

AUDIT REPORT AND FINANCIAL STATEMENTS

OF

DHAKA ELECTRIC SUPPLY COMPANY LIMITED (DESCO)

HOUSE NO-22/B, FARUK SARANI

NIKUNJA-2, DHAKA-1229

FOR THE YEAR ENDED JUNE 30, 2018

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Auditors' Report to the Shareholders

We have audited the accompanying financial statements of Dhaka Electric Supply Company Limited (DESCO), which comprise the statement of financial position as at June 30, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud and error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs).

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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

Basis for Qualified Opinion

As mentioned in Note 21.03 to the financial statements, the valuation of assets of Tk. 279 crore, (10.02%) out of total non-current assets of Tk. 2,784 crore, handed over by the predecessor Company – DESA to DESCO is included in the accounts of DESCO on an estimated basis and is not agreed with DESA. Both the entities are governed by Bangladesh Power Development Board (BPDB) under the Ministry of Power Energy and Mineral Resources. As per IFRS 3, para 18, Business Combination, Assets and liabilities so acquired are to be measured at their acquisition-date fair value. Updated fair valuations of those assets received from DESA were not done since 2006.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of Dhaka Electric Supply Company Limited (DESCO) as at June 30, 2018 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

1. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
2. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
3. the Company's statement of financial position and statement of comprehensive income along with the annexed notes 1 to 43 dealt with by the report are in agreement with the books of account and returns; and
4. the expenditure incurred and payments made were for the purposes of the Company's business.



ARTISAN
Chartered Accountants

Dhaka, October 21, 2018

DHAKA ELECTRIC SUPPLY COMPANY LIMITED (DESCO)
Statement of Financial Position
As at 30 June 2018

Particulars	Note	Amount in Taka	
		30 June 2018	30 June 2017
Assets			
Non Current Assets:			
		27,843,146,159	20,467,726,669
Property, Plant & Equipment	2	19,814,673,493	16,389,376,671
Capital Work -in- Progress	3	8,028,472,666	4,078,349,998
Current Assets:			
		27,196,370,316	27,647,058,829
Stores and Spares	4	5,602,088,284	7,040,185,611
Accounts Receivable	5	4,610,450,232	4,205,233,504
Advances & Security Deposits	6	1,029,516,137	582,799,971
Advance Income Tax	7	1,054,262,030	786,323,070
Cash and Cash Equivalents	8	14,900,053,633	15,032,516,674
Total Assets		<u>55,039,516,475</u>	<u>48,114,785,497</u>
Equity & Liabilities			
Capital & Reserves:			
		15,954,633,738	15,021,578,281
Share Capital	16	3,975,698,040	3,975,698,044
GOB Equity	17	3,940,140,000	3,100,140,000
Retained Earnings	18	8,038,795,698	7,945,740,236
Long Term Liabilities:			
		26,159,185,592	20,797,825,527
Share Money Deposit	19	37,500,000	56,250,000
Long Term Loans (ADB ,GOB &AIIB)	20	16,655,264,850	12,099,346,138
Deferred Tax Liability	34.2	2,683,087,823	2,217,755,794
Due to DESA / DPDC (for assets taken over)	21	4,039,671,539	4,039,671,539
Consumer Security Deposits	22	2,743,661,381	2,384,802,056
Current Liabilities:			
		12,925,697,146	12,295,381,686
Accounts Payable	9	6,390,446,757	6,299,552,428
Creditors for Goods/Works	10	346,044,700	514,967,500
Creditors for Other Finance	11	3,204,628,314	2,496,773,858
Creditors for Expenses	12	267,161,344	323,345,646
Current Maturity of Long Term Loans	13	753,579,374	727,227,833
Accrued Interest on Loans	14	2,090,871,046	1,769,571,524
Provision for Income Tax	15	(127,034,386)	163,942,895
Total Equity & Liabilities		<u>55,039,516,475</u>	<u>48,114,785,497</u>

The accounting policies and other notes from 1 to 43 and Annuxer-A form an integral part of these Financial Statements.

 _____ Company Secretary	 _____ Executive Director (F&A)	 _____ Director	 _____ Managing Director
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The date of the Financial Statements being authorized for issue: October 18, 2018, Dhaka.

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


ARTISAN
Chartered Accountants



DHAKA ELECTRIC SUPPLY COMPANY LIMITED (DESCO)
Statement of Comprehensive Income
For the year ended 30 June 2018

Particulars	Note	Amount in Taka	
		2017-18	2016-17
Operating Revenue:		37,152,218,930	34,012,267,889
Energy Sales (Net of VAT)	23	36,376,400,487	33,054,650,682
Other Operating Revenue	24	775,818,443	957,617,207
Cost of Energy Sales:		33,947,316,668	31,535,258,509
Energy Purchase (including wheeling charge)	25	32,782,250,962	30,523,248,272
Operating Expenses	26	296,759,454	326,711,935
Depreciation (Operating)	33	868,306,252	685,298,302
Gross Profit		3,204,902,263	2,477,009,380
Cost & Expenditure:		2,201,946,819	2,189,171,316
Administrative Expenses	27	352,109,936	327,419,962
Employee Expenses	28	1,784,908,628	1,806,868,738
Bad Debts Expenses	5.2	(161,641)	2,286,013
Depreciation (Non Operating)	33	65,089,895	52,596,603
Operating Profit/Loss		1,002,955,444	287,838,064
Non Operating Income/(Expense)		(324,351,809)	(54,137,347)
Interest Income	29	709,239,069	703,625,523
Interest Expenses	30	(582,252,443)	(472,566,121)
Exchange Fluctuation Gain/ (Loss)	31	(495,464,021)	(295,152,461)
Miscellaneous Income	32	44,125,586	9,955,712
Net Profit Before Tax		678,603,636	233,700,718
Income Tax :	34	(174,354,750)	(57,887,052)
Current Tax Provision	34.1	290,977,281	231,739,133
Deferred Tax Provision	34.2	(465,332,031)	(289,626,187)
Net Profit After Tax		504,248,885	175,813,665
Basic Earnings per Share	35	1.27	0.44

The accounting policies and other notes from 1 to 43 and Annuxer-A form an integral part of these Financial Statements.

Dated: Dhaka, October 18, 2018



 Company Secretary



 Executive Director (F&A)



 Director



 Managing Director

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


ARTISAN
 Chartered Accountants



DHAKA ELECTRIC SUPPLY COMPANY LIMITED (DESCO)

Statement of Cash Flows For the year ended 30 June 2018

Particulars	Amount in Taka	
	30 June 2018	30 June 2017
A. Cash Flows from Operating Activities:		
Received from Energy Sales	36,204,106,515	33,041,385,992
Collection of Govt. Duty, VAT & Tax	2,262,860,226	2,034,235,671
Received from Other Operating & Non Operating Activities	1,791,386,904	1,898,068,838
Received against Financial Income	654,559,123	767,407,241
Payment for Energy Purchase	(32,637,264,124)	(30,277,226,246)
Payment for Employee Expenses	(1,621,805,439)	(1,782,980,913)
Payment for Administrative & Other Expenses	(899,459,284)	(875,501,382)
Payment for Interest on Long Term Loan	(260,952,922)	(271,070,695)
Income Tax Paid	(267,938,646)	(150,259,982)
Payment for Govt. Duty, VAT & Tax	(2,187,151,861)	(2,007,860,031)
Net Cash Flows from Operating Activities	3,038,340,493	2,376,198,494
B. Cash Flows from Investing Activities:		
Acquisition of Property & Plant	(605,566,038)	(741,956,574)
Acquisition of Stores & Equipment	(7,470,680,976)	(3,835,296,056)
Net Cash used in Investing Activities	(8,076,247,014)	(4,577,252,631)
C. Cash Flows from Financing Activities:		
Loan Received	5,669,122,445	2,332,522,294
Dividend Paid	(420,921,164)	(98,043,378)
Long Term Loan Paid	(742,316,212)	(632,776,126)
Consumer Security Deposits Received	399,558,411	490,312,682
Net Cash Flows from Financing Activities	4,905,443,481	2,092,015,472
D. Cash & Cash equivalents increase /(decrease) during the year	(132,463,041)	(109,038,665)
E. Cash & Cash equivalents at the beginning of the year	15,032,516,674	15,141,555,339
F. Cash & Cash Equivalents at the Ending of the Year	14,900,053,633	15,032,516,674

The accounting policies and other notes from 1 to 43 and Annex-A form an integral part of these Financial Statements.

Dated: Dhaka, October 18, 2018



Company Secretary



Executive Director (F & A)



Director



Managing Director

Signed in terms of our separate report annexed.


ARTISAN
 Chartered Accountants

DHAKA ELECTRIC SUPPLY COMPANY LIMITED (DESCO)
Statement of Changes in Equity
For the year ended 30 June 2018

Particulars	Note	Share Capital	GOB Equity	Retained Earnings	Total
Balance at 01 July 2017		3,975,698,040	3,100,140,000	7,945,740,249	15,021,578,293
Gob Equity added during the year		-	840,000,000	-	840,000,000
Net profit for the year		-	-	504,248,885	504,248,885
Priors year's adjustment	36	-	-	(13,623,630)	(13,623,630)
Cash Dividend		-	-	(397,569,804)	(397,569,804)
Balance at 30 June 2018		3,975,698,040	3,940,140,000	8,038,795,698	15,954,633,727

For the year ended 30 June 2017


Particulars	Note	Share Capital	GOB Equity	Retained Earnings	Total
Balance at 01 July 2016		3,975,698,044	2,722,140,000	7,951,353,689	14,649,191,733
Gob Equity added during the year		-	378,000,000	-	378,000,000
Net profit for the year		-	-	175,813,664	175,813,664
Priors year's adjustment		-	-	216,142,700	216,142,700
Cash Dividend paid		-	-	(397,569,804)	(397,569,804)
Balance at 30 June 2017		3,975,698,044	3,100,140,000	7,945,740,249	15,021,578,293


The accounting policies and other notes from 1 to 43 and Annexur-A form an integral part of these Financial Statements.

Dated: Dhaka, October 18, 2018


 Company Secretary


 Executive Director (F & A)


 Director


 Managing Director

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


 ARTISAN
 Chartered Accountants



**DHAKA ELECTRIC SUPPLY COMPANY LIMITED (DESCO)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. Legal Status & Nature of the Company, Significant Accounting Policies and other Relevant Information:

1.1 Legal Status:

Dhaka Electric Supply Company Limited (DESCO) was incorporated as a Public Limited Company by shares, on 03 November, 1996 with an Authorized Capital of TK.5, 000 million divided into 500 million ordinary shares of Tk.10 each as per SEC notification no SEC/CM RRCD/2009-193/109, dated: 15/09/2011. The shares of the Company have been listed and are being traded in Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) since 2006.

1.2 Principal Activities:

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

1.3 Basis of Accounting:

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

1.4 Property, Plant & Equipment:

1.4.1 Valuation of Property, Plant & Equipment Purchased by DESCO

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

1.4.2 Valuation of Assets taken over from DESA

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

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

1.4.2.3 Independent valuers had been appointed to physically verify and value the assets taken over by the company from DESA. The valuers have submitted their draft report which has been placed by the management before the Board for finalization.

1.4.3 Depreciation:

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

<u>Categories</u>	<u>Rate (%)</u>
Land & Land Development	Nil
Building & other Constructions	2.5%
Distribution Equipment & Cables	3%-10%
Furniture & Fixtures	10%
Office Equipment	15%-20%
Motor Vehicles	15%

1.4.3.2 The company has acquired 0.1532 acres land from National Housing Authority (NHA) at Tk. 7.45 lac on 99 years lease in the year 2005. The amortization of the cost of this land would have been Tk. 7,529/- per year, which would not have any 'material impact' on the profitability of the company, hence no amortization has been considered.

1.4.3.3 Full year's depreciation is charged on assets acquired during the year and put into use for six months and over, while no depreciation is charged on assets acquired for less than six months during the year.

1.4.3.4 Depreciation on the assets taken over in Gulshan and Tongi area has been charged on the value and economic life as provisionally estimated by DESCO.

1.5 Stores and Spares:

Stores and spares have been stated at the lower of cost and net realizable value in accordance with IAS - 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 IAS -21.

1.7 Revenue Recognition:

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

1.8 Statement of Cash Flows:

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

1.9 Accounts Receivable:

Accounts Receivable for energy is stated at realizable amount less provision for doubtful debts. The company provides for doubtful debts @ 0.5% of Accounts Receivable against consumers balance standing at the balance sheet date, as decided by the Board of Directors at the meeting held on 17.04.2005.

1.10 Related Party Transaction:

- (a) The 'related party' as per IAS-24 is Bangladesh Power Development Board (BPDB), which holds 67.63% of the total shares outstanding.

1.11 Earnings per Share:

- (a) **Basic Earnings per Share (BEPS):** Basic Earnings per share has been calculated by dividing the earnings attributable to the number of shares (ordinary) outstanding during the year. However, neither the "GOB Equity" nor the "Share Deposit" amounts have been considered for determining BEPS and no shares have been allotted against these receipts.

- (b) **Weighted average Number of shares Outstanding during the year:** This represents the number of ordinary shares Outstanding at the beginning of the year plus the year the numbers of ordinary shares issued during the year multiplied by a time weighting factor. The time weighting factor is the number of days the specific shares are outstanding as a proportionate of the number of days in the year.
- (c) **Diluted Earnings Per Share:** No diluted Earnings per share was required to be calculated for the year under review as there is no scope for dilution of Earnings per share for the year.

1.12 Retirement Benefit Plans:

(a) **Contributory Provident Fund**

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

(b) **Gratuity**

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

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

(c) **Group Insurance**

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

1.13 Taxation:

(a) **Current Tax**

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

(b) Deferred Tax Liability

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

1.14 Borrowing Cost:

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

1.15 Reporting Currencies:

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

1.16 Reporting Period:

The accounting year of the company covers the year ended from 1 July 2017 to 30 June 2018.



	Amount in Taka	
	2017-18	2016-17
02.00 Property, Plant & Equipment:		
Cost:		
Opening Balance	24,946,867,964	21,983,522,671
Less: Disposal of distribution equipment (Note 02.01)	(1,060,952)	(1,032,553)
	24,945,807,012	21,982,490,118
Additions during the year (02.01)	4,359,584,922	2,964,377,846
Closing Balance	29,305,391,934	24,946,867,964
Depreciation:		
Opening Balance	8,557,491,293	7,819,986,787
Less: Adjustment for disposals (Note 02.01)	(168,999)	(390,400)
	8,557,322,294	7,819,596,387
Charged for the year and including prior year adjustment.	933,396,147	737,894,905
Closing Balance	9,490,718,441	8,557,491,293
Written Down Value (WDV)	19,814,673,493	16,389,376,671

02.01 Detail of addition & disposals of assets are shown in **Annexure-01** attached.

03.00 Capital Work -in- Progress:

Construction of Workshop Building & Others (Note 03.01)	85,913,551	60,070,976
33/11KV OH/UG Cable Line (Note 03.02)	26,786,250	142,270,805
33/11Kv Sub- Station - Turnkey Project (Note 03.03)	807,321,281	1,477,649,713
132/33/11Kv Grid Sub- Station - Turnkey Project (Note 03.04)	3,668,197,802	1,610,426,760
132/33/11Kv UG Line Construction-Turnkey Project (Note 03.05)	1,742,684,699	787,931,745
132/33/11 KV 24 Nos Substation Augm. by Simens Bd. Ltd (Note 03.06)	1,074,628,497	-
132/33/11 KV Grid Augm.(Bashundhara & Uttara)Hyosung (Note'03.07)	183,097,453	-
33 KV O/H Line converted to 33 KV UG cable (Note 03.08)	396,932,227	-
Consultanction fee (New SCADA System) (Note03.09)	42,910,906	-
Total	8,028,472,666	4,078,349,999

- 03.01 This includes as WIP of DESCO Head Office Building (Consultancy Work) & Civil work under work in process at Mirpur area as land & land development & Construction work (Central Store, Kafrul Sub Station, Tongi office Building, Purbachal S/S Building, Banani S/S Station Building & others) The total contract price of the works is Tk.303.65 million.
- 03.02 33 kv, 11 KV overhead & under ground cable line construction works are in progress at Mirpur, Gulshan and Tongi circle respectively. The total contract price of the works is Tk.399.22 million.
- 03.03 The Company signed an agreement with Ideal Enterprise to implement 8(Eight) nos. 33/11Kv Sub -Stations of which 07 (Seven) nos Sub Stations have already been completed and transferred to Fixed Asset and Energypac to implement 04 (Four) nos 33/11Kv Sub -Stations under DESCO Funding. The total contract price are Tk 1,503.31 & 805.00 million respectively.
- 03.04 The Company signed an agreement with Hyosung Corporation to implement 05(Five) nos. 132/33/11Kv Grid Sub -Stations under ADB , GoB & DESCO Funding. The total Contract price is USD 48.09 Million + BDT 779.04 million.
- 03.05 The Company signed an agreement with LS Cable & System Ltd. for supply & installation (174 KM) 132KV UG cable line on Trunky Basis under ADB , GoB & DESCO Funding. The total contract price is USD 17.61 Million + BDT 308.26 million.

- 03.06 The Company signed an agreement with Siemens Ltd. India in Consortium with Siemens Bangladesh Ltd. for Design, Supply, Installation & Commissioning of 24 no's 33/11KV Sub-stations on Turnkey Basis (14 Nos. New & 10 Augmentation) under ADB, GoB & DESCO funding. The total contract price is USD 25.81 Million+ Euro 9.72 Million + BDT 579.72 Million.
- 03.07 The Company signed an agreement with Hyosung Corporation to Augmentation & Rehabilitation of 132/33/11Kv Grid Sub -Stations at Uttara & Bashundhara under AIIB, GoB & DESCO Funding. The total Contract price are USD 19.63 Million + BDT 183.21 million.
- 03.08 The Company signed an agreement with LS Cable & System Ltd. for supply, installation, up-grading and conversion of existing 33KV Overhead lines into Underground cables (498 KM) on Trunk Basis under AIIB, GoB & DESCO Funding. The total contract price is USD 28.38 Million + BDT 1430.57 Million.
- 03.09 The Company signed an agreement with Hifab OY (Finland) in Association with Hifab International AB (Sweden) & BCL Associated Ld. (Bangladesh) for consultancy services for project management, supervision and Implementation support for SCADA Project under ADB, GoB & DESCO Funding. The total contract price are EUR 1.32 Million + BDT 39.45 Million.

		Amount in Taka	
		2017-18	2016-17
04.00	Stores & Spares :		
	Stores & Spares (Note-04.01)	5,096,700,718	6,700,505,094
	Stores in Transit (Note-04.02)	505,387,566	339,680,517
	Total	5,602,088,284	7,040,185,611
04.01	Cost of Stores & Spares		
	Cable & Accessories	2,876,612,614	4,224,933,631
	Pole & Pole fittings	520,407,045	483,769,115
	Distribution transformers	319,013,146	590,870,180
	Meter & Meter accessories	544,266,926	473,967,610
	Sub-station equipment & spares	719,508,012	813,780,880
	Tools, equipment & others	116,892,975	113,183,678
	Total:	5,096,700,718	6,700,505,094
04.02	This presented cost of materials, including L/C charge and Pre -Shipment- Inspection (PSI) expenses, paid against imported materials for which post landing inspection (PLI) has not been completed.		
04.03	Stores & spares have been valued at weighted average cost method.		
05.00	Accounts Receivable:		
	Receivable from consumers -(Note 05.01)	4,114,394,155	3,942,100,183
	Less: Provision for doubtful debts (Note 05.02)	(103,169,417)	(103,331,058)
	Total Receivable from sales	4,011,224,738	3,838,769,125
	Receivable from BPDB against materials & others (Notes 05.03)	57,462,286	57,462,286
	Receivable from DPDC against materials & others (Notes 05.04)	189,293,078	10,652,328
	Receivable from BREB against materials	86,754,041	86,754,041
	Receivable from WZPDCL	1,197,161	1,197,161
	Expenses recoverable from employees	21,259	1,708,789
	Interest Receivable on FDR	246,140,690	191,463,874
	Receivable from United Trade Int.	17,222,383	17,222,383
	Accounts Receivable - Employees	547,155	-
	Advertisement cost recoverable from other utility organization and others	587,441	3,518
	Total Receivable:	4,610,450,232	4,205,233,504

		Amount in Taka	
		2017-18	2016-17
05.01	Receivable from consumers are categorized as follows :		
	Government (Eqv. month 3.84, 2016-17 : 5.19)	478,113,349	607,012,815
	Semi- Government/Autonomous (Eqv. Month 1.71, 20016-17 : 2.26)	256,053,101	353,076,635
	Private (Eqv. Month 1.49, 2016-17 :1.44)	3,380,227,705	2,982,010,733
	Average (Eqv. Month 1.62 , 2016-17: 1.69)	4,114,394,155	3,942,100,183
05.02	Provision of Tk. (411,43,94,154.53-329,81,89,666)=81,62,04,480.53 = 40,81,022.44/= has been made this year @ 0.5% of the receivables amount outstanding at the Balance Sheet date , as per company's policy.		
	This balance has been arrived at as under:		
	Opening Balance	99,088,395	99,088,395
	Add: Adjustment	816,204,489	4,242,663
	Total Cumulative Provision	103,169,417	103,331,058
	Opening Balance	103,331,058	101,045,045
	Provision during the year	(161,641)	2,286,013
05.03	This balance has been arrived at as under:		
	Receivable from BPDB against materials supplied	55,472,107	55,472,107
	Receivable from BPDB against advertising	1,990,179	1,990,179
		57,462,286	57,462,286
05.04	This balance has been arrived at as under:		
	Receivable from DPDC against Material supplies	10,652,328	10,652,328
	Receivable against Material supplies in current year	178,640,750	-
	Closing Balance	189,293,078	10,652,328
06.00	Advances & Security Deposits:		
	A) Advances:		
	Against goods and services (Note 06.01)	126,336,161	25,632,716
	Advance against office rent	27,103,376	36,664,052
	Advance to Rajuk against Land purchase	612,810,868	303,367,689
	Prepayment - Employee	2,292,743	3,174,836
	Advance to Eastern Housing Ltd (Note 06.02)	12,650,000	2,120,290
	Deferred/Prepaid Exp. & Others (Note 06.03)	60,641,813	78,336,053
	Advance to BRTC BUET - Head office building	5,002,500	-
	Advance VAT	3,508,138	-
	Sub-Total:	850,345,599	449,295,636
	B) Security Deposits:		
	Telephone/ Mobile	659,264	730,739
	Telephone Shilpha sangstha ltd against rent of store	5,000,000	5,000,000
	Dhaka & Gazipur City Corporation (against road cutting)	163,775,920	120,494,118
	Dhaka WASA	10,411	10,411
	Central Depository of Bangladesh (CDBL)	500,000	500,000
	Bangladesh Railway, Roads and Highway	6,900,000	4,300,000
	Security Deposit - RDA Building	1,772,717	1,772,717
	Security Deposit - Others	552,226	696,350
	Sub-Total:	179,170,538	133,504,335
	Total (A+B)	1,029,516,137	582,799,971

- 06.01 Advance includes Tk. 8.1 million & Tk.76.08 million paid to Bangladesh Power Development Board for (BPDB) against purchase of spun pre-stressed concrete (SPC) poles & Oracle Database Application software. Also include in advance Tk.42.22 million.
- 06.02 This amount includes paid as advance to Eastern Housing for land purchase at Pallabi Tk. 12.65 million
- 06.03 This amount includes paid as advance Tk. 4.06 million for land deployment to Saju Enterprise, Tk.32.73 million paid to Mars Syndicate for construction work at Tongi east and Tk. 19.84 million paid to Saju nterprise & Desh Engineering for hired vacant land from Telephone Shilpa Sangtha.

Amount in Taka	
2017-18	2016-17

07.00 Advance Income Tax:

Income Tax paid for FY - 2011-12	141,567,000	141,567,000
Income Tax paid for FY - 2012-13	49,135,498	49,135,498
Income Tax paid for FY - 2013-14	69,253,387	69,253,387
Income Tax paid for FY - 2014-15	133,215,392	133,215,392
Income Tax paid for FY - 2015-16	242,891,810	242,891,810
Income Tax paid for FY - 2016-17	150,259,982	150,259,982
Income Tax paid for FY - 2017-18 (Note-07.01)	267,938,960	-
Closing Balance	1,054,262,030	786,323,070

07.01 Advance Income Tax paid during the year:

This arrived at as under:

Deducted at source (on interest of FDR & STD)	65,605,188	76,348,899
Deducted at source (on imported materials)	190,854,503	72,781,006
Income tax paid for FY 2017-18	11,479,269	1,130,077
	267,938,960	150,259,982

08.00 Cash & Cash Equivalents:

Imprest cash with S&D divisions	933,050	1,933,833
Cash at banks (Note-08.01)	14,899,120,583	15,030,582,841
Total:	14,900,053,633	15,032,516,674

08.01 Cash at Banks:

Current account (revenue collection) (Note 08.01.01)	3,246,344,061	3,172,754,284
Current account (VAT)	253,202,523	201,895,085
STD accounts	911,587,224	1,274,676,597
Fixed Deposit Receipts (FDR) (Note 08.01.02)	10,487,986,775	10,381,256,874
Total:	14,899,120,583	15,030,582,841

- 08.01.01 This represents collection for the last one months, by the different collecting banks, which has been transferred to the Company's main account in the next month.
- 8.01.02 Fixed Deposit Receipts include Tk.25.00 million (2017-2018) in ICB Islamic Bank Ltd. (former Oriental Bank Ltd.) which is subject to phase wise withdrawal restriction imposed by Bangladesh Bank under the reconstruction scheme. No amount has been realized during the year. As per Bangladesh Bank reconstruction scheme balance amount will be realized by 2020.

09.00 Accounts Payable

Bangladesh Power Development Board (BPDB)- (Note 09.01)	5,934,480,510	5,786,476,304
Power Grid Company of Bangladesh (PGCB)- (Note 09.02)	273,367,871	276,385,239
Dhaka Electric Supply Authority (DESA/DPDC) - (Note 09.03)	181,607,218	236,311,727
REB - (Note 09.04)	379,158	379,158
PGCB - (Note 09.05)	612,000	-
Total:	6,390,446,757	6,299,552,428

		Amount in Taka	
		2017-18	2016-17
09.01	Accounts Payable - BPDB		
	Opening Balance	5,786,476,304	5,551,657,351
	Energy purchased during the year	31,317,578,643	29,133,315,232
		37,104,054,947	34,684,972,583
	Payment made during the year	(31,169,574,437)	(28,898,496,279)
	Closing Balance	<u>5,934,480,510</u>	<u>5,786,476,304</u>
09.02	Accounts Payable - PGCB		
	Opening Balance	276,385,238	265,182,165
	Wheeling charge during the year	1,464,672,319	1,389,933,040
		1,741,057,557	1,655,115,205
	Payment made during the year	(1,467,689,687)	(1,378,729,967)
	Closing Balance	<u>273,367,870</u>	<u>276,385,238</u>
09.03	Accounts Payable - DESA/ DPDC		
	Opening Balance	236,311,727	286,058,838
	Paid during this year	(56,667,524)	(51,896,330)
	Consumer bill collection	1,963,014	2,149,218
	Closing Balance	<u>181,607,217</u>	<u>236,311,727</u>
09.04	Accounts Payable - REB (Material)		
	Opening Balance	379,157	329,188
	Addition during this year	-	49,969
	Closing Balance	<u>379,157</u>	<u>379,157</u>
09.05	Accounts Payable - PGCB (Material)		
	Opening Balance	-	-
	Addition during this year	612,000	-
	Closing Balance	<u>612,000</u>	<u>-</u>
10.00	Creditors for Goods/ Works :		
	Equipment & materials	4,498,641	127,793,450
	Imported materials against ADB loan	55,521,895	387,174,050
	Bangladesh Telephone shilpa Sangstha (Note-10.01)	286,024,164	-
	Total	<u>346,044,700</u>	<u>514,967,500</u>
10.01	This includes as payable Tk 286.11 million to M/S Bangladesh Telephone shilpa Sangstha against supply of Single phase & Three Phase Prepaid meter.		
11.00	Creditors for Other Finance:		
	VAT collected against electricity bills	258,561,782	209,443,743
	Tax / VAT deducted from contractors, suppliers & others	4,675,879	15,939,734
	Retention money (contractors & suppliers)	54,816,355	127,162,309
	Receipts against deposit works	2,537,140,003	1,770,403,747
	Unpaid dividend	328,449,623	351,744,304
	Others	20,984,672	22,080,021
	Total	<u>3,204,628,314</u>	<u>2,496,773,858</u>

12.00 Creditors for Expenses:

	Amount in Taka	
	2017-18	2016-17
Audit Fees	307,942	308,275
Creditor for Contributory Provident Fund	27,894,087	15,447,976
Line maintenance & commercial services and others	84,256,384	238,844,381
BERC sales charge (Note -12.01)	58,882,008	68,745,013
Employees Welfare fund	272,975	-
Creditors to others (Note - 12.02)	95,547,947	-
Total	267,161,344	323,345,646

12.01 This represents provision at 0.025% of net sales value as "annual system operating fees" payable to Bangladesh Energy Regulatory Commission (BERC) as per BERC rules.

12.02 This includes as creditors to Eastw Electric and Assciates 11.25 million & BERC Fees 58.88 million

13.00 Current Maturity of Long Term Loans:

ADB Loan No-1505 (Note-13.01)	91,300,007	87,918,525
ADB Loan No-1731 (Note-13.02)	196,541,113	189,261,808
ADB Loan No-2332 (Note-13.03)	423,650,372	407,959,618
GOB Loan No 1505 & 1731 (Note-13.04)	32,173,286	32,173,286
GOB Loan No 2332 (Note-13.05)	9,914,596	9,914,596
Total	753,579,374	727,227,833

13.01 ADB (Loan No. 1505)

	2017-18		2016-17	
	US \$	Taka	US \$	Taka
Opening Balance	1,090,801	87,918,525	1,090,801	85,518,762
Transferred from long term loan	1,090,801	91,300,007	1,090,801	87,918,525
	2,181,601	179,218,532	2,181,601	173,437,287
Paid during the year	(1,090,801)	(89,854,696)	(1,090,801)	(86,304,140)
	1,090,801	89,363,836	1,090,801	87,133,147
Exchange loss/(gain)	-	1,936,171	-	785,376
Closing Balance	1,090,801	91,300,007	1,090,801	87,918,525

13.02 ADB (Loan No. 1731)

	2017-18		2016-17	
	US \$	Taka	US \$	Taka
Opening Balance	2,348,161	189,261,808	2,348,161	184,095,854
Transferred from long term loan	2,348,161	196,541,109	2,348,161	189,261,809
	4,696,323	385,802,918	4,696,323	373,357,662
Paid during the year	(2,348,161)	(193,429,794)	(2,348,161)	(185,786,528)
	2,348,161	192,373,124	2,348,161	187,571,134
Exchange loss/(gain)	-	4,167,989	-	1,690,674
Closing Balance	2,348,161	196,541,113	2,348,161	189,261,808



13.03 ADB (Loan No. 2332)	2017-18		2016-17	
	US \$	Taka	US \$	Taka
Opening Balance	5,061,534	407,959,618	6,081,804	476,813,427
Transferred from long	5,061,534	423,650,372	4,041,264	325,725,840
	10,123,067	831,609,990	10,123,067	802,539,266
Paid during the year	(5,061,534)	(416,943,840)	(5,061,534)	(400,468,548)
	5,061,534	414,666,150	5,061,534	402,070,718
Exchange loss/(gain)	-	8,984,222	-	5,888,899
Closing Balance	5,061,534	423,650,372	5,061,534	407,959,618

Amount in Taka	
2017-18	2016-17

13.04 GOB Loan (No: 1505 & 1731)		
Opening Balance	32,173,286	431,955
Transferred from long term loan	32,173,286	63,914,617
	64,346,572	64,346,572
Paid during the year	(32,173,286)	(32,173,286)
Closing Balance	32,173,286	32,173,286

13.05 GOB Loan (No: 2332)		
Opening Balance	9,914,596	9,914,596
Transferred from long term loan	9,914,596	9,914,596
	19,829,192	19,829,192
Paid during the year	(9,914,596)	(9,914,596)
Closing Balance	9,914,596	9,914,596

14.00 Accrued Interest on Loans		
Interest payable on ADB Loan (14.01)	1,997,569,187	1,725,248,779
Interest payable on 40% (Debt Portion) of GOB Loan(14.02)	86,915,810	44,322,745
Interest payable on AIIB - LN003 (14.03)	6,386,049	-
Total	2,090,871,046	1,769,571,524

14.01 Interest on ADB loan		
Opening Balance	1,725,248,779	1,550,428,841
Interest accrued during the year	527,459,390	438,804,802
	2,252,708,169	1,989,233,643
Paid during the year	(255,138,982)	(263,984,864)
Closing Balance	1,997,569,187	1,725,248,779

14.02 Interest on GOB Loan		
Opening Balance	44,322,745	17,647,257
Interest accrued during the year	48,407,004	33,761,319
	92,729,749	51,408,576
Paid/ adjustment during the year	(5,813,939)	(7,085,831)
Closing Balance	86,915,810	44,322,745



	Amount in Taka	
	2017-18	2016-17
14.03 Interest on AIIB LN - 003		
Opening Balance	-	-
Interest accrued during the year	6,386,049	-
	6,386,049	-
Paid/ adjustment during the year	-	-
Closing Balance	6,386,049	-
15.00 Provision for Income Tax:		
Opening Balance	163,942,895	745,665,875
Add: Provided during the year (Note-34.01)	(290,977,281)	(231,739,133)
Less Provision adjust with advance income tax	-	(393,273,970)
	(127,034,386)	120,652,772
Add: Prior year adjustment as per settlement of Appellate	-	43,290,123
Closing Balance (Note-15.01)	(127,034,386)	163,942,895
15.01 Details of Provision for Income Tax :		
For FY 2014-15	424,858,698	424,858,698
For FY 2015-16	(29,176,670)	(29,176,670)
For FY 2016-17	(231,739,133)	(231,739,133)
For FY 2017-18	(290,977,281)	-
	(127,034,386)	163,942,895
16.00 Share Capital:		
Authorized:		
500,000,000 No. ordinary shares @ Tk. 10 each	5,000,000,000	5,000,000,000
Issued , subscribed and paid up:		
7,500,000 No. Ordinary shares @ Tk 10 each,fully paid up in cash	75,000,000	75,000,000
119,619,400 No. Ordinary shares@ Tk.10 each for consideration Against Mirpur area assets taken over from DESA/BPDB	1,196,194,000	1,196,194,000
217,096,881 Nos Ordinary shares @ Tk.10 each issued as Bonus	2,170,968,810	2,170,968,810
34,421,628 Nos Ordinary shares @ Tk.10 each issued as Bonus	344,216,280	344,216,280
18,931,895 Nos Ordinary shares @ Tk.10 each issued as Bonus	189,318,950	189,318,954
397,569,804 No. of shares ,Tk. 10 each	3,975,698,040	3,975,698,044

16.01 Composition of shareholding:

The composition of Share holding position as of 30th June 2018 is as follows:

	No. of share holders	Number of share	% of share
Sponsors (GOB)	2	268,866,788	67.63%
General Public	6,894	41,862,374	10.53%
Mutual Fund/Institute	383	84,366,147	21.22%
Foreign Company	59	2,474,495	0.62%
	7,338	397,569,804	100%



16.02 Distribution Schedule:

The distribution Schedule as at 30 June 2018 showing the number of shareholders and their shareholding in percentages is disclosed below as a requirement of the "Listing Regulation" of Dhaka stock Exchange (DSE) and Chittagong Stock Exchange (CSE).

Range of Holding in number of Shares	No of share holders	% of shareholders	Number of share	% of share capital
1 to 500	2,524	34.91%	464,486	0.12%
501 to 5,000	3,397	46.98%	6,367,156	1.60%
5,001 to 10,000	549	7.59%	4,121,990	1.04%
10,001 to 20,000	344	4.76%	5,010,193	1.26%
20,001 to 30,000	119	1.65%	2,980,126	0.75%
30,001 to 40,000	49	0.68%	1,764,818	0.44%
40,001 to 50,000	43	0.59%	2,037,697	0.51%
50,001 to 100,000	87	1.20%	6,533,674	1.64%
100,001 to 1,000,000	96	1.33%	28,556,054	7.18%
Over 1,000,000 Shares	22	0.30%	339,733,610	85.45%
	7,230	100%	397,569,804	100%

17.00 GOB Equity

Amount in Taka	
2017-18	2016-17

Opening Balance	3,100,140,000	2,722,140,000
Addition during the period	840,000,000	378,000,000
Closing Balance	3,940,140,000	3,100,140,000

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

18.00 Retained Earnings

Opening Balance	7,945,740,249	7,951,353,689
Prior year's adjustment (Note-36)	(13,623,630)	216,142,700
Net Profit/(Loss) during the year	504,248,885	175,813,664
	8,436,365,504	8,343,310,052
Dividend paid/Bonus shares issued for FY 2016-2017	(397,569,804)	(397,569,804)
Closing Balance	8,038,795,698	7,945,740,249

19.00 Share Money Deposit:

Opening Balance	56,250,000	75,000,000
Paid during the year	(18,750,000)	(18,750,000)
Share Money Deposit	37,500,000	56,250,000

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

20.00 Long Term Loans :

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

Loan no. 1505 (Note 20.01)	273,900,043	351,674,122
Loan no. 1731 (Note 20.02)	97,249,518	282,909,493
Loan no. 2332 (Note 20.03)	4,448,328,866	4,691,535,563
Loan no. 3087 (Note 20.04)	9,689,244,744	5,578,949,170
Loan no. 3522 (Note 20.05)	32,471,115	-
Sub-Total:	14,541,194,286	10,905,068,348

	Amount in Taka	
	2017-18	2016-17
(b) Loan from AIIB LN 003		
Loan no. LN 003 (Note 20.06)	401,880,657	-
Sub-Total:	401,880,657	-
(c) Loan from Government of Bangladesh (GOB)		
Loan no. (1505 & 1731), (Note 20.07)	16,086,642	48,259,928
Loan no. 2332 (Note 20.08)	104,103,265	114,017,861
Loan no 3087 (Note 20.09)	1,592,000,000	1,032,000,000
Sub-Total:	1,712,189,907	1,194,277,789
Grand Total	16,655,264,850	12,099,346,137

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

This has been arrived at as under:

	2017-18		2016-17	
	US \$	Taka	US \$	Taka
Opening Balance	4,363,203	351,674,122	5,454,003	427,593,841
Add: Drawn/Adjustment	-	-	-	-
	4,363,203	351,674,122	5,454,003	427,593,841
Less: Transferred to current liabilities	(1,090,801)	(91,300,007)	(1,090,801)	(87,918,525)
	3,272,402	260,374,115	4,363,203	339,675,316
Add: Exchange Loss/(Loss)	-	13,525,928	-	11,998,806
Closing Balance	3,272,402	273,900,043	4,363,203	351,674,122

- (i) This represents dollars amount drawn to date translated at exchange rate prevailing at balance sheet date for import of materials/ equipment for 9th Power Project under the Subsidiary Loan Agreement (SLA) entered into between the company and the Govt. of Bangladesh (GOB). The primary loan agreement is between the ADB and the GOB.
- (ii) According to the terms of the agreement the Principal amount of the subsidiary loan repayable by DESCO and the Government under this agreement shall be in local currency equivalent, determined at official rate of exchange prevailing on the date of repayments. The principal amount of the subsidiary loan is repayable in 25 years including a grace period of 5 (five) years in 40 (forty) consecutive semi- annual installments as per Amortization Schedule. The installment is payable on a semi-annual basis (i.e. June 15 and December 15 in each year). The foreign exchange risk on the outstanding amount of loan shall be borne by DESCO.
- (iii) The company shall pay to the Government in local currency interest at the rate of 4% per annum on the local currency equivalent, determined at the official rate of exchange prevailing on the date of each interest payment of the principal amount of the Loan relented to DESCO disbursed and outstanding from time to time The interest is payable semi- annually on June 15 and December 15 , each year).
- (iv) The term of the project under which the loan was sanctioned expired on 30th June, 2004.

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

This has been arrived at as under:

	2017-18		2016-17	
	US \$	Taka	US \$	Taka
Opening Balance	3,510,044	282,909,493	5,858,205	459,283,252
Add: Drawn/Adjustment	-	-	-	-
	3,510,044	282,909,493	5,858,205	459,283,252
Transfer to Current Liability	(2,348,161)	(196,541,110)	(2,348,161)	(189,261,809)
	1,161,883	86,368,383	-	270,021,443
Exchange (Gain)/Loss	-	10,881,135	-	12,888,050
Closing Balance	1,161,883	97,249,518	3,510,044	282,909,493

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

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

This has been arrived at as under:

	2017-18		2016 - 17	
	US \$	Taka	US \$	Taka
Opening Balance	58,207,637	4,691,535,563	62,248,901	4,880,313,821
Add: Drawn/Adjustment	-	-	-	-
	58,207,637	4,691,535,563	62,248,901	4,880,313,821
Less: Transfer to current Liability	(5,061,534)	(423,650,372)	(4,041,264)	(325,725,840)
	53,146,104	4,267,885,191	58,207,637	4,554,587,981
Exchange (Gain)/ loss	-	180,443,675	-	136,947,582
Closing Balance	53,146,104	4,448,328,866	58,207,637	4,691,535,563

- (i) This represents dollars amount drawn to date translated at exchange rate prevailing at balance sheet date for import of materials/ equipment for Sustainable Power Sector Development Project under the Subsidiary Loan Agreement (SLA) entered into between the Company and the Govt. of Bangladesh (GOB), the primary loan agreement being between the ADB and the GOB.
- (ii) As per the terms of the Agreement the principal amount of the subsidiary Loan repayable by DESCO to the Government shall be in local currency equivalent, determined at official rate of exchange rate prevailing on the date of repayment. The principal amount of the subsidiary loan is repayable in 20 years including a grace period of 5 years in 30 consecutive semi- annual installments (i.e. May 1 and November 1 in each year). The foreign exchange and interest rate risks are to be borne by DESCO during the repayment period of 20 years.
- (iii) DESCO shall pay interest to the Government in local currency at the rate of 4% per annum. Such interest shall be calculated on the total principal amount outstanding of the subsidiary loan. The interest is payable on semi-annual basis, (i.e. May 1 and November 1, in each year).
- (iv) The term of the project under which the loan was sanctioned expired on 30th June, 2013



20.04 Loan from ADB (No - 3087) Power System Expansion and Efficiency Improvement Investment Program

This has been arrived at as under:

	2017-18		2016-17	
	US \$	Taka	US \$	Taka
Opening Balance	69,217,732	5,578,949,170	47,850,431	3,751,473,802
Add: Drawn/Adjustment	46,543,854	3,838,836,936	21,367,300	1,702,522,294
	115,761,586	9,417,786,106	69,217,732	5,453,996,096
Less Transfer to current	-	-	-	-
	115,761,586	9,417,786,106	69,217,732	5,453,996,096
Exchange (Gain)/ loss	-	271,458,638	-	124,953,074
Closing Balance	115,761,586	9,689,244,744	69,217,732	5,578,949,170

- (i) This represents dollars amount drawn to date translated at exchange rate prevailing at balance sheet date for import of materials/ equipment for Power System Expansion and Efficiency Improvement Investment Program (tranche-2) project under Subsidiary Loan Agreement(SLA) entered into between the Company and the Govt. of Bangladesh (GOB), the primary loan agreement being between the ADB and the GOB.
- (ii) As per the terms of the Agreement the principal amount of the subsidiary Loan repayable by DESCO to the Government shall be in local currency equivalent, determined at official rate of exchange rate prevailing on the date of repayment. The principal amount of the subsidiary loan is repayable in 20 years including a grace period of 5 years in 30 consecutive semi- annual installments (i.e. May 15 and November 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 rate of 4% per annum. Such interest shall be calculated on the total principal amount outstanding of the subsidiary loan. The interest is payable on semi-annual basis, (i.e. May 15 and November 15, in each year).
- (iv) The term of the project under which the loan was sanctioned will expire on 30th June, 2019

20.05 Loan from ADB (No - 3522)

Particlurs	2017-18		2016 - 17	
	US \$	Taka	US \$	Taka
Opening Balance	-	-	-	-
Add: Drawn/Adjustment	387,946	32,246,005	-	-
	387,946	32,246,005	-	-
Less Transfer to current Liability	-	-	-	-
	387,946	32,246,005	-	-
Exchange (Gain)/ loss	-	225,110	-	-
Closing Balance	387,946	32,471,115	-	-

- (i) This represents dollars amount drawn to date translated at exchange rate prevailing at balance sheet date for import of materials/equipment for Bangladesh Power System Enhancement & Efficiency Improvement project under Subsidiary Loan Agreement(SLA) entered into between the Company and the Govt. of Bangladesh (GOB), the primary loan agreement being between the ADB and the GOB.
- (ii) As per the terms of the Agreement the principal amount of the subsidiary Loan repayable by DESCO to the Government shall be in local currency equivalent, determined at official rate of exchange rate prevailing on the date of repayment. The principal amount of the subsidiary loan is repayable in 20 years including a grace period of 5 years in 30 consecutive semi- annual installments (i.e. 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 rate of 4% per annum. Such interest shall be calculated on the total principal amount outstanding of the subsidiary loan. The interest is payable on semi-annual basis, (i.e. January 15 and July 15 in each year).
- (iv) The term of the project under which the loan was sanctioned will expire on 31st December, 2020

20.06 Loan from AIIB (No - LN0003)

Particlurs	2017-18		2016 - 17	
	US \$	Taka	US \$	Taka
Opening Balance	-	-	-	-
Add: Drawn	4,801,442	398,039,504	-	-
	4,801,442	398,039,504	-	-
Less Transfer to current Liability	-	-	-	-
	4,801,442	398,039,504	-	-
Exchange (Gain)/ loss	-	3,841,153	-	-
Closing Balance	4,801,442	401,880,657	-	-

- (i) This represents dollars amount drawn to date translated at exchange rate prevailing at balance sheet date for import of materials/equipment for Distribution System Upgrade & Expansion project under Subsidiary Loan Agreement(SLA) entered into between the Company and the Govt. of Bangladesh (GOB), the primary loan agreement being between the AIIB and the GOB.
- (ii) As per the terms of the Agreement the principal amount of the subsidiary Loan repayable by DESCO to the Government shall be in local currency equivalent, determined at official rate of exchange rate prevailing on the date of repayment. The principal amount of the subsidiary loan is repayable in 20 years including a grace period of 5 years in 30 consecutive semi- annual installments (i.e. January 20 and July 20 in each year). The foreign exchange and interest rate risks are to be borne by DESCO during the repayment period of 20 years.
- (iii) DESCO shall pay interest to the Government in local currency at the rate of 4% per annum. Such interest shall be calculated on the total principal amount outstanding of the subsidiary loan. The interest is payable on semi-annual basis, (i.e. January 20 and July 20 in each year).
- (iv) The term of the project under which the loan was sanctioned will expire on 31st December, 2019

20.07 Loan from GOB (No. 1505 & 1731)

This has been arrived at as under:

Opening Balance

Add: Drawn/Adjustment

Transferred to Current Liability

Closing Balance

Amount in Taka	
2017-18	2016-17

48,259,928	112,174,545
-	-
48,259,928	112,174,545
(32,173,286)	(63,914,617)
16,086,642	48,259,928

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

20.08 Loan from GOB (loan No 2332)

Opening Balance

Add: Drawn/Adjustment

Less: Transfer to current liability

Closing Balance

114,017,861	123,932,457
-	-
114,017,861	123,932,457
-	-
(9,914,596)	(9,914,596)
104,103,265	114,017,861

- (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 installments starting from 2013 after a grace period of 5 years.
- (ii) The loan carries interest at 3% p.a, and is repayable as per Debt Service Liability (DSL) schedule provided by the Government.

20.09 Loan from GOB (loan No 3087)

Opening Balance

Add: Withdrawn

Less: Transfer to current liability

Less: Refund

Closing Balance

Amount in Taka	
2017-18	2016-17

1,032,000,000	780,000,000
560,000,000	252,000,000
1,592,000,000	1,032,000,000
-	-
-	-
1,592,000,000	1,032,000,000

- (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 installments starting from 2020 after a grace period of 5 years.
- (ii) The loan carries interest at 3% p.a, and is repayable as per Debt Service Liability (DSL) schedule provided by the Government.

21.00 Due to DESA/ DPDC for assets taken over:

4,039,671,539	4,039,671,539
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21.01 Area wise break-up is as under:

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

Tongi Area (comprising Tongi East and Tongi West)

Uttara & Bashundhara Grid Substation

Total

1,998,920,000	1,998,920,000
795,040,000	795,040,000
1,245,711,539	1,245,711,539
4,039,671,539	4,039,671,539

21.02 Independent valuers had been appointed to physically verify and value the assets taken over by the company from DESA. The valuers have submitted their draft report which has been placed by the management before the Board for finalization.

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

22.00 Consumer Security Deposits:

Opening Balance

Received during the year

Refunded during the year

Closing Balance

2,384,802,056	1,894,489,374
399,558,411	519,584,417
2,784,360,467	2,414,073,791
(40,699,086)	(29,271,735)
2,743,661,381	2,384,802,056

23.00 Energy Sales: Taka	Tariff	%	2017-18	2016-17
Domestic	A	0.43	15,460,055,176	13,718,420,513
Agricultural Pump	B	0.00	441,742	596,746
Small Industries	C	0.02	846,786,780	814,010,663
Non-Residential	D	0.01	368,591,021	329,735,637
Commercial & Office	E	0.24	8,762,666,217	4,886,002,139
Medium Voltage	F	0.16	5,792,878,409	11,931,095,847
High Voltage(33kv &	H	0.08	2,803,534,054	170,105,105
REB High Voltage	I	0.00	18,809,868	152,143,195
Street Light, Pump	J	0.00	99,718,278	106,892,288
Construction & others	2E	0.02	813,303,051	945,648,549
General	HT1	0.00	3,093,167	-
Cantonment/Versity & Dc	MF3	0.01	256,626,171	-
General	MT5	0.03	1,148,412,881	-
Temporary	MT6	0.00	910,244	-
Temporary	LT-T	0.00	573,429	-
Total		1.00	36,376,400,487	33,054,650,682

23.01 Energy Sales -Unit	Tariff	%	Unit (Mkwh)	Unit (Mkwh)
Domestic	A	0.43	15,529.10	2,275.19
Agricultural Pump	B	0.00	0.44	0.15
Small Industries	C	0.02	850.57	106.14
Charitable Organization	D	0.01	370.24	62.23
Commercial & Office	E	0.24	8,801.80	493.32
Medium Voltage	F	0.16	5,818.75	1,573.09
Very High Voltage	H	0.08	2,816.06	23.45
REB High Voltage	I	0.00	18.89	24.99
Street Light, Pump	J	0.00	100.16	13.85
Construction & others	2E	0.02	816.94	46.87
General	HT1	0.00	3.11	-
Cantonment/Versity & Dc	MF3	0.01	257.77	-
General	MT5	0.03	1,153.54	-
Temporary	MT6	0.00	0.91	-
Temporary	LT-T	0.00	0.58	-
Total		1.00	36,538.86	4,619.28

24.00 Other Operating Revenue:		
Received from Consumer (Note:24.01)		470,083,459
Late payment charge		663,306,605
		305,734,984
		775,818,443
		957,617,207

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

25.00 Energy Purchase:

2017 -18		2016-17	
Unit (kwh)	Taka	Unit (kwh)	Taka
5,247,840,631	32,782,250,962	4,980,053,886	30,523,248,272

25.01 Electricity is purchased solely from Bangladesh Power Development Board (BPDB) at the rate of Tk 6.066/ kwh effective from 1st December -2017 The company also pays wheeling charge to Power Grid Co. Ltd (PGCB) at Tk 0.2791 per kwh.



Amount in Taka	
2017-18	2016-17

26.00 Operating Expenses:

Commercial operation support services	173,290,124	155,598,088
Schedule & preventive maintenance	261,129,353	230,403,415
Special action team & collection drive	655,601	1,973,415
Consultancy fees for staking sheet	31,522,033	11,101,841
Maintenance of distribution of line & equipment	115,502,867	101,014,085
R&M of grid sub-station/sub-station	79,147,976	95,331,843
Repair & maintenance of transformer	8,471,947	30,222,383
Meter & service cable issue	8,236,561	7,974,457
Revenue stamp charge against consumer bill	60,840,765	62,882,147
System operating fee BERC (Note 26.01)	9,093,713	8,263,663
	747,890,939	704,765,336
Less: Receipt against deposit work	451,131,485	378,053,401
Total	296,759,454	326,711,935

26.01 This represents provision at 0.025% of net sales value as "annual system operating fees" payable to Bangladesh Energy Regulatory Commission (BERC) as per BERC rules.

27.00 Administrative Expenses:

Director's Fees	2,650,000	1,643,750
Audit fees	398,167	387,500
Annual Picnic	2,071,852	-
Advertisement & Notices	6,250,344	7,335,030
Annual General Meeting (AGM)	1,407,317	1,606,376
Bank charges	6,566,106	4,169,933
Conveyance	2,479,620	1,886,187
Cleaning expenses	11,203,772	6,388,486
Electricity, gas & water	33,909,584	28,813,397
Entertainment	5,525,949	4,893,343
Fuel for vehicles	22,783,370	22,224,710
Honorarium to various committee members	1,075,092	1,250,645
Insurance of vehicles	3,962,733	3,019,571
Legal & Professional fees	5,761,587	6,413,094
Newspaper & Periodicals	525,139	448,894
Office maintenance	3,004,419	4,857,048
Office rent	56,012,943	42,616,224
Office security	43,328,890	44,178,650
Postage, telephone & internet	7,941,875	7,880,866
Printing & Stationery	25,923,707	26,165,276
Rates & Taxes	1,191,239	3,788,481
Repair & Maintenance of non operating assets	12,386,754	11,663,169
Repair & Maintenance of head office building	7,416,902	7,283,791
Repair & Servicing of vehicle	9,810,354	10,526,850
Recruitment expenses	164,938	59,378
Inspection survey & consultancy fees	1,279,278	1,734,788
Staff training	26,674,738	28,343,473
Listing fee & annual charges	3,157,048	3,846,258
Transport (hired)	26,263,106	25,523,597
Corporate Social Expenses	18,096,409	17,025,194
BERC license fee	2,305,000	1,150,000
Innovation Expenses	542,205	-
Office Shifting	39,500	296,003
Total:	352,109,936	327,419,962

27.01 Directors are entitled to a remuneration Tk. 10,000/- from 27.04.17 for attending each Board meeting.

28.00 Employee Expenses:

	Amount in Taka	
	2017-18	2016-17
Salary & Allowances (Note - 28.01)	1,296,105,983	1,270,143,844
Festival bonus	119,951,874	115,176,031
Incentive bonus	108,685,485	136,905,702
Company's contribution to provident fund	69,834,937	80,235,234
Company's contribution to gratuity fund	85,187,190	108,327,533
Group insurance premium	7,981,062	3,824,206
Electricity / telephone expense reimbursed (Note - 28.02)	20,981,210	19,967,687
Medical expense reimbursed (Note - 28.02)	75,123,328	71,467,375
Uniform	1,057,559	821,126
Total	1,784,908,628	1,806,868,738

28.01 Remuneration of Directors and Executives:

	Amount in Taka		Amount in Taka	
	2017-18		2016-17	
	Directors	Executives	Directors	Executives
Salary and bonus	9,949,474	269,672,873	14,052,179	297,112,901
House rent	4,263,967	139,254,729	5,230,766	128,271,304
Provident fund	852,805	23,128,548	1,212,778	25,552,861
Total	15,066,246	432,056,150	20,495,723	450,937,066

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

29.00 Interest Income:

Interest earned on FDR	637,851,785	630,994,002
Interest earned on STD	71,387,284	72,631,521
Total	709,239,069	703,625,523

30.00 Interest Expenses:

Interest expense against ADB loan	532,395,882	438,804,802
Interest expense against GOB loan	43,470,512	33,761,319
Interest expense against AIB	6,386,049	-
Total	(582,252,443)	(472,566,121)

31.00 Exchange Fluctuation Gain / (Loss):

(495,464,021) **(295,152,461)**

Exchange fluctuation loss of Tk.49,54,64,021/- has arisen out of translation of foreign currency loan (in dollar) into taka at Financial Position date at the rate of Tk.83.70/\$1 (2016-17: at Tk.80.60/\$1).

32.00 Miscellaneous Income:

Sale of tender documents	81,500	85,000
Sale of obsolete store materials and Others	44,044,086	9,870,712
Total	44,125,586	9,955,712

33.00 Depreciation:

Depreciation (operating)	868,306,252	685,298,302
Depreciation (non operating)	65,089,895	52,596,603
Total	933,396,147	737,894,905

	Amount in Taka	
	2017-18	2016-17
34.00 Income Tax :		
Current tax provision (34.01)	(290,977,281)	(231,739,133)
Deferred tax provision (34.02)	465,332,031	289,626,187
Tax Expenses	174,354,750	57,887,053
34.01 The details of current tax calculation are given below:		
Profit before tax as per income statement	678,603,636	233,700,717
Add: Accounting depreciation	933,396,147	737,894,905
Add: Bad debt Provision	(161,641)	2,286,013
Add: Corporate Social Expenses (CSR)	18,096,409	17,025,194
	1,629,934,551	990,906,830
Less: Depreciation as per 3rd Schedule of Tax Ordinance, 1984.	(2,793,843,674)	(1,917,863,363)
	(1,163,909,122)	(926,956,534)
Current Tax (at 25%)	(290,977,280.58)	(231,739,133)
Current tax expenses	(290,977,281)	(231,739,133)
34.02 Deffered Tax Provision:		
Opening Balance	2,217,755,793	1,928,129,606
Provision for the year	465,332,031	289,626,187
Closing Balance	2,683,087,823	2,217,755,793
Deferred tax provision has been arrived at as under:		
Carrying amount of assets	19,814,673,493	16,389,376,671
Tax base amount of assets	9,082,322,200	7,518,353,501
Temporary Difference	10,732,351,294	8,871,023,170
Effective Tax Rate	25.00%	25.00%
Total Deferred tax Provision required	2,683,087,823	2,217,755,793
Already provided up to last year	2,217,755,793	1,928,129,606
Deferred tax Provision during the year	465,332,031	289,626,187
35.00 Earning Per Share (EPS):		
35.01 Earning Per Share		
Earning attributable to ordinary Shareholders (Tk)	504,248,885	175,813,665
Weighted number of shares outstanding	397,569,805	397,569,805
Basic Earning Per Share	1.27	0.44
35.02 Diluted Earning per share		
No diluted earning per share is required to be calculated for the year as there was no potentially dilutive ordinary shares during the year.		
36.00 Adjustment related to previous year:		
Salary adjustment from employee & employee providend fund	(30,000)	(3,264)
Operating & administrative expenditure of previous year adjusted	(13,383,388)	1,055,857
Recrument Fee		2,812,000
Double payment in dividend account		47,967
Paid to DPDC against reimbursable amount		(187,500)
WIP/Advance adjustment	(210,243)	(5,435,947)
Payable expenses (Confidence Ent., MIM Ent. Nabayon Eng. & others)		5,898,117
Provision for Income Tax	-	(43,290,123)
Interest on FDR	-	255,245,592
Total:	(13,623,630)	216,142,700

37.00 Subsequent Events-Disclosures Under IAS 10 "Events After The Balance Sheet Date":

Proposed Dividend

- 37.01 Subsequent to the reporting date, 30th June, 2018, the Board of Directors in their meeting held on October 18, 2018 recommended 10% cash dividend (Tk. 1 per ordinary share of Tk.10 each held on record date) amounting to Tk. 39,75,69,804.00 for the year ended June 30, 2018. The dividend proposal is subject to shareholders' approval at the forthcoming 22th AGM.
- 37.02 Except the fact stated above, no circumstances have arisen since the Financial Position date which would require adjustment to, or disclosure in, the financial statements or notes thereto.



38.00 Related Party Transactions:

38.01 DESCO Purchased / Received energy and materials from the following related parties in the normal course of business:

Name of Party	Nature of Relation	Nature of Transaction	Amount in Taka	
			2017-18	2016-17
BPDB	67.63% Shareholding of DESCO	Purchase of Energy	31,317,578,643	29,136,494,181
DPDC	Common Director of DPDC & DESCO	Consumer bill collection	1,963,014	2,149,218
Total			31,319,541,657	29,138,643,399

38.02 DESCO has following outstanding balances with the related parties:

Name of Party	Amount in Taka		Amount in Taka	
	2017-18		2016-17	
	Receivable	Payable	Receivable	Payable
BPDB	57,462,286	5,934,480,510	57,462,286	5,786,476,304
DPDC	181,607,217	189,293,078	10,652,328	236,311,727
Total	239,069,503	6,123,773,588	68,114,614	6,022,788,031

38.03 Key Management Personnel:

	Amount in Taka	
	2017-18	2016-17
Director's Fees	2,650,000	1,643,750
Cash/Stock Dividend	-	-

39.00 Contingent Liabilities:

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

39.02 An aggregate amount of Tk. 75,851,481/- claimed by BPDB as shown below is disputed by the Company.

Particulars	2017-2018
Arrear Energy bill (Up to June 2018)	15,248,178
Arrear Surcharge (Up to June 2018)	28,771,907
PFC Charge (Up to June 2018)	31,831,396
Total	75,851,481

40.00 Credit Facility Availed:

No credit facility existed under any contract as on June 30, 2018 other than trade credit available in the ordinary course of business.

Dhaka Electric Supply Company Ltd.(DESCO)
Schedule of Property, Plant & Equipment
As at 30 June 2018

Sl No.	Category of Assets	Cost				Rate	Depreciation			Written down value as on 30-06-18
		Balance as on 01-07-17	Addition during the Year	Adjustment	Total as on 30-06-18		Balance as on 01-07-17	Charged during the year	Adjustment	
1	Land	2,863,846,436	2,120,290	-	2,865,966,726	-	-	-	-	2,865,966,726
2	Building	692,587,722	157,037,883	-	849,625,605	2.50%	17,693,081	-	122,027,206	727,598,399
3	Motor Vehicles	311,150,974	63,117,175	(97,185)	374,170,964	15%	27,077,233	-	243,838,292	130,332,672
4	Furniture & Fixture	57,536,828	4,003,660	-	61,540,488	10%	4,110,683	-	40,208,671	21,331,817
5	Office Equipment	342,975,544	14,792,858	(963,767)	356,804,635	15%-20%	33,901,979	(168,999)	246,913,456	109,891,179
6	Distribution Equipment	6,664,591,029	2,436,020,258	-	9,100,611,287	3%-10%	314,341,497	-	2,690,283,692	6,410,327,595
7	Distribution Line	14,014,179,431	1,682,492,798	-	15,696,672,229	3%-10%	536,271,674	-	6,147,447,124	9,549,225,105
	Total	24,946,867,964	4,359,584,922	(1,060,952)	29,305,391,934	-	933,396,147	(168,999)	9,490,718,441	19,814,673,493

Allocation of Depreciation:

Depreciation (Operating)	868,306,252
Depreciation (Non-Operating)	65,089,895
	<u>933,396,147</u>

Notes:

- 1) Building includes Office Building, Store Godown Sheds and Boundary Wall.
- 2) Office Equipment comprise Communication Equipment, Computer & Peripherals, Electric and Store Equipment etc.
- 3) Addition to Motor Vehicle Includes 02 nos motor cycle, 10 nos jeep and 02 nos Pickup

