

Information Document

Information Document



Power Grid Company of Bangladesh Ltd.

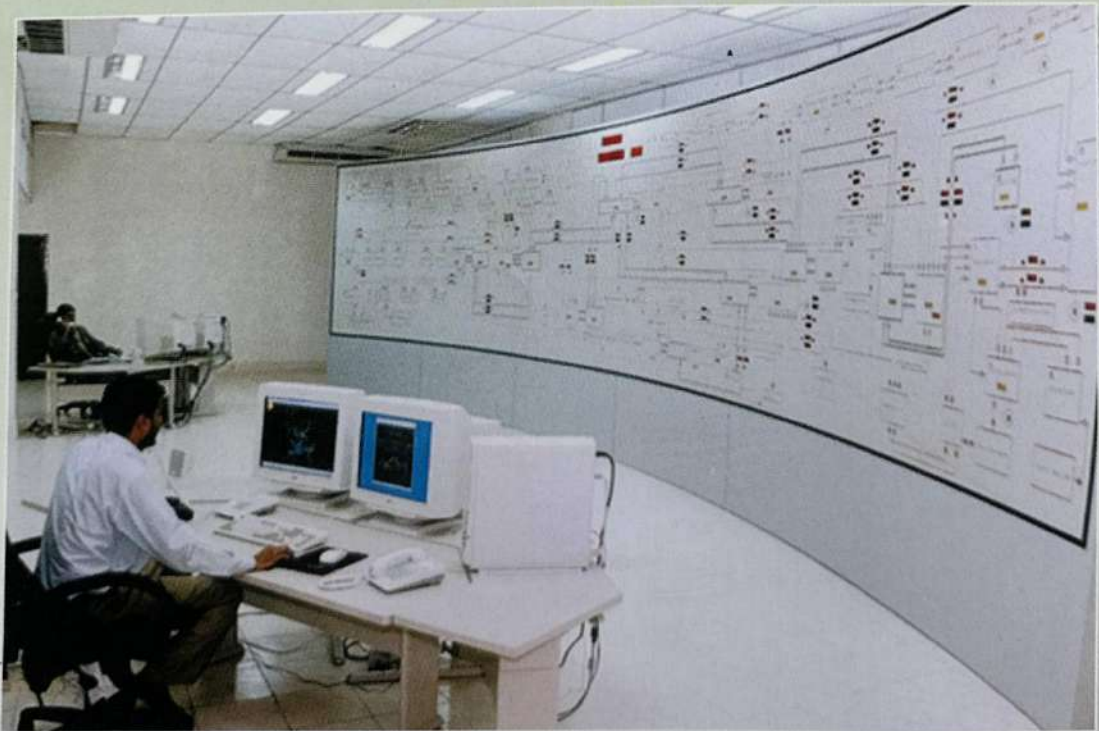
OUR VISION

Economic upliftment
of the country by reaching
electricity to all through
reliable transmission.



OUR MISSION

Efficient and effective management
of national power grid for reliable and
quality transmission of electricity
as well as economic dispatch
throughout the country.



**INFORMATION DOCUMENT FOR DIRECT LISTING
OF
POWER GRID COMPANY OF BANGLADESH LTD.**

MD. ABUL MANSUR
Asst. Manager
(Company Secretarial & Share Division)
Power Grid Company of Bangladesh Ltd.



**INFORMATION DOCUMENT FOR DIRECT LISTING
OF
POWER GRID COMPANY OF BANGLADESH LTD.**

Offloading of 91,08,940 Ordinary shares of Tk.100.00 each
Totaling Tk.91,08,94,000.00

Listing Date with DSE : 11 September, 2006

Listing Date with CSE : 12 September, 2006

Manager to the Issue

ICB Capital Management Limited.

(A Subsidiary of ICB)

BSB Building(14th Floor),

08, Rajuk Avenue, Dhaka.

Date of Information Document: 14 September, 2006



POWER GRID COMPANY OF BANGLADESH LTD.

Red Crescent Concord Tower, 17 Mohakhali C/A, (6th Floor),
Dhaka-1212, Bangladesh

Offloading of 91,08,940 Ordinary shares of Tk.100.00 each **Totaling Tk.91,08,94,000.00**

Listing Date with DSE : 11 September, 2006

Listing Date with CSE : 12 September, 2006

Manager to the Issue

ICB Capital Management Limited.

(A Subsidiary of ICB)

BSB Building(14th Floor), 08, Rajuk Avenue, Dhaka.

Date of Information Document: 14 September, 2006

"If you have any queries about this document, you may consult issuer and issue manager."

"CONSENT OF THE DHAKA STOCK EXCHANGE LTD. and CHITTAGONG STOCK EXCHANGE LTD. HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE DHAKA & CHITTAGONG STOCK EXCHANGE (DIRECT LISTING) REGULATIONS, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE EXCHANGE DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SHARE OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGER AND/OR AUDITOR."

Availability of Information Document

Information Document of the company may be available at the following addresses:

Company	Contact Person	Contact Number
POWER GRID COMPANY OF BANGLADESH LTD. Red Crescent Concord Tower, 17, Mohakhali C/A, (6 th Floor), Dhaka-1212.	Mohammed Salim, DMS(UK.),MBA (UK.)FCMA Company Secretary	Tel: 8832281,9888589,9888970 E-mail: secretary@pgcb.org.bd Website: www.pgcb.org Fax No: (880-2) 9888501
Manager To the Issue	Contact Person	Contact Number
ICB Capital Management Ltd. BSB building(14 th Floor), Avenue,Dhaka.	Md.Iftikhar-uz-zaman Chief Executive Officer	Tel:7160422,7160326-27,9563455-EXT 196 E-mail: ceocmcl@accessstel.net 08,Rajuk Website: www.icbcm.com.bd
Stock Exchanges	Available at	Contact Number
Dhaka Stock Exchange Ltd. 9F Motijheel C/A, Dhaka-1000.	DSE Library	9564601-7
Chittagong Stock Exchange Ltd. CSE Building, 1080 sheikh Mujib Road, Chittagong.	CSE Library	031-714632-3 031- 720871-3

Information Document is also available on the website of www.secdb.org. and public reference room of the Securities and Exchange Commission (SEC) for reading and study.

MD. ABUL MANSUR
Asst. Manager
(Company Secretarial & Share Div.)
Power Grid Company of Bangladesh



Table of Contents

Item	Page No.
A. Disposal of Shares	9
B. Risk Factors and management perceptions:	10
C. Description of Business	11
Information about the Company:	
Principal products or services of the company:	
Market for the products or services of the company:	
The relative contribution to sales and income of each product or service in case of more than one product or service:	
Name of associates, subsidiary/related holding company and their core areas of business:	
Distribution procedure of products or services:	
Competitive conditions in the business:	
Sources and availability of raw materials and the names of the principal suppliers:	
Sources of, and requirement for, power, gas and water:	
Names of customers who purchase 10% or more of the company's products:	
Description of any contract which the company has with its principal suppliers or Customers:	
Description of any material patents, trademarks, licenses or royalty agreements:	
Number of total employees and number of full-time employees:	
Production capacity and current utilization:	
D. Description of Property:	13
Location of the principal plants and other property and the condition thereof:	
Property owned by the company or taken on lease:	
Mortgage or other type of lien on the property owned by the company:	
Expiration date of the lease, if it is taken on lease:	
E. Plan of Operation and discussion on Financial Conditions:	14
Internal and external sources of cash:	
Material commitments for capital expenditure and the expected sources of Funds:	
Causes of any material changes in income, cost of goods sold, other operating expenses and net income:	
Seasonal Aspects:	
Known trends, events or uncertainties:	
Change in the assets used to pay off any liabilities:	
Loans taken from the holding/Subsidiary company or loans given to those companies:	
Future contractual liabilities:	
Estimated future capital expenditure:	
Vat, income tax, customs duty or other tax liabilities yet to be paid:	
Sources of Vat, income tax, customs duty and other tax liabilities yet to be paid:	
Details of operating lease (if any) during last five years:	
Last five years Financial commitment including lease commitment:	
Personnel related schemes to make provision in future years:	
Break down of all expenses including fee of issue manager:	
Revaluation of assets:	
Last five years transactions between the issuer company and its subsidiary/holding company:	
Special report from the auditors regarding any allotment of shares to promoters or sponsors:	
Material information having an impact on the affairs of the company:	
F. Directors and Officers:	21
Names, ages and positions of all Directors, alternate Directors of the company:	
Date of first becoming Director and date of expiry of current term:	
Involvement of Directors with other companies:	
Involvement of Directors with listed company in terms of dividend and category:	
Family relationship among directors, alternate directors, nominees and officers:	

Short bio-data of each director:

Holding of 5% or more shares in the paid-up capital by the directors or shareholders of the Issuer is loan defaulter in terms of the CIB report of the Bangladesh Bank:

Description of Senior executives and officers:

G. Involvement of Officers and Directors in certain legal proceedings:

27

H. Certain Relationships And Related Transactions:

27

Involvement of director or executive officer in the transaction with the issuer:

Involvement of any Director or Officer:

Involvement of any person in the transaction with the issuer owning 5% or more of the outstanding stock of the issuer :

Involvement of any family members of the above persons in the transaction with the issuer:

Involvement of any transaction between the issuing company and a director of the company

Or any of its subsidiary /holding company:

Loans taken from, or given to, any director or any person connected with the director:

Holding position of any director in any company, society, trust, organization or other firms:

Pecuniary or non-pecuniary interests and facilities enjoyed by a director:

I. Executive Compensation:

28

Name and designation with the amount of remuneration paid to the top ten salaried officers in the last accounting year:

Aggregate amount of remuneration paid to all officers and directors in the last accounting year:

Remuneration paid to any Director who was not an officer during the last accounting year:

Contract with any officer or director for the payment of future compensation:

Increment in the remuneration to the officers and directors of the company in the current year:

J. Options granted to Officers, Directors and Employees

28

Options held by the three top salaried officers, each director and all other officers:

Options held by any persons other than the officers and directors:

K. Transaction with Promoters:

29

L. Tangible assets per share:

29

Net Tangible assets per share of the securities being offered :

M. Ownership of the Company's Securities:

30

Name and address of the persons owning 5% or more of the securities of the issuer:

Number of shares owned by the top ten salaried officers, directors and all other officers:

N. Description of Securities Outstanding or Being Offered:

30

Dividend, voting and preemption rights of the shares outstanding or being offered:

Dividend, voting and conversion and liquidation rights of any preferred stock outstanding or being offered:

Limitations on the payment of dividends to common or preferred stockholders:

Other material rights of common or preferred stockholders:

O. Debt Securities:

31

Terms and conditions of debt securities that the company may have issued or to be issued:

Principal amount, maturity date, interest rate and other features of all debt securities:

All other material provisions giving or limiting the rights of the holders of debt:

Trustees designated by the indenture for outstanding debt or for debt being offered:

P. Financial Statements:

32

Auditors' Report:

Selected Ratios:

Comparative income statements and balance sheet for immediate preceding five accounting years:

Q. Credit Rating Report:

54

R. Provisional Accounts:

69

Balance Sheet as at 30th June, 2006:

Profit & Loss Account for the year ended on 30th June, 2006:

Cash Flow statement for the year ended on 30th June, 2006:

Statement of changes in Equity for the year ended on 30th June, 2006:

A. Disposal of Shares

Details of offloading shares by the Existing Shareholders As per Regulation 5 of DHAKA & CHITTAGONG Stock Exchange (Direct Listing) Regulations, 2006

1. The company shall offload 91,08,940 Ordinary shares of Tk.100.00 per share worth Tk.91,08,94,000.00 (Ninety one crore eight lac ninety four thousand) only with a minimum market lot of 50(Fifty) shares following the Regulation 5 of Stock Exchange (Direct Listing) Regulations, 2006, the Depository Act, 1999 and regulations issued there under.
2. As resolved in the Board of PDB, the present owner of the shares, and also as per resolution taken in the EGM of PGCB, 5% of the proposed offer (i.e. 4,55,447 shares) to be sold to the Directors and Employees of BPDB & PGCB at face value and the rest 86,53,493 shares shall be made available for the general public/institutes at market price.
3. The information Document, as vetted by DSE & CSE, shall be published in at least two widely circulated national dailies (One in English and one in Bengali) minimum 7 (Seven) days before commencement of trade upon listing by DSE & CSE along with an electronic copy for posting in the web page of DSE & CSE.
4. The company shall simultaneously submit the vetted Information Document with all exhibits to SEC, to the stock Exchange(s) where it tends to list its securities.
5. The existing shareholders of the company shall sell their shares through brokers of the exchange upon listing.
6. No existing shareholder of the company shall sell more than 50% of his existing shareholdings until the company holds the annual general meeting after completion of one full accounting year of the company upon listing with the Exchange.
7. The conditions stated in 4 and 5 is subject to the provision that the existing shareholders shall offer for sell at least 10% of the shareholdings in the company within 30(thirty) working days from the date of listing.
8. **The following declaration shall be made by the company in the Information Document, namely:-**

"Declaration about Listing of Shares with the Stock Exchange(s):

Application(s) will be made to the Dhaka and/ or Chittagong Stock Exchange(s) for permission of the share of the company for dealing in any or both of the said Stock Exchange(s) and for the quotation of the stock exchange(s) and shall simultaneously furnish a copy thereof, along with the copies of documents mentioned under sub regulation (ii), to the Securities and Exchange Commission (SEC)

In case of failure to fulfill the requirements by the company, the Stock Exchange(s) shall reject the application for listing showing reasons thereof, under intimation to the Securities and Exchange Commission within 60(sixty) days from the date of application."



B. Risk Factors and management perceptions:

Investors should be aware that there are some risks associated with an investment in the Company. The investors should carefully analyze the following risks in addition to the information contained in the Information Document before taking decision:

a) Exchange rate risks:

As the plants and lines of PGCB have been or are being established by foreign currency loans from various donor agencies (i.e. ADB, DANIDA, SIDA), the repayment of those loans in foreign currencies may cause a loss due to depreciation of Taka in comparison to Foreign currencies.

Managements perception: The transmission charge approved by the authority concerned includes such loss due to exchange rate fluctuation. In the case of excessive loss, hedging arrangement will be adopted by the company to cover the exchange rate risk.

b) Risks associated with tariffs of Electricity:

The transmission charge is approved by Bangladesh Energy Regulatory Commission (BERC). So fixation of tariff is beyond the control of the Company.

Managements perception: The tariff proposal is submitted with proper justification and relevant documents so that the proposal gets approved by BERC.

c) Risks associated with recovery of receivables:

The bills receivable from different utilities particularly from DESA against transmission of electricity by PGCB, sometimes remain due for a long time. This trend of slow liquidation of receivables may create liquidity problem.

Managements perception: The management of PGCB has been adopting several strategic measures to recover the receivables on time from the defaulter.

d) Risk of disruption due to Natural disaster, Political unrest etc.:

Any damage occurred due to natural disasters like Cyclone, Tide, Earthquake and Political unrests like civil disorder may hamper normal performance of transmission service which is beyond the control of the Company.

Managements perception: To overcome these uncertainties the Company has a plan to bring the key installations under insurance coverage in order to ensure reasonable compensation for the damages. However, PGCB's assets are spread all over the country. The quantum of damages due to such calamities will not be significant because of the fact that damages may occur only in a small segment in comparison to total assets. Such damages are repaired within a shortest possible time and the cost of repair is met out of Company's own revenue.

C. Description of Business

Information about the Company:

Power Grid Company Of Bangladesh Ltd. (PGCB) was created under the restructuring process of Power Sector in Bangladesh with the objective of bringing about commercial environment including increase in efficiency, establishment of accountability and dynamism in accomplishing its functions. PGCB was incorporated in November 21, 1996 as a private Limited Company having **Registration No. C-31820(941)/96** with an authorized capital of Tk.10 billion under the Companies Act, 1994. Later on PGCB was converted into public Limited Company. It was entrusted with the responsibility to own national power grid and to operate and expand the same with efficiency. Pursuant to Government decision to transfer transmission assets to PGCB from Bangladesh Power Development Board (BPDB) and Dhaka Electric Supply Authority (DESA), PGCB completed taking over all the transmission assets on 31.12.2002.

PGCB at a Glance

Corporate Office:	Red Crescent Concord Tower 17, Mohakhali C/A, 6th Floor, Dhaka-1212.
Year of Incorporation:	1996.
Commercial Operation:	October, 1999.
Status:	Public limited Company
Business:	Transmission of Power.
Authorized Capital in Taka:	Tk. 10 billion
Paid in Capital in Taka (as on 30/06/2005):	Tk. 3643.58 million
Net Profit before Tax in 2005:	Tk.422.00 million
Transmission Line (as on 30.06.2005):	6888 circuits Km
Substation (as on 30.06.2005):	74 Nos.
Turnover in Taka of 2004-05:	Tk.4683.35 million
Manpower (Upto 30.06.2005):	1529 Nos.

PGCB's Vision

Economic upliftment of the country by reaching electricity to all through reliable transmission.

PGCB's Mission

Efficient and effective management of national power grid for reliable and quality transmission of electricity as well as economic dispatch throughout the country.

Company's Objectives

The main objectives of the company are:

- 1) To plan, promote, develop, operate and maintain an integrated and efficient power transmission system network in all its aspects including planning, investigation, research, design and engineering, preparation of preliminary feasibility and detailed project report, construction, operation and maintenance of transmission lines, sub-stations, load dispatch centers and communication facilities and appurtenant works, co-ordination of integrated operation of regional, national and international grid systems, providing consultancy services in power systems field, execution of turnkey jobs for other utilities/ organization, wheeling of power, purchase and sale of power.
- 2) To carry on manufacturing, trading and other business. To carry on the business of purchasing, manufacturing, selling, importing, exporting, producing, trading, manufacturing plant, equipment and otherwise dealing in all aspects of planning, investigation, research, design, engineering and construction and establishment, operation and maintenance of power transmission system, distribution systems, generating stations, consultancy and execution of turn key jobs for other utilities, organizations and purchase and sale of power, power system development, development of ancillary and other allied industries and for that purpose to install, operate and manage generating stations and all necessary transmission and distribution lines, substations, switchyards, load dispatch centers and communication facilities, establishments and allied works.

Principal products or services of the company:

The Principal Service of the company is to transmit Electricity from generation sources to distribution entities.

Market for the products or services of the company:

The market of the product/ services of the company comprises of the domestic market.

The relative contribution to sales and income of each product or service in case of more than one product or service:

The company has two product/service, the contribution of which are given below:

	Estimated Sales (crore Tk./Annum)	Estimated Income (crore Tk./Annum)
Transmission Of Power	468.34	44.31
Leasing of OPGW	4.50	4.50

Name of associates, subsidiary/related holding company and their core areas of business:

Bangladesh Power Development Board (BPDB) is the 100% owner of PGCB. BPDB's core business area is power generation & distribution of electricity.

Distribution procedure of products or services:

The distribution procedure of services is involved with the transmission of Electricity to the following organizations:

- Bangladesh Power Development Board (BPDB)
- Palli Biddut samity (PBS)
- Dhaka Electric Supply Company Ltd. (DESCO)
- Dhaka Electric Supply Authority (DESA)
- West-Zone Power Distribution Company Ltd.

Competitive conditions in the business:

The power sector does not have any competition due to shortfall of electricity supply in comparison to demand in the country. However, PGCB has been enjoying and will continue to enjoy natural monopoly in the power sector.

Sources and availability of raw materials and the names of the principal suppliers:

No raw material for transmission service of PGCB is required.

Sources of and requirement for power, gas and water:

The required electricity is consumed from BPDB, DESA, DESCO and Palli Biddut samity of REB. Water is required for auxiliary purpose and served from the respective utilities.

Names of any customers who purchase 10% or more of the company's products:

PGCB transmits electricity of more than 10% to Palli Biddut Samity of REB, BPDB & DESA.

Description of any contract which the company has with its principal suppliers or Customers:

Since PGCB does not require any raw materials, the contract with supplier for material is not applicable. PGCB's customers are BPDB, DESA, DESCO, PBS & WZPDCO who pay wheeling charge as per tariff order. So no contract is applicable in this case also.

Description of any material patents, trademarks, licenses or royalty agreements:

PGCB has a Transmission License, the number of which is EA & CEI/EA- License/10/99/804. Trademarks, Patents or royalty agreements etc are not applicable to PGCB.

Number of total employees and number of full-time employees:

As on 30th June, 2005 the total number of fulltime employee were 1529 (one thousand five hundred twenty nine).

Production/Transmission capacity and current utilization:

PGCB has started the transmission of electricity partially from FY 1999-2000. The transmission Capacity and current utilization is shown from FY 2002-2003, being the year of commencement of full commercial operation:

Fiscal Years	Transmission Capacity (million KWh)	Electricity transmitted (million KWH)
2002-2003	18422	17688
2003-2004	20062	19327
2004-2005	21162	20439

D. Description of Property:**Information in respect of plants and property :-****Location of the principal plants and other property and the condition thereof:**

The following transmission lines and substations located all over the country are available in the company at the end of FY 2004-2005:

- | | |
|-----------------------------|------------------------------|
| 1. 230 KV Transmission line | 1466 circuit Km. |
| 2. 132 KV Transmission Line | 5255 circuit Km. |
| 3. 66 KV Transmission Line | 167 circuit Km. |
| 4. 230/132 KV Sub-station | 9 Nos. Capacity - 3825 MVA. |
| 5. 132/33 KV Sub-station | 63 Nos. Capacity - 6165 MVA. |
| 6. 66/33/11 KV Sub-station | 2 Nos. Capacity - 25.6 MVA. |

The all above property is in good operating condition.

Group, Category and Item	Total Gross Value(cost) as on 30th June, 2005	Depreciation YTD	Accumulated Depreciation Up to June,05	Current Book Value as on 30th, June,05
Building	20,933,175.65	1,046,658.78	2,797,343.26	18,135,832.39
Furniture & Equipments	36,010,461.48	2,769,604.48	8,712,467.17	27,297,994.31
Land	279,537,203.43	0	0	279,537,203.43
Other assets	4,663,961.56	1,149,023.38	1,338,783.18	3,325,178.38
Plant & Machinery	50,763,265,063.43	1,786,135,390.67	26,670,280,073.98	24,092,984,989.45
Vehicles	82,705,047.63	10,398,346.15	28,518,698.90	54,186,348.73
Land Development	112,054,964.53	0	0	112,054,964.53
Total	51,299,171,912.71	1,801,499,023.46	26,711,647,371.49	24,587,522,511.22

Property owned by the company or taken on lease:

- The company itself owns the entire fixed assets .
- There is no lease hold property.

Mortgage or other type of lien on the property owned by the company:

There is no mortgage or lien on the property.

Expiration date of the lease, if it is taken on lease:

As there is no lease hold property, question of expiration date of lease does not arise.

E. Plan of Operation and discussion of Financial Conditions:**Internal and external sources of cash: (as on 30.06.2005)****Internal Sources:****(Tk. in crore)**

Particulars	As on 30-06-2005	As on 30-06-2004	As on 30-06-2003	As on 30-06-2002	As on 30-06-2001
Paid up Capital	364.36	364.36	364.36	237.06	177.06
Deposit for shares	262.47	192.45	166.31	76.53	46.38
Un-appropriated profits	49.69	41.54	34.21	27.23	10.85
Total:	676.52	598.35	564.88	340.82	234.29

External Sources:**(Tk. in crore)**

Particulars	As on 30-06-2005	As on 30-06-2004	As on 30-06-2003	As on 30-06-2002	As on 30-06-2001
Grant from SIDA	2.64	1.48	--	--	--
ADB Loan	341.66	286.39	226.27	174.94	--
Govt. Loan	163.53	116.85	99.42	71.02	---
BPDB Loan	.80	.80	.80	.80	---
Assigned loans:					
From BPDB:	1389.92	1447.54	1688.12	371.22	---
From DESA:	426.28	406.28	228.79	----	---
SIDA Loan	6.15	3.45	----	----	----
KFW Loan	1.62	--	--	--	--
Danida Loan	18.20	---	---	---	---
NDF Loan	8.37	---	---	---	---
Suppliers Credit	38.76	6.02	---	---	---
Total:	2397.93	2268.81	2243.40	617.98	---

Material commitments for capital expenditure and the expected sources of Funds:

The development activities with estimated cost and sources of fund with other relevant information are given below:

Name of Project: Hasnabad-Aminbazar-Tongi & Haripur-Meghnaghat 230 kV Transmission line.

Estimated Cost : Total Tk. 3804.19 Million
Source of Finance : Project Aid (Foreign loan): Tk 2241.48 million by ADB and local currency; Tk 1562.71 million by Govt. Of Bangladesh(GOB).
: Already spent up to 30.06.2005 Tk.2179.73 million.

Name of Project	:	<u>Khulna - Ishurdi and Bogra-Barapukuria 230 kV Transmission Line.</u>
Estimated Cost	:	Total Tk. 8912.00 Million
Source of Finance	:	Project Aid (Foreign loan): Tk 5464.20 million by ADB, NDF, KFW SIDA, Suppliers credit and local currency: Tk 3447.80 million by Govt. of Bangladesh(GOB)
	:	Already spent up to 30.06.2005 Tk.941.07 million
Name of Project	:	<u>Ishurdi - Baghabari- Sirajganj- Bogra 230 kV Transmission Line.</u>
Estimated Cost	:	Total Tk. 3787.60 Million
Source of Finance	:	Project Aid (Foreign loan): Tk 2325.4 million by ADB, KFW & Suppliers credit & local currency :Tk. 1462.20 million by GOB.
	:	Already spent up to 30.06.2005 Tk.722.88 million.
Name of Project	:	<u>Joydevpur-Kabirpur-Tangail 132 kv Transmission line.</u>
Estimated Cost	:	Total Tk. 1286.00 Million
Source of Finance	:	Project Aid (Foreign loan): Tk 1022.80 million by DANIDA and Local currency :Tk 263.20 million by GOB
	:	Already spent up to 30.06.2005 Tk.197.38 million.
Name of Project	:	<u>Second East-West Interconnector Transmission line Project (Ashuganj-Jamuna Bridge-Sirajganj 230 kV Transmission line).</u>
Estimated Cost	:	Total Tk. 3611.30 Million
Source of Finance	:	Project Aid (Foreign loan): Tk 1912.40 million by ADB and Local Currency: Tk. 1698.90 million by GOB
	:	Already spent up to 30.06.2005 Tk.130.46 million.
Name of Project	:	<u>National Load Despatch Centre (NLDC):</u>
Estimated Cost	:	Total Tk. 5441.80 Million
Source of Finance	:	Project Aid. (Foreign loan): Tk: 3206.50 million by ADB and Local Currency :Tk 2235.30 million by GOB
	:	Already spent up to 30.06.2005 Tk.57.39 million.
Name of Project	:	<u>Construction and Extension of grid substations including transmission line facilities (Phase-1):</u>
Estimated Cost	:	Total Tk. 5989.42 Million
Source of Finance	:	Project Aid. (Foreign loan): Tk: 3665.82 million by ADB, JBIC and Local Currency: Tk 2323.60 million by GOB.
	:	No expenditure has been made as yet.
Name of Project	:	<u>Shunt Compensation at Grid Substations by Capacitor Banks(Phase-1):</u>
Estimated Cost	:	Total Tk. 1131.45 million
Source of Finance	:	Project Aid. (Foreign loan): Tk: 729.10 million by ADB and Local Currency: Tk 402.35 million by GOB.
	:	No expenditure has been made as yet.

Causes of any material changes in income, cost of goods sold, other operating expenses and net income:**(Tk. in Crore)**

Sl.No	Particulars	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
1.	Gross Income	57.58	87.27	233.28	393.19	484.03
2.	Other operating expenses	43.47	78.13	227.61	381.47	439.72
3.	Net Income Before Tax	14.12	9.14	5.67	11.71	42.20
4.	Net Profit After Tax & WPPF	14.12	9.14	5.67	7.32	26.37

As PGCB is not a manufacturing concern "cost of goods sold" is not applicable here.

Causes of Material changes:

Since the start of the commercial operation of PGCB during FY 1999-2000 the gross income, other operating expenses and net income have to increase due to expansion of network as well as efficient and effective operation of transmission system. Further it may be mentioned here that frequency of transmission interruption has been reduced by proper maintenance work.

Seasonal Aspects:

Normally in winter electricity consumption is less than in the summer. But since the existing generation is lower than the country's total demand, the seasonal demand has a little impact on the transmission system operation.

Known trends, events or uncertainties:

Force majeure such as political unrest and natural calamities are generally known events that may affect the company business.

Change in the assets used to pay off any liabilities:

No asset of the company has been used to pay off any liabilities.

Loans taken from the holding/Subsidiary company or loans given to those companies:**(Tk. in Crore)**

Particulars	Holding / Associate	As on 30-06-2005	As on 30-06-2004	As on 30-06-2003	As on 30-06-2002
Loans Taken From BPDB:	100% owner of PGCB Shares	1389.92	1447.54	1688.12	371.22

Future contractual liabilities:

The future contractual liabilities of PGCB will be created on implementation of some ongoing projects and some projects under process of implementation. The fund for the estimated project cost will be raised from ADB, GOB and Other donor agencies against which future contractual liabilities of PGCB will be created. The details of these liabilities is displayed in the following table:

Sl.No.	Name of Project	Amount in Taka	Sources of Fund
1.	Hasnabad-Aminbazar-Tongi & Haripur-Meghnaghat 230 kV Transmission line.	3804.19 million	ADB & GOB
2.	Khulna-Ishurdi and Bogra-Barapukuria 230 kV Transmission Line.	8912.00 million	ADB, NDF, KFW, SIDA, Suppliers Credit and GOB.
3.	Ishurdi-Baghabari- Sirajganj- Bogra 230 kV Transmission Line.	3787.60 million	ADB, KFW, Suppliers Credit and GOB
4.	Joydevpur-Kabirpur-Tangail 132 kv Transmission line.	1286.00 million	DANIDA & GOB.
5.	Second East-West Interconnector Transmission line Project (Ashuganj-Jamuna Bridge-Sirajganj 230 kV Transmission line).	3611.30 million	ADB and GOB
6.	National Load Despatch Centre (NLDC):	5441.80 million	ADB and GOB
7.	Construction and Extension of grid substations including transmission line facilities (Phase-1):	5989.42 million	ADB, JBIC and GOB
8.	Shunt Compensation at Grid Substations by Capacitor Banks (Phase-1):	1131.45 million	ADB and GOB

Total 33,963.76 million

Estimated future capital expenditure:

The following capital expenditure has been planned to be incurred in the FY 2005-2006, in addition to the Development Project Capital expenditure mentioned above:

Sl.No.	Items of Capital Expenditure	Amount in lac Taka (Estimated)
01.	Furniture and Fixtures	49.54
02.	Office Equipment	159.99
03.	Tools and plants	316.00
04.	Store materials purchase	1606.00
05.	Transport	290.00
06.	Transmission line	55.00
07.	Telecom Equipments/Tools	2146.75
08.	Consultancy	26.00
09.	Miscellaneous Civil construction	761.50
10.	Customs Duty/VAT	987.20
11.	Software	55.85
	Total	6453.83

Vat, income tax, customs duty or other tax liabilities yet to be paid:

a. VAT

VAT is applicable to PGCB as a service renderer and importer of capital machineries. VAT registration no. of PGCB is **9131019806-(90403)**. Till FY 2004-2005 no liabilities against VAT, remained unpaid.

b. Income tax

PGCB has been paying advance Income Tax at source at the import point which is higher than the tax liabilities decided after assessment. Therefore there is no tax liability unpaid.

c. Custom duty or other liability

There are no dues outstanding on account of Custom duty or other tax liabilities.

Sources of Vat, Income tax, customs duty and other tax liabilities yet to be paid:

Unpaid/unadjusted liabilities, if any, on account of income tax, VAT, customs duty or other tax liabilities will be paid out of the Govt. Fund and ordinary resources of the company.

Details of operating lease (if any) during last five years:

The company did not obtain any operating lease during last five years.

Last five years Financial commitment including lease commitment:

The company does not have such commitments.

Personnel related schemes to make provision for in future years:

The following retirement benefit schemes for the employees of PGCB have been introduced:

1. Provident Fund

The company operates a recognized Contributory Provident Fund (CPF) for its permanent employees. The fund is administered by a Board of Trustees and is funded by 10% contributions equally from the employees and the company. The fund is managed separately and is recognized by National Board Of Revenue(NBR).

2. Gratuity

The company also maintains Gratuity Scheme for confirmed employees of the company.

3. Festival Bonus and other Incentives:

There is provision for two Festival Bonus every year for the employees of the Company. Besides this the company has earn leave encashment facilities as per guideline of the company.

Break down of all expenses including fee of issue manager and underwriters:

I. Fee of Issue Manager: 0.095% of issued capital.

II. Fee of underwriters: Not applicable.

Revaluation of assets:

No revaluation has been made of the company's assets and liabilities.

Last five years transactions between the issuer company and its subsidiary/holding company:

Bangladesh Power Development Board owns 100% share of PGCB. The transaction with BPDB during last five years are shown below:

Particulars	Holding / Associate	As on 30-06-2005	As on 30-06-2004	As on 30-06-2003	As on 30-06-2002	As on 30-06-2001
Assigned loans: From BPDB:	100% owner of shares	1389.92	1447.54	1688.12	371.22	----

Schedule of Major Assets

Details of asset with depreciation effect as on 30-06-2005.

Name of Asset	Asset value as on 30.06.2005	As on 30.06.2004	Charged during the period	Closing Balance	Current book value
Land	279,537,203.43	0	0	0	279,537,203.43
Land Development	112,054,964.53	0	0	0	112,054,964.53
Office furniture	8,604,758.95	1,093,419.38	625,876.44	1,719,295.82	6,885,463.13
Office Equipment	27,405,702.53	4,849,443.28	2,143,728.04	6,993,171.32	20,412,531.21
Light Vehicle	82,705,047.63	18,120,352.75	10,398,346.15	28,518,698.90	54,186,348.73
Office Building	20,933,175.65	1,750,684.48	1,046,658.78	2,797,343.26	18,135,832.39
Substations	28,888,497,918.55	13,724,967,419.90	1,020,518,540.65	14,745,485,960.55	14,143,011,958.00
Transmission Lines	21,812,912,907.81	11,156,831,956.99	763,451,951.76	11,920,283,908.75	9,892,628,999.06
Transmission Line Emergency restoration	61,854,236.14	2,345,306.45	2,164,898.26	4,510,204.71	57,344,031.43
Fixed assets (Other)	4,663,961.56	189,759.80	1,149,023.38	1,338,783.18	3,325,178.38
Grand Total	51,299,169,876.78	24,910,148,343.03	1,801,499,023.46	26,711,647,366.49	24,587,522,510.29

Details of Loan Statement:

Details of Long term loan Statement as on 30-06-2005

SL #	Particulars	Loan Balance as on June 30, 2005	Interest Rate	Repayment Started/ due from	Annual Repayment Amount (Taka)	Annual Repayment Amount (Foreign Currency)
1	ADB Loan - 1505	1,906,373,949.00	8%	15/07/2002	50,000,000.00	-
2	ADB Loan - 1731	1,253,782,328.00	5.50%	15/01/2004	-	\$3,420,624.00
3	ADB Loan - 1885	243,123,134.00	5.50%	15/01/2007	-	\$7,440,000.00
4	ADB Loan - 2039	13,351,339.00	5%	15/01/2009	-	\$3,285,000.00
	ADB Loan Total	3,416,630,750.00				
5	Suppliers Credit	387,595,023.00	3.50%	31/12/2006	-	\$2,000,000.00
6	KFW Loan	16,150,203.00	12%	15/06/2007	47,400,000.00	\$0.00
7	Danida Loan	182,047,500.00	5%	31/07/2007	-	\$1,100,160.00
8	SIDA Loan	61,489,386.00	5.50%	15/12/2012	-	SEK 6,218,989.40
9	NDF Loan	83,663,291.00	5.50%	15/12/2012	-	€ 733,332.00
10	Assigned loan - BPDB	15,080,896,958.71	5%	30/06/2003	881,647,500.00	
11	Assigned loan - DESA	4,262,818,000.00	5%	30/06/2004	100,000,000.00	
12	Govt. loan	1,635,296,800.00	5%	15/07/2002	20,000,000.00	
	GOB & Others loan total	21,709,957,161.71				
	Total Loan	25,126,587,911.71				

**Special report from the auditors regarding any allotment of shares to promoters or sponsors:
To whom it may concern**

This is to certify that as per share register and other relevant records maintained by **Power Grid Company Of Bangladesh Ltd. (PGCB)**, the paid up Share capital of the company as at **30th June, 2005**, was Tk. **3,643,581,000.00** divided into **3,643,581** ordinary shares of **Tk.1000** each as shown below:

The break-up of the paid up share capital of last five years commencing from 30th June, 2001 is as follows:

Particulars	Amount in Taka as on 30th June				
	2005	2004	2003	2002	2001
Ordinary shares of Tk.1000 each fully called and paid up in cash	300,011,000	300,011,000	300,011,000	300,011,000	300,011,000
Ordinary shares of Tk. 1000 each paid up other-wise than in cash	3,343,570,000	3,343,570,000	2,070,570,000	1,470,570,000	638,710,000
Newly Issued: Ordinary shares of Tk. 1000 each paid up other-wise than in cash	--	--	1,273,000,000	600,000,000	831,860,000
Total	3,643,581,000	3,643,581,000	3,643,581,000	2,370,581,000	1,770,581,000

Sd/-

(BASU BANERJEE NATH & CO.)

CHARTERED ACCOUNTANTS

Dated : 30 April, 2006

Material information having an impact on the affairs of the company:

We furnish the following information which have an impact on the total equity of the company.

Statement of changes in Equity for the year ended 30 June, 2005

Particulars	Share Capital	*Deposit for Shares	Accumulated Profit	Total Taka
Balance at 30 June, 2004	3,643,581,000	1,924,508,600	415,370,493	5,983,460,093
Addition during the year	-	700,176,600	-	700,176,600
Net profit for the year	-	-	263,721,941	263,721,941
Prior year's adjustment	-	-	-	-
Issue of share capital	-	-	-	-
Balance at 30 June 2005	3,643,581,000	2,624,685,200	679,092,434	6,947,358,634

*Contribution of Government as share money deposit. Share is not issued yet.

F. Directors and Officers:**Names, ages and positions of all Directors, alternate Directors of the company:**

Names and address of the directors	Age	Position	Representative of
Mr. A.N.H. Akhtar Hossain, Chairman, BPDB (From 23/07/2005 to 15/03/2006)	54	Chairman	Bangladesh Power Development Board (BPDB)
Mr.M.A. Matin Member (Generation), BPDB	57	Director	Bangladesh Power Development Board (BPDB)
Mr.Mohammad Shafiqul Azam Member(Finance), BPDB	48	Director	Bangladesh Power Development Board (BPDB)
Mr. Quazi Faruque General Secretary, CAB	56	Director	Consumer Association Of Bangladesh (CAB)
Mr.Md. Akhtaruzzaman Manju Director, (FBCCI)	56	Director	Federation Of Bangladesh Chamber of Commerce and industries (FBCCI)
Engr. Moyeed Roomi Representative from IEB	50	Director	Institute of Engineers of Bangladesh (IEB)
Dr. Jamaluddin Ahmed Council member, ICAB	48	Director	Institute of Chartered Accountants of Bangladesh (ICAB)
A.N.M. Rizwan Managing Director, PGCB	61	Director	Power Grid Company Of Bangladesh Ltd (PGCB)
A.B.M. Harunur Rashid Director (Technical)	57	Director	Power Grid Company Of Bangladesh Ltd (PGCB)
Md. Anisur Rahman Director (Finance)	48	Director	Power Grid Company Of Bangladesh Ltd (PGCB)

Date of first becoming Director and date of expiry of current term :

Sl.No.	Name of Directors	Date of becoming Director for the first time	Date of Expiration of Current Term
1.	Mr. A.N.H. Akhtar Hossain, Chairman, BPDB	24.07.2005	15.03.2006
2.	M.A. Matin Member (Generation), BPDB	06.11.2004	11.12.2005
3.	Mohammad Shafiqul Azam Member(Finance), BPDB	13.02.2005	Continue
4.	Quazi Faruque General Secretary, CAB	07.07.1997	Continue
5.	Md. Akhtaruzzaman Manju Director, (FBCCI)	13.02.2005	Continue
6.	Engr. Moyeed Roomi Representative from IEB	25.08.2005	Continue
7.	Dr. Jamaluddin Ahmed Council member, ICAB	25.05.2005	Continue
8.	A.N.M. Rizwan Managing Director, PGCB	07.07.1997	Continue
9.	A.B.M. Harunur Rashid Director (Technical)	20.03.2003	Continue
10.	Md. Anisur Rahman Director (Finance)	07.07.1997	Continue

Involvement of Directors with other companies:

Sl. No.	Name of director.	Name of other organization/ company where the director is involved	Position.
01.	Mr. A.N.H. Akhtar Hossain, Chairman, BPDB	Ashugonj Power Station Company Ltd.; West Zone Power Distribution Company Ltd.; Electricity Generation Company of Bangladesh Ltd.	Chairman
02.	M.A. Matin Member (Generation), BPDB	Not involved with other organization/Company	None
03.	Quazi Faruque General Secretary, CAB	Not involved with other organization/Company	None
04.	Md. Akhtaruzzaman Manju Director, (FBCCI)	Aftab IT Ltd.; AFA Steel Industries Ltd.; Hi-Tech Spares Ltd.; SARM Associates Ltd., Federation of Bangladesh Chamber of Commerce and Industries.	Director
		Internet Service Providers Association of Bangladesh	President
		Bangladesh Shop Owners Association	Sr. Vice Chairman
		Prime Minister's ICT Taskforce (Working Committee)	Member
		Bangladesh Association of Consulting Engineers	Member
		Bangladesh Motor Parts and Tyre Tube Merchant Association	Member
		ICT Business Promotion Council, Ministry of Commerce	Executive Member
		Bangladesh ICT Business Center, Santa Clara, USA	Member
		Bangladesh Denmark Business Forum	Executive Committee Member
		Bangladesh India Chamber of Commerce and Industry	Executive Committee Member
		Board of Technical Committee: South Asian Regional Energy Initiative, US Chamber, USA.	Member.
		Rivoli	Proprietor
05.	Dr. Jamaluddin Ahmed, FCA	Hoda Vasi Chowdhury and Company, Chartered Accountants	Director in Consulting Service
06.	Engr. Moyeed Roomi	Maxim Ercon Limited	Managing Director.
07.	Md. Shafiqul Azam	Ashugong Power Station Company Ltd.	Director
08.	A.N.M. Rizwan Managing Director, PGCB	Not involved with other organization/Company	None
09.	A.B.M. Harunur Rashid Director (Technical)	Not involved with other organization/Company	None
10.	Md. Anisur Rahman Director (Finance)	Not involved with other organization/Company	None

Involvement of Directors with listed company in terms of dividend and category:

The Directors of PGCB are not directly involved with the listed companies of DSE/CSE in terms of dividend and category.

Family relationship among directors, alternate directors, nominees and officers:

There is no family relationship among Directors, alternate Directors, nominees and Officers.

Short bio-data of each director:

1. Engr. A.N.H. Akhtar Hossain, P.Engg, Chairman

Engr. A.N.H. Akhtar Hossain, P.ENG, a versatile professional in energy sector, completed his B.Sc. in Civil Engineering from Bangladesh University of Engineering & Technology (BUET). He has also completed his Post Graduate Diploma in Irrig. Sc. from KUL, Belgium. At present he is the Secretary of Power division, Ministry of Power, Energy and Mineral Resources Govt. of Bangladesh. In FY 2004-2005, he was the Chairman of Bangladesh Power Development Board (BPDB), PGCB, APSCL, WZPDCO, EGCBL. He is also the president of IEB.

He formerly served as Managing Director of Dhaka WASA; Chief Engineer of BWDB. He was elected as Vice president of IEB; Chairman - Dhaka center, ESSWC, IEB; Member Secretary, Civil Engineering Division (Central & local council); Secretary General & Vice Chairman, Prokrichi-BCS co-ordination committee and General Secretary and Vice-President, Water Power Engineers Association. Mr. Akhtar Hossain was the resource person in various local and international training programme. He has worked as International Consultant to Asian Disaster Preparedness center and ICIMOD. He has also presented more than 20 technical papers in different International Seminar, Workshop and Conferences.

2. Mr. M. A. Matin, Member (Generation), BPDB, Director

Mr. Md. Abdul Matin, son of Mr. Ansar Ali Sarkar was born on 1st January, 1948. He completed his B.Sc in Mechanical Engineering from Bangladesh University of Engineering & Technology (BUET). He joined in 1969 as Assistant Engineer in Bangladesh Power Development Board (BPDB). In his 20 years long service experience, he served BPDB in power plants and other system management process successfully. He has been working as Member (Generation) at BPDB since 24th March, 2004.

Mr. Matin have a wide range of Training experience at home and abroad. He completed professional training on "Induction Training" at Kaptai academy and Management Training at BIM. He also successfully completed various foreign training at Philippines, China, Russia, Thailand, Malaysia, India, Nepal and USA. He is an expert in Hydro electric power plant and Thermal Power Plant in Bangladesh.

3. Mr. Md. Shafiqul Azam, Member (Finance), BPDB, Director

Mr. Mohammad Shafiqul Azam, was born on 1st February, 1957 in a respectable Muslim family. He is a BCS Cadre officer in Audit & Accounts service. He completed his BSS (Hons.) and MSS in Public Administration in 1977 and 1978 respectively. He joined the Govt. service in 1981. He served as Deputy Secretary, Ministry Of Finance. At present he is working as Member (Finance), in Power Development Board (BPDB).

In his long service in Govt. Sector, he attended various training programmes at home and abroad. He attended training course on "Audit & Accounts" at Audit & Accounts Academy; "Foundation Training" at Civil Officers Training Academy and "47 ACAD course" at BPATC, Savar, Dhaka. He attended the seminar on the topics of "Audit of Social Service Sector" in New Delhi and "seminar on Computer Auditing" in Tokyo, Japan.

4. Mr. Quazi Faruque, Director:

Mr Quazi Faruque, a noted journalist and pioneer of Consumer Right Movement in Bangladesh, was born in 1949. He completed his Masters in Management from Rajshahi University in, 1972. Professionally he is a journalist. At present he is working as a Chief Editor of "Mukto Tathoya" and General Secretary of Consumers Association of Bangladesh (CAB). He has traveled many countries of Asia, Europe and Pacific region and attended the World Summit on Information Society (WSIS) in Geneva, Switzerland.

5. Mr. Md. Akhtaruzzaman Manju, Director.

Mr. Md. Akhtaruzzaman Manju, a renowned entrepreneur and noted social worker, is a Bachelor of Science from Dhaka University. He also completed his Post-Graduate diploma in Applied Statistics from Dhaka University and Post Graduate Diploma in Management and Administration in U.K. At present he is the Operative Director of Aftab IT Ltd. He is also the Director of AFA Steel Industries Ltd, Hi-Tech Spares Ltd, SARM Associates Ltd. He is the proprietor of RIVOLI, a retail and whole-sale garments company. He is also a director of Federation of Bangladesh Chamber of Commerce and Industry. He is a member of the Board of Technical Committee of "South Asian Regional Energy Institute, US Chamber, USA".

6. Engr. Moyeed Roomi, Director:

Engr. Moyeed Roomi, son of late M.R. Bhuiya, was born on 1st March, 1955. He obtained his B.Sc in Mechanical Engineering from Bangladesh University of Engineering and Technology (BUET) in 1977. He also got his Post Graduation degree in Industrial and Production Engineering from BUET. At present he is working as the Managing Director of Maxim Ercon Ltd. He also worked as Deputy Chief Engineer (Mechanical), Kohinoor Chemical Company, BCIC and as Assistant Engineer (Mechanical) in Water Development Board. He attended training programs on Productivity improvements in Foundry Industry from Asian Productivity Organization Japan, on Low-cost automation from Asian Productivity Organization, Thailand and workshop on Iron and Steel Foundry Technology for supporting Industry from Asian Productivity Organization, Taiwan.

7. Dr. Jamaluddin Ahmed, Director.

Dr. Jamaluddin Ahmed, a renowned Fellow member of the ICAB and the partner of country's one of the prominent Chartered Accountancy Firm "Hoda Vasi Chowdhury and Company". He was born on 1st January, 1957 in a respectable Muslim Family. He completed his M.Com in Accounting from Dhaka University with the position of First Class in 1979. After completion of his Chartered Accountancy in 1985 from ICAB he has done Phd. in Accounting from University of Wales, U.K in 1996. He also attended various training program at home and abroad. He is specialised in Energy sector and attended a wide range of training program. He conducted financial audit in REB from 2002 to 2004. In his working experience at home and abroad, he served - Rupali Bank Ltd. as IAS specialist, Central Bank of Bangladesh as IAS specialist, World Bank as consultant, Dhaka Bank Ltd. as Consultant, Prime Bank Ltd. for conducting operational audit, Beximco Pharmaceuticals as head of financial systems and HRD.

8. Engr. A.N. M. Rizwan, Managing Director

Mr. A.N.M. Rizwan, a renowned energy specialist, was born in a respectable Muslim family on December, 14, 1944. He completed his graduation in Civil Engineering from Bangladesh University of Engineering and Technology (BUET), Dhaka in 1965. After that, he completed his M.A in Public Administration from the American University of Beirut, Lebanon in 1975. He is a Fellow-member of the Institute of Engineers of Bangladesh (IEB).

Mr. Rizwan has established himself as a dynamic and proactive management leader holding various positions namely Executive Engineer, Chief Engineer, General Manager of Bangladesh Power Development Board (BPDB). Before joining as the Chairman of BPDB, he was the MD of PGCB Ltd. from 1997 to 2006.

He attended a wide range of training program at home and abroad. He attended training program on "Construction standard" at EGAT in Thailand, on "SPUN Type PC Pole Manufacturing" at Beijing, China and, on "Condition of Contract (International) for Civil Engineering" sponsored by FIDIC, in Dhaka.

Mr. Rizwan, was conferred merit award by BPDB in 1987 for his meritorious work.

9. Mr. A.B.M. Harunur Rashid, Director(Technical), PGCB.

Mr. A.B.M. Harunur Rashid, son of late Dr. A.M. Md. Abdur Rouf was born on 1st march, 1948 in Pirojpur. He completed his B. Sc in Electrical Engineering from Bangladesh University of Engineering and Technology (BUET), Dhaka obtaining 1st class in 1968. He is a Life Fellow of the Institute of Engineers Bangladesh (IEB). In his long professional experience, Mr. Rashid first joined in EWAPDA as an Assistant Engineer in 1969. He served BPDB (previously EWAPDA) as an Assistant Engineer; Executive Engineer; Deputy Manager; Manager; Additional Chief Engineer; and Chief Engineer. At present he is working as Director (Technical) of PGCB, as well as holding additional charge of Managing Director.

Mr. Harunur Rashid has received Chairman's (BPDB) award in 1979 for his meritorious work. He attended training programmes on "Instrument & Control of Thermal power station" in USSR; "Gas fired Electricity Generation" in Indonesia; Technology transfer programme CLDC up gradation project in Canada; Company management, Operation & Maintenance of Grid System etc. under executive partnership programme (EPP) with Bonneville Power Administration (BPA) in USA. He also attended several Seminars, Conferences outside the country. He was elected as Chairman in Ashuganj Sub center of IEB; Chairman, Ghorashal Centre, IEB and was also a Member of Central Council, IEB, Headquarter, Dhaka.

10. Mr. Md. Anisur Rahman, Director(Finance), PGCB.

Mr. Anisur Rahman, son of late Md. Imamuddin was born in a respectable Muslim family on 31st August, 1956. He completed his M.Com from Dhaka University in 1978 and Cost & Management accountancy in 1982 from the Institute of Cost and management Accountants of Bangladesh (ICMAB), Dhaka. He also completed his Certified Financial Consultancy degree from Institute of Financial Consultants, Canada in 2001. He has also obtained an Advance Diploma in Financial Consultancy from the same Institute.

He has been working as Director (Finance) at Power Grid Company of Bangladesh Ltd. (PGCB) since 7th July, 1997. In his long and vast experience, he served as Finance Manager at Essential Drugs Company Limited; as Deputy General Manager (Finance) at Gas Transmission company Ltd.; Manager/Deputy General Manager (Accounts) at Bakhrabad Gas systems Limited. He attended a wide range of training programme namely "Project Implementation Management" by Asian Development Bank (ADB) in Manila; "Accounting & Finance for developing Countries" at Strathclyde University in UK; "Disbursement Procedure" at the World Bank in USA. As a Professional, he held several positions in ICMAB council. He was the Secretary of ICMAB in 2005. At present he is the Vice-President of ICMAB.

Holding of 5% or more shares in the paid-up capital by the directors or shareholders of the Issuer is loan defaulter in terms of the CIB report of the Bangladesh Bank:

As the shareholders or Directors of PGCB are nominated by the Govt. or the institutes owned by the Govt., the question of involvement of PGCB directors or shareholders as loan defaulter in terms of the CIB report of the Bangladesh Bank will not arise.

Description of Senior executives and officers:

Name	Position	Educational Qualification	Date of Joining in the company	Last Five(5) years experience
A.N.M. Rizwan	Chairman	B.Sc. Engineering (Civil)	08/07/97	i) Served at PGCB as MD from 08-07-1997 to 12.02.2006. ii) Chairman, BPDB since 13.02.2006.
Md. Anisur Rahman	Director (Finance)	M.Com, FCMA, CFC(CANADA), ADV.DIP. FC(CANADA)	07/07/97	He has been serving PGCB as Director (Finance) since 07/07/1997.
A.B.M. Harunur Rashid	MD (Current Charge) & Director (Technical)	B.Sc. Engineering (Electrical)	01/01/03	He served BPDB as Chief Engineer(Transmission) during 2001-2002. He has been serving at PGCB as Director(Technical) since 20.03.2003.
Md. Amir Khasru	General Manager (P&D)	B.Sc. Engineering (Electrical)	01/01/03	He served in BPDB as an Assistant Engineer from 06/06/1970 to 30/09/2003. He has served at PGCB as Deputy General Manager from 01/10/2003 to 20/03/2004 and now has been serving as General Manager.
Md. Ruhul Amin	General Manager (System Operation)	B.Sc. Engineering (Electrical)	01/01/03	Served in BPDB as an Assistant Engineer from 26/10/1970 to 30/09/2003. He has served at PGCB as Deputy General Manager from 01/10/03 to 20/03/2004 and now has been serving as General Manager .
Md. Ruhul Amin	General Manager (Project)	AMIE	18/03/98	Served in BPDB as an Assistant Engineer from 29/06/1974 to 17/03/1998. He has served at PGCB as Deputy General Manager from 18/03/98 to 04/03/2005 and now has been serving as General Manager.
Md. Rafiqul Alam	General Manager (Transmission, Greater Dhaka)	B.Sc. Engineering (Electrical)	01/08/02	Served in BPDB as an Assistant Engineer from 14/06/1974 to 31/07/2002. He has served at PGCB as Deputy General Manager from 01/08/2002 to 09/11/2005 and now has been serving as General Manager.
Mr. Md. A.N.M. Jahir Uddin	General Manager (Transmission Outer Dhaka)	AMIE	01/04/2003	He has served at PGCB as Deputy General Manager from 01/04/2003 to 09/11/2005 and now has been serving as General Manager.
Mohammad Salim	Company Secretary	M. Com, DMS(UK),MBA (UK),FCMA	29/04/98	He has been serving as Company Secretary at PGCB since 29/04/98.

G. Involvement of the Officers and Directors in certain legal proceedings:

No officer or Director of the company was involved in any of the following types of legal proceedings in the last 10 (Ten) years or for the period of commercial operation:

1. Any bankruptcy petition filed by or against any company of which any officer or Director or nominee of the Company filing the prospectus was a Director, Officer or general partner at the time of bankruptcy or within 2(two) years prior to that time;
2. Any conviction of an officer, director or nominee in the criminal proceedings or any criminal proceedings pending against him;
3. Any order, judgment or decree of any court of competent jurisdiction against officer, director or nominee permanently or temporarily enjoying, barring, suspending or otherwise limiting the involvement of any officer or director or nominee in any type of business, securities or banking activities.
4. Any order of the Securities and Exchange Commission or other regulatory authority or foreign financial regulatory authority suspending or otherwise limiting the involvement of any officer or director or nominees in any type of business, securities or banking activities.

H. Certain Relationships and Related Transactions:**Transaction with related parties:**

The Company has no proposed transaction nor had any transaction during the last 2(two) years with following related parties:

1. Any director or executive officer of the company;
2. Any Director or officer;
3. Any person owning 5% or more of the outstanding stock of the issuer ;
4. Any members of the immediate family(including spouse, parents, brothers, sisters, children and in-laws) of any of the above persons;
5. Any transaction or arrangement entered into by the company or it's holding company(BPDB) for a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries /sister concerns, or who was a director or connected in any way with a director at any time during the last two years prior to the publication of Information document.
6. Any director holding any position, apart from being a director in the issuer company, in any company, society, trust, organization or proprietorship or partnership firm.

Loans taken or given from or to any director or any person connected with the director:

Not Applicable for the Company.

Pecuniary or non-pecuniary interests and facilities enjoyed by a director:

Facilities whether pecuniary or non-pecuniary enjoyed by the Directors will remain unchanged during the publication period of the Information documents. The shareholder directors only receive the fees for their attendance in the Board meetings and other functions. The Employees are entitled to salary and other benefits as per personnel and compensation policy of the company.

I. Executive Compensation:

Name and designation with the amount of remuneration paid to the top ten salaried officers in the last accounting year (2004-05):

Sl.No.	Name of Salaried Officers of the Company	Amount in Taka.
01.	A.N.M. Rizwan, Managing Director	10,16,955.00
02.	Md. Anisur Rahman, Director (Finance)	8,29,290.00
03.	A.B.M. Harunur Rashid, Director (Technical)	6,60,000.00
04.	Mr. Md. Amir Khasru, GM (P & D)	4,86,000.00
05.	Mr. Md. Ruhul Amin, GM (Sy. Operation)	4,86,000.00
06.	Mr. Md. Ruhul Amin, GM (Project)	4,86,000.00
07.	Mr. Md. Rafiqul Alam, GM (Greater Dhaka)	4,86,000.00
08.	Mr. A.N.M. Jahir Uddin, GM (GC-Comilla)	4,86,000.00
09.	Mohammad Salim, Company Secretary	4,24,440.00
10.	Mr. Md. Abul Hossain, DGM (HRM)	4,24,440.00
Total:		57,85,125.00

Aggregate amount of remuneration paid to all officers and directors in the last accounting year:

The aggregate amount of remuneration Tk. 251,241,476 paid to all officers and Directors in FY: 2004-2005. The above salary and employee benefits represents the payment of salary & benefits of all employees including Managing Director and Directors of the Company.

The salary & benefits relating to Managing Director and Directors of the Company for the accounting period was as follows:

<u>Particulars</u>	<u>2005 (Tk.)</u>
Basic Pay	1,904,840
Accommodation provided	720,000
CPF Contribution	149,184
Bonus	306,070
Total	3,080,094

Remuneration paid to any Director who was not an officer during the last accounting year:

The remuneration/honorarium paid to the directors who were not officers during the last accounting year was **Tk.2,55,000.00(Two lac fifty five thousand)** only.

Contract with any officer or director for the payment of future compensation:

Not Applicable.

Increment of the remuneration to the officers and directors of the company in the current year:

The company follows a policy of annual increment @ 4% on the basic salary of permanent Officers, Directors and employees.

J. Options granted to Officers, Directors and Employees:

The Company has offered 5% of the proposed issue of shares to the directors and employees of PGCB, the particulars of which is appended below:

- The date on which the above option was granted;
- The exercise price of the option : Not applicable.
- The number of shares or stock covered by the option: 5% of the proposed issue of shares (Out of 25% shares of the paid up capital to be offloaded through DSE/CSE upon listing) to the employees of BPDB and PGCB.

- d) The market price of the stock on the date the option was granted: not applicable.
 e) The expiration date of the option: Not applicable.

Options held by any persons other than the officers and directors:

As stated above.

K. Transaction with Promoters:

As PGCB is a Govt. owned public Limited company, the question of receiving any benefit by the promoters is irrelevant. However, Government being the promoter of the company did not receive anything of value directly or indirectly from any director or any person connected with the director.

L. Tangible assets per share:

Net Tangible asset value is based on historical accounting book value of shareholder's net tangible assets. This is determined on the basis of audited balance sheet as at 30th June, 2005 as follows:

Sl.No.	Assets	Amount(Taka)	Net Amount(Taka)
1.	Current assets	6,618,922,561.00	
2.	Capital Work In Progress	4,737,508,401.00	
3.	Net fixed assets	24,587,522,515.00	
a.	Total Assets		35,943,953,477.00

Sl.No.	Liabilities	Amount (Taka)	Net Amount (Taka)
1.	Current liabilities	2,664,817,206.00	
2.	Long term Loan	26,178,802,679.00	
3.	Grant from SIDA	26,402,818.00	
4.	Other non-Current Liabilities	309,367,179.00	
b.	Total Liabilities		29,179,389,882.00

Net Asset Value (NAV): (a-b)= 6,764,563,595.00

No. Of Shares : 3,643,581.

Net Asset Value per share of *Tk.1000.00 each: Tk. 1856.57 (Basic)

No.of Shares (Diluted) (3,643,581 + *2,624,685) = 6,268,266

Note: Deposit for share (up to 30/06/2005) = 2,624,685,200.00

Net Asset Value per share of *Tk.1000.00 each: Tk. 1079.18 (Diluted)

Sd/-

(BASU BANERJEE NATH & CO.)

CHARTERED ACCOUNTANTS

Dated : 30 April 2006

* The face value of PGCB share has been converted into Tk.100 from Tk.1000 as per resolution adopted in the EGM of the shareholders of PGCB held on 25.05.2006.

M. Ownership of the Company's Securities:

Sl. No.	Name of Owners of Security	Position in the company	No. Of Shares	Amount in Taka	% of the securities represented by ownership	Comment
1	Bangladesh Power development Board(BPDB) represented by chairman, BPDB	Chairman	3,643,576	3,643,576,000.00	100%	The securities are owned as per record.
2	Mr.Mohammad Shafiqul Azam	Shareholder Director	1	1000.00		The securities are owned as per record.
3	Mr. A.F.M. Nurul Islam	Shareholder Director	1	1000.00		The securities are owned as per record.
4	Mr. M. Nurul Islam	Shareholder	1	1000.00		The securities are owned as per record.
5	Mr. M. Siraz Uddin Miah	Shareholder	1	1000.00		The securities are owned as per record.
6	Mr. A.B.M. Harunur Rashid	Shareholder Director	1	1000.00		The securities are owned as per record.
7	Mr. Sukumar Biswas	Shareholder	1	1000.00		The securities are owned as per record.

Number of shares owned by the top ten salaried officers, directors and all other officers:

1(one) share is held by the Managing Director in Charge Mr. Harunur Rashid out of the top ten salaried officers, Directors and other officers.

N. Description of Securities Outstanding or Being Offered:**Dividend, voting and preemption rights of the shares outstanding or being offered:**

The share capital of the company is divided into ordinary shares carrying equal rights to vote and receive dividend in terms of the relevant provisions of the Companies Act, 1994 and the Articles of Association of the company. Shareholders shall have the usual voting right in person or by proxy in connection with, among others, selection of Directors & Auditors and other usual agenda of General Meeting - Ordinary or Extra Ordinary. On a show of hand every shareholder present and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every share held by him/her.

In case of any additional issue of shares for raising further capital, the existing shareholders shall be entitled to Right Issue of shares in terms of the guidelines issued by the SEC from time to time.

Conversion and liquidation rights of any preferred stock outstanding or being offered:

If the company at any time issues convertible preference shares or Debenture or Bond with the consent of SEC, such holders of securities shall be entitled to convert such securities into ordinary shares if it is so determined by the company.

Subject to the provisions of the Companies Act, 1994, Articles of Association of the Company and other relevant Rules in force, the shares, if any, of the company are freely transferable, the company shall not charge any fee for registering transfer of shares. No transfer shall be made to firms, minors or persons of unsound mental health.

Limitations on the Payment of dividends to common or preferred stockholders:

- a) The profit of the company, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association subject to the provision of the Articles of Association, shall be divisible among the members in proportion to the capital paid up on the shares held by them respectively.
- b) No higher dividend shall be declared than is recommended by the Directors, but the Company in its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of net profit of the company shall be conclusive.
- c) No dividend shall be payable except out of profits of the company or any other undistributed profits. Dividends shall not carry interest as against the Company.
- d) The Directors may, from time to time, pay the members such interim dividend as in their judgments the financial position of the company may justify.
- e) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.

Other material rights of common or preferred stockholders:

The Shareholders shall have the right to receive all periodical reports and statements, audited as well as un-audited, published by the company from time to time. The Directors shall present the financial statements as required under the Law and International Accounting Standards. Financial Statements will be prepared in accordance with International Accounting Standards, consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and International Accounting Standard to the shareholders regarding the Financial and operational position of the company.

In case of any declaration of stock dividend by issue of bonus shares, all shareholders shall be entitled to it in proportion to their shareholdings on the date of book closure/ record date for the purpose.

The shareholders holding not less than 10% of the issued/fully paid up capital of the company shall have the right to requisition Extra-ordinary General Meeting of the Company as provided under Section 84 of the Companies Act, 1994.

O. Debt Securities:**Terms and conditions of debt securities that the company may have issued or to be issued:**

The company does not have any plan to issue Bond or any other debt securities.

Principal amount, maturity date, interest rate and other features of all debt securities:

Not applicable for PGCB due to the reasons stated above.

All other material provisions giving or limiting the rights of the holders of debt:

Not applicable for PGCB due to the reasons stated above.

Trustees designated by the indenture for outstanding debt or for debt being offered:

Not applicable for PGCB due to the reasons stated above.

P. Financial Statement Requirements:

**AUDITORS' REPORT
TO THE SHAREHOLDERS OF
POWER GRID COMPANY OF BANGLADESH LIMITED**

We have audited the accompanying Balance Sheet of the Power Grid Company of Bangladesh Limited, comprising of Balance Sheet as of **June 30, 2005**, and the related Profit and Loss Account 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 audit provides a reasonable basis for our opinion.

Opinion:

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the company's affairs as of June 30, 2005, and of the results of its operation and its cash flow for the year then ended and comply with the applicable sections of the Companies Act, 1994 and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account.

Sd/
(BASU BANERJEE NATH & CO.)
CHARTERED ACCOUNTANTS
Dated : 14 Dec, 2005

Power Grid Company of Bangladesh Ltd.
Dhaka
Balance Sheet as at 30 June 2005

Sources of Fund	Notes	2005 Taka	2004 Taka
Shareholders Fund			
i) Share Capital	05	3,643,581,000	3,643,581,000
ii) Deposit for Shares	06	2,624,685,200	1,924,508,600
iii) Profit and Loss Account		496,913,384	415,370,493
Grant From SIDA	07	26,402,818	14,821,615
Long Term Loan	08	26,178,802,679	23,721,499,514
Other Non-current Liabilities	09	309,367,179	95,190,513
Total		33,279,752,260	29,814,971,735
Application of Fund			
Fixed Assets	10		
Gross Block Assets		51,299,169,877	51,548,696,857
Less: Depreciation		26,711,647,362	24,910,848,339
Net Block Assets		24,587,522,515	26,637,848,518
Capital Work-in-progress	11	4,737,508,401	1,839,950,278
Preliminary Expenses	12	615,989	769,985
Current Assets, Loan & Advances:			
Inventory	13	565,257,349	237,162,878
Advance, Deposit & Prepayment	14	391,995,176	244,736,181
Accounts Receivable	15	1,745,420,810	1,250,919,686
Account Current with Corporation	-	1,940,952	-
Cash and Bank Balance	16	3,914,308,274	1,922,966,657
		6,618,922,561	3,655,785,402
Less Current Liabilities and Provision			
For Expenses	17	1,306,640,678	740,347,534
Current portion of long term loan	18	1,243,672,540	1,430,000,000
Account Current with Corporation	-	-	28,560,683
For other Finance	19	94,003,536	66,867,231
For Deposit Works	20	20,500,452	53,607,000
		2,664,817,206	2,319,382,448
Net Current Assets		3,954,105,355	1,336,402,954
Total		33,279,752,260	29,814,971,735

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

sd/
Company Secretary

sd/
Director

sd/
Managing Director

Signed in terms of our report of even date.

Dated: 14 Dec. '05
 Ispahani Building (3rd Floor)
 14-15, Motijheel Commercial Area
 Dhaka-1000

sd/
(BASU BANERJEE NATH & CO.)
CHARTERED ACCOUNTANTS

Power Grid Company of Bangladesh Ltd.
Dhaka
Profit and Loss account for the year ended 30 June 2005

	Notes	2005 TAKA	2004 TAKA
Income :			
Transmission charge		4,683,350,949	3,869,297,961
Misc. income		947,159	837,369
Misc. Sales		48,115,076	2,868,446
Interest Income		107,797,408	58,798,728
Rental Income		67,498	63,485
		4,840,278,540	3,931,865,989
Less: Expenditure:			
Salary and other employee benefits	21	251,241,476	260,009,044
Directors' honorarium & support service allowance		255,000	130,898
Travelling and Conveyance		16,331,372	12,122,662
Functions games and entertainment		999,767	771,674
Rent, Rates & Taxes		8,000,594	6,009,894
Postage, Telephone & fax		4,379,558	3,968,685
Recruitment and Training		194,818	317,279
CPF contribution		12,191,821	8,381,427
Gratuity		116,479,424	32,068,758
Electricity and Power		28,481,095	24,971,104
Office contingency		5,931,130	6,056,630
Fuel & lubricant		8,825,342	7,493,488
Advertisement & Publicity		417,137	2,708,680
Security expense		23,237,825	19,786,095
Insurance		1,808,451	1,959,298
Bank charges and commission		1,331,245	545,444
Consultancy		448,944	35,000
Repair & Maintenance		90,140,902	88,031,359
Audit fee		45,000	35,000
C & F, carrying & handling		298,318	463,331
Donation & subscription		57,450	-
Legal Expenses		52,940	29,340
Interest and other financial expenses	22	2,024,191,777	1,553,868,175
Miscellaneous expenses		231,274	418,704
Depreciation and amortization		1,801,653,019	1,784,561,371
		4,397,225,679	3,814,743,340
Net Profit before WPPF		443,052,861	117,122,649
Worker Profit Participation Fund		21,097,755	-
Net Profit before tax		421,955,106	117,122,649
Less Income tax	23	158,233,165	43,920,993
Net Profit after tax		263,721,941	73,201,656
Prior year's adjustment	24	-	27,334
Un-appropriated Profit brought forward		415,370,493	342,141,503
		679,092,434	415,370,493
Less: Appropriations-			
Proposed Dividend		182,179,050	-
Un-appropriated Profit transferred to Balance Sheet		496,913,384	415,370,493

sd/
 Company Secretary

sd/
 Director

sd/
 Managing Director

Signed in terms of our report of even date.

Dated: 14 Dec. '05
 Ispahani Building (3rd Floor)
 14-15, Motijheel Commercial Area
 Dhaka-1000

sd/
 (BASU BANERJEE NATH & CO.)
 CHARTERED ACCOUNTANTS

Power Grid Company of Bangladesh Ltd.
Dhaka
Statement of Changes in Equity for the year ended 30 June 2005

	Share Capital	Deposit for Shares	Accumulated Profit	Total
Balance at 30 June 2004	3,643,581,000	1,924,508,600	415,370,493	5,983,460,093
Addition during the year	-	700,176,600	-	700,176,600
Net profit for the year	-	-	263,721,941	263,721,941
Prior year's adjustment	-	-	-	-
Issue of Share Capital	-	-	-	-
Balance at 30 June, 2005	3,643,581,000	2,624,685,200	679,092,434	6,947,358,634

Sd/
Company Secretary

Sd/
Director

Sd/
Managing Director

Signed in terms of our report of even date.

Dated: 14 Dec. '05
 Ispahani Building (3rd Floor)
 14-15, Motijheel Commercial Area
 Dhaka-1000

Sd/
 (BASU BANERJEE NATH & CO.)
 CHARTERED ACCOUNTANTS

Power Grid Company of Bangladesh Limited
Dhaka
Cash Flow Statement for the year ended 30 June 2005

	2005 Taka	2004 Taka
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit	263,721,941	73,201,656
ADJUSTMENT TO RECONCILE NET PROFIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation on fixed assets and amortization of assets	1,801,653,019	1,784,561,371
Deferred income tax	99,385,318	43,920,993
Worker Profit Participation Fund	21,097,755	-
Prior year adjustment	-	27,334
Provision for gratuity	114,791,348	32,068,758
	2,036,927,440	1,860,578,456
CHANGES IN WORKING ASSETS AND LIABILITIES:		
Accounts receivable	(494,501,124)	(231,921,361)
Interest payable	203,211,612	279,911,000
Provision for Income tax	58,847,847	-
Advance Payment of corporate income tax	(53,021,434)	(14,996,820)
Current portion of long term loan	(186,327,460)	1,122,090,304
Other expenses payable	94,986,637	81,981,825
Other current assets	(452,833,667)	115,789,541
	(829,637,589)	1,352,854,489
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,471,011,792	3,286,634,601
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Addition to fixed assets, capital work in progress and capital overhead	(2,648,731,143)	(3,302,632,769)
NET CASH (USED IN) INVESTING ACTIVITIES	(2,648,731,143)	(3,302,632,769)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Share capital and deposit for share	700,176,600	261,435,000
Grant from Sida	11,581,203	14,821,615
Long term loan	2,457,303,165	643,465,575
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,169,060,968	919,722,190
INCREASE/ (DECREASE) IN CASH (A+B+C)	1,991,341,617	903,724,022
Cash, beginning of financial year	1,922,966,657	1,019,242,635
CASH, END OF FINANCIAL YEAR	3,914,308,274	1,922,966,657

Sd/
Company Secretary

Sd/
Director

Sd/
Managing Director

Signed in terms of our report of even date.

Dated: 14 Dec. '05
 Ispahani Building (3rd Floor)
 14-15, Motijheel Commercial Area
 Dhaka-1000

Sd/
(BASU BANERJEE NATH & CO.)
CHARTERED ACCOUNTANTS

POWER GRID COMPANY OF BANGLADESH LIMITED DHAKA
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2005

01. STRUCTURE OF THE COMPANY:

Power Grid Company of Bangladesh Limited was incorporated on 21-11-1996 having Registration No.C-31820 (941)/96 under the Companies Act, 1994 as a Private limited company which has subsequently been converted to a Public limited company.

02. OBJECTIVES OF THE COMPANY:

The objectives for which the Company was established include, inter alia, the followings:
To plan, promote, develop, operate and maintain an integrated and efficient power transmission system network in all its aspects including planning, investigation, research, design and engineering, preparation of preliminary feasibility and detailed project reports, construction, operation and maintenance of transmission lines, sub-stations, load dispatch centers and communication facilities and appurtenant works, coordination of integrated operation of regional, national and international grid systems, providing consultancy services in power systems, field, execution of turnkey jobs for other utilities/ organizations, wheeling of power, purchase and sale of power.

03. COMPONENTS OF FINANCIAL STATEMENTS:

Financial Statements comprise of:

- a) Balance Sheet
- b) Profit and Loss Account
- c) Cash Flow Statement
- d) Changes in Equity
- e) Notes to the Accounts

04. SIGNIFICANT ACCOUNTING POLICY:

(a) Basis of Accounts:

Accounts have been prepared under generally accepted accounting principles following historical cost convention.

(b) Fixed Assets:

Fixed Assets except Land and Land Development are stated at cost less accumulated depreciation.

(c) Depreciation:

Consistent with previous practice, depreciation is charged on all assets except land and land development on straight line method for the year on gross value of assets as on 30 June, 2004 plus addition during the year with effect from the date of acquisition on Historical Cost Basis. Depreciation has been charged on additions with effect from the date when assets are put into use.

The rates at which assets are depreciated per annum are given below:

Building	5%
Plant and Machinery (Sub-station & lines)	3.5%
Motor Vehicle	20%
Office Equipment	10%
Signboard	25%
Furniture and Fixture	10%

(d) The company operates a contributory provident fund for its regular employees. The fund is administered by the Board of Trustees:

The regular employee of the company is covered under a group term insurance scheme.

The company also maintains gratuity scheme for regular employees of the company, provision for which has been made in accounts. Employees are entitled to gratuity benefits after completion of minimum 3 years' service in the company but provision has been made for persons who have not completed 3 years'. The gratuity is calculated on the last basic salary and is payable at the rate of two months' basic salary for every completed year of service. The provision for gratuity is yet to be funded.

(e) Income:

Income is generated from Transmission of electricity as per wheeling charge approved by Power Division, MPEMR.

(f) Revenue Recognition:

Revenue from transmission charge is recognized at the time of monthly bill issued to Bangladesh Power Development Board, Dhaka Electric Supply Authority, Palli Bidyut Samitis, West Zone Power Distribution Co. Ltd. and Dhaka Electric Supply Company Ltd. as per approved wheeling charge.

Accrued interest income from fixed deposit is taken at net figure. The Banks deducted the tax at source on interest income at the time of maturity or encashment for deposit into Govt. treasury. Tax is taken into account at the time of deduction.

(g) Foreign currency transactions:

Transactions in Foreign currencies are converted into Bangladesh Taka at the exchange rates ruling on the transaction dates.

(h) Comparative information:

Relevant comparative information has been presented in the financial statement. Last year's figures have been rearranged wherever considered necessary to conform to current year's presentation.

(i) Reporting Period:

Financial statements of the company cover one year from 1 July 2004 to 30 June 2005 consistently.

(j) Figures have been rounded off to nearest taka.

05. SHARE CAPITAL:

a) Authorized Share Capital:	<u>2005 (Tk.)</u>	<u>2004 (Tk.)</u>
10,000,000 Ordinary Shares of Tk.1,000 each	<u>10,000,000,000</u>	<u>10,000,000,000</u>
b) Paid-up Share Capital:		
3,643,581 Ordinary Shares of Tk.1000 each	<u>3,643,581,000</u>	<u>3,643,581,000</u>

The break-up of the paid up share capital is as follows:

<u>Particulars:</u>	<u>2005 (Tk.)</u>	<u>2004 (Tk.)</u>
300,011 Shares of Tk.1,000 each fully called and paid up in cash	300,011,000	300,011,000
3,343,570 Shares of Tk.1,000 each paid up other-wise than in cash	<u>3,343,570,000</u>	<u>3,343,570,000</u>
Total	<u>3,643,581,000</u>	<u>3,643,581,000</u>

06. DEPOSIT FOR SHARES (GOVT. EQUITY): Tk. 2,624,685,200

This represents the amount of Deposit for Share (Govt. Equity) as on 30-06-2005 received from the Government of the People's Republic of Bangladesh as part of Govt. Equity against the development projects.

Break-up of the above amount is given below:

<u>Particulars</u>	<u>2005 (Taka)</u>	<u>2004 (Taka)</u>
Balance as on 01-07-2004	1,924,508,600	1,663,073,600
Add: Received during the year from the Govt. as part of equity in respect of development projects	700,176,600	261,435,000
Balance as on 30-6-2005	2,624,685,200	1,924,508,600

07. GRANT FROM SIDA: Tk. 26,402,818

The above amount represents the upfront grant by SIDA as per agreement with the Government of Bangladesh, which will be set off against the interest during construction and the interest to be accrued for the repayment period. The actual amount of interest will be ascertained after completion of the project.

08. LONG TERM LOAN: Tk.26,178,802,679

The break-up of the above loan is as follows:

Particulars	2005 (Taka)	2004 (Taka)
i) ADB Loan	3,416,630,750	2,863,902,732
ii) Govt. Loan	1,635,296,800	1,168,512,400
iii) Bangladesh Power Development Board (IDA Cr. 2016 BD)	8,003,670	8,003,670
iv) Assigned Loans	18,162,038,749	18,538,221,949
v) Exchange Rate Fluctuation Loss	1,447,914,910	488,972,148
vi) Interest on Deposits	44,016,094	44,016,094
vii) Int. on GOB and ADB Loan	733,956,303	515,181,331
viii) Suppliers Credit	387,595,023	60,171,209
ix) SIDA Loan	61,489,386	34,517,981
x) KFW Loan	16,150,203	-
xi) Danida Loan	182,047,500	-
xii) NDF Loan	83,663,291	-
Total	26,178,802,679	23,721,499,514
(i) ADB Loan: Tk. 3,416,630,750		

The above loan was received for the following components:-

Particulars	Loan No.	2005 Taka	2004 Taka
i) Meghnaghat-Haripur Line	1505	-	11,733,487
ii) Meghnaghat-Comilla Line	1505	225,486,623	225,486,623
iii) Haripur-Ghorashal turn-in-out line	1505	141,536,430	141,536,430
iv) Substation-extension-Comilla (North)	1505	28,235,421	28,235,421
v) Substation-Extension-Haripur	1505	12,100,895	12,100,895
vi) Mymensingh Power Station Associated Transmission Line	1505	124,571,087	124,571,087
vii) Rampura Substation	1505	562,653,425	562,653,425
viii) Hasnabad-Aminbazar-Tongi Line	1731	487,218,473	428,495,444
ix) Substation Extension-Mirpur	1505	67,153,961	67,153,961
x) Substation-Aminbazar	1731	359,531,026	281,924,349
xi) Emergency Restoration System	1505	49,299,719	49,299,719
xii) National Load Dispatch Centre	1505	16,739,594	16,739,594
xiii) Horipur-Rampura Line	1505	678,596,794	736,863,306
xiv) Substation Extension-Tongi, Hasnabad & Kalyanpur	1731	395,402,114	49,220,486
xv) Ashuganj-Serajganj Line - (Nippon Koie, Consultant)	1885	8,158,648	3,165,650
xvi) Khulna-Ishwardi Line - (Nippon Koie, Consultant)	1885	9,505,668	3,836,296
xvii) Khulna-Ishwardi Line - (TATA Power)	1885	122,151,554	120,886,559
xviii) Ashuganj-Serajganj Line - (LG & Sejon)	1885	103,307,264	-
xix) Rampura-Gulshan underground Line	1731	11,630,715	-
xx) National Load Dispatch Centre	2039	13,351,339	-
Total		3,416,630,750	2,262,784,804

This is repayable within 16 years to 25 years with 5 years grace period. During the year the company paid to Govt. as Debt Service liability amounting to Tk.100,000,000 as interest and Tk.70,000,000 as Principal amount against ADB Loan No. 1505.

(ii) Govt. Loan: Tk..1,635,296,800

The above loan was received from Govt. for the following projects:

Particulars	2005 (Taka)	2004 (Taka)
a) Comilla-Meghnaghat-Rampura and Meghnaghat-Haripur-203 KV Transmission Line and NLDC	806,142,400	806,142,400
b) Hasnabad-Aminbazar-Tongi Transmission Line	362,200,000	234,200,000
c) Kabirpur-Tangail-Sirajgonj Transmission line	11,416,400	200,000
d) Ishhurdy-Baghabari-Sirajgonj Bogra Transmission line	151,068,000	51,500,000
e) Khulna-Ishhurdy-Bogra-Barapukuria transmission line	266,740,000	66,740,000
f) Ashugonj-Jamuna Bridge-Serajgong (Inter Connector Line)	37,730,000	9,730,000
Total	1,635,296,800	1,168,512,400

This loan is repayable within 15 years with 5 years grace period.

During the year the company received Tk. 128,000,000 for Hasnabad-Aminbazar-Tongi Transmission Line Project. The Company also received Tk. 200,000,000 for Khulna-Ishhurdy-Bogra-Bara Pukuria Transmission line project, Tk. 28,000,000 for Ashugonj-Jamuna Bridge-Serajgong (Inter Connector) Line Projects, Tk.11,216,400 for Kabirpur- Tangail-Serajgonj Transmission line project and Tk. 99,568,000 for Ishwardi-Baghabari-Serajgonj-bogra Transmission line project.

(iii) Bangladesh Power Development Board (IDA Cr.2016 BD): Tk.8,003,670

The above loan was received from Bangladesh Power Development Board for purchase of capital assets such as cars, computers etc. This is payable within 20 years with 5 years grace period. During the year the company provided for Tk. 612,281 as interest @ Tk.7.65% p.a.

(iv) Assigned Loan: Tk. 18,162,038,749

The break-up of the above loan is as follows:

Particulars	Opening Balance	Addition during the year	Re-payment/ adjustment made during the year	Current Portion of the Debt	Closing Balance 30-06-2005	Closing Balance 30-06-2004
1) Assigned loan from BPDB	15,635,403,950	-	562,510,661	1,173,672,540	13,899,220,749	14,475,403,494
2) Assigned loan from DESA	4,262,818,000	-	-	-	4,262,818,000	4,062,818,000
Total	19,169,110,502	-	562,510,661	1,173,672,540	18,162,038,749	19,169,110,502

PGCB Information Document

Above loans have been taken over from BPDB and DESA along with the fixed assets at written down value in different phases the break-up of which are given below:

1. Assigned Loan from BPDB :

- 1st Phase - Comilla (North) and Haripur 230 KV Sub-station and Haripaur-Ghorashal 230 KV.45 KM. Transmission Line.
- 2nd Phase - Hasnabad and Tongi 230/132 KV. Sub-station and Hasnabad-Haripaur 230 KV. 16.5 KM Transmission line.
- 3rd Phase - Grid Maintenance Division viz Dhaka (North) Dhaka (South), Dhaka (East), Aricha, Comilla and Mymensingh Telecommunication Division, Siddhirgonj, System Protection and Metering Division, Dhaka Grid Circle office, Dhaka.
- 4th Phase - 230 KV and 132 KV Transmission line, Sub-station of Chittagong and Sylhet Division.
- 5th Phase - 230 KV, 132 KV, and 66 KV Transmission line and Grid Sub-station of western part of the Country.

2. Assigned Loan from DESA:

- 1st Phase -Bhulta, Joydevpur and Manikgonj 132/33 KV. Sub-station & related Transmission Line.
- 2nd Phase -Kalyanpur and Mirpur 132/33 KV. Sub-station & related Transmission Line.
- During the year, the Company provided for interest @ 5% p.a. on all the assigned loans. It is noted that the subsidiary loan agreements of the above loans with the Government are still with BPDB and DESA. So, the repayments are made through BPDB and DESA.

(v) Exchange rate fluctuation loss Tk.1,447,914,910

The above amount represents foreign currency exchange rate fluctuation loss on the loans utilized for import of materials and construction works of different projects under ADB finance and also includes loss on account of loan transferred from BPDB. During the year 2004-2005, Tk. 958,942,762 was recorded for exchange rate fluctuation loss.

(vi) Interest on Deposit: Tk.44,016,094

This is as per last account and represents net interest earned from fixed deposit/STD account created out of government loan received by the company up to last account. As per instruction from the Govt., the interest is to be refunded to them in due course. The entire amount has been shown in the Balance Sheet under long term loan.

(vii) Interest on GOB and ADB Loan: Tk. 733,956,303

The above amount represents the interest balance on GOB and ADB loan at the end of the period.
Movement of the above amount is given below:

	<u>2005 (Tk.)</u>	<u>2004 (Tk.)</u>
Balance as on July 01, 2004	515,181,331	339,476,850
Interest charged during the year	227,450,368	256,458,313
Balance as on June 30, 2005	742,631,699	595,935,163
Payment made during the year	103,676,266	78,773,836

(viii) SIDA Loan: Tk. 61,489,386

SIDA Loan is recorded as and when disbursement request is sent to SIDA's designated bank through Economic Relationship Division for making payment directly to the contractor/suppliers account as per SIDA Loan agreement and disbursement procedure.

(ix) KFW Loan: Tk. 16,150,203

KFW Loan is recorded as and when disbursement request is sent to KFW for making payment directly to the contractor/suppliers account as per KFW Loan agreement and disbursement procedure.

(x) Danida Loan: Tk. 182,047,500

Danida Loan is recorded as and when disbursement request is sent to Danida's designated bank through Economic Relationship Division for making payment directly to the contractor/suppliers account as per Danida Loan agreement and disbursement procedure.

(xi) NDF Loan: Tk. 83,663,291

NDF Loan is recorded as and when disbursement request is sent to NDF for making payment directly to the contractor/suppliers account as per NDF Loan agreement and disbursement procedure.

	<u>2005 (Tk.)</u>	<u>2004 (Tk.)</u>
Total	309,367,179	95,190,513
Provision for Gratuity	166,060,868	51,269,520
Deferred income tax	143,306,311	43,920,993

The break-up of the above amount is as follows:

i) Provision for Gratuity: 166,060,868

The movement of the above amount is as follows:

	<u>2005 (Tk.)</u>
Balance as on 1-1-04	51,269,520
Add: Provision made during the year	116,478,040
Total	167,747,560
Less: Paid during the year	1,688,076

ii) Deferred Income Tax : 143,306,311

The approved depreciation rates as per Tax Law are much higher than the accounting depreciation rates. As per schedule 3 of Income Tax Ordinance 1984, depreciation is allowed on plant and machinery @ 18% p.a. and on Office Building @ 10% p.a. instead of @ 3.5% and 5% respectively, as charged in accounts. As such there will be nil tax-assessed profit for providing depreciation according to section 42(6) of the said Ordinance. As per Accounting Standard adopted in Bangladesh (BAS 12), deferred tax has been calculated and provided for into Accounts @ 37.5% on operating profit of Tk.265,027,514 for the year 2004-05.

10. FIXED ASSETS: Tk. 24,587,522,515

Basis of valuation of property, plant and equipment has been stated in Note. 4 (b). The rates and basis of depreciation are stated in Note 4 (c). The details of fixed assets are given below:

Particulars	Land & Land Development	Building	Plant & Machinery (Sub-station & lines)	Furniture & Fixture	Office Equipment	Motor Vehicle	Sign-board	Total Taka
Cost at 1-7-2004	391,592,168	20,933,176	51,056,910,160	5,946,430	19,367,364	49,283,597	4,663,962	51,548,696,857
Addition	-	-	-	1,145,864	9,550,803	34,921,451	-	44,118,118
Disposals	-	-	(293,645,098)	-	-	(1,500,000)	-	(293,645,098)
Balance at 30-06-2005	391,592,168	20,933,176	50,763,265,062	7,092,294	28,918,167	82,705,048	4,663,962	51,299,169,877
Accumulated Depreciation: on 1-7-04	-	1,750,685	24,884,144,679	1,093,419	4,849,443	18,820,355	189,758	24,910,848,339
Dep. for the year	-	1,046,659	1,786,135,391	620,162	2,149,442	10,398,346	1,149,023	1,801,499,023
Adjustment	-	-	-	-	-	(700,000)	-	(700,000)
Balance at 30-6-05		2,797,344	26,670,280,070	1,713,581	6,998,885	27,818,701	1,338,781	26,711,647,362
Net block Value on 30-06-05	391,592,168	18,135,832	24,092,984,993	5,378,712	21,919,282	54,886,347	3,325,181	24,587,522,515

Addition to Plant and Machinery represents the assets transferred from BPDB, DESA to PGCB and a portion of capital work-in-progress, which was transferred to fixed assets. Fixed Assets Register has been maintained in a computer software program.

11. CAPITAL WORK IN PROGRESS: TK. 4,737,508,401

This represents the cost of transmission line and substation, which were under construction. The project-wise break up of the above amount is as follows:

Particulars	2005 (Tk.)	2004 (Tk.)
i) Meghnaghat associated Transmission line	9,130,892	9,130,892
ii) Kabirpur-Tangail-Sirajgonj Trns.Line	197,384,563	1,079,389
iii) N L D C	57,392,762	38,454,676
iv) Hasnabad-Aminbazar-Tongi Trans.Line	2,179,729,406	1,322,638,961
v) Ishwardi-Baghabari-Sirajgonj Bogra Trans.Line	722,884,620	144,458,370
vi) Barapukuria-Bogra-Sayedpur Rangpur Trans. Line	301,485,434	30,266,583
vii) Tangail-Jamalpur Transmission line	264,576	264,576
viii) Khulna-Ishhuardi-Bogra-Barapukuria Transmission line	941,068,059	268,516,168
ix) Ashugonj-Jamuna Bridge-Sirajgonj Transmission line	130,462,598	4,427,747
x) Mymensingh-Joydebpur Trans.Line	93,200	93,200
xi) Sylhet-Shahjibazar-Ashugonj-Transmission line	809,150	434,150
xii) Tongi 132kV Sus-station extension	47,608,452	17,390,850
xii) Exchange Rate Fluctuation loss	134,304,226	2,794,716
xiii) Inventory in Transit	14,890,463	
Total :	4,737,508,401	1,839,950,278

Inventory-in-Transit represents the cost of equipment & materials for which letter of credit has been established. The equipment & material costs are charged to Inventory-in-Transit after payment against shipping document is made. On arrival of goods at sight, those equipment & materials are issued to the respective project for erection. During the period the equipment & materials were awaiting issuance to the project. Subsequently when the equipment & materials will be issued to the project, it will be charged to the respective project account.

12. PRELIMINARY EXPENSES: Tk.615,989

This represents the preliminary expenses incurred at the time of incorporation of the company and is written off @ 10% p.a.

Particulars	2004 (Tk.)	2003 (Tk.)
Balance as on 01-07-2004	769,985	923,981
Less: Written off- 10%	153,996	153,996
Balance as on 30-06-2005	615,989	769,985

13. INVENTORY: TK. 565,257,349

The above amount represents the closing inventory of stationery and electrical goods as on June 30, 2005. The electrical goods include spare parts, which were received from Bangladesh Power Development Board (BPDB) along with the transferred sub-station and lines. Inventory has been valued on moving average basis.

14. ADVANCE, DEPOSIT AND PREPAYMENT: Tk. 391,995,176

The break-up of the above amount is as follows:

	2005 (Tk.)	2004 (Tk.)
Advance against purchase	15,004	15,004
Advance against expenses	336,811	314,090
Advance against TA/DA	(5,406)	134,000
Advance to Contractors/Suppliers	4,074,591	6,375,745
Advance against Rent	1,726,433	1,777,688
Advance of branches offices	194,008,555	97,311,900
Deposit with other	323,100	313,100
Advance Tax	191,516,088	138,494,654
Total	391,995,176	244,736,181

Advance tax represents income tax deducted at source on import of raw materials, interest on FDR and STD account and advance payment of tax.

15. ACCOUNTS RECEIVABLE: Tk. 1,745,420,810

The break-up of the above amount is as follows:

	Particulars	2005 (Tk.)	2004 (Tk.)
i)	Transmission charge receivable from DESCO, WZPDCL, DESA, RPC & PBSs of REB	1,682,080,169	1,217,285,411
ii)	Repair & Maintenance charge receivable from DESA	63,267,148	33,548,894
iii)	Receivable from GMD's	73,493	85,381
	Total	1,745,420,810	1,250,919,686

The age wise analysis of receivables against wheeling charge of Tk. 1,682,080.169 was as under:

Particulars	0-6 months	6-12 months	Total (Tk.)
i) DESA	598,246,813	579,105,899	1,177,352,712
ii) RPC	28,500,000	7,500,000	36,000,000
iii) DESCO	-	83,745,586	83,745,586
iv) PBS			314,837,427.169
v) WZPDCL			60,644,394
Total	626,746,813	660,351,356	

The accounts receivable from BPDB has been fully adjusted against the Debt Service Liability payable to BPDB by PGCB out of loan transferred with the assets. All the receivables have been considered as good. Therefore no provision for bad debt has been made in the accounts.

16. CASH AND BANK BALANCES: Tk. 3,914,308,274

The break-up of this amount is as follows:

Particulars	2005 (Tk.)	2004 (Tk.)
i) Cash in hand	316,636	254,703
ii) Cash at Bank:		
C D Bank Account	225,541,064	30,353,005
STD Bank Account	1,746,314,545	699,115,087
Fixed Deposit Account	1,942,136,029	1,193,243,862
Total (i+ii)	3,914,308,274	1,922,711,954

CURRENT LIABILITIES AND PROVISIONS:

17. FOR EXPENSES: Tk. 1,306,640,678

The above balance represents the outstanding expenses accrued up to 30-06-2005. The break-up of this amount is as follows:

Particulars	2005 (Tk.)	2004 (Tk.)
Salary Payable	32,771	-
Audit fee payable	45,000	35,000
Interest Payable	872,344,792	669,133,180
Sundry Expenses payable	172,061,903	71,179,354
Gas charge payable	31,560	-
Worker's Profit Participation Fund	21,097,755	-
Proposed Dividend	182,130,050	-
Provision for Income tax	58,847,847	-
Total	1,306,640,678	740,347,534

i) Interest Payable:

Interest payable represents the interest outstanding as on 30-06-2005 on the assigned loan against the assets transferred from BPDB and DESA, which has subsequently been adjusted.

ii) Provision for Income tax:

This has been made for the assessment year 2005-06 @ 37.5% on non-operating profit of Tk. 156,927,591. As the total depreciation under schedule 3 of Income Tax Ordinance 1984 along with unabsorbed depreciation as on July 01, 2005 is much higher than the operating profit for the year 2004-05, there will be nil taxable income from business. Therefore no provision for tax has been made against operating profit of the year 2004-05.

iii) Workers' Profit Participation Fund:

This represents 5% of net profit before tax after charging the allocation as per provisions of the Workers' Profit Participation Act. 1968.

iv) Proposed Dividend:

This represents 5% of paid up capital that is proposed by the board as dividend for the year 2004-05

18. Breakup of Long Term Loan: Tk. 1,243,672,540

Particulars	2005 (Tk.)	2004 (Tk.)
1) ADB Loan No. 1505	70,000,000	70,000,000
2) DESA- Assigned loan	1,173,672,540	1,160,000,000
	-	200,000,000
Total	1,243,672,540	1,430,000,000

19. Breakup of Other Finance: Tk. 94,003,536

Particulars	2005 (Tk.)	2004 (Tk.)
i) Contractors Earnest/Security/Retention money	20,510,863	30,041,636
ii) Tax/VAT withheld from contractor/suppliers/House Owners	8,591,685	6,044,503
iii) Tax withheld from employees	436,620	205,512
iv) PGCB Employees Provident Fund	224,337	195,392
v) Revenue Stamp	47,513	46,167
vi) Bangladesh Power Development Board	3,765,000	3,765,000
vii) Performance Guarantee	76,841	76,841
viii) PGCB Union subscription	44,100	20,270
ix) Insurance claim payable	1,587,807	-
viii) PM Relief Fund	(11,025)	-
Total	94,003,536	66,867,231

20. FOR DEPOSIT WORKS: Tk. 20,500,452

The amount has been received from PHP Group as deposit against shifting of a line that passes through the factory of PHP Group. Since the transmission line has to be shifted at the request of PHP group the amount was deposited by them as the cost of shifting the line.

Movement of the above amount is as follows:

Opening balance as on 01-07-2004
Less: Value of work done and adjusted during the year

Taka
53,607,000
33,106,548

20,500,452

Balance as on 30-06-2005

21. SALARY & OTHER EMPLOYEE BENEFITS: Tk. 251,241,476

The above amount represents the payment of salary & benefits of all employees including Managing Director and Directors of the Company. The salary & benefits relating to Managing Director and Directors of the Company for the accounting period was as follows:

<u>Particulars</u>	<u>2005 (Tk.)</u>	<u>2004 (Tk.)</u>
Basic Pay	1,904,840	1,417,600
Accommodation provided	720,000	560,000
CPF Contribution	149,184	141,760
Bonus	306,070	156,400
Total	3,080,094	2,275,760

22. INTEREST AND OTHER FINANCIAL EXPENSES: Tk. 2,024,191,777

The break-up of the above expenses is as follows:

<u>Particulars</u>	<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Interest Total 2005</u>	<u>Interest Total 2004</u>
Loan on 1st Phase Assets transferred from BPDB	437,307,844	5%	21,925,297	29,266,115
Loan on 2nd Phase Assets transferred from BPDB	397,762,562	5%	19,888,128	68,081,003
Loan on 3rd Phase Assets transferred from BPDB	1,115,273,543	5%	55,763,677	56,069,232
Loan on 4th Phase Assets transferred from BPDB	2,425,000,000	5%	121,250,000	203,965,753
Loan on 5th Phase Assets transferred from BPDB	11,260,060,000	5%	563,003,000	564,545,474
Loan on 1st Phase Assets transferred from DESA	2,187,900,000	5%	109,694,712	114,085,123
Loan on 2nd Phase Assets transferred from DESA	2,074,918,000	5%	104,030,135	90,671,074
Loan on Mymensingh Power				
Station Associated Transmission line	124,571,087	8%	9,965,687	9,965,687
IDA Credit (Loan No.2016) transferred from BPDB	8,003,670	7.65%	612,281	612,281
Meghnaghat-Comilla Line, NLDC (Govt.loan)	806,142,400	5%	40,307,120	40,043,931
Meghnaghat-Haripur Line, (ADB loan No.1505)	11,733,487	8%	473,197	1,912,333
Haripur-Rampur Line (ADB loan No.1505)	736,863,307	8%	57,327,971	58,881,271
Haripur-Ghorasal Turn Inout (ADB Loan No. 1505)	141,536,430	8%	11,322,914	10,953,756
Comilla sub-station extension (ADB Loan No. 1505)	28,235,420	8%	2,258,834	2,258,834
Haripur sub-station extension (ADB Loan No. 1505)	12,100,894	8%	968,072	968,072
Meghnaghat-Comilla Line (ADB loan No. 1505)	295,486,623	8%	23,638,930	25,547,573
Rampur sub-station (ADB Loan No. 1505)	562,653,425	8%	45,012,274	42,152,025
Sub-station extension Mirpur (ADB loan No. 1505)	67,153,961	8%	5,372,317	4,329,108
Emergency Restoration system (ADB Loan No. 1505)	49,299,719	8%	3,943,978	3,801,716
Exchange rate fluctuation loss				
Total	22,742,002,372		2,024,191,777	1,553,868,175

Exchange rate fluctuation loss represents loss due to exchange rate fluctuation on the balance sheet date in respect of ADB Loan utilized by the company as well as the loss for assigned loan transferred.

23. INCOME TAX:

This is made up as under:

	<u>Taka</u>
Provision for income tax on non-operating profit	58,847,847
Deferred Tax on Operating profit	<u>99,385,318</u>
Total	<u>158,233,165</u>

24. POST BALANCE SHEET EVENTS:

The following contracts have been signed by the company subsequent to balance sheet date:

Sl No.	Contract No. & Date	Contract Period	Amount	Source of Finance
1.	1731/3 dt. 31-08-05	1 year 6 months	US\$ 4,150,536.86 Plus Tk. 18,492,311.13	ADB
2.	1885/3 dt. 27-10-05	1 year 6 months	US\$ 5,820,185.88 Plus Tk. 90,376,447.27	ADB

25. FINANCIAL RATIO:

Ratio analysis are given below to show the overall performance of the company:

1. Return on Net Fixed Assets:

Profit before interest and other financial expenses	x	100	
Net fixed assets			
2,467,244,638	x	100	= 10%
24,587,522,515			

2. Debt Service Coverage Ratio:

Net profit before depreciation and interest & other financial expenses	4,268,897,657	
Debt service requirement	3,267,864,317	= 1.3 times

3. Debt-Equity Ratio:

Debt	6,986,947,549	
Equity	26,178,802,679	= 79:21

4. Accounts Receivable to Sales:

Average Accounts Receivables	1,449,682,790	
Average monthly wheeling charge	390,279,245	= 3.7 months

Sd/
Company Secretary

Sd/
Director

Sd/
Managing Director

Sd/
(BASU BANERJEE NATH & CO.)
CHARTERED ACCOUNTANTS

Slected ratios on liquidity, Profitability and solvency of the issuer :

Auditor's certificate regarding calculation of EPS and other ratio's as per Direct Listing Rules-2006

We have examined the following Earning Per Share (EPS) and analyses of Power Grid Company Of Bangladesh Limited for the years ended 30 June 2001, 2002, 2003, 2004 and 2005, which have been produced by the management of Power Grid Company Of Bangladesh Limited to us. The preparation of the EPS and ratio analysis is the responsibility of the company's management. Our responsibility is to review them and certify as to whether they have been properly prepared using acceptable principles on the basis of financial statements for the years ended 30 June 2001, 2002, 2003, 2004 and 2005.

Based on our review, we certify that the company has properly prepared the EPS and Ratio analysis using acceptable principles on the basis of financial statements for the years ended 30 June 2001, 2002, 2003, 2004 and 2005.

Sl.No.	Items	2005	2004	2003	2002	2001
Liquidity Ratio						
1	Current Ratio	2.48	1.58	3.07	4.06	3.39
2	Quick Ratio	2.27	1.47	2.83	4.05	3.39
Operating Ratio						
3	Accounts Receivable Turn over Ratio	2.68	3.09	2.23	5.53	3.21
4	Inventory Turnover Ratio	Not applicable				
5	Asset Turnover ratio	0.13	0.12	0.08	0.08	0.08
Profitability Ratio						
6	Gross Margin ratio	Not applicable				
7	Operating Income Ratio	49.33	41.57	38.29	50.15	62.21
8	Net Profit Ratio (before tax)	9.01	3.03	2.50	10.80	25.38
9	Return on Assets Ratio	9.40	6.04	3.33	6.71	7.90
10	Return on Equity	3.90	1.22	1.00	2.68	3.62
11	Earning per Share (Based on Face Value of *Tk.1000.00)	72.38	20.09	15.56	38.55	47.84
12	Dilluted Earnings Per Share (Based on Face Value of *Tk. 1000))	42.07	13.15	10.69	29.14	37.91
Solvency Ratio						
13	Time interest Earned Ratio (based on profit before Interest, WPPF and Tax)	1.21	1.08	1.06	1.25	1.63
14	Debt Equity ratio	79:21	80:20	80:20	66:34	65:35
15	Bad Debt Ratio (Bad & Doubtful Debts/Total Receivables)	Not Applicable (The long outstanding receivable is due from Desa, to whom PGCB owes Tk.1,177,352,712 against assigned loan Tk. 4,262,818,000. So that, there is no question of bad debt in future.)				

Dated: 30 April, 2006

Ispahani Building (3rd Floor)
14-15, Motijheel Commercial Area
Dhaka-1000

Sd/
(BASU BANERJEE NATH & CO.)
CHARTERED ACCOUNTANTS

* The face value of PGCB share has been converted into Tk.100 from Tk.1000 as per resolution adopted in the EGM of the shareholders of PGCB held on 25.05.2006.

POWER GRID COMPANY OF BANGLADESH LTD.(PGCB)
Comparative income statements, balance sheet and cash flow Statements for immediate preceding five accounting years:

As per section 135(1) of Para 24(1) of part-II of Schedule III of Companies Act 1994, Power Grid Company Of Bangladesh Limited has prepared the following statement of assets and liabilities, Statements of cash flow and statement of operating result for the years ended 30 June 2001, 2002, 2003, 2004 and 2005 which were submitted to us. Our responsibility is to review the audited financial statements and confirm that related information have been correctly extracted from the relevant financial statements.

We have reviewed the relevant audited financial statements and confirm that the following information have been correctly extracted from those audited financial statements:

A) The statement of assets and liabilities of the company are as under:

Sources of Funds	30 June 2005 Taka	30 June 2004 Taka	30 June 2003 Taka	30 June 2002 Taka	30 June 2001 Taka\
I) Share capital	3,643,581,000	3,643,581,000	3,643,581,000	2,370,581,000	1,770,581,000
ii) Deposit for Shares	2,624,685,200	1,924,508,600	1,663,073,600	765,333,600	463,800,000
iii) Profit and Loss Account	496,913,384	415,370,493	342,141,503	272,268,430	108,528,503
Grant From SIDA	26,402,818	14,821,615	0	0	0
Long Term Loan	26,178,802,679	23,721,499,514	23,078,033,939	6,549,276,559	4,391,622,265
Other Non-current Liabilities	309,367,179	95,190,513	0	0	0
	33,279,752,260	29,814,971,735	28,726,830,042	9,957,459,589	6,734,531,768

Application of Funds

Fixed Assets Net of Depreciation	24,587,522,515	26,637,848,518	26,145,098,716	6,325,059,885	4,380,723,075
Capital Work-in-progress	4,737,508,401	1,839,950,278	814,447,352	2,769,416,530	1,805,844,305
Preliminary Expenses	615,989	769,985	923,981	1,077,977	1,247,372
Unallocated Capital overhead	0	0	0	30,816,580	21,906,057
Net Current Assets	3,954,105,355	1,336,402,954	1,766,359,993	831,088,617	524,810,959

B) The statements of operating result of the company are as follows:

	30 June 2005 Taka	30 June 2004 Taka	30 June 2003 Taka	30 June 2002 Taka	30 June 2001 Taka
Operational income	4,683,350,949	3,869,297,961	2,272,242,258	845,804,667	556,234,667
Non-operational income	156,927,591	62,568,028	60,548,636	26,867,488	19,601,935
Operational expenditure before interest and other financial expenses	(2,373,033,902)	(2,260,875,165)	(1,402,131,733)	(421,666,501)	(210,224,080)
Interest and other financial expenses	(2,024,191,777)	(1,553,868,175)	(873,952,554)	(359,618,062)	(224,443,481)
Net Profit before WPPF	443,052,861	117,122,649	56,706,607	91,387,592	141,169,041

Worker Profit Participation Fund	(21,097,755)	0	0	0	0
Net Profit before tax	421,955,106	117,122,649	56,706,607	91,387,592	141,169,041
Income tax	(158,233,165)	(43,920,993)	0	0	(56,467,616)
Net profit after tax	263,721,941	73,201,656	56,706,607	91,387,592	84,701,425
Prior years adjustment	0	27,334	13,166,466	72,352,335	0
Un-appropriated profit brought forward	415,370,493	342,141,503	272,268,430	108,528,503	23,827,078
Proposed dividend	(182,179,050)	0	0	0	0
Un-appropriated profit transferred to Balance Sheet	496,913,384	415,370,193	342,141,503	272,268,430	108,528,503

C) Dividend

The company declared dividends for the last five years which are as follows:

Cash dividend	5%	0	0	0	0
---------------	----	---	---	---	---

D) The statements of cash flows of the company are as follows

	30 June 2005	30 June 2004	30 June 2003	30 June 2002	30 June 2001
	Taka	Taka	Taka	Taka	Taka
A. Cash Flow From Operating Activities:					
Net Profit	263,721,941	73,201,656	56,706,607	91,387,592	84,701,425

Adjustment To Reconcile Net Profit To Net Cash Provided By Operating Activities:

Depreciation on fixed assets

and amortization of assets	1,801,653,019	1,784,561,371	1,091,886,101	296,930,772	173,582,244
Deferred income Tax	99,385,318	43,920,993	0	0	0
Workers Profit Participation Fund	21,097,755	0	0	0	0
Prior year adjustment	0	27,334	13,166,466	0	0
Provision for gratuity	114,791,348	32,068,758	7,839,318	8,772,244	1,353,200
	2,036,927,440	1,860,578,456	1,112,891,885	305,703,016	174,935,444

Changes in Working Assets and Liabilities:

Accounts receivable	(495,501,124)	(231,921,361)	(844,319,949)	20,880,517	(14,978,917)
Interest payable	203,211,612	279,911,000	277,016,084	245,141,805	115,371,538
Provision for Income tax	58,847,847	0	0	0	0
Advance payment of corporate Income Tax	(53,021,434)	(14,996,820)	(20,063,323)	(31,082,176)	(21,563,870)
Current portion of long term loan	(186,327,460)	1,122,090,304	307,909,696	0	0
Other expenses payable	94,986,637	81,981,825	94,341,081	(73,109,230)	(313,476,468)
Other current assets	(452,833,667)	115,789,541	(7,307,676)	691,252,201	(355,302,203)
	(829,637,589)	1,352,854,489	(192,424,087)	853,083,117	(589,949,920)
Net Cash Provided by Operating Activities	1,471,011,792	3,286,634,601	977,174,405	1,250,173,725	(330,313,051)

B. Cash flow from investing activities:

Addition to fixed assets, Capital work in progress and capital overhead	(2,648,731,143)	(3,302,632,769)	(19,128,791,085)	(3,889,532,851)	(693,579,811)
Net cash (used in) Investing activities	(2,648,731,143)	(3,302,632,769)	(19,128,791,085)	(3,889,532,851)	(693,579,811)

C. Cash flow from financing activities:

Share capital and deposit for share	700,176,600	261,435,000	2,170,740,000	901,533,600	470,950,000
Grant From SIDA	11,581,203	14,821,615	0	0	0
Long term loan	<u>2,457,303,165</u>	<u>643,465,575</u>	<u>16,204,549,378</u>	<u>2,028,630,216</u>	<u>704,037,453</u>
Net cash provided by financing activities	3,169,060,968	919,722,190	18,375,289,378	2,930,163,816	1,174,987,453
Increase/ (Decrease) in cash (A+B+C)	1,991,341,617	903,724,022	223,672,698	290,804,690	151,094,591
Cash, beginning of financial year	<u>1,922,966,657</u>	<u>1,019,242,635</u>	<u>795,569,937</u>	<u>504,765,247</u>	<u>353,670,656</u>
Cash, end of financial year	<u>3,914,308,274</u>	<u>1,922,966,657</u>	<u>1,019,242,635</u>	<u>795,569,937</u>	<u>504,765,247</u>

Dated: 30 April, 2006
Ispahani Building (3rd Floor)
14-15 Motijheel C/A
Dhaka-1000.

Sd/
(Basu Banerjee Nath & Co.)
Chartered Accountants

Credit Rating Report:

	Long Term	Short Term
Entity Rating	A	ST-2
Date of Rating	May 14, 2006	

Rationale:

CRISL assigns A (Single A) rating in the long term and ST-2 rating in the short term to Power Grid Company of Bangladesh Limited hereinafter called PGCB. The above has been done on the basis of good fundamentals of the company such as its inherent business strategies as natural monopoly, good governance practices, government support for funding arrangement along with guarantee, sufficient financial flexibility, huge asset base etc. However, the above position is constrained to some extent by required huge capital investment, high leverage of the company, low profitability, substantial foreign currency risk, high operating cost and dependency on Energy Regulatory Commission to fix wheeling charge of the company. This level of rating indicates a corporate entity with an adequate credit profile. Risk Factors are more variable and greater in periods of economic stress than those rated in the higher categories. The short term rating indicates high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are small.

Q. Credit Rating Information and Services Limited

Credit Rating Report on Power Grid Company of Bangladesh Ltd.

Address:

Credit Rating Information
and Services Ltd.

Nakshi Homes, 5th Floor

6/1A Topkhana Road

Segunbagicha

Dhaka-1000

Tel : 7173700-1 (PABX)

Fax : (8802) 9565783

Email : crisl@bdonline.com

Analysts :

Mr. Ayeab Meor

RAM, Malaysia

Mr. Safdar Kazi

JCR-VIS, Pakistan

Mir Farhad Ali

Md. Lutful Kabir

CRISL, Bangladesh

Entity Rating:

Long term: A

Short term: ST - 2

Date of Rating:

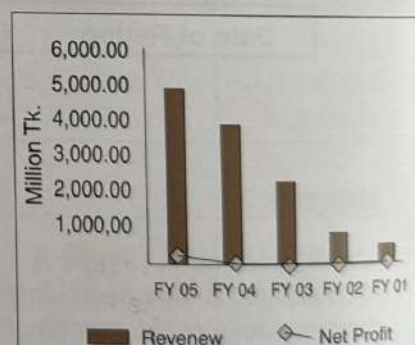
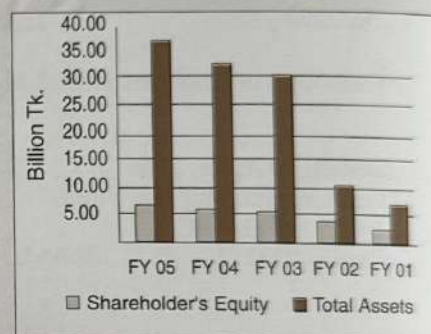
May 14, 2006

This is a credit rating report on Power Grid Company of Bangladesh Ltd As per the MOU signed by the company with CRISL; CRISL long-term rating is valid for one year while short-term rating carries validity of six months. After the above periods, this rating will not carry any validity unless the same is updated.

	Long Term	Short Term
Entity Rating	A	ST- 2
Date of Rating	May 14, 2006	

01. RATIONALE

CRISL assigns A (single A) rating in the long term and ST-2 rating in the short term to Power Grid Company of Bangladesh Ltd., hereinafter called PGCB. The above has been done on the basis of good fundamentals of the company such as its inherent business strategy as natural monopoly, good governance practices, government support for funding arrangement along with guarantee, sufficient financial flexibility, huge asset base, etc. However, the above position is constrained to some extent by required huge capital investment, high leverage of the company, low profitability, substantial foreign currency risk, high operating cost and dependency on Energy Regulatory Commission to fix wheeling charge of the company. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors



PGCB**Incorporated:**

Year 1996

Commencement of Business:

Year 1999

Board Chairman:

Mr. A.N.M. Rizwan

Managing Director:Mr. A.B. M Harunur
Rashid
(Current Charge)**Total Assets:**

Tk.. 35.94 billion

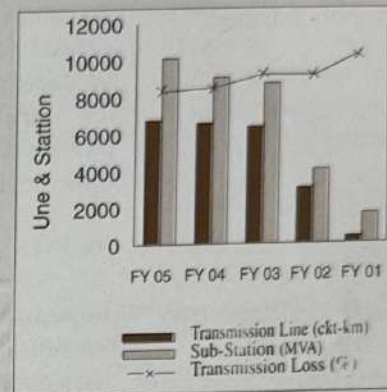
Shareholders' Equity:

6. 58 billion (Adjusted)

are more variable and greater in periods of economic stress than those rated in the higher categories. The short-term rating indicates high certainty of timely payment, Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are small.

02. COMPANY PROFILE

Power Grid Company Limited is lone electricity Transmission Company in the country and solely owned company of state owned Bangladesh Power Development Board (BPDB). PGCB has been formed as a part of Government restructuring program of power sector with the objective of bringing about commercial environment in operation including Increase in efficiency, establishment of accountability and dynamism in accomplishing its functions. The company was incorporated on November 21, 1996 under the Companies Act 1994 as a Private Limited Company with principal service of transmitting electricity from generation sources to distribution entities. Subsequently the company was been converted to a Public Limited Company. Gradually PGCB completed taking over all the transmission assets of BPDB and Dhaka Electric Supply Authority (DESA) on December 31, 2002.



Credit Rating Information and Services Limited

Credit Rating Report on Power Grid Company of Bangladesh Ltd.

PGCB enjoys natural
monopoly business

The vision of the company is 'Economic upliftment of the country by arranging electricity to all through reliable transmission'. Operational efficiency of the company is found to be increasing over the years. The PGCB strength consisting of 6,888 circuits Km Transmission lines and 74 Substations as on June 30, 2005. Manpower strength of the company reached to 1,529 on the same date. Paid-up capital of the company stood at Tk. 3.64 billion as on June 30, 2005. The PGCB is operationally profitable company since inception. Profit after tax of PGCB stood at Tk. 263.72 million during 2004-05. Again, major change of PGCB is expected since the company has initiated the process of direct listing in bourses. The corporate address of PGCB is Red Crescent Concord Tower, 17 Mohakahli C/A, 6th Floor, Dhaka-1212, Bangladesh.

03. INDUSTRY PROFILE

Operation extended to
6,888 circuits Km
Transmission lines and
74 Substations

Immediately after the liberation of Bangladesh the government took over the erstwhile East Pakistan Water and Power Development Authority (EPWAPDA) and formed an independent body "Bangladesh Power Development Board" under the Electricity Act 1910 and Ordinance P.O.59 of 1972 as the successor organization of EPWAPDA. With the initial highest electricity generation capacity of 475 MW, BPDB had been solely entrusted with the responsibility of generation, transmission and distribution of electricity throughout the country. Since the inception, the whole operation of the BPDB had been managed by the government under the Ministry of Energy and Mineral Resources. However, huge system losses, inefficient management and shortage of power generating-natural resources suppressed the overall growth of this industry. In order to address the above problems, the government took initiative to restructure this sector through the formation of different supply units with independent management and permitted for setting up power plant in the private sector. However, to keep pace with the growing demand, power sector has yet to reach at a reasonable edge. To boost this sector government has recently permitted to set up power plant in the private sector and also provides 15 years tax holiday. In addition, Government has been encouraging the foreign investors through the exemption of tax on royalties, technical know how, technical assistance fees, interest on foreign loans and capital gains from transfer of shares by the investing companies. The above factors let a wide window of opportunities to invest in this sector.

03.1 Industry Current Structure

Paid up capital is
Tk. 3.64 billion as on
June 30, 2005

Although BPDB has long been the sole organizational body to oversee the power sector, a number of autonomous and semi-autonomous bodies have been created to expedite the overall growth of this sector in the process of the government's power sector restructuring program. It is noted earlier that the power sector in Bangladesh is fully regulated by the Ministry of Power, Energy and Mineral Resources (MPEMR). Again, to streamline the restructuring program the MPEMR has setup two separate Divisions, namely Power Cell and EA & CEI. The above divisions directly monitor the electricity generation, transmission and distribution system of the country and provide advising services to the MPEMR in the process of its restructuring program.

Credit Rating Information and Services Limited

Credit Rating Report on Power Grid Company of Bangladesh Ltd.

03.2 Electricity Generation and Transmission

The BPDB is assigned with the responsibility of ensuring power generation with assistance of its 66 units of power plants and 37 different small and medium Independent Power Producers (IPP) units in the private sector. The total installed capacity of BPDB stood at 4,995 MW while the IPPs (mixed) have a total of 1,260 MW. As on June 2005, BPDB produces a total of 13,223.28 Gwh gross energy in the public sector power plants in addition to 7,939.19 Gwh of energy produced by the IPPs in private sector. Transmission of Power has been entrusted with the PGCB. Transmission network of PGCB stood at 6,888 circuits Km. In addition, PGCB has 74 grid sub-stations throughout the country.

03.3 Electricity Distribution

Electricity distribution system is being managed by DESA, DESCO, WZPDC and REB/PBS which are operating in different electricity distribution zones of the country. BPDB itself also engaged in the electricity distribution task mainly in the metropolitan cities (except Dhaka) to the south, central and north zones. Responsibility of distribution in and around Dhaka Metropolis has been assigned to DESA and DESCO. Rural Electrification Board (REB) is assigned with the responsibility of planning, developing, financing and construction of rural distribution networks and promoting the establishment of Rural Electric Cooperatives/Palli Bidyut Samities (PBS).

04. OWNERSHIP PATTERN

PGCB is a 100% owned company of PDB

PGCB is a 100% owned company of BPDB under the Ministry of Power, Energy and Mineral Resources. However, BPDB has allotted 6 shares out of 3,643,582 outstanding shares of the company to six members of PDB in order to comply with the requirement of the Companies Act-1994. The above six shares are transferable on the departure of the members from the services of BPDB. The above shareholding pattern of PGCB is expected to change after off loading of 25% shares through direct listing.

05. MANAGEMENT

PGCB has a professional management team

Good working environment and training facility

A professional management team of PGCB with mission statement of 'Efficient and effective management of national power grid for reliable and quality transmission of electricity as well as economic dispatch throughout the country' runs the business operation under the leadership of Technical Director Mr. A.B.M Harunur Rashid who is holding current charge of Managing Director. In his 36 years of long professional experience, Mr. Rashid first joined in erstwhile EWAPDA as an Assistant Engineer in 1969 and subsequently promoted as Chief Engineer of BPDB. Under his management team Mr. Rashid is aided by one Director and five General Managers. The day-to-day business activities of the company are looked after by the above professionals. The communication between different tiers of management is found to be satisfactory. Senior management meets once in a month and junior management sits once in every quarter for effective business coordination. The company formed one management committee called Tender Committee headed by Deputy General Manager for opening, evaluation and recommendation of tender for approval from Board. Management team enjoys adequate power delegation for smooth business operation.

Credit Rating Information and Services Limited

Credit Rating Report on Power Grid Company of Bangladesh Ltd.

Good Governance
practices

05.1 Human Resources

Experienced and skilled technical human resources is considered as most important resources for utmost success in power sector. Till recent past state owned power enterprises were the lone source of technical staffs for power sector. Some private initiatives after the deregulation of power sector have produced few skilled human resources due to career prospects, competitive compensation package and good working environment. PGCB started its operation with the human resources of BPDB. Presently, the company holds 84.25% of its total human resources with the background of BPDB. Rest of the human resources of the company has been recruited through competitive selection procedure. Total staff strength of PGCB stood at 1,530 as on June 30, 2005. The company offers competitive compensation package for its staffs in all tiers. The company has its own structured service rules with pay-scales. Human resources turnover in PGCB is found to be insignificant. Management considers training as effective tool for human resources development. Staffs of PGCB attend local and foreign training programs on regular basis. Foreign training usually attached with the tender. In addition, the company allocates adequate fund annually for local training. It is notable here, an extensive orientation training program for 1,533 officers and staffs was undertaken jointly organized by International Institute of Energy, USA and Centre for Management Development, Bangladesh with the financial assistance of USAID, USA during the year 2005 along with other programs to educate them about PGCB's objectives, vision, mission and work procedure.

06. CORPORATE GOVERNANCE

PGCB is a corporate being regulated by corporate laws of the country, Corporate governance is a blend of laws, regulations, enforcement and appropriate voluntary practice by the companies as required by law that permit a corporate to attract capital, perform efficiently and generate long term value for its shareholders while respecting the interest of its stakeholders and society as a whole. The areas covered are transparency in disclosure of relevant, reliable financial and operational information, information on ownership and control, information on internal processing of management, etc. Some of the areas are reviewed as follows:

06.1 Board of Directors

The Board composition of PGCB is unique for ensuring good Corporate Governance. PGCB's Board consists of 10 representative and ex-officio Directors from shareholders, professional bodies and the company. The Board of Director consisted of 3 representative Directors from BPDB, one representative Director each from Consumer Association of Bangladesh (CAB), Federation of Bangladesh Chamber of Commerce and Industries (FBCCI), Institute of Engineers of Bangladesh (IEB), Institute of Chartered Accountants of Bangladesh (ICAB) and three ex-officio Directors of PGCB. Memorandum and Articles of PGCB gives full independent supervision and policy making power to the Board, The above structure of the organization ensures satisfactory level of good governance practices. Present Chairman Mr. A.N.M Rizwan is representative Director of PDB. Mr. Rizwan also holds the Chairmanship of PDB. It

Credit Rating Information and Services Limited

Credit Rating Report on Power Grid Company of Bangladesh Ltd.

is mention worthy that Mr. Rizwan was the Managing Director of PGCB for the period from 8th July 1997 to February 2006. The Board reviews the business performance as well as provides necessary business policy to the management. The Board convened 14 meetings during the year 2005.

Separate Internal
Audit Department

06.2 Internal Control And Audit

PGCB formed a separate Internal Audit Department headed by Deputy General Manager for ensuring effective internal control. The department directly reports to Managing Director. The company formed a comprehensive manual for internal financial audit. It is also responsible for planning, organizing, directing and controlling the internal audit functions of PGCB covering the regular review of financial, administrative and operating data, the determination to the extent of personnel compliance with the company's policies, guidelines, rules and procedures and the evolution of the existing systems and procedures. Internal audit team manned with 7 executives regularly conducts audit as per the given guidelines in the manual and submits their well-structured reports to Managing Director for necessary action. However, the company is yet to form a independent Board Audit Committee for further development of internal control structure.

Satisfactory information
disclosure

06.3 Disclosures

Information disclosures of PGCB are found to be satisfactory. The company published annual report with sufficient disclosure in all aspects. Annual report includes the physical target & achievement during the fiscal year, project under implementation with full financial disclosures, future plan, environment protection related disclosures, fund mobilization, human resources development programs, operational, commercial & financial performance, etc. Disclosures in the audited accounts are also found to be satisfactory. Maturity structure of receivables is also disclosed in the annual report with necessary financial ratios related to performance and solvency. PGCB's own web-site is under construction, which will be sufficient information disclosure for general public.

07. COMMUNICATION INFRASTRUCTURE

PGCB took a project to
develop centralized
communication network

PGCB took a project to develop centralized communication network called 'National Load Dispatch Centre' (NLDC) with an estimated project cost of Tk. 5.44 billion including Tk. 3.21 billion foreign exchange component to procure and install equipment required for SCADA System, Energy Management System, Fiber Optic Cable, Copper Cable and civil works for control center. NLDC was originally included in the 'Comilla-Meghnaghat Rampura & Meghanaghat-Haripur 230 KV Transmission Line and National Load Dispatch Center' project' approved in the year 1996. However, NLDC could not be implemented due to nonavailability of donor funding agency. Recently ADB has confirmed the financing of the foreign exchange part of the NLDC project and subsequently loan agreement was signed in the year 2003. The objective of this project is to establish a centralized coordination among generation, transmission

Credit Rating Information and Services Limited

Credit Rating Report on Power Grid Company of Bangladesh Ltd.

and distribution of electrical power throughout the country, to operate each power station & substation at an economically profitable unit, to reduce operational cost, save electric motors due to excessive variation of voltage and frequency and to improve communication between all the electrical installations in the existing power system of the country through modern SCADA techniques and communication network. After successful completion of this project it would be possible to maintain a centralized control and coordination between all units which is expected to reduce the operational cost of the power system. Expected year of completion of the project is 2007-08.

08. MANAGEMENT INFORMATION SYSTEM

PGCB has its own MIS Cell

PGCB has its own MIS Cell manned with 5 executives and headed by a Manager. Accounts department uses a customized software called 'Dream Apps' a web based ERP/ERM solution which includes General Ledger, Accounts Receivable and Payable and Fixed Asset Register. Significant development of IT infrastructure is expected after successful implementation of NLDC project which will enhance the MIS of PGCB significantly. At present, MIS Cell produces monthly MIS report for the management covering all aspects of business operation. The MIS report is found adequately structured and informative for decision making. In addition, this MIS report covers all ongoing projects status.

09. MARKETING ASPECTS

PGCB is a monopoly electricity transmission company of Bangladesh with its huge country-wide transmission infrastructure having significant business expansion opportunities. The company transmits electricity to PDB, DESA, DESCO, PBS and WZPD-CL from power generators. Therefore, business growth (wheeling charge) of the company depends on the overall growth of power generation of the country. Access to electricity in Bangladesh is one of the lowest in the world. According to the MPMER the country has only 32% of the total population having access to electricity with per capita electricity consumption of only 144 Kwh per annum. On the other hand, there is huge gap between the demand and supply of electricity. PDB forecasted demand of electricity of 5,800 MW within 2008. Highest peaked demand served so far 3,782 MW (average serving is lower than the above). The above data shows huge additional power generation requirement within this period. Thus, the revenue growth of PGCB is expected to increase significantly with same pace of power generation. More business opportunities other than electricity transmission are expected. For instance, NLDC project with optical fiber infrastructure will generate significant amount of revenue. Country-wide distribution of submarine cable (Internet Service) is expected through this infrastructure. However, the company does not have any control over its transmission rate (wheeling charge). Energy Regulatory Commission (ERC) fixes rate of wheeling charge upon submission of requested tariff rate by PGCB on the basis of cost recovery plus 10% return on net fixed assets. However the ERC takes long time for revision which may have a negative impact on cost recovery,

Credit Rating Information and Services Limited

Credit Rating Report on Power Grid Company of Bangladesh Ltd.

10. TRANSMISSION INFRASTRUCTURE

The PGCB took over about 1,144 circuit km 230 kv lines, 5,255 circuit km 132 kv lines, 6 number of 230/132 kv substations and 63 nos, of 132/33 kv substations from PDB and DESA in different phases. Transmission line of the company during 2004-05 fiscal year stood at 1466 circuit km 230 kv lines, 5255 circuit km 132 kv, 167 circuit km 66 kv lines, 9 nos. 230/132 kv substations and 63 nos, of 132/33 kv substations. In addition, the company took eight infrastructure development projects for further development of its operation. After successful completion of the above projects the capacity of PGCB transmission network will enhance significantly. The projects includes Hasnabad-Aminbazar (Savar)-Tongi and Haripur-Meghnaghat 230 KV Transmission Line, Second East West Electrical Inter connector (Ashuganj-Jamuna Multipurpose Bridge-Serajganj 230 KV Transmission Line), Khulna-Ishurdi & Bogra-Barapukuria 230 KV Transmission Line Project, Ishurdi-Baghabari-Serajganj-Bogra 230 KV Transmission Line Project, Shunt Compensation at Grid Substation by Capacitor Banks (Phase-I), Construction and Extension of Grid Substations including Transmission Line Facilities (Phase-I), Joydevpur-Kabirpur-Tangail 132 KV Transmission Line and NLDC for SCAOA System.

11. FOREIGN CURRENCY RISK

PGCB has significant foreign currency loan repayable in foreign currency. These long term foreign currency loans are repayable in foreign currency over a period of 15 to 20 years at high interest rate of around 8%. The volatile and upward trend of the foreign currency exchange rate with local currency has been creating a significant foreign currency risk for the company. The company reported loss of Tk. 1.45 billion during the year 2004-05, which was 196.12% higher than the previous year. Foreign currency borrowing as on June 30, 2005 stood at US\$ 192.33 million. Management view about this foreign currency risk is recoverable from revised wheeling charge. However, the revision of wheeling charge is uncertain and the revision is not a regular phenomena to compensate continuously recurring exchange fluctuation risk. At present, the company has been incurring the above loss which ultimately reducing its operating profit significantly.

PGCB hold sufficient foreign currency risk

12. REVENUE RISK: WHEELING CHARGE

The Energy Regulatory Commission (ERC) mainly determines the wheeling charge, which is the main revenue of company. The wheeling charge is supposed to be fixed by ERC due consideration to all administrative and operational cost of transmission with 10% return on net fixed assets (6% was in the last period) and allowance for transmission losses (3.5%). Currently PGCB has been charging Tk. 0.2268 per KWH (for 132 KV line) and Tk. 0.2291 per kWh (for 33 KV line). But according to the financial position of 2003-04, this rate reached to Tk. 0.2540 per KWH (for 132 KVline)

ERC controls wheeling charge

Credit Rating Information and Services Limited

Credit Rating Report on Power Grid Company of Bangladesh Ltd.

and Tk. 0.2565 per KWH (for 33 KV line) as considering the guideline of ERC. Based on the above costing, the company filed an application to ERC in October 2004 for revision of wheeling charge. But the company has so far not received concurrence of ERC. Therefore, although there is a provision to revise its income based on expenses, the company bears the risk of not getting the approval of ERC in time which has an impact on the revenue and ultimately profitability of the company.

13. OPERATING PERFORMANCE

Operating performance is in improving trend

Operating performance of PGCB has been increasing over the years. The company reported 5.75% growth in transmission of power. In the year 2004-05, net electricity generation was 21,162 MKwh out of which a total of 20,439 MkWh electricity was transmitted all over the country using infrastructure of PGCB (19,327 MkWh in 2003-04). The company holds availability of transmission lines and substations of 99.98% and 99.99% (approximate) respectively during the year 2004-05. In addition, PGCB has reduced its transmission loss significantly during the same period. The company faced transmission loss of 3.42% in 2004-05 which was 3.48% during the previous year. Number of transmission Interruptions due to system problem has also decreased significantly to 54 occasions In 2004-05 from 76 occasions in previous year. Tripping of transmission system in the year 2004-05 was relatively lower than the previous year due to proper maintenance. The company has built and commissioned one transmission line and two substations during this period.

14. FINANCIAL PERFORMANCE

Low profitability

Huge capital investment is required

The PGCB is a profitable company. The company reported substantial growth of its after-tax profit (260.27%) during 2004-05. After-tax profit stood at Tk. 263.72 million during the fiscal year 2004-05. New rate of wheeling charge along with growth of electricity transmission increased the overall revenue income of PGCB. Revenue growth rate was 23.10% during 2004-05. Wheeling charge is the prime source of earning of the company holding 96.76% of total revenue in 2004-05 (98.41% in 2003-04). Interests of deposit and rental income are other sources of revenue of PGCB. Operating profit without considering financial cost was Tk. 2.47 billion in 2005, which was 47.65% higher than preceding year. Financial cost was 2.02 billion, which was 81.94% of operating profit. Huge exchange loss (Tk. 1.45 billion) along with growth in long term borrowing (9.03% in 2004-05) for investment in Infrastructure soared the financial cost by 30.33% during the fiscal year. The above financial cost of the company will increase further in near future since PGCB has been enjoying gestation period in maximum projects. Earning per share of the company is found significantly low. The company earned only Tk. 72.38 per share of Tk. 1000 face value during the year 2004-05. This earning was much lower in previous year (Tk. 20.09 per share). For the first time the Board approved 5% dividend per share (Tk. 50.00 per share) during the year 2004-05, representing payout ratio of 69.07%.

Credit Rating Information and Services Limited

Credit Rating Report on Power Grid Company of Bangladesh Ltd.

High operating cost

Profitability indicators of PGCB indicate lower return in terms of its assets and equity base. The return on average assets of the company stood at 1.24% for the period of 2004-05 from 0.38% in the preceding year. Return on average equity stood at 6.72% during the year 2004-05 from 2.01% in preceding year. Both the profitability ratios increased during this period though this return is insignificant. The company earned 10.03% return (operating profit) on net fixed assets during the year 2004-05 where as it was 6.27% in 2003-04. Net profit margin has also increased to 5.63% in the year 2004-05 from 1.89% in previous year.

15. EFFICIENCY

In order to review the cost trend of PGCB, a common size analysis in relation to revenue has been carried out which reveals increased operational cost efficiency of the company. Operating expense to revenue ratio was 49.03% in 2004-05 against 57.50% in previous year. Other efficiency ratios also indicate the same position of the company. Cost to income ratio has Improved to 90.85% in 2004-05 from 97.02% in previous year. Yield per Taka staff cost has also increased significantly in 2005 which stood at Tk. 1.20 from Tk. 0.40 in previous year.

16. ASSET COMPOSITION

Huge asset base company

Total assets footing of the company stood at Tk. 35.94 billion in 2005 against Tk. 32.13 billion in 2004, representing growth of 11.86% over the year. The above asset footing include net fixed asset of Tk. 24.59 billion, capital work in progress of Tk. 4.74 billion, trade debtors of Tk. 1.75 billion, inventories of Tk. 0.57 billion, cash and cash equivalent of Tk. 3.91 billion and others. Non-current assets and current assets constitute of 81.59% and 18.41% respectively in 2004-05 against 88.62% and 11.38% respectively in previous year. The growth rate of cash and cash equivalent and trade debtors was significant under current assets. Current asset growth rate was 80.87% in the year 2004-05 against 2.97% growth rate of non-current asset of the company.

16.1 Quality of Receivables

Quality of receivables is not bad

Trade receivable to total revenue ratio was 36.06% in the year 2004-05 against 31.81% in previous year, indicating reasonable level of receivables. Receivables turnover ratio indicates satisfactory. Below 6 months receivables was improving performance of receivable collection. This ratio improved during 2004-05 to 3.13 months from 3.41 months in previous years. Receivables was accounts for mainly transmission and repair & maintenance charges. Aging analysis of receivables (only transmission charges) shows 62.74% and above 6 months receivables were 37.26% of total outstanding transmission charge receivables. More than one-year receivables is not available in the MIS report of the company. Receivable from single state owned company stood at 71.07% of total receivable of the company. It is worth mentioning that the Accounts Receivable from PDB has been fully adjusted against the Debt Service Liability (DSL) payable to BPDB by PGCB out of its loan created from assets transfer.

Credit Rating Information and Services Limited

Credit Rating Report on Power Grid Company of Bangladesh Ltd.

Government supports
funding arrangement
along with guarantee

17. FUNDING AND LIQUIDITY

PGCB get fund from government of Bangladesh, international development organization for instance, Asian Development Bank and different donor agencies. The 76.29% of the assets are financed by foreign currency long-term loan while 18.31% by equity and rest 5.40% from other sources. The company enjoys sufficient funding flexibility since the company get full assistance from government through MPEMR. The liquidity position of the company is also strong. The current ratio was 2.32 times in 2004-05 against 1.58 times in previous year, Again, quick ratio was 2.13 times in 2004-05 against 1.47 times in previous year, showing its strong liquid assets position.

18. SOLVENCY DIMENSION

High geared company

PGCB is highly geared company. The leverage ratio was 4.46 times in 2004-05 against 4.37 times in previous year. The debt-equity ratio was 81:19 in 2004-05 and 80: 20 In previous year, indicating deteriorating the company. The equity multiplier (Shareholders equity to Total assets ratio) was 5.46 times in 2004-05 against 5.37 times in previous year, The debt service coverage ratio was increased to 1.25 times in 2004-05 against 1.14 times in previous year due to improved financial performance of the company during the same period. However, interest coverage ratio was decreased to 2.02 times in 2004-05 against 2.20 times in previous years, because of higher financial cost than the preceding year. Internal capital generation has increased significantly to 4.20% in 2004-05 from 1.26% in previous year. Shareholders' equity of the company stood at Tk. 6.58 billion as on 30th June 2005 against Tk. 5.98 billion In the previous year, indicating growth of 10.02%. Shareholders' equity includes Paid-up Capital of Tk. 3.64 billion and reserve of Tk. 2.94 billion in 2004-05.

19. SWOT ANALYSIS

Strengths:

- o Natural monopoly business
- o Good governance practices
- o Government support for funding arrangement along with guarantee
- o Huge asset base

Opportunities:

- o Increasing demand
- o Scope of power generation
- o Participation in capital market
- o Renting out of optical fiber

Weaknesses:

- o Highly levered company
- o Capital intensive project with comparatively low return
- o Low profitability
- o Huge foreign currency risk
- o High operating cost
- o No control over wheeling charge

Threats:

- o Unstable Government Policy,
- o Unstable political situation.
- o Increasing local and foreign cost of fund
- o Lack of concrete vision

Credit Rating Information and Services Limited**Credit Rating Report on
Power Grid Company of Bangladesh Ltd.****20. PROSPECTS**

Bangladesh is a developing economy with good macroeconomic fundamentals. It is now at the threshold of transformation from traditional agro-based economy to technology-based mixed system. The industrial sector is also getting due priority both at large and small-medium scale keeping pace in line with the requirement of the global need and challenges. Rapid expansion of urban area also calls for an increased demand for electricity. During the last couple of years GDP rates was in between 5% to 6.5%. In order to keep the same pace of development in the coming years and to adapt with the changing global environment, uninterrupted power supply is the precondition. However, in view of demand supply gap the load shedding has increased manifold in recent days and the industrial production is being disrupted significantly (upto 30% of industrial production). Bangladesh economy is expected to have a growth rate 6% to 7% in the coming years which will need electricity support. Problem of Power distribution in the country is very much interlinked with the generation of power-the real problem of power system in Bangladesh. However, overall performance and further development in the power sector is solely dependent on the efficient management system of Government. Government required to take more proactive steps to reduce system loss and increase operational efficiency. Sector-wide enhanced capacity, clear-cut policy, establishment and full functioning of regulatory framework and introduction of good governance measure is essential to overcome the present situation. PGCB is the product of Government policy to corporatise the sector in order to bring efficiency. PGCB has by this time achieved the government goal significantly, But the low profitability, high leverage and foreign currency risks will stand in the way of the efficiency of PGCB unless these issues are reviewed by the authority immediately. CRISL believes that if the Government provides appropriate vision to these missionary companies to progress further, PGCB is expected to operate more efficiently by addressing its weaknesses and exploring for more commercialization,

End of the Report

Credit Rating Information and Services Limited

Credit Rating Report on Power Grid Company of Bangladesh Ltd.

21 CORPORATE INFORMATION

Year of Incorporation: 1996

Commencement of Business: October 1999

Directors

Mr. A.N.M. Rizwan	Chairman	Representative of PDB
Mr. A.F.M. Nurul Islam	Director	Representative of PDB
Mr. Mohammad Shafiqul Azam	Director	Representative of PDB
Mr. Quazi Faruque	Director	Representative of CAB
Mr. Md. Akhtaruzzaman Manju	Director	Representative of FBCCI
Mr. Engr. Moyeed Roomi	Director	Representative of IEB
Mr. Dr. Jamaluddin Ahmed	Director	Representative of ICAB
Mr. A.B.M. Harunur Rashid	Director	Representative of PGCB
Mr. Md. Anisur Rahman	Director	Representative of PGCB

Auditor: Basu Banarjee Nath & Co.

Management:

Mr. A.B.M. Harunur Rashid	MD (Current Charge) & Director (Technical)
Mr. Md. Anisur Rahman	Director (Finance)
Mr. Md. Amir Khasru	General Manager (P&D)
Mr. Md. Ruhul Amin	General Manager (System Operation)
Mr. Md. Ruhul Amin	General Manager (Project)
Mr. Md. Rafiqul Alam	General Manager (Transmission Greater Dhaka)
Mr. Md. A.N.M. Jahir Uddin	General Manager (Transmission Outer Dhaka)
Mr. Mohammad Salim	Company Secretary

Capital History:

Year	Authorized Capital (Million Taka)	Issued, Subscribed and Paid-up Capital (Million Taka)	Rate of Increase %	Source of Capital
2000-01	10,000.00	1770.58	-	Sponsors
2001-02	10,000.00	2370.58	33.88	Sponsors
2002-03	10,000.00	3643.58	53.70	Sponsors
2003-04	10,000.00	3643.58	-	Sponsors
2004-05	10,000.00	3643.58	-	Sponsors

Credit Rating Information and Services Limited

Credit Rating Report on Power Grid Company of Bangladesh Ltd.

FINANCIALS :

Balance Sheet	2005	2004	2003	2002
Property, Plant & Equipment (Net)	24,587.52	26,637.85	26,145.10	6,325.00
Capital work in progress	4,737.51	1,839.95	814.45	2,769.42
Intangible Assets (net)	0.62	0.77	0.92	1.08
Other Non-Current Assets	-	-	-	30.82
Total Non-Current Assets	29,325.65	28,478.57	26,960.47	9,126.37
Inventories	565.26	237.16	204.00	1.20
Trade Debtors	1,745.42	1,250.92	1,019.00	153.04
Adv. Deposits & Prepayments	392.00	244.74	378.69	135.73
Other Current Assets	1.94	-	-	17.21
Cash & Bank Balances	3,914.31	1,922.97	1,019.24	795.57
Total Current Assets	6,618.92	3,655.79	2,620.93	1,102.74
Long Term Loan-CP	1,243.67	1,430.00	307.91	-
Liabilities for Expenses	1,306.64	740.35	502.62	245.20
Proposed Dividend	182.18	-	-	-
Other ST Liabilities	114.50	149.03	44.05	26.46
Total Current Liabilities	2,847.00	2,319.38	854.57	271.65
Net Current Assets	3,771.93	1,336.40	1,766.36	831.09
Net Assets	33,097.57	29,814.97	28,726.83	9,957.46
Long Term Loan	26,178.80	23,721.50	23,078.03	6,549.28
Other Non-Current Liabilities	335.77	110.01	-	-
Total Non-Current Liabilities	26,514.57	23,831.51	23,078.03	6,549.28
Share Capital	3,643.58	3,643.58	3,643.58	2,370.28
Reserves	2,939.42	2,339.88	2,005.22	1,037.60
Total Shareholder's Equity	6,583.00	5,983.46	5,648.80	3,408.18
Total Equity and LT Liabilities	33,097.57	29,814.97	28,726.83	9,957.46

Income Statement	2005	2004	2003	2002
Revenue	4,840.28	3,931.87	2,332.79	872.67
Salary & Allowances	367.72	292.08	184.70	74.41
Depreciation	1,801.65	1,784.56	1,091.89	296.93
Other Operation Overhead	203.66	184.24	125.54	50.32
Total Operation Overhead	2,373.03	2,260.88	1,402.13	421.66
Profit from Operation	2,467.24	1,670.99	930.67	451.01
Financial Cost	2,024.19	1,553.87	873.95	359.62
Other Non-Operating Exp.	(21.10)	-	-	-
Profit Before Tax	421.95	117.12	56.72	91.40
Income Tax	158.23	43.92	-	-
Profit After Tax	263.72	73.20	56.72	91.40
Previous Year p/L	415.37	342.17	285.43	180.88
Accu. Profit for Appropriation	679.09	415.37	342.15	272.28
Proposed Cash Dividend	182.18	-	-	-
Retained Profit Transferred to BS	496.91	415.37	342.15	272.28

Credit Rating Information and Services Limited

Credit Rating Report on Power Grid Company of Bangladesh Ltd.

CRISL RATING SCALES AND DEFINITIONS LONG-TERM RATINGS OF MANUFACTURING COMPANIES

SHORT-TERM RATINGS OF MANUFACTURING COMPANIES

AAA	Investment Grade
Triple A (Highest Safety)	Entitles rated in this category are adjudged to be of best quality, offer highest safety and have highest credit quality. Risk factors are negligible and risk free, nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious Impact on this category of companies.
AA+, AA, AA- (Double A) (High Safety)	Entitles rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.
A+, A, A-Single A (Adequate Safety)	Entitles rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
BBB+, BBB, BBB- Triple B (Moderate Safety)	Entitles rated in this category are adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a company is under-performing in some areas. Risk factors are more variable in periods of economic stress than those rated in the higher categories. These entities are however considered to have the capability to overcome the above-mentioned limitations.
BB+, BB, BB- Triple B (Moderate Safety)	Speculative Grade
Triple B (Moderate Safety)	Entitles rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates a company as below investment grade but deemed likely to meet obligations when due. Overall quality may move up or down frequently within this category.
B+, B, B- Single B (High Risk)	Entitles rated in this category are adjudged to be with high risk. Timely repayment of financial obligations is impaired by serious problems which the entity is faced with. Whilst an entity rated in this category might be currently meeting obligations in time, continuance of this would depend upon favorable economic conditions or on some degree of external support.
C (Very High Risk)	Entitles rated in this category are adjudged to be with very high risk of timely repayment of financial obligations. This level of rating indicates entities with very serious problems and unless external support is provided, they would be unable to meet financial obligations.
D(Default)	Default Grade
	Entitles rated in this category are adjudged to be either already in default or expected to be in default.
ST-1	Highest Grade Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding. Safety is almost like riskfree Government short-term obligations.
ST-2	High Grade High certainty of timely payment. Liquidity factors are strong and supported by Good fundamental protection factors. Risk factors are very small.
ST-3	Good Grade Good certainty of timely payment. Liquidity factors and company Fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
ST-4	Satisfactory Grade Satisfactory liquidity and other protection factors qualify an entity to be in investment grade. Risk factors are larger and subject to more variation.
ST-5	Non-Investment Grade Speculative Investment characteristics. Liquidity is not sufficient to ensure discharging debt obligations. Operating Factors and market access may be subject to a high degree of variation.
ST-6	Default Entity is in default or is likely to default in discharging its short-term obligations. Market access for liquidity and External support is uncertain.

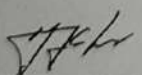
Note : For long-term ratings, CRISL assigns + (Positive) sign to indicate that the Issue is ranked at the upper-end of its generic rating category and - (Minus) sign to indicate that the issue is ranked at the bottom end of its generic rating category, Long-term ratings without any sign denote mid-levels of each group.

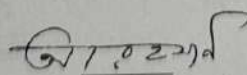
R. Provisional Accounts:

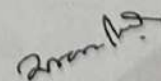
Power Grid Company of Bangladesh Ltd.
Dhaka
Balance Sheet as at 30 June 2006 (Provisional)

<u>Sources of Fund</u>	<u>2006</u> <u>Taka</u>	<u>2005</u> <u>Taka</u>
Shareholders Fund		
i) Share Capital	3,643,581,000	3,643,581,000
ii) Deposit for Shares	3,716,926,042	2,624,685,200
iii) Profit and Loss Account	1,131,096,206	496,913,384
Grant From SIDA	138,843,562	26,402,818
Long Term Loan	28,401,890,459	26,178,802,679
Other Non-current Liabilities	567,510,364	309,367,179
Total	37,599,847,633	33,279,752,260
<u>Application of Fund</u>		
Fixed Assets		
Gross Block Assets	53,782,435,805	51,299,169,877
Less: Depreciation	28,517,262,442	26,711,647,362
Net Block Assets	25,265,173,363	24,587,522,515
Capital Work-in-progress	7,322,643,772	4,737,508,401
Preliminary Expenses	461,993	615,989
Current Assets, Loan & Advances:		
Inventory	559,150,301	565,257,349
Advance, Deposit & Prepayment	469,860,750	391,995,176
Accounts Receivable	2,294,365,248	1,745,420,810
Account Current with Corporation	104,589,903	1,940,952
Cash and Bank Balance	5,302,572,193	3,914,308,274
	8,730,538,395	6,618,922,561
Less Current Liabilities and Provision		
For Expenses	2,386,703,217	1,306,640,678
Current portion of long term loan	1,169,788,400	1,243,672,540
For other Finance	162,253,993	94,003,536
For Deposit Works	224,280	20,500,452
	3,718,969,890	2,664,817,206
Net Current Assets	5,011,568,505	3,954,105,355
Total	37,599,847,633	33,279,752,260

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


 Company Secretary

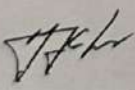

 Director

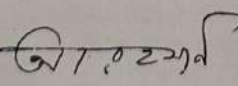

 Managing Director

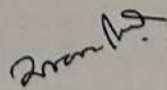
Power Grid Company of Bangladesh Ltd.
Dhaka
Profit and Loss account for the year ended 30 June 2006 (Provisional)

	Notes	2006 TAKA	2005 TAKA
Income :			
Transmission charge		5,021,655,441	4,683,350,949
Misc. income		19,031,528	947,159
Misc. Sales		12,264,542	48,115,076
Interest Income		196,944,764	107,797,408
Rental Income		60,354	67,498
		<u>5,249,956,629</u>	<u>4,840,278,540</u>
Less: Expenditure:			
Salary and other employee benefits		357,062,100	251,241,476
Directors' honorarium & support service allowance		257,000	255,000
Travelling and Conveyance		20,515,552	16,331,372
Functions games and entertainment		1,416,255	999,767
Rent, Rates & Taxes		12,048,622	8,000,594
Postage, Telephone & fax		4,845,254	4,379,558
Recruitment and Training		505,520	194,818
CPF contribution		17,458,068	12,191,821
Gratuity		47,710,433	116,479,424
Electricity and Power		32,280,417	28,481,095
Office contingency		6,184,069	5,931,130
Fuel & lubricant		9,981,797	8,825,342
Advertisement & Publicity		4,107,156	417,137
Security expense		25,717,619	23,237,825
Insurance		2,326,994	1,808,451
Bank charges and commission		1,664,830	1,331,245
Consultancy		638,625	448,944
Repair & Maintenance		106,092,596	90,140,902
Audit fee		45,000	45,000
C & F, carrying & handling		360,496	298,318
Donation & subscription		-	57,450
Legal Expenses		88,345	52,940
Interest and other financial expenses		1,755,293,749	2,024,191,777
Miscellaneous expenses		222,654	231,274
Depreciation and amortization		1,805,769,076	1,801,653,019
		<u>4,212,592,226</u>	<u>4,397,225,679</u>
Net Profit before WPPF		<u>1,037,364,403</u>	<u>443,052,861</u>
Worker Profit Participation Fund		49,398,305	21,097,755
Net Profit before tax		<u>987,966,098</u>	<u>421,955,106</u>
Less Income tax		370,487,287	158,233,165
Net Profit after tax		<u>617,478,811</u>	<u>263,721,941</u>
Prior year's adjustment		16,704,011	-
Un-appropriated Profit brought forward		496,913,384	415,370,493
		<u>1,131,096,206</u>	<u>679,092,434</u>
Less: Appropriations- Proposed Dividend		-	182,179,050
Un-appropriated Profit transferred to Balance Sheet		<u>1,131,096,206</u>	<u>496,913,384</u>

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


 Company Secretary

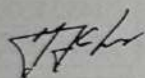

 Director


 Managing Director

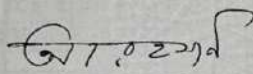
Power Grid Company of Bangladesh Ltd.
Dhaka

Statement of Changes in Equity for the year ended 30 June 2006 (Provisional)

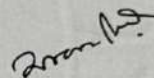
	Share Capital	Deposit for Shares	Accumulated Profit	Total
Balance at 30 June 2005	3,643,581,000	2,624,685,200	679,092,434	6,947,358,634
Addition during the year		1,204,681,586		1,204,681,586
Net profit for the year	-		617,478,811	617,478,811
Adjustment for prior period Dividend			(182,179,050)	(182,179,050)
Prior year's adjustment			16,704,011	16,704,011
Issue of Share Capital	-		-	-
Balance at 30 June, 2006	3,643,581,000	3,829,366,786	1,131,096,206	8,604,043,992



Company Secretary



Director

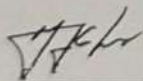


Managing Director

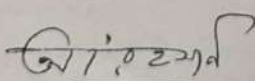
**Power Grid Company of Bangladesh Limited
Dhaka**

Cash Flow Statement for the year ended 30 June 2006 (Provisional)

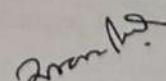
	2006 Taka	2005 Taka
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit	617,478,811	263,721,941
ADJUSTMENT TO RECONCILE NET PROFIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation on fixed assets and amortization of assets	1,805,769,076	1,801,653,019
Deferred income tax	284,874,341	99,385,318
Prior year adjustment	16,704,011	-
Worker Profit Participation Fund	49,398,305	21,097,755
Provision for gratuity	47,710,433	114,791,348
	2,204,456,166	2,036,927,440
CHANGES IN WORKING ASSETS AND LIABILITIES:		
Accounts receivable	(548,944,438)	(494,501,124)
Interest payable	1,103,652,975	203,211,612
Provision for Income tax	85,958,950	58,847,847
Advance Payment of corporate income tax	(118,473,590)	(53,021,434)
Current portion of long term loan	(73,884,140)	(186,327,460)
Other expenses payable	(185,414,996)	94,986,637
Other current assets	(55,933,887)	(452,833,667)
	206,960,875	(829,637,589)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,028,895,852	1,471,011,792
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Addition to fixed assets, capital work in progress and capital overhead	(5,068,401,299)	(2,648,731,143)
NET CASH (USED IN) INVESTING ACTIVITIES	(5,068,401,299)	(2,648,731,143)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Share capital and deposit for share	1,092,240,842	700,176,600
Grant from Sida	112,440,744	11,581,203
Long term loan	2,223,087,780	2,457,303,165
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,427,769,366	3,169,060,968
INCREASE/ (DECREASE) IN CASH (A+B+C)	1,388,263,919	1,991,341,617
Cash, beginning of financial year	3,914,308,274	1,922,966,657
CASH, END OF FINANCIAL YEAR	5,302,572,193	3,914,308,274



Company Secretary



Director



Managing Director



POWER GRID COMPANY OF BANGLADESH LTD.

Red Crescent Concord Tower, 17, Mohakhali C/A, 6th Floor, Dhaka-1212

Phone : 9888589, 9888970, Fax : 880-29888501

E-mail : pgcb@citechco.net, Web : www.pgcb.org