhance the DESCO's whole infrastructure capacity up to 2,640 MVA, cover approximately 10,50,000 nos. of consumer and power handling capacity around 2,100 MW. The estimated cost of the two projects are about 3,000 crore. The two projects will be completed by June 2017.

Major components of the projects are-

- (i) Installation & commissioning 05 nos. of new 132/33 KV Grid Sub-Stations and 48 Circuit KM 132 KV source lines.
- (ii) Installation & commissioning of 19 nos. of new 33/11KV Sub-Stations and Rehabilitation of 10 nos. of 33/11KV Sub-Stations on turnkey basis.
- (iii) Installation of 70 Circuit KM of 33KV and 200 Circuit KM of 11KV U/G XLPE Cable.
- (iv) Construction of 500 KM of 11KV, 11/0.4KV and 0.4KV lines and 1800 nos. of 11/0.4 KV distribution substations.

COMMERCIAL ACTIVITIES

Major commercial activities undertaken during the financial year are highlighted below:

New Connections:

As many as 63,654 new connections have been added to our system this year. With these new connections, the total number of electric connections under DESCO stands at 6,41,933 at the end of the financial year.

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 46,531 defaulting consumers' services were disconnected during the financial year. Moreover, 11,564 illegal consumer services were traced and disconnected during the financial year.

During the financial year, 40,126 consumers were given re-connection on recovery of their outstanding

dues and realization of penalty bill as applicable. An aggregate amount of Tk. 6.19 crore was realized from the defaulting consumers and Tk. 2.05 crore against penal/supplementary bills. All those initiatives are implemented with the help of outsourced contractors and Mobile Court.

Energy Saving & Use of Alternative Energy:

Power saving means Power generation. With this motto, DESCO has undertaken different motivational programs like distributing leaf-let, displaying poster and festoons. Consumers are motivated for using energy efficient appliances in their homes/offices, turning off lights and fans when not in use and replacing the incandescent lamp by CFL (Compact Florescent Lamp) etc.

To encourage the use of renewable energy, DESCO ensured installation of eco-friendly Solar Panel of capacity around 3.02 MW by 4,291 nos. of consumers at their premises up to June 30, 2014. DESCO installed solar panel of capacity 2.81 MW at its 32 nos. own installations up to June 30, 2014.

Metering:

As meter is the 'cash box' of the Company, DESCO has left no stone unturned to change defective meters, sealing meters and inspecting meters regularly. During the financial year, 36,068 defective meters were changed and 36,953 meters were sealed. Moreover 52,366 meters were inspected.

Annual Bill Clearance Certificate

In order to ensure better satisfaction of the consumers, DESCO issues bill payment clearance certificates to those consumers who do not have any dues for payment.

Consumer Complaints:

DESCO continuously strives to offer 'service excellence' to its valued consumers. Consumer complaints in terms of the billing errors, rectification of names and addresses are seriously attended. During the financial year, 26,612 nos of bills were corrected. Names and addresses of 14,471 nos. of consumers are corrected upon verification on the basis of consumer complaints.

One Point Service Center:

Customer satisfaction is the key to success of any company. 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. To this goal, DESCO is putting its stress on routine training of the employees.

Billing/ Collection:

The primary objective of maintaining the financial potency of the company is achieved by constant efforts to uphold a vigorous billing/collection ratio.

Considering sales at Tk. 24,610 million and collection at Tk. 24,740 million, the billing collection ratio works out to 100.53% and the Collection/Import (C.I.) ratio to 92.07% this financial 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 13.60% this year as against 14.49% 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 8.41% this year as against 8.44% in the previous year.

Prepaid Metering:

Since 2005, DESCO has introduced a modern consumer friendly pre-paid metering system for the valued consumers, the city dwellers of Dhaka. Manufactured and introduced by DESCO, the Smart Card Base Prepaid metering system with facilitated by Bi-directional communication has allowed the customers to pay their electricity bill in advance through DESCO's vending station and provided utility to acquire all the consumer usages related data through an automated system.

With a view to facilitating incessant supply of pre-paid meter in future, DESCO has recently set up a "Pre-paid meters Production Unit" named "Meter Plant" with the technical assistance of IICT, BUET in Mirpur.

The company has manufactured and installed 20,000 Single Phase and 2,000 Three Phase Pre paid Meters. On the other hand, another 1,000 three phase Pre Paid Meter production Process gets underway. More than 17,900 valued consumers are enjoying Pre Paid Metering facilities at Uttara in Dhaka up to June 30 this year. In the fiscal year 2013-14, DESCO has collected Tk 31.61 crore through prepaid meter and is now going to enhance the capacity for introducing Pre-paid Metering system among large scale of consumers.

Apart from of its meter plant, DESCO will procure 82,500 nos. of pre-paid meter through the projects "Augmentation and Rehabilitation of Distribution System" and "Construction of 132/33/11 KV Substations" funded by Asian Development Bank (ADB), Government of Bangladesh and DESCO jointly under Power System Expansion and Efficiency Improvement Investment Program, Tranche-2.



KEY PERFORMANCE INDICATOR (KPI) TARGETS FOR DESCO

Key Performance Indicator (KPI) is a set of experimental measures, an organization uses to measure or compare performance in terms of meeting their strategic and operational goals. An organization may use KPIs to evaluate its success, or to evaluate the success of a particular activity related with it.

A Memorandum of Understanding (MOU) was signed between Power Division, Ministry of Power, Energy & Mineral Resources (MPEMR) and DESCO in a view to achieve the following Key Performance Targets by the company for the fiscal year 2013-14. DESCO achieved all the targets successfully.

Sl. No.	Indicators	Units	Target	Weight Factor	Achievement	Mark obtained
1	System Loss	%	8.43	25	8.41	25
2	Accounts Receivable	Eqv. months	1.99	15	1.87	15
3	Collection Bill Ratio (%)	%	99.50	5	100.53	5
4	Collection Import Ratio (%)	%	91.11	15	92.07	15
5	Current Ratio	Ratio	2 : 1	5	2.58 : 1	5

Sl. No.	Indicators	Units	Target	Weight Factor	Achievement	Mark obtained
6	Quick Ratio	Ratio	1 : 1	5	2.19 : 1	5
7	Debt Service Coverage Ratio	Ratio	2.30 : 1	5	2.36 : 1	5
8	Annual Average Power Factor (minimum)	%	95	3	96.43	3
9	System Average Interruption Duration Index (SAIDI)-without load shedding.	Minutes/ year/ consumer	820	3	795.30	3
10	System Average Interruption Frequency Index (SAIFI)-without load shedding	Numbers/ year/ consumer	33	3	30.09	3
11	Average Training hour per Employee	Hours	60	3	64.54	3
12	Implementation of ADP (Physical)	%	100	4	100	4
13	Implementation of ADP (Financial)	%	100	4	100	4
14	Installation of Pre Payment Meter	No./ year	4,000	5	4,140	5
	Total			100		100

FINANCIAL RESULTS AND APPROPRIATION

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

Particulars	2013-14 (MTk.)	2012-13 (MTk.)	2011-12 (MTk.)	2010-11 (MTk.)	2009-10 (MTk.)
Revenue from Operations	24,725	22,242	16,251	12,475	10,989
Cost of Sales	24,063	21,646	14,388	(9,679)	(8,656)
Gross Profit	663	595	1,863	2,796	2,333
Total Expenses	(1336)	(1,090)	(878)	(795)	(798)
Operating Profit	(673)	(495)	985	2,001	1,534
Financial Expenses	(320)	(325)	(343)	(278)	(221)
Exchange Fluctuation (Gain/loss)	19	274	(758)	(516.36)	(32.19)
Non-Operating Income	1,901	1,674	1,282	813	880
Taxation	(258)	(323)	(328)	(542)	(373)
Net Profit for the year	669	805	839	1,478	1,789
Dividend (proposed)	688	748	650	729	721
Un appropriated profit carried forward	6,227	6,146	6,324	6,209	5,531

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	2013-14 (MTk.)	2012-13 (MTk.)	2011-12 (MTk.)	2010-11 (MTk.)	2009-10 (MTk.)
VAT from Electricity Bills	1,184	1,148	682	584	515
VAT from contractors / suppliers Bills	58	51	32	27	15
Income Tax deduction at Source	115	96	73	82	81
Corporate Income Tax	204	220	583	323	438
Total	1,561	1,515	1,370	1,016	1,049

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	2013-14	2012-13	2011-12	2010-11	2009-10
Current Ratio	2.40	2.73	3.02	3.49	3.65
Quick Ratio	2.17	2.43	2.60	2.78	2.66
Debt /Equity Ratio	56:44	58:42	59:41	58:42	59:41
Accounts Receivable(Months Equivalent to Sales)	1.87	1.95	2.05	2.43	2.74
Cost of Sale to Operating Revenue	97.32	97.32	88.54	77.58	78.77
Gross Margin / Sales Ratio	2.68	2.71	11.46	22.75	21.58
Operating Margin / Sales Ratio	(2.72)	(2.26)	6.06	16.28	14.19
Net Income / Sales Ratio	2.70	3.67	5.16	12.03	16.55
Return on Asset	5.33	7.20	8.86	16.01	20.31
Return on Equity	5.92	7.47	7.95	14.90	20.42
Net Asset Value Per Share	32.82	35.97	40.54	45.98	54.69
Net Operating Cash Flow	7.65	10.76	14.04	16.50	11.82
Earnings Per Share (Tk.)	1.94	2.34	2.43	4.94	5.97

SHARE INFORMATION

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

General

Authorized Capital	: Tk. 500 crore
Paid up Capital	: Tk. 344.22 crore
Total Shares	: 344,216,281 Nos.
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).

Distribution of Shareholdings

Number of Shareholders on June 30, 2014 stood at 9,005 nos.

Range of holding in numbers of shares	Number of Shareholders	% of Shareholders	Number of Shares	% of Share Capital
less than 501 Shares	3,752	41.67	822,097	0.24
501 to 5,000 shares	4,175	46.36	7,214,324	2.10
5,001 to 10,000 shares	451	5.01	3,316,335	0.96
10,001 to 20,000 shares	260	2.89	3,564,243	1.04
20,001 to 30,000 shares	89	0.99	2,192,957	0.64
30,001 to 40,000 shares	46	0.51	1,602,824	0.47
40,001 to 50,000 shares	43	0.48	1,971,860	0.57
50,001 to 100,000 shares	77	0.86	5,410,887	1.57
100,001 to 1,000,000 shares	101	1.12	30,854,336	8.96
Over 1,000,000 Shares	11	0.12	287,266,418	83.46
Total	9,005	100.00	344,216,281	100.00

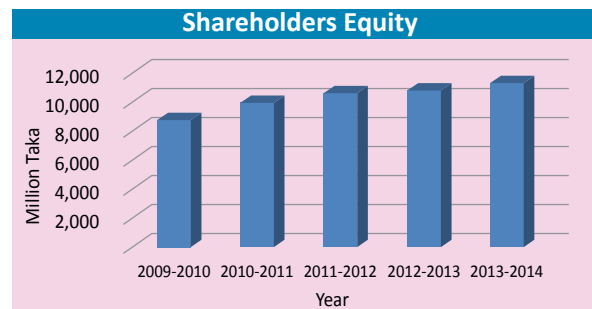
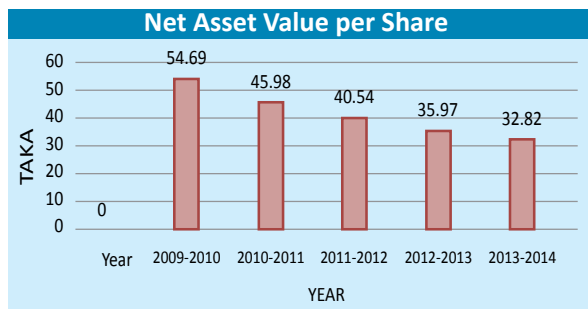
Shareholding Composition as of June 30, 2014

Category	Number of Shareholder	Number of Shares	% of Total Shares
Government	2	258,162,091	75.00
Institute	358	57,115,241	16.59
Public	8,552	28,030,153	8.14
Foreign	93	908,796	0.26
Total	9,005	344,216,281	100.00

SHAREHOLDERS' ROLE

The directors have always focused on the role of company's honorable shareholders in assisting the Board to implement proper corporate governance.

The Company also entertains the active participation of the Shareholders at the Annual General Meetings and solicits their views at all times promoting healthy dialogue. Whenever possible, it has also implemented suggestions and opinions of the shareholders. The Board and the Company Management constantly makes a humble contact 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 the company maintaining proper books of accounts of all transactions and preparing financial statements that uphold a true and fair view of the state of the Company's affairs and 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, 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 2014 are shown at **Annexure-I**.

Dhaka Electric Supply Company Limited (DESCO) at 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 financial year, 24 Board Meetings were held. As per corporate governance guidelines, the Company Secretary and CFO joined all the meetings. The attendance record of the Board Meeting is put on at **Annexure- III** of this report.

AUDIT COMMITTEE

Headed by Mr. A.K.M. Humayun Kabir, deputy secretary (Company Affairs), Power Division, Ministry of Power, Energy & Mineral Resources, a four-member Audit Committee of the Board has been formed by DESCO. Other members are Engineer Rabiul Hasnat, Real Estate & Housing Association of Bangladesh (REHAB), Mr. Md. Rofi Uddin, Executive Director of Finance and Accounts, DESCO and its Secretary Md Shofiqul Islam. The attendance record of the Audit Committee is displayed at **Annexure-IV**. In the financial year 2013-2014, the committee arranged ten meetings where things, among others, reviewed the followings:

- Draft Auditors Report & Audited Accounts of the Company for the fiscal year 2012-13.
- Review the activities of the Internal Audit Department of the company.
- Un-audited 1st Quarter Statement of Accounts for the fiscal year 2013-14.
- Un-audited half yearly Statement of Accounts for the fiscal year 2013-14.
- Un-audited 3rd Quarter Statement of Accounts for the fiscal year 2013-14.
- Review vehicle management system of the company.
- Review Revised Budget for the fiscal year 2013-14.
- Review Draft Budget for the fiscal year 2014-15.

HUMAN RESOURCE DEVELOPMENT

As DESCO always focuses on quality service, it has arranged training session for all time to improve the

knowledge, skills and attitude of an employee. In Order to achieve the company's vision and mission, the company recognizes and emphasizes on productivity development of its employees. Following this, DESCO developed 60 hours training on different topics round the year for each employee. Targeted 1,515 employees received 97,790 man-hours of In-house and out-house training under the supervision of Human Resource Management Division. The training achievement against the target was 112.29% during the financial year 2013-14.

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, Bangladesh University of Engineering and Technology (BUET), Bangladesh Power Development Board (BPDB), Institute of Chartered Secretaries of Bangladesh (ICSB), Bangladesh Institute of Administration Management (BIAM), Bangladesh Institute of Management (BIM), The Institute of Cost and Management Accountants of Bangladesh (ICMAB) and abroad.

E-GOVERNANCE

It can be defined as efficient and effective use of modern ICT technology for good governance in any country of the globe. E-governance can also be defined as Electronic State Management System based on information and communication technologies (ICT), including the Internet technology. The main motto of e-Governance is to establish good governance. The attributes of good governance can be identified as follows: honesty, efficiency, effectiveness (in terms of time, space and money), reliability, participatory democracy, accountability, accessibility, transparency, equity and vision in decision making. All these can be achieved through proper implementation of e-governance using the state of the art technologies.

To keep it 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. In this regard, Institute of Information and Communication Technology (IICT), BUET is constantly providing utmost assistance and support to DESCO. As a consequence 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 successfully developed and implemented. All these things are being done by ICT division of the company.

ON-LINE APPLICATION FOR NEW CONNECTION:

To achieve "Vision 2021" of digital Bangladesh, DESCO has introduced internet based application system for new electricity connection on February 23, 2012. This system enables an applicant to apply in the concern Division and can to get the required information from DESCO web site. An applicant is allowed to know the updated and recent status of his / her application as well. This system enables them to get electricity connection within the shortest possible time. From opening date of this on-line system to till now, 72,457 applicants registered their application for new connection. In the 13-14 fiscal year, 67,312 applicants applied for their new connections through this on-line system.

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 rendered by DESCO to 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.

ONLINE BILL PAYMENT

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 in mind, Bangladesh Bank has allowed DESCO online transaction through Debit cards of Banks. DESCO is the first public sector utility that opened the facility of bill payment online on June 04, 2010.



Currently consumers may pay their monthly electricity bills online through Debit cards of Dutch-Bangla Bank Ltd by logging in DESCO website www.desco.org.bd.

The procedure of online bill payment are as follows:

Go to DESCO website > login to internet bill payment > Enter your bill account number> outstanding bill> pay online> pay now> enter the required information of your DBBL Card> submit. Your bill will be paid successfully. You can confirm the payment by logging in again.

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 payment to be charged by the customer for this service.

In FY 2013-14, as well as 4,550 nos. of consumers have paid their bill amounted Tk. 3.99 crore taka through this service.

MOBILE BANKING BILL PAYMENT

Mobile banking is a system that allows customers of a financial institution to conduct a number of financial transactions through a mobile device such as a mobile phone or tablet. DESCO has introduced the system with the help of Trust Bank Ltd. on February 5, 2014. Now consumers can pay their electricity bill through mobile banking.

BILL PAYMENT THROUGH SMS

Mobile phone service providers have introduced several value added services for public. One of them is utility bill payment through mobile phone or through retail seller of the phone operator. DESCO has implemented the system with help of Grameenphone on Mar 15, 2009 for its consumers to ensure easy and hassle free payment of bill. Now DESCO consumers can pay their electricity bill through mobile phone operators Grameenphone, Banglalink, Robi and Citycell.

presently 75,556 nos. of consumers are paying a total Tk. 100.88 crore for electricity bill through mobile payment system.

BILL PAYMENT THROUGH LIVE PAYMENT GATEWAY

In February 2014, Trust Bank and South East bank in March the same year have established the online data connectivity of their respective data system servers with DESCO's central server to ensure the live payment system transactions gateway for their respective booth payee consumers and bank account holders. Now any consumer from those banks' booth or any account holder of those banks' can enjoy the live payment transactions by paying their DESCO bills and fees through standing orders, mobile banking or using account transfer payment gateway of those banks' system from internet and smart phones anywhere in the world. Consumers can instantly have confirmation of their bill payment and can see the updated ledger of their bill issue and payment information. They do not need to rely on others or contact with the banks/DESCO office for verification in person.

In FY 2013-14, as well as 32,436 nos. of consumer paid a total of tk. 27.92 crore through live payment transactions system by those two banks' services facilities.

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 extends its 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.

DIVIDEND

Based on the performance of the Company, the Board of Directors recommends 5% cash dividend and 10% stock dividend (i.e. 1 bonus share for every 10 shares held on Record Date) for the financial year 2013-14. Since listing with the exchanges the company paid dividend to its valued shareholders in the following manner:

Financial Year	Dividend	
	Cash	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%
2011-12	10%	15%
2012-13	10%	15%

ELECTION OF DIRECTORS

As per nomination of Power Division, Ministry of Power Energy and Mineral Resources (MPEMR), (1) Dr. Ahmad Kaikaus, Additional Secretary, Power Division, Ministry of Power, Energy and Mineral Resources, Government of the People's Republic of Bangladesh, (2) Mr. Md. Israil Hossain, Joint Secretary, Ministry of Law, Justice and Parliamentary Affairs (MLJ&PA), Government of the People's Republic of Bangladesh, (3) Mr. Selim Abed, PS to State Minister (Deputy Secretary), Ministry of Power, Energy and Mineral Resources, Government of the People's Republic of Bangladesh, (4) Mr. Md. Selim Uddin, Deputy Secretary, Power Division, Ministry of Power, Energy and Mineral Resources, Government of the People's Republic of Bangladesh, (5) Engr. Ataul Mahmud, Ex-Assistant General Secretary, Institute of Engineers, Bangladesh, (6) Engr. Rabiul Hasnat, Executive Committee Member, Real Estate & Housing Association of Bangladesh (REHAB), (7) Dr. Ahsan Aktar Hasin, Professor, Industrial & Production Engineering (IPE), Bangladesh University of Engineering and Technology (BUET), (8) Mr. Tamal Chakraborty, Member (Company Affairs), Bangladesh Power Development Board (BPDB) were appointed as Directors by DESCO Board in place of Mr. Md. Mofazzel Hossain, Mrs. Sultana Nasira Khan, Mr. Md. Nurul Alam, Mr. Md. Fazlul Hoque, Lt. Col (Retd) Engr. Shah Khaled Reza, Engr. Mohammad Harun, Dr. Md. Mahfuzul Islam and Mr. S. R. Akhtar respectively.

In terms of Article 86 of the Articles of Association of the Company, (i) Mr. A. K. M. Humayun Kabir, (2) Mr. Selim Abed, (3) Mr. Selim Uddin and (4) Engr. Rabiul Hasnat will retire by rotation. However, as per article 87, the retiring Directors are eligible to be re-elected as Directors of the Company.

Meanwhile, (1) Dr. Ahmad Kaikaus, (2) Mr. Md. Arjad Hossain, Managing Director of DESCO, (3) Brig. Gen. (Retd.) Md. Nazrul Hassan, (4) Mr. Md. Israil Hossain, (5) Engr. Ataul Mahmud, (6) Dr. Ahsan Aktar Hasin, and (7) Mr. Tamal Chakraborty will continue to act as Directors of the Board.

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

SL. NO	NAME AND DESIGNATION	AGE (YRS.)	QUALIFICATION	EXPERIENCE	DIRECTORSHIP OTHER THAN DESCO
1.	Dr. Ahmad Kaikaus Additional Secretary Power Division, MPEMR	53	PhD (Public Policy & Political Economy), Texas University, USA	28 Years Govt. Service	-
2.	Md. Israil Hossain Joint Secretary Legislative & Parliamentary Affairs Division, MLJ&PA	56	Master of Jurisprudence (M.Jur.), RU	28 Years Govt. Service	-
3.	A. K. M. Humayun Kabir Deputy Secretary Power Division, MPEMR	51	M. Com (Management), DU	23 Years Govt. Service	North West Power Generation Co. Ltd
4.	Selim Abed PS to State Minister (Deputy Secretary), MPEMR	52	MBA, IBA, DU B.Sc (Engg.), Agriculture, BAU	20 Years Govt. Service	Karnaphuli Gas Distribution Co. Ltd.
5.	Md. Selim Uddin Deputy Secretary Power Division, MPEMR	49	M.Sc (Dev. Mgt.), Birmingham University, UK MSS (Eco), CU	20 Years Govt. Service	-
6.	Engr. Ataul Mahmud Ex-AGS, IEB	43	MBA, DU B.Sc (Engg.), EEE, BUET	Business	-
7.	Engr. Rabiul Hasnat EC Member, REHAB	44	B.Sc (Engg.), Civil, BUET	Business	Standard Construction Ltd.
8.	Dr. Ahsan Aktar Hasin Professor, IPE, BUET	49	PhD (IPE), AIT, Thailand	24 Years Teaching & Research ISO 9000 Lead Auditor	Bangladesh Council of Science and Industrial Research
9.	Tamal Chakraborty Member, Company Affairs, BPDB	58	MBA, IBA, DU B.Sc (Engg.), Mechanical, BUET	36 Years Power Generation	(1) West Zone Power Distribution Co. Ltd. (2) Bangladesh India Friendship Power Co. Pvt. Ltd.

AUDITORS

MABS and J Partners, Chartered Accountants, 21, Purana Paltan Line (4th and 7th floor), Dhaka-1000, the existing statutory auditors of the Company will retire in the AGM upon accomplishment of audit of the company. They have expressed their willingness vide letter under memo no. D-686/MABSJ/2014-2015 dated: 13/10/2014 to be re-appointed as statutory auditors of the company for the financial year 2014-15 with reasonable increase in fees.

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), Bangladesh Rural Electrification Board (BREB), Power Grid Company of Bangladesh (PGCB), concerned Government Departments, Asian Development Bank, World Bank, Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Limited (CSE), ICB Securities Trading Company Limited, and other development partners for their continuous assistance, guidance and advice.

I would also like to express my heartfelt 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 the end, I pray to the Almighty Allah that may the Company continue its performance gloriously throughout the years ahead.

On behalf of the Board of Directors,



Dr. Ahmad Kaikus
Chairman

ANNEXURE-1 : 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, 2014
01.	Bangladesh Power Development Board	253,769,922	73.72
02.	Dhaka Electric Supply Authority	4,392,169	1.28

ii) Directors' Shareholding

Sl. No.	Name	Designation	% of shares as on June 30, 2014
01.	Dr. Ahmad Kaikaus Additional Secretary, Power Division Ministry of Power, Energy & Mineral Resources Govt. of the People's Republic of Bangladesh	Chairman	Nil
02.	Mr. Md. Arjad Hossain Managing Director Dhaka Electric Supply Company Ltd.	Director	Nil
03.	Brig. Gen. (Retd.) Md. Nazrul Hasan Managing Director Dhaka Power Distribution Company Limited	Director	Nil
04.	Mr. Md. Israil Hossain Joint Secretary (Drafting) Ministry of Law, Justice and Parliamentary Affairs Govt. of the People's Republic of Bangladesh.	Director	Nil
05.	Mr. A.K. M. Humayun Kabir Deputy Secretary, Power Division Ministry of Power, Energy & Mineral Resources Govt. of the People's Republic of Bangladesh.	Director	Nil
06.	Mr. Selim Abed Deputy Secretary Ministry of Power, Energy & Mineral Resources Govt. of the People's Republic of Bangladesh.	Director	Nil
07.	Mr. Md. Selim Uddin Deputy Secretary. Power Division Ministry of Power, Energy & Mineral Resources Govt. of the People's Republic of Bangladesh.	Director	Nil
08.	Engr. Ataul Mahmud Ex-Assistant General Secretary Institute of Engineers, Bangladesh.	Director	Nil
09.	Engr. Rabiul Hasnat Executive Committee Member Real Estate & Housing Association of Bangladesh	Director	Nil
10.	Dr. Ahsan Aktar Hasin Professor Department of Industrial and Production Engineering Bangladesh University of Engineering and Technology	Director	Nil
11.	Mr. Tamal Chakraborty Member (Company Affairs) Bangladesh Power Development Board	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, 2014
01.	Chief Executive Officer and his spouse and minor children	-	-
02.	Chief Financial Officer and his spouse and minor children	37,360	0.01085
03.	Company Secretary and his spouse and minor children	254	0.00007
04.	Head of Internal Audit and his spouse and minor children	-	-

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, 2014
01.	Engr. Md. Shah Alam	Executive Director (Engineering)	55,229	0.01604
02.	Engr. AKM Mostofa Kamal	Executive Director (Procurement)	8,760	0.00254
03.	Engr. Noor Mohammod	CE, Network Operation	-	-
04.	Engr. S.M. Habibur Rahman	CE, Development and Projects	2,181	0.00063
05.	Mr. A. H. M Nurul Huda	General Manager (Procurement)	3,967	0.00115
06.	Engr. A.K.M Mahiuddin	Superintending Engineer	-	-
07.	Engr. Md. Zakir Hossain	Superintending Engineer	2,332	0.00067
08.	Engr. Md. Mafizul Islam Bhuiyan	Superintending Engineer	290	0.00008
09.	Engr. Md. Shariful Islam	Superintending Engineer	-	-
10.	Engr. Shamim Ahsan Chowdhury	Superintending Engineer	421	0.00012
11.	Mr. Md. Taufique Abdullah	Deputy General Manager	13,504	0.00392
12.	Engr. Md. Monjurul Hoque	Superintending Engineer	-	-
13.	Engr. Zulfiqar Tahmid	Superintending Engineer	-	-
14.	Engr. Md. Rashidur Rahman	Superintending Engineer	-	-
15.	Mr. S. M. Zamil Hussain	Deputy General Manager	-	-
16.	Engr. Jyotish Chandra Roy	Superintending Engineer	164	0.00005
17.	Engr. Abdus Salam	Superintending Engineer	-	-
18.	Mr. Md. Mominul Islam	Deputy General Manager	15,554	0.00452
19.	Engr. Md. Enamul Haque	Superintending Engineer	-	-
20.	Engr. Jagodish Chandra Mandol	Superintending Engineer	610	0.00018
21.	Mr. Khandaker Najibul Alam	Manager	-	-
22.	Engr. Md. Akharul Islam	Executive Engineer	379	0.00011
23.	Engr. Md. Golam Rabbani	Executive Engineer	32	0.00001
24.	Engr. Md. Mustafizur Rahaman	Executive Engineer	-	-
25.	Engr. Md. Sadequl Islam	Executive Engineer	247	0.00007
26.	Engr. Md. Kamruzzaman	Executive Engineer	-	-
27.	Mr. M.A. Rouf	Manager	29,227	0.00849
28.	Engr. Md. Nazrul Islam	Executive Engineer	231	0.00007
29.	Mr. Md. Alamgir Hossain	Manager	75	0.00002
30.	Mr. A. S. M. Chenghize	Manager	-	-

v) Shareholders Holding 10% or more voting right

Name	Number of Shares	% of shares as on June 30, 2014
Bangladesh Power Development Board	253,769,922	73.72

vi) Twenty Largest Shareholders as on June 30, 2014

Serial No.	Name of the Shareholder	Category	Number of Shares held	% of total Share outstanding
1	Bangladesh Power Development Board	Company	253,769,922	73.72%
2	ICB	Company	6,398,591	1.86%
3	Bangladesh Fund	Company	6,035,000	1.75%
4	AB Bank Ltd.	Company	5,268,725	1.53%
5	Dhaka Electric Supply Authority (DESA)	Company	4,392,169	1.28%
6	ICB Unit Fund	Company	2,964,535	0.86%
7	Premier Bank Ltd (Islamic Bank)	Company	2,902,241	0.84%
8	The Premier Bank Ltd.	Company	1,674,285	0.49%
9	Sonali Bank	Company	1,444,780	0.42%
10	Bangladesh Shilpa Bank	Company	1,415,402	0.41%
11	Prime Bank Invest Ltd. 2nd Mkt	Company	1,000,768	0.29%
12	Prime Islami Life Ins. Ltd.	Company	980,550	0.28%
13	Agrani Equity & Invest. Ltd.	Company	975,839	0.28%
14	Janata Bank	Company	878,456	0.26%
15	ICB AMCL Unit Fund	Company	862,983	0.25%
16	Prime Bank Invest Ltd P-1653	Company	810,031	0.24%
17	First Security Islami Bank Ltd	Company	805,531	0.23%
18	NCC Bank Ltd.	Company	797,504	0.23%
19	ICB Capital Management Ltd.	Company	769,893	0.22%
20	DBL Securities Ltd.	Company	590,725	0.17%
	Total		294,737,930	85.61%

ANNEXURE II : REPORT UNDER CONDITION NO. 7 OF THE BSEC

Status of compliance with the conditions imposed by the Bangladesh 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:

(Report under condition No. 7.00)

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

Condition No.	Title	Compliance Status (Put \checkmark in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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	\checkmark	-	-
1.5(i)	Industry outlook and future development	\checkmark	-	-
1.5(ii)	Segment-wise/product-wise performance	\checkmark	-	-
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	\checkmark	-	-
1.5(v)	Discussion on continuity of any extraordinary gain or loss	\checkmark	-	-
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	\checkmark	-	-
1.5(xi)	Fairness of Financial Statements	\checkmark	-	-
1.5(xii)	Maintenance of proper books of account	\checkmark		
1.5(xiii)	Adoption of appropriate accounting policies and estimates	\checkmark		
1.5(xiv)	Compliance with International Accounting Standard	\checkmark		
1.5(xv)	Soundness of Internal Control System	\checkmark		
1.5(xvi)	Ability to continue as a going concern	\checkmark		
1.5(xvii)	Significant deviations in operating results from last year and explanation thereof	\checkmark		
1.5(xviii)	Presentation of at least preceding three years key operating and financial data	\checkmark		

Condition No.	Title	Compliance Status (Put \checkmark in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5(xix)	Declaration of Dividend	\checkmark		
1.5(xx)	Details of Board meeting	\checkmark		
1.5(xxi)(a)	Shareholding pattern of parent/subsidiary/ associated companies and other related parties	\checkmark		
1.5(xxi)(b)	Shareholding pattern of CEO, CFO, CS, HIA and their spouse and minor children	\checkmark		
1.5(xxi)(c)	Shareholding pattern of Top five salaried executives	\checkmark		
1.5(xxi)(d)	Shareholders holding of 10% or more voting interest	\checkmark		
1.5(xxii)(a)	A brief resume of Director in case of appointment/re-appointment	\checkmark		
1.5(xxii)(b)	Nature of the proposed Directors' expertise in specific functional areas	\checkmark		
1.5(xxii)(c)	Proposed Directors' Directorship in other company/companies	\checkmark		
2.1	Appointment of CFO, Company Secretary & Head of Internal Audit and defining of their responsibilities	\checkmark	-	-
2.2	Attendance of CFO & Company Secretary in the Board of Directors meeting	\checkmark	-	-
3(i)	Audit Committee: As a subcommittee of the Board	\checkmark	-	-
3(ii)	Role of the Audit Committee	\checkmark		
3(iii)	Duties and responsibilities of the Audit Committee	\checkmark		
3.1 (i)	Constitution of Audit Committee with at least 3 members	\checkmark	-	-
3.1(ii)	Inclusion of at least 1 Independent Director in Audit Committee	\checkmark	-	-
3.1(iii)	Financial literacy of the Audit Committee members and at least 1 Independent Director having accounting or related financial management experience	\checkmark	-	
3.1(iv)	Filling of casual vacancy in the Audit Committee	\checkmark		
3.1(v)	CS as Secretary of the Audit Committee	\checkmark		

Condition No.	Title	Compliance Status (Put \checkmark in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3.1(vi)	1 Independent Director is mandatory for quorum of the Audit Committee meeting	\checkmark		
3.2(i)	Chairman of the Committee shall be an Independent Director	\checkmark	-	-
3.2(ii)	Presence of Audit Committee Chairman in the AGM	\checkmark	-	-
3.3(i)	Oversee financial reporting process	\checkmark	-	-
3.3(ii)	Monitor Choice of accounting policies and principles	\checkmark		
3.3(iii)	Monitoring Internal Control Risk Management Process	\checkmark		
3.3(iv)	Oversee hiring and performance of external auditors	\checkmark		
3.3(v)	Review annual financial statements before submission to the Board	\checkmark		
3.3(vi)	Review quarterly and half-yearly financial statements before submission to the Board	\checkmark		
3.3(vii)	Review adequacy of internal audit functions	\checkmark		
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	\checkmark	-	
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	-	-	No such case raised
3.5	Reporting of activities of the audit committee to the Shareholders and General Investors	\checkmark	-	-
4(i)	Non-engagement in appraisal of valuation	\checkmark		

Condition No.	Title	Compliance Status (Put \checkmark in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
4(ii)	Non-engagement in designing of Financial Information System	\checkmark	-	-
4(iii)	Non-engagement in Book-Keeping	\checkmark	-	-
4(iv)	Non-engagement in Broker-dealer service	\checkmark	-	-
4(v)	Non-engagement in Actuarial Services	\checkmark	-	-
4(vi)	Non-engagement in Internal Audit	\checkmark		
4(vii)	Non-engagement in any other services	\checkmark	-	-
4(viii)	Prohibition of holding any shares of the company by any partner or employees of its external audit firms	\checkmark	-	-
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	\checkmark	-	
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	\checkmark		
6(ii)	Certification of CEO and CFO regarding fair transaction by the company.	\checkmark		
7(i)	Compliance Certificate from CA, CMA or CS on Corporate Governance Guidelines	\checkmark		
7(ii)	Attachment of Annexure in the Directors report	\checkmark		

ANNEXURE III: ATTENDANCE OF THE BOARD MEETING

Board Meeting and attendance during the year ended on June 30, 2014. During that year total 24 Board meeting were held. The total honorarium paid to the Director for attending board meetings is Tk. 9,80,000.00 during FY 2013-2014.

Sl. no.	Name of the Directors	Meeting held while a member	No. of meeting attended in person/alternates
01.	Mr. Md. Mofazzel Hossain	23	23
02.	Mr. Md. Fazlul Hoque	23	08
03.	Begum Salma Benthe Kadir	11	05
04.	Dr. Md. Mahfuzul Islam	24	21
05.	Mr. S. R Akhtar	24	22
06.	Engineer Mohammad Harun	24	11
07.	Brig. Gen. (Retd) Md. Nazrul Hasan	24	23
08.	Mr. Md. Arjad Hossain	24	24
09.	Mr. A.K. M. Humayun Kabir	24	18
10.	Mr. Md. Nurul Alam	19	17
11.	Lt. Colonel (Retired) Engr. Shah Khaled Reza	24	18
12.	Dr. Ahmad Kaikaus	01	01
13.	Mr. Selim Abed	06	04
14.	Mr. Md. Selim Uddin	01	01

ANNEXURE IV: ATTENDANCE OF THE AUDIT COMMITTEE MEETING

Audit Committee meeting and Attendance during the year ended on June 30, 2014.

Sl. no.	Name of the Directors	Meeting held while a member	No. of meeting attended in person/alternates
01.	Mr. Md. Fazlul Hoque	03	03
02.	Begum Salma Benthe Kadir	03	01
03.	Mr. A.K. M. Humayun Kabir	10	10
04.	Dr. M. Mahfuzul Islam	07	07
05.	Mr. Md. Rofi uddin	10	10

17TH ANNUAL GENERAL MEETING



EVENTS HIGHLIGHTS



Visit of the Hon'ble State Minister, Ministry of Power, Energy and Mineral Resources, Mr. Nasrul Hamid, MP at DESCO Head Office



Meeting of the Board of Directors, DESCO



Signing Ceremony of Loan Agreement amongst GOB, ADB & DESCO for Development Projects

PHOTO GALLERY



Signing of contract with Southeast Bank Ltd. for establishment of live payment gateway



Workshop on SWOT Analysis of DESCO for achieving ISO 9001:2008 Certification



Training is being conducted at DESCO Training Centre



Consumer hearing regarding service of DESCO at Dakshin Khan Sales and Distribution Division



Sher-e-Bangla National Cricket Stadium, one of the sensitive customer of DESCO

PHOTO GALLERY



Schedule maintenance of Sub-station



Line & Equipment Maintenance



Schedule maintenance of Sub-station at Gulshan Area



View of Mirpur area at night



AUDITORS' REPORT



We have audited the accompanying financial statements of **DHAKA ELECTRIC SUPPLY COMPANY LIMITED (DESCO)** which comprise the Statement of Financial Position as at 30 June 2014, Statement of Comprehensive Income, Statement of Changes in shareholders' Equity and Statement of Cash Flows for the period from 1 July 2013 to 30 June 2014 and a summary of significant accounting policies and other explanatory information.

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), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 circumstances, 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.

Basis for Qualified opinion:

Reference to Note No. 1.4.2.3

DESCO acquired assets from DESA, for an amount of Tk. 2,793,960,000, but the value of these assets were estimated by DESCO, not by any independent valuation firm.

Opinion

In our opinion, **except for the effects of the matter determined in the basis for qualified opinion paragraph**, the financial statements present fairly, in all material respects, the financial position of **DHAKA ELECTRIC SUPPLY COMPANY LIMITED (DESCO)** as at 30 June 2014 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 section of companies Act, 1994, the Securities & Exchange Rule, 1987 and other applicable laws and regulations.

We also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) The Company's Statement of financial position, dealt with by the report are in agreement with the books of accounts, and
- d) The expenditure incurred was for the purpose of the company's business.

Dated: **Dhaka, 01 October 2014**

Sd/-
MABS & J Partners
Chartered Accountants





FINANCIAL STATEMENTS

For the year ended 30 June 2014



Statement of Financial Position

As at 30 June 2014

Particulars	Note	30 June 2014 Taka	30 June 2013 Taka
Assets:			
Non Current Assets:		12,547,692,108	11,164,683,104
Property, Plant & Equipment	2	11,250,601,203	10,923,573,557
Capital Work -in- Progress	3	1,297,090,905	241,109,547
Current Assets:		22,858,480,949	22,693,791,642
Stores and Spares	4	2,231,837,839	2,490,519,486
Accounts Receivable	5	3,416,462,871	3,254,315,568
Advances & Security Deposits	6	964,110,427	374,287,553
Advance Income Tax	7	653,229,855	449,061,216
Cash and Bank Balances	8	15,592,839,958	16,125,607,818
Total Assets		35,406,173,057	33,858,474,746
Equity & Liabilities:			
Capital & Reserves:		11,296,252,581	10,766,135,203
Share Capital	16	3,442,162,810	2,993,185,063
Share Money Deposit	17	75,000,000	75,000,000
GOB Equity	18	1,552,140,000	1,552,140,000
Retained Earnings	19	6,226,949,770	6,145,810,140
Long Term Liabilities:		14,598,934,710	14,778,064,410
Long Term Loans (ADB & GOB)	20	7,237,725,115	7,727,196,345
Deferred Tax Liability	34.2	1,813,821,843	1,695,893,831
Due to DESA / DPDC (for assets taken over)	21	4,039,671,539	4,039,671,539
Consumer Security Deposits	22	1,507,716,212	1,315,302,695
Current Liabilities:		9,510,985,767	8,314,275,133
Accounts Payable	9	4,995,724,089	4,425,340,290
Creditors for Goods/Works	10	671,560,140	828,530,072
Creditors for Other Finance	11	1,437,034,118	1,246,238,997
Creditors for Expenses	12	263,788,472	248,025,990
Current Maturity of Long Term Loans	13	578,873,064	382,332,196
Accrued Interest on Loans	14	1,214,022,035	973,803,262
Provision for Income Tax	15	349,983,848	210,004,326
Total Equity & Liabilities		35,406,173,057	33,858,474,746

The accounting policies and other notes from 1 to 42 an integral part of these Financial Statements.

The Financial statements were authorized for issue by the Board of Directors on 13 October 2014 and signed on its behalf by :

Sd/-
Company Secretary

Sd/-
Executive Director (F&A)

Sd/-
Director

Sd/-
Managing Director

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

Dated: Dhaka, 13 October 2014

Sd/-
MABS & J Partners
Chartered Accountants

Statement of Comprehensive Income

For the year ended 30 June 2014

Particulars	Note	30 June 2014 Taka	30 June 2013 Taka
Operating Revenue:		24,725,086,093	22,242,206,253
Energy Sales (Net of VAT)	23	24,431,027,925	21,951,477,832
Other Operating Revenue	24	294,058,168	290,728,421
Cost of Energy Sales:		24,062,546,236	21,646,942,082
Energy Purchase (including wheeling charge)	25	22,898,054,461	20,393,476,161
Operating Expenses	26	466,616,468	511,817,020
Depreciation (Operating)	33	697,875,307	741,648,901
Gross Profit		662,539,857	595,264,171
Cost & Expenditure:		1,335,550,184	1,090,627,758
Administrative Expenses	27	255,198,902	256,825,111
Employee Expenses	28	1,029,184,618	762,547,166
Bad Debts Provision	5.2	17,749,648	34,176,278
Depreciation (Non Operating)	33	33,417,017	37,079,203
Operating Profit/Loss		(673,010,327)	(495,363,587)
Non Operating Income/(Expense)		1,599,556,181	1,623,352,583
Interest Income	29	1,889,175,227	1,663,915,191
Interest Expenses	30	(320,223,260)	(324,637,892)
Exchange Fluctuation Gain/ (Loss)	31	18,673,149	273,980,330
Miscellaneous Income	32	11,931,065	10,094,953
Net Profit Before Tax		926,545,854	1,127,988,996
Income Tax :		(257,907,534)	(323,342,044)
Current Tax Provision	34.1	(139,979,522)	(168,015,916)
Deferred Tax Provision	34.2	(117,928,012)	(155,326,128)
Net Profit After Tax		668,638,320	804,646,952
Basic Earnings per Share (Adjusted)	35	1.94	2.34

The accounting policies and other notes from 1 to 42 an integral part of these Financial Statements.
The Financial statements were authorized for issue by the Board of Directors on 13 October 2014
and signed on its behalf by :

Sd/-
Company Secretary

Sd/-
Executive Director (F&A)

Sd/-
Director

Sd/-
Managing Director

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

Dated: Dhaka, 13 October 2014

Sd/-
MABS & J Partners
Chartered Accountants

Statement of Cash Flows

For the year ended 30 June 2014

Particulars	30 June 2014 Taka	30 June 2013 Taka
A. Cash Flows from operating Activities:		
Received from Energy Sales	24,719,689,481	22,155,604,390
Collection of Govt. Duty, VAT & Tax	1,359,151,858	1,212,467,989
Received from Other Operating & Non Operating Activities	668,307,366	626,185,025
Received against Financial Income	1,620,713,211	1,384,993,301
Payment for Energy Purchase	(22,358,103,140)	(19,398,887,629)
Payment for Employee Expenses	(899,337,438)	(687,622,875)
Payment for Administrative & Other Expenses	(867,631,717)	(605,843,654)
Payment for Interest on Long Term Loan	(80,004,488)	(90,440,273)
Income Tax Paid	(204,310,915)	(219,823,570)
Payment for Govt. Duty, VAT & Tax	(1,323,771,148)	(1,154,154,317)
Net cash flows from operating activities	2,634,703,070	3,222,478,387
B. Cash Flows from Investing Activities:		
Acquisition of Property & Plant	(783,763,669)	(696,108,897)
Acquisition of Stores & Equipment	(1,880,985,472)	(687,551,470)
Net cash used in investing activities	(2,664,749,141)	(1,383,660,367)
C. Cash Flows from Financing Activities:		
Long Term Loan received	-	83,089,709
Dividend Paid	(420,878,092)	(215,207,803)
Long Term Loan Paid	(274,257,214)	(280,275,398)
Consumer Security Deposits Received	192,413,517	181,114,627
Net cash flows from financing activities	(502,721,789)	(231,278,865)
D. Cash & Cash equivalents increase /(decrease) during the year	(532,767,860)	1,607,539,155
E. Cash & Cash equivalents at the beginning of the year	16,125,607,818	14,518,068,663
F. Cash & Cash equivalents at the ending of the year	15,592,839,958	16,125,607,818

The accounting policies and other notes 1 to 42 an integral part of these Financial Statements.

The Financial statements were authorized for issue by the Board of Directors on 13 October 2014

and signed on its behalf by :

Sd/-
Company Secretary

Sd/-
Executive Director (F&A)

Sd/-
Director

Sd/-
Managing Director

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

Dated: Dhaka, 13 October 2014

Sd/-
MABS & J Partners
Chartered Accountants

Statement of Changes in Shareholders' Equity

For the year ended 30 June 2014

Particulars	Note	Share Capital	Share Money Deposit	GOB Equity	Retained Earnings	Total
Balance at 01 July 2013		2,993,185,063	75,000,000	1,552,140,000	6,145,810,152	10,766,135,203
Net profit for the year		-	-	-	668,638,320	668,638,320
Priors year's adjustment	36	-	-	-	160,797,563	160,797,563
Stock Dividend		448,977,759	-	-	(448,977,759)	-
Cash Dividend		-	-	-	(299,318,506)	(299,318,506)
Balance at 30 June 2014		3,442,162,822	75,000,000	1,552,140,000	6,226,949,770	11,296,252,580

For the year ended 30 June 2013

Particulars	Note	Share Capital	Share Money Deposit	GOB Equity	Retained Earnings	Total
Balance at 01 July 2012		2,602,769,620	75,000,000	1,552,140,000	6,323,799,513	10,553,709,133
Net profit for the year		-	-	-	804,646,952	804,646,952
Priors year's adjustment	36	-	-	-	(331,943,920)	(331,943,920)
Stock Dividend paid		390,415,443	-	-	(390,415,443)	-
Cash Dividend paid		-	-	-	(260,276,962)	(260,276,962)
Balance at 30 June 2013		2,993,185,063	75,000,000	1,552,140,000	6,145,810,140	10,766,135,203

The accounting policies and other notes from 1 to 42 an integral part of these Financial Statements.

The Financial statements were authorized for issue by the Board of Directors on 13 October 2014 and signed on its behalf by :

Sd/-
Company Secretary

Sd/-
Executive Director (F&A)

Sd/-
Director

Sd/-
Managing Director

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

Dated: Dhaka, 13 October 2014

Sd/-

MABS & J Partners
Chartered Accountants





NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014



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 03 November, 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%-20%
Motor vehicles	20%

1.4.3.2 The company has acquired 0.1532 acres land from National Housing Authority (NHA) at Tk. 7.45 lac on 99 years lease in the year 2005. The amortization of the

cost of this land would have been Tk. 7,529/- 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 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.

1.6 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.

1.7 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

1.8 Statement of Cash Flows:

Statement of Cash Flows is prepared principally in accordance with BAS 7 "Statement of Cash Flows" 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 Flows from Operating Activities using the Direct Method"

1.9 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.

1.10 Related party transaction:

(a) The 'related party' as per BAS-24 is Bangladesh Power Development Board (BPDB), 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.

1.11 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.

1.12 Retirement benefit plans:

(a) Contributory provident fund

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

(b) Gratuity

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

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

(c) Group insurance

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

1.13 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.

1.14 Borrowing cost:

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

1.15 Reporting currencies:

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

1.16 Reporting period:

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

02.00 Property, Plant & Equipment:	30 June 2014 Taka	30 June 2013 Taka
Cost:		
Balance at 01 July	16,598,753,936	15,473,466,432
Less: Disposal of distribution equipment (Note 02.01)	(96,040)	(256,612,770)
	16,598,657,896	15,216,853,662
Additions during the year (02.01)	1,058,380,654	1,381,900,274
Balance at 30 June	17,657,038,550	16,598,753,936
Depreciation:		
Balance at 01 July	5,675,180,379	4,903,032,633
Less: Adjustment for disposals (Note 02.01)	(35,356)	(6,580,358)
	5,675,145,023	4,896,452,275
Charged for the year	731,292,324	778,728,104
Balance at 30 June	6,406,437,347	5,675,180,379
Written Down Value (WDV)	11,250,601,203	10,923,573,557

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

03.00 Capital Work -in- Progress:

33/11KV OH/UG Cable Line (Note 03.01)	40,645,255	48,433,278
33/11Kv Sub- Station - Turnkey Project (Note 03.02)	1,252,914,219	156,414,125
Construction of Workshop Building & Others (Note 03.03)	3,531,431	36,262,144
Total:	1,297,090,905	241,109,547

03.01 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. 335.77 million.

03.02 The Company entered into an agreement with Ideal Enterprise to implement 8(Eight) nos. 33/11Kv Sub - Station under DESCO Fund . The total contract price is Tk 1,503.31 million

03.03 Civil work under work in process at DESCO Mirpur area (Workshop Building, Paik Para & Kazi Para S/S) & Uttara office Building. The total contract price of the works is Tk.127.08 million.

04.00 Stores & Spares :	30 June 2014 Taka	30 June 2013 Taka
Stores & Spares (Note-04.01)	2,228,139,842	2,474,389,716
Stores in Transit (Note-04.02)	3,697,997	16,129,770
Total	2,231,837,839	2,490,519,486

04.01 Cost of Stores & spares

Cable & Accessories	1,037,429,356	1,308,656,407
Pole & Pole fittings	408,506,756	526,571,572
Distribution transformers	302,265,232	110,711,500
Meter & Meter accessories	100,732,196	211,049,719
Sub-station equipment & spares	303,593,915	264,200,904
Tools, equipment & others	75,612,388	53,199,614
Total:	2,228,139,842	2,474,389,716

04.02 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.

04.03 Stores & spares have been valued at weighted average cost method.

05.00 Accounts Receivable:	30 June 2014 Taka	30 June 2013 Taka
Receivable from consumers -(Note 05.01)	3,549,929,583	3,390,779,023
Less: Provision for doubtful debts (Note 05.02)	(228,014,587)	(210,264,939)
	3,321,914,996	3,180,514,085
Receivable from DPDC against materials & others (Notes 05.03)	7,784,204	7,778,897
Receivable from BPDB against materials supplied	55,472,107	55,472,107
Contribution to Provident Fund	23,036	100,462
Contribution to Gratuity Fund	6,797,487	-
Expenses recoverable from employees	724,944	810,721
Advertisement cost recoverable from other utility organization.	23,746,097	9,639,297
Total:	3,416,462,871	3,254,315,568

05.01 Receivable from consumers are categorized as follows :

Government (Eqv. month 6.55, 2012-13 : 6.88)	571,989,153	558,376,020
Semi- Government/Autonomous (Eqv. month 1.45, 20012-13 :1.53)	174,186,468	172,395,823
Private (Eqv. Month 1.66, 2012-13 :1.69)	2,803,753,961	2,660,007,179
Average (Eqv. Month 1.87, 2012-13: 1.95)	3,549,929,583	3,390,779,023

05.02 Provision of Tk 17,749,648/- has been made this year @ 0.5% of the receivables at the balance sheet date, as per Company's policy.

This balance has been arrived at as under:

Balance at 01 July	210,264,939		210,264,939
Provision during the year (against E. Bill)	17,749,648	228,014,587	-
		228,014,587	210,264,939

05.03 This balance has been arrived at as under:

Balance at 01 July	7,778,897	190,401,822
Material received from DPDC	-	(183,093,978)
Receivable against advertisement & holding tax	5,307	471,053
Balance at 30 June	7,784,204	7,778,897

06.00 Advances & Security Deposits:	30 June 2014	30 June 2013
	Taka	Taka
A) Advances:		
Against goods and services (Note 06.01)	114,256,295	44,613,629
Advance against office rent	10,858,939	13,383,354
Advance to Rajuk against Land purchase	747,302,600	254,820,000
Prepayment	42,816,276	6,577,504
Others (Note 06.02)	11,160,740	7,873,802
Sub-Total:	926,394,850	327,268,289
B) Security Deposits:		
Telephone/ Mobile	706,621	698,621
Dhaka City Corporation (against road cutting)	35,276,354	44,624,892
Dhaka WASA	10,411	10,411
Central Depository Bangladesh Ltd (CDBL)	500,000	500,000
Bangladesh Railway	300,000	300,000
Others	922,190	885,340
Sub-Total:	37,715,577	47,019,264
Total (A+B)	964,110,427	374,287,553

06.01 Advance against goods & services includes Tk. 23.06 million paid to Bangladesh Power Development Board (BPDB) against purchase of spun pre-stressed concrete (SPC) poles, Tk. 56.25 million paid to GEMCO for purchase of transformers , Tk 30.92 million paid to Progoti Industries Ltd. for purchase of vehicle and Tk 3.64 million paid to Jamuna Oil Company Ltd. against transformer oil purchased for repair and maintenance of transformer.

06.02 Advance to others include Tk. 1.08 million against CFL bulb distribution ,Tk 2.50 million paid to BERC for Licence fee and Tk 5.60 million paid to employee for purchase of goods.

07.00 Advance Income Tax:	30 June 2014	30 June 2013
	Taka	Taka
* Upto 2009-2010	-	76,513,328
** Advance tax for to Appilate	-	33,200,000
*** Income Tax paid for 2010-11	-	375,367,406
Income Tax paid for 2011-12 (Note-07.01)	229,237,646	229,237,646
Income Tax paid for 2012-13 (Note-07.01)	219,823,570	219,823,570
Income Tax paid for 2013-14 (Note-07.01)	204,168,639	-
	653,229,855	934,141,950
Less: Adjustment	-	485,080,734
Balance at 30 June (Note-07.02)	653,229,855	449,061,216

07.01 Advance Income Tax paid during the year:

This arrived at as under:

Deducted at source (on interest on FDR & STD) during the year	161,255,765	138,816,136
Deducted at source (on imported materials) during the year	32,131,145	662,434
Income tax paid for FY 2013-14,	10,781,730	80,345,000
	204,168,639	219,823,570

07.02 Details of Advance Income tax:

	30 June 2014 Taka	30 June 2013 Taka
Income Tax paid for 2011-12	229,237,646	229,237,646
Income Tax paid for 2012-13	219,823,570	219,823,570
Income Tax paid for 2013-14	204,168,639	-
Total:	653,229,855	449,061,216

08.00 Cash & Bank Balances:

Cash in hand	-	-
Imprest cash with S&D divisions	1,464,405	1,412,905
Cash at banks (Note-08.1)	15,591,375,553	16,124,194,913
Total:	15,592,839,958	16,125,607,818

08.01 Cash at Banks:

Current account (revenue collection) (Note 08.01.01)	3,442,654,737	2,828,007,264
Current account (VAT)	162,259,849	116,587,602
STD accounts	1,981,062,427	1,860,255,303
Fixed Deposit Receipts (FDR) (Note 08.01.02)	10,005,398,540	11,319,344,744
Total:	15,591,375,553	16,124,194,913

08.01.01 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.

8.01.02 Fixed Deposit Receipts include Tk.82.01 million (2012-2013 :Tk 84.42) 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 2014.

09.00 Accounts Payable

	30 June 2014 Taka	30 June 2013 Taka
Bangladesh Power Development Board (BPDB)- (Note 09.01)	4,542,167,050	4,024,171,827
Power Grid Company of Bangladesh (PGCB)- (Note 09.02)	192,660,422	170,704,324
Dhaka Electric Supply Authority (DESA/DPDC) - (Note 09.03)	260,896,616	230,464,139
Total:	4,995,724,089	4,425,340,290

09.01 Accounts Payable - BPDB

Balance at 01 July	4,024,171,827	3,049,024,630
Energy purchased during the year	21,966,948,469	19,539,780,150
	25,991,120,296	22,588,804,780
Payment made during the year	(21,448,953,246)	(18,564,632,953)
Balance at 30 June	4,542,167,050	4,024,171,827

09.02 Accounts Payable - PGCB	30 June 2014 Taka	30 June 2013 Taka
Balance at 01 July	170,704,324	152,969,653
Wheeling charge during the year	931,105,992	853,696,011
	1,101,810,316	1,006,665,664
Payment made during the year	(909,149,894)	(835,961,340)
Balance at 30 June	192,660,422	170,704,324

09.03 Accounts Payable - DESA/ DPDC		
Balance at 01 July	230,464,139	204,666,624
Payment made during the year	-	-
Payable against Materials received from DPDC	29,771,063	24,090,851
Consumer bill collection	661,414	1,706,664
Balance at 30 June	260,896,616	230,464,139

10.00 Creditors for Goods/ Works :

Equipment & materials (Note-10.01)	82,942,549	3,908,419
Imported materials against ADB loan (Note 10.02)	588,617,591	824,621,654
Total	671,560,140	828,530,072

10.01 This includes as payable Tk 67.05 million to M/s.General Electric Manufacturing Company Ltd. (GEMCO) against supply of Electric Transformer and Tk. 8.49 million payable to Chaina Bangla Trading Co Ltd against supply of meter seal.

10.02 This includes provision of Tk 555.15 million for LME price adjustment against imported materials under ADB loan.It is also to be noted that the above provision amount (Tk.555.15 million) is against two (2) parties sued in favor of their claim.

11.00 Creditors for Other Finance:	30 June 2014 Taka	30 June 2013 Taka
VAT collected against electricity bills	165,270,229	118,297,210
Tax / VAT deducted from contractors, suppliers & others	13,526,952	16,750,696
Retention money (contractors & suppliers)	75,790,402	28,179,829
Receipts against deposit works	1,060,665,000	860,665,000
Unpaid dividend	88,268,163	209,555,926
Others	33,513,373	12,790,337
Total:	1,437,034,118	1,246,238,997

12.00 Creditors for Expenses:

Audit Fees	260,775	205,000
Line maintenance & commercial services and others	211,305,550	207,814,356
BERC sales charge (Note-12.01)	52,222,147	40,006,634
Total:	263,788,472	248,025,990

12.01 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.

13.00 Current Maturity of Long Term Loans:

	30 June 2014 Taka	30 June 2013 Taka
ADB Loan No-1505 (Note-13.01)	130,077,967	130,405,207
ADB Loan No-1731 (Note-13.02)	186,678,831	187,148,462
ADB Loan No-2332 (Note-13.03)	192,380,442	-
GOB Loan No 1505& 1731 (Note-13.04)	64,778,527	64,778,527
GOB Loan No 2332 (Note-13.05)	4,957,298	-
Total	578,873,064	382,332,196

13.01 ADB (Loan No. 1505)

	2013-2014		2012-2013	
	US \$	Taka	US \$	Taka
Balance at 01 July	1,636,201	130,405,207	1,636,201	134,986,569
Transferred from long term loan	1,090,801	86,718,645	1,090,801	86,936,805
	2,727,001	217,123,851	2,727,001	221,923,374
Paid during the year	(1,090,801)	(86,991,344)	(1,090,801)	(88,900,246)
	1,636,201	130,132,507	1,636,201	133,023,128
Exchange loss/(gain)	-	(54,541)	-	(2,617,921)
Balance at 30 June	1,636,201	130,077,967	1,636,201	130,405,207

13.02 ADB (Loan No. 1731)

	2013-2014		2012-2013	
	US \$	Taka	US \$	Taka
Balance at 01 July	2,348,161	187,148,462	2,348,161	193,723,314
Transferred from long term loan	2,348,162	186,678,831	2,348,161	187,148,462
	4,696,323	373,827,293	4,696,323	380,871,776
Paid during the year	(2,348,161)	(187,265,870)	-	(191,375,152)
	2,348,162	186,561,423	2,348,161	189,496,624
Exchange loss/(gain)	-	117,408	-	(2,348,162)
Balance at 30 June	2,348,162	186,678,831	2,348,161	187,148,462

13.03 ADB (Loan No. 2332)

	2013-2014		2012-2013	
	US \$	Taka	US \$	Taka
Balance at 01 July	-	-	-	-
Transferred from long	2,419,880	192,380,442	-	-
	2,419,880	192,380,442	-	-
Paid during the year	-	-	-	-
	2,419,880	192,380,442	-	-
Exchange loss/(gain)	-	-	-	-
Balance at 30 June	2,419,880	192,380,442	-	-

	30 June 2014 Taka	30 June 2013 Taka
13.04 GOB Loan (No: 1505 & 1731)		
Balance at 01 July	64,778,527	64,778,526
Transferred from long term loan	-	-
	64,778,527	64,778,526
Paid during the year	-	-
Balance at 30 June	64,778,527	64,778,527
13.05 GOB Loan (No: 2332)		
Balance at 01 July	-	-
Transferred from long term loan	4,957,298.00	-
	4,957,298.00	-
Paid during the year	-	-
Balance at 30 June	4,957,298.00	-
14.00 Accrued Interest on Loans		
Interest payable on ADB Loan (14.01)	1,194,819,653	964,371,040
Interest payable on 40% (Debt Portion) of GOB Loan(14.02)	19,202,382	9,432,222
Total:	1,214,022,035	973,803,262
14.01 Interest on ADB loan		
Balance at 01 July	964,371,040	739,943,582
Interest accrued during the year	310,453,100	314,867,731
	1,274,824,140	1,054,811,313
Paid during the year	(80,004,488)	(90,440,273)
Balance at 30 June	1,194,819,653	964,371,040
14.02 Interest on GOB Loan		
Balance at 01 July	9,432,222	-
Interest accrued during the year	9,770,160	9,770,161
	19,202,382	9,770,161
Paid/ adjustment during the year	-	(337,939)
Balance at 30 June	19,202,382	9,432,222
15.00 Provision for Income Tax:		
Balance at 01 July	210,004,326	199,096,465
Add: Provided during the year (Note-34.01)	139,979,522	168,015,916
Add: Prior year adjustment as per settlement of Appellate Division	-	387,691,440
	349,983,848	754,803,822
Prior Year adjustment	-	(544,799,496)
Balance at 30 June (Note-15.01)	349,983,848	210,004,326

15.01 Details of Provision for Income Tax :

	30 June 2014 Taka	30 June 2013 Taka
For FY 2011-12	41,988,409	41,988,409
For FY 2012-13	168,015,916	168,015,916
For FY 2013-14	139,979,522	-
	349,983,848	210,004,326

16.00 Share Capital:

Authorized:

50,000,000 No. ordinary shares @ Tk. 10 each

Issued , subscribed and paid up:

7,500,000 No. Ordinary shares @ Tk 10 each, fully paid up in cash

11,961,9400 No. Ordinary shares@ Tk.10 each for consideration
Against Mirpur area assets taken over from DESA

172,199,106 No.Ordinary shares @ Tk.10 each issued as Bonus

44,897,776 No.Ordinary shares @ Tk.10 each issued as Bonus

344,216,281 No. of shares ,Tk. 10 each

	30 June 2014 Taka	30 June 2013 Taka
Authorized: 50,000,000 No. ordinary shares @ Tk. 10 each	5,000,000,000	5,000,000,000
Issued , subscribed and paid up: 7,500,000 No. Ordinary shares @ Tk 10 each, fully paid up in cash	75,000,000	75,000,000
11,961,9400 No. Ordinary shares@ Tk.10 each for consideration Against Mirpur area assets taken over from DESA	1,196,194,000	1,196,194,000
172,199,106 No.Ordinary shares @ Tk.10 each issued as Bonus	1,721,991,063	1,721,991,063
44,897,776 No.Ordinary shares @ Tk.10 each issued as Bonus	448,977,759	-
344,216,281 No. of shares ,Tk. 10 each	3,442,162,822	2,993,185,063

16.01 Composition of shareholding:

The composition of Share holding position as of 30th June 2014 is as follows:

	No. of share holders	Number of share	% of share
Sponsors (GOB)	2	258,162,091	75.00%
General Public	8,552	28,030,153	8.14%
Mutual Fund	358	57,115,241	16.59%
Foreign Company	93	908,796	0.26%
	9,005	344,216,281	100%

16.02 Distribution Schedule:

The distribution Schedule as at 30 June 2014 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	3,752	41.67%	822,097	0.24%
501 to 5,000	4,175	46.36%	7,214,324	2.10%
5,001 to 10,000	451	5.01%	3,316,335	0.96%
10,001 to 20,000	260	2.89%	3,564,243	1.04%
20,001 to 30,000	89	0.99%	2,192,957	0.64%
30,001 to 40,000	46	0.51%	1,602,824	0.47%
40,001 to 50,000	43	0.48%	1,971,860	0.57%
50,001 to 100,000	77	0.86%	5,410,887	1.57%
100,001 to 1,000,000	101	1.12%	30,854,336	8.96%
Over 1,000,000 Shares	11	0.12%	287,266,418	83.46%
	9,005	100%	344,216,281	100%

17.00 Share Money Deposit:	30 June 2014 Taka	30 June 2013 Taka
Share Money Deposit	75,000,000	75,000,000

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

18.00 GOB Equity	1,552,140,000	1,552,140,000

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.

19.00 Retained Earnings	30 June 2014 Taka	30 June 2013 Taka
Balance at 01 July	6,145,810,140	6,323,799,513
Prior year's adjustment (Note-36)	160,797,563	(331,943,920)
Net Profit for the year	668,638,320	804,646,952
	6,975,246,023	6,796,502,545
Dividend paid/ Bonus shares issued for FY 2012-2013	(748,296,266)	(650,692,405)
Balance at 30 June	6,226,949,757	6,145,810,140

20.00 Long Term Loans :

(a) Loan from Asian Development Bank (ADB)

Loan no. 1505 (Note 20.01)	563,671,210	652,026,055
Loan no. 1731 (Note 20.02)	839,084,905	1,028,344,309
Loan no. 2332 (Note 20.03)	5,579,032,770	5,785,932,489
Sub-Total:	6,981,788,885	7,466,302,853

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

Loan no. (1505 & 1731), (Note 20.04)	112,174,545	112,174,545
Loan no. 2332 (Note 20.05)	143,761,649	148,718,947
Sub-Total:	255,936,194	260,893,492
Total	7,237,725,115	7,727,196,345

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

This has been arrived at as under:

	2013-2014		2012-2013	
	US \$	Taka	US \$	Taka
Balance at 01 July	8,181,004	652,026,056	9,271,805	764,923,914
Transferred to Current Liability	(1,090,801)	(86,718,645)	(1,090,801)	(86,936,805)
	7,090,204	565,307,411	8,181,004	677,987,109
Exchange (Gain) / loss	-	(1,636,201)	-	(25,961,054)
Balance at 30 June	7,090,204	563,671,210	8,181,004	652,026,055

- (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.

20.02 Loan from ADB (No - 1731, 10th power project)

This has been arrived at as under:

	2013-2014		2012-2013	
	US \$	Taka	US \$	Taka
Balance at 01 July	12,902,689	1,028,344,309	15,250,850	1,258,195,151
Transferred to current liability	(2,348,162)	(186,678,867)	(2,348,161)	(187,148,462)
	10,554,527	841,665,442	12,902,689	1,071,046,689
Exchange (Gain)/Loss	-	(2,580,537)	-	(42,702,381)
Balance at 30 June	10,554,527	839,084,905	12,902,689	1,028,344,309

- (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.

20.03 Loan from ADB (No - 2332 BAN, Sustainable Power sector Development Project)

This has been arrived at as under:

	2013-2014		2012-2013	
	US \$	Taka	US \$	Taka
Balance at 01 July	72,596,393	5,785,932,490	71,553,862	5,903,193,593
Add: Drawn	-	-	1,042,531	83,089,709
	72,596,393	5,785,932,490	72,596,393	5,986,283,301
Less Transfer to current Liability	(2,419,880)	(192,380,442)	-	-
	70,176,513	5,593,552,048	72,596,393	5,986,283,301
Exchange (Gain)/ loss	-	(14,519,278)	-	(200,350,812)
Balance at 30 June	70,176,513	5,579,032,770	72,596,393	5,785,932,489

- (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

20.04 Loan from GOB (No. 1505 & 1731)

This has been arrived at as under:

	30 June 2014 Taka	30 June 2013 Taka
Balance at 01 July	112,174,545	109,148,148
Wrongly debited Now rectified (added)	-	3,026,397
	112,174,545	112,174,545
Transferred to Current Liability	-	-
Balance at 30 June	112,174,545	112,174,545

(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.

20.05 Loan from GOB (loan No 2332)

Balance at 01 July

Add: Withdrawn

Less: Transfer to Loan:2332

Less: Transfer to current liability

Balance at 30 June

	30 June 2014 Taka	30 June 2013 Taka
Balance at 01 July	148,718,947	151,745,344
Add: Withdrawn	-	-
	148,718,947	151,745,344
Less: Transfer to Loan:2332	-	-
Less: Transfer to current liability	(4,957,298)	(3,026,397)
Balance at 30 June	143,761,649	148,718,947

(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.

21.00 Due to DESA/ DPDC for assets taken over:

21.01 Area wise break-up is as under:

Gulshan Area (comprising Gulshan, Baridhara, Uttara, Dakshinkhan)

Tongi Area (comprising Tongi East and Tongi West)

Uttara & Bashundhara Grid Substation

Balance at 30 June

	30 June 2014 Taka	30 June 2013 Taka
21.00 Due to DESA/ DPDC for assets taken over:	4,039,671,539	4,039,671,539
21.01 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

21.02 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.

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

22.00 Consumer Security Deposits:

Balance at 01 July

Received during the year

Refunded during the year

Balance at 30 June

	30 June 2014 Taka	30 June 2013 Taka
Balance at 01 July	1,315,302,695	1,134,188,068
Received during the year	215,067,616	198,884,681
	1,530,370,311	1,333,072,749
Refunded during the year	(22,654,099)	(17,770,054)
Balance at 30 June	1,507,716,212	1,315,302,695

23.00 Energy Sales: Taka	Tariff	%	30 June 2014 Taka	30 June 2013 Taka
Domestic	A	43.11	10,609,228,590	9,671,154,093
Agricultural Pump	B	0	435,308	667,040
Small Industries	C	3.39	835,033,386	807,814,384
Non-Residential	D	0.57	139,574,181	114,147,685
Commercial & Office	E	14.22	3,498,897,117	2,967,839,803
Medium Voltage	F	34.9	8,588,146,370	7,423,989,803
High Voltage(33kv & above)	H	0.07	16,830,366	15,366,034
REB High Voltage	I	0.5	124,228,028	111,952,537
Street Light, Pump	J	0.35	85,687,087	68,049,581
Construction & others	2E	2.89	712,321,054	770,496,872
Total:		100	24,431,027,925	21,951,477,832

23.01 Energy Sales -Unit	Tariff	%	2013-2014 Unit (Mkwh)	2012-2013 Unit (Mkwh)
Domestic	A	50.64	1,885.11	1,714.17
Agricultural Pump	B	0.00	0.15	0.23
Small Industries	C	3.20	119.19	122.49
Charitable Organization	D	0.78	29.20	25.01
Commercial & Office	E	10.29	383.10	344.41
Medium Voltage	F	33.09	1,231.73	1,133.54
Very High Voltage	H	0.06	2.22	2.29
REB High Voltage	I	0.59	22.05	20.92
Street Light, Pump	J	0.33	12.16	10.21
Construction & others	2E	1.00	37.32	38.64
Total:		100.00	3,722.23	3,411.91

24.00 Other Operating Revenue:

294,058,168	290,728,421
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This represents application fee, disconnection / reconnection fees, cost of materials realized, meter testing fees, meter rent etc.

25.00 Energy Purchase:

2013-2014		2012-2013	
Unit (Kwh)	Taka	Unit (kwh)	Taka
4,064,190,281	22,898,054,461	3,726,419,834	20,393,476,161

25.01 Electricity is purchased solely from Bangladesh Power Development Board (BPDB) at the rate of Tk 5.4050/ kwh effective from 1st September -2012. The company also pays wheeling charge to Power Grid Co. Ltd (PGCB) at Tk 0.2291 per kwh.

26.00 Operating Expenses:

	30 June 2014 Taka	30 June 2013 Taka
Commercial operation support services	138,904,501	118,098,514
Schedule & preventive maintenance	155,631,339	134,108,836
Special action team & collection drive	1,223,772	515,065
Consultancy fees for staking sheet	7,503,780	3,455,212
Maintenance of distribution of line & equipment	53,843,400	43,425,385
R&M of grid sub-station/sub-station	49,348,430	50,961,519
Repair & maintenance of transformer	30,388,832	20,873,384
Meter & service cable issue	72,346,513	152,253,403
Revenue stamp charge against consumer bill	54,513,631	40,851,704
System operating fee BERC (Note 26.01)	12,215,514	10,975,738
	575,919,712	575,518,761
Less: Receipt against deposit work	109,303,244	63,701,741
Total	466,616,468	511,817,020

26.01 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.

27.00 Administrative Expenses:

	30 June 2014 Taka	30 June 2013 Taka
Directors' fees (Note 27.1)	1,127,000	1,138,500
Audit fees	265,000	205,000
Advertisement & Notices	6,140,033	9,907,827
Annual picnic	-	1,626,243
Annual General Meeting (AGM)	3,124,136	4,559,796
Bank charges	4,223,763	4,642,705
Conveyance	1,876,689	1,708,380
Cleaning expenses	3,567,641	1,288,465
Electricity, gas & water	26,775,786	22,326,669
Entertainment	3,507,295	2,684,303
Fuel for vehicles	23,339,673	24,190,054
Honorarium to various committee members	768,550	355,000
Insurance of vehicles	2,852,809	1,676,574
Legal & Professional fees	3,038,586	4,439,290
Newspaper & Periodicals	445,661	371,602
Office maintenance	3,727,299	2,467,405
Office rent	36,295,014	34,067,111
Office security	26,513,839	23,815,447
Postage, telephone & internet	8,821,824	6,350,322
Printing & Stationery	19,894,225	22,137,811
Rates & Taxes	2,252,079	2,431,016
Repair & Maintenance of non operating assets	6,928,925	4,248,859
Repair & Maintenance of head office building	6,165,490	10,038,376
Repair & Servicing of vehicle	9,239,082	10,571,725
Recruitment expenses	696,389	4,889,450
Inspection survey & consultancy fees	815,440	873,327
Staff training	10,466,307	16,583,225
Listing fee & annual charges	4,073,788	2,210,532
Transport (hired)	27,504,390	25,456,977
Corporate Social Expenses (CSR)	8,148,174	7,043,621
BERC license fee	2,505,000	2,500,000
Office shifting	99,015	19,500
Total:	255,198,902	256,825,111

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

28.00 Employee Expenses:

	30 June 2014 Taka	30 June 2013 Taka
Salary & Allowances (Note - 28.01)	692,080,745	528,593,242
Festival bonus	55,985,816	46,678,044
Incentive bonus	79,048,850	53,341,297
Company's contribution to provident fund	37,118,061	29,682,405
Company's contribution to gratuity fund	100,761,015	47,902,852
Group insurance premium	1,365,584	1,995,447
Electricity / telephone expense reimbursed (Note - 28.02)	17,650,577	15,464,705
Medical expense reimbursed (Note - 28.02)	45,003,905	38,630,428
Uniform	170,065	258,746
Total	1,029,184,618	762,547,166

28.01 Remuneration of Directors and Executives:

	2013-14 Taka		2012-13 Taka	
	Directors	Executives	Directors	Executives
Salary and bonus	6,654,186	182,506,165	5,512,787	146,092,533
House rent	2,214,093	72,864,950	2,072,985	67,119,289
Provident fund	442,819	12,144,130	414,609	11,186,531
Total:	9,311,098	267,515,245	8,000,381	224,398,353

28.02 Electricity/ telephone bills and medical expense are reimbursed on actual basis to employees, subject to ceiling.

29.00 Interest Income:

Interest earned on STD/FDR	1,620,716,677	1,384,993,301
Late payment charge (LPC)	268,458,550	278,921,890
Total	1,889,175,227	1,663,915,191

30.00 Interest Expenses:

Interest expense against ADB loan	310,453,100	314,867,731
Interest expense against GOB loan	9,770,160	9,770,161
Total	320,223,260	324,637,892

31.00 Exchange Fluctuation Gain / (Loss):

18,673,149	273,980,330
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Exchange fluctuation gain of Tk.18,673,149/- has arisen out of translation of foreign currency loan (in dollar) into taka at Financial Position date at the rate of Tk.79.50/\$1 (2012-13: at Tk.79.70/\$1).

32.00 Miscellaneous Income:	30 June 2014 Taka	30 June 2013 Taka
Sale of tender documents	210,000	167,234
Sale of obsolete store materials	11,721,065	9,927,719
Total	11,931,065	10,094,953

33.00 Depreciation:		
Depreciation (operating)	697,875,307	741,648,901
Depreciation (non operating)	33,417,017	37,079,203
Total	731,292,324	778,728,104

34.00 Income Tax :		
Current tax provision (34.01)	139,979,522	168,015,916
Deferred tax provision (34.02)	117,928,012	155,326,128
Tax Expenses	257,907,534	323,342,044

34.01 The Company's income tax assessment up to the FY 2010-2011 (AY 2011--2012) has been completed and agreed upon. The details of current tax calculation are given below:

	30 June 2014 Taka	30 June 2013 Taka
Profit before tax as per income statement	926,545,854	1,127,988,996
Add: Accounting depreciation	731,292,324	778,728,104
Add: Bad debt Provision	17,749,648	34,176,278
Add: Corporate Social Expenses (CSR)	8,148,174	7,043,621
	1,683,736,000	1,947,936,999
Less: Depreciation as per 3rd Schedule of Tax Ordinance, 1984.	(1,174,719,557)	(1,336,970,031)
	509,016,443	610,966,968
Current Tax (at 27.5%)	139,979,522	168,015,916
Current tax expenses	139,979,522	168,015,916

34.02 Deffered Tax Provision:		
Balance at 01 July	1,695,893,831	1,540,567,703
Provision for the year	117,928,012	155,326,128
Balance at 30 June	1,813,821,843	1,695,893,831

Deferred tax provision has been arrived at as under		
Carrying amount of assets	11,235,967,749	10,923,573,557
Tax base amount of assets	4,640,251,956	4,756,686,899
Temporary Difference	6,595,715,793	6,166,886,658
Effective Tax Rate	27.50%	27.50%
Total Deferred tax Provision required	1,813,821,843	1,695,893,831
Already provided up to last year	1,695,893,831	1,540,567,703
Deferred tax Provision during the year	117,928,012	155,326,128

35.00 Earning Per Share (EPS):

	30 June 2014 Taka	30 June 2013 Taka
Earning Per Share		
Earning attributable to ordinary Shareholders (Tk)	668,638,320	804,646,952
Weighted number of shares outstanding	344,216,282	344,216,282
Basic Earning Per Share (Adjusted)	1.94	2.34

36.00 Adjustment related to previous year:

Income tax adjustment as per settlement of Appellate Division	-	(387,691,440)
Excess Provision Adjustment	-	10,302,963
Excess Provision Adjustment for AY 2011-12	-	49,415,799
Advertisement expenses adjustment	-	1,096,660
Salary adjustment from employee	(74,887,899)	(220,000)
Operating & administrative expenditure of previous year adjusted	2,192,955	(4,847,902)
Utility expenses adjustment	(2,511,556)	-
Adjustment of LME charge 3 parties out of 5 parties not sued of their claim	236,004,063	-
Total:	160,797,563	(331,943,920)

37.00 Subsequent Events-Disclosures Under IAS 10 "Events After The Balance Sheet Date".**Proposed Dividend**

- a) Subsequent to the financial position date, the Board of Directors in their meeting held on 13 October 2014 recommended 5% cash and 10% stock dividend (i.e. Tk. 0.50 per share and 1 bonus share for every 10 existing shares on record date) for the year ended June 30, 2014. The dividend proposal is subject to shareholders' approval at the forthcoming 18th AGM.
- b) Except the fact stated above, no circumstances have arisen since the Financial Position date which would require adjustment to, or disclosure in, the financial statements or notes thereto.

38.00 Contingent Liabilities:

38.01 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 incur additional cost after finalization of the value of the assets.

38.02 An aggregate amount of Tk.136,187,450/- claimed by BPDB as shown below is disputed by the Company.

Particulars	30 June 2014 Taka
Arrear Energy bill (November '05 to May '07)	13,198,386
Arrear Surcharge	107,492,804
PFC Charge (October 2009 to April 2014)	15,496,260
Total	136,187,450

39.00 Credit Facility Availed:

No credit facility existed under any contract as on June 30, 2014 other than trade credit available in the ordinary course of business.

40.00 Capital Commitment:

The Company has entered into various contracts for construction works, sub-stations, land development, installation, renovation dismantling O/H and U/G cables, etc. amounting to Tk 7,680.31 million, works of which will be started in the next financial year.

41.00 Employees' Salary:

	30 June 2014 No.	30 June 2013 No.
a) Employment throughout the year in receipt of remuneration aggregating Tk 36,000 or more per annum.	1,499	1,360
b) Employment for a part of the year and in receipt of remuneration aggregating Tk 3,000 or less per month.	Nil	Nil
Total:	1,499	1,360

42.00 General :

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

Sd/-
Company Secretary

Sd/-
Executive Director (F&A)

Sd/-
Director

Sd/-
Managing Director

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

Dated: **Dhaka, 13 October 2014**

Sd/-
MABS & J Partners
Chartered Accountants

Schedule of Property, Plant & Equipment As at 30 June 2014

Sl No.	Category of Assets	Cost			Rate	Depreciation			Written down value as on 30-06-14	Written down value as on 30-6-13
		Balance as on 01-07-13	Addition during the Period	Adjustment as on 30-06-14		Total as on 30-06-14	Charged during the year	Adjustment as on 30-06-14		
1	Land	913,073,498	295,283	-	-	-	-	-	913,368,781	913,073,498
2	Building	313,826,012	124,808,630	-	2.50%	10,469,311	-	67,431,814	371,202,828	256,863,509
3	Motor Vehicles	160,588,109	68,413,448	-	20%	12,730,105	-	155,871,039	73,130,518	17,447,175
4	Furniture & Fixture	39,744,062	6,305,715	-	10%	3,262,924	-	24,126,532	21,923,245	18,880,454
5	Office Equipment	176,081,118	30,431,392	96,040	15%-20%	17,423,988	35,356	145,263,299	61,153,171	48,206,451
6	Distribution Equipment	5,532,214,415	275,646,042	-	2%-10%	231,696,646	-	1,721,598,690	4,086,261,767	4,042,312,371
7	Distribution Line	9,463,226,268	552,480,144	-	2%-10%	455,709,350	-	4,292,145,521	5,723,560,891	5,626,790,097
	Total	16,598,753,482	1,058,380,654	96,040	-	731,292,324	35,356	6,406,436,895	11,250,601,203	10,923,573,557

Notes:

- 1) Building includes Office Building, Store Godown Sheds and Boundary Wall.
- 2) Office Equipment comprise Communication Equipment , Computer & Peripherals , Electric and Store Equipment etc.
- 3) Addition to Distribution Line and Equipment includes 846 Nos. of Distribution Transformer, 1039.225 Km Conductor and 657 Km Service Cable etc.
- 4) Addition to Motor Vehicle Includes 3 Jeep and 11 of Pickup

TARIFF RATE

BULK PURCHASE TARIFF (from September 01, 2012)

SL.No	Tariff Category	Level	Taka/KWH
01	BPDB to DESCO (for energy)	132Kv	5.3250
		33Kv	5.4050
02	PGCB to DESCO (for wheeling)		0.2291

RETAIL SALES TARIFF (from March 13, 2014)

Sl.No	Tariff Category	Consumption Slab	Taka/KWH
1	Domestic-A	Lifeline 1-50 unit	3.33
		a) 1-75 unit	3.53
		b) 76-200 unit	5.01
		c) 201-300 unit	5.19
		d) 301-400 unit	5.42
		e) 401-600 unit	8.51
		f) Above 600 unit	9.93
2	Agricultural Pumping - B		2.51
3	Small Industries - C	a) Flat	7.42
		b) Off-peak hour	6.64
		c) Peak hour	9.00
4	Non Residential - D (Light & Power)		4.98
5	Commercial & Office- E	a) Flat	9.58
		b) Off-peak hour	8.16
		c) Peak hour	11.85
6	Medium Voltage – F (11 KV)	a) Flat	7.32
		b) Off-peak hour	6.62
		c) Peak hour	9.33
7	High Voltage – F (33 KV)	a) Flat	7.42
		b) Off-peak hour	6.55
		c) Peak hour	9.28
8	Street Light & Water Pumps – J		6.93

Certificate of Compliance



Rahman Mostafa Alam & Co.
Chartered Accountants



Certificate on compliance of conditions of corporate governance guidelines
to the shareholders of


Dhaka Electric Supply Company Limited (DESCO)

We have examined the compliance of conditions of corporate governance guidelines of the Bangladesh Securities and Exchange Commission (BSEC) by Dhaka Electric Supply Company Limited (DESCO) for the year ended on June 30, 2014 as Stipulated in clause 7(i) of the BSEC notification no SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012.

The compliance of conditions of corporate governance guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the management of Dhaka Electric Supply Company Limited (DESCO). Our examination for the purpose of issuing this certificate was limited to the checking of procedure and implementation thereof, adopted by Dhaka Electric Supply Company Limited (DESCO) for ensuring the compliance of conditions of corporate governance and correct reporting of compliance status on the attached statement on the basis of evidence gathered and representation received.

To the best of our information and according to the explanations given to us, we certify that, as reported on the attached status of compliance statement, Dhaka Electric Supply Company Limited (DESCO) has complied with condition of corporate governance stipulated in the above mentioned BSEC notification dated August 07, 2012.

Dated: Dhaka
October 13, 2014


Rahman Mostafa Alam & Co.
Chartered Accountants



DHAKA ELECTRIC SUPPLY COMPANY LIMITED

House No-22/B, Faruk Sarani, Nikunja-2, Khilkhet, Dhaka-1229