Independent Performance Evaluation (IPE) Report

on

Bangladesh Submarine Cable PLC (BSCPLC)

For 2023-24

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Annexure

Executive Summary

The Finance Division of the Ministry of Finance is implementing the "Strengthening Public Financial Management Program to Enable Service Delivery (SPFMS)." One of the key components of this program is the "Strengthening of State-owned Enterprises' Governance" scheme, which aims to strengthen the governance of State-owned Enterprises (SOEs) and Autonomous Bodies (ABs). To achieve this, the Finance Division has developed and approved an Independent Performance Evaluation Guideline (IPEG) for SOEs and ABs to evaluate their performance independently. Based on selection parameters of IPEG, Monitoring Cell, Finance Division has selected 10 (ten) more SOEs and ABs in addition to previously selected 20 (twenty) SOEs/ABs in total 30 (thirty) SOEs/ABs to conduct Independent Performance Evaluation for the FY 2023-24.

Bangladesh Submarine Cables PLC (BSCPLC) has been evaluated for 2 (two) consecutive years and is among the 30 (thirty) selected State-Owned Enterprises (SOEs) and Autonomous Bodies (ABs) for Independent Performance Evaluation (IPE) for FY 2023-24. Based on the evaluation results, BSCPLC achieved a weighted average score of 2.54 out of 4.00, earning a grade of 'Good' for the fiscal year.

1. Introduction

Bangladesh Submarine Cables PLC (BSCPLC) was incorporated as a Public Limited Company on June 24, 2008, under the Companies Act of 1994. It has authorized capital of BDT 10 billion, divided into 100 million ordinary shares valued at BDT 100 each. In the fiscal year 2010-11, the company reduced the denomination of its shares from BDT 100 to BDT 10. It received its certificate of commencement of business from the Registrar of Joint Stock Companies and Firms on 24 June 2008.

As of June 30, 2024, the shareholding structure of BSCPLC is as follows:

- Government of Bangladesh (GOB): 73.84%
- Institutional Investors: 15.87%
- Foreign Investment: 2.70%
- Public Shareholders: 7.59%

BSCPLC was established after the abolition of the Bangladesh Telegraph and Telephone Board (BTTB). The company inherited all assets, including land, buildings, and equipment at the landing station in Jhilongsha, Cox's Bazar, associated with the undersea submarine cable system.

Before the formation of BSCPLC, the project "Establishment of International Telecommunication System through Submarine Cable" was initiated by BTTB as part of the SEA-ME-WE-4 (South East Asia-Middle East-Western Europe) international agreement consortium. In 2014, BSCPLC joined the SEA-ME-WE-5 submarine cable consortium, connecting Bangladesh to a second submarine cable system. This second cable landed at the Kuakata, Patuakhali landing station in December 2016 and became commercially operational on September 10, 2017.

BSCPLC plays a critical role in providing Bangladesh with telecommunications infrastructure, connecting the country to the global information superhighway via its submarine cable system. The company delivers high-quality bandwidth for international data and voice communication at affordable price. Oversight of BSCPLC is managed by the Posts and Telecommunications Division of the Ministry of Posts, Telecommunications & Information Technology. The entity’s operational activities are given below:

Table-1. Key Operational Activities

Sl	Particulars	Unit	FY 2021-22	FY 2022-23	FY 2023-24
1.	Achievable Capacity	Gbps	3,370	3,420	7,220
2.	Lit up Capacity	Gbps	3,050	3,050	6,850
3.	Utilization	Gbps	2,068.88	2,556.	2,696
4.	IPLC-Export (SMW#5)	Million Taka	19.89	25.37	30.39

Source: BSCPLC Annual Report 2022-23, 2023-24

The year-on-year analysis of key operational activities of Bangladesh Submarine Cable PLC (BSCPLC) for FY 2021–22 to FY 2023–24 shows significant improvement in network capacity and service utilization. The achievable capacity increased slightly from 3,370 Gbps in FY 2021–22 to 3,420 Gbps in FY 2022–23, followed by a substantial rise to 7,220 Gbps in FY 2023–24, reflecting major infrastructure expansion. Similarly, the lit-up capacity remained stable at 3,050 Gbps in FY 2021–22 and FY 2022–23 but increased significantly to 6,850 Gbps in FY 2023–24, indicating enhanced operational readiness of the network. Capacity utilization also demonstrated steady growth, rising from 2,068.88 Gbps in FY 2021–22 to 2,556 Gbps in FY 2022–23, and further to 2,696 Gbps in FY 2023–24, suggesting increasing demand for international bandwidth services. Moreover, revenue from IPLC Export through SMW#5 (SEA-ME-WE submarine cable system) increased consistently from Tk. 19.89 million in FY 2021–22 to Tk. 25.37 million in FY 2022–23 and Tk. 30.39 million in FY 2023–24, indicating growth in international connectivity services and export earnings. Overall, the data reflects BSCPLC’s expanding network capacity and increasing utilization, which contribute to strengthening the digital connectivity infrastructure of Bangladesh.

2. Role and Function:

Bangladesh Submarine Cables PLC (BSCPLC) mainly performs the following functions:

i. Offers a one-stop service for circuit provisioning, ensuring efficient operations and maintenance.
ii. Provides customer support through its International Internet Gateway (IIG) network operation center and submarine cable landing station monitoring center.
iii. Delivers co-location services to customers from various BSCPLC facilities.
iv. Implements initiatives to enhance the professional skills of its officers and employees.
v. Engages in social welfare activities funded by the company's Corporate Social Responsibility (CSR) programs.
vi. Supplies International Private Lease Circuit (IPLC) and IP transit services to International Internet Gateway (IIG) companies.
vii. Offers IPLC services to International Voice Gateway (IGW) companies.

3.Core Business and Organizational Structure

Core Business:

i. Provides high-quality bandwidth for internet and voice communication through IPLC.
ii. Develops strategies to maximize the use of existing bandwidth and lease surplus bandwidth in the international market.
iii. Maintains seamless operations and maintenance by coordinating with the South East Asia-Middle East-Western Europe (SMW) consortiums, including SMW-4, SMW-5, and SMW-6.

4. Evaluation Parameters

Criteria: Business and Governance

Indices: A. Business Strategy and Social Responsibility

Table 2 (a): Standard of Indices A FY 2023-24

		* Standard						
Serial No.	**Indicators & Sub-indicators**	**Types of Measurement**	**Weight for Sub-indicators**	**Grade: Excellent Score: 4**	**Grade: Very Good Score: 3**	**Grade: Good Score: 2**	**Grade: Fair Score: 1**	**Grade: Under-performing Score: 0**
1	**Entity Strategy**							
	Entity Strategic Plan	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Growth Trajectory**							
	2a. Net Income Growth	QN	4	25.00% or more	20.00% to 24.99%	15.00% to 19.99%	10.00% to 14.99%	Below 10.00%
	2b. Service Revenue Growth	QN	4	30.00% or more	25.00% to 29.99%	20.00% to 24.99%	15.00% to 19.99%	Below 15.00%
	2c. Other Growth	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%
3	**Effective Implementation of Public Policy** • Implement activities to achieve policy goal	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%
4	**Efficiency of Project** Implementation/ Project Goal Achievement: • Percentage of estimated target achieved"	QN	4	91-100%	81-90%	71-80%	41-70%	Below 41%
5	**Social Contribution** •Environmental Contribution •CSR/WPPF •Training/Volunteering	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 2 (b): Achievement of Indices A

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	**Entity Strategy**						
	Entity Strategic Plan	QL	4	92.00%	Excellent	4	Note 1
2	**Growth Trajectory**						
	2a.Net Income Growth	QN	4	(34.42 %)	Under Performing	0	Note-2
	2b Service Revenue Growth	QN	4	(22.69%)	Under Performing	0	Note-2
	2c. Other Growth	QL	3	93.00%	Excellent	4	Note -3
3	**Effective Implementation of Public Policy**	QL	3	92.00%	Excellent	4	Note -4
4	**Efficiency of Project Implementation/ Project Goal Achievement**	QN	4	100%	Excellent	4	Note -5
5	**Social Contribution**	QL	3	91.00%	Excellent	4	Note-6
		Sub-Total	25				

Note-1. Considering the future development plans of the government, Bangladesh Submarine Cable PLC (BSCPLC) is currently installing its third submarine cable through participation in the consortium titled SEA-ME-WE 6 and has signed the Construction and Maintenance Agreement (C&MA) with the consortium members. This third submarine cable is expected to enable BSCPLC to achieve an additional 13,200 Gbps of submarine cable capacity, connecting toward Singapore in the east and France in the west, thereby significantly strengthening international bandwidth connectivity. In addition, the entity plans to introduce new services such as Content Delivery Network (CDN) and cloud-based services in the near future. These initiatives directly contribute to SDG 9: Industry, Innovation and Infrastructure and are aligned with the National Strategic Plan and the Government's policy directives outlined in the National Budget of Bangladesh.

Note-2: BSCPLC's sales as well as profit have decreased during FY2023-24 is mainly due to reduction of IPLC rent and IP Transit service significantly around 23% averagely along with cable cut of SMWS at Indonesian seashore end route to Singapore for long time. Additionally increased operational & maintenance expenses and bad debts provision.

Note-3: BSCPLC has implemented the following measures to enhance its service processes:

i. Launching pre-paid limited destination service.
ii. Providing National Internet Exchange (NIX) services to strengthen network connectivity and efficiency.
iii. Established new IIG Point of Presence (PoP) for network operation center.
iv. Added new capacity of 3,600 Gbps during FY 2023-24.

Note-4: Bangladesh Submarine Cables PLC (BSCPLC) plays a vital role in implementing public policy by ensuring high-quality, secure, and uninterrupted international connectivity, which supports government's vision. Through the provision of International Private Lease Circuit (IPLC) and IP transit services, along with its involvement in the SMW-4, SMW-5, and upcoming SMW-6 submarine cable systems, BSCPLC contributes directly to SDG 9 (Industry, Innovation and Infrastructure) and SDG 17 (Partnerships for the Goals).

Note-5: During FY 2023–24, BSCPLC achieved 99.00% of its financial target and 100% of its physical target in project implementation. A comprehensive performance score was calculated based on this combined achievement.

Note-6: BSCPLC is actively involved in social and environmental activities, including:

i. Providing internet bandwidth through submarine cables, which has a minimal environmental impact.
ii. Making significant contributions to employee welfare through the Workers' Profit Participation Fund (WPPF), and transferring TK 17.91 million of WPPF funds to the Shramik Kallayan Foundation.
iii. Organizing regular training programs for various organizations on submarine cable operation systems, networking, international connectivity between Bangladesh and other countries, telecom technologies, cable layout, and transmission systems.
iv. Maintaining employee benefit scheme of WPPF.
v. Planted 1,030 trees in Cox's Bazar Landing Station and Kuakata Landing Station.

Indices: B. Operational Efficiency

Table 3 (a): Standard of Indices B FY 2023-24

		* Standard						
Serial No.	**Indicators & Sub-indicators**	**Types of Measurement**	**Weight for Sub-indicators**	**Grade: Excellent Score: 4**	**Grade: Very Good Score: 3**	**Grade: Good Score: 2**	**Grade: Fair Score: 1**	**Grade: Under-performing Score: 0**
1	**Service Delivery**							
	Service Benefit & Accessibility	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Labor Productivity**							
	Added Value per Employee (million Tk.)	QN	4	Tk40.00 mil or more	Tk.35.00 39.99 mil	Tk.30.00 to 34.99 mil	Tk25.00 to29.99 mil	Below Tk. 25.00 mil
3	**Capital Productivity**							
	3a. Added Value per Tk. Value of Assets	QN	4	Tk. 0.25 or more	Tk. 0.23 to 0.24	Tk. 0.21. to 0.22	Tk. 0.19 to 0.20	Below Tk. 0.19
	3b. Added Value Per Tk. Value of PPE	QN	4	Tk. 1.00 or more	Tk. 0.80 to 0.99	Tk. 0.60 to 0.79	Tk. 0.40 to 0.59	Below Tk. 0.40
4	**Production**							
	4a..Asset Turnover (Times)	QN	4	0.25 or more	0.20 to 0.24	0.15 to 0.19	0.10 to 0.14	Below 0.10
	4bCapacity Utilization.	QN	4	91-100%	81.90%	71-80%	41-70%	Below 41%
	Sub-total		25					

Table 3 (b): Achievement of Indices B

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	**Service Delivery**						
	Service Benefit & Accessibility	QL	5	85.00%	Very Good	3	Note-7
2	**Labor Productivity**						
	Added Value per Employee (million Tk.)	QN	4	Tk. 26.04 mil	Fair	1	AFS
3	**Capital Productivity**						
	3a. Added Value per Tk. Value of Assets	QN	4	Tk. 0.16	Under Performing	0	AFS
	3b. Added Value Per Tk. Value of PPE	QN	4	Tk.0.60	Good	2	AFS
4	**Production**						
	4a. Asset Turnover (Times)	QN	4	0.18	Good	2	AFS
	4b. Capacity Utilization	QN	4	39.36%	Under Performing	0	SL 42 of Annexure-1
		Sub-total	25				

Note-7: BSCPLC has introduced the following measures to enhance stakeholder satisfaction:

i. Reduced prices of its product and service by around 22% on an average.

ii. Ensured 24/7 availability of technical support services.

Indices: C. Financial

Table 4 (a): Standard of Indices C FY 2023-24

		* Standard						
Serial No.	**Indicators & Sub-indicators**	**Types of Measurement**	**Weight for Sub-indicators**	**Grade: Excellent Score: 4**	**Grade: Very Good Score: 3**	**Grade: Good Score: 2**	**Grade: Fair Score: 1**	**Grade: Under-performing Score: 0**
	i. Financial Performance							
1	Operating profit	QN	2	Tk. 3,500 million or more	Tk.3,000 to Tk.3,499 million	Tk2,500 to Tk.2,999 million	Tk2,000 to Tk. 2,499 million	Below Tk.2,000 million
2	Profit before Tax	QN	2	Tk. 3,000 million or more	Tk.2,500 to Tk.2,999 million	Tk. 2,000 to Tk. 2,499 million	Tk.1,500 to Tk.1,999 million	Below Tk. 1,500 million
3	Return on Assets (%)	QN	2	15.00 % or more	12.00% to 14.99 %	9.00%to 11.99%	6.00% to8.99%	Below 6.00%
4	Return on Service Revenue (%)	QN	2	50.00% or more	45.00%to 49.99%	40.00% to 44.99%	35.00% to 39.99%	Below 35.00%
5	Return on Equity (%)	QN	2	20.00% or more	15.00%to 19.99%	10.00 % to 14.99%	5.00 % to 9.99%	Below 5.00%
6	Net Worth Growth (%)	QN	2	20.00% or more	15.00%to 19.99%	10.00 % to 14.99%	5.00 % to 9.99%	Below 5.00%
7	Capital Budget Utilization (%)	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
	ii. Financial Risk							
1	Debt Equity Ratio (Times)	QN	2	0.70or less	0.71 to 1.00	1.01 to 1.30	1.31 to 1.60	More than 1.60
2	Debt to Assets (Times)	QN	2	0.40or less	0.41 to 0.60	0.61 to 0.80	0.81 to 1.00	More than 1.00
3	Debt Coverage Ratio (Times)	QN	2	2.00 or more	1.75to 1.99	1.50to 1.74	1.25to 1.49	Below 1.25
4	Current Ratio (Times)	QN	2	2.00 or more	1.75to 1.99	1.50to 1.74	1.25to 1.49	Below 1.25
5.	Accounts Receivable Period (Days)	QN	2	60 or less	61 to 80	81 to 100	101 to 120	More than 120
	iii. Transactions with Govt.							
1	Taxes Paid	QN	1	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Fees & Charges Paid	QN	1	91-100%	81-90%	71-80%	41-70%	Below 41%
3	Debt Service Liabilities Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
4.	Dividend Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 4 (b): Achievement of Indices C

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance measuring
					Grade	Score	
	i. Financial Performance						
1	Operating profit	QN	2	Tk. 2,304.92 million	Fair	1	AFS
2	Profit before Tax	QN	2	Tk. 2,359.38 million	Good	2	AFS
3	Return on Assets (%)	QN	2	8.30%	Fair	1	AFS
4	Return on Service Reveneue (%)	QN	2	45.91%	Very Good	3	AFS
5	Return on Equity (%)	QN	2	11.92%	Good	2	AFS
6	Net Worth Growth (%)	QN	2	9.41%	Fair	1	AFS
7	Capital Budget Utilization (%)	QN	2	68.81%	Fair	1	SL-27,28 of Annexure -1
	ii. Financial Risk						
1	Debt Equity Ratio (Times)	QN	2	0.44	Excellent	4	AFS
2	Debt to Assets (Times)	QN	2	0.30	Excellent	4	AFS
3	Debt Coverage Ratio (Times)		2	9.09	Excellent	4	AFS
4	Current Ratio (Times)	QN	2	4.20	Excellent	4	AFS
	iii) Transactions with Government						
1	Taxes Paid	QN	2	104.40%	Excellent	4	SL-31,32 of Annexure -1
2	Fees & Charges Paid	QN	2	100 %	Excellent	4	SL-35,36 of Annexure -1
3	Debt Service Liabilities Paid	QN	2	100%	Excellent	4	SL-33,34 of Annexure -1
4	Dividend Paid	QN	2	100%	Excellent	4	SL-29,30 of Annexure -1
		Sub-total	30				

Indices: D. Corporate Governance Practices

Table 5 (a): Standard of Indices D FY 2023-24

		* Standard						
Serial No.	**Indicators & Sub-indicators**	**Types of Measurement**	**Weight for Sub-indicators**	**Grade: Excellent Score: 4**	**Grade: Very Good Score: 3**	**Grade: Good Score: 2**	**Grade: Fair Score: 1**	**Grade: Under-performing Score: 0**
1	**Commitment to Corporate Governance:** • Code of Conduct • Ethics • Key policies of Board • Board structure • Employees service rules/ regulations • Appointment of Board Secretary	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Board Practices:** • Composition of Board of Directors and number of meetings held • TOR of board • Number of independent Board Directors • Name & Number of board committees and number of meetings held • Number of board decisions that have been implemented	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
3	**Transparency and Disclosure:** • Board of directors and Senior managers name and biographies • Audited financial statement • Citizen charter • APA • Code of conduct	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
4	**Control Environment and Process:** • Entity's internal control systems for different departments • Internal audit procedure and reporting authority • Entity's computer-based management information system (database) • Any authority of the board to mitigate the entity's emergency situation • Measures taken for safe working environment in the entity's premises	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 5 (b): Achievement of Indices D

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	Commitment to Corporate Governance	QL	5	92%	Excellent	4	Note - 8
2	Board Practices	QL	5	91%	Excellent	4	Note- 9
3	Transparency and Disclosure	QL	5	80%	Good	2	Note- 10
4	Control Environment and Process.	QL	5	85%	Very Good	3	Note -11
		Sub-total	20				
		Grand Total (A+B+C+D):	100				

* Standard for Financial and Non-Financial indicators are set on the basis of IPE process.

Note-8: BSCPLC operates under its own Memorandum and Articles of Association and adheres to a range of governance practices, including the Code of Conduct, Employee Service Rules/Regulations, Key Board Policies, the Ethics of the National Integrity Strategy, and the Citizen Charter. The company has a corporate secretary for its board.

Note-9: The Board of Directors consists of nine (9) members, all nominated by the Government of Bangladesh (GOB). The Board includes a chairman and eight (8) other members, of whom two (2) are independent directors, one (1) is the ex-officio Managing Director, and the remaining five (5) represent various Ministries, Divisions, and Organizations. The Board follows the Terms of Reference (TOR) and has established three (3) committees: the Nomination and Remuneration Committee (NRC), the Audit Committee, and the Tariff Committee. During the fiscal year 2023-24, 15 (fifteen) Board meetings were held, resulting in the implementation of 92 out of 95 Board decisions.

Note-10: The names and biographies of the entity's Board of Directors and Senior Managers, along with the Audited Financial Statements, Citizen Charter, Act, Rules, Regulations, and Code of Conduct, are available on BSCPLC's website.

Note-11: BSCPLC has implemented the following measures to control environment and process:

i. BSCPLC has an Internal Audit Department that prepares an annual Internal Audit Plan, which is approved by the Audit Committee at the beginning of each year.
ii. The audit team performs their work based on the Internal Audit Plan. After completing the audits, they prepare an Internal Audit Report and submit it to the Audit Committee.
iii. The Audit Committee reviews the report and takes appropriate actions.
iv. The entity's Accounts Department uses Tally Accounting software and maintains a computer-based Inventory Management System.
v. CC cameras have been installed to cover the entire office building, ensuring safety and security, including at the landing station.
vi. Security measures are maintained in accordance with the KPI policy.

5. IPE Process

i. Performances of non-financial indicators of Bangladesh Submarine Cables PLC (BSCPLC) has been evaluated using information and documents of the inception report provided by BSCPLC.
ii. Actual performance scores of non-financial indicators are determined through the collective decision of ERT members.
iii. Non-financial Indicators' Score will be based on specific documentary evidence.
iv. According to IPEG, actual financial performances of BSCPLC are to be evaluated on the basis of national best practices/standard. However, due to non-availability of such standard and comparable entities in the country, BSCPLC's financial performance was assessed based on its performance over the last five years on respective financial indicators.
v. Performances of all financial indicators are evaluated based on audited financial statements.
vi. Measurement tools used for financial indicators are suggested by IPEG.
vii. Grades and scores are assigned according to the IPEG.

6. Performance Evaluation Results

Bangladesh Submarine Cables PLC (BSCPLC)

Fiscal Year: 2023-24

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
a	b	c	d	e	f
A	**Business Strategy and Social Responsibility:**	25			
1	Entity Strategy: • Entity Strategic Plan		4	4	0.16
2	Growth Trajectory: 2a. Net Income Growth		4	0	0.00
	2b. Service Revenue Growth		4	0	0.00
	2c. Other Growth		3	4	0.12
3	Effective Implementation of Public Policy: • Implement activities to achieve policy goal		3	4	0.12
4	Efficiency of Project Implementation/ Project Goal Achievement: • Percentage of estimated target achieved		4	4	0.16
5	Social Contribution: • Environmental Contribution • CSR / WPPF • Training / Volunteering		3	4	0.12
		Sub Total	**25**		**0.68**
B	**Operational Efficiency:**	25			
1	Service Delivery: • Service benefits and Accessibility		5	3	0.15
2	Labor Productivity: Added Value Per Employee		4	1	0.04
3	Capital Productivity: 3a. Added Value Per TK Value of Assets		4	0	0.00
	3b. Added Value Per TK Value of PPE		4	2	0.08
4	Production:				
	4a. Asset Turnover		4	2	0.08
	4b. Capacity Utilization		4	0	0.00
		Sub Total	**25**		**0.35**

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
C	**Financial:**	30			
	i. Financial Performance:				
1	Operating profit		2	1	0.02
2	Profit before tax		2	2	0.04
3	Return on assets		2	1	0.02
4	Return on Service Revenue		2	3	0.06
5	Return on equity		2	2	0.04
6	Net worth growth		2	1	0.02
7	Capital budget utilization		2	1	0.02
	ii. Financial Risk:				
1	Debt equity ratio		2	4	0.08
2	Debt to assets		2	4	0.08
3	Debt coverage ratio		2	4	0.08
4	Current ratio		2	4	0.08
	iii. Transactions with Government:				
1	Taxes paid		2	4	0.08
2	Fees & charges paid		2	4	0.08
3	Debt Service Liabilities Paid		2	4	0.08
4	Dividend Paid		2	4	0.08
		Sub Total	**30**		**0.86**

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
D	**Corporate Governance Practices:**	20			
1	Commitment to Corporate Governance: • Code of Conduct • Ethics • Key policies of Board • Board structure • Employee's service rules/ regulations • Appointment of Board Secretary		5	4	0.20
2	Board Practices: • Composition of Board of Directors and number of meetings held • TOR of board • Number of independent Board Directors • Name & Number of board committees and number of meetings held • Number of board decisions that have been implemented		5	4	0.20
3	Transparency and Disclosure: • Board of directors and Senior managers name and biographies • Audited financial statement • Citizen charter • APA • Code of conduct		5	2	0.10
4	Control Environment and Process: • Entity's internal control systems for different departments • Internal audit procedure and reporting authority • Entity's computer-based management information system (database) • Any authority of the board to mitigate the entity's emergency situation • Measures taken for safe working environment in the entity's premises		5	3	0.15
	Sub Total				**0.65**
	Grand Total (A+B+C+D)	**100**	**100**		**2.54**

7. Interpretation of Results

As per Independent Performance Evaluation (IPE), Bangladesh Submarine Cables PLC (BSCPLC) Scored 2.54 out of 4.00 in the year 2023-24.

7. (A) The performance of BSCPLC is graded “Excellent” in the following areas:

- Entity Strategic Plan
- Social Contribution
- Board Practices
- Other Growth
- Corporate Governance
- Efficiency of project Implementation
- Current Ratio
- Debt Coverage Ratio
- Debt to Assets
- Debt Coverage Ratio
- Debt Equity Ratio
- Effective Implementation of Public Policy

The performance of BSCPLC graded “Very Good” in the following areas:

- Control Environment and Process
- Return on Service Revenue
- Service Delivery

The performance of BSCPLC is graded “Good” in the following area:

- Assets Turnover
- Transparency and Disclosure
- Return on Equity
- Capital Productivity

The performance of BSCPLC is graded “Fair” in the following areas:

- Capital Budget Utilization
- Labor Productivity
- Net Worth Growth
- Return on Assets

The performance of BSCPLC is graded “Underperforming” in the following area:

- Accounts Receivable Period
- Capacity Utilization
- Service Revenue Growth
- Net Income Growth

7. (B) Other important aspects of Performance during FY 2023-24:

- BSCPLC has earned operating profit of Tk. 2,304.82 million.
- The entity earned net profit (after tax) of Tk.1,829.92 million.
- BSCPLC Current Ratio (Times) 4.20 which indicates entity is in a well position to meet it current liabilities in due period.
- BSCPLC Paid Taxes Tk.772.47 million and DSL Tk. 319.86 million.
- GOB invested Tk.330.00 million as equity and 670.00 million as loan to BSCPLC against the completed projects.

8. Findings from the Audited Financial Statement 2023-2024

8(A). In BSCPLC Audit report 2023-24, the auditor provided qualified opinion on the following issues:

- BSCPLC received Tk. 2,852.36 million from GOB for implementing various telecommunication projects but the entity has not been converted into share capital according to FRC circular. However, it has been observed that the entity has not complied with regulatory requirement additionally which affecting the classification of equity.
- The company paid an advance VAT TK.18.77 million on 30/06/2024 but as June 2024 VAT return the company had a net VAT Payable TK13.64 million. So, difference between advance VAT and actual VAT has not been reconciled
- BSCPLC recognized receivable of TK.124.10 million from BTCL on account of interest on VAT and also disclosed a contingent liability of TK33.18 million in audit report2023-24. Due to delay payment, VAT audit demand stand TK157.28 million. The entity has not adequately transferred the liability to BTCL. As a result, expenses have been understated and assets over stated by TK 124.10 million as 30/06/2024.

8(B). In the BSCPLC audit report 2023-24, the auditor emphasis and drew attention to the following accounts and notes:

1. The company carried forward employees' pension fund Tk. 13.81 million for deputation employees in its financial statement for long period of time without adjustment.
2. BSCPLC disclosed the Contingent Liabilities of Tk. 25.24 million against Income Tax which is now placed to High Court Division. Additionally, VAT authority have raised a demand for TK.33.20 million as interest on VAT that is still unsettled.

9. Recommendation for Performance Based Incentives

Bangladesh Submarine Cables PLC (BSCPLC) has obtained a weighted score of 2.54 out of a scale 4.00 and is graded “Good”. Therefore, IPEC recommended non-financial incentive for the employees of BSCPLC. Also, a certificate from Finance Division may be awarded to BSCPLC for being graded “Good” in IPE for the FY 2023-24.

10. Recommendations for Improvements:

To improve the performance of BSCPLC the following recommendations are made based on the findings of IPE:

i. BSCPLC should execute the construction and maintenance agreement with the SMW-6 submarine cable consortium as per plan & program, aiming to improve bandwidth capacity, diversity, and redundancy.
ii. BSCPLC should take effective steps to hold NTTN license for transportation of the submarine cable bandwidth in different parts of the country independently.
iii. The entity should implement state of art technology in internet and voice communication services to ensure uninterrupted connectivity and provide affordable bandwidth pricing for customers.
iv. The company should take comprehensive business plan to lease surplus bandwidth in the international market and/or utilize it within the country.
v. The company should implement Enterprise Resource Planning (ERP) software as per its plan to streamline operational activities.
vi. BSCPLC needs toprepare its Audited Financial Statements in accordance with IAS/IFRS guidelines.
vii. The company should address pending issues, such as receivables, and pension funds etc. to ensure a fair presentation of the Audited Financial Statements (AFS).
viii. BSCPLC has paid an advance VAT of Tk. 18.77 million but VAT return shows a net VAT payable Tk. 13.64 million. So, a reconciliation of difference should be undertaken.
ix. The entity should resolve the share capital issues with the Finance Division to ensure a fair presentation of its Financial Statements.
x. The entity should maintain a specific provision for the significant amount of accounts receivable in accordance with IFRS-9, due to the potential risk of non-recovery of long-outstanding receivables. In line with the Prudence Principle, an adequate provision should be ensured to cover such risks.
xi. BSCPLC should maintain an updated asset register, including historical cost or fair value of assets, and implement modern accounting software to ensure accurate, efficient, and transparent financial reporting.
xii. The entity may consider appointing women directors to its Board in alignment with the OECD Guidelines on Corporate Governance of State-Owned Enterprises (2024), UN Sustainable Development Goal (SDG) 5 on Gender Equality, and World Bank/IFC corporate governance recommendations to promote gender diversity.

11. Conclusion

Based on Audited Financial Statements, data and documents of Bangladesh Submarine Cables PLC (BSCPLC), Independent Performance Evaluation (IPE) report has been prepared for FY 2023-24. In the report it is found that BSCPLC's financial and non- financial performance have declined compare to last fiscal year (2022-23). Hence, to expand the jurisdiction as well as increase cable capacity of BSCPLC and overall performance improvement the entity should complete the ''Third Submarine Cable Installation'' project within its plan and take initiative to install Fourth Sub Marine Cable in Bangladesh as per their projection. The entity should resolve the financial anomalies mentioned in BSCPLC Audited Financial Statements 2023-24.

Annexure-1

Bangladesh Submarine Cables PLC (BSCPLC)
Financial & Other Information

Amount in BDT

Serial No	Statement of Financial Position (Balance Sheet)	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	2022-23
1	Current Assets:		
	i. Inventories		
	• Material		
	• Accessories/ Supplies		
	• Others (including spare parts)		
	ii. Receivable:		
	• Trade	2,356,118,606	3,389,225,805
	• Others	256,640,704	208,943,128
	iii. Cash and Cash Equivalent	565,202,509	229,962,026
	iv. Investment in FDR, Shares & others	4,995,892,836	3,860,489,139
2	Total Current Assets (i+ii+iii+iv)	8,173,854,654	7,688,620,098
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	5,981,962,252	6,021,293,160
	• Capital Work in Progress	7,752,070,362	6,958,346,053
	•Other Non Current Assets	131,331,511	160,946,486
4	Total Assets (2+3)	22,039,218,779	20,829,205,797
5	Current Liabilities:		
	i. Payables:		
	• Trade	385,275,426	299,633,870
	• Others		
	ii. Other Current Liabilities	1,560,823,391	1,992,066,911
6	Total Current Liabilities (i+ii)	1,946,098,817	2,291,700,781
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts	3,793,429,177	3,352,984,839
	ii. Deferred Liabilities	574,551,987	629,158,656
	iii. Other Non-Current Liabilities	379,142,830	529,847,965
8	Total Non-Current Liabilities (i+ii+iii)	4,747,123,994	4,511,991,461
9	Total Liabilities (6+8)	6,693,222,811	6,803,692,242
10	Equity:		
	i. Share Capital	1,649,055,100	1,649,055,100
	ii. Equity Money from GOB	2,852,360,790	2,522,360,790
	iii. Share Premium	723,293,759	723,293,759
	iv. Tax Holiday Reserve	876,412,889	876,412,889
	v. Revaluation Reserve	990,237,024	996,929,484
	vi. Retained Earnings/(Loss)	8,254,636,405	7,257,461,533
11	Total Equity (i+ii+iii+iv+v)	15,345,995,968	14,025,513,555
12	Total Equity and Liabilities (9+11)	22,039,218,779	20,829,205,797

Annexure 1

Serial No	Statement of Profit or Loss and Other Comprehensive Income (Income Statement)	2023-24		2022-23	
		Amount	Percentage	Amount	Percentage
13	Net Service Revenue	3,985,484,227	100.00%	5,154,911,960	100%
14	Less: Cost of Services	833,996,043	20.93%	876,987,279	17.01%
15	Gross Profit/(Loss) (13-14)	3,151,488,184	79.07%	4,277,924,681	82.99%
16	Less: Operating Expenses:				
	i. Administrative Expenses	846,569,289	21.24%	605,480,733	11.75%
	ii. Marketing Expenses				
17	Total Operating Expenses (i+ii)	846,569,289	21.24%	605,480,733	11.75%
18	Operating Profit/(Loss) (15-17)	2,304,918,895	57.83%	3,672,443,948	71.24%
19	Add: Non-Operating Income	289,115,103		215,037,225	
20	Add: Gain on Sale of PPE	134,883			
21	Less: Loss on Investment in share	3,669,840			
22	Less: Financial Expenses	113,148,930		126,107,280	
23	Less Contribution to WPPF	117,969,053		179,722,697	
24	Net Profit/(Loss) before Tax (18+19 – 20-21)	2,359,381,059		3,581,651,196	
25	Less: Provision for Tax				
	i. Current tax	582,487,214		802,875,078	
	ii. Deferred tax	(53,026,323)		(11,519,959)	
26	Net Profit/(Loss) After Tax (22-23)	1,829,920,167		2,790,296,078	

Annexure 1

Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	2022-23
25	Credit Sales		
26	Credit Purchases		
27	Capital Budget Allocation	2,257,175,741	5,577,729,790
28	Actual Capital Expenditure	1,553,251,452	5,469,108,864
29	Dividend Payable	841,018,101	621,021,000
30	Dividend Paid	841,018,101	621,021,000
31	Taxes Payable	739,881,303	960,269,166
32	Taxes Paid	772,466,327	1,146,704,551
33	Debt Service Liabilities (DSL) Payable	319,863,917	326,187,802
34	Debt Service Liabilities (DSL) Paid	319,863,917	263,609,340
35	Fees, Fine and Charges Payable	194,598,716	226,669,013
36	Fees, Fine and Charges Paid	194,598,716	226,669,013
37	New Government Investment:		
	• Equity	330,000,000	612,760,790
	• Debts/Loan	670,000,000	1,086,500,000
38	Total Government Fund Transferred to SOE/AB under the following heads:		
	• Grants		
	• Subsidies		
	• Other Transfer (Specify)		
39	Operating Cash Surplus/(Deficit)	2,907,263,310	2,421,338,044
40	Added Value	3,566,883,388	4,744,668,155
41	Employee's cost includes wages, salaries, bonus, provident fund contribution and other allowances		
42	Capacity Utilization (%)	39.36%	83.80%
43	Input use Efficiency (%)		
44	Number of Employees (Nos)	136	137
45	Performance score achieved on APA		95.50%