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Chartered Accountants

Member firm of Nexia International, UK

**Auditor's Report and Financial Statements
of**

Teletalk Bangladesh Limited

Corporate Office:

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

For the year ended 30 June 2021



TABLE OF CONTENTS

Sl. No.	Particulars	Page No.
01	Auditor's Report	1-7
02	Statement of Financial Position	8
03	Statement of Profit or Loss and Other Comprehensive Income	9
04	Statement of Changes in Equity	10
05	Statement of Cash Flows	11
06	Notes to the Financial Statements	12-29
07	Annexure A	30

**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 2021, 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 2021, 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;
 - i. Company's liquidity position appears to be unsound /adverse as the current assets of the company is Taka **499.44 crore** as against the current liabilities of Taka **906.93 crore** including Government Liabilities, unearned revenue and payable against L/C other than (MEP) funded by GoB of total Taka **316.25 crore** as on 30 June 2021. Hence, a shortfall in working capital of the company is Taka **407.49 crore** and after excluding Government Liabilities and unearned revenues, the shortfall is Taka **91.24 crore**.
 - ii. Company's entire share capital of Taka **643.86 crore** has already been absorbed by the accumulated loss of Taka **895.59 crore** as on 30 June 2021. However, government would continue its utmost support towards its sustainability as the Company is wholly owned by the Government.

Moreover, the company has not yet converted its Share Money Deposit of Taka **667.73 crore** received from the Government against 3G project Phase I on 30 June 2015 to Equity. Once the share money is transferred, the equity will be Taka **1,311.59 crore**. As per the Circular No. 146/FRC/Admin/Circular/2020/01 dated 11 February 2020 issued by the Financial Reporting Council (FRC) the amount should have been legally converted into Share Capital within a maximum of 06 (Six) months of such received.

1

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2. 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 2021 although the Company has many lease agreements for around 5442 Network Base Stations, Corporate Office as well as project office with the landlord with a term of more than 12 months
3. 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 incurred loss.

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 following 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 543.73 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 3081.12 crore** at 30 June 2021. 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 8.44:01 (89%:11%) (Excluding GoB liabilities, unearned revenue and payable against L/C other than (MEP) funded by GoB the ratio of the Company stands at 1.62:01 (62%: 38%)) as on 30 June 2021 compared to 4.74:01 (83%:17%) (Excluding GoB Liabilities, unearned revenue and payable against L/C other than (MEP) funded by GoB the ratio of the Company stands at 0.98:01 (49%:51%)) as on 30 June 2020. However, the long-term Debt/Equity ratio of Teletalk stands at 6.26:01 (86%: 14%) (Excluding GoB Liabilities the ratio of the Company stands at 0.20:01 (17%:83%)) as on 30 June 2021 compared to 3.35:01 (77%: 23%) (Excluding GoB Liabilities the ratio of the Company stands at 0.10:01 (09%: 91%)) as on 30 June 2020.



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

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resulting from error, as fraud may involve collusion, forgery, ^{Chartered Accountants} 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
- d. the expenditures incurred was for the purposes of business.

Dhaka
22 December 2021

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



Nasir Uddin Ahmed, FCA, FCS, CGMA, ACMA (UK)

Senior Partner

ICAB Enrollment No: 535

DVC No.: 2112230535AS535150

MABS & J Partners

Chartered Accountants

Teletalk Bangladesh Limited

Statement of Financial Position

As at 30 June 2021

Particulars	Notes	Amount in Taka	
		30-Jun-21	30-Jun-20
ASSETS			
Non-Current Assets			
Property plant and equipment	4	30,811,178,505	27,850,066,242
Capital work-in-progress	5	758,681,420	4,132,141,867
Intangible assets	6	473,317,904	417,785,047
Deferred tax assets (Liabilities)	7	2,244,209,812	1,830,377,243
Total non-current assets		34,287,387,641	34,230,370,399
Current Assets			
Inventories	8	68,615,906	77,425,571
Sundry debtors	9	968,345,067	985,553,205
Advances, deposits and prepayments	10	1,000,741,546	952,296,941
Advance income tax	11	772,009,890	666,810,502
Accrued interest against fixed deposit receipts		7,424,402	6,849,858
Cash and cash equivalents	12	2,177,225,472	3,009,215,438
Total current assets		4,994,362,283	5,698,151,515
Total Assets		39,281,749,924	39,928,521,914
EQUITY & LIABILITIES			
Shareholders' Equity			
Share capital	13	6,438,661,000	6,438,661,000
Accumulated loss	14	(8,955,868,224)	(6,158,156,126)
Share money deposit	15	6,677,347,897	6,677,347,897
		4,160,140,673	6,957,852,771
Non-Current Liabilities			
Loan from GoB	16	22,567,464,947	21,738,693,042
Grant from GoB	17	2,656,682,668	930,184,222
Deposits from subscribers, dealers and agents	18	175,571,209	173,463,386
Gratuity fund	19	27,837,180	20,078,600
Term Loan from bank	20	624,784,224	476,128,260
Total non-current liabilities		26,052,340,228	23,338,547,510
Current Liabilities and Provisions			
Payable to BTRC	21	591,893,195	629,918,566
Provision for income tax	22	578,798,141	467,475,756
Security deposits from suppliers		111,714,953	98,441,877
Unearned revenue	23	2,126,036,820	1,993,345,401
Sundry creditors	24	5,660,825,914	6,442,940,033
Total current liabilities		9,069,269,023	9,632,121,633
Total Shareholders' Equity & Liabilities		39,281,749,924	39,928,521,914

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

General Manager (F&A)

Managing Director

Director

Director

As our separate report of even date.
Signed for & on behalf of
MABS & J Partners
Chartered Accountants

Nasir Uddin Ahmed, FCA, FCS, CGMA, ACMA (UK)
Senior Partner

ICAB Enrollment No: 535

DVC No.: 2112230535AS 535150

Dated: Dhaka

22 DEC 2021

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Chartered Accountants

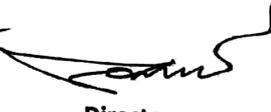
Teletalk Bangladesh Limited Statement of Profit or Loss and Other Comprehensive Income For the period ended 30 June 2021

Particulars	Notes	Amount in Taka	
		30-Jun-21	30-Jun-20
Revenue			
Network revenue	25	4,283,975,598	5,096,335,167
Hardware revenue	26	347,913,793	166,130,390
VAS revenue	27	805,394,500	489,133,699
		5,437,283,891	5,751,599,256
Less: Direct Operating Expenses			
Direct cost of network revenue	28	1,358,423,784	1,660,529,210
Direct cost of hardware revenue	29	593,397,310	510,243,128
		1,951,821,094	2,170,772,338
Gross profit		3,485,462,797	3,580,826,918
Less: Other Operating Expenses			
Network operation and maintenance expenses	30	2,070,279,391	1,800,097,739
General and administrative expenses	31	858,773,005	843,365,755
Selling and distribution expenses	32	543,259,646	481,892,781
Provision for bad & doubtful debts	9	-	3,729,497
Depreciation and amortization	33	2,505,275,609	2,249,932,377
		5,977,587,651	5,379,018,149
Operating Profit		(2,492,124,854)	(1,798,191,231)
Add: Non-operating income	34	128,835,339	255,041,186
Less: Non-operating expenses	35	736,932,767	775,361,594
		(608,097,428)	(520,320,408)
Net Profit before Tax		(3,100,222,282)	(2,318,511,639)
Less: Income tax expense /(income)			
Current tax	36	111,322,385	127,342,030
Deferred tax income	7	(1,456,846,456)	(1,030,947,233)
		(1,345,524,071)	(903,605,203)
Net Profit/(Loss) after Tax		(1,754,698,211)	(1,414,906,436)
Earnings per share of Taka 10.00 each	37	(2.73)	(2.20)

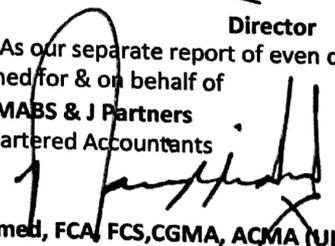
These financial statements should be read in conjunction with the annexed notes.


General Manager (F&A)


Managing Director

 
Director Director

As our separate report of even date.
Signed for & on behalf of
MABS & J Partners
Chartered Accountants


Nasir Uddin Ahmed, FCA, FCS, CGMA, ACMA (UK)
Senior Partner

ICAB Enrollment No: 535

DVC No.: 2112230535AS535150

Dated: Dhaka

22 DEC 2021,

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Chartered Accountants

Teletalk Bangladesh Limited

Statement of Changes in Equity

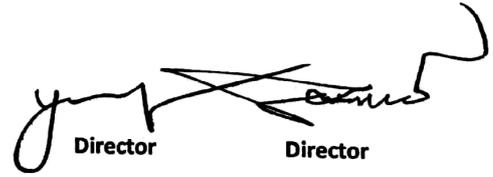
For the year ended 30 June 2021

Particulars	Amount in Taka			
	Share capital	Share money deposit	Accumulated loss	Total
Closing balance as at 30 June 2019	6,438,661,000	6,677,347,897	(6,447,616,703)	6,668,392,194
Increase 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
Increase 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

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


General Manager (F & A)


Managing Director


Director

Dated: Dhaka

22 DEC 2021



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Teletalk Bangladesh Limited

Statement of Cash Flows

For the year ended 30th June 2021

Particulars	Amount in Taka	
	2020-21	2019-20
A. Cash flows from operating activities		
Network revenue	4,416,889,719	4,621,270,581
Hardware revenue	347,913,793	166,130,390
VAS revenue	822,379,936	489,847,170
Non-operating income	128,260,794	273,360,034
Deposits from subscribers, dealers and agents	2,107,823	6,960,900
Security deposits received from/ (refund to) suppliers	13,273,076	1,243,011
Direct cost of network revenue	(1,410,956,422)	(1,178,363,450)
Direct cost of hardware revenue	(584,587,645)	(478,728,024)
Network operation and maintenance expenses	(2,000,994,887)	(2,287,212,970)
General and administrative expenses	(833,897,083)	(841,900,448)
Selling and distribution expenses	(543,259,646)	(481,892,781)
Non-operating expenses	(41,874,133)	(43,390,446)
Tax expenses	(105,199,388)	(144,300,523)
Net cash generated from operating activities	210,055,937	103,023,444
B. Cash flows from investing activities		
Purchase of Asset	(404,399,265)	(14,987,422)
Capital Work in Progress (CWIP)	(2,358,748,602)	(6,320,045,870)
Intangible assets	(103,321,461)	(455,801,658)
Net cash used in investing activities	(2,866,469,328)	(6,790,834,950)
C. Cash flows from Financing Activities		
Term Loan from Bank	148,655,964	176,162,519
Loan from GoB	133,713,272	5,425,828,864
Short term deposit	(200,000,000)	304,437,403
Grant from GoB	1,742,054,190	930,184,222
Net cash generated from financing activities	1,824,423,425	6,836,613,008
Net cash flows (A+B+C)	(831,989,966)	148,801,502
Cash and cash equivalents at the beginning of the year	3,009,215,438	2,860,413,941
Cash and cash equivalents at the end to the year	2,177,225,472	3,009,215,438

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


General Manager (F&A)


Managing Director


Director

Dated: Dhaka

22 DEC 2021



Teletalk Bangladesh Limited
Notes to the Financial Statements
For the year ended 30 June 2021

1. Background

Teletalk Bangladesh Limited (hereinafter referred to as the “Company”) was incorporated as a public limited company on 26 December 2004 with an authorized capital of BDT 20,00,00,00,000 divided into 2,00,00,00,000 ordinary shares of BDT 10 each. The Company obtained the Certificate of Commencement of Business from the Registrar of Joint Stock Companies and Firms on the same day. The Company is wholly owned by the Government of the People’s Republic of Bangladesh and represented by various ministries and Bangladesh Telegraph & Telephone Board (BTTB) presently BTCL.

The Executive Committee of the National Economic Council (“ECNEC”) of the Government of the People’s Republic of Bangladesh decided to form a separate public limited company in the public sector for implementation and operation of the Project named “10 (Ten) Lakh T&T Mobile Telephone Project (1st Phase-2.5 Lakh)” and decided that BTTB presently BTCL should implement the Project and commercial operation be carried out by a public limited company to be formed and later on after completion of the Project, the assets out of this process would be transferred to the company.

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.

The Cellular Mobile Phone Operator License was issued by the Bangladesh Telecommunication Regulatory Commission (“BTRC”) on 1st September, 2004 valid for a period of 15 years, which is renewable upon fulfillment of certain terms and conditions mentioned therein. The license was initially issued in the name of BTTB (currently BTCL) and subsequently transferred in favor of the Company on 16th March 2005 with effect from 1st September 2004.

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, 4G & 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%
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 and 3G 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.

3.7 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.

3.8 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%

3.9 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).

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.

3.10 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 2021 denominated in foreign currencies have been translated into Taka at the rates ruling on the Balance Sheet date.



3.11 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.

3.12 Employees' benefit plan

Provident Fund

The company has established a recognized Contributory Provident Fund (CFP) 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 lien from other organization, 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 BTCL. 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 not yet been registered with the NBR which may face difficult in getting exemption of contribution to the employees. Necessary steps should be taken to obtain approval of 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 makes a regular allocation of 5% on Net Profit before tax as per provisions of Chapter-15, Labour Act 2006.

3.13 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 period ended 30 June 2021

Name of assets	Cost			Depreciation			WDV 30 June 2021
	Balance 1 July 2020	Addition during the year	Disposal during the year	Balance 30 June 2021	Charged during the year	Disposal during the year	
Base station	38,808,540,994	4,312,987,380	-	43,121,528,374	1,920,576,975	-	27,473,037,327
BTS Support Equipment	201,070,256	343,406,316	-	544,476,572	75,352,110	-	417,124,462
Switching equipment	4,331,434,237	107,019,502	-	4,438,453,739	283,043,855	-	1,716,163,913
Transmission equipment	2,322,247,112	627,129,313	-	2,949,376,425	116,487,130	-	1,003,063,171
Office equipment	468,320,386	16,481,362	-	484,801,748	38,533,009	-	63,918,082
Furniture and fixtures	159,541,820	12,104,346	-	171,646,166	10,930,646	-	55,526,025
Computers	195,651,982	15,026,793	-	210,678,775	20,938,609	-	55,315,289
Motor vehicles	141,968,149	-	-	141,968,149	7,180,414	-	26,407,129
Total 30 June 2021	46,628,774,936	5,434,155,011	-	52,062,929,948	2,473,042,748	-	30,811,178,505

For the period ended 30 June 2020

Name of assets	Cost			Depreciation			WDV 30 June 2020
	Balance 1 July 2019	Addition during the year	Disposal during the year	Balance 30 June 2020	Charged during the year	Disposal during the year	
Base station	33,813,587,478	4,994,953,516	-	38,808,540,994	1,727,942,754	-	25,080,626,922
BTS Support Equipment	188,194,553	12,875,703	-	201,070,256	46,890,251	-	149,693,364
Switching equipment	3,429,754,022	901,680,215	-	4,331,434,237	282,146,366	-	1,892,188,266
Transmission equipment	1,920,843,794	401,403,318	-	2,322,247,112	71,565,039	-	492,420,988
Office equipment	456,958,322	11,362,064	-	468,320,386	43,368,471	-	85,969,729
Furniture and fixtures	157,578,046	1,963,774	-	159,541,820	10,670,125	-	54,352,325
Computers	219,867,658	5,835,020	-	225,702,678	20,207,266	-	61,227,105
Motor vehicles	141,600,195	367,954	-	141,968,149	7,226,767	-	33,587,543
Total 30 June 2020	40,328,384,068	6,330,441,564	-	46,628,774,937	2,210,017,039	26,982,501	27,850,066,242

4.01 Dismantling Cost is not required for Assets Retirement Obligation (ARO).



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	Amount in Taka	
	30-Jun-21	30-Jun-20
4.02 Property, plant and equipment-Addition		
Capital Work-in-progress	5,029,755,746	6,285,403,447
Local Purchases	404,399,265	45,038,118
	5,434,155,011	6,330,441,565
5 Capital work-in-progress		
Opening balance	4,132,141,867	5,922,127,799
Add: Addition during the year (Annexure-A)	1,656,295,299	4,495,417,515
Less: Capitalized during the year (Annexure-A)	(5,029,755,746)	(6,285,403,447)
	758,681,420	4,132,141,867
6 Intangible assets		
Cost		
Opening balance	1,626,295,716	1,170,494,058
Prior Year Adjustment	-	-
Add: Addition during the year	103,321,461	455,801,658
	1,729,617,177	1,626,295,716
Less: Accumulated amortization		
Opening balance	1,208,510,669	1,157,546,098
Prior Year Adjustment (Note- 14.1)	-	10,989,192
Amortized during the year	47,788,604	39,975,379
	1,256,299,273	1,208,510,669
	473,317,904	417,785,047
7 Deferred tax assets (Liabilities)		
Opening Balance	1,830,377,243	(433,192,732)
Deferred tax Income Durring the Year	1,456,846,456	1,030,947,233
Deferred tax Income Prior Year Adjustment (Note- 14.1)	(1,043,013,886)	1,232,622,742
	2,244,209,812	1,830,377,243
8 Inventories		
SIM cards (Note- 8.1)	27,475,601	31,453,831
Scratch cards (Note- 8.2)	10,470,964	11,919,050
Dongle/Router (Note-8.3)	30,669,341	34,052,690
	68,615,906	77,425,571
8.1 SIM cards		
Cost of Opening SIM Cards	31,453,831	56,876,828
Add: Addition during the year	45,776,900	35,120,000
	77,230,731	91,996,828
Less: SIM cards Consumption During the year	49,755,130	60,542,997
Cost of Closing SIM Cards	27,475,601	31,453,831



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Chartered Accountants

	Amount in Taka	
	30-Jun-21	30-Jun-20
8.2 Scratch cards		
Cost of Opening Scratch Cards	11,919,050	13,893,664
Add: Addition during the year	-	413,217
	11,919,050	14,306,881
Less: Scratch Cards Consumption During the year	1,448,086	2,387,831
Cost of Closing Scratch Cards	10,470,964	11,919,050
8.3 Dongle/Router		
Cost of Opening Dongle/Router	34,052,690	37,476,819
Add: Addition during the year	-	-
	34,052,690	37,476,819
Less: Dongle/Router Consumption During the year	3,383,349	3,424,129
Cost of Closing Dongle/Router	30,669,341	34,052,690
9 Sundry debtors		
Monthly telephone bills	156,946,612	155,817,567
Receivable from interconnection charges	772,443,200	747,230,400
Receivable from dealers and distributors	162,679,154	162,889,477
Receivable From Mobile Bank (Telecharge)	20,399,774	46,751,588
Receivable from roaming operators	3,718,485	3,720,896
Receivable for VAS revenue	40,194,775	57,180,211
	1,156,382,001	1,173,590,139
Less: Provision for bad & doubtful debts		
Opening balance	188,036,934	218,891,247
Less: Adjustment during the year	-	(34,583,810)
Add: Provision made during the year	-	3,729,497
	188,036,934	188,036,934
	968,345,067	985,553,205
10 Advances, deposits and prepayments		
Advances		
Advance against expenses	14,112,446	39,533,639
Advance paid to various suppliers	315,262,133	421,919,265
VAT current account (Note- 10.1)	145,668,416	196,612,202
Advance to PBTL Optical Fiber	126,227,740	145,078,248
Advance to staff against petty cash	4,750,005	4,620,005
	606,020,741	807,763,360
Deposits		
Security deposit to DESCO & PDB- for electricity	16,500	16,500
Bangladesh Submarine Cable Co. Ltd.	30,000	-
Security deposit to T & T - for telephone	5,989,200	5,989,200
	6,035,700	6,005,700
Short Term Deposit more than 3 Months	200,000,000	-
	200,000,000	-



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Chartered Accountants

	Amount in Taka	
	30-Jun-21	30-Jun-20
Prepayments		
Office rent	13,621,812	5,447,961
BTS rent	175,063,293	133,079,920
	188,685,105	138,527,881
	1,000,741,546	952,296,941
10.1 VAT current account		
Adjustable VAT on bills	361,344,291	323,073,451
Less:		
VAT on airtime revenue	134,477,634	53,826,113
SD, VAT and Surcharge Payable	81,198,241	72,635,136
	215,675,875	126,461,249
	145,668,416	196,612,202
11 Advance income tax		
Advance Company Tax	19,342,757	11,342,757
Deducted at sources by bank & others		
- against interest from short term deposits	61,796,740	53,705,758
- against interest from fixed deposits	194,515,862	189,704,282
-MEP Advance Tax Paid on Bank Deposits	124,830	124,830
- against others	496,229,701	411,932,875
	752,667,133	655,467,745
	772,009,890	666,810,502
12 Cash and cash equivalents		
Cash in hand	2,399,110	2,277,966
Cash at Bank	2,174,826,362	3,006,937,472
	2,177,225,472	3,009,215,438



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13 Authorized Share Capital

2,000,000,000 ordinary shares of Taka 10 each

Issued and paid up share capital

643,866,100 ordinary shares of Taka 10 each fully paid up

Amount in Taka	
30-Jun-21	30-Jun-20
20,000,000,000	20,000,000,000
6,438,661,000	6,438,661,000

13.1 Composition of shareholdings

Name of shareholders	Representation from	Nationality	No. of shares	Value in Taka
1 Ministry of Post & Telecommunications		Bangladeshi	643,864,100	6,438,641,000
2 Mr. Md. Afzal Hossain	MOPT	Bangladeshi	200	2,000
3 Mr. Md. Kamruzzaman	DoT	Bangladeshi	200	2,000
4 Mrs. Salima Sultana, ndc	MOPT	Bangladeshi	200	2,000
5 Mr. Parthapratim Deb	ICT	Bangladeshi	200	2,000
6 Mr. Md. Shahinur Islam	MOLJPA	Bangladeshi	200	2,000
7 Dr. Mohammad Abu Yusuf	MoF	Bangladeshi	200	2,000
8 Brigadier General Tamjidul Haque Chowdhury, NDC, AFWC, PSC	BD Army	Bangladeshi	200	2,000
9 Mr. Md. Muntakim Ashraf	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
			643,866,100	6,438,661,000

13.2 A distribution schedule of the shares as at 30 June 2020 is given below as required by listing regulations:

Slabs by number of shares	Number of shareholders	Number of shares	% of shareholdings
1 to 500	10	2,000	0.00031%
Above 1,000,000	1	643,864,100	99.99969%
		643,866,100	100.00000%

13.3 As per the notification dated 5 May 2010 issued by Bangladesh Securities and Exchange Commission (BSEC), a public limited company, whose paid up capital exceeds Taka 50 crore shall adhere to issue the general public at least 30% of the amount and the Company has been contemplating to issue shares to general public. But as per listing regulation rules a company, which has cumulative loss, can not apply for listing. So, Teletalk not apply for listing.

14 Accumulated loss

Opening balance

Add: Net profit/(loss)for the year

Prior Year Adjustment (Note- 14.1)

(6,158,156,126)	(6,447,616,703)
(1,754,698,211)	(1,414,906,436)
(1,043,013,886)	1,704,367,013
(8,955,868,224)	(6,158,156,126)

14.1 Prior Year Adjustment

Amortization of Intangible assets- software

4G License Fee

Last year Amortization of 4G License

Depreciation on Disaster Management Bureau's Server

Deffered Tax

-	455,801,658
-	(10,989,192)
-	26,931,805
(1,043,013,886)	1,232,622,742
(1,043,013,886)	1,704,367,013



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	Amount in Taka	
	30-Jun-21	30-Jun-20
15 Share money deposit	6,677,347,897	6,677,347,897
This represents money receipt amounting Tk. 667,73,47,897 from GoB against 3G project Phase I as equity as per Subsidiary Loan Agreement (SLA) which is 40% of loan amount (principal only) received from China Exim Bank as on 30 June 2015.		
16 Loan from GoB		
Loan from GoB 3G Project Phae I (Note: 16.1)	16,109,415,329	15,445,931,321
Loan from GoB under 3G project Phase II (Note: 16.2)	6,458,049,618	6,292,761,721
	22,567,464,947	21,738,693,042
16.1 Loan from GoB 3G Project Phase I		
Loan from GoB under 3G project Phase I	10,754,670,000	10,742,010,000
Interest on Loan payable on foreign loan	5,354,745,329	4,703,921,321
	16,109,415,329	15,445,931,321
16.2 Loan from GoB under 3G project Phase II		
Loan from GoB under 3G project Phase II	6,400,135,974	6,266,412,220
Interest on Loan payable on 3G project Phase II	57,913,644	26,349,501
	6,458,049,618	6,292,761,721
17 Grant from GoB		
Fund Received From BTRC for H&I Project (Note: 17.1)	2,463,145,361	829,939,959
Fund received from Gov for Solar Base Station Project (Note: 17.2)	193,537,307	100,244,263
	2,656,682,668	930,184,222
17.1 Fund Received From BTRC for H&I Project		
Fund Received From BTRC for H&I Project	829,939,959	500,000,000
Add: Received Durring the Year	1,648,216,000	330,000,000
Less: Depreciation on Grant Assets of H&I Project	15,010,598	60,041
	2,463,145,361	829,939,959
17.2 Fund received from Gov for Solar Base Station Project		
Fund Received From Gov for H&I Project	100,244,263	100,244,263
Add: Received Durring the Year	93,838,190	-
Less: Depreciation on Grant Assets of SBS Project	545,145	-
	193,537,307	100,244,263
18 Deposits from subscribers, dealers and agents		
Deposits from PCO subscribers	97,591,547	97,591,547
Deposits from postpaid subscribers	7,758,396	3,243,568
Deposits from dealers and distributors	70,221,267	72,628,271
	175,571,209	173,463,386
19 Gratuity Fund		
Opening	20,078,600	24,664,045
Addition : During the Year	27,837,180	20,078,600
Less : Transfer to Gratuity Fund	20,078,600	24,664,045
	27,837,180	20,078,600
20 Term Loan from Financial Institutions		
Loan from DBBL	624,784,224	476,128,260
	624,784,224	476,128,260



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Chartered Accountants

		Amount in Taka	
		30-Jun-21	30-Jun-20
21 Payable to BTRC			
Frequency charges for 2G		100,551,880	100,551,878
Annual license fee		-	-
Revenue sharing charges		39,142,136	110,777,928
Revenue sharing for SoF		452,199,179	418,588,760
		591,893,195	629,918,566
22 Provision for income tax			
Opening		467,475,756	427,526,087
Addition : During the Year		111,322,385	127,342,030
Less : Adjustment During the Year		-	(87,392,361)
		578,798,141	467,475,756
23 Unearned revenue			
Scratch cards		15,071,921	13,650,777
TBPS		22,945,152	42,187,887
Tele charges		2,088,019,747	1,937,506,738
		2,126,036,820	1,993,345,401
<p>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.</p>			
24 Sundry creditors			
Outstanding electricity bills & others		2,352,818,584	351,902,172
Advance against Project		-	158,297,019
Audit fee payable		345,000	287,500
Tax & VAT deducted at source		202,853,853	184,334,650
Payable to suppliers		1,852,676,437	4,431,078,197
Interconnection charge payable		1,192,633,333	1,212,801,088
Payable to roaming operators		41,253,844	35,593,356
Provision for office rent		18,244,864	68,646,050
		5,660,825,914	6,442,940,033
25 Network revenue			
Traffic revenue(Note: 25.01)		4,093,729,422	4,940,507,689
Interconnection revenue		190,049,135	155,638,012
Roaming revenue		197,041	189,466
		4,283,975,598	5,096,335,167
25.01 Traffic revenue			
Voice Revenue		3,249,970,792	4,199,052,758
Data Revenue		717,522,225	645,179,328
SMS Revenue		126,236,405	94,239,042
Welcome tune (CRBT) Revenue		-	2,036,562
		4,093,729,422	4,940,507,689
26 Hardware revenue			
Sale of SIM cards		316,298,223	141,942,540
Modem Sales		2,560,860	3,596,710
Router Sales		524,780	525,560
Replacement of SIM cards		28,494,330	19,985,580
Customers support revenue		35,600	80,000
		347,913,793	166,130,390

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Chartered Accountants

		Amount in Taka	
		30-Jun-21	30-Jun-20
27 VAS revenue			
Commission from Education Board and others		682,250,798	339,091,892
VAS Revenue for Result Publications		2,699,602	17,657,812
Bulk SMS		82,627,271	54,245,229
Standard VAS Revenue		37,660,832	77,213,465
Rental Revenue for Infrastructure Rent		155,997	925,301
		805,394,500	489,133,699
28 Direct cost of network revenue			
Cost of Scratch cards		1,448,086	3,081,195
Interconnection charges		861,833,374	1,114,712,389
Revenue sharing- BTRC		186,012,297	247,839,867
Annual license fee- BTRC		-	115,000
Frequency charges- BTRC		201,603,760	201,103,759
Revenue Sharing for SoF- BTRC		33,610,419	44,707,506
Roaming expenses		3,996,518	5,649,915
Cost of content		69,919,330	43,319,579
		1,358,423,784	1,660,529,210
29 Direct cost of hardware revenue			
Cost of SIM cards (Note: 29.1)		586,864,330	504,884,997
Cost of Dongle/Router (Note: 29.2)		3,383,349	3,424,129
Packing expenses		3,149,631	1,934,002
		593,397,310	510,243,128
29.1 Cost of SIM Cards			
Cost of Opening SIM Card		31,453,831	56,876,828
Add: Addition during the year SIM		45,776,900	35,120,000
		77,230,731	91,996,828
Less: Cost of Closing SIM Card		27,475,601	31,453,831
SIM Card Consumption During the year		49,755,130	60,542,997
Add: Subsidy of SD & VAT on SIM Card sales		537,109,200	444,342,000
		586,864,330	504,884,997
29.2 Cost of Dongle /Router			
Cost of Opening Dongle		34,052,690	37,476,819
Add: Addition during the year		-	-
		34,052,690	37,476,819
Less: Cost of Closing Dongle		30,669,341	34,052,690
Dongle Consumption During the year		3,383,349	3,424,129
30 Network operation and maintenance expenses			
BTS rental charges		299,024,507	254,338,194
BTS electricity bill		723,932,091	618,408,064
Software Cost		19,834,839	7,001,724
BTS Site Sharing Rent		666,486,239	415,414,250
Maintenance expenses		48,150,001	294,856,137
Rent of Generator & Others		5,788,721	1,624,208
Rental charge of optical fiber network		307,062,993	208,455,162
		2,070,279,391	1,800,097,739



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Chartered Accountants

	Amount in Taka	
	30-Jun-21	30-Jun-20
31 General and administrative expenses		
Salary and allowances	521,394,857	492,941,949
Managing Director's remuneration	2,722,445	1,416,379
Contribution of Provident Fund by TBL	17,550,715	16,947,337
Gratuity Expenses	27,837,180	20,078,600
Printing and stationery	17,344,173	4,761,057
Repair and maintenance expenses	17,514,881	11,594,051
Office rent	54,135,032	85,503,291
Car rental expenses	32,372,428	36,276,914
Telephone, fax and e-mail	-	67,286
Distribution of hand sets	11,608,850	1,744,000
Travelling expenses	5,623,252	11,219,498
Security guard and cleaning hire expenses	90,990,115	105,208,489
Utilities	5,776,929	5,731,845
Entertainment	6,355,102	5,738,219
Legal and professional fees	698,168	385,057
Office expenses	253,851	100,523
Board meeting fees	240	184,724
Audit fee (including VAT)	415,000	407,500
Membership fee & subscriptions	1,687,422	1,811,704
Fuel & lubricant	32,830,745	32,616,415
GSM Association fee	3,216,176	1,624,843
Employee training expenses	873,492	162,310
Recruiting expenses	26,196	3,796,614
BVS Expenses	5,035,277	1,123,525
Postage & courier	1,149,766	669,681
Other Expenses (General)	1,360,714	1,253,944
	858,773,005	843,365,755
32 Selling and distribution expenses		
Advertisement	58,545,921	56,493,749
Business promotion	29,424,789	2,634,524
Sales commission	455,288,935	422,764,508
	543,259,646	481,892,781
33 Depreciation and amortization		
Depreciation on Property, plant and equipment (Note-4)	2,473,042,748	2,210,017,039
Depreciation on Grant Assets of H&I Project	(15,010,598)	(60,041)
Depreciation on Grant Assets of SBS Project	(545,145)	-
Amortization on intangible assets	47,788,604	39,975,379
	2,505,275,609	2,249,932,377
34 Non-operating income		
Interest on fixed deposits	47,282,889	138,091,336
Interest on short term deposit	80,879,780	116,207,137
Sale of tender document	668,800	613,292
Foreign Exchange Gain	-	29,416
Miscellaneous income	3,869	100,005
	128,835,339	255,041,186

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Chartered Accountants

	Amount in Taka	
	30-Jun-21	30-Jun-20
35 Non-operating Expenses		
Foreign Exchange Loss	18,214,290	61,101,047
Interest on Loan - 3G Phase I	676,844,343	670,870,101
Interest, Bank charges & commission	41,874,134	43,390,446
	736,932,767	775,361,594
36 Income tax expenses		
Current year tax	111,322,385	120,132,221
Final Tax for Assessment	-	7,209,809
	111,322,385	127,342,030
37 Earnings Per Share		
Basic earnings per share		
Profit attributable to the ordinary shareholders-A	(1,754,698,211)	(1,414,906,436)
Weighted average number of shares outstanding-B	643,866,100	643,866,100
Basic earnings per share-A/B	(2.73)	(2.20)

38 Related Party Transactions

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.

39 Particulars of employees

The number of employees engaged for the year ended 30 June 2021 or part thereof who received a total salary of Taka 36,000 per annum and above was 544 persons (30 June 2020: 546 persons).

40 Subscriber-base

	2020-21	2019-20
	Number of Subscribers	Number of Subscribers
Present capacity	12,400,000	12,400,000
Active subscribers	6,400,000	4,757,452
Attainment in %	52%	38%



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41 Foreign currencies payments and receipts

Purpose of payments

Import of telecommunication equipment
Roaming expenses
GSM association fees

Currencies	2020-21	2019-20
USD	13,420,079	38,780,408
EURO	1,268,491	131,374
USD	109,555	71,330
GBP	14,325	14,325

Received for

Roaming revenue

USD	2,365	2,991
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42 Commitments and Contingencies:

Commitments

i. Letters of credit

USD	226,050	1,478,292
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ii. Commitments with suppliers:

Huawei Technologies (Bangladesh) Limited
Fiber@Home Limited
Radisson Digital Technologies
Comlink infotech Limited
Power Trade Unified Solution Ltd
Panna Battery Limited
Panna & Radisson
ACI Motors Limited
Smart Technologies (BD) Limited
Summit Communication Ltd
Base Technologies Limited
Genesis (PVT) Ltd.
Galaxy Technology (Bangladesh) Ltd
Electro Engineering LTD
Rangpur Metal Industries Ltd

	Taka	Taka
	286,200,000	-
	16,179,730	-
	-	233,604,968
	7,705,400	-
	4,770,000	-
	38,591,999	38,591,999
	46,080,000	-
	11,844,867	-
	7,501,000	-
	529,332	-
	48,490,158	37,295,602
	-	30,142,363
	23,920,000	25,415,000
	-	5,340,600
	-	1,140,000
	491,812,486	371,530,532



43 Contingent liabilities

- 43.1 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.



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Annexure:A

Capital Work in Progress:

30-Jun-21

Sl. No.	Particulars	Opening Balance	Addition during the Year	Capitalized during the Year	Closing Balance
1	2	3	4	5	6 = (3+4+5)
1	Modernization and Expansion 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
Total Capital Work in Progress		4,132,141,868	1,656,295,299	(5,029,755,746)	758,681,420

30-Jun-20

Sl. No.	Particulars	Opening Balance	Addition during the Year	Capitalized during the Year	Closing Balance
1	2	3	4	5	6 = (3+4+5)
1	Modernization and Expansion Project	3,015,696,909	777,730,230	(3,093,646,788)	699,780,351
2	3G Phase II Project	2,838,773,467	3,253,399,669	(3,188,803,882)	2,903,369,253
3	Solar Based Station Project	6,955,000	9,554,390	-	16,509,390
4	Haor & Island Project	9,466,727	453,327,746	(2,952,776)	459,841,697
5	Teletalk Bangladesh Limited	51,235,697	1,405,480	-	52,641,177
Total Capital Work in Progress		5,922,127,799	4,495,417,515	(6,285,403,447)	4,132,141,868



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

