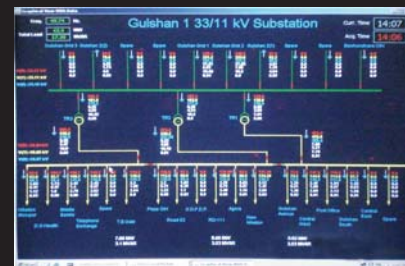
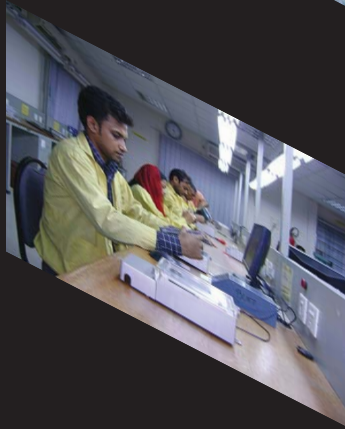


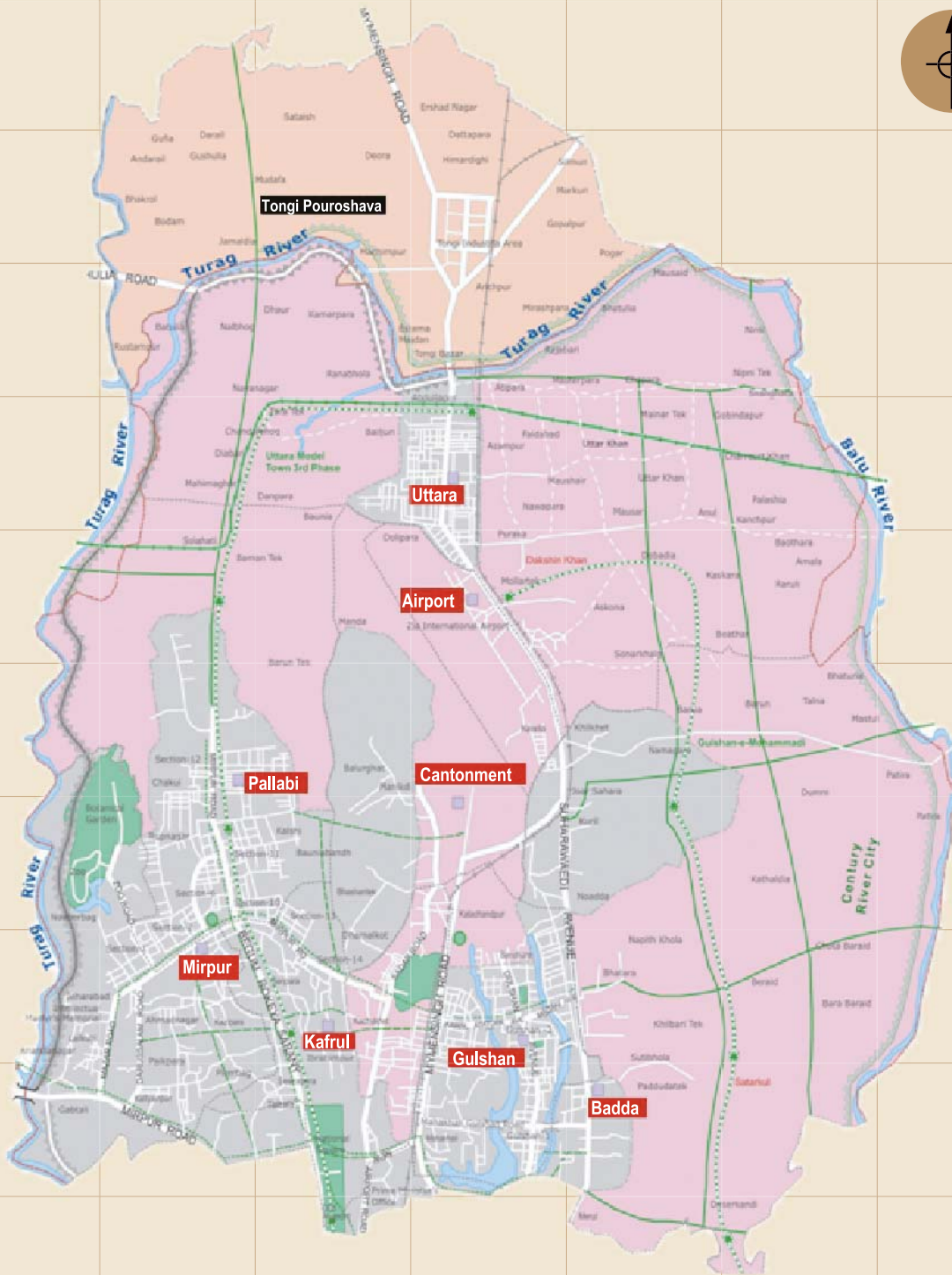


DHAKA ELECTRIC SUPPLY COMPANY LIMITED

# ANNUAL REPORT 2008



# DESCO area map





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# annual general meeting

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



*notice of the 12<sup>th</sup> annual general meeting*

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Notice is hereby given that the 12<sup>th</sup> Annual General Meeting of **Dhaka Electric Supply Company Ltd.** (DESCO) will be held on Tuesday, the 10<sup>th</sup> February, 2009 at 11:00 a.m. at Bashundhara Convention Center, Bashundhara Residential Area, Baridhara, Dhaka to transact the following business:

## **AGENDA**

1. To receive, consider and adopt Directors' and Auditors' reports and the audited statement of accounts of the Company for the year ended June 30, 2008.
2. To declare Dividend for the year ended June 30, 2008.
3. To elect Directors.
4. To appoint Auditors and to fix their remuneration.

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

By order of the Board,

**A. H. M. Nurul Huda**  
Company Secretary  
Date: January 05, 2009

**Registered Office**  
House # 3, Road # 24, Block # K  
Banani Model Town, Dhaka - 1213.

### **Notes:**

1. Record date is 27/11/2008. That is, shareholders whose names will appear in the CDS/Company's Register on 27/11/2008 will be entitled to attend the meeting and dividend for the year ended June 30, 2008.
2. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy on his/her stead. The proxy form, duly stamped with revenue stamp of Tk. 8/- must be deposited at the Registered Office of the Company not later than 48 hours before meeting.
3. Admission to the hall will be strictly on production of the attendance slip sent with the notice.
4. For the sake of convenience, shareholders are requested to submit their queries on the Directors' Report and the Audited Financial Statements for the year ended June 30, 2008, if any, at the Registered Office of the Company at least 3 (three) working days before the day of Annual General Meeting.

## *milestones*

**November 03, 1996**  
Certificate of Incorporation

**December 19, 1996**  
First Board Meeting

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

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

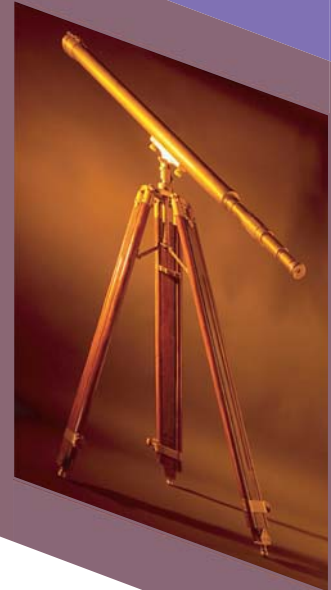
**February 15, 2004**  
Establishment of  
Sales & Distribution (S&D) Division

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

**June 18, 2006**  
Company goes public

**March 03, 2007**  
Take over of Tongi Pourashava Area

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



## *vision*

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

## *mission*

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

## *corporate philosophy*

Service excellence with integrity and corporate social responsibility.

# *board of directors*

## **Chairmen and Managing Director**

---



**Dr. M. Fouzul Kabir Khan**  
Chairman  
From 10-06-07 to 19-02-08



**Safar Raj Hossain**  
Chairman  
From 20-02-08



**Saleh Ahmed**  
Managing Director



## Directors

---



**Brig. Gen. Md. Nazrul Hasan**  
Chairman, Dhaka Electric  
Supply Authority (DESA)



**Mohammad Wahid Hossain, ndc**  
Joint Secretary (Admin.), Ministry of Power,  
Energy & Mineral Resources, Bangladesh



**Prof. Dr. S.M. Lutful Kabir**  
Director, IICT, BUET



**Shafiqul Azam**  
Managing Director  
Shadaran Bima Corporation



**Latifur Rahman**  
President, Metropolitan Chamber of  
Commerce & Industry, Dhaka (MCCI)



**Mohammad Reazul Islam**  
Vice President (Admin. & Finance), IEB



**Md. Mustafizur Rahman, FCA**  
Council Member, ICAB



**Abdur Razzaque**  
Director, FBCCI  
From 19-02-07 to 18-02-08



**Md. Monzur Rahman**  
Director (Technical)  
From 26-08-03 to 18-02-08



**Qudrate Khuda**  
Director (Finance)  
From 21-11-04 to 18-02-08

MANAGING DIRECTOR	Saleh Ahmed
DIRECTOR (TECHNICAL)	Monzur Rahman
DIRECTOR (FINANCE)	Qudrate Khuda
COMPANY SECRETARY	A. H. M. Nurul Huda
TAX ADVISOR	Rahman Mostafa Alam & Co. Chartered Accountants
LEGAL ADVISOR	Barrister Abdullah Al-Mamun
AUDITORS	A Qasem & Co. Chartered Accountants

#### **BANKERS**

Arab Bangladesh Bank Limited  
 Agrani Bank Limited  
 Al-Arafa Islami Bank Limited  
 Bank Alfalah Limited  
 Bangladesh Krishi Bank  
 Bank Asia Limited  
 Bangladesh Commerce Banl  
 BRAC Bank  
 City Bank N.A.  
 Dutch Bangla Bank Limited  
 Dhaka Bank Limited  
 Eastern Bank Limited  
 First Security Bank Limited  
 IFIC Bank Limited  
 Janata Bank Limited  
 Mercantile Bank Limited  
 National Credit & Commerce Bank Limited  
 National Bank Limited  
 One Bank Limited  
 Oriental Bank Limited  
 Pubali Bank Limited  
 Premier Bank Limited  
 Prime Bank Limited  
 Rupali Bank Limited  
 Standard Bank Limited  
 Shahjalal Bank Limited  
 Standard Chartered Bank Limited  
 Southeast Bank Limited  
 Social Investment Bank Limited  
 Sonali Bank Limited  
 The City Bank Limited  
 The Hongkong and Shanghai Bank Corporation Limited (HSBC)

## *corporate directory*

## corporate office

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

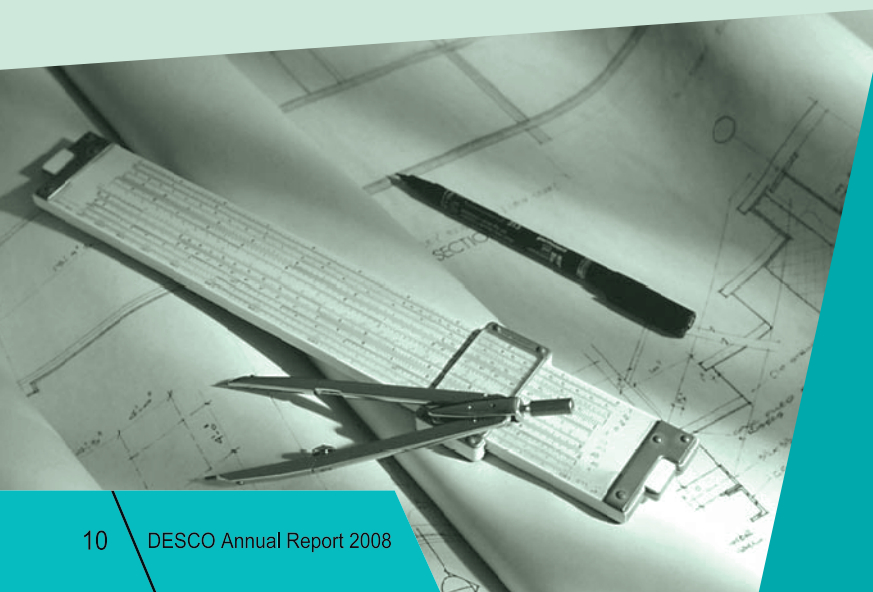
## sales and distribution (s&d) divisions

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

*company  
service  
centers*



*technical &  
commercial  
highlights*



## TECHNICAL

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
33/11KV Substations (No.)	6	13	13	13	16	19	21
Capacity of 33/11KV Substations	200/280	425/593	425/593	430/602	620/868	680/952	760/1064
Maximum Demand (MW)	150	315	352	377	398	451	505
33KV Overhead Line (KM)	17	74	77	77	77	83	83
33KV Underground Line (KM)	39	70	125	143	144	182	182
11KV Overhead Line (KM)	169	536	552	600	720	860	910
11KV Underground Line (KM)	43	205	205	238	262	314	262
LT Line (KM)	422	991	1030	1105	1250	1473	1517
Distribution Transformer (No.)	1555	3369	3594	3785	4112	4770	4497

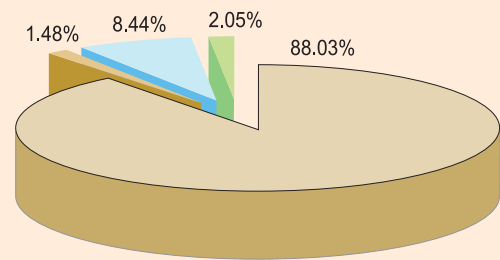
## COMMERCIAL

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Energy Import</b>						
(GWH)	673.09	855.79	1739.87	1842.89	2191.46	2573.76
(MTk.)	1354.51	1850.44	3775.52	3999.07	4946.36	6151.29
<b>Energy Sales</b>						
(GWH)	493.62	675.57	1405.03	1536.31	1897.00	2293.03
(MTk.)	1470.03	2216.75	4902.32	5428.08	7380.98	9094.19
System Loss (%)	26.66	21.06	19.24	16.64	13.44	10.91
Collection Ratio (%)	89.04	74.10	87.33	97.07	104.40	100.01
C.I. Ratio (%)	65.30	58.50	70.93	80.92	90.37	89.10
Consumers	108182	205803	241964	259580	347614	385037
Receivable/Sales (%)	60.00	64.24	44.40	38.72	26.52	21.73

### CONSUMER MIX

CATEGORY	NO
Residential	338961
Industrial	5685
Commercial	32508
Others	7883
<b>Total</b>	<b>385037</b>

Industrial Commercial  
Others Residential



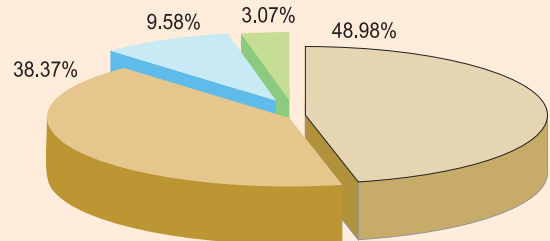
*performance*



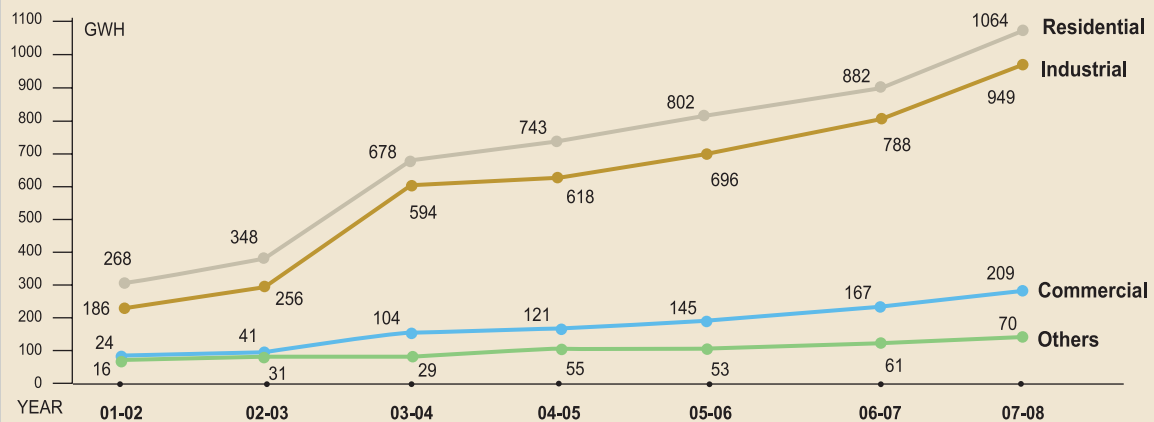
### CONSUMPTION PATTERN

CATEGORY	CONSUMPTION (GWH)
Residential	1064.16
Industrial	948.93
Commercial	209.49
Others	70.45
<b>Total</b>	<b>2293.03</b>

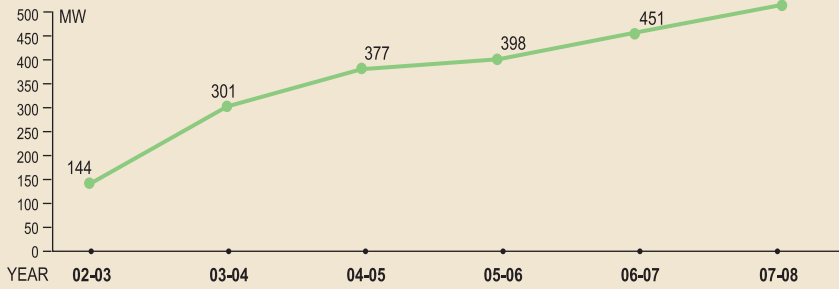
Industrial Commercial  
Others Residential



### Consumption Growth



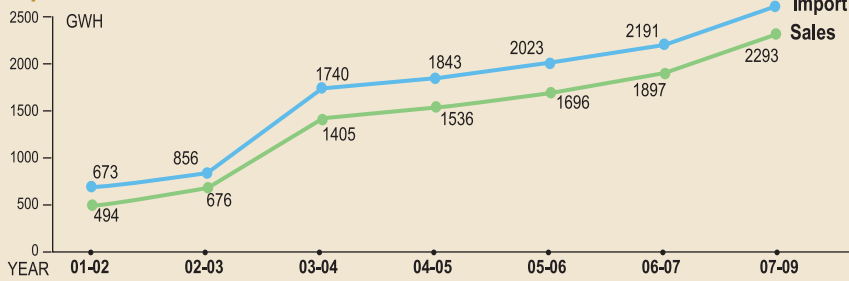
### Maximum Demand



### MAXIMUM DEMAND

YEAR	MW
02-03	144
03-04	301
04-05	377
05-06	398
06-07	451
07-08	505

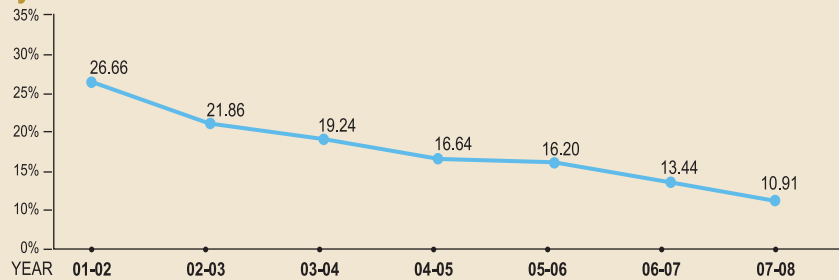
### Import & Sales



### IMPORT & SALES

YEAR	IMPORT	SALES
01-02	673.09	493.62
02-03	855.79	675.57
03-04	1739.87	1405.03
04-05	1842.89	1536.31
05-06	2023.22	1695.55
06-07	2191.46	1897.00
07-08	2573.76	2293.03

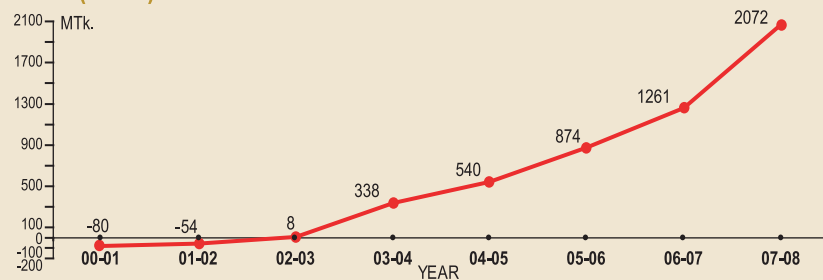
### System Loss



### SYSTEM LOSS

YEAR	SYSTEM LOSS
01-02	26.66%
02-03	21.06%
03-04	19.24%
04-05	16.64%
05-06	16.20%
06-07	13.44%
07-08	10.91%

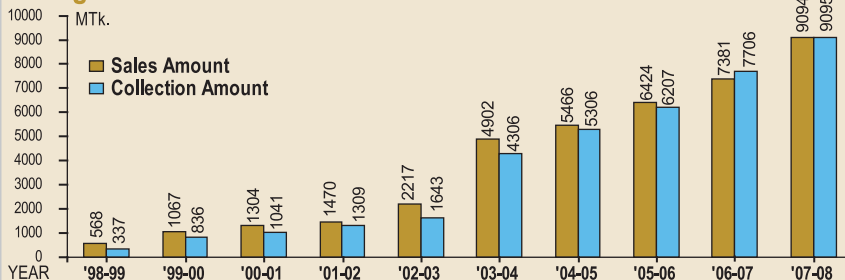
### Profit/(Loss)



### PROFIT/(LOSS)

YEAR	Profit-Loss(MTK)
00-01	-80
01-02	-54
02-03	8
03-04	338
04-05	540
05-06	874
06-07	1261
07-08	2072

### Billing and Collection



### BILL COLLECTION RATIO

YEAR	RATIO
00-01	79.83%
01-02	89.04%
02-03	74.10%
03-04	87.83%
04-05	97.07%
05-06	96.63%
06-07	104.40%
07-08	101.01%



## *directors' report*



Safar Raj Hossain  
Chairman

## **DIRECTORS' REPORT TO THE SHAREHOLDERS**

### **Dear Shareholders,**

It is a great pleasure for me to welcome you on behalf of the Board of Directors to the 12<sup>th</sup> Annual General Meeting of Dhaka Electric Supply Company Limited (DESCO), and place before you the Audited Accounts for the year ended June 30, 2008 along with the Auditors' and the Directors' Reports thereon.



## THE COMPANY

You are aware that in the process of on-going Power Sector Reforms by way of unbundling the power sector and increasing efficiency in the area of generation, transmission and distribution, Dhaka Electric Supply Co. Ltd. (DESCO) was created as a distribution company in November 1996 under the Companies Act 1994 as a Public Limited Company with an Authorized Capital of Tk. 5 billion. However the operational activities of DESCO at the field level commenced on September 24, 1998 with the taking over of the electric distribution system of Mirpur area from Dhaka Electric Supply Authority (DESA) with a consumer strength of 71,161 and a load demand of 90 MW. In subsequent years of successful operation and performance since inception, the operational area of DESCO was expanded through inclusion of Gulshan Circle in April, 2003 and Tungji Pourashava in March, 2007. Eventually the total consumer strength increased to 385,037 as of 30<sup>th</sup> June, 2008 with a maximum load demand of 505 MW.

## TERRITORY

The service territory of the Company (about 220 square kilometers) now comprises the areas bounded by the Mirpur Road, Agargaon Road, Rokeya Sarani, Progati Sarani, New Airport Road, Mymensingh Road, Mohakhali Jheel, Rampura Jheel connected with Balu River in the South, Balu River in the East and Turag River in the West and areas under Tongji Pourashava in the North.

## GROWTH OF THE COMPANY

The Company's growth can be better conceived by the figures and graphs presented in this Report. Starting from a consumer base of 71,000 with load demand of 90 MW in 1998, the Company has grown to cater about 400,000 consumers of December 2008. The Company's gross fixed assets, including capital works in progress, increased from Tk.8,772 million in 2006-07 to Tk.9,626 million this year, registering a growth of 10%, while the shareholders equity increased from Tk.3,788 million to Tk.4,470 million, recording a growth of 18%.

## MANAGEMENT

Under the guidance of a nine member Board of Directors, the company is run by a management team headed by the Managing Director, with a view to run the Company efficiently and economically with optimum overhead cost and manpower. The desk jobs and supervisory activities are generally carried out by DESCO employees, under its regular payroll while the field operational activities have been outsourced. With the expansion of operational area and fast increase in consumer growth and system load, DESCO reorganized its activities into 9 (nine) Sales & Distribution (S&D) Divisions.

The major technical activities like substation and switching station scheduled maintenance, trouble shooting & breakdown maintenance; overhead line maintenance; trouble shooting of the customer service complain, line & equipment maintenance have been outsourced. On the other hand, commercial support activities like taking meter reading, distribution of monthly electricity bill, service disconnection of the defaulter consumer, customers house wiring inspection, new connection meter installation, old or unserviceable meter change etc. are also outsourced including other logistic support services like security service, cleaning service and transport. To this end, DESCO engaged several experienced contractors through competitive tendering process. With the proper maintenance of the distribution system, service complaints from consumers have reduced significantly. To achieve greater consumer satisfaction the procedure for new connection has been simplified and efforts are on to further reduce the time period required.

## TECHNICAL ACTIVITIES

Major technical activities completed in the year 2007-08 are highlighted below:

### Substation

Installation, testing and commissioning of a 10/14 MVA transformer at Bashundhara 33/11 KV substation.



### Distribution Line

Expansion and up-gradation of distribution network by 49.67 Km of 11KV Overhead Line, 2.75 km of 11KV Underground Cable Line and 44.19 km of LT Line.

### Distribution Transformers

Installations of 181 nos. 3-Phase 200KVA distribution transformers.

### Data Acquisition System (DAS)

The power generation and maximum demand of the electricity network needs a strong monitoring and effective power management. DESCO has implemented a Data Acquisition System (DAS) which helps to monitor real time load status of the network and helps to implement appropriate load shading. Data Acquisition System is integrated remote terminal unit for data gathering and computer-server network. The technical assistance along with the software is developed by Bangladesh University of Engineering and Technology (BUET).

The DAS was inaugurated by The Honorable Special Assistant to Honorable Chief Advisor Prof. M Tameem, on November 12, 2008 at Gulshan control room of DESCO.



### Major projects (2006-2010)

- ▶ To strengthen power supply facilities in Mirpur area a Project was approved by ECNEC on October 2005 in the name of "Strengthening DESCO's Electric Distribution Network" to be completed by June 2009. The total cost of the project is Tk.2,885.2 million out of which Tk.692.4 million will be financed by GOB and the rest will be financed by ADB against Loan No. 2332-BAN under the scope of Sustainable Power Sector Development Program-II (SPSDP-II) of ADB.
- ▶ Another project was approved by ECNEC on September 2006 in the name of "Upgrading and Expanding Distribution System in Gulshan Circle" to be completed by June 2010 for Gulshan area in order to meet the growing demands of the system. The total cost of the project is Tk.3,998.4 million out of which Tk.1,280.4 million will be financed by GOB, Tk.26.5 million will be financed by DESCO and the rest will be financed by ADB against Loan No. 2332-BAN under the scope of Sustainable Power Sector Development Program-II (SPSDP-II) of ADB.

### Future Plans

- ▶ A new area named "Purbachal Model Town", being developed by RAJUK in north east of DESCO area on eastern bank of Balu River under Narayanganj District, has been decided to be included in DESCO's jurisdiction. The electrical network development for this area will be taken up by DESCO. The load demand of Purbachal Model Town is expected to be about 500 MW in the year 2020. To keep pace with the load growth and consumer strength, DESCO will create adequate facilities in phases by taking up new projects.
- ▶ A new area named "Uttara 3rd Phase" is being developed by RAJUK in DESCO's geographical area. The electrical network development for this area is under planning stage. The load demand of "Uttara 3rd Phase" is expected to be about 140MW in the year 2030.



## COMMERCIAL ACTIVITIES

Major commercial activities undertaken during the year are highlighted below:

### Disconnection/ Reconnections

The prime tool to recover dues is disconnection. A total number of 34,842 defaulting consumer services were disconnected with the help of Magistrate and by Company's own staff during the year. Moreover, 11,578 illegal consumer services were traced, disconnected and regularized during the year.

During the year 30,966 consumers were given re-connection on recovery of their outstanding dues and realization of penalty as applicable. An aggregate amount of Tk.363.52 million was realized from defaulting consumers and Tk.93.28 million against penal/supplementary bills.

### New Connections

This year 37,423 new connections have been added to our system. The total number of electric connections under DESCO at the end of the financial year stands at 385,037.

### Metering

The meter being the 'cash box' of the Company, every effort is made to change defective meters, sealing of meters and inspection of meters on a regular basis. During the year 36,761 defective meters were changed, 39,209 meters were sealed and 94,135 meters were inspected.

### Consumer Complaints

Although DESCO strives to offer 'service excellence' to its valued consumers, it has still to achieve greater consumer satisfaction. Consumer complaints in terms of billing errors, rectification of names and address, etc, are seriously attended to. During the year 6,936 bills were corrected and records of 2,050 names and addresses were rectified on receiving complaints from the consumers.

### One Point Service Center

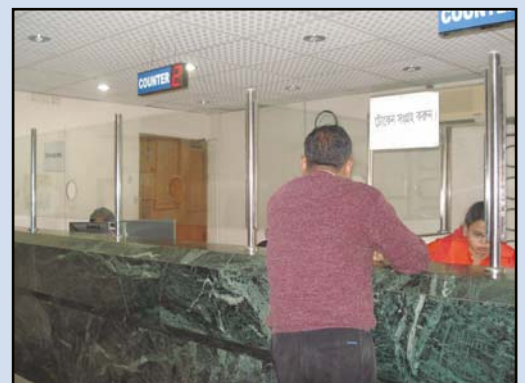
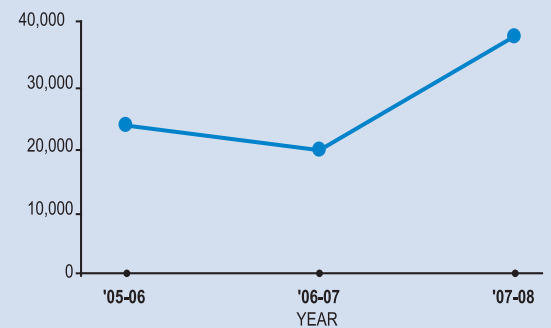
Customer satisfaction is the key to success of any business which must be customer-driven. Our customers are our prime focus and we are to implement satisfactory customer service as deemed suitable. The issue was seriously considered by DESCO which led to the establishment of Customers' One Point Service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

Any consumer coming to DESCO's Sales & Distribution Office can get his/her desired service and solution from the One Point Service representatives. It covers new connection, load extension, service renovation or relocation, billing and collection related complaints, reconnection of disconnected lines and other related services.

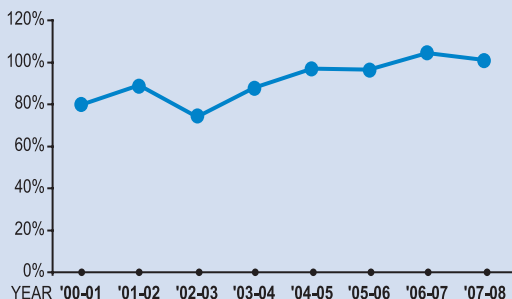
The Customer Service Centers are considered to be still at initial stage and need continuous improvement to come up to the desired level of standard, for which DESCO is giving emphasis on routine training of employees. DESCO strongly believes that Customer Service is a primary key to maintain better business discipline, and it greatly attributed to wide recognition of DESCO's success.



### NEW CONNECTIONS

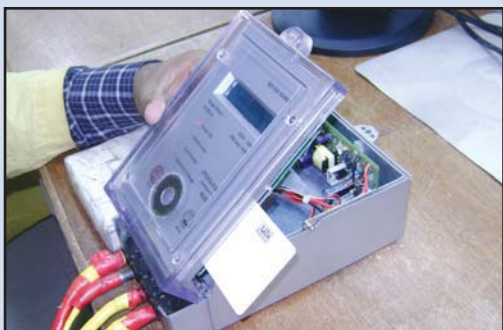


## BILL COLLECTION RATIO



## SYSTEM LOSS

YEAR	SYSTEM LOSS
01-02	26.66%
02-03	21.06%
03-04	19.24%
04-05	16.64%
05-06	16.20%
06-07	13.44%
07-08	10.91%



## Billing/Collection

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

Considering sales at Tk.9,103 million and collection at Tk.9,108 million, the billing collection ratio works out at 101.05%. The Collection/ Import (C.I.) ratio is 90.03% this year.

## Accounts Receivable

One of the indicators of efficient financial management is decreasing balance accounts receivable 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 21.74% this year, as against 26.53% in the previous year, indicating prompt collections against outstanding.

## System Loss

This is a key performance indicator of any electric distribution company, and is determined by the quantity of energy purchased and that sold. The system loss works out to 10.91% this year as against 13.44% in previous year. Efforts are being given to bring the system loss down to around 11% in the next financial year.

## Prepaid Metering

Prepaid meter utilizes smart card technology that allows customers to put money on a smart card which is then inserted and removed from the prepaid meter. The meter reads a chip in the card and ensures that only the amount of electricity that has been paid for be available to the customer. Customers can recharge their smart cards by making payment at DESCO's vending stations. The addition of prepaid meters has helped DESCO to improve revenue collections and minimize System Loss as well.

Upto the year under review, 7,356 prepaid meters have been installed in Uttara area. Sectors 4, 6, 8, 1, 3 & 7 of Uttara have already been covered and sectors 5, 13 & 14 of Uttara are now being taken up. Sectors 9, 10, 11 & 12 will be covered in a subsequent next. In order to facilitate continuous supply of prepaid meters in future, DESCO has set up a "Prepaid Meter Production Unit" at Mirpur with the technical assistance of IICT, BUET.

## FINANCIAL RESULTS AND APPROPRIATION

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

Particulars	2007-08 (MTK)	2006-07 (MTK)
Revenue from Operation	9,189	7,381
Cost of Sales	(6,953)	(5,782)
Gross Profit	2,236	1,599
Expenses	(484)	(317)
Operating Profit	1,752	1,282
Financial Expenses (Net)	(256)	(284)
Non Operating Income	576	263
Taxation	(1,072)	(550)
Net Profit for the year	1,001	711
Dividend (proposed)	381	318
Un appropriated profit carried forward	1,479	883

## CONTRIBUTION TO THE EXCHEQUER

Since the commencement of its operation, DESCO has been contributing a decent amount to the Government's revenue earnings. Consequently the VAT paid by DESCO in last 2 (years) are as under:

VAT	2007-08 (MTK)	2006-07 (MTK)
From Electricity Bills	430.62	396.08
From Contractors/Suppliers Bills	18.83	10.16
<b>TOTAL</b>	<b>449.45</b>	<b>396.24</b>

## AUDITORS' REPORT

The Auditors expressed their following opinion on the accounts for the year ended June 30, 2008:

### 1. Property, plant and equipment (BAS16):

As per Note-2, an amount of Tk.7,235,269,951 has been shown in the financial statements of the company. DESCO did not conduct any physical counting of its fixed assets as of June 30, 2008. Moreover, the management of the company does not maintain a complete Fixed Asset Register. The company did not conduct any impairment test or make any disclosure of indication of impairment under BAS 36.

### 2. Inventory (BAS2):

As stated in Note-5, an amount of Tk.774,928,505 has been shown in the financial statements, DESCO did not arrange for counting of physical inventories as of June 30, 2008 with the participation of the auditors.

In our opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraphs, the financial statements, prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the company's affairs as of June 30, 2008, and of the results of its operations and its cash flows for the year then ended and comply with the applicable sections of the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations."

On query from the Securities & Exchange Commission of the auditors' opinion, we had given an explanation/clarification as under:

## MANAGEMENT CLARIFICATION

### 1. Property, Plant and Equipment (BAS-16)

- The Company maintains a Fixed Assets Register for its Non-Operating Assets (under the accounting head Furniture & Fixture, Office Equipment, Motor Vehicles, etc.). The value shown against Non-Operating Assets at 30<sup>th</sup> June, 2008 was Tk.9.52 crore.
- The Company maintains a Fixed Assets Register for Operating Assets under the consolidated heads viz., Land, Building, Distribution Equipment and Distribution Transformer. The value shown against Operating Assets at 30<sup>th</sup> June, 2008 was Tk.714 crore.
- Physical Verification of Operating Assets has recently been concluded by the consultants and the draft report is under review for finalization. This was informed to the auditors during the course of audit.
- The Auditors' comment that "the company did not conduct any impairment test or make any disclosure of indication of impairment under BAS-36" is not tenable as Management had submitted a "Letter of Representation" (copy enclosed) to the effect that the "Assets have not been impaired and they are recoverable/usable at least at the stated amount in the financial statements..... All assets included in the Balance Sheet are viable at that date and remain free from any lien, encumbrance or charge except as disclosed in the financial statement."

- e) The Company produces a Depreciation Schedule every year for accounting as well as tax purpose. This would not have been possible had the Company not maintained any fixed assets register of any kind. Thus the Auditors' comment that "the Management of the Company does not maintain a complete Fixed Asset Register" is not appropriate.
- f) The previous Auditors issued an unqualified report for the accounts of the company for the year ended 30<sup>th</sup> June, 2007 which is evident that the auditors were satisfied as to quantity and value of assets as of 30<sup>th</sup> June, 2007. The present auditors clearly checked the additions and deletions during the year to arrive at the figures as of 30<sup>th</sup> June, 2008. As there was no observation from the present Auditors for such additions and deletions during the year, the figures arrived at 30<sup>th</sup> June, 2008 can be concluded to be accurate. Bangladesh Standard on Auditing, BSA-510 "Initial Engagements-Opening Balances" may be referred to.

## 2. Inventories (BAS-2)

Value of Inventories has been shown at Tk.77.49 crore as of 30<sup>th</sup> June, 2008. Physical verification of stores by Management was started on 27<sup>th</sup> August, 2008 and ended on 21<sup>st</sup> September, 2008 and the report submitted by the Inventory Committee is under review of the Management. This was informed to the Auditors during the course of the audit. The auditors did not do back-calculation to check the quantity and valuation of inventories as of 30<sup>th</sup> June, 2008.

## 3. Amortization of leased land

- a) The Company has acquired 0.1532 acres land from National Housing Authority (NHA) at Tk.7.42 lakh on 99 years' lease in the year 2005. No amortization has been considered as this is as good as "sale". This policy has been followed on consistent basis for the last 3 (three) years. The amortization of the cost of this would have been Tk.7,490/- per year, which would not have any 'material impact' on the profitability of the company.
- b) The Company has not yet acquired any land from RAJUK on 99 years' lease.

## 4. Our observation

- a) The auditors did not quantify the impact on the financial statements and as such the statement of the auditors is not clear.
- b) During the course of the audit, the auditors did not undertake any alternative procedures to satisfy themselves regarding existence and value of assets, as required under Bangladesh Standards on Auditing 501 "Audit Evidence-Additional Consideration for Specific Items".
- c) The opinion of the Auditors are mainly suggestive of internal control and therefore could have been reflected in the Notes to the Financial Statements as per Bangladesh Standard on Auditing 700, para 30.
- d) In the case of our Company, circumstances did not exist as per para 36, of BSA 700 that can attract a qualified opinion.
- e) The Auditors did not exercise 'due diligence' before forming an adverse opinion inasmuch that the Auditors have not stated that they could not be satisfied as to quantity and value of Fixed Assets and Inventories by other audit procedures, as required under Bangladesh Standard on Auditing 530 "Audit Sampling and other Selective Testing Procedures".

## FINANCIAL RATIOS

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

Financial Ratio	2007-08	2006-07
Current Ratio	2.58	2.65
Quick Ratio	2.39	2.37
Debt Equity Ratio	73:27	74:26
Debt Service Coverage Ratio	3.51	3.21
Accounts Receivable to Sales Ratio	2.61	3.18
Operating Expenses to Operating Revenue	75.67	78.33
Gross Margin Ratio	24.81	21.73
Operating Margin Ratio	19.44	17.44
Net Income Ratio	11.10	9.65
Return on Asset Ratio	14.00	10.30
Return on Equity Ratio	22.38	18.80
Earning Per Share (Tk.)	78.73	55.94

## SHARE INFORMATION

The distribution of shareholding, market value of shares, type of shareholding are shown below and 22 largest shareholders information have been shown in Annexure-I.

### General

Authorized Capital: Tk.500 crore  
 Paid up Capital: Tk.127.1194 crore  
 Class of Share: Ordinary Shares of Tk.100 each

### Stock exchange Listing

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



### Distribution of Shareholdings

Number of Shareholders as on record date of 27<sup>th</sup> November, 2008 was 3,124 nos. which stood at 4,423 on 30<sup>th</sup> June 2008.

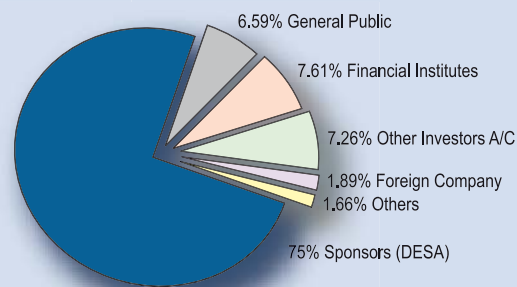
Share Holding	Range	Number of Shareholder	Shares Percentage
1-499	3,925	448,003	3.52
500-5000	457	541,650	4.26
5001-10000	13	98,400	0.77
10001-20000	9	138,650	1.09
20001-30000	4	104,850	0.82
30001-40000	1	34,900	0.27
40001-50000	2	91,400	0.72
50001-100000	4	294,200	2.31
100001-1000000	7	1,425,950	11.22
1000001-1000000000	1	9,533,937	75.00
<b>Total</b>	<b>4,423</b>	<b>12,711,940</b>	<b>100.00</b>

### Market Value per Share

Particulars	Taka
Highest during the year	1,436
Lowest during the year	875
Closing of the year	939

## Shareholding Pattern as of 30<sup>th</sup> June, 2008

Group Name	Number of Shareholders	No. of Shares held	Percentage of holding
Sponsors (DESA)	7	9,533,955	75.00
General Public	4,154	837,085	6.59
Financial Institutes	185	966,900	7.61
Other Investors A/C	26	922,400	7.26
Foreign Company	3	240,550	1.89
Other Unit Fund	4	181,700	1.43
Other Mutual Fund	5	18,350	0.14
Non-Resident (General Public)	35	7,300	0.06
Foreign Public	4	3,700	0.03
<b>Total</b>	<b>4,423</b>	<b>12,711,940</b>	<b>100.00</b>



## SHAREHOLDERS' ROLE

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

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

## DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

Section 181 of the Companies Act 1994 requires Directors to ensure that the Company keeps proper books of accounts of all transactions and prepare financial statements that give a true and fair view of the state of the Company's affairs and of the profit for the year.

The Directors are also required to ensure that the financial statements have been prepared and presented in accordance with the requirements of the International Accounting Standards/ International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh and provide the information required by the Companies Act 1994, Securities and Exchange Ordinance 1969, Securities and Exchange Commission Rules 1987 and the regulations of the Dhaka/Chittagong Stock Exchanges. They are also responsible for taking reasonable measures to safeguard the assets of the Company, and in that context to establish appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

Corporate Governance is "the need of the day" and now an emerging issue in Bangladesh. There is a tendency for Boards to focus more on compliance than performance in order to cover legal, regulatory and other risks.

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



## BOARD MEETING AND ATTENDANCE

During the year 19 (nineteen) board meetings were held. The attendance record of the directors is shown in Annexure- III of this report.



## AUDIT COMMITTEE

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

During the Financial Year 2007-2008, the audit committee of the Board of Directors conducted 06 (six) meetings in which among other things the following issues were discussed/evaluated/ reviewed and provided guidelines and necessary instructions:

- ▶ Review the implementation of the new pay scale approved by the Board.
- ▶ Review the Draft audited Accounts for the financial year 2006-2007 in order to ascertain the profitability of the company in that year.
- ▶ Review the half yearly un-audited statement of Accounts for the period July 2007 to December 2007.
- ▶ Review of cheque signing authority and Delegation of payment approval authority under certain heads.
- ▶ Review of Operating Revenue of the financial year 2006-2007.
- ▶ Review of Financial Statements for the financial year ended 2006-2007.
- ▶ Review whether internal strategies recommended by the Board of Directors have been implemented by the management.

## HUMAN RESOURCE DEVELOPMENT

DESCO recognizes and emphasizes the importance of HR development and employee participation in the maintenance of standards as well as growth of the organization. Achieving the Company's vision and mission depends on its employees working together as team to provide service excellence with integrity to its consumers and increase organization's profit.

In order to improve efficiency and productivity, the company continuously imparts formal and informal training to its employees at each level. During the year under review four hundred persons received in-house and domestic training. Basic training courses designed to meet the requirements of individual employees to work as an efficient member of the company are arranged on a regular basis. These courses include training on Service Rules, Electricity Act, Customer Service, Introduction to Management, Organogram and Official Behavior. Essential technical training programs like Distribution System Inspection and Maintenance, New Connection Process, Distribution Network Protection System, Fundamentals of Electrical Safety Guidelines, Breaker Maintenance & Relay, House Wiring Inspection etc. are designed for officers, supervisors and other staff to implement modern practice in DESCO's activities.

DESCO avails the opportunity of the training facility of Training Institute, Bangladesh Power Development Board (BPDB) and Institute of Engineers Bangladesh (IEB) in different essential technical training courses organized by them and other locally renowned HR development training organizations.

The Training Cell also helps the employees to participate in different training/presentation sessions on "Prepaid Metering System" and "E-Governance Program".



## E-GOVERNANCE

To keep pace with the modern technological advancement in IT (Information Technology) sector and to make the utility management more user friendly, DESCO Management decided to launch e-governance program with a unified approach. Institute of Information and Communication Technology (IICT), BUET is helping DESCO in this regard. One Point Service Complaint, New Connection, Monthly Bill Collection, Miscellaneous Bill Collection, DESCO Website and E-mail Communication, Inter Office Wide Area Network (WAN) Connectivity, Central/Local Store Management Software have already been developed and implemented. Training Program of DESCO officials on this newly implemented software are going on. Citizen Charter has been included in DESCO website and now a consumer can check the status on his/her bill and load shedding schedule from it.

## CORPORATE SOCIAL RESPONSIBILITY

The ethos of DESCO for pursuing its activities in social arena has got further momentum with continuous enthusiasm and support of the stakeholders. Apart from running a commercial operation, we believe that DESCO has social responsibility and we must provide corporate leadership. To achieve this objective, a Corporate Social Responsibility (CSR) fund has been created. Some of the CSR activities of the Company are cited below:

- ▶ DESCO donated to the Chief Advisor's Relief Fund for SIDR affected people of Bangladesh in the year 2007.
- ▶ DESCO collects Electricity bills during Istema period at Tongi Ijtema Groud at a normal rate of Tk.0.50/unit only from the Ijtema Committee while any additional amount in this respect for the said period are paid by DESCO from its CSR fund.
- ▶ DESCO also provides support to the approved freedom fighters living in its geographical area. Monthly electricity bills up to 200 units of the freedom fighters are being paid from CSR fund.
- ▶ Monthly electricity bills for the family of national poet late Kazi Nazrul Islam are also being paid from CSR fund as a gesture of goodwill and respect to the national poet.

## DIVIDEND

Based on the performance of the Company, the Board of Directors recommends 25% cash dividend and 5% stock dividend (i.e., 5 bonus shares for every 100 shares held), for the financial year 2007-08.

## ELECTION OF DIRECTORS

In terms of Articles 85 of the Articles of Association of the Company Mr. Mohammad Reazul Islam, Vice-President (Admin & Finance), IEB, Mr. Md. Reza Shah Alam, General Manager (North), DPDC, Mr. Md. Mustafizur Rahman, Council Member, ICAB; shall retire from the Board of Directors, while Mr. Safar Raj Hossain, Chairman, DESCO, Mr. Wahid Hossain ndc, Joint Secretary (Admin) Power Division, Ministry of Power, Energy & Mineral Resources (MPEMR); Mr. A. T. M. Murtozaa Reza Chowdhury, Member (Finance), Bangladesh Power Development Board (BPDP), Mr. Latifur Rahman, President, Metropolitan Chamber of Commerce & Industry, Dhaka (MCCI), Prof. Dr. S. M. Lutful Kabir, Director, IICT, BUET and Mr. Saleh Ahmed, Managing Director, DESCO shall continue as Directors of the Board. However, as per provision laid down in the Articles of Association of the Company, the retiring Directors are eligible to be re-elected as Directors of the Company.

## AUDITORS

A Qasem & Co., Chartered Accountants, the existing Auditors of the Company vide its letter have expressed their unwillingness to continue in the office for the financial year 2008-09.

Meanwhile offers have been received from the following audit firms expressing their intention to audit the accounts of the company for the financial year 2008-09:

Sl.	Audit Firm Name	Address	No. of Partners
1	Alam Chowdhury Mostafa & Co. Chartered Accountants	73/3 Green Road (1 <sup>st</sup> Floor) Dhaka-1205	2
2	Aziz Halim Khair Chowdhury & Co. Chartered Accountants	726/A (1 <sup>st</sup> Floor), Satmadjid Road Dhanmondi, Dhaka-1209	6
3	Rahman Mustafiz Haq & Co. Chartered Accountants	85, Naya Paltan (3 <sup>rd</sup> Floor) Dhaka-1000	2
4	Syful Shamsul Alam & Co. Chartered Accountants	15, Dilkusha C/A (7 <sup>th</sup> Floor) Dhaka-1000	3

## ACKNOWLEDGEMENT

Esteemed Shareholders,

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

I would also like to express my thanks to all the members of the Company on behalf of the Board of Directors for their sincere effort in performing their duties for the development of the Company.

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

For and on behalf of the Board of Directors,



**Safar Raj Hossain**

Chairman  
Board of Directors, DESCO  
December 28, 2008

## Annexure I

### TWENTY TWO LARGEST SHAREHOLDERS AS ON JUNE 30, 2008

SL. NO.	NAME	NO. OF SHARES	%
1.	DHAKA ELECTRIC SUPPLY AUTHORITY	9533,937	75.00
2.	PRIME BANK LIMITED (MBID)	336,650	2.65
3.	PRIME BANK LTD INVESTORS A/C 1	292,700	2.30
4.	ABBL IDA	208,350	1.64
5.	IDLC - PORTFOLIO ACCOUNT	152,650	1.20
6.	ICB	151,600	1.19
7.	ICB UNIT FUND	150,900	1.19
8.	BONY A/C BSSC CLEARING	133,100	1.05
9.	PERSHING LLC A/C AUERBACH GRAY	89,200	0.70
10.	IDLC FINANCE LIMITED	71,000	0.56
11.	LANKABANGLA FINANCE LTD IP A/C	68,950	0.54
12.	ARAB BANGLADESH BANK LTD.	65,050	0.51
13.	ABBL BDA	48,900	0.38
14.	PRIME FINANCE & INV.LTD.PORTFO	42,500	0.33
15.	ICB CAPITAL MANAGEMENT LTD(IA)	34,900	0.27
16.	UNION CAPITAL LTD INVESTOR ACC	28,700	0.23
17.	ICB CAPITAL MANAGEMENT LTD.	27,700	0.22
18.	THE TRUST BANK LIMITED	26,100	0.21
19.	PRAGATI LIFE INSURANCE LIMITED	22,350	0.18
20.	ICB ASSET MANAGEMENT CO. LTD.	19,800	0.16
21.	DHAKA STOCK EXCHANGE LTD.	19,500	0.15
22.	MELLON A/C ACADIAN FRONTIER	18,250	0.14
	<b>TOTAL</b>	<b>1,1542,787</b>	<b>90.80</b>

## Annexure II

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

Condition No.	Title	Compliance Status (Put in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Not Complied	
1.1	Board Size	Complied		
1.2(i)	Independent Directors- minimum 5 and maximum 20	Complied		
1.2(ii)	Independent Directors Appointments (should be appointed by the elected directors)	Complied		
1.3	Chairman and Chief Executive Officer (preferably be different)	Complied		
1.4(a)	Directors Report on Financial Statements (fairness of Financial statements)	Complied		
1.4(b)	Books of Accounts (maintenance of proper books of accounts)	Complied		
1.4(c)	Accounting policies (application of appropriate accounting policies & estimates)	Complied		
1.4(d)	IAS Applicable in Bangladesh (Application & adequate disclosure for any departure)	Complied		
1.4(e)	System of Internal control (efficiency of internal control system)	Complied		
1.4(f)	Going Concern (ability to continue as a going concern)	Complied		
1.4(g)	Deviation in Operating Rules (highlighting significant deviations from last year in operating rules.)	Complied		
1.4(h)	Key operating & Financial Data (summarized financial data of at least preceding three years.)	Complied		
1.4(i)	Declaration of Dividend (Reason for non declaration of dividend)	Complied		
1.4(j)	Number of Board Meetings (no. of Board Meetings held and attendance by each director)	Complied		
1.4(k)	Pattern of Shareholding (Disclosing aggregate number of shares)	Complied		
2.1	Appointment of CFO, HIA & CS (Appointment, define their roles, responsibilities & duties)	Complied		
2.2	Board Meeting Attendance (CFO & CS should attend except agenda relating to them)	Complied		
3.00	Audit Committee Should have an audit committee as a sub-committee of the Board of Directors)	Complied		
3.1(i)	Composition of Audit committee (should be composed of at least three members)	Complied		

Condition No.	Title	Compliance Status (Put in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Not Complied	
3.1(ii)	Audit Committee Members Appointment (members should be nominated by the board with at least one independent director)	Complied		
3.1(iii)	Terms of Service of Audit Committee (board to ensure continuity of minimum Prescribed number of members)	Complied		
3.2(i)	Chairman of Audit Committee (Board to select Chairman from audit committee)	Complied		
3.2(ii)	Audit Committee Chairman's Qualification and experience of the Chairman)	Complied		
3.3.1(i)	Report by the Audit Committee on its activities to the Board of Directors	Complied		
3.3.1(ii)(a)	Report by the Audit Committee to the Board on conflict of interest			No case found
3.3.1(ii)(b)	Report by the Audit Committee to the Board on suspected or presumed fraud or irregularity or material defect in the internal control system			No case found
3.3.1(ii)(c)	Report by the Audit Committee to the Board on suspected Infringement of Laws, including securities related laws, rules and regulations			No case found
3.3.1(ii)(d)	Any other matter (except as mentioned against [a] to [c] above)			No case found
3.3.2	Reporting to the Authorities - SEC (if any material impact on the financial condition and results of operation, unreasonably ignored by the management)			No case found
3.4	Reporting to the shareholders (disclosure of activities of the audit committee in the annual report).	Complied		
4(i)	Appraisal of valuation services (none by the external/statutory auditors)	Complied		
4(ii)	Financial Information System (none by the external/statutory auditors)	Complied		
4(iii)	Book keeping and other Services (none by the external/ statutory auditors)	Complied		
4(iv)	Broker-dealer services (none by the external/statutory auditors)	Complied		
4(v)	Actuarial services (none by the external/statutory auditors)	Complied		
4(vi)	Internal Audit services (none by the external/statutory auditors)	Complied		
4(vii)	Any other services (none by the external/statutory auditors)	Complied		

## Annexure III

Board Meeting and attendance during the Year ended June 30, 2008.

Name of Members	Meeting held while a member	No of meeting attended in person/alternates
Dr. M. Fouzul Kabir Khan	10	10
Mr. Safar Raj Hossain	9	9
Brig. Gen. Md. Nazrul Hasan	19	19
Mr. Mohammad Wahid Hossain, ndc.	19	18
Mr. Md. Mustafizur Rahman, FCA	19	15
Mr. Abdur Razzaque	10	7
Mr. Mohammad Reazul Islam	19	18
Mr. Saleh Ahmed	19	15
Mr. Md. Monzur Rahman	10	10
Mr. Qudrate Khuda	10	10
Mr. Latifur Rahman	9	5
Mr. Shafiqul Azam	9	9
Prof. Dr. S. M. Lutful Kabir	9	8

## Annexure IV

Audit Committee Meeting and Attendance during the year ended June 30, 2008.

Name of Directors	Meeting held while a member	No. of Meeting attended
Mr. Md. Mustafizur Rahman, FCA	6	6
Mr. Mohammad Wahid Hossain, ndc.	6	6
Mr. Mohammad Reazul Islam	6	6
Mr. Qudrate Khuda	6	6

The Directors are of the view that these financial statements have been prepared under the generally accepted accounting principles and in accordance with the Bangladesh Accounting Standards as laid down by the Institute of Chartered Accountants of Bangladesh.

events  
highlights



*events  
highlights*



License Awarding Ceremony organized by Bangladesh Energy Regulatory Commission (BERC)



Inauguration of Gulshan (2), 40/56 MVA/33/KV Substation by Mr A.K.M Zafar Ullah Khan, Honorable Secretary, Ministry of Energy & Mineral Resources and former Chairman of DESCO Board



Foundation Stone laying of Office Building of Kallyanpur S&D Division by the former Chairman of DESCO Board, Brig. General Nazrul Hasan





Contract Signing Ceremony between DESCO and Asian Development Bank



Honorable Adviser, Ministry of Energy and Mineral Resources Mr. Tapan Chowdhury visited Prepaid Meter production unit of DESCO at Mirpur, Dhaka with the Managing Director of DESCO, Engr. Saleh Ahmed.



Inauguration of Data Acquisition System by Prof. M. Tamim, Special Assistant to Chief Adviser and former Chairman Dr. M. Fouzul Kabir Khan



Board of Directors attended the 11<sup>th</sup> Annual General Meeting



Honorable Shareholders attended the 11<sup>th</sup> Annual General Meeting

*auditors' report*



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

We have audited the accompanying Balance Sheet of Dhaka Electric Supply Company Limited (DESCO) as of June 30, 2008 and the related Income Statement and Cash Flows for the year then ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

**SCOPE:**

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

**OPINION:**

**1. Property, plant and equipment (BAS 16):**

As per Note-2, an amount of Tk.7,235,269,951 has been shown in the financial statements of the company. DESCO did not conduct any physical counting of its fixed assets as of June 30, 2008. Moreover, the management of the company does not maintain a complete Fixed Asset Register. The company did not conduct any impairment test or make any disclosure of indication of impairment under BAS 36.

**2. Inventory (BAS 2):**

As stated in Note-5, an amount of Tk.774,928,505 has been shown in the financial statements. DESCO did not arrange for counting of physical inventories as of June 30, 2008 with the participation of the auditors.

In our opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraphs, the financial statements, prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the company's affairs as of June 30, 2008, and of the results of its operations and its cash flows for the year then ended and comply with the applicable sections of the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

**We also report that:**

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts 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 balance sheet and profit and loss account dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the company's business.



**A. Qasem & Co.**  
*Chartered Accountants*

Dhaka  
Dated: October 26, 2008





*financial statements*

# BALANCE SHEET

as on June 30, 2008

	Note	Taka	
		June 30, 2008	June 30, 2007
<b>APPLICATION OF FUND</b>			
<b>Non Current Assets</b>			
Property, Plant & Equipment	2	7,235,269,951	6,919,299,969
Capital Work -in- Progress:	3	51,695,861	68,146,338
Investment in Shares	4	29,135,000	-
		<b>7,316,100,812</b>	<b>6,987,446,307</b>
<b>Current Assets</b>			
Stores and Spares	5	774,928,505	916,718,318
Accounts Receivable	6	1,827,843,956	1,876,732,950
Advances & Deposits	7	239,853,243	106,318,194
Advance Income Tax	8	134,898,928	87,949,401
Cash and Bank Balances	9	7,548,641,031	5,667,737,073
		<b>10,526,165,665</b>	<b>8,655,455,937</b>
<b>Current Liabilities</b>			
Creditors for Goods	10	20,174,859	21,199,975
Creditors for Expenses	11	61,803,929	81,076,031
Creditors for Other Finance	12	511,497,336	413,509,773
Accounts Payable	13	1,351,935,828	1,271,910,501
Current Maturity of Long Term Loans	14	253,860,247	172,387,673
Accrued Interest on Loans	15	1,116,597,987	1,040,511,410
Provision for Income Tax	16	762,950,546	260,749,184
		<b>4,078,820,731</b>	<b>3,261,344,547</b>
<b>Net Current Assets</b>		<b>6,447,344,934</b>	<b>5,394,111,390</b>
		<b>13,763,445,746</b>	<b>12,381,557,698</b>
<b>SOURCES OF FUND</b>			
<b>Shareholders Equity</b>			
Share Capital	17	1,271,194,000	1,271,194,000
Share Money Deposit	18	75,000,000	75,000,000
GOB Equity	19	1,264,440,000	1,241,940,000
Proposed Dividend	36	381,358,200	317,798,500
Un-appropriated Profit	20	1,478,782,960	882,996,127
		<b>4,470,775,160</b>	<b>3,788,928,627</b>
Deferred Tax Liability	34.2	<b>1,608,542,769</b>	<b>1,058,542,769</b>
<b>Long Term Liabilities:</b>			
Loan from ADB/GOB	21	3,061,150,839	3,422,286,180
Due to DESA (For assets taken over)	22	4,039,671,539	3,666,534,532
Consumer Security Deposits	23	583,305,439	445,265,589
		<b>7,684,127,817</b>	<b>7,534,086,302</b>
		<b>13,763,445,746</b>	<b>12,381,557,698</b>

This financial statement should be read in conjunction with the annexed notes.

Company Secretary

Director (Finance)

Director

Managing Director

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

Dhaka, October 26, 2008

**A. Qasem & Co.**  
Chartered Accountants

# INCOME STATEMENT

for the year ended June 30, 2008

	Note	Taka	
		2007-2008	2006-2007
<b>Operating Revenue</b>			
Energy Sales (Net of VAT)	24	9,012,673,170	7,219,587,714
Other Operating Revenue	25	176,713,518	161,691,524
<b>Total Revenue from Operation</b>		<b>9,189,386,688</b>	<b>7,381,279,238</b>
<b>Cost of energy Sales</b>			
Energy Purchase	26	6,151,294,250	4,946,360,677
Operating Expenses	27	302,356,176	393,778,258
Depreciation (Operating)	33	499,524,522	442,201,454
		<b>6,953,174,948</b>	<b>5,782,340,389</b>
<b>Gross Margin</b>		<b>2,236,211,740</b>	<b>1,598,938,849</b>
<b>Cost &amp; Expenditures</b>			
Administrative Expenses	28	77,366,239	73,721,100
Employee Expenses	29	273,295,215	206,076,932
Bad Debts Provision	1.9	99,088,395	9,573,967
Depreciation (Non Operating)	33	34,277,342	27,364,536
		<b>484,027,191</b>	<b>316,736,535</b>
<b>Operating Profit</b>		<b>1,752,184,549</b>	<b>1,282,202,314</b>
<b>Non Operating Income/(Expense)</b>			
Interest Income	30	529,177,699	247,105,883
Interest Expenses	30	(255,564,990)	(283,783,491)
Exchange Gain/(Loss)	31	45,371,936	5,657,843
Miscellaneous Income	32	1,162,371	9,895,780
<b>Total Non Operating Income/(Expense)</b>		<b>320,147,016</b>	<b>(21,123,985)</b>
<b>Net Profit before tax</b>		<b>2,072,331,565</b>	<b>1,261,078,329</b>
<b>Income Tax Expense</b>			
Current Tax Provision	34.1	(521,500,000)	(150,000,000)
Deferred Tax Provision	34.2	(550,000,000)	(400,000,000)
		(1,071,500,000)	(550,000,000)
<b>Net Profit After Tax</b>		<b>1,000,831,565</b>	<b>711,078,329</b>
<b>Basic Earnings per Share</b>		<b>78.73</b>	<b>55.94</b>

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

Company Secretary

Director (Finance)

Director

Managing Director

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

Dhaka, October 26, 2008

**A. Qasem & Co.**  
Chartered Accountants

# CASH FLOW STATEMENT

for the year ended June 30, 2008

		<i>Taka</i>	
		<b>2007-2008</b>	<b>2006-2007</b>
<b>A.</b>	<b>Cash Flow from Operating Activities</b>		
	Received from Energy Sales	9,108,378,764	7,697,598,455
	Collection of Govt. Duty, VAT & Tax	501,983,694	379,435,343
	Received from Other Operating & Non Operating Activities	372,837,372	796,720,657
	Received against Financial Income	529,129,615	193,792,063
	Payment for Energy Purchase	(6,109,439,167)	(5,146,107,768)
	Payment for Employee Expenses	(273,448,628)	(206,076,932)
	Payment for Administrative and Other Expenses	(893,966,734)	(422,376,798)
	Payment for Interest on Long Term Loan	(179,478,413)	(71,150,586)
	Payment for Govt. Duty, VAT and Tax	(458,790,571)	(425,419,409)
	<b>Net Cash Inflow from Operating Activities:</b>	<b>2,597,205,932</b>	<b>2,796,415,025</b>
<b>B.</b>	<b>Cash Flow from Investing Activities</b>		
	Investment in Shares	(29,135,000)	-
	Acquisition of Property & Plant	(59,476,948)	(125,343,881)
	Acquisition of Stores & Equipment	(370,911,811)	(131,275,740)
	<b>Net Cash Used in Investing Activities:</b>	<b>(430,388,759)</b>	<b>(256,619,621)</b>
<b>C.</b>	<b>Cash Flow from Financing Activities</b>		
	Long Term Loan	37,500,000	10,000,000
	Dividend Paid	(316,254,684)	(252,954,618)
	Long Term Loan Paid	(151,453,612)	(44,819,436)
	Consumer Security Deposits	144,295,082	114,269,343
	<b>Net Cash Inflow from Financing Activities:</b>	<b>(285,913,214)</b>	<b>(173,504,711)</b>
<b>D.</b>	<b>Cash &amp; Cash Equivalents increase / (decrease) during the year</b>	<b>1,880,903,959</b>	<b>2,366,290,693</b>
<b>E.</b>	<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>5,667,737,072</b>	<b>3,301,446,379</b>
<b>F.</b>	<b>Cash &amp; Cash Equivalents at the ending of the year</b>	<b>7,548,641,031</b>	<b>5,667,737,072</b>

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

Company Secretary

Director (Finance)

Director

Managing Director

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

Dhaka, October 26, 2008

**A. Qasem & Co.**  
Chartered Accountants



# STATEMENT OF CHANGES IN EQUITY

for the year ended June 30, 2008

Particulars	Note	Taka					Proposed Dividend	Total
		Share Capital	Share Money Deposit	GOB Equity	Reserve & Surplus			
Balance at 1 <sup>st</sup> July 2006		1,271,194,000	75,000,000	1,235,940,000	413,600,294	254,238,800	3,249,973,094	
GOB Equity		-	-	6,000,000	-	-	6,000,000	
Net profit for the year		-	-	-	711,078,330	-	711,078,330	
Prior year's adjustment	35				76,116,003		76,116,003	
Proposed Dividend	36	-	-	-	(317,798,500)	317,798,500	-	
Dividend paid						(254,238,800)	(254,238,800)	
<b>Balance at June 30, 2007</b>		<b>1,271,194,000</b>	<b>75,000,000</b>	<b>1,241,940,000</b>	<b>882,996,127</b>	<b>317,798,500</b>	<b>3,788,928,627</b>	
Balance at 1 <sup>st</sup> July 2007		1,271,194,000	75,000,000	1,241,940,000	882,996,127	317,798,500	3,788,928,627	
GOB Equity		-	-	22,500,000	-	-	22,500,000	
Net profit for the year		-	-	-	1,000,831,565	-	1,000,831,565	
Prior year's adjustment	35	-	-	-	(23,686,532)	-	(23,686,532)	
Proposed Dividend	36	-	-	-	(381,358,200)	381,358,200	-	
Dividend paid		-	-	-	-	(317,798,500)	(317,798,500)	
<b>Balance at June 30, 2008</b>		<b>1,271,194,000</b>	<b>75,000,000</b>	<b>1,264,440,000</b>	<b>1,478,782,960</b>	<b>381,358,200</b>	<b>4,470,775,160</b>	

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

Company Secretary

Director (Finance)

Director

Managing Director

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

Dhaka, October 26, 2008

**A. Qasem & Co.**  
Chartered Accountants



*notes to the  
financial statements  
for the year ended 30 June 2008*

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

## 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<sup>th</sup> September, 1998 in Mirpur area and as per Govt. decision the operation of greater Gulshan area was added from 09<sup>th</sup> April, 2003. Further on 04<sup>th</sup> 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), and are in compliance with the relevant requirements of the Companies Act, 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

## 1.4 Property, Plant & Equipment

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

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

### 1.4.2 Valuation of assets taken over from DESA

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

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

1.4.2.3 Independent valuers have been appointed to physically verify and value the assets taken over by the company from DESA.

### 1.4.3 Depreciation

1.4.3.1 Depreciation is charged on 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 Construction	2.5%
Distribution Equipment & cables	2%-10%
Furniture & Fixtures	10%
Office Equipment	15%
Motor Vehicles	20%

1.4.3.2 Land acquired from Rajdhani Unnayan Karttripackha (RAJUK) and National Housing Authority (NHA) are on 99 years lease. No amortization of the lease is 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 bills issued 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) with banks is taken as income as and when credited by banks, while interest on FDRs are accrued on completed-year basis.

## **1.8 Cash Flow Statement**

Cash Flow Statement is prepared principally in accordance with BAS 7 "Cash Flow Statement" and the cash flow from operating activities has been presented under the direct method.

## **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 balance standing at the balance sheet date, as decided by the Board of Directors at the meeting held on 17.04.2005.

However, as per recommendation of the Consultants under the "Implementation of Immediate Action Plan of Power Sector Financial Restructuring and Recovery Plan" and as approved by the Ministry, provision of Tk.99,088,395 for doubtful debts has been made this year for amount s outstanding from private consumers for three years and more.

## **1.10 Related party transaction**

- (a) The 'related party' as per BAS-24 is Dhaka Electric Supply Authority (DESA), which previously owned 100% of the Company's shares. Pursuant to Government decision DESA off-loaded 25% of its holding to the public including 2.5% to DESCO employees. DESA is represented on the Board of the Company by its Chairman.
- (b) The Company entered into contract with Bureau of Research, Testing & Consultation (BRTC). BUET for technical assistance in prepaid metering pilot project for production of prepaid meters , e-governance and Data Acquisition System. BUET is represented on the company's Board by the Chairman, IICT, BUET.

### **1.11 Earnings per share (EPS)**

The Basic Earnings per Share (BEPS) has been calculated by dividing the after-tax profit by the number of ordinary shares (12,711,940) outstanding during the year. However, neither the "GOB Equity" nor the "Share Deposit" amounts have been considered for determining EPS.

### **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 funded and approved Gratuity Fund 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.

No actuarial valuation of the fund has been done during the year.

#### **(c) Group Insurance**

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

### **1.13 Deferred Tax**

The Company recognizes Deferred Tax liability arising from 'timing difference' related to depreciation allowed for tax purpose and that charged in the accounts, as required under BAS 12.

### **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 1<sup>st</sup> July to 30<sup>th</sup> June consistently.

**Taka****2 PROPERTY, PLANT & EQUIPMENT****Cost**

	<b>2007-2008</b>	<b>2006-2007</b>
Balance at 1 <sup>st</sup> July	8,704,057,866	6,746,784,889
Less: Disposals of vehicle	(989,467)	(1,057,950)
	8,703,068,399	6,745,726,939
Additions during the year (Note 2.1)	871,481,983	1,958,330,927
	<b>9,574,550,383</b>	<b>8,704,057,866</b>
<b>Depreciation</b>		
Balance at 1 <sup>st</sup> July	1,784,757,897	1,315,667,986
Less: Adjustment for disposal	(665,238)	(476,078)
Add: Adjustment relating to previous year (Note 2.1)	21,385,909	-
	1,805,478,568	1,315,191,908
Charged for the year	533,801,864	469,565,989
	2,339,280,432	1,784,757,897
Balance at 30 <sup>th</sup> June	<b>7,235,269,951</b>	<b>6,919,299,969</b>

**2.1**

This includes additional cost of Tk.373,137,007 on account of Basundhara Grid Substation taken over from DESA in March 2007, not accounted for earlier. Depreciation for the earlier years have been booked under "Adjustment for prior years".

**2.2**

Detail of assets are shown in Annexure-1 attached.

**3 CAPITAL WORK -IN- PROGRESS**

33KV & 11KV OH/UG Cable Line (Note 3.1)	13,459,165	20,623,499
Data Acquisition System (Note 3.2)	14,230,154	1,811,829
Prepaid Meter Pilot Project (Note 3.3)	21,186,000	35,635,000
Boundary Wall Construction and Central Store/Bounia Substation	-	10,076,010
Civil work for Bashundhara Substation (Note 3.4)	2,820,542	-
	<b>51,695,861</b>	<b>68,146,338</b>

**3.1**

33KV & 11KV overhead & under ground cable works are in progress at Uttara and Mirpur respectively. The total contract price of the two works is Tk.58.98 million.

**3.2**

The Company entered into an agreement with Bureau of Research, Testing and Consultation (BRTC) to implement Data Acquisition System (DAS) whereby different parameters of power quality would be available at 33KV & 11KV level for effective load management. The System is expected to be upgraded to SCADA level. The total contract price of Tk 19.12 million has been revised at Tk.23.59 million due to increase in number of points of installation.

**3.3**

The Company initiated a Pilot Project to produce and install 10,000 nos of single phase and 1000 nos of three phase prepaid meters in the different sectors of Uttara with the technical support of BRTC, BUET. Till date 8,000 single phase meters have been installed and the balance 3,000 meters (2,000 single phase and 1,000 three phase) are in process. The total contract price is Tk.960 million.

Taka

2007-2008	2006-2007
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**3.4**

The total contract price of the civil works is Tk.5.25 million.

**4 INVESTMENT IN SHARES**

29,135,000	-
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This represents face value of 29,135 shares of ICB Islamic Bank Ltd (former Oriental Bank Ltd) allotted to the Company against fixed deposits in the Bank under the reconstruction scheme of Oriental Bank Ltd undertaken by Bangladesh Bank. As on October 19, 2008 market Value of the shares was Tk.43,556,825 @ Tk.1,495 per share (Source: DSE Website).

**5 STORES & SPARES**

Stores & Spares (Note 5.1)	771,394,302	916,632,039
Stores in Transit (Note 5.2)	3,534,203	86,279
	<b>774,928,505</b>	<b>916,718,318</b>

**5.1**

Stores & Spares have been valued at Weighted Average Cost.

**5.2**

This represents L/C charge paid against import of materials.

**6 ACCOUNTS RECEIVABLE**

Receivable from consumers (Note 6.1)	1,959,075,856	1,914,793,379
Less: Provision for doubtful debts (Note 6.2)	(141,366,958)	(42,278,563)
	<b>1,817,708,898</b>	<b>1,872,514,816</b>
Accrued Interest on FDR	-	2,221,750
Expenses recoverable from employees	346,143	344,202
Contribution to Gratuity Fund	3,096,536	-
Advertisement cost recoverable from other utility organizations	6,692,379	1,652,182
	<b>1,827,843,956</b>	<b>1,876,732,950</b>

**6.1**

Receivable from consumers are categorised as follows:

Government (Eqv. Month 2.78)	132,664,817	118,885,667
Semi- Government/Autonomous (Eqv. Month 4.0)	209,065,590	123,723,146
Private (Eqv. Month 2.4)	1,624,914,164	1,672,184,566
	<b>1,966,644,571</b>	<b>1,914,793,379</b>

**6.2**

Provision for doubtful debt have been made this year for receivables outstanding for three years and more on account of private consumers as recommended by consultants and approved by the Ministry.

Taka

**7 ADVANCES & DEPOSITS****Advances**

Against goods and services (Note 7.1)	200,484,599	51,112,627
Employees against purchase	1,791,369	1,609,136
Advance against Office Rent	1,733,387	1,636,831
Others	778,229	169,067
	<b>204,787,584</b>	<b>54,527,661</b>

**Security Deposits:**

Telephone/ Mobile	670,621	648,621
Dhaka City Corporation (against road cutting)	33,678,026	50,428,050
Dhaka WASA	10,411	10,441
Central Depository Bangladesh Ltd (CDBL)	500,000	500,000
Others	206,601	203,421
	35,065,659	51,790,533
	<b>239,853,243</b>	<b>106,318,194</b>

**7.1**

Advance against goods & services includes Tk.157.68 million paid to Bangladesh Power Development Board (BPDB) against purchase of spun pre-stressed concrete (SPC) poles, Tk.34.57 million paid to GEMCO for purchase of transformers and Tk.8.14 million paid to BRTC, BUET against E- Governance Project.

**8 ADVANCE INCOME TAX:**

This is arrived at as follows:

Balance at 1 <sup>st</sup> July	87,949,401	67,990,290
Deducted at source (on interest on FDR & STD)	46,949,527	19,639,659
Deducted at source (on imported materials)	-	319,452
Balance at 30 <sup>th</sup> June	<b>134,898,928</b>	<b>87,949,401</b>

**9 CASH & BANK BALANCES:**

Cash in hand	21	40,668
Imprest Cash with S&D Divisions	438,405	507,405
Cash at banks (Note 9.1)	7,548,202,605	5,667,188,999
	<b>7,548,641,031</b>	<b>5,667,737,072</b>

**9.1 Cash at Banks**

Current Account (Revenue Collection)	985,219,442	878,852,333
Current Account (VAT)	56,038,130	32,295,812
STD Accounts	1,866,592,985	1,153,733,701
Fixed Deposits	4,640,352,048	3,602,307,153
	<b>7,548,202,605</b>	<b>5,667,188,999</b>

Fixed Deposits include Tk.120.07 million with ICB Islamic Bank Ltd. (former Oriental Bank Ltd.). Under the reconstruction scheme of the bank undertaken by Bangladesh Bank, DESCO has been allotted 29,135 shares of Tk.1000/= each, valued at Tk.29.13 million; balance amount of Tk.90.94 million is subject to phasewise withdrawal restriction imposed by Bangladesh Bank under the scheme.



		<i>Taka</i>	
		<b>2007-2008</b>	<b>2006-2007</b>
<b>10</b>	<b>CREDITORS FOR GOODS</b>		
	Equipment & Materials (Note 10.1)	20,174,859	21199974.75
		<b>20,174,859</b>	<b>21,199,975</b>
	<b>10.1</b>		
	This includes Tk.6.62 million payable to BISF against purchase of insulator, Tk.2.79 million to Flora Ltd. against purchase of computers, and Tk.1.59 million to Master Simex Ltd, against printing of bill formats.		
<b>11</b>	<b>CREDITORS FOR EXPENSES</b>		
	Audit Fees	178,140	137,800
	Contribution to Provident Fund	1,322,180	1,475,593
	Contribution to Gratuity Fund	-	15,877,711
	Line Maintenance & Commercial Services	55,793,488	63,584,927
	BERC Sales Charge (Note 11.1)	4,510,121	-
		<b>61,803,929</b>	<b>81,076,031</b>
	<b>11.1</b>		
	This represents 0.05% of net sales as annual system operating fees Payable to Bangladesh Energy Regulatory Comision (BERC) for the financial year 2007-2008 as per BERC rules.		
<b>12</b>	<b>CREDITORS FOR OTHER FINANCE</b>		
	VAT collected against electricity bills	56,844,702	32,436,385
	Tax/VAT deducted from contractors, suppliers and others	922,759	916,633
	Retention money (contractors and suppliers)	35,948,441	24,578,801
	Receipts against Deposit Works	410,665,000	340,000,000
	Unpaid Dividend	2,827,997	1,284,182
	Others	4,288,437	14,293,772
		<b>511,497,336</b>	<b>413,509,773</b>
<b>13</b>	<b>ACCOUNTS PAYABLE</b>		
	Bangladesh Power Development Board (BPDB)- (Note 13.1)	1,054,249,379	1,016,526,692
	Power Grid Company of Bangladesh (PGCB)- (Note 13.2)	111,959,607	107,960,224
	Dhaka Electric Supply Authority (DESA)- (Note 13.3)	185,726,841	147,423,585
		<b>1,351,935,828</b>	<b>1,271,910,501</b>
	<b>13.1 Accounts Payable - BPDB</b>		
	Balance at 1 <sup>st</sup> July	1,016,526,692	765,155,484
	Energy purchased during the year	5,561,645,083	4,444,296,442
		6,578,171,775	5,209,451,926
	Payment made during the year	5,523,922,396	(4,192,925,234)
	Balance at 30 <sup>th</sup> June	<b>1,054,249,379</b>	<b>1,016,526,692</b>
	<b>13.2 Accounts Payable - PGCB</b>		
	Balance at 1 <sup>st</sup> July	107,960,224	90,322,906
	Wheeling charge during the year	589,649,167	502,064,235
		697,609,391	592,387,141
	Payment made during the year	585,649,784	(484,426,917)
	Balance at 30 <sup>th</sup> June	<b>111,959,607</b>	<b>107,960,224</b>

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**13.3 Accounts Payable - DESA**

	2007-2008	2006-2007
Energy Purchase	147,423,585	147,972,580
Stores Materials	37,691,560	(4,443,542)
Consumer Bill Collection	611,697	3,894,546.8
	<b>185,726,841</b>	<b>147,423,585</b>

**14 CURRENT MATURITY OF LONG TERM LOANS:**

ADB Loan No-1505 (Note 14.1)	53,052,425	41,253,173
ADB Loan No-1731 (Note 14.2)	169,557,339	118,624,500
GOB Loan (Note 14.3)	31,250,483	12,510,000
	<b>253,860,247</b>	<b>172,387,673</b>

**14.1 ADB (Loan No 1505)**

	2007-2008		2006-2007	
	\$	Taka	\$	Taka
Balance at 1 <sup>st</sup> July	592,718	41,253,173	498,934	34,789,200
Transfer from long term loan	900,786	61,730,845	588,172	40,936,765
	1,493,504	102,984,018	1,087,106	75,725,965
Paid during the year	(719,355)	(49,995,159)	(494,388)	(34,409,436)
	774,149	52,988,859	592,718	41,316,529
Exchange Loss/(Gain)	-	63,566	-	(63,356)
Balance at 30 <sup>th</sup> June	<b>774,149</b>	<b>53,052,425</b>	<b>592,718</b>	<b>41,253,173</b>

**14.2 ADB (Loan No 1731)**

	2007-2008		2006-2007	
	\$	Taka	\$	Taka
Balance at 1 <sup>st</sup> July	1,704,375	118,624,500	852,188	59,420,648
Transfer from long term loan	1,795,845	123,069,259	852,188	59,312,285
	3,500,220	241,693,759	1,704,375	118,732,933
Paid during the year	(1,026,014)	(71,307,971)	-	-
	2,474,206	170,385,788	1,704,375	118,732,933
Exchange Gain	-	(828,450)	-	(108,433)
Balance at 30 <sup>th</sup> June	<b>2,474,206</b>	<b>169,557,339</b>	<b>1,704,375</b>	<b>118,624,500</b>

**14.3 GOB Loan**

Balance at 1 <sup>st</sup> July	12,510,000	10,410,000
Transfer from long term loan	48,890,965	12,510,000
	61,400,965	22,920,000
Paid during the year	(30,150,482)	(10,410,000)
Balance at 30 <sup>th</sup> June	<b>31,250,483</b>	<b>12,510,000</b>

**15 ACCRUED INTEREST ON LOANS**

8% Interest payable on ADB Loan	967,712,948	889,797,210
7% Interest payable on 40% (Debt Portion) of GOB Loan	148,885,039	150,714,200
	<b>1,116,597,987</b>	<b>1,040,511,410</b>

		<i>Taka</i>	
		<b>2007-2008</b>	<b>2006-2007</b>
<b>16</b>	<b>PROVISION FOR INCOME TAX</b>		
	Balance at 1 <sup>st</sup> July	260,749,184	110,749,184
	Provided during the year (Note 34.1)	521,500,000	150,000,000
		782,249,184	260,749,184
	Payment during the year	(19,298,638)	-
	Balance at 30 <sup>th</sup> June	<b>762,950,546</b>	<b>260,749,184</b>
<b>17</b>	<b>SHARE CAPITAL</b>		
	<b>Authorized</b>		
	50,000,000 ordinary shares @Tk.100 each	<b>5,000,000,000</b>	<b>5,000,000,000</b>
	<b>Issued &amp; subscribed</b>		
	750000 ordinary shares @Tk.100 each, fully paid up in cash	75,000,000	75,000,000
	11,961,940 ordinary shares @Tk.100 each, for consideration against Mirpur assets taken over from DESA	1,196,194,000	1,196,194,000
	<b>12,711,940 Shares</b>	<b>1,271,194,000</b>	<b>1,271,194,000</b>

### 17.1 Composition of Shareholding

The composition of Share holding position as of 30<sup>th</sup> June, 2008 are as follows:

	<b>No of share holders</b>	<b>Number of share</b>	<b>% of share</b>
Sponsors (DESA)	7	9,533,955	75.00%
General Public	4193	848,085	6.67%
Financial Institution	185	966,900	7.61%
Mutual Fund	5	18,350	0.14%
Foreign Company	3	240,550	1.89%
Investor A/C	26	922,400	7.26%
Unit Fund	4	181,700	1.43%
	<b>4423</b>	<b>12,711,940</b>	<b>100.00</b>

### 17.2 Distribution Schedule

The distribution Schedule as of 30<sup>th</sup> June, 2008 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).

<b>Range of Holding in number of Shares</b>	<b>No of share holders</b>	<b>% of shareholders</b>	<b>Number of share</b>	<b>% of share capital</b>
1 to 499	3925	88.74%	448,003	3.52%
500 to 5000	457	71.97%	541,650	4.26%
5001 to 10000	13	2.05%	98,400	0.77%
10001 to 20000	9	1.42%	138,650	1.09%
20001 to 30000	4	0.63%	104,850	0.82%
30001 to 40000	1	0.16%	34,900	0.27%
40001 to 50000	2	0.31%	91,400	0.72%
50001 to 100000	4	0.63%	294,200	2.31%
100001 to 1000000	7	1.10%	1,425,950	11.22%
1000001 to 10000000	1	0.16%	9,533,937	75.00%
	<b>4423</b>	<b>100%</b>	<b>12,711,940</b>	<b>100%</b>

## Taka

**18 SHARE MONEY DEPOSIT****2007-2008****2006-2007****75,000,000****75,000,000**

The amount was received from Dhaka Electric Supply Authority (DESA) against shares of the company which have not yet been issued.

**19 GOB EQUITY****1,264,440,000****1,241,940,000**

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

**20 UN-APPROPRIATED PROFIT**Balance at 1<sup>st</sup> July

882,996,127

413,600,294

Prior year's adjustment (Note 35)

(23,686,532)

76,116,003

Net Profit for the year

1,000,831,565

711,078,330

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

1,860,141,160

1,200,794,627

Proposed Dividend

(381,358,200)

(317,798,500)

**1,478,782,960****882,996,127****21 LONG TERM LOANS****(a) Loan from Asian Development Bank (ADB)**

Loan No 1505 (Note 21.1)

1,067,655,273

1,147,019,902

Loan No 1731 (Note 21.2)

1,604,480,382

1,754,522,910

**2,672,135,655****2,901,542,811****(b) Loan from Government of Bangladesh (GOB)**

Loan No (1505 &amp; 1731)- (Note 21.3)

370,015,184

516,743,369

Loan No 2332 (Note 21.4)

19,000,000

4,000,000

**389,015,184****520,743,369****3,061,150,840****3,422,286,180****21.1 Loan from ADB (No - 1505, 9<sup>th</sup> Power Project)**

This has been arrived at as under

	2007-2008		2006-2007	
	\$	Taka	\$	Taka
Balance at 1 <sup>st</sup> July	16,480,171	1,147,019,902	17,068,343	1,190,127,797
Drawn	-	-	-	-
	16,480,171	1,147,019,902	17,068,343	1,190,127,797
Transfer to Current Liability	(900,786)	(61,730,845)	(588,172)	(40,936,765)
	15,579,385	1,085,289,057	16,480,171	1,149,191,032
Exchange (Gain)	-	(17,633,783)	-	(2,171,130)
Balance at 30 <sup>th</sup> June	<b>15,579,385</b>	<b>1,067,655,273</b>	<b>16,480,171</b>	<b>1,147,019,902</b>

- (i) This represents dollars amount drawn to date translated at exchange rate prevailing at balance sheet date for import of materials/ equipment for 9<sup>th</sup> 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 8% 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 in semi- annual basis instalments (i.e. June 15 and December 15 in each year).
- (iv) The term of the project under which the loan was sanctioned expired on 30<sup>th</sup> June, 2004.

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

This has been arrived at as under

	2007-2008		2006-2007	
	\$	Taka	\$	Taka
Balance at 1 <sup>st</sup> July	25,208,663	1,754,522,910	26,060,851	1,817,150,119
Add Drawn	-	-	-	-
	25,208,663	1,754,522,910	26,060,851	1,817,150,119
Transfer to Current Liability	(1,795,845)	(123,069,259)	(852,188)	(59,312,285)
	23,412,817	1,631,453,651	25,208,663	1,757,837,834
Exchange (Gain)	-	(26,973,269)	-	(3,314,924)
Balance at 30 <sup>th</sup> June	<b>23,412,817</b>	<b>1,604,480,382</b>	<b>25,208,663</b>	<b>1,754,522,910</b>

- (i) This represents dollars amount drawn to date translated at exchange rate prevailing at balance sheet date for import of materials/ equipment for 10<sup>th</sup> 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 at the (i) Bank's pool - based variable lending rate for such loan plus a fee of 1% per annum (7.53% calculated on the basis of Bank's current lending rate. (ii) 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 in the semi-annual basis installments (i.e. January 15 and July 15, in each year).
- (iv) The term of the project under which the loan was sanctioned expired on 30<sup>th</sup> June, 2006.

	<i>Taka</i>	
	<u>2007-2008</u>	<u>2006-2007</u>
<b>21.3 Loan from GOB (No - 1505 &amp; 1731)</b>		
This has been arrived at as under		
Balance at 1 <sup>st</sup> July	516,743,369	529,253,369
Received during the year	-	-
	<b>516,743,369</b>	<b>529,253,369</b>
Refund during the year	(97,837,220)	-
	418,906,149	529,253,369
Transfer to Current Liability	(48,890,965)	(12,510,000)
Balance at 30 <sup>th</sup> June	<b>370,015,184</b>	<b>516,743,369</b>

(i) This represents 40% of the amount released to the Company by the Government under Annual Development Program (ADP) to enable the Company to pay the customs duty & VAT on material/ equipment imported by the company under the ADB Loan, as well as to meet other project related expenses. The balance 60% is accounted for under "GOB Equity".

(ii) The loan carries interest at 7% p.a, and is repayable as per Debt Service Liability (DSL) schedule provided by the Government.

#### 21.4 Loan from GOB (No - 2332)

Balance at 1 <sup>st</sup> July	4,000,000	-
Received during the year	15,000,000	4,000,000
	<b>19,000,000</b>	<b>4,000,000</b>
Refund during the year	-	-
Balance at 30 <sup>th</sup> June	<b>19,000,000</b>	<b>4,000,000</b>

(i) This represents 40% of the amount released to the Company by the Government under Annual Development Program (ADP) to enable the Company to pay the customs duty & VAT on material/ equipment imported by the company under the ADB Loan, as well as to meet other project related expenses. The balance 60% is accounted for under "GOB Equity". The loan is repayable in 30 instalments starting from 2012 after a grace period of 5 years.

(ii) The loan carries interest at 7% p.a, and is repayable as per Debt Service Liability (DSL) schedule provided by the Government.

## 22 DUE TO DESA (FOR ASSETS TAKEN OVER)

Balance at 1 <sup>st</sup> July	3,666,534,532	2,871,494,532
Additional cost for BashundharaGrid sub-station (Note 22.1)	373,137,007	795,040,000
Balance at 30 <sup>th</sup> June	<b>4,039,671,539</b>	<b>3,666,534,532</b>

### 22.1

Additional cost of Tk.373,137,007 has been booked this year in line with vendor agreement against Bashundhara Grid Substation taken over from DESA in March 2006, not accounted for earlier.

### 22.2 Area wise break-up is as under:

This represents the provisionally estimated value of assets of Tongi Pauroshava area which have been taken over from DESA on 4<sup>th</sup> March 2007.

Gulshan Area (comprising Gulshan, Baridhara, Uttara, Dakshinkhan)	1,998,920,000	1,998,920,000
Tongi Pauroshava Area (comprising Tongi East and Tongi West)	795,040,000	795,040,000
Uttara & Bashundhara Grid Substation	1,245,711,539	872,574,532
	<b>4,039,671,539</b>	<b>3,666,534,532</b>

Taka

2007-2008

2006-2007

**22.3 Area wise break-up is as under:**

Value of assets shown above are provisional. Independent Valuers have been appointed for identification, valuation and recording of assets taken over from DESA.

**22.4**

The terms and condition of repayment have not yet been determined.

**23 CONSUMER SECURITY DEPOSITS**

Balance at 1 <sup>st</sup> July	445,265,589	330,996,246
Received during the year	144,295,082	116,913,891
	589,560,671	447,910,137
Refunded during the year	(6,255,232)	(2,644,548)
Balance at 30 <sup>th</sup> June	<b>583,305,439</b>	<b>445,265,589</b>

**24 ENERGY SALES**

	Tariff	%		
Domestic	A	41.14	3,708,255,919	2,963,181,973
Agricultural Pumping	B	0.01	675,220	721,847
Small Industries	C	5.48	493,648,331	436,717,441
Non-Residential	D	1.39	125,675,341	112,608,133
Commercial & Office	E	12.62	1,137,675,948	871,991,187
Medium Voltage	F	36.60	3,298,737,255	2,635,137,358
High Voltage	H	0.10	9,080,759	25,724,504
REB High Voltage	I	0.20	18,059,870	4,593,070
Street Light, Pump	J	0.38	34,600,625	9,384,011
Construction & others	2E	2.07	186,263,902	159,528,189
		<b>100</b>	<b>9,012,673,170</b>	<b>7,219,587,714</b>

**24.1**

Sales this year has registered an increase of nearly 25% mainly due to addition of Tongi Pauroshava Area taken over by the company from DESA.

**25 OTHER OPERATING REVENUE**

176,713,518

161,691,524

This represents disconnection / reconnection fees, bills of materials, meter testing fees, meter rent etc.

**26 ENERGY PURCHASE**

2007-2008		2006-2007	
Unit (KWH)	Taka	Unit (KWH)	Taka
<b>2,573,763,287</b>	<b>6,151,294,250</b>	<b>2,191,463,265</b>	<b>4,946,360,677</b>

**26.1**

Electricity is purchased solely from Bangladesh Power Development Board (BPDB) at the rate of Tk.2.1609 / KWH which has been enhanced to Tk.2.4452/KWH effective from 1<sup>st</sup> october 2008. The company also pays wheeling charge to Power Grid Co. Ltd (PGCB) at Tk.0.2291/ KWH.

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**27 OPERATING EXPENSES**

	<b>2007-2008</b>	<b>2006-2007</b>
Commercial Support Services	63,889,781	42,310,112
Schedule & Preventive Maintenance	86,371,577	67,860,816
Special Action Team & Collection Drive	610,433	1,833,120
Consultancy Fees for Distribution Network	4,137,078	3,097,226
Consultancy Fees for Valuation of Assets.	7,023,400	-
Monitoring Cell Expenses	3,570,484	3,309,723
Installation & Replacement of Meters	77,571,365	148,047,613
Maintenance of Distribution of Line & Equipment	81,834,332	120,590,658
Repair & Maintenance of Transformer	22,166,669	26,675,679
Revenue Stamp Charge Against Consumer Bill	13,068,531	8,814,272
System Operating Fee (BERC)	4,510,121	-
	<b>364,753,771</b>	<b>422,539,220</b>
Less: Received against Deposit Works	(62,397,595)	(28,760,962)
	<b>302,356,176</b>	<b>393,778,258</b>

**28 ADMINISTRATION EXPENSES**

Audit Fees	143,165	95,825
Advertisement & Notice	5,079,830	4,598,230
Annual General Meeting	1,875,942	1,401,837
Bank charges	970,971	597,303
Conveyance	1,051,642	1,055,553
Directors' Fees	855,500	391,000
Electricity, Gas & Water	9,079,420	11,612,976
Entertainment	2,714,172	2,599,187
Fuel for Vehicles	7,868,569	7,829,923
Honorarium	297,500	1,311,250
Insurance of Vehicles	1,567,966	1,328,278
Legal Fees	948,215	2,114,474
Newspaper & Periodicals	288,766	255,142
Office Maintenance	2,193,406	1,765,973
Office Rent	4,359,694	4,290,600
Office Security	7,235,351	4,391,828
Postage, Telephone & Internet	4,965,996	4,013,288
Printing & Stationery	10,094,370	7,441,965
Rates & Taxes	1,182,130	64,561
Repair & Maintenance of Non Operating Assets	6,265,236	10,112,055
Repair & Servicing of Vehicle	3,543,686	4,189,922
Recruitment Expenses	379,020	144,530
Inspection, Survey, Donation & Consultancy Fees	592,761	374,491
Staff Training	349,056	1,227,693
Annual Listing Fee	306,000	263,282
BERC Licence Fee	2,500,000	-
Miscellaneous	657,875	249,934
	<b>77,366,239</b>	<b>73,721,100</b>



**Taka**

	<b>2007-2008</b>	<b>2006-2007</b>
<b>29 EMPLOYEES EXPENSES</b>		
Salary & Allowances (Note 29.1)	195,105,506	147,960,747
Employees Welfare & Recreation	230,000	265,000
Festival Bonus	22,092,120	12,689,890
Incentive Bonus	23,160,300	12,663,990
Company's Contribution to Provident Fund	9,442,374	6,932,169
Company's Contribution to Gratuity Fund	14,469,026	16,543,811
Group Insurance Premium	3,060,028	3,088,202
Electricity Expense Reimbursed (Note 29.2)	2,186,201	2,852,682
Medical Expense Reimbursed ( Note 29.3)	3,443,600	2,675,761
Uniform & Liveries	106,060	404,680
	<b>273,295,215</b>	<b>206,076,932</b>

**29.1** Salary & Allowances includes Tk.4451,066/- as remuneration to the Management, comprising the Managing Director, Director (Technical) and Director (Finance).

**29.2** Electricity bills are reimbursed to employees against domestic consumption on actual basis, subject to ceiling.

**29.3** Medical expense are reimbursed on actual basis, subject to ceiling.

**30 INTEREST INCOME/ EXPENSES**

Interest Earned on STD/FDR	479,114,536	194,020,551
Late Payment Charge	50,063,163	53,085,332
	529,177,699	247,105,883
Interest Expense against ADB/GOB Loan	(255,564,990)	(283,783,491)
	<b>273,612,709</b>	<b>(36,677,608)</b>

**31 EXCHANGE GAIN/(LOSS)**

45,371,936	5,657,843
------------	-----------

Exchange fluctuation gain of Tk.45,371,936 arising out of translation of foreign currency loan into taka at balance sheet date at Tk.68.53/\$1 (2006-07: at Tk.69.60/\$1) which has been recognized as income as per BAS-21.

**32 MISCELLANEOUS INCOME**

Sale of Tender Documents	272,400	146,700
Sale of Obsolete Store Materials	889,971	9,749,080
	<b>1,162,371</b>	<b>9,895,780</b>

**33 DEPRECIATION**

Depreciation (Operating)	499,524,522	442,201,454
Depreciation (Non operating)	34,277,342	27,364,536
	<b>533,801,864</b>	<b>469,565,990</b>

**34 INCOME TAX****34.1 Current Tax Provision**

The provision of Tk.521.5 million this year has been made on computed taxable profit at applicable rate.

**34.2 Deferred Tax Provision**

The company has recognized deferred tax liability arising out of timing difference between the depreciation charged in the accounts and that allowed for tax purpose.

**Taka**

<b>2007-2008</b>	<b>2006-2007</b>
(612,123)	-
-	(581,872)
(1,688,500)	-
-	39,371,208
-	13,919,757
-	23,406,910
(21,385,909)	-
<b>(23,686,532)</b>	<b>76,116,003</b>

### 35 ADJUSTMENT RELATED TO PREVIOUS YEAR

The amount has been arrived at as follows:

Holding tax paid to Tongi Pouroshova Area for Previous year  
 Fees paid to BTRC capitalized in previous year (net)  
 Accrued interest on FDR in previous year  
 Late Payment charge (LPC) realized in previous year  
 Value of excess stores arising from physical verification in previous year  
 Meter cost & Meter rent credited to others Liability  
 Depreciation not charge in previous year

### 36 SUBSEQUENT EVENTS-DISCLOSURES UNDER IAS 10 "EVENTS AFTER THE BALANCE SHEET DATE".

#### Proposed Dividend

Subsequent to the balance sheet date, the Board of Directors in their meeting held on October 21, 2008 recommended cash dividend of Tk.25/- per share and stock dividend @5%, i.e. 1 Bonus Share for every 20 existing shares held at record date for the year ended June 30, 2008. Thus, total amount of cash and stock dividend is Tk.381,358,200 which is shown under "Shareholders Equity" as per BAS-10. The dividend proposal is subject to shareholders' approval at the forthcoming 12<sup>th</sup> AGM.

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

### 37 CONTINGENT LIABILITY

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

### 38 CLAIM NOT ACKNOWLEDGED AS DEBT

There was no claim against the company not acknowledged as debt as on June 30, 2008.

### 39 CREDIT FACILITY AVAILED

There was no credit facility availed of by the company under any contract as on June 30, 2008 other than trade credit available in the ordinary course of business.

### 40 CAPITAL COMMITMENT

**40.1** During the next financial year, the company has a capital commitment of Tk.48.78 million against Prepaid Meter Production Unit and E-Governance under contractual obligation with BRTC, BUET.

**40.2** The Company has entered into contracts for various construction works, land development, installation renovation and dismantling O/H and U/G cables to the tune of Tk.3463.29 million, works of which will be started in the next financial year.

### 41 EMPLOYEES' SALARY

The company paid an aggregate amount of Tk.36000 or more to 899 employees (2006-07: 835 employees) who were in employment for full year. There was no employee drawing less than Tk.36000 per year.

### 42 GENERAL

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

# SCHEDULE OF PROPERTY, PLANT & EQUIPMENT

as on June 30, 2008

Annexure-1

Sl No.	Category of Assets	Cost				Depreciation				Written down value as on 30-6-076		
		Balance as on 01-07-07	Addition during the year	Adjustment	Total as on 30-6-2008	Rate	Balance as on 01-07-07	Charged during the year	Adjustment		Total as on 30-6-08	Written down value as on 30-6-08
1	Land	878,185,128	19,874,791	-	898,059,919	-	-	-	-	-	898,059,919	878,185,128
2	Building	153,416,219	10,392,490	-	163,808,709	2.50%	20,896,783	5,295,043	-	26,191,826	137,616,883	132,519,436
3	Motor Vehicles	91,616,052	5,180,000	989,467	95,806,585	20%	45,022,189	19,087,317	665,238	63,444,268	32,362,317	46,593,863
4	Furniture & Fixture	18,619,394	4,092,892	-	22,712,286	10%	5,305,490	2,041,021	-	7,346,511	15,365,775	13,313,904
5	Office Equipment	76,418,181	14,453,151	-	90,871,332	15%	30,195,287	13,149,004	-	43,344,292	47,527,040	46,222,893
6	Distribution Equipment	2,236,141,360	478,984,255	-	2,715,125,615	2%-10%	351,571,532	148,660,364	21,385,910	521,617,806	2,193,507,809	1,884,569,828
7	Cables	5,249,661,532	338,504,404	-	5,588,165,936	2%-10%	1,331,766,614	345,569,113	-	1,677,335,727	3,910,830,209	3,917,894,918
	<b>Total</b>	<b>8,704,057,866</b>	<b>871,481,983</b>	<b>989,467</b>	<b>9,574,550,382</b>		<b>1,784,757,896</b>	<b>533,801,862</b>	<b>22,051,148</b>	<b>2,339,280,430</b>	<b>7,235,269,951</b>	<b>6,919,299,970</b>

\*Building includes Store Godown Sheds.

\*\* Office Equipment includes Communication Equipment, Computer & Peripherals , Electric Equipment , Office Equipment and Store Equipment.

# TARIFF

## RETAIL TARIFF

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

## BULK PURCHASE TARIFF

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

# PROXY FORM

I/We.....of  
.....  
being a member of **Dhaka Electric Supply Company Ltd. (DESCO)** do hereby appoint  
Mr./Mrs./Miss.....of  
....., as my/our proxy to attend and vote for  
me/us on my/our behalf at the 12<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, the 10<sup>th</sup> February, 2009  
at 11.00 am. at Bashundhara Convention Center, Bashundhara Residential Area, Baridhara, Dhaka and at any adjournment thereof.  
As witness my hand this day of ....., 2009.

Affix  
Revenue  
Stamp

(Signature of the proxy)

(Signature of the Shareholder)

BO ID No. : .....

BO ID No. : .....

Date: .....

Date: .....

**Note:** The proxy form should reach the Corporate Office of the Company not less than 48 hours before the time fixed for the meeting i.e. not later than 8<sup>th</sup> February, 2009.

Signature Verified

Authorized Signatory

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

# ATTENDANCE SLIP

I hereby record my attendance at the 12<sup>th</sup> Annual General Meeting being held on Tuesday, the 10<sup>th</sup> February, 2009 at 11.00 am. at Bashundhara Convention Center, Bashundhara Residential Area, Baridhara, Dhaka

BO ID No. : .....

Name of the Member/proxy .....

Signature .....

Date: .....

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







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