

# **MABS & J Partners**

**Chartered Accountants**

Member firm of Nexia International, UK

## **Auditor's Report and Audited Financial Statements**

**of**

## **Teletalk Bangladesh Limited**

### **Corporate Office:**

Rajuk Commercial Complex,  
Holding # 3/A, 5/A, 7/A, Road # 17,  
Gulshan-1, Dhaka 1212

**As at and for the year ended 30 June 2022**



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## Independent Auditor's Report To the Shareholders of Teletalk Bangladesh Limited

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the accompanying financial statements of **Teletalk Bangladesh Limited** (hereinafter referred to as "the Company"), which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

#### Basis for Qualified Opinion

1. The company has been incurring continuous operating losses, working capital deficiencies and adverse key financial ratios during last many years. However, the following situations indicate current status of the Company;

Company's liquidity position appears to be unsound /adverse as the current assets of the company is Taka **467.94 crore** as against the current liabilities of Taka **1106.54 crore** including Government Liabilities, unearned revenue of total Taka **288.90 crore** as on 30 June 2022. Hence, a shortfall in working capital of the company is Taka **638.60 crore** and after excluding Government Liabilities and unearned revenues, the shortfall is Taka **349.70 crore**.

2. IAS 12 requires a deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized in foreseeable future. However, the Company has recognized deferred tax asset in its financial statements on business loss and unabsorbed depreciation although the company has been incurring continuous net losses from inception except two years. In addition, the Company has also been making loss during the year. Therefore, we apparently stand that there is remote probability to recover the accumulated losses and unabsorbed depreciation by the taxable profit in the near future.
3. IFRS 16 requires a lessee to recognize Right-of-Use Asset and Lease Liabilities for Leases with a term of more than 12 months unless the underlying asset is of low value. The Company has not yet implemented IFRS 16 as on and for the year ended 30 June 2022 although the Company has many lease agreements for around 5661 Network Base Stations, Corporate Office as well as project office with the landlord with a term of more than 12 months.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of matter:**

Our opinion is not modified in respect of the above matters.

1. Reference to Note 44(ii) to the financial statements, no intangible asset is shown in the financial statements of the company for the 3G Cellular Mobile Phone Operator License acquired from the Bangladesh Telecommunication Regulatory Commission ("BTRC") on October 2013.
2. Reference to Note 43.1 to the financial statements, the Company has explained the circumstances of writ petitions related to issues of VAT & Supplementary Duty on SIM Card as Contingent liabilities.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the current year. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

#### **Revenue recognition**

Referring to **Note 25-27** to the financial statements, Revenue of **Taka 498.92 crore** is recognized in the income statement of Teletalk Bangladesh Limited. Revenues are recognized when the company transfers control over goods to the customer or satisfies the performance obligation to a customer. This material item is subject to considerable inherent risk due to the complexity of the systems necessary for properly recording and identifying revenue and the impact of ever-changing business, price and tariff models (including tariff structures, and bundled subscription-based products). Against this background, the proper application of the accounting standards is considered to be complex and to a certain extent based on estimates and assumptions made by management.

#### **How our audit addressed the key audit matter**

Our audit procedures have a focus on information technology systems and controls due to pervasive nature and complexity of the IT environment, the reliance on automated and IT dependent manual controls. Our areas of audit focus included user access management, developer access to the operation environments and charges to the IT environment. These are key matter to ensuring whether IT dependent and application -based revenue recognition is operating effectively.

In light of the fact that the high degree of complexity and estimates and assumptions give rise to an increased risk of accounting misstatements, we assessed the Company's processes and controls for



recognizing revenue as part of our audit. Our audit approach included testing of the controls and substantive audit procedures.

- We assessed the relevant systems supporting the accounting of revenue,
- Tested controls for IT-systems and procedures supporting revenue recognition;
- Assessed the invoicing and measurement systems up to entries in the general ledger.
- Analyzed and tested customer contracts, invoices and receipts on a sample basis.
- Analyzed the revenue charging model against the regulatory guidelines on a sample basis.

Furthermore, we assessed the accounting effects of new business and price models. We read and analyzed the disclosures made in the financial statements.

### **Property, Plant & Equipment (PPE)**

The carrying value of the Company's Property, Plant and Equipment (PPE) was **Taka 3159.22 crore** at 30 June 2022. Expenditures are capitalized if they create new assets or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of the expenditures involves judgment. The useful lives of PPE items are based on management's estimates regarding the period during which the assets or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.

In considering the Valuation of capital work in progress to PPE, the management needs to ensure the assets under construction or pending installation and not yet ready for intended use are classified as work in progress. An appropriate system needs to put in place to capture all directly identifiable costs, which can be capitalized, to be so accumulated to capital work in progress whilst expenses which are identified and charged to revenue in the normal course.

The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements and that there is significant measurement uncertainty involved in this valuation.

Please see **Note # 4.00** "Property, Plant and Equipment" to its financial statements.

### **How our audit addressed the key audit matter**

We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IAS and found them to be consistent.

- We inspected a sample of invoices and supporting documents to determine whether the classification between capital and revenue expenditure was appropriate.
- We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice.
- We evaluated the assumptions made by management in the determination of useful lives to ensure that these are consistent with the principles of IAS 16. "Property, Plant and Equipment".
- We compared the useful lives of each class of asset in the current year to the prior year to determine whether there were any significant changes in the useful lives of assets, and considered the reasonableness of changes based on our knowledge of the business and the industry.
- We verified records e.g., contractor bills, work orders and certification of work performed by the specialized personnel to ensure that the assets under construction or pending installation and not yet ready for intended use are classified as work in progress. We also verified the date on which the assets are moved from the capital work in progress account to the property plant

and equipment (the date on which the asset is ready for intended use), so that the depreciation on property, plant and equipment may be computed correctly.

- We reconciled the movement of capital work in progress from opening to closing, specifically verifying additions during the year, capital assets completed during the year and impairment of any opening capital work in progress items.

We checked whether the depreciation of PPE items was commenced timely, by comparing the date of the reclassification from capital work in progress to ready for use, with the date of the act of completion of the work.

**Other Matter (OM)**

The total Debt/Equity ratio of the Company stands at 95%:5% (Excluding GoB liabilities, unearned revenue the ratio of the Company stands at 83%: 17%) as on 30 June 2022 compared to 89%:11% (Excluding GoB Liabilities, unearned revenue the ratio of the Company stands at 61%:39%) as on 30 June 2021. However, the long-term Debt/Equity ratio of Teletalk stands at 94%: 6% (Excluding GoB Liabilities the ratio of the Company stands at 41%: 59%) as on 30 June 2022 compared to 86%: 14% (Excluding GoB Liabilities the ratio of the Company stands at 17%: 83%) as on 30 June 2021.

**Other Information**

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The draft Annual Report is expected to be made available to us after the date of this auditor's report but before the finalization of Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISAs), we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe those matters in our auditor's report unless law or

regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

**Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994 and International Standards on Auditing (IASs), we also report the following:

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

**Signed for & on behalf of**  
**MABS & J Partners**  
Chartered Accountants



**C R Mazumder FCA**  
**Managing Partner**  
ICAB Enrollment No: 178  
DVC No: 2211230178AS748547

**Place: Dhaka, Bangladesh**  
Dated: 23 November 2022



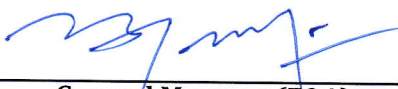
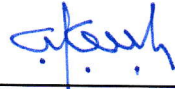
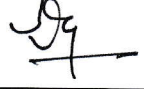
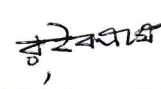
# Teletalk Bangladesh Limited

## Statement of Financial Position

As at June 30, 2022

Particular	Notes	Amount in Taka	
		30-06-2022	30-06-2021
<b>Non-Current Assets</b>			
Property plant and equipment	4	31,592,187,124	30,811,178,505
Capital work-in-progress	5	107,762,102	758,681,420
Intangible assets	6	437,471,554	473,317,904
Deferred tax Assets	7	4,433,479,027	2,244,209,813
<b>Total non-current assets</b>		<b>36,570,899,807</b>	<b>34,287,387,642</b>
<b>Current assets</b>			
Inventories	8	55,643,928	68,615,906
Sundry debtors	9	1,163,348,414	968,345,067
Advances, deposits and prepayments	10	765,952,581	1,000,741,546
Advance income tax	11	882,392,567	772,009,890
Accrued interest against fixed deposit receipts		7,043,710	7,424,402
Cash and cash equivalents	12	1,805,005,724	2,177,225,472
<b>Total current assets</b>		<b>4,679,386,924</b>	<b>4,994,362,283</b>
<b>Total Assets</b>		<b>41,250,286,731</b>	<b>39,281,749,925</b>
<b>Shareholders' equity</b>			
Share capital	13	13,116,008,890	6,438,661,000
Accumulated loss	14	(11,186,967,302)	(8,955,868,224)
Share money deposit	15	1,790,701	6,677,347,897
<b>Total Shareholders' equity</b>		<b>1,930,832,290</b>	<b>4,160,140,673</b>
<b>Non-Current liabilities</b>			
Loan from GoB	16	23,316,474,629	22,567,464,947
Grant from GoB	17	3,599,770,426	2,656,682,668
Deposits from subscribers, dealers and agents	18	181,020,497	175,571,209
Gratuity Fund	19	-	27,837,180
Term Loan from Bank	20	1,156,804,679	624,784,224
<b>Total Non-Current liabilities</b>		<b>28,254,070,231</b>	<b>26,052,340,228</b>
<b>Current liabilities and Provisions</b>			
Payable to BTRC	21	891,061,358	591,893,195
Provision for income tax	22	684,918,541	578,798,141
Security deposits from suppliers		104,346,529	111,714,953
Unearned revenue	23	1,312,983,490	2,126,036,820
Sundry creditors	24	8,072,074,291	5,660,825,914
<b>Total Current Liabilities</b>		<b>11,065,384,210</b>	<b>9,069,269,023</b>
<b>Total Shareholders' Equity &amp; Liabilities</b>		<b>41,250,286,731</b>	<b>39,281,749,924</b>

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

			
General Manager (F&A)	Managing Director	Director	Director

Signed for & on behalf of  
**MABS & J Partners**  
Chartered Accountants

  
**C R Mazumder FCA**  
Managing Partner  
ICAB Enrollment No: 178  
DVC No: 2211230178AS748547


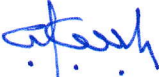


Place: Dhaka, Bangladesh

Dated: 23 NOV 2022

**Teletalk Bangladesh Limited**  
**Statement of Profit or Loss and other Comprehensive Income**  
For the year ended 30 June, 2022

Particular	Notes	Amount in Taka	
		30-06-2022	30-06-2021
<b>Revenue</b>			
Network revenue	25	4,051,420,150	4,283,975,598
Hardware revenue	26	231,074,605	347,913,793
VAS revenue	27	706,720,463	805,394,500
<b>Total Revenue</b>		<b>4,989,215,218</b>	<b>5,437,283,891</b>
<b>Less: Direct Operating expenses</b>			
Direct cost of network revenue	28	1,314,646,592	1,358,423,784
Direct cost of hardware revenue	29	384,437,511	593,397,310
		<b>1,699,084,103</b>	<b>1,951,821,094</b>
<b>Gross profit</b>		<b>3,290,131,115</b>	<b>3,485,462,797</b>
<b>Less: Other operating expenses</b>			
Network operation and maintenance expenses	30	3,010,555,129	2,070,279,391
General and administrative expenses	31	897,391,321	858,773,005
Selling and distribution expenses	32	407,358,504	543,259,646
Depreciation and amortization	33	2,595,114,144	2,505,275,609
		<b>6,910,419,098</b>	<b>5,977,587,651</b>
<b>Operating Profit</b>		<b>(3,620,287,983)</b>	<b>(2,492,124,854)</b>
Add: Non-operating income	34	111,449,957	128,835,339
Less: Non-operating Expenses	35	805,409,867	736,932,767
		<b>(693,959,910)</b>	<b>(608,097,428)</b>
<b>Net profit before Tax</b>		<b>(4,314,247,893)</b>	<b>(3,100,222,282)</b>
<b>Less: Income tax expense /(income)</b>			
Current tax	36	106,120,400	111,322,385
Deferred tax income	7	(2,189,269,215)	(1,456,846,456)
		<b>(2,083,148,815)</b>	<b>(1,345,524,071)</b>
<b>Net Profit/(loss) after tax</b>		<b>(2,231,099,078)</b>	<b>(1,754,698,211)</b>
<b>Earnings per share of Taka 10.00 each</b>	37	<b>(1.70)</b>	<b>(1.34)</b>

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

 General Manager (F&A)	 Managing Director	 Director	 Director
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Signed for & on behalf of  
**MABS & J Partners**  
Chartered Accountants

  
**C R Mazumder FCA**  
**Managing Partner**  
ICAB Enrollment No: 178  
DVC No: 2211230178AS748547

Place: Dhaka, Bangladesh  
Dated: 23 NOV 2022

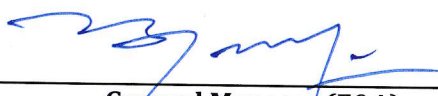



# Teletalk Bangladesh Limited

## Statement of Changes in Equity

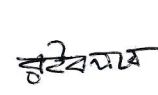
For the year ended 30 June, 2022

Particulars	Amount in Taka			
	Share capital	Share money deposit	Accumulated loss	Total
Closing balance as at 30 June 2018	6,438,661,000	6,677,347,897	(4,356,097,226)	8,759,911,671
During the year	-	-	-	-
Net profit for the year	-	-	(2,091,519,477)	(2,091,519,477)
Closing balance as at 30 June 2019	6,438,661,000	6,677,347,897	(6,447,616,703)	6,668,392,194
During the year	-	-	-	-
Prior Year Adjustment (Note- 14.1)	-	-	1,704,367,013	1,704,367,013
Net profit for the year	-	-	(1,414,906,436)	(1,414,906,436)
Closing balance as at 30 June 2020	6,438,661,000	6,677,347,897	(6,158,156,127)	6,957,852,770
During the year	-	-	-	-
Prior Year Adjustment (Note- 14.1)	-	-	(1,043,013,886)	(1,043,013,886)
Net profit for the year	-	-	(1,754,698,211)	(1,754,698,211)
Closing balance as at 30 June 2021	6,438,661,000	6,677,347,897	(8,955,868,224)	4,160,140,673
During the year	6,677,347,890	(6,675,557,196)	-	1,790,694
Net profit for the year	-	-	(2,231,099,078)	(2,231,099,078)
Closing balance as at 30 June 2022	13,116,008,890	1,790,701	(11,186,967,302)	1,930,832,289

  
General Manager (F&A)

  
Managing Director

  
Director

  
Director

Place: Dhaka, Bangladesh

Dated: 23 NOV 2022




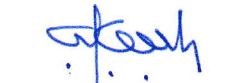
# Teletalk Bangladesh Limited

## Statement of Cash Flow


For the year ended 30 June, 2022

Particular	Amount in Taka	
	30-06-2022	30-06-2021
<b>A. Cash flows from operating activities</b>		
Network revenue	3,044,029,564	4,416,889,719
Hardware revenue	231,074,605	347,913,793
VAS revenue	706,252,459	822,379,936
Non-operating income	111,830,650	128,260,794
Deposits from subscribers, dealers and agents	5,449,288	2,107,823
Security deposits received from/ (refund to) suppliers	(7,368,424)	13,273,076
Direct cost of network revenue	(1,060,974,235)	(1,410,956,422)
Direct cost of hardware revenue	(371,465,533)	(584,587,645)
Network operation and maintenance expenses	(2,608,755,200)	(2,391,020,884)
General and administrative expenses	(941,112,361)	(833,897,083)
Selling and distribution expenses	(398,490,661)	(543,259,646)
Advance from various Vas Service	1,709,427,016	390,025,997
Non-operating expenses	(58,545,746)	(41,874,133)
Tax expenses	(110,382,676)	(105,199,388)
<b>Net cash generated from operating activities</b>	<b>250,968,747</b>	<b>210,055,937</b>
<b>B. Cash flows from investing activities</b>		
Purchase of Asset	(528,178,015)	(404,399,265)
Capital Work in Progress (CWIP)	(1,707,989,688)	(2,358,748,602)
Intangible assets	(3,320,000)	(103,321,461)
<b>Net cash used in investing activities</b>	<b>(2,239,487,703)</b>	<b>(2,866,469,328)</b>
<b>C. Cash flows from Financing Activities</b>		
Term Loan from Bank	527,508,742	148,655,964
Share money deposit against 5G Project	1,790,701	-
Loan from GoB against 5G Project	7,162,802	133,713,272
Short term deposit	-	(200,000,000)
Grant from GoB	1,079,836,963	1,742,054,190
<b>Net cash generated from financing activities</b>	<b>1,616,299,208</b>	<b>1,824,423,425</b>
<b>Net cash flows (A+B+C)</b>	<b>(372,219,748)</b>	<b>(831,989,966)</b>
Cash and cash equivalents at the beginning of the year	2,177,225,472	3,009,215,438
<b>Cash and cash equivalents at the end to the year</b>	<b>1,805,005,724</b>	<b>2,177,225,472</b>

  
General Manager (F&A)

  
Managing Director

  
Director

  
Director

Place: Dhaka, Bangladesh

Dated:

23 NOV 2022





**Teletalk Bangladesh Limited**  
**Notes to the Financial Statements**  
For the year ended 30 June 2022

**1. Background**

Teletalk Bangladesh Limited (hereinafter referred to as the "Company") was incorporated in Bangladesh as a public limited company on December 26, 2004, under the Companies Act 1994. The present authorized capital is BDT 20,00,00,00,000 divided into 2,00,00,00,000 ordinary shares of BDT 10 each. The Company is entirely owned by the Government of the People's Republic of Bangladesh, and represented by various Ministries of the Government.

The Executive Committee of the National Economic Council (ECNEC) decided in 2002 that a State-Owned Enterprise (SOE) in the form of a public limited company would be established in the telecommunications sector to provide mobile telephone service to the people from the public sector, to ensure fair competition between public and private sectors and thereby safeguard the public interest, to meet a portion of the unmitigated high demand for mobile telephone, and to create a new source of revenue for the government. For that purpose, the Government initiated the "10 (Ten) Lakh T&T Mobile Telephone Project (1st Phase- 2.5 lac)" through Bangladesh Telegraph & Telephone Board (BTTB) (currently Bangladesh Telecommunications Company Limited). On December 26, 2004, Teletalk Bangladesh Limited, was incorporated to implement the objectives of the Government. The company was given the Certificate of Commencement of Business by the Registrar of Joint Stock Companies and Firms (RJSC) on the same day, and the commercial operation was launched on March 31, 2005. Upon completion of the BTTB project, its assets (worth BDT 643.86 crore) were handed over to Teletalk in 2008 via MoPTIT.

**2. Nature of business**

The principal activities of the Company are to promote and develop telecommunication and ancillary services, to promote and undertake programs or activities to extend wireless and cellular mobile telephone services, to enable the people to resell telephone services on a commercial basis and also to develop a network that would meet the telecommunication needs of the subscribers and to provide access to similar services at a most competitive price.

**3. Significant accounting policies**

**3.1 Basis of accounting**

The financial statements have been prepared on going concern basis under the historical cost convention on Generally Accepted Accounting Principles in accordance with International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs), the Companies Act, 1994 and other applicable laws and regulations.

**3.2 Recognition of property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditure directly attributable to the acquisition and installation of the assets. Any repairs and maintenance expenses are charged to the income statement during the period when these are incurred.



### 3.3 Going concern review

The company has been incurring operating losses since inception with an exception during the years 2010-11 and 2012-2013, experiencing deficiencies in working capital and the key financial ratios had been unfavorable. However, it is anticipated that the planned expansion of 3G & 2.5G networks and rigorous marketing effort to increase subscribers will result in positive operating performance for the company and the financial performance would improve significantly in the years to come. Under such circumstances, the company does not anticipate any adverse situation that may affect the going concern status of the company.

### 3.4 Capital work-in-progress

Capital work-in-process consists of acquisition cost of network plant and machinery and capital components and related installation cost till the date of use in network service. In case of import of components, capital work in progress is recognized when their shipment is confirmed by the supplier.

### 3.5 Depreciation of property, plant and equipment

Depreciation on all fixed asset and floating assets, including plant and equipment, has been charged on straight-line method considering the economic and technical lives of the same. Day basis depreciation is charged on assets during the day of acquisition irrespective of their date of acquisition and no depreciation will be charged on assets during the day of disposal.

Depreciation rates used are as follows:

Name of the Assets	Rate
Base Station	5%
BTS Support Equipment	20%
Switching equipment	10%
Transmission equipment	10%
Office equipment	15%
Furniture & fixture	10%
Computers	15%
Transport vehicles	15%

### 3.6 Intangible assets

Intangible assets are stated at cost less accumulated amortization using the straight-line method. Intangible assets include cost of acquisition of operating software, accounting & inventory software, 3G License and 4G License. All intangible assets, other than license, are being amortized over a period of three years from the year of acquisition irrespective of its date of acquisition and no amortization will be charged on assets during the year of disposal.

Amortization on License fee is being charged monthly over their useful life. Monthly amortization is charged on License fee during the month of acquisition irrespective of their date of acquisition and no amortization will be charged on assets during the month of disposal.





### 3.8 Inventories

Inventories consist of SIM cards, scratch cards Modem & cash cards. Those are measured at lower of cost and net realizable value. Cost is determined using weighted average method.

### 3.9 Sundry debtors

Sundry debtors consist of receivable from distributors, dealers, inter-operators and unrealized bills for network revenue which are recognized at the balance sheet date. However, proper age analysis of all debts is being done and the unrealized bills are never allowed to exceed the respective security deposit.

Specific provisions for debtors are made in the financial statements in the following ways:

Debtors Age (Year)	Provision Rate
Up to 1 Year	0%
More than 1 Year to 2 Years	15%
More than 2 Years to 3 Years	50%
Above 3 Years	100%

### 3.10 Taxation

Income tax expenses comprise current and deferred taxes. Income tax expenses are recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

#### Current Tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The tax rate used for the reporting periods is 2% (As per sec-16CCC of Income Tax Ordinance-1984) and 45% tax applied u/s 30 (B).

#### Deferred Tax

Deferred tax is recognized in compliance with IAS 12: *Income Taxes*, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the date of statement of financial position. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each date of statement of financial position and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



### **3.12 Foreign currency transactions**

Transactions in foreign currencies are converted into equivalent Taka applying the ruling rate at the date of such transactions. Assets and liabilities outstanding at 30 June 2022 denominated in foreign currencies have been translated into Taka at the rates ruling on the Balance Sheet date.

### **3.13 Revenue recognition**

#### **Network revenue**

Network revenue consists of airtime, interconnection and roaming revenue. Airtime revenue includes prepaid and post paid network revenue.

#### **Prepaid revenue**

Prepaid revenue is recognized (exclusive of VAT) as per actual usage of prepaid/ scratch cards and telecharge recorded in the network. The unused portion of the prepaid cards and telecharge remains as unearned revenue and recognized as liability of the Company.

#### **Postpaid revenue**

Postpaid revenue is recognized on accrual basis and recorded as income (exclusive of VAT) on delivery of the bill to subscribers on a monthly basis.

#### **Interconnection revenue**

Interconnection revenue consists of charges imposed to other cellular operators for receiving calls from their subscribers' cellular numbers. These are recognized as per invoices raised on a monthly basis.

#### **Roaming revenue**

Roaming revenue consists of charges imposed to other cellular operators outside Bangladesh for using the network of the company in the country. It is recognized as per invoices raised on a monthly basis.

#### **VAS revenue**

VAS revenue includes charges imposed to different parties for using the Company's network facilities and is recognized on the basis of issuance of invoice.

#### **Hardware revenue**

Hardware revenue is recognized at the time of sale to the subscribers.

#### **Sale of SIM card**

Sale of SIM card is recognized as income when SIM cards are sold and delivered to the dealers/ subscribers.



### **SIM replacement revenue**

This represents charges realized from subscribers in case of replacement of new SIM cards and recognized as income when received.

### **Customer support revenue**

The amount of charges received from subscribers for rendering various services provided to them, and it is recognized on collection basis.

## **3.14 Employees' benefit plan**

### **Provident Fund**

The company has established a recognized Contributory Provident Fund (CPF) Scheme for permanent employees of the company which was effective from 01 July 2014. The Fund is wholly administered by Board of Trustee (BoT). No part of fund is included in the assets of the Company. However, the officers on deputation, although drawing monthly salary & allowances and other benefits from the Company, are continuing with the provident fund of their organization, as per terms of the memo issued by the Ministry of Posts & Telecommunications. No provision for such accrued liabilities for termination benefit to employees has been made in these financial statements in absence of any agreement with PTD. EPF is in practice as per the rules formatted by the company necessary for this subscription and contribution to PF has been made by the company by maintaining separate account of PF fund. The PF rules has been recognized with the NBR.

### **Gratuity Fund**

The company has established Gratuity Fund for permanent employee of the Company, who have been in continuous employment in the company at least 5 (Five) years. The amount of the gratuity is equivalent to 1(one) month basic salary for each completed year of service.

### **Workers' Profit Participation Fund**

The company has a policy to make allocation of 5% on Net Profit before tax as per provisions of Chapter-15, Labour Act 2006.

## **3.15 Events after the reporting period**

Events after the reporting period that provide additional information about the company's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

## **3.14 General**

- i. Previous year's figures have been rearranged, wherever considered necessary, to conform with current year's presentation.
- ii. These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT) which is both functional currency and presentation currency of the Company. The amounts in these financial statements have been rounded off to the nearest Taka.



#### 4 Property, plant and equipment

For the year ended 30 June 2022

Name of assets	Cost			Depreciation			WDV 30 June 2022
	Balance as on 1 July 2021	Addition during the year	Balance as on 30 June 2022	Balance as on 1 July 2021	Charged during the year	Balance as on 30 June 2022	
Base station	43,121,528,374	2,211,308,082	45,332,836,456	15,648,491,047	2,037,136,296	17,685,627,343	27,647,209,113
BTS Support Equipment	544,476,572	289,154,586	833,631,158	126,729,002	145,606,411	272,335,413	561,295,745
Switching equipment	4,438,453,739	371,137,011	4,809,590,750	2,722,289,826	286,947,577	3,009,237,403	1,800,353,347
Transmission equipment	2,949,376,425	474,334,773	3,423,711,198	1,946,313,254	159,747,803	2,106,061,057	1,317,650,141
Office equipment	484,801,748	20,521,303	505,323,051	420,883,666	25,731,276	446,614,942	58,708,109
Furniture and fixtures	171,646,166	6,370,016	178,016,182	116,120,141	11,080,673	127,200,814	50,815,368
Computers	210,678,775	100,879,845	311,558,620	155,363,486	19,266,549	174,630,035	136,928,585
Motor vehicles	141,968,149	0	141,968,149	115,561,020	7,180,414	122,741,434	19,226,715
<b>Total 30 June 2022</b>	<b>52,062,929,948</b>	<b>3,473,705,617</b>	<b>55,536,635,566</b>	<b>21,251,751,442</b>	<b>2,692,696,999</b>	<b>23,944,448,441</b>	<b>31,592,187,124</b>

For the year ended 30 June 2021

Name of assets	Cost			Depreciation			WDV 30 June 2021
	Balance as on 1 July 2020	Addition during the year	Balance as on 30 June 2021	Balance as on 1 July 2020	Charged during the year	Balance as on 30 June 2021	
Base station	38,808,540,994	4,312,987,380	43,121,528,374	13,727,914,072	1,920,576,975	15,648,491,047	27,473,037,327
BTS Support Equipment	201,070,256	343,406,316	544,476,572	51,376,892	75,352,110	126,729,002	417,747,570
Switching equipment	4,331,434,237	107,019,502	4,438,453,739	2,439,245,971	283,043,855	2,722,289,826	1,716,163,913
Transmission equipment	2,322,247,112	627,129,313	2,949,376,425	1,829,826,124	116,487,130	1,946,313,254	1,003,063,171
Office equipment	468,320,386	16,481,362	484,801,748	382,350,657	38,533,009	420,883,666	63,918,082
Furniture and fixtures	159,541,820	12,104,346	171,646,166	105,189,495	10,930,646	116,120,141	55,526,025
Computers	195,651,982	15,026,793	210,678,775	134,424,877	20,938,609	155,363,486	55,315,289
Motor vehicles	141,968,149	-	141,968,149	108,380,606	7,180,414	115,561,020	26,407,129
<b>Total 30 June 2021</b>	<b>46,628,774,936</b>	<b>5,434,155,011</b>	<b>52,062,929,948</b>	<b>18,778,708,694</b>	<b>2,473,042,748</b>	<b>21,251,751,442</b>	<b>30,811,178,505</b>

Note : There was no requirements of dismantling cost for Assets Retirement Obligation (ARO).





Notes	Particular	Amount in Taka	
		30-06-22	30-06-21
<b>4.01 Property, plant and equipment-Addition</b>			
	Transferred from WIP	2,945,527,602	5,029,755,746
	Local Purchases	528,178,015	404,399,265
		<b>3,473,705,617</b>	<b>5,434,155,011</b>
<b>5 Capital work-in-progress (WIP)</b>			
	Opening balance	758,681,420	4,132,141,867
	Add: Addition during the year (Annexure-A)	2,294,608,284	1,656,295,299
	Less: Capitalized during the year (Annexure-A)	(2,945,527,602)	(5,029,755,746)
		<b>107,762,102</b>	<b>758,681,420</b>
<b>6 Intangible assets</b>			
	Opening balance	1,729,617,177	1,626,295,716
	Prior Year Adjustment	-	-
	Add: Addition during the year	3,320,000	103,321,461
		<b>1,732,937,177</b>	<b>1,729,617,177</b>
	Less: Accumulated amortization		
	Opening balance	1,256,299,273	1,208,510,669
	Amortized during the year	39,166,350	47,788,604
		<b>1,295,465,623</b>	<b>1,256,299,273</b>
		<b>437,471,554</b>	<b>473,317,904</b>
<b>7 Deferred tax Assets</b>			
	Opeining Balance	2,244,209,813	1,830,377,243
	Deferred tax Income During the Year	2,189,269,215	1,456,846,456
	Deferred tax Income Prior Year Adjustment	-	(1,043,013,886)
		<b>4,433,479,027</b>	<b>2,244,209,813</b>
<b>8 Inventories</b>			
	SIM cards (note- 8.1)	16,498,257	27,475,601
	Scratch cards (Note- 8.2)	9,518,876	10,470,964
	Dongle/Router (Note-8.3)	29,626,795	30,669,341
		<b>55,643,928</b>	<b>68,615,906</b>
<b>8.1 SIM cards</b>			
	Cost of Opening SIM Cards	27,475,601	31,453,831
	Add: Addition during the year	20,882,160	45,776,900
		48,357,761	77,230,731
	Less: SIM cards Consumption During the year	31,859,505	49,755,130
	Cost of Closing SIM Cards	<b>16,498,257</b>	<b>27,475,601</b>
<b>8.2 Scratch cards</b>			
	Cost of Opening Scratch Cards	10,470,964	11,919,050
	Less: Scratch Cards Consumption During the year	952,088	1,448,086
	Cost of Closing Scratch Cards	<b>9,518,876</b>	<b>10,470,964</b>
<b>8.3 Dongle/Router</b>			
	Cost of Opening Dongle/Router	30,669,341	34,052,690
	Less: Dongle/Router Consumption During the year	1,042,545	3,383,349
	Cost of Closing Dongle/Router	<b>29,626,795</b>	<b>30,669,341</b>
<b>9 Sundry debtors</b>			
	Post paid Bill, PCO & MER	160,820,885	156,946,612
	Interconnection Operators	794,782,521	772,443,200
	Dealers and distributors	307,763,731	162,679,154
	DBBL Mobile Bank for Telecharge	43,242,152	20,399,774
	Roaming operators	3,915,194	3,718,485
	Receivable for VAS revenue	40,860,866	40,194,775
		1,351,385,348	1,156,382,001
	Less: Provision for bad & doubtful debts	188,036,934	188,036,934
		<b>1,163,348,414</b>	<b>968,345,067</b>



Notes	Particular	Amount in Taka	
		30-06-22	30-06-21
<b>10</b>	<b>Advances, deposits and prepayments</b>		
	<b>Advances</b>		
	Advance against expenses	32,499,929	14,112,446
	Advance paid to various suppliers	178,635,630	315,262,133
	VAT current account (note- 10.1)	38,439,322	145,668,416
	Advance to PBTL Optical Fiber	107,425,919	126,227,740
	Advance to staff against petty cash	4,779,118	4,750,005
		<u>361,779,918</u>	<u>606,020,741</u>
	<b>Deposits</b>		
	Security deposit to DESCO & PDB- for electricity	16,500	16,500
	Bangladesh Submarine Cable Co. Ltd.	30,000	30,000
	Security deposit to T & T - for telephone	5,989,200	5,989,200
		<u>6,035,700</u>	<u>6,035,700</u>
	<b>Short Term Deposit more than 3 Months</b>	<u>200,000,000</u>	<u>200,000,000</u>
		<u>200,000,000</u>	<u>200,000,000</u>
	<b>Prepayments</b>		
	Office rent	21,879,292	13,621,812
	BTS rent	176,257,671	175,063,293
		<u>198,136,963</u>	<u>188,685,105</u>
		<u><b>765,952,581</b></u>	<u><b>1,000,741,546</b></u>
<b>10.1</b>	<b>VAT current account</b>		
	Adjustable VAT on bills	300,420,262	361,344,291
	Less:		
	VAT on airtime revenue	162,100,809	134,477,634
	SD ,VAT and Surcharge Payable	99,880,131	81,198,241
		<u>261,980,940</u>	<u>215,675,875</u>
		<u><b>38,439,322</b></u>	<u><b>145,668,416</b></u>
<b>11</b>	<b>Advance income tax</b>		
	Advance Company Tax	49,465,754	19,342,757
	Deducted at sources by bank & others		
	- against interest from short term deposits	67,350,646	61,796,740
	- against interest from fixed deposits	200,004,358	194,515,862
	-MEP Advance Tax Paid on Bank Deposits	379,432	124,830
	- against others	565,192,377	496,229,701
		<u>832,926,813</u>	<u>752,667,133</u>
		<u><b>882,392,567</b></u>	<u><b>772,009,890</b></u>
<b>12</b>	<b>Cash and cash equivalents</b>		
	Cash in hand	1,104,454	2,399,110
	Cash at Bank (Note: 12.1)	1,803,901,270	2,174,826,362
		<u><b>1,805,005,724</b></u>	<u><b>2,177,225,472</b></u>
<b>12.1</b>	<b>Cash at Bank</b>		
	Short Term deposit	954,020,187	1,334,826,362
	Total Fixed Deposit	1,049,881,083	1,030,967,158
	Fixed deposit more than 3 month (Note: 10)	(200,000,000)	(200,000,000)
	Fixed deposit less than 3 month	849,881,083	840,000,000
		<u><b>1,803,901,270</b></u>	<u><b>2,174,826,362</b></u>

NB: Presentation of Cash at Bank is updated for last year as well as current year.





Notes	Particular	Amount in Taka																																																																		
		30.06.22	30.06.21																																																																	
13	<b>Authorized Share Capital</b>																																																																			
	2,000,000,000 ordinary shares of Taka 10 each	20,000,000,000	20,000,000,000																																																																	
	<b>Issued and paid up share capital</b>																																																																			
	131,16,00,889 ordinary shares of Taka 10 each fully paid up	13,116,008,890	6,438,661,000																																																																	
13.1	<b>Composition of shareholdings</b>																																																																			
	<table><tr><th>Name of shareholders</th><th>Representation from</th><th>Nationality</th><th>No. of shares</th><th>Value in Taka</th></tr><tr><td>1 Ministry of Post &amp; Telecommunications</td><td></td><td>Bangladeshi</td><td>1,311,598,889</td><td>13,115,988,890</td></tr><tr><td>2 Mr. Md. Khalilur Rahman, Secretary, PTD</td><td>MoPT&amp;IT</td><td>Bangladeshi</td><td>200</td><td>2,000</td></tr><tr><td>3 Mr. Mashiur Rahman</td><td>DoT</td><td>Bangladeshi</td><td>200</td><td>2,000</td></tr><tr><td>4 Mrs. Salima Sultana, ndc</td><td>PTD</td><td>Bangladeshi</td><td>200</td><td>2,000</td></tr><tr><td>5 Mr. Dr. Md. Abdul Mannan, PAA</td><td>ICT Division</td><td>Bangladeshi</td><td>200</td><td>2,000</td></tr><tr><td>6 Mr. Md. Mahabubur Rahman</td><td>MOLJPA</td><td>Bangladeshi</td><td>200</td><td>2,000</td></tr><tr><td>7 Dr. Mohammad Abu Yusuf</td><td>MoF</td><td>Bangladeshi</td><td>200</td><td>2,000</td></tr><tr><td>8 Brigadier General Tamjidul Haque Chowdhury, NDC, AFWC, PSC</td><td>Bangladesh Armed Forces</td><td>Bangladeshi</td><td>200</td><td>2,000</td></tr><tr><td>9 Mr. Md. Habib Ullah Dawn</td><td>FBCCI</td><td>Bangladeshi</td><td>200</td><td>2,000</td></tr><tr><td>10 Dr. Md. Rafiqul Matin</td><td>BTCL</td><td>Bangladeshi</td><td>200</td><td>2,000</td></tr><tr><td>11 Mr. Md. Shahab Uddin</td><td>Teletalk</td><td>Bangladeshi</td><td>200</td><td>2,000</td></tr><tr><td></td><td></td><td></td><td>1,311,600,889</td><td>13,116,008,890</td></tr></table>	Name of shareholders	Representation from	Nationality	No. of shares	Value in Taka	1 Ministry of Post & Telecommunications		Bangladeshi	1,311,598,889	13,115,988,890	2 Mr. Md. Khalilur Rahman, Secretary, PTD	MoPT&IT	Bangladeshi	200	2,000	3 Mr. Mashiur Rahman	DoT	Bangladeshi	200	2,000	4 Mrs. Salima Sultana, ndc	PTD	Bangladeshi	200	2,000	5 Mr. Dr. Md. Abdul Mannan, PAA	ICT Division	Bangladeshi	200	2,000	6 Mr. Md. Mahabubur Rahman	MOLJPA	Bangladeshi	200	2,000	7 Dr. Mohammad Abu Yusuf	MoF	Bangladeshi	200	2,000	8 Brigadier General Tamjidul Haque Chowdhury, NDC, AFWC, PSC	Bangladesh Armed Forces	Bangladeshi	200	2,000	9 Mr. Md. Habib Ullah Dawn	FBCCI	Bangladeshi	200	2,000	10 Dr. Md. Rafiqul Matin	BTCL	Bangladeshi	200	2,000	11 Mr. Md. Shahab Uddin	Teletalk	Bangladeshi	200	2,000				1,311,600,889	13,116,008,890		
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			1,311,600,889	13,116,008,890																																																																
13.2	<b>A distribution schedule of the shares as at 30 June 2022 is given below as required by listing regulations:</b>																																																																			
	<table><tr><th>Slabs by number of shares</th><th>Number of shareholders</th><th>Number of shares</th><th>% of shareholdings</th></tr><tr><td>1 to 500</td><td>10</td><td>2,000</td><td>0.00015%</td></tr><tr><td>Above 1,000,000</td><td>1</td><td>1,311,598,889</td><td>99.99985%</td></tr><tr><td><b>Total</b></td><td></td><td><b>1,311,600,889</b></td><td><b>100.00000%</b></td></tr></table>	Slabs by number of shares	Number of shareholders	Number of shares	% of shareholdings	1 to 500	10	2,000	0.00015%	Above 1,000,000	1	1,311,598,889	99.99985%	<b>Total</b>		<b>1,311,600,889</b>	<b>100.00000%</b>																																																			
Slabs by number of shares	Number of shareholders	Number of shares	% of shareholdings																																																																	
1 to 500	10	2,000	0.00015%																																																																	
Above 1,000,000	1	1,311,598,889	99.99985%																																																																	
<b>Total</b>		<b>1,311,600,889</b>	<b>100.00000%</b>																																																																	
14	<b>Accumulated loss</b>																																																																			
	Opening balance	(8,955,868,224)	(6,158,156,126)																																																																	
	Add: Net profit/(loss) for the year	(2,231,099,078)	(1,754,698,211)																																																																	
	Prior Year Adjustment (Deferred Tax)	-	(1,043,013,886)																																																																	
		<b>(11,186,967,302)</b>	<b>(8,955,868,224)</b>																																																																	
15	<b>Share money deposit</b>																																																																			
	Opening balance (3G Phase I)	6,677,347,897	6,677,347,897																																																																	
	Add: Share Money Deposit 5G Project (Note: 15.1)	1,790,701	-																																																																	
	Less Transfer to Paidup Capital (3G Phase I)	6,677,347,897	-																																																																	
		<b>1,790,701</b>	<b>6,677,347,897</b>																																																																	
15.1	<b>Equity fund from 5G Project</b>																																																																			
	TBL Contribution to the 5G Project	9,871,882	-																																																																	
	Fund from GoB under 5G Project	8,953,503	-																																																																	
	Total Investment at 5G Project	<b>18,825,385</b>	-																																																																	
	Less: Loan Portion of GoB Fund(80%)	7,162,802	-																																																																	
	Share Money Deposit 5G Project (20%)	<b>1,790,701</b>	-																																																																	
16	<b>Loan from GoB</b>																																																																			
	Loan from GoB 3G Project Phae I (Note: 16.1)	16,819,261,529	16,109,415,329																																																																	
	Loan from GoB under 3G project Phase II (Note: 16.2)	6,490,050,298	6,458,049,618																																																																	
	Loan from GoB under 5G Readiness project (Note: 15.1)	7,162,802	-																																																																	
		<b>23,316,474,629</b>	<b>22,567,464,947</b>																																																																	
16.1	<b>Loan from GoB 3G Project Phase I</b>																																																																			
	Loan from GoB under 3G project Phase I	10,754,670,000	10,754,670,000																																																																	
	Interest on Loan payable on foreign loan	6,064,591,529	5,354,745,329																																																																	
		<b>16,819,261,529</b>	<b>16,109,415,329</b>																																																																	
16.2	<b>Loan from GoB under 3G project Phase II</b>																																																																			
	Loan from GoB under 3G project Phase II	6,400,135,974	6,400,135,974																																																																	
	Interest on Loan payable on 3G project Phase II	89,914,324	57,913,644																																																																	
		<b>6,490,050,298</b>	<b>6,458,049,618</b>																																																																	
17	<b>Grant from GoB</b>																																																																			
	Fund Received From BTRC for H&I Project ( Noe: 17.1)	3,356,643,708	2,463,145,361																																																																	
	Fund received from Gov for Solar Base Station Project ( Noe: 17.2)	243,126,718	193,537,307																																																																	
		<b>3,599,770,426</b>	<b>2,656,682,668</b>																																																																	

Notes	Particular	Amount in Taka	
		30.06.22	30.06.21
<b>17.1 Fund Received From BTRC for H&amp;I Project</b>			
Opening Balance		2,463,145,361	829,939,959
Add: Received Durring the Year		1,027,840,245	1,648,216,000
Less: Depreciation on Grant Assets of H&I Project		134,341,898	15,010,598
		<b>3,356,643,708</b>	<b>2,463,145,361</b>
<b>17.2 Fund received from Gov for Solar Base Station Project</b>			
Investment at Solar Base Station Project		249,533,338	197,536,620
Less: Fund from TBL		3,454,168	3,454,168
Fund from GoB		246,079,170	194,082,452
Less: Depreciation on Grant Assets of SBS Project		2,952,452	545,145
		<b>243,126,718</b>	<b>193,537,307</b>
<b>18 Deposits from subscribers, dealers and agents</b>			
Deposits from PCO subscribers		97,591,547	97,591,547
Deposits from postpaid subscribers		14,950,896	7,758,396
Deposits from dealers and distributors		68,478,055	70,221,267
		<b>181,020,497</b>	<b>175,571,209</b>
<b>19 Gratuity Fund</b>			
Opening Balance		27,837,180	20,078,600
Addition : During the Year		-	27,837,180
Less : Transfer to Gratuity Fund		27,837,180	20,078,600
		<b>-</b>	<b>27,837,180</b>
<b>20 Term Loan from Financial Institutions</b>			
Principal Loan (Note: 20.1)		1,147,890,803	620,382,061
Interest Due (Note: 2.02)		8,913,876	4,402,163
		<b>1,156,804,679</b>	<b>624,784,224</b>
<b>20.1 Principal Loan</b>			
Opening Balance		620,382,061	476,009,258
Add: Loan received during the period		633,290,464	144,372,803
Less: Prencipal repaid		(105,781,722)	-
		<b>1,147,890,803</b>	<b>620,382,061</b>
<b>20.2 Interest on Loan</b>			
Opening Balance		4,402,163	-
Add: Interest charged during the period		59,654,496	37,145,104
Less: Interest paid during the period		(55,142,783)	(32,742,941)
		<b>8,913,876</b>	<b>4,402,163</b>





Notes	Particular	Amount in Taka	
		30-06-22	30-06-21
<b>21 Payable to BTRC</b>			
	Frequency charges for 2G	201,103,760	100,551,880
	Revenue sharing charges	189,059,013	39,142,136
	Revenue sharing for SoF	500,896,778	452,199,179
	Coastal & Hill tracts Interest	1,807	
		<b>891,061,358</b>	<b>591,893,195</b>
<b>22 Provision for income tax</b>			
	Opening	578,798,141	467,475,756
	Addition : During the Year	106,120,400	111,322,385
	Less : Adjustment During the Year	-	-
		<b>684,918,541</b>	<b>578,798,141</b>
<b>23 Unearned revenue</b>			
	Scratch cards	66,557,421	15,071,921
	TBPS	71,870,577	22,945,152
	Tele charges	1,174,555,491	2,088,019,747
		<b>1,312,983,490</b>	<b>2,126,036,820</b>
Prepaid revenue is recognized (exclusive of VAT) as per actual usage of prepaid/ scratch cards and telecharge recorded in the network. The unused portion of the prepaid cards and telecharge remains as unearned revenue and recognized as liability of the Company.			
<b>24 Sundry creditors</b>			
	Outstanding electricity bills & others	145,857,142	134,861,062
	Audit fee payable	379,500	345,000
	Tax & VAT deducted at source	209,549,188	202,853,853
	Payable to suppliers (Note- 24.1)	2,570,808,357	1,852,676,436
	Payable for various Vas Service	3,927,582,626	2,217,957,523
	Interconnection charge payable	1,166,697,698	1,192,633,333
	Payable to roaming operators	22,199,201	41,253,844
	Provision for office rent	29,000,579	18,244,864
		<b>8,072,074,291</b>	<b>5,660,825,914</b>
<b>25 Network revenue</b>			
	Traffic revenue	3,790,906,388	4,093,729,422
	Interconnection revenue	260,417,739	190,049,135
	Roaming revenue	96,022	197,041
		<b>4,051,420,150</b>	<b>4,283,975,598</b>
<b>25.01 Traffic revenue</b>			
	Voice Revenue	2,678,622,812	3,249,970,792
	Data Revenue	1,007,370,575	717,522,225
	SMS Revenue	104,913,001	126,236,405
		<b>3,790,906,388</b>	<b>4,093,729,422</b>
<b>26 Hardware revenue</b>			
	Sale of SIM cards	198,270,030	316,298,223
	Modem Sales	1,699,295	2,560,860
	Additional Hardware Revenue	200	
	Router Sales	159,750	524,780
	Replacement of SIM cards	30,911,230	28,494,330
	Customers support revenue	34,100	35,600
		<b>231,074,605</b>	<b>347,913,793</b>
<b>27 VAS revenue</b>			
	Commission from Education Board and others	475,164,780	602,727,131
	VAS Revenue for Result Publications	5,624,370	2,699,602
	Bulk SMS	136,258,300	82,627,271
	Standard VAS Revenue	89,205,009	117,184,500
	Revenue from Infrastructure Rent	468,004	155,997
		<b>706,720,463</b>	<b>805,394,500</b>



Notes	Particular	Amount in Taka	
		30-06-22	30-06-21
27.01	In FY 2020-2021 Commission from Education Board and others revenue is decreased by amounting Tk. 7,95,23,667.50 and Standard VAS Revenue is increased the same and which is corrected accordingly.		
28	<b>Direct cost of network revenue</b>		
	Cost of Scratch cards	952,088	1,448,086
	Interconnection charges	644,281,581	861,833,374
	Revenue sharing- BTRC	269,379,876	186,012,297
	Frequency charges- BTRC	303,656,760	201,603,760
	Revenue Sharing for SoF- BTRC	48,697,599	33,610,419
	Roaming expenses	7,224,734	3,996,518
	Cost of content	40,453,954	69,919,330
		<b>1,314,646,592</b>	<b>1,358,423,784</b>
29	<b>Direct cost of hardware revenue</b>		
	Cost of SIM cards (Note: 29.1)	380,867,905	586,864,330
	Cost of Dongle/Router (Note: 29.2)	1,042,546	3,383,349
	Packing expenses	2,527,061	3,149,631
		<b>384,437,511</b>	<b>593,397,310</b>
29.1	<b>Cost of SIM Cards</b>		
	Cost of Opening SIM Card	27,475,601	31,453,831
	Add: Addition during the year SIM	20,882,160	45,776,900
		<b>48,357,761</b>	<b>77,230,731</b>
	Less: Cost of Closing SIM Card	16,498,257	27,475,601
	SIM Card Consumption During the year	<b>31,859,505</b>	<b>49,755,130</b>
	Add: Subsidy of SD & VAT on SIM Card sales	349,008,400	537,109,200
		<b>380,867,905</b>	<b>586,864,330</b>
29.2	<b>Cost of Dongle /Router</b>		
	Cost of Opening Dongle	30,669,341	34,052,690
	Add: Addition during the year	-	-
		<b>30,669,341</b>	<b>34,052,690</b>
	Less: Cost of Closing Dongle	29,626,795	30,669,341
	Dongle Consumption During the year	<b>1,042,546</b>	<b>3,383,349</b>
30	<b>Network operation and maintenance expenses</b>		
	BTS rental charges	357,658,401	299,024,507
	BTS electricity bill	776,844,345	723,932,091
	Software Cost	55,830,954	19,834,839
	BTS Site Sharing Rent	989,336,658	666,486,239
	Maintenance expenses	191,178,726	48,150,001
	Rent of Generator & Others	7,701,468	5,788,721
	Rental charge of optical fiber network	632,004,578	307,062,993
		<b>3,010,555,129</b>	<b>2,070,279,391</b>
31	<b>General and administrative expenses</b>		
	Personnel Cost ( Note: 31.1)	656,759,795	659,715,852
	Printing and stationery	7,947,056	17,344,173
	Repair and maintenance expenses	20,668,716	17,514,881
	Office rent	93,929,165	54,135,032
	Car rental expenses	36,547,413	32,372,428
	Telephone, fax and e-mail	-	-
	Distribution of hand sets	574,999	11,608,850
	Travelling expenses	7,936,828	5,623,252
	Security guard and cleaning hire expenses	-	-
	Utilities	8,105,430	5,776,929
	Entertainment	7,368,739	6,355,102
	Legal and professional fees	640,000	698,168
	Office expenses	275,845	253,851
	Board meeting fees	365,700	779,700
	Audit fee (including VAT)	334,500	415,000
	Membership fee & subscriptions	3,264,249	1,687,422
	Fuel & lubricant	37,278,026	32,830,745
	GSM Association fee	401,190	3,216,176
	Employee training expenses	1,757,307	873,492
	Recruiting expenses	18,614	26,196
	BVS Expenses	9,831,280	5,035,277
	Postage & courier	1,704,844	1,149,766
	Training Cost	-	-
	Other Expenses (General)	1,681,624	1,360,714
		<b>897,391,321</b>	<b>858,773,005</b>



Notes	Particular	Amount in Taka	
		30-06-22	30-06-21
<b>31.1 Personnel Cost</b>			
	Salary and allowances	528,648,800	520,615,397
	Managing Director's remuneration	3,090,000	2,722,445
	Contribution of Provident Fund by TBL	18,794,128	17,550,715
	Gratuity Expenses	-	27,837,180
	Security guard and cleaning hire expenses	106,226,867	90,990,115
		<b>656,759,795</b>	<b>659,715,852</b>
<b>32 Selling and distribution expenses</b>			
	Advertisement	60,007,545	58,545,921
	Business promotion	18,525,363	29,424,789
	Sales commission	328,825,596	455,288,935
		<b>407,358,504</b>	<b>543,259,646</b>
<b>33 Depreciation and Amortization</b>			
	Depreciation on Property, plant and equipment (note - 4)	2,692,696,999	2,473,042,748
	Depreciation on Grant Assets of H&I Project	(134,341,898)	(15,010,598)
	Depreciation on Grant Assets of SBS Project	(2,407,307)	(545,145)
	Amortization on intangible assets	39,166,350	47,788,604
		<b>2,595,114,144</b>	<b>2,505,275,609</b>
<b>34 Non-operating income</b>			
	Interest on fixed deposits	55,941,762	47,282,889
	Interest on short term deposit	55,508,195	80,879,780
	Sale of tender document	-	668,800
	Miscellaneous income	-	3,869
		<b>111,449,957</b>	<b>128,835,339</b>
<b>35 Non-operating Expenses</b>			
	Foreign Exchange Loss	505,528	18,214,290
	Interest on Loan - Gov Loan	741,846,880	676,844,343
	Interest, Bank charges & commission	63,057,459	41,874,134
		<b>805,409,867</b>	<b>736,932,767</b>
<b>36 Income tax expenses</b>			
	Current year tax	106,120,400	111,322,385
	Final Tax for Assessment	-	-
		<b>106,120,400</b>	<b>111,322,385</b>
<b>37 Earnings Per Share</b>			
	<b>Basic earnings per share</b>		
	Profit attributable to the ordinary shareholders-A	(2,231,099,078)	(1,754,698,211)
	Weighted average number of shares outstanding-B	1,311,600,889	1,311,600,889
	Basic earnings per share-A/B	<b>(1.70)</b>	<b>(1.34)</b>
<b>38 Related Party Transactions</b>	The Company has no related party transactions as per IAS-24 except those made with its managing director, which have already been disclosed under note # 31 in the accompanying financial statements.		
<b>39 Particulars of employees</b>	The number of employees engaged for the year ended 30 June 2022 or part thereof who received a total salary of Taka 36,000 per annum and above was 519 persons (30 June 2021: 544 persons).		
<b>40 Subscriber-base</b>			
		<b>2021-22</b>	<b>2020-21</b>
		No. of	No. of
	Present capacity	Subscribers	Subscribers
	Active subscribers	12,400,000	12,400,000
	Attainment in %	6,749,733	6,400,000
		54%	52%



Notes	Particular	Amount in Taka	
		30-06-22	30-06-21
41	<b>Foreign currencies payments and receipts</b>		
	<b><u>Purpose of payments</u></b>		
		<b>Currencies</b>	
	Import of telecommunication equipment	USD 7,257,665	13,420,079
	Roaming expenses	EURO 1,332,713	1,268,491
	GSM association fees	USD 36,604	109,555
	<b><u>Received for</u></b>	GBP 14,325	14,325
	Roaming revenue	USD 50	2,365
42	<b>Commitments and Contingencies:</b>		
	<b>Commitments</b>	<b>USD</b>	<b>USD</b>
	<b>i. Letters of credit</b>	<b>1,713,563</b>	<b>226,050</b>
		<b>Taka</b>	<b>Taka</b>
	<b>ii. Commitments with suppliers:</b>		
	Huawei Technologies (Bangladesh) Limited	351,525,982.90	286,200,000.00
	Nokia Solutions Bangladesh Ltd.	280,720,930	-
	Fiber@Home Limited	25,299,631.00	16,179,730.00
	Radisson Digital Technologies	43,270,075	-
	Comlink infotech Limited	-	7,705,400.00
	Power Trade Unified Solution Ltd	-	4,770,000.00
	Panna Battery Limited	-	38,591,999.46
	Panna & Radisson	-	46,080,000.00
	ACI Motors Limited	-	11,844,867.30
	Smart Technologies (BD) Limited	-	7,501,000.00
	Aninda Enterprise	396,675	-
	Summit Communication Ltd	-	529,332.00
	Base Technologies Limited	4,757,707.00	48,490,157.50
	Galaxy Technology (Bangladesh) Ltd	20,882,160.00	23,920,000.00
	Zara Printers	5,489,924	-
	James International	115,844	-
	Nabil Enterprise	13,840,952	-
	HS Engineering	47,916,800	-
	Power Link Engineering	2,276,310	-
	Uttara Traders	1,080,950	-
	SKY HEAL SOLUTIONS	525,195	-
	Arrow Speed	89,000	-
		<b>798,188,136</b>	<b>491,812,486</b>





### 43 Contingent liabilities

- 43.1 i. A writ petition was filed by a subscriber with the Hon'ble High Court Division against the NBR challenging fixation of tariff value by the Government and imposition of VAT & Supplementary Duty of Taka 800 (previously Taka 1,200) per SIM card (Civil petition No. 4356 of 2005). On 24 August 2006 Hon'ble High Court, upon hearing the case, declared that fixation of any tariff value without complying with the provision of the VAT Act as illegal and without any lawful authority. Teletalk followed the order of the Hon'ble High Court and stopped collecting any VAT & Supplementary Duty from subscriber during the period from 24 August 2006 to date. Subsequently, the Hon'ble Appellate Division of the Supreme Court has imposed a temporary stay upon the order of the Hon'ble High Court Division for a period of three months which is still in force.

However, the VAT authority has conducted an audit of the documents of the Company. Upon completion of the audit, the Commissioner, Customs, Excise & VAT, Dhaka (South) on 8 August, 2007 has issued an ex-party order to pay an amount of Taka 851,337,774 as unpaid VAT and SD along with penalty on the alleged charge of evasion by the Company. However, on 6 November, 2007, the Company has filed an appeal with the President of Customs, Excise & VAT Appellate Tribunal, Dhaka against such order of the Commissioner upon payment of 10% of the demand. Upon hearing the case, the Appellate Tribunal issued an order maintaining the order of the Commissioner. Being aggrieved, the Company filed a Writ Petition with the Hon'ble High Court Division and the Hon'ble High Court Division issued a stay order for 6 months which has since been extended up to 10 August 2010. The order of Stay granted earlier by the Hon'ble High Court has been extended till disposal of the Rule.


- 43.2 i. A legal notice has been received from one Mr. Md. Akhter Hossain Mozumder, Advocate, Bangladesh Supreme Court in favor of Bangladesh Telecommunication Business Association (BTBA) against the approximate claim amount of Taka 51,694,944 for payment within 15 days from the receipts of such notice. This notice has been issued resorting to Corporate PCO Client Service agreement dated 5 January 2006 signed and executed among Teletalk Bangladesh Limited (TBL) and Bangladesh Telecommunication Business Association (BTBA). The Company has also given reply through legal adviser in this regard. The issue is yet to be settled as the party applied for arbitration and the arbitration has not yet be started. As per the decision of BoD meeting a legal notice has been served upon BTBA on 26 June 2018.
- ii. An arbitration case has been filed by Opex Telecom Limited, one of the dealers, against the Company under Arbitration Act for its claim amounting Taka 23.4 million. The case has been lying pending before the Hon'ble district Court of Dhaka.




#### 44 Other matters

- i. As per "SRO No. 179-Act/2012/637-VAT Act 1991 (Act No. 22 of 1991)" published on Bangladesh Gazette (Dated 07 June, 2012), mobile phone operators are required to pay VAT at 15% on BTRC license fee, revenue sharing fee and on any other payment to BTRC. Teletalk Bangladesh Limited did not charge VAT @15% on Spectrum Charge paid to BTRC for FY 2014-15, 2015-16 & 2016-17.
- ii. Teletalk Bangladesh Limited (TBL) acquired 3G license from BTRC on October 2013 for Taka 17,143,875,000 including VAT @5%. No agreement was initiated for such license. A letter # BTRC /LL/3G(5)/Teletalk/2013-1093 dated 05 November 2013 was issued from BTRC where it was stated that 60% of this amount would have to be paid within 30 working days and the remaining 40% would have to be paid within next 180 working days. But only Taka 500,000,000 of this amount was paid during the FY2013-14. And the rest of the amount is shown as payable to BTRC (frequency charge for 3G). Without a valid agreement between Teletalk Bangladesh Limited and Bangladesh Telecommunication Regulatory Commission (BTRC) it could not be possible for us to verify the whole amount and any other clauses relevant with such agreement.

  
General Manager (F&A)

  
Managing Director

  
Director

  
Director





**Capital Work in Progress:****30-Jun-22****Annexure:A**

Sl. No.	Particulars	Openning Balance	Addition during the Year	Capitalized during the Year	Closing Balance
1	2	3	4	5	6 = (3+4+5)
1	Modernization and Expantion Project	2,467,766	4,233,820	(6,701,586)	(0)
2	3G Phase II Project	59,926,364	535,728,292	(595,654,656)	-
3	Solar Based Station Project	84,529,474	28,679,977	(38,564,531)	74,644,921
4	Haor & Island Project	537,475,715	1,683,177,387	(2,220,653,102)	-
5	Teletalk Bangladesh Limited	74,282,101	23,676,084	(74,282,101)	23,676,084
6	5G Readiness Project	-	18,825,385	(9,671,626)	9,153,759
7	Coastal & Hill Tracts Project	-	287,338	-	287,338
<b>Total Capital Work in Progress</b>		<b>758,681,420</b>	<b>2,294,608,284</b>	<b>(2,945,527,602)</b>	<b>107,762,102</b>

**30-Jun-21**

Sl. No.	Particulars	Openning Balance	Addition during the Year	Capitalized during the Year	Closing Balance
1	2	3	4	5	6 = (3+4+5)
1	Modernization and Expantion Project	699,780,351	210,601,554	(907,914,139)	2,467,766
2	3G Phase II Project	2,903,369,253	506,594,357	(3,350,037,246)	59,926,364
3	Solar Based Station Project	16,509,390	91,143,056	(23,122,972)	84,529,474
4	Haor & Island Project	459,841,697	826,315,408	(748,681,389)	537,475,715
5	Teletalk Bangladesh Limited	52,641,177	21,640,924	-	74,282,101
<b>Total Capital Work in Progress</b>		<b>4,132,141,868</b>	<b>1,656,295,299</b>	<b>(5,029,755,746)</b>	<b>758,681,420</b>

