

Annual Report 2011-2012



**BANGLADESH SUBMARINE CABLE
COMPANY LIMITED (BSCCL)**



Annual Report 2011-2012

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Success Milestones

Memorandum of Understanding (MoU) Signing for Joining SMW-4 Consortium	: 04 September 2002
Construction & Maintenance Agreement Signing	: 27 March 2004
IDB Loan Signing (60M USD)	: 12 February 2005
Inauguration of Cox'sbazar Landing Station	: 21 May 2006
Date of Incorporation of the Company	: 24 June 2008
Vendor's Agreement with Government	: 30 June 2008
Commercial Operation of the Company	: 01 July 2008
1st Annual General Meeting	: 14 December 2009
Memorandum of Understanding (MoU) Signing for Joining SMW-5 Consortium	: 28 December 2011
Obtaining IIG License	: 12 April 2012
Inauguration by Hon'ble Prime Minister, Upgrade 3 of SMW-4	: 03 April 2011
Listing with DSE & CSE	: 14 June 2012

Financial History

Figures in Taka

	2011-2012	2010-2011	2009-2010	2008-2009
Revenue Income	1,219,658,588	837,786,048	603,372,651	435,947,816
Net profit before tax	838,690,377	544,789,276	348,619,103	115,546,269
Income tax expenses (net off advance tax)	74,756,000	40,400,283	1,727,527	5,000
Deferred tax expenses	21,670,533	200,684,585	-	-
Retained earnings	686,157,716.00	262,487,328	240,154,654	99,518,387
Taxholiday reserve	385,162,213.00	235,490,031	154,661,914	16,027,883
Revaluation Reserve	346,562,561.00	164,654,032	164,654,032	164,654,032
Share capital	1,185,091,700.00	875,091,700	673,147,800	673,147,812
Shareholders' equity	3,326,267,949.00	1,537,723,091	1,232,618,400	953,348,113
Net fixed assets	2,292,655,718.00	1,782,937,573	1,920,274,951	2,060,675,837
Depreciation	166,436,188	138,042,517	150,301,771	161,504,473
Earning per share	7.85	3.49	3.96	1.32
Dividend percentage(%)	30%(20%-c & 10%-b)	20%(c)	30%(b)	10%(c)
Net assets per share	28	18	18	14
Operating cashflow per share	5.11	8.39	7.42	4.13



Vision :

To be the premier company as Submarine Cable Telecommunications service provider nationwide bridging the digital divide and bringing Internet to the door steps of the rural people of Bangladesh at affordable price.

Mission :

- To provide uninterrupted and quality broad-spectrum telecommunication services in transparent and competitive manner using state-of-the art technology
- To provide Bandwidth service for all kinds of international voice and data circuits through the submarine cable and optical fiber networks.
- To connect Bangladesh to the global information super highway.
- To strengthen the national ICT sector.
- To help the people of Bangladesh getting full benefit of all the Telecommunications & IT related services.

Objectives :

- To provide subscribers easy access to an effective national and global telecommunications network.
- To provide triple play communications facilities comprising data, voice and video.
- To ensure high quality international traffic handling at lower cost.
- To flourish as a viable company and to meet the increasing demand of bandwidth.
- To achieve well-balanced growth of bandwidth in the country so that we can attain a "Digital Bangladesh" by the year 2021.
- To earn large revenue for Government of Bangladesh through the sales of spare bandwidth to the domestic as well as international market and adoption of a dynamic and evolved business plan.

Services:

BSCCL is the root service provider of submarine cable bandwidth and handles country's lone submarine cable. Presently, BSCCL is providing the following services:

- Bandwidth service for different routes and different levels such as STM-1, STM-4, STM-16, STM-64 etc. to the International Internet Gateway (IIG) companies through International Private Leased Circuits (IPLC).
- Bandwidth service for different routes and different levels such as STM-1, STM-4, STM-16, STM-64 etc. to the International (Voice) Gateway (IGW) companies.

Clients:

Presently, as a root service provider of submarine cable bandwidth, BSCCL is serving the following types of clients:

- All IIG Companies.
- All IGW companies.
- Any other corporate users interested in IPLC connections with substantially large bandwidth.





Present Composition of the Board of Directors

Chairman

Mr. Sunil Kanti Bose

Secretary

Ministry of Posts & Telecommunications

Directors

Mr. Jalal Ahmed
Additional Secretary
Ministry of Finance.

Mr. Rabindra Nath Roy Chowdhury
Joint Secretary
Ministry of Science & Technology

Col. Shahriar Ahmed
Colonel (Admin), DSCSC (Rtd.)
Mirpur Cantonment, Dhaka.

Mr. Haider Ahmed Khan, FCA
Sr. Vice President
Dhaka Chamber of Commerce & Industry (DCCI).

Dr. Raqibul Mostafa
Associate Professor
United International University.

Mr. Md. Monwar Hossain
Managing Director
Bangladesh Submarine Cable Co. Ltd.

Mr. Nanda Gopal Chakraborty, FCA, FCS
Partner
Sadhan Das & Co. Chartered Accountants.





Management

Managing Director
Mr. Md. Monwar Hossain
Company Secretary & CFO
Mr. Md. Abdus Salam Khan, FCS

Mr. Parvez Monon Ashraf DGM (Customer Care)	Mr. Mohammad Zakirul Alam DGM (Bandwidth Planning)
Mr. Md. Jahangir Alam DGM (Operation)	
Mr. Md. Shakawat Hussain Manager (Maintenance)	Mrs. Nazia Hassan Manager (Sales)
Mr. Muhammed Shoeb Ali Manager (Development & Purchase)	Mr. Muhammad Tajul Islam Manager (Accounts)
Auditors	Registered & Corporate office
M/S Hoda Vasi Chowdhury & Co. Chartered Accountants BTMC Building (8 th) Level 7-9 Kawran Bazar Commercial Area Dhaka-1215.	Rahmans' Regnum Centre (7th & 8th Floor) 191, Tejgaon - Gulshan Link Road, Tejgaon Commercial area. Dhaka -1208
Bankers	SMW-4 Landing Station
Sonali Bank Limited Ruposhi Bangla Hotel Branch Dhaka-1000.	Submarine Cable Landing Station Jhlongja, Cox'sbazar.
Legal Advisors	Website
Auxilium Legal Sadharan Bima Sadan 24-25 DilKusha C/A, Motijheel, Dhaka-1000	www.bscc.com.bd



Contact Points

Contact Points	Address	Phone	E-mail
Company Secretary & CFO	Rahmans' Regnum Centre(7 th & 8 th Floor) 191, Tejgaon - Gulshan Link Road, Tejgaon Commercial area, Dhaka -1208	+88-02-8879194-5 Ext. 110	salam_bsccl@yahoo.com salam@bsccl.com.bd
DGM (Operation)	Submarine Cable Landing Station Jhlongja, Cox'sbazar.	+88-034151005	jahangirugc@gmail.com
DGM (Customer Care)	Rahmans' Regnum Centre(7 th & 8 th Floor) 191, Tejgaon - Gulshan Link Road, Tejgaon Commercial area, Dhaka -1208	+88-02-8879194-5 Ext. 111	parvez.engr@gmail.com
DGM (BW. Planning)	Rahmans' Regnum Centre(7 th & 8 th Floor) 191, Tejgaon - Gulshan Link Road, Tejgaon Commercial area, Dhaka -1208	+88-02-8879194-5 Ext. 121	zakir_bsccl@yahoo.com





Company Profile

Background :

The **Bangladesh Submarine Cable Company Limited (BSCCL)** was originated and incorporated after separating from erstwhile BTTB with only assets situated at Jhilongja, Cox'sbazar named the Landing Station and the equipments thereon. Before the separation the whole project named "Establishment of International Telecommunication System through Submarine Cable" was undertaken by BTTB participating in an International agreement with an International Consortium namely **SEA - ME - WE - 4** (South East Asia Middle East Western Europe 4). Initially the project was funded by **GOB** and later on a long term sale or lease back facilities for **USD 60 Million** was taken from **Islamic Development Bank (IDB)** for further financing to complete the whole project smoothly.

A **Vendor's Agreement** was signed between the representatives of **GOB** and the **BSCCL** on 30th June 2008 incorporating a statement showing a net worth of the company subtracting the liabilities from the assets. The balance is treated as Net worth payable to the Govt. in share capital.

A **Memorandum of Understanding (MOU)** was signed on 4th day of September 2002 between representatives of **BTTB** and the **SEA - ME - WE - 4** consortium for establishing the framework of the whole Submarine Cable Project. 16 Telecom Operators of 14 countries had signed the MOU grafting the design of the submarine cable laying plan starting from Singapore to Marseilles, France. The concept illustrated that 2 (Two) pairs of submarine cable would be laid, one would be called Express line and the other would be Branch line. There will be two types of stations, one full landing stations and the other would be branch landing stations. The Cox'sbazar connectivity is landing station branching out from the Express Cable at a distance of 1260 km in deep sea.

A **Construction and Maintenance Agreement** has been signed on 27th day of March 2004 between representatives of **BTTB** and the **SEA - ME - WE - 4** for the whole project including establishment of Express line, Branch line and Landing Station also maintenance of these for 25 years with regular upgradation as and when required. The whole cost was borne by the 16 participant members in the consortium proportionately.

A **Lease Agreement** was signed between representative of **GOB** and the representative of **Islamic Development Bank (IDB)** on 12th February 2005 where the Govt. of Bangladesh had requested the Bank to purchase the Equipment set forth in the project named "Establishment of International Telecommunication System through Submarine Cable" from where only the establishment of Landing Station cost and the associated assets were to be handed over to BSCCL later on. There were other projects related to these which were also funded by IDB under the said Lease Agreement



but our scope was limited, to the cost involved for establishing only the landing station and the Fiber optic link between the landing station and the Beach Man-hole (4.5 km).

A Pertinent Purchase Agreement was signed on the same date between the same parties having almost same contents to complete the facility program.

Incorporation of Submarine Cable :

With the view described above, Bangladesh Submarine Cable Company Limited (the "Company"), being the government sponsored telecommunication company in the country, was incorporated on 24 June, 2008 as a public limited company under the Companies Act, 1994 with an authorized capital of Tk. 10,000,000,000. On the same day, the Company obtained Certificate of Commencement of Business.

Corporate Governance :

The philosophy of good governance is mainly aimed at assisting the top management in efficient conduct of the affairs of an organization as well as in meeting the obligations to all the shareholders, thereby ensuring transparency, accountability and utmost integrity. The corporate governance is thus a system, which influences how the objectives are set and achieved and how the performance is maximized.

The Managing Director of Bangladesh Submarine Cable Company Limited, under certain specific directions, acts as the Chief Executive Officer and is empowered to run the affairs of the Company. For smooth performances, the Managing Director delegates authorities to the Company Secretary and other Senior Managers to render his responsibilities most efficiently and effectively.

The Board of Directors of Bangladesh Submarine Cable Company Limited always acts in the firm belief that effectiveness results from teamwork and adoption of the best practices. The Directors always support good corporate governance based on a generally accepted framework and are committed to attain the highest standards of disclosures to perform its obligations of accountability to the stakeholders in order to achieve their fullest confidence in the Company.

Pursuance to Notification No. SEC/CMRRC/2006-258/134/Admin/44 dated 07 August 2012, a statement and status of compliance have been prepared and enclosed in the Annexure-I, II, III respectively.





Subject: NOTICE of the 4th Annual General Meeting.

NOTICE is hereby given that the 4th Annual General Meeting of the Shareholders of the **BANGLADESH SUBMARINE CABLE COMPANY LIMITED (BSCCL)** will be held at the Multipurpose Ballroom of Hotel The Cox Today, Cox'sbazar on Saturday, 17 November 2012 at 11:00 A.M. to transact the following business:

- Agenda # 1 To receive and adopt the Directors' Report and the audited financial statements for the year ended on 30 June 2012 together with Auditors' Report thereon.
- Agenda # 2 To declare dividend for the year ended on 30 June 2012 as recommended by the Board of Directors.
- Agenda # 3 To elect Directors as per Articles of Association of the company.
- Agenda # 4 To appoint auditors for the FY 2012-2013 and fix their remuneration.
- Agenda # 5 To approve the appointment of the Independent Director of the company.

All the Shareholders are requested to kindly make it convenient to attend the AGM.

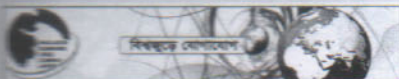
BY ORDER OF THE BOARD

Dated: Dhaka
1st October, 2012.

Md. Abdus Salam Khan, FCS
Company Secretary & CFO

Note:

- The Shareholders whose names were appeared in the Share Register of the company or in the Depository Register on the record date i.e. 24th September 2012 will be entitled to attend the Annual General Meeting and to receive the dividend.
- Members entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote on his/her behalf. The Proxy form must be affixed with requisite revenue stamp and must be submitted to the Registered Office of the company not less than 48 hours before the time fixed for the Annual General Meeting. Proxy must be a Member of the Company.
- Admission to the meeting room will be strictly on production of the attendance slip sent with the Notice as well as verification of signature of Member (s) and /or Proxy-holder(s).
- No gift or benefit in cash or kind shall be paid to the holders of equity securities in terms of Clause (c) of the Notification No. SEC/SRMI/2000-953/1950 dated 24 October 2000 for attending the AGM of the Company.
- The Annual Report is available in the Company's website at www.bscl.com.bd





MESSAGE

from the Chairman of the Company

Dear Shareholders, Colleagues, Ladies and Gentlemen

I hereby welcome you all to this 4th Annual General Meeting and submit the Annual Report containing audited Financial Statements and reports thereon for your consideration and approval.

This is evident from the performance of the Company, under a capable Management with full support and contribution of you all and the Board of Directors that the company is achieving a high degree of prosperity. I also feel obliged to unambiguously mention the other contributors including, but not being limited to, the MoPT, SEC, DSE, CSE, CDBL, RJSC, Banks, Financiers, Insurers, Distributors, Patrons and the Society at large who consider the Company as their own.

The Company is holding high position amongst the peers with outstanding contribution to the society with quality bandwidth for data and voice communications. All these make the Company a unique one in the Country's Corporate Register.

The growth rate of GDP despite continued recession in the West/Developed economics, is on an average is more than 6% per annum. Investment in diversified telecom business seems to be inevitable for the economic growth of the Country.

I wish sincerely about the prosperity of this Company and strongly believe that its financial growth and market stability would gradually raise it to a reasonably high level in the telecom sector.

Thanking you all with wishes of a peaceful prosperity and good health.

Chairman
BSCCL





Directors' Report

Dear Shareholders

The Board of Directors of Bangladesh Submarine Cable Co. Ltd. (the "Company") welcomes you at the 4th Annual General Meeting of the Company. We also take pleasure in presenting the operational activities and the audited financial statements for the year ended on 30 June 2012 together with the report of the auditors thereon.

Economic scenario and prospect of the industry

The economy of Bangladesh has grown at the rate higher than 6% p.a. over the past few years and the country still remains over-populated with high level of poverty. While more than half of the GDP belongs to the service sector, nearly two-third of Bangladeshi populations are employed in the agriculture sector, with rice as the most important produce. Remittances from Bangladeshis working overseas, mainly in the Middle East and East Asia as well as exports of garments are the main sources of foreign exchange earning. Economic growth is rather indigenous with slow growth in foreign direct investment.

Bangladesh's predominantly agricultural economy depends heavily on an erratic monsoonal cycle, with periodic flooding and drought. Although improving at a very fast rate, infrastructure to support transportation, communication, power supply and water distribution is yet to be developed. Bangladesh is poor in its reserves of oil, but recently there was huge development in coal mining. While the service sector has expanded rapidly during last two decades, country's industrial base remains narrow. The country's main endowments include its vast human resource base, rich agricultural land, relatively abundant water and substantial reserves of natural gas which are depleting quickly and may require switching over to exploring of other natural resources.

In the era of globalization, communication has become the most significant factor. In a densely populated country like Bangladesh, telecommunication can play a vital role to boost the economy and social level of the people.

However, the Bangladesh telecommunication industry is rapidly growing but it is still far behind in comparison to telecommunication industries of some South Asian neighbors. Unfavorable growth conditions due to weak marketing strategies in rural areas and poor infrastructure are hampering the growth of telecommunication industry in the country. However, the growth of mobile telephone is quite significant. Broadband internet services are spreading in slow pace although Government is taking remarkable steps to bring internet service cost to an affordable range for the common people.

Competitive condition in business

Bangladesh Submarine Cable Company (BSCCL) is a core Telecommunications service provider through the international Submarine (fiber optic) Cable. The service provided by





MESSAGE

from the Chairman of the Company

BSCCL represents the Ultra High Bandwidth through Submarine Cable between Bangladesh and the rest of the world. BSCCL presently handles Bangladesh's only submarine cable called the SEA-ME-WE-4 (South East Asia-Middle East-Western Europe-4) and represents our country in the SEA-ME-WE-4 international submarine cable consortium. By providing submarine cable Bandwidth BSCCL is contributing to the revenue earning of the Government of Bangladesh. BSCCL is one of the growing companies in the Telecom sector and company's submarine cable network is the main telecommunications infrastructure of the country for international communications.

Currently BSCCL has no competitor in the Submarine Cable Telecommunications sector and is the sole supplier of bulk bandwidth. It has secured the permit/license from the Government of Bangladesh for providing service through the submarine cable. All the IIG and IGW companies would require taking lease of bandwidth from BSCCL according to the tariff system approved by the Govt. and based on the license guidelines, terms & conditions, and regulations of the Govt.

Recently, six (6) International Terrestrial Cable (ITC) licenses have been issued by Bangladesh Telecommunication Regulatory Commission (BTRC). ITC license holders will build International Terrestrial links with neighboring countries and will offer IPLC service. Hence, ITC license holders are going to be competitors of BSCCL.

Moreover, Government has also issued 34 new IIG licenses and 22 IGW licenses. Newly issued license holders are in the process of building their network and have started applying to BSCCL for Submarine Cable capacity. It could be expected that this will boost up bandwidth utilization of BSCCL.

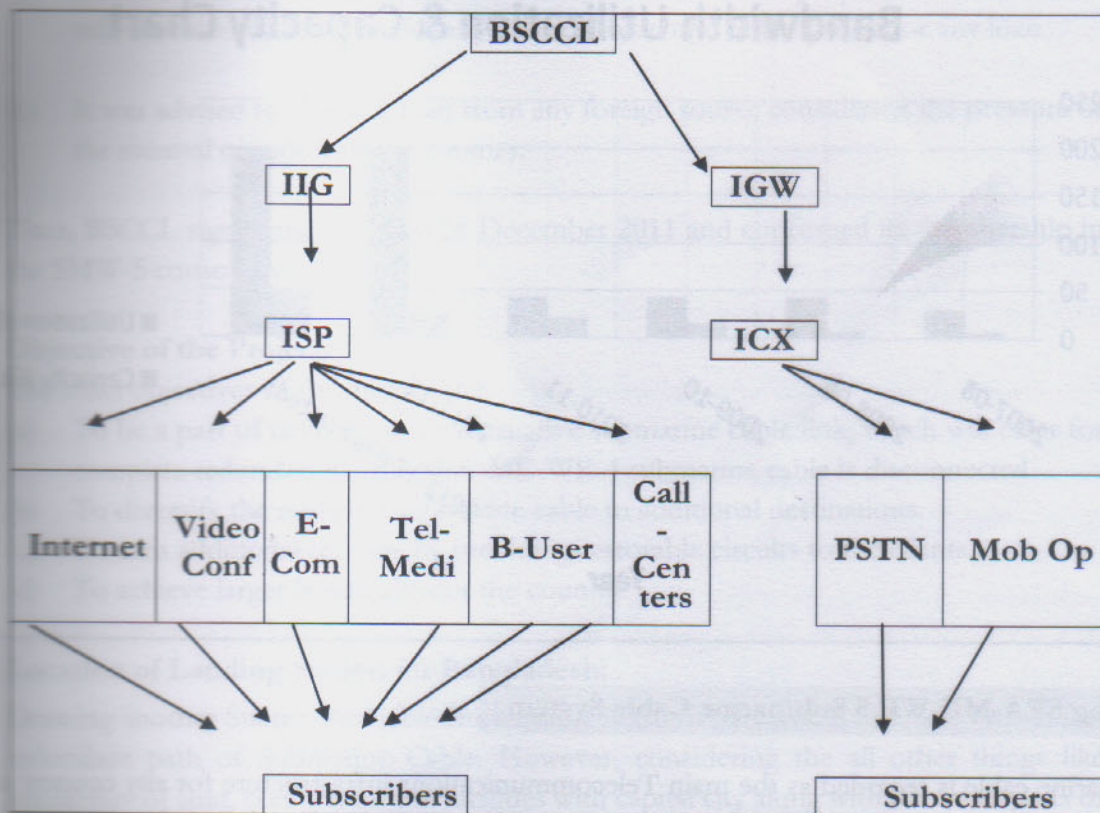
Products Line

BSCCL is authorized to sell or lease Bandwidth to the followings, within the framework of the Licensing Guideline and with the approval of the Bangladesh Telecommunication regulatory Commission.

1. All IIG (International Internet Gateway) Companies.
 2. All IGW (International Voice Gateway) companies.
 3. Any other corporate users interested in IPLC connections with substantially large bandwidth.
- BSCCL has diversified business and obtained a new IIG license and a new product would be distribution/sale of IP transit to the Internet Service Providers.



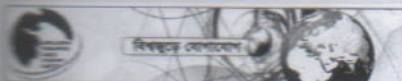
The service flow to ultimate customers is as follow:



Capacity, Utilization and Participation in Upgrade #3

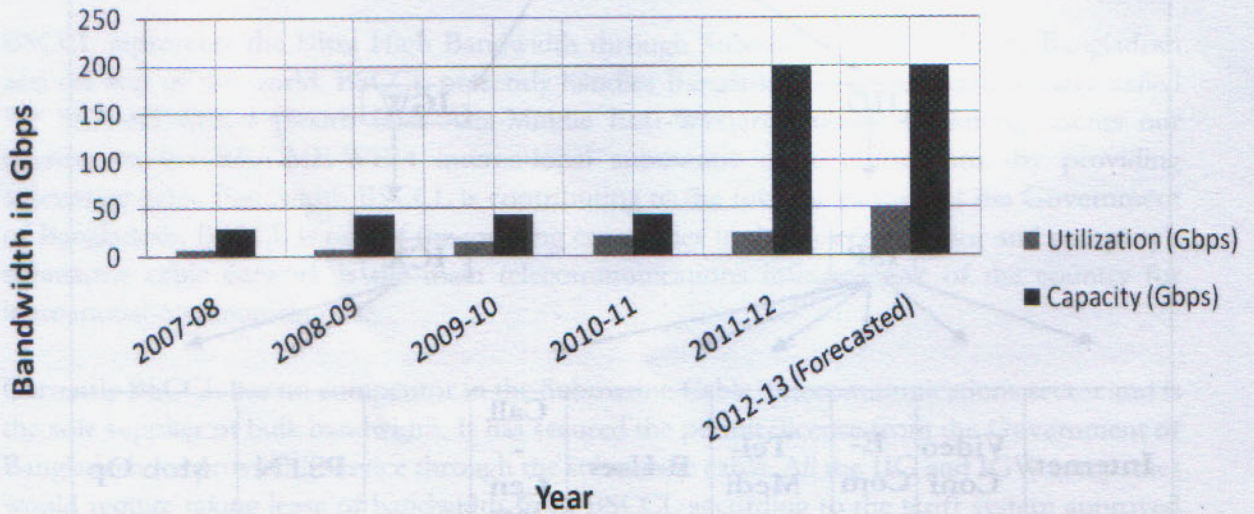
As a member of SMW-4 consortium, Bangladesh started with 7.5 Gbps bandwidth in the year 2006. Through Upgrade 1 & 2, we received some bandwidth as a member country without any investment and our bandwidth capacity was increased to 44.60 Gbps in 2008. While considering the future capacity and demand it has been observed that at the end of FY 2012-13 BSCCL would possess Bandwidth capacity which should be exhausted (44.60 Gbps). The demand for Bandwidth has been increasing due to expansion of business in Bangladesh. Considering the increasing demand of bandwidth of the country, BSCCL participated in Upgrade#3 of SEA-ME-WE-4 consortium to achieve additional around 6 million MIU*km capacity by investing 50 crore taka from its own fund. Additional capacity is started adding with existing capacity by September 2012, total bandwidth capacity of BSCCL reached to 200 Gbps and in FY 2012-2013 forecasted demand would be 60 Gbps.

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (Forecasted)
Utilization (Gbps)	7.13	7.60	15.20	21.86	30.00	60.00
Capacity (Gbps)	29.32	44.60	44.60	44.60	200.00	200.00





Bandwidth Utilization & Capacity Chart



Joining SEA-ME-WE 5 Submarine Cable System

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Submarine cable is regarded as the main Telecommunications infrastructure for any country and it is one of the most important components for building a Digital Bangladesh by the year 2021. Bangladesh is connected to the SEA-ME-WE-4 submarine cable system through a branch cable from Cox's Bazar to the main cable in the deep sea. Due to natural calamities and manmade reasons, existing submarine cable is vulnerable to disruptions due to cable cut and other incidents (such as repeater failure) of link outage. Therefore, an alternative submarine cable was a necessity to add redundancy to the existing submarine cable network as well as for route diversity of International Circuits.

BSCCL received the invitation to join SMW-5 Consortium Cable which is under implementation. Potential Investors Meeting (PIM) was held on 14th October 2011 in Singapore. BSCCL was invited in that meeting and the Managing Director attended the PIM. BSCCL requested the Ministry of Post and Telecommunications (MoPT) for necessary Govt. permission to join the SMW-5 Consortium as per the instruction of BoD.

On 27 December, 2011 MoPT approved BSCCL to join SMW-5 Submarine Cable consortium as per the following conditions detailed by the Ministry of Finance:

- As BSCCL is a Limited Company, Government will not take part in any investment of this project.



- (b) Government will not provide any 'Loan Guarantee' in this project and Government will not take any liabilities for any financial outcome of the project or any loan.
- (c) It was advised to take soft loan from any foreign source considering the pressure of the internal economy of the country.

Thus, BSCCL signed the MoU on 28 December 2011 and confirmed its membership in the SMW-5 consortium.

Objective of the Project:

The main objectives of the project are:

- (a) To be a part of developing an alternative submarine cable link, which will cater for complete redundancy if the SEA-ME-WE-4 submarine cable is disconnected
- (b) To diversify the route for submarine cable to additional destinations.
- (c) To earn additional revenue by providing restorable circuits to the clients.
- (d) To achieve larger bandwidth for the country.

Location of Landing Station for Bangladesh:

Drawing another Submarine Cable from South-Western part would be a good option of redundant path of Submarine Cable. However, considering the all other things like availability of land, communication facilities with capital city along with the other parts of the country, availability of living facilities for the maintenance staffs etc, it was decided primarily to build the landing station at either Mongla of Bagerhat district or Kuakata of Pinnakhali District.

System Configuration:

SMW5 will be a high capacity single backbone fibre optic network linking South East Asia, Middle East, East Africa and Europe. The initial member in SMW-5 are Singapore, Indonesia, Thailand, Myanmar, Bangladesh, Sri Lanka, Pakistan, United Arab Emirates, Oman, Saudi Arabia, France, China Mobile, China Unicom, China Telecom, Australia (Telstra) and Taiwan.

Important Timeline

Presently, cable route planning, budget finalization, preparation of issuing ITT is in progress. Important timeline of the project is as follow:

- o Issue ITT - 2Q 2012
- o Sign C&MA & Supply Contract - 1Q 2013
- o SMW-5 target RFS - 4Q 2014



Financial Information:

1. Amount of Investment (for BSCCL) might be approximately 400 crore taka (50 million USD).
2. Equity Loan ratio will be 50:50.
3. The Company will arrange Tk. 200 Crore from its own sources.
4. BSCCL is expecting to arrange 200 crore taka from Islamic Development Bank (IDB) as soft loan.

Obtaining IIG License

BTRC through a newspaper advertisement asked for Expression of Interest (EoI) from Telecom Companies/Companies interested to obtain IIG License. Regulatory and Licensing guidelines including the prescribed application form along with general terms and conditions were uploaded in the website of BTRC and entities having adequate financial, technical and organizational capabilities were asked to submit applications by 22nd November, 2011.

With a view to obtain an IIG License BSCCL submitted the application with necessary documents. On 4th March, 2012 BSCCL received a 'Notification of Award' which approved BSCCL by the Government to receive the license to Build, Operate and Maintain IIG services in Bangladesh. On 12th April, 2012 Operator License for International Internet Gateway (IIG) services was handed over to BSCCL by BTRC.

BSCCL may have the following major advantages in business;

- a) In future, BSCCL would not remain as the sole agency to supply bulk bandwidth to IGW, IIG and other corporate users. The competitors would be the ITC License holders. Thus BSCCL should diversify its business since the total Bandwidth sales might reduce for BSCCL.
- b) The BSCCL Management considers that some of the Telecom Companies are in advantageous position in business after getting two Licenses. These are Mango Teleservices having IIG and ITC licenses, Novotel having IGW & ITC licenses, Summit having NTTN & ITC license and Fiber@Home having NTTN and ITC license. So BSCCL also obtained submarine cable and IIG licenses.
- c) BSCCL could provide service to the subscriber at much cheaper price than others as BSCCL would be able to connect many international IP transit points with own submarine cable system.





- d) Existing resource and strength of BSCCL could be partially utilized for new business.
- e) BSCCL has secured a very good reputation over the Telecommunication industries of Bangladesh and abroad as well.
- f) IP traffic is increasing exponentially in Telecommunication industry. So growth of IIG is expected to be high in future in Bangladesh.
- g) BSCCL with new business would perform better together under single umbrella. BSCCL might plan to provide backhaul service in future based on the two businesses.
- h) BSCCL after implementation of 2nd submarine cable under SMW-5 consortium will have redundancy and also a huge amount of surplus BW for national consumption as well as for export to the neighboring countries.

Export of Bandwidth to Neighboring Countries:

BSCCL has received a proposal from the Assam Govt. regarding provision of bandwidth in eight North-Eastern provinces of India. The provinces are Assam, Meghalaya, Tripura, Mizoram, Manipur, Nagaland, Arunachal Pradesh and Sikkim. There was a high power delegation from India who discussed with the Bangladesh Govt. (MoPT) regarding connectivity through Cox's bazaar Landing Station with the following two Land Optical Fiber Links to those eight provinces of India.

- Cox's bazaar-Chittagong-Comilla-Agartola
- Cox's bazaar- Chittagong-Sylhet-Tamabil-Shilong-Gawhati.

The main objectives of the project are:

- i) To develop two Land Optical Fiber Links to provide SEA-ME-WE-4 submarine cable bandwidth to eight North Eastern provinces of India.
- ii) To diversify the business of BSCCL.
- iii) To sell spare bandwidth and earn foreign currency.

There is requirement for a basic supply of 10 Gbps bandwidth for data and voice to Assam province initially and the requirement will increase gradually for supply to other provinces.

Delegates from Bangladesh Government and BSCCL visited Assam during October, 2011 in order to discuss the details of the project. Hopefully, the project will be started from January 2013 and it might take 12 months to implement the project.

Nevertheless, the growth in telecommunications in Bangladesh has been phenomenal. Export of bandwidth to our neighbor country will be able to earn a sizable foreign currency in the near future.



Industry Risk:

Customers always want to avail the service at lower rate that may reduce IPLC charges as well as total revenue of the company.

Management perception:

Demand is increasing day by day regarding data and voice service. If the management of the company reduces charges of the product then volume of sales will be higher of the product. This will increase the total revenue and thus decrease of price may not affect the earning of the company drastically.

Extra Ordinary Gain (Loss):

There is no extra ordinary gain by the company during the year under reporting. The company listed with bourses on 14th June 2012 for that tax provision during 4th quarter has been reduced drastically. The Government has recently granted 74 new IGW, IIG and ICX license and new companies have started taking bandwidth from us during May- June 2012 for which the company earned substantial amount of money through issuance of demand notes.

Related Party Transaction:

The Company has no related party transactions as per BAS-24.

Utilization of Proceeds from IPO:

The company received Tk.108 crore proceeds from IPO and planned to adjust IDB loan and spent for IPO for Tk. 5 crore and remaining amount had been used as working capital of the company to be utilized for SMW-5 Project.

Significant variance of Financial Statements:

There is no significance variance in the financial statements during the year ended on 30th June 2012.

Remuneration to Directors:

During the financial year 2011-2012 Tk. 348,450 was paid as Directors Remuneration for attending Board of Directors Meeting. The Board of Directors in its 57th meeting held on 18-03-2012 increased the Board Meeting Attendance fees from Tk. 2,500 to Tk. 4,000 for each Director.

Revaluation of Land:

Land measuring 5.49 acres situated at Cox's Bazar has been revalued once again during the year by an independent firm and the revaluation surplus has been taken in the revaluation reserve account and other relevant information are as follows:

- i) Cut off date of revaluation: 30 June 2011
- ii) Revaluation effected: 1 July 2011
- iii) Revalued by: A B Saha & Co, Chartered Accountants
- iv) Method : Current market price of land
- v) Carrying amount under cost model: Taka 45,968



(vi) Revaluation surplus:

Opening balance	164,654,032
Addition during the year 2011 - 2012	181,908,529
Closing balance	<u>346,562,561</u>

Appointment of Managing Director:

The current employment contract of the Managing Director Mr. Monwar Hossain expired on 30 September 2012 and the Board of Directors of the Company evaluated the performances and decided to extend the service of Mr. Hossain for a further period of two years effective from 01 October 2012.

Credit Rating of the Company:

Credit Rating Information & Services Limited has rated BSCCL as AAA in the long term and SU-1 in the short term both Government support and stand-alone basis. The company has been awarded the rating on 21st November 2011.

The above ratings have been assigned after due consideration to its good fundamentals such as substantial Government ownership, strong equity base, good financial and operating performance, sound liquidity, experienced management team and monopoly business.

Human Resources Policy:

Total human resource strength of the company stood at 45 on June 30, 2012. Among the employees 19 are in Officer Level and 26 are support Staff. Compared to the officers, the number of staffs has been found in the higher side. Again the Company has 41 permanent, 3 contractual and 1 casual employees. The Company has separate services rule approved by the Board. Employee turnover of the Company has been found to be insignificant. After incorporation in 2008 only two employees resigned from the Company. The Company provides festival bonus, profit bonus, gratuity to all employees and hospitalization benefits after due analysis of cases. The performance of the employees is evaluated on regular basis which is the key factor for promotion. However, no employee has been promoted in last two years.

IT and MIS:

As an IT based telecom organization, BSCCL has been operating with a good IT infrastructure for the tasks related with technology. BSCCL has SSEOPS and GO-Global UX 2.1.2 to communicate with other landing stations in real time virtual online network. Submarine cable landing station has data management system called System Surveillance Equipment (SSE) which allows the operator to monitor and control the entire submarine system. The Company has NOC modules like Trouble Ticket, Inventory Management, System Status, Restoration Status, Termination Station Module etc. Other supporting tasks are less complicated. The company uses "Tally Software" for accounting purpose – preparing salary sheet, monthly budget and voucher entry.





ANNEXURE-I

The Directors report that:

- ❖ There is no Related Party Transactions during year under reporting.
- ❖ The Financial Statement of the Company present true and fair view of the Company's state of affairs, result of its operation, cash flows and changes in equity.
- ❖ Proper books of account as required by the prevailing law have been maintained.
- ❖ Appropriate accounting policies have been followed in formulating the financial statements and accounting estimates were reasonable and prudent.
- ❖ The financial statement was prepared in accordance with IAS/BAS/IFRS/BFRS.
- ❖ The internal control system is sound in design and is effectively implemented and monitored.
- ❖ There is no significant doubt about the Company's ability to continue as a growing concern.
- ❖ There is no significant deviation from the operating result of the last year.
- ❖ Key operating and financial data of last four years have been presented in summarized form in page no 20.
- ❖ The number of Board Meeting and the Attendance of Directors during the year 2011-2012 are as follows:

Name of Directors	Position	Meeting Held	Attended
Mr. Sunil Kanti Bose	Chairman	18	17
Syed Monjurul Islam	Director	18	13
Mr. Rabindra Nath Roy Chowdhury	Director	18	17
Col. Shahriar Ahmed	Director	18	17
Dr. Raqibul Mostafa	Director	18	17
Mr. Asif Ibrahim	Director	18	02
Mr. Md. Monwar Hossain	Managing Director	18	18



ANNEXURE-II

The pattern of shareholding as required by clause 1.5(xxi) of the SEC Notification dated 7th August 2012:

No.	Name of Share Holder	Status	Shares Held	Percentage
i)	Parent/Subsidiary/Associate Companies			
	Ministry of Post & Telecommunications		87,509,030	73.83%
ii)	Director, Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their spouses and minor children			
	Mr. Sunil Kanti Bose	Chairman	20	0.00%
	Syed Monjurul Islam	Board Member	20	0.00%
	Mr. Rabindra Nath Roy Chowdhury	Board Member	20	0.00%
	Col. Shahriar Ahmed	Board Member	20	0.00%
	Dr. Raqibul Mostafa	Board Member	20	0.00%
	Mr. Asif Ibrahim	Board Member	20	0.00%
	Mr. Md. Monwar Hossain	Board Member	20	0.01%
	Mr. Md. Monwar Hossain	Managing Director	154,835	0.13%
	Mr. Md. Abdus Salam Khan	Company Secretary	25,316	0.02%
iii)	Executives(as explained in the SEC Notification No:SEC/CMRRCD/2006-158/Admin/02-08 dated 20 february,2006			
	Mr. Parvez Monon Ashraf	DGM(Customer Care)	19,305	0.02%
	Mr. Mohammad Zakirul Alam	DGM(Bandwidth&Planning)	19,305	0.02%
	Mr. Md. Shakawat Hussain	Manager(Maintenance)	21,597	0.02%
	Mr. Muhammad Tajul Islam	Manager (Accounts)	7,797	0.01%
	Mrs. Nazia Hassan	Manager(Sales)	30,007	0.02%
	Other Employees		221,833	0.18%
iv)	Shareholders holding ten percent or more voting interest			
	General Public		15,011,905	12.67%
	Institution		15,488,100	13.07%
	Total		118,509,170	100.00%



Brief Resume of the Directors who seek re-appointment in the ensuing AGM

1) Dr. Raqibul Mostafa, Director

Dr. Raqibul Mostafa is a Director of the Company since, 2010. He was born in 1966. He obtained Ph.D. (EE Dept., Virginia Tech, USA, M.Sc. (EE Dept., Virginia Tech, USA) & B.Sc. (EEE Dept., BUET). Dr. Mostafa joined as a Senior Engineer in the Corporate Research and Development division of Qualcomm Inc., a globally renowned wireless company in October 2004. He worked on various communication standards by designing test specifications applicable to such standards and numerous research projects. He worked in Qualcomm for more than four and half years before taking up teaching position in the EEE dept in UIU in June 2009. Currently he is an Associate Professor in the EEE dept of United International University.

2) Col. Shahriar Ahmed, Director

Col. Shahriar Ahmed is a director of the Company since 2010. He was born in 25th August, 1958. He obtained B.A (Pass) from Bangladesh Army. He joined Bangladesh Army in 1978 and was commissioned in 1979 in the Corps of Signals. He was trained in the army on various communications units with specialization of designing and maintaining wireless links. He was deputed to Bangladesh Rifles (BDR) as Director Communications and was responsible for BDR communications throughout the country. He was holding a very responsible post of Station Commander in Jessore Cantonment. Before going on LPR, he was working as Colonel Administration of Defence Services Command and Staff College, Mirpur Cantonment. He had been posted abroad to serve the UN Mission in Former Yugoslavia and Sierraleone.

Brief resume of the Directors approved by the Board to fill casual vacancies

Posts of the following two Directors fell Vacant:

Sayed Monjurul Islam, Addl. Secretary, MoF

Mr. Asif Ibrahim, President, DCCI

The Board of Directors appointed the following persons as Directors in the vacant posts:

1) Mr. Haider Ahmed Khan, Director

Mr. Haider Ahmed Khan FCA is a director of the Company. He was born in 15 October, 1955. He is a fellow member of the Institute of Chartered Accountant of Bangladesh (ICAB). He started his carrier as an Assistant Director of BTTB and after 1985 he joined as Financial Analyst of autonomous bodies wing Ministry of Finance, GOB. He was a Vice President of Lotus Kamal Group. He is the Chairman of MM. Agro Enterprise Ltd. He is also an Independent Director of Bangladesh Finance and Investment Company Ltd. Currently he is the Sr. Vice President of Dhaka Chamber of Commerce & Industry (DCCI).



2. Mr. Jalal Ahmed, Director

Mr. Jalal Ahmed is a director of the Company. He was born in 3rd January 1961. He obtained Masters degree from Dhaka University. He was promoted to the rank of Additional Secretary to the Government in October 10, 2011. He joined Ministry of Finance as Additional Secretary in September 2012. He was trained on various administrative and financial affairs inside and outside of the country. Apart from being a Director of the Bangladesh Submarine Cable Company Limited, he is representing Finance Division in British American Tobacco, Bangladesh Telecommunication Company Limited, Bangladesh Services Limited, Armed Forces Medical College and IPDC as a Director. Mr. Jalal Ahmed joined Bangladesh Civil Service (Administration) Cadre in 1983. His length of service is nearly 30 years. Mr. Ahmed was Vice Chairman of Export Promotion Bureau (EPB), the Trade Promotion Body of the Country (August 2010 - October 2011). During that period, the Country attained Export growth history (i.e. 41.47%) which has not happened ever before. Earlier he was Chairman, Bangladesh Oil, Gas and Minerals Corporation (Petrobangla), one of the largest Public Enterprises of Bangladesh.

4. External Statutory Auditors:	69,846
5. Subsidiary Company:	5,351
6. Duties of CEO & CFO:	6,342
7. Reporting and Compliance of Corporate Governance:	
8. Income Statement:	
9. Dividend:	
10. Earnings:	



ANNEXURE-III

Compliance of Notification No. SEC/CMRRCD/2006-158/134/Admin/44

dated 7th August 2012.

1. Board of Directors:

1.1 Board Size:

The number of members of the Board of Directors stands at 7 (excluding Independent Director) which is within the limits given by SEC.

1.2 Independent Director :

In terms of the provision under this sub-clause the Board of Directors has appointed Mr. Nanda Gopal Chakraborty, FCA, FCS as Independent Director of the Company on 11 September 2012. He is a Partner, Sadhan Das & Co., Chartered Accountants since July 2012. He is also a Faculty, Examiner & elected Council Member of ICSB, trainer, moderator, facilitator and presenter of various professional topics in national and international programs, conventions, seminars, conferences home & abroad and a regular contributor of articles on various professional issues to professional journals of home & abroad. His appointment needs to be approved by the shareholders in the 4th AGM.

1.3 Chairman of the Board and Chief Executive Officer:

The position of the Chairman of the Board and the Chief Executive Officer stand separated. The roles of the Chairman and CEO/Managing Director are clearly defined in the Articles of Association of the Company.

1.4 Directors Report to Shareholders:

All the requirement have been fulfilled.

2. Chief Financial Officer (CFO), Head of Internal Audit (HIA) and Company Secretary (CS).

The Company appointed Company Secretary on 15th September 2008 and recruitment of Chief Financial Officer (CFO) and Head of Internal Audit (HIA) are under process.

3. Audit Committee:

The Audit Committee, as a Sub-Committee of the Board, has been constituted on 25th September 2012 with the Independent Director as Chairman and two other Directors. The Company Secretary acts as Secretary to the Committee. Role of the Audit Committee as per provision of the SEC regulation have been duly adopted by the Board. Since the Audit Committee was formed subsequent to 30th June, 2012, the report of the Audit Committee could not be included in the Annual Report for 2011-12. However, the Committee has been duly performing its duties and it is expected that the Audit Committee would submit its report to the Board for inclusion in the Annual Report from the year 2012-13.

4. External Statutory Auditors:

The SEC guidelines are being strictly followed in engaging statutory Auditors.

5. Subsidiary Company:

The company has no Subsidiary Company.

6. Duties of CEO & CFO:

The provision of SEC regulations to be complied after recruitment of CFO. Presently, Company Secretary is responsible for the position of CFO in addition to his current job.

7. Reporting and Compliance of Corporate Governance:

Requirements on the above are being complied with.



Capital Structure:

The Company is incorporated with an authorized capital of Tk. 1,000 crore divided into 100 crore ordinary shares of Tk.10/- each out of which the paid up capital is Tk.118.51 crore divided into 118,509,170 ordinary shares of Tk.10/- each. The Company declared 10% cash dividend for the financial year 2008-2009 and 30% stock dividend for the financial year 2009-2010 and 20% cash dividend for the financial year 2010-2011 respectively.

IPO of Company's share:

After acquiring the assets and upon increasing the paid up capital by that extent, the Board of Directors of the Company decided to go for Initial Public Offering (IPO) of its shares in the capital market with the permission of the Govt. The Securities and Exchange Commission (SEC) had given permission on January 24, 2012 for IPO of shares of the company to the extent of Tk.108.50 crore including premium for repay of IDB Loan Installment and working capital of the company. The Company already paid/adjust entire IDB loan from the proceeds of IPO.

State of the Company's affairs :

Generally the company is formed for providing bandwidth and to get the telecommunications services easily accessible to the people. The main achievement during the year under review was investment in fiber optic upgradation, very good growth in bandwidth utilization and significant financial growth. At the same time, BSCCL has established a Co-location center at Cox'sbazar submarine cable landing station. Interested service providers shall be now able to connect to the co-location center and distribute submarine cable bandwidth to the country with multi-choice of backhaul providers.

Financial Results :

During the year ended on 30 June 2012 the Company has earned comprehensive income of Tk.598.69 million. A brief result is shown as under:

Particulars	Figures are in Million (Tk.)
	30 June 2012
Revenue	1,219.65
Direct Operating Cost	162.72
Gross Profit	1,056.93
Operating Exp.	142.11
Operating Profit	914.82
Financial & other expenses	76.13
Net profit before tax	838.69
Income tax expenses	90.33
Net profit after tax	748.36
Tax Holiday Reserve	149.67
Comprehensive Income	598.69
Proposed Dividend	355.53
Retained Earnings	243.16



Dividend :

The Comprehensive Income of the Company stands at Tk. 598.69 million during the year ended 30 June 2012. The Board of Directors recommends 30% (Cash 20% and Stock 10%) dividend for the year ended on 30 June 2012. Accordingly there will remain an amount of Taka 243.16 million in the form of Retained Earnings.

Fairness of the financial statements and accounting policies :

It is the responsibility of the directors as per the provisions of the Companies Act, 1994 to prepare financial statements for each year. The financial statements and other financial information included in this report fairly present all material respects, the financial conditions, results of operations, cash flow statements and the changes in equity of the company for the year under review.

The company has used appropriate accounting policies in preparation of these financial statements supported by reasonable and prudent judgments and estimates as necessary. International Accounting Standards, as applicable in Bangladesh have been followed in preparation of these financial statements in compliance with the relevant accounting policies.

Duties of the CEO and CFO:

The CEO and CFO have certified that they have reviewed the financial statements for the year ended on 30th June 2012.

These statements did not contain any materially untrue statement or omit any material fact or did not contain any misleading statements.

These statements presents a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.

To the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal, or violation of the company's code of conduct.

Directors :

Pursuant to the provision of article 120,121 and 122 of the Articles of Association of the Company read in conjunction with those of the Companies Act, 1994 at the 4th Annual General Meeting one third of the directors of Bangladesh Submarine Cable Co. Ltd. shall retire from office. Accordingly two directors namely Col. Shahriar Ahmed, Director and Mr. Raqibul Mostafa, Director shall retire at the 4th Annual General Meeting. Being eligible, the retiring Directors offer themselves for re-election.



Auditors :

Pursuant to the order of SEC No. SEC/CM RRCD/2006-159/.2/09 dated 30th May 2006, the existing auditors of the Company M/S. Hoda Vasi Chowdhury & Co., Chartered Accountants is not eligible to act as External Auditor of the company for the FY 2012-2013. The Board of Directors in its 67th Meeting recommended ACNABIN & Co. Chartered Accountants as external auditor of the Company for the FY 2012-2013. As proposed, a resolution to be placed to appoint M/S. ACNABIN & Co. Chartered Accountants as external auditor of the company for the FY 2012-2013. The remuneration would be 1,50,000/-

Conclusion :

The Board of Directors would like to place on record its deep gratitude to all the shareholders for their cooperation and support towards development of the Company.

The Board of Directors would like to express its grateful appreciation for the assistance and cooperation received from the Ministries of Posts & Telecommunications, Finance, Commerce, Science & ICT, Bangladesh Telecommunication Regulatory Commission, Bangladesh Telecommunications Co. Ltd, SEC, DSE, CSE, CDBL, RJSC and other Government Organizations.

The Directors also wish to express their thanks for BSCCL Management for good team spirit, hard work, and dedicated services towards the growth and progress of the Company.

For and on behalf of the Board of Directors

Sd/-

COL. SHAHRIAR AHMED
DIRECTOR

Sd/-

MD. MONWAR HOSSAIN
MANAGING DIRECTOR





Compliance Report of SEC's Notification on Corporate Governance.

Status of compliance of the conditions described in SEC's Notification No. SEC/CMRRCD/2006-158/134/Admin/44, dated: 07/08/2012 issued under Section 2CC of the Securities and Exchange Ordinance, 1969.

(Report under Condition No. 7.00)

Condition No.	Title	Complied	Not Complied	Remarks
1.	Board of Directors	√		
1.1	Board's Size	√		
1.2	Independent Directors:	√		
1.2(i)	At least 1/5th i.e.1 (one)	√		
1.2(ii)a)	Independent director does not hold any share in the company.	√		
1.2(ii)b)	Independent director is not sponsor of the company	√		
1.2(ii)c)	Independent director does not have any pecuniary or otherwise relationship with the company.	√		
1.2(ii)d)	Independent director is not a member,director or officer of the company.	√		
1.2 (ii)e)	Independent director is not an intermediary of the capital market.	√		
1.2(ii)f)	Independent director is not an executive or was not a partner or an executive during the preceeding period of 3(three) years of the concerned company's statutory audit firm.	√		
1.2(ii)g)	Independent director shall not be a director in more than 3(three) listed companies.	√		
1.2(ii)h)	Independent director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-bank Financial Institution(NBFI).	√		
1.2(ii)i)	Independent director has not been convicted for a criminal offence involving moral turpitude.	√		
1.2(iii)	Appointment of Independent Director by elected directors.	√		
1.3(i)	Qualification of Independent Director (ID):	√		
1.3(ii)	Independent director should be a busines leader/Corporate Leader/ University Teacher/Professionals like Chargered Accountants, Cost & Management Accountants, Chartered Secretaries. He must have at least 12 years of corporate management/professional experiencies.	√		
1.4	Chairman of the Board and Chief Executive Officer.	√		
1.5	Director's report to include declarations on:	√		
1.5(i)	Industry outlook and possible future developments in the industry.	√		
1.5(ii)	Segment-wise or product wise performance.	√		
1.5(iii)	Risks and concerns.	√		
1.5(iv)	Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin.	√		
1.5(v)	Discussion on continuity of any Extra-ordinary gain or loss.	√		
1.5(vi)	Basis of related party transactions.	√		
1.5(vii)	Utilization of proceeds from public issues,rights issues and /or through any other instruments.	√		
1.5(viii)	Explanations if the financial results deteriorate after the company goes for Initial Public Offering (IPO).	√		
1.5(ix)	Explanation if variance occurs between quarterly financial performance and Annual Financial Statements.	√		
1.5(x)	Remuneration to directors including independent directors.	√		
1.5(xi)	Fairness of Financial Statements.	√		
1.5(xii)	Maintenance of proper books of accounts.	√		
1.5(xiii)	Consistent application of Accounting Policies in preparation of Financial Statements.	√		
1.5(xiv)	Observance of Bangladesh Accounting Standards(BAS)/International Accounting Standards(IAS)/Bangladesh Financial Reporting Standards(BFRS) and International Financial Reporting Standards(IFRS).	√		





Sl. No.	Title	Complied	Not Complied	Remarks
3.1.1	Soundness and efficiency of internal control.	√		
3.1.2	Ability to continue as a going concern.	√		
3.1.3	Significant deviations in operating results from last year.	√		
3.1.4	Presentation of key operating and financial data for at least last four years.	√		
3.1.5	Declaration of Dividend.	√		
3.1.6	Number of Board Meeting held during the year and attendance by each Directors.	√		
3.1.7	Shareholding pattern.	√		
3.1.8	Appointment/ Re-appointment of director of the company.	√		
3.1.9	Chief Financial Officer, Head of Internal Audit and Company Secretary	√		
3.1.10	Appointment	√		
3.1.11	Requirement to attend the Board Meetings	√		
3.1.12	Audit Committee:	√		
3.1.13	3(five) members of Audit Committee.	√		
3.1.14	Board of Directors shall appoint members of the Audit Committee.	√		
3.1.15	Financial Management experience of Management Committee.	√		
3.1.16	Board of Directors shall appoint new committee members if any vacancies.	√		
3.1.17	Company Secretary acts as Secretary of the committee.	√		
3.1.18	Chairman of the Audit Committee	√		
3.1.19	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		
3.1.20	Role of Audit Committee:	√		
3.1.21	Oversee the financial reporting process.	√		
3.1.22	Monitor choice of Accounting policies and principles.	√		
3.1.23	Monitor Internal Control Risk management process.	√		
3.1.24	Oversee hiring and performance of external auditors.	√		
3.1.25	Review the financial statements before submission to the board for approval.	√		
3.1.26	Review quarterly and half yearly Financial Statements before submission to the board for approval.	√		
3.1.27	Review the adequacy of internal audit function.	√		
3.1.28	Review significant related party transactions.	√		
3.1.29	Review management letters/Letter of Internal Control weakness issued by statutory auditors.	√		
3.1.30	Preparing statement of IPO funds utilized and submit to audit committee.	√		
3.1.31	Report on Audit Committee's Activities.	√		
3.1.31(a)	Report on conflicts of interests.	√		
3.1.31(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system.	√		
3.1.31(c)	Suspected infringement of laws,including securities related laws, rules and regulations.	√		
3.1.31(d)	Any other matter which shall be disclosed to the Board of Directors immediately.	√		
3.1.32	Reporting to the Authorities	√		
3.1.33	Reporting to the Shareholders and General Investors	√		
4	External Statutory Auditors: Statutory auditors not to engage in:	√		
4(a)	Appraisal or valuation services.	√		
4(b)	Financial information system design and implementation.	√		
4(c)	Book keeping or other services related to financial statements.	√		
4(d)	Broker-dealer services.	√		
4(e)	Actuarial services.	√		
4(f)	Internal audit services.	√		
4(g)	Any other services that the audit committee determines.	√		
5	Subsidiary Company	√		
5(a)	Composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the Subsidiary Company.	√		



Condition No.	Title	Complied	Not Complied	Remarks
5(ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	√		
5(iii)	Minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	√		
5(iv)	Minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	√		
5(v)	Audit committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		
	Duties of Chief Executive Officer and Chief Financial Officer: The CEO and CFO shall certify to the Board that:	√		
6(i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
6(i)a)	Financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	√		
6(i)b)	Financial statements together present a true and fair view.	√		
6(ii)	To the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the code of conduct.	√		
7(i)	Reporting and Compliance of Corporate Governance.	√		
7(ii)	Directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with the conditions of corporate governance.	√		





**Independent Auditor's Report
To the Shareholders
of**

**Audited Financial Statements
of
Bangladesh Submarine Cable Company Limited
For the year ended 30 June 2012**





Independent Auditors' Report To the Shareholders of Bangladesh Submarine Cable Company Limited

We have audited the accompanying financial statements of Bangladesh Submarine Cable Company Limited which comprise the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS), 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as on 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS), and comply with the Companies Act, 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.



We also report that,

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) the Company's statement of financial position and statement of comprehensive together with notes 1 to 30 thereto dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred and payments made were for the purposes of the Company's business.

Emphasis of Matter

Without qualifying our report, we draw attention to the fact that:

- a) the Company has neither appointed independent director, chief financial officer and head of internal audit nor formed audit committee which are apparent non compliance of the Securities and Exchange Commission notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated 20 February 2006.
- b) the Company has not disclosed information regarding financial instruments as per Bangladesh Financial Reporting Standards (BFRS) 7: "Financial Instruments: Disclosures" which requires disclosure of information about the significance of financial instruments to the Company, and the nature and extent of credit, liquidity and market risks arising from those financial instruments which includes but not limited to trade receivables, cash at banks, short term deposits, lease obligation and sundry creditors.

Dhaka, 05 September 2012

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants



Bangladesh Submarine Cable Company Limited
Statement of Financial Position
As at 30 June 2012

ASSETS	Notes	2012 Taka	2011 Taka
Non-current Assets			
Property, plant and equipment	4		
At cost or revaluation		3,265,140,074	2,588,985,740
Less : Accumulated depreciation		972,484,356	806,048,167
		2,292,655,718	1,782,937,573
Preliminary expenses	5	904,845	1,809,690
Work in progress	6	-	487,551,230
		2,293,560,563	2,272,298,493
Current Assets			
Trade debtors	7	640,469,712	181,733,838
Advances, deposits and prepayments	8	61,330,265	5,710,405
Investment in shares	9	12,479,676	12,479,676
Cash and cash equivalents	10	1,447,403,960	191,836,691
		2,161,683,613	391,760,610
TOTAL ASSETS		4,455,244,176	2,664,059,103
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	11	1,185,091,700	875,091,700
Share premium	12	723,293,759	-
Tax holiday reserve		385,162,213	235,490,031
Revaluation reserve	13	346,562,561	164,654,032
Retained earnings		686,157,716	262,487,328
		3,326,267,949	1,537,723,091
Liabilities			
Non-current Liabilities			
Lease obligation - net off current portion	14	375,798,737	562,419,691
Deferred tax liabilities	15	179,014,051	200,684,585
Security deposits received from clients	16	58,387,402	18,571,376
Employees' pension fund and gratuity	17	14,960,286	15,158,836
		628,160,476	796,834,488
Current Liabilities			
Lease obligation - current portion	14	250,532,492	224,968,689
Sundry creditors	18	6,968,259	-
Provision for income tax	19	110,201,553	39,372,121
VAT payable		92,838,156	44,839,104
Provision for decrease in value of investment in shares		5,754,521	2,523,270
Accrued expenses	20	34,520,769	17,798,339
		500,815,750	329,501,523
Total Liabilities		1,128,976,227	1,126,336,011
TOTAL EQUITY AND LIABILITIES		4,455,244,176	2,664,059,103

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

Sd/-

Company Secretary

Dhaka, 05 Sep. 2012

Sd/-

Managing Director
See annexed report of date

Sd/-

Director

Sd/-

Hoda Vasi Chowdhury & Co.
Chartered Accountants





Bangladesh Submarine Cable Company Limited
Statement of Comprehensive Income
For the year ended 30 June 2012

	<u>Notes</u>	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
Revenue			
IPLC (International Private Lease Circuit) rent	21	1,189,952,826	827,806,048
Circuit activation charge		29,705,762	9,980,000
		1,219,658,588	837,786,048
Direct cost of operation			
Electricity and generator fuel		2,814,329	2,015,717
Landing station and route repair		1,433,669	1,909,596
Depreciation of core machinery	4	158,473,696	129,858,259
		162,721,694	133,783,572
		1,056,936,894	704,002,476
Gross profit			
Operating expenses			
Operation and maintenance expenses	22	77,035,280	56,196,580
General and administrative expenses	23	32,531,587	25,008,227
Provision for bad and doubtful debts		23,678,556	-
Depreciation on property, plant and equipment	4	7,962,492	8,184,258
Amortization on preliminary expenses	5	904,845	904,845
		142,112,761	90,293,910
		914,824,133	613,708,566
Operating profit			
Financial charges on lease		(25,388,152)	(28,480,435)
Exchange loss		(89,537,299)	(50,516,822)
Provision for decrease in value of investment in shares		(3,231,251)	(2,332,593)
Other income	24	42,022,946	12,410,560
		(76,133,756)	(68,919,290)
		838,690,377	544,789,276
Net profit before taxation			
Less: Income tax expenses			
Current tax expenses		(112,000,000)	(39,000,000)
Deferred tax income/(expenses)	15	21,670,533	(200,684,585)
		(90,329,467)	239,684,585
		748,360,910	305,104,691
Net profit after tax			
Other comprehensive income			
Revaluation surplus of property, plant and equipment (land)		181,908,529	-
Total comprehensive income for the year		930,269,439	305,104,691
Less: Transfer to tax holiday reserve		149,672,182	80,828,117
Transfer to revaluation surplus		181,908,529	-
		331,580,711	80,828,117
Comprehensive income transfer to retained earnings		598,688,728	224,276,574
Earnings per share (EPS)	26	7.85	3.49

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

Sd/-
Company Secretary

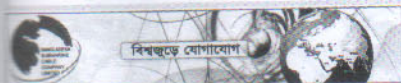
Sd/-
Managing Director

Sd/-
Director

See annexed report of date

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 05 Sep. 2012



Bangladesh Submarine Cable Company Limited
Statement of Changes in Equity
For the year ended 30 June 2012

Particulars	Share capital	Share premium	Tax holiday reserve	Revaluation reserve	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Opening balance at 30 June 2010	673,147,800	-	154,661,914	164,654,032	240,154,654	1,232,618,400
Bonus shares issued	201,943,900	-	-	-	(201,943,900)	-
Tax holiday reserve	-	-	80,828,117	-	-	80,828,117
Net profit for the year	-	-	-	-	224,276,574	224,276,574
Balance as at 30 June 2011	875,091,700	-	235,490,031	164,654,032	262,487,328	1,537,723,091
Issuance of shares	310,000,000	775,000,000	-	-	-	1,085,000,000
Share issue costs	-	(51,706,241)	-	-	-	(51,706,241)
Tax holiday reserve	-	-	149,672,182	-	-	149,672,182
Revaluation reserve	-	-	-	181,908,529	-	181,908,529
Dividend paid	-	-	-	-	(175,018,340)	(175,018,340)
Net profit for the year	-	-	-	-	598,688,728	598,688,728
Balance as at 30 June 2012	1,185,091,700	723,293,759	385,162,213	346,562,561	686,157,716	3,326,267,949

Sd/-

Company Secretary

Sd/-

Managing Director

Sd/-

Director





Bangladesh Submarine Cable Company Limited
Statement of Cash Flows
For the year ended 30 June 2012

	2012 <u>Taka</u>	2011 <u>Taka</u>
A) Cash flows from operating activities		
Cash received from clients	803,596,967	847,611,348
Payment for cost and expenses	(96,201,266)	(87,575,359)
Payment to employees	(20,510,910)	(16,823,255)
Financial charge on lease payments	(11,920,089)	(14,824,830)
Tax paid	(89,036,660)	(4,539,396)
Other receipts	19,176,346	10,074,126
<i>Net cash from operating activities</i>	<u>605,104,387</u>	<u>733,922,634</u>
B) Cash flows from investing activities		
Acquisition of property, plant and equipment	(654,815)	(705,139)
Work in progress	-	(487,551,230)
Investment in shares	-	(6,826,108)
<i>Net cash used in investing activities</i>	<u>(654,815)</u>	<u>(495,082,477)</u>
C) Cash flows from financing activities		
Dividend paid	(175,018,340)	-
Lease obligation	(249,094,450)	(223,407,350)
Issuance of shares	310,000,000	-
Share premium received	723,293,759	-
Security deposit from clients	41,936,727	1,694,931
<i>Net cash received from financing activities</i>	<u>651,117,696</u>	<u>(221,712,419)</u>
D) Net cash flow for the year (A+B+C)	<u>1,255,567,269</u>	<u>17,127,738</u>
E) Cash and cash equivalents at the beginning of the year	<u>191,836,691</u>	<u>174,708,953</u>
F) Cash and cash equivalents at the end of the year (D+E)	<u>1,447,403,960</u>	<u>191,836,691</u>

Sd/-
Company Secretary

Sd/-
Managing Director

Sd/-
Director



Bangladesh Submarine Cable Company Limited

Notes to the financial statements

For the year ended 30 June 2012

1. Background of the Company

Bangladesh Submarine Cable Company Limited (BSCCL) (hereinafter referred to as the "Company") was incorporated in Bangladesh as a public limited company on 24 June 2008 under the Companies Act 1994 with an authorized capital of Taka 10,000,000,000 divided into 100,000,000 ordinary shares of Taka 100 each. The Company converted denomination of its shares from Taka 100 to Taka 10 and accordingly, present authorized capital is Taka 10,000,000,000 divided into 1,000,000,000 ordinary shares of Taka 10 each. The Company obtained the Certificate of Commencement of Business from the Registrar of Joint Stock Companies and Firms on 24 June 2008. The Company is substantially owned by the Government of the Peoples' Republic of Bangladesh and represented by various Ministries of the Government.

The Company is listed with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).

The Company was originated after separating from Bangladesh Telecommunications Company Limited (BTCL) (previously BTTB) with all assets situated at Jhilonjha Cox's-Bazar, the Landing Station. Before separation a project namely "Establishment of International Telecommunication System through Submarine Cable" was undertaken by BTCL participating in an international agreement with an International Consortium namely SEA-ME-WE 4 (South East Asia Middle East Western Europe).

A Vendor Agreement was executed between the representatives of the Government of Bangladesh (GOB) and the Company on 30 June 2008 incorporating a statement of certain assets and liabilities as of 30 June 2008.

Two separate agreements namely Purchase and Lease Agreements were executed on 12 February 2005 between Government of Bangladesh (GOB) and Islamic Development Bank (IDB) for sale and lease back under the project namely "Establishment of International Telecommunication System through Submarine Cable." These agreements were executed in favor of BTCL by GOB in the absence of existence of the Company at that time. However, these two agreements have not yet been revalidated in favor of Company. Lease payments are still being made by the Company through BTCL.

2. Nature of business

The principal activities of the Company are to provide high capacity voice and data bandwidth to all-important places in Bangladesh to get benefit of all the IT related services.

3. Significant accounting policies

3.1 Basis of accounting

The financial statements have been prepared on going concern basis in accordance with the Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations in Bangladesh.

3.2 Property, plant and equipment

All property, plant and equipment are stated at cost or revaluation less accumulated depreciation. Cost includes expenditure directly attributable to the acquisition and installation of the assets. All repairs and



maintenance expenses are charged to the statement of comprehensive income during the year when these are incurred.

The cost of core equipment represents the invoice price and other directly attributable expenditures which have been allocated proportionately to individual items.

3.3 Depreciation of property, plant and equipment

Depreciation on all property, plant and equipment has been charged on reducing balance method considering the economic and useful lives of such assets. Full year depreciation is charged on assets during the year of acquisition irrespective of their date of acquisition and no depreciation will be charged on assets in the year of disposal.

No depreciation is charged on land and capital work in progress.

3.4 Lease

Lease of property, plant and equipment are classified as finance lease because the Company (lessee) substantially enjoys all the risks and rewards of ownership. Each lease payment is allocated between the payment of lease liability and finance charge. The property, plant and equipment acquired under finance leases are depreciated over their estimated useful lives.

3.5 Preliminary expenses

Preliminary expenses represents the expenses relating to company formation and legal expenses incurred thereon and these are being amortized over a period of five years starting from the year in which the Company commenced its commercial operation. During the year, an amount of Taka 904,845 has been amortized.

3.6 Tax holiday reserve

Tax holiday reserve has been created using applicable rate of income tax as determined by the Income Tax Ordinance 1984. The Company has been granted tax holiday by the National Board of Revenue (NBR) (Ref: 11(64) Anu-1/2009 Dhaka dated 04 August 2009) for a period of 5 years effective from 01 January 2009 in the following manner:

<u>Period</u>	<u>Tax Exemption Rate</u>
First two years (1 January 2009 to 31 December 2010)	100%
Next two years (1 January 2011 to 31 December 2012)	50%
Remaining one year (1 January 2013 to 31 December 2013)	25%

3.7 Current tax

Provision for income tax is made as per Finance Act 2012. The Company has been granted 50% tax exemption for the period from 1 January 2011 to 31 December 2012. Required provision for income tax has been made in the accompanying financial statements based on proportionate income.

3.8 Deferred tax

Deferred tax has been recognized in accordance with the provision of BAS 12 based on the deductible or taxable temporary difference between the carrying amount of assets / liabilities in statement of financial position and its tax base. Deferred tax asset or liability is the amount of income tax recoverable or payable in the future periods recognized in the current period. Deferred tax asset or liability does not



create a legal recoverability or liability from or to Tax Authority. Related deferred tax income / expense is recognized as well in the statement of comprehensive income.

3.9 Foreign currency transactions

Transactions in foreign currencies are converted into equivalent Bangladeshi Taka (Tk/BDT) applying the ruling rate on the date of such transactions. Assets and liabilities outstanding at 30 June 2012 denominated in foreign currencies have been shown in Taka at the rate in terms of foreign currencies ruling on the statement of financial position date.

3.10 Revenue recognition

3.10.1 IPLC Rent

IPLC (International Private Lease Circuit) rent is billed in the beginning of each month and recorded as income on issuance of invoice once in every month.

3.10.2 Circuit activation charge

Circuit activation charges revenue consists of charges imposed to clients for activation of new circuits. These are recognized when amounts are collected through demand notes.

3.10.3 Provision for bad and doubtful debts

The Company makes provision for bad and doubtful debts for trade debtors that remain outstanding for a period more than one year.

3.10.4 Dividend and subsequent events

The Board of Directors in their meeting held on 5 September 2012 has recommended cash dividend of 20% (i.e. Taka 2 per share of Taka 10 each) and stock dividend @ 10% (i.e. 1 (one) bonus share for every 10 (ten) ordinary shares of Taka 10 each) subject to the approval of the shareholders in the Annual General Meeting. There are no events identified after the statement of financial position date which require adjustment of disclosure in these accompanying financial statements.

3.10.5 General

- i) Figures appearing in these financial statements have been rounded off to the nearest Bangladeshi Taka.
- ii) Previous year's figures have been rearranged, wherever considered necessary, to conform with current year's presentation.



4 Property, plant and equipment - at cost less accumulated depreciation

Name of assets	Cost / revaluation			Rate	Accumulated depreciation			WDV as on 30 June 2012
	At 1st July 2011	Additions during the year	At 30 June 2012		At 1st July 2011	Charged during the period	At 30 June 2012	
	Amount in Taka							
Land	164,700,000	181,908,529	346,608,529	-	-	-	346,608,529	
Core equipment	2,255,155,638	487,551,230	2,742,706,868	8%	761,785,662	158,473,696	1,822,447,510	
Landing station earth filling	9,646,000	-	9,646,000	10%	3,954,529	569,147	5,122,324	
Building	58,488,364	-	58,488,364	2%	5,597,627	1,057,815	51,832,922	
Floor development	2,654,065	-	2,654,065	10%	1,048,639	160,543	1,444,884	
Security barak and security wall	7,827,297	-	7,827,297	2%	752,225	141,501	6,933,571	
Deep tube-well and pump house	2,343,837	-	2,343,837	10%	960,893	138,294	1,244,650	
500 KV sub-station	3,284,000	-	3,284,000	15%	1,829,708	218,144	1,236,148	
Power system	34,737,942	-	34,737,942	10%	14,241,362	2,049,658	18,446,922	
Boundary wall	8,255,575	-	8,255,575	2%	793,383	149,244	7,312,948	
Ducting from beach manhole	18,088,759	-	18,088,759	5%	4,094,445	699,716	13,294,598	
Vehicles	17,092,000	-	17,092,000	20%	8,816,838	1,655,032	6,620,129	
Office equipment and furniture	6,540,709	4,169,575	10,710,284	10%	2,126,366	858,392	7,725,527	
Co-location point	171,554	-	171,554	10%	46,491	12,506	112,557	
Office decoration	-	2,525,000	2,525,000	10%	-	252,500	2,272,500	
Total 30 June 2012	2,588,985,740	676,154,334	3,265,140,074		806,048,167	166,436,189	2,292,655,718	
Total 30 June 2011	2,588,280,601	705,139	2,588,985,740		668,005,650	138,042,517	1,782,937,573	





	2012	2011
	Taka	Taka
5 Preliminary expenses		
Opening balance	1,809,690	2,714,535
Less: Amortization made during the year	904,845	904,845
	904,845	1,809,690
6 Work in progress	-	487,551,230

This represents amount paid in full to Consortium (SEA-ME-WE-4) for the project "Cable System Upgrade 3" participated by member Companies and has been capitalized during the year. This has enhanced the Bandwidth capacity of the Company.

7 Trade debtors

Bangladesh Telecommunications Company Limited (BTCL)	364,144,872	68,665,323
Novotel Limited	24,097,671	14,875,840
Mir Telecom Limited	628,434	6,382,350
Bangla Trac Communication Limited	17,935,383	9,898,988
Mango Teleservices Limited	142,367,308	78,180,302
TIS Singapore Pte Ltd.	11,000,453	-
Cybergate Ltd.	27,798,437	-
Telex Ltd.	9,970,745	-
Other trade debtors	39,325,828	-
Other receivables (note 7.1)	26,879,137	3,731,035
	664,148,268	181,733,838
Less: Provision for bad and doubtful debts	23,678,556	-
	640,469,712	181,733,838

Trade debtors having unrealized for a period more than 6 (six) months is Taka 106.5 million. The Company has made provision of Taka 23.7 million for bad and doubtful debts for trade debtors having outstanding more than one year in line with the Company's policy.

7.1 Other receivables includes accrued interest on time deposit (FDR) amounting Taka 19,122,435.

8 Advances, deposits and prepayments

Advances:

Advance given to employees for foreign traveling	150,000	-
Advance to employees against expenses	88,000	402,000
Advance against IPO and other related expenses	-	2,491,535
Astha Associates - for interior decoration	1,000,000	-
Advance income tax (AIT)	48,636,375	2,811,870
	49,874,375	5,705,405

Deposits:

Duncan Products Ltd.	5,000	5,000
Bangladesh Telecommunications Company Limited (BTCL)	5,000	-
Uttara Bank Ltd.	7,000	-
Central Depository Bangladesh Limited	500,000	-
BTRC for IIG license	100,000	-
	617,000	5,000

Prepayments:

Sony Chocolate Industries Ltd. - for office rent	10,838,890	-
	61,330,265	5,710,405



9 Investment in shares

12,479,676

12,479,676

The Company has invested the above-noted amount to fulfill the requirement of availing Tax Holiday. The market value of the above-noted investment as on 30 June 2012 is Taka 6,725,155. Provision for diminishing value of shares as required, has been made in the accompanying financial statements.

10 Cash and cash equivalents

2012

2011

Taka

Taka

Cash in hand

Head office - Dhaka

Landing station - Cox's Bazar

82,062

136,314

218,376

199,016

227,507

426,523

Cash at bank with:

Sonali Bank Limited

Uttara Bank Limited

IFIC Bank Limited

291,686,885

5,738

45,155,461

336,848,084

17,302,668

-

-

17,302,668

Term deposits (FDR) with:

National Bank Limited

Basic Bank Limited

Standard Bank Limited

IFIC Bank Limited

Investment Capital of Bangladesh

Sonali Bank Limited

Other banks/institutions

30,000,000

150,000,000

30,000,000

20,000,000

280,000,000

250,000,000

350,337,500

1,110,337,500

1,447,403,960

51,350,000

31,142,500

30,000,000

61,615,000

-

-

-

174,107,500

191,836,691

11 Share capital

2012

2011

Taka

Taka

Authorized capital

1,000,000,000 ordinary shares of Taka 10 each

10,000,000,000

10,000,000,000

Issued and paid up capital:

140 ordinary shares of Taka 10 each fully paid up (note - 11.2)

67,314,640 ordinary shares of Taka 10 each issued to MoPT, GOB (note - 11.3)

20,194,390 bonus shares of Taka 10 each issued in 2010 (note - 11.4)

31,000,000 shares of Taka 10 each issued at premium in 2012 (note - 11.5)

1,400

673,146,400

201,943,900

310,000,000

1,185,091,700

1,400

673,146,400

201,943,900

-

875,091,700



11.1 Composition of shareholdings as at 30 June 2012

2012

<u>Name of shareholders and respective Ministries/Agencies</u>	<u>Represented by</u>	<u>No. of shares</u>	<u>Value in Taka</u>
Ministry of Post & Telecommunications, GOB	Mr. Sunil Kanti Bose	87,509,030	875,090,300
Ministry of SICT, GOB	Mr. Rabindra Nath Roy Chowdhury	20	200
Ministry of Finance, GOB	Mr. Syed Monjurul Islam	20	200
D S C S C, Dhaka Cantonment	Col. Shahriar Ahmed	20	200
Dhaka Chamber of Commerce & Industries	Mr. Asif Ibrahim	20	200
United International University	Dr. Raqibul Mostafa	20	200
Mr. Sunil Kanti Bose		20	200
Mr. Md. Monwar Hossain		154,855	1,548,550
Employees (except Managing Director)		345,160	3,451,600
Institutions		15,488,100	154,881,000
General public		15,011,905	150,119,050
		118,509,170	1,185,091,700

The aforesaid share capital is subscribed as under:

Sponsors/Directors (including Managing Director)	87,664,005	73.97%
Employees (except Managing Director)	345,160	0.29%
Institutions	15,488,100	13.07%
General public	15,011,905	12.67%
	118,509,170	100%

Composition of shareholdings as at 30 June 2011

2011

Ministry of Post & Telecommunications, GOB	Mr. Sunil Kanti Bose	87,509,030	875,090,300
Ministry of SICT, GOB	Mr. Rabindra Nath Roy Chowdhury	20	200
Ministry of Finance, GOB	Mr. Syed Monjurul Islam	20	200
D S C S C, Dhaka Cantonment	Col. Shahriar Ahmed	20	200
Dhaka Chamber of Commerce & Industries	Mr. Abul kasem khan	20	200
United International University	Dr. Raqibul Mostafa	20	200
Mr. Sunil Kanti Bose		20	200
Mr. Md. Monwar Hossain		20	200
		87,509,170	875,091,700

A distribution schedule of the shares as at 30 June 2012 is given below as required by listing regulations:

<u>Slabs by number of shares</u>	<u>Number of shareholders</u>	<u>Number of shares</u>	<u>Holdings %</u>
Upto 499	62,736	6,393,240	5.39%
500 - 5000	1,729	2,958,300	2.50%
5001 - 10000	204	1,509,600	1.27%
10001 - 20000	129	1,886,800	1.59%
20001 - 30000	64	1,547,500	1.31%
30001 - 40000	32	1,110,900	0.94%
40001 - 50000	26	1,195,700	1.01%
50001 - 100000	53	3,801,205	3.21%
100001 - 1000000	37	9,586,895	8.09%
1000001 - 1000000000	2	88,519,030	74.69%
	65,012	118,509,170	100.00%



11.2 The entire amount of Taka 1,400 of the above paid up capital has been paid by the Government of Bangladesh.

11.3 Basis to issue of 6,731,464 ordinary shares to the Ministry of Post & Telecommunications, GoB

As contained in note - 1, a Vendor agreement was executed between the representatives of the Government of Bangladesh (GOB) and the Company on 30 June 2008 incorporating certain assets and liabilities inherited from Bangladesh Telecommunication Company Limited (BTCL) (formerly Bangladesh Telephone and Telegraph Board - BTTB). The balance of net worth was agreed to settle by issuing shares to the Government. In the year 2009 - 2010, out of the balance available in this account, the Company has issued 6,731,464 ordinary shares of Taka 100 each subsequently converted to Taka 10 each totaling share capital amounting to Taka 673,146,400 in favor of the Ministry of Post and Telecommunications, Government of the Peoples Republic of Bangladesh in consideration of the same amount of Government equity after obtaining consent from the Securities and Exchange Commission (SEC).

Further, the aforesaid amount of Taka 673,146,412 being difference between assets and liabilities as taken over through Vendor agreement for issuing of shares to the Government. The Company has acquired certain assets and liabilities procured / emanated between 01 October 2007 to 30 June 2008.

11.4 In the year 2010, the Company has issued 20,194,390 bonus shares of Taka 10 each totaling share capital amounting to Taka 201,943,900 in favor of the Ministry of Post and Telecommunications, Government of the Peoples Republic of Bangladesh and consent has been obtained from the Securities and Exchange Commission (SEC).

11.5 During the year, the Company has issued 31,000,000 ordinary shares of Taka 35 each (including a premium of Taka 25 each) which has been approved by the Government of the Peoples Republic of Bangladesh and the Securities and Exchange Commission (SEC):

	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
12 Share premium	<u>723,293,759</u>	<u>-</u>

This represents share premium received against issuance of 31,000,000 ordinary shares at premium totally Taka 775,000,000 in the year 2011-2012 and netted off by IPO expenses of Taka 51,706,241.

13 Revaluation reserve	<u>346,562,561</u>	<u>164,654,032</u>
-------------------------------	--------------------	--------------------

Land measuring 5.49 acres situated at Cox's Bazar has been revalued once again during the year under review by an independent firm and the revaluation surplus has been taken in the revaluation reserve account and other relevant information are as follows:

- i) Cut off date of revaluation: 30 June 2011
- ii) Revaluation effected: 1 July 2011
- iii) Revalued by: A B Saha & Co, Chartered Accountants
- iv) Method : Current market price of land
- v) Carrying amount under cost model: Taka 45,968
- vi) Revaluation surplus:

Opening balance	164,654,032
Addition during the year 2011 - 2012	<u>181,908,529</u>
Closing balance	<u>346,562,561</u>

14 Lease obligation - net off current portion

The Government of Bangladesh (GOB) entered into a lease agreement with Islamic Development Bank (IDB) on 12 February 2005. The Company has classified this lease as finance lease and accordingly, accounted for liabilities for lease obligations and corresponding lease assets in the financial statements. The principal amount payable after the statement of financial position date are as follows:

Finance lease liabilities - minimum lease payments

Payable not later than one year	250,532,492	224,968,689
Payable later than one year but not later than 5 years	<u>375,798,737</u>	<u>562,419,691</u>
	<u>626,331,229</u>	<u>787,388,380</u>

Interest rate for the above lease is 6 months LIBOR + 2.4%. As applicable present LIBOR is 0.67694%, present interest rate is 3.07694%.



- 15 Deferred tax liabilities has been recognized in accordance with the provision of BAS 12 based on the taxable temporary difference in carrying amount of assets / liabilities and its tax base. Related deferred tax expense/income has been recognized in the statement of comprehensive income.

Deferred tax liabilities is arrived at as follows:

	Carrying amount as per financial statements	Tax base	Taxable temporary difference
	Taka	Taka	Taka
Year ended 30 June 2012			
Property, plant and equipments excluding land	1,946,047,189	1,270,257,112	675,790,078
Provision for bad and doubtful debts	23,678,556	-	(23,678,556)
Provision for gratuity	1,151,334	-	(1,151,334)
			<u>650,960,187</u>
Applicable tax rate			27.5%
Deferred tax liability as on 30 June 2012			179,014,051
Deferred tax liability as on 30 June 2011			<u>200,684,585</u>
Deferred tax income for the year ended 30 June 2012			21,670,533

	Carrying amount as per financial statements	Tax base	Taxable temporary difference
	Taka	Taka	Taka
Year ended 30 June 2011			
Property, plant and equipments excluding land	1,618,237,573	1,083,078,680	535,158,893
Applicable tax rate			37.5%
Deferred tax liability as on 30 June 2011 and expense for the year 2010-2011			200,684,585

The Company has considered it prudent not to calculate deferred tax in the light of the tax holiday facility because of complexity in making reliable calculation and immateriality. Moreover, permanent difference in value of vehicles has not been considered as well.

	2012 Taka	2011 Taka
16 Security deposits received from clients		
Novotel Limited	6,534,885	4,438,931
Mir Telecom Limited	4,191,908	4,191,908
Mango Teleservices Ltd.	1,001,383	1,001,383
Bangla Trac Communication Limited	3,038,931	2,025,954
Bangladesh Telecommunications Company Limited	6,913,200	6,913,200
Cybergate Ltd.	9,174,622	-
Telex Ltd.	4,091,975	-
Received from other clients	23,440,498	-
	58,387,402	18,571,376
17 Employees' pension fund and gratuity	14,960,286	15,158,836

This represents provision for gratuity and amount payable to BTCL employees working on deputation and the amount incorporated in the vendor agreement. These employees are in the process of returning to their original work place. The above noted amount is adequate to take care of the liabilities on account of the employees currently working for the Company as deputed from BTCL. During the year, additional provision of Taka 1,151,334 has been made for gratuity and Taka 1,349,884 paid from pension fund.

	2012 Taka	2011 Taka
18 Sundry creditors		
White Product and Electronic Ltd.	1,200,000	-
Share money deposit	301,499	-
M/S Care and Construction	948,760	-
ICB Capital Management Ltd.	627,000	-
Astha Associates	3,891,000	-
	6,968,259	-



	2012	2011
	Taka	Taka
19 Provision for income tax		
Opening balance	39,372,121	2,029,024
Provision made during the year	112,000,000	39,000,000
	151,372,121	41,029,024
Tax paid during the year	(40,400,283)	(1,656,903)
	110,971,838	39,372,121
Less: Adjustment made during the year	770,285	-
	110,201,553	39,372,121

20 Accrued expenses

Office rent (note - 20.1)
Accrued finance charge on lease
Audit and other fees
Electricity expense
Withholding tax payable
Others

4,800,000	3,600,000
28,623,668	13,655,605
172,500	312,500
350,000	200,000
534,367	-
40,234	30,234
34,520,769	17,798,339

20.1 Provision for office rent payable to Bangladesh Telecommunication Company Limited (BTCL) has been made for office space occupied by the Company at Telejogajog Bhaban owned by BTCL on the lump sum basis in the absence of any agreement. This has been arrived as follows:

3,600,000	2,400,000
1,200,000	1,200,000
4,800,000	3,600,000

21 Circuit activation charge

This represents charges imposed to clients for activation of new circuits. During the year, this has increased significantly because of charging installation expenses of new circuit starting from the year under review.

29,705,762 **9,980,000**

22 Operation and maintenance expenses

This represents amount paid to SEA-ME-WE 4 during the period for expenses of cable operation and maintenance purpose after netting reimbursement of expenses, if any, from Consortium incurred by the Company.

77,035,280 **56,196,580**

23 General and administrative expenses

Salary and allowances
Managing Director's remuneration (note - 25)
Gratuity provision
Office rent
Repair and maintenance
Board and other meetings fees
Audit and other fees
Consultancy fees
Advertisement and publicity expenses
Vehicles running expenses
Traveling and conveyance
Printing and stationery
Postage and courier expenses
Entertainment
Bank charges and commission
AGM expenses
Telephone bill

17,874,834	14,364,299
2,636,076	2,458,956
1,151,334	-
1,865,775	1,200,000
3,141,146	2,667,787
995,216	555,264
172,500	312,500
211,395	260,685
329,984	167,564
1,045,366	970,413
1,722,293	1,257,881
553,956	379,887
38,254	16,677
407,033	317,882
185,038	78,432
190,316	-
11,071	-
32,531,587	25,008,227



	2012 <u>Taka</u>	2011 <u>Taka</u>
24 Other income		
Rest house rent and others	203,775	324,451
Interest on term deposits and others	38,509,619	12,086,109
Compensation from Consortium on account of foreign traveling	3,255,792	-
Dividend income	53,760	-
	<u>42,022,946</u>	<u>12,410,560</u>

25 Related party transactions

The Company has no related party transactions as per BAS – 24: "Related Party Disclosures" except those made with its managing director, which have already been disclosed under note # 23 in this accompanying financial statements.

26 Earnings Per Share (EPS)

26.1 Basic earnings per share

A) Net income attributable to ordinary shareholders 748,360,910 305,104,691

B) Weighted average number of shares:

Particulars	Date of issue	No. of shares issued	Total days	Weighted average number of shares of Tk. 10 each	
				2012	2011
Balance as on 1 July				87,509,170	67,314,780
Issuance of shares:					
Ordinary shares - bonus shares issued	04.12.10	20,194,390	365	-	20,194,390
Ordinary shares - issued in cash	31.03.12	31,000,000	92	7,813,699	-
				<u>95,322,869</u>	<u>87,509,170</u>

Earnings per share (A / B) 7.85 3.49

26.2 Diluted earning per share

- -

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year under review.

27 Bandwidth capacity	Gbps	30.06.2012	Gbps	30.06.2011
		Utilization		Utilization
		in %		in %
Present capacity	146.93		44.60	
Capacity utilized (rented)	26.00	18%	21.86	49%

28 Remittance of foreign currency	2012		2011	
	US\$		US\$	
Purpose of payments				
Lease principals		3,061,632		3,061,632
Operation and maintenance expenses		1,259,287		872,031
Financial charge on lease		140,236		207,514
Capital equipments		-		7,000,000
		<u>4,461,155</u>		<u>11,141,177</u>





29 Particulars of employees

The number of permanent employees during this year part thereof who received a total salary of BDT 36,000 per annum and above was 45 (30 June 2011: 43).

30 Contingent liabilities and commitments

i) Outstanding letter of credit

ii) Capital expenditure commitments

iii) Bank guarantees given to customs authority

	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
i) Outstanding letter of credit	Nil	Nil
ii) Capital expenditure commitments	Nil	Nil
iii) Bank guarantees given to customs authority	735,130	128,800

Proxy Form

Sd/-
Company Secretary

Sd/-
Managing Director

Sd/-
Director

Bangladesh Submarine Cable Company Limited (BSCCCL)
 Estimote Bagum Centre (7th & 8th floor)
 191, Tagorean Kuthan Link Road, Dhaka-1208
 Phone: +880 2-8879194-5, Fax: +880 2-8879193
 Web: www.bscccl.com.bd

Attendance Slip

I hereby record my/our attendance at the 40th Annual General Meeting of the Company
 held on Saturday 17th November 2012, at 11:00 a.m. in the Multipurpose Ballroom,
 Estimote Bagum Centre, Dhaka-1208.

Name of Member/Proxy _____
 Reg. No. BDT/19 _____

Members present or by proxy are requested to complete the
 Attendance Slip at the entrance of the Meeting Hall.
 The Attendance Slip can be attended only by the Member(s) or proxy
 who are accompanying the Member(s) of the Company.



Bangladesh Submarine Cable Company Limited (BSCCL)

Rahmans' Regnum Centre (7th & 8th floor)
191, Tejgaon-Gulshan Link Road, Dhaka-1208
Phone : +880-2-8879194-5, Fax : +880-2-8879193
Web : www.bscl.com.bd

Proxy Form

Imember of the
BANGLADESH SUBMARINE CABLE COMPANY LIMITED (BSCCL) do hereby appoint
Mr.(or railing him) as my
proxy to attend and vote for me and on my behalf at the 4th Annual General Meeting of the
Company to be held on 17th November 2012 and at any adjournment there of.

In witness my hand this.....day of2012.

Signed by:

Bangladesh Submarine Cable Company Limited (BSCCL)

Rahmans' Regnum Centre (7th & 8th floor)
191, Tejgaon-Gulshan Link Road, Dhaka-1208
Phone : +880-2-8879194-5, Fax : +880-2-8879193
Web : www.bscl.com.bd

Attendance Slip

I herebe record my/our attendance at the 4th Annual General Meeting of the Company
being held on saturday 17th November 2012 at 11.00 a.m. in the Multipurpose Ballroom,
Hotel The Cox Today, Cox's Bazar.

Name of Member/Proxy.....

Folio/ BO no.

Signature :

Date

- N.B. 1. Members attending the Meeting in person or by proxy are requested to complete the Attendance slip and deposit the same at the entrance of the Meeting Hall.
2. Please note that Annual General Meeting can be attended only by the Members or properly constituted Proxy. Thereof, any friend or children accompanying the Members or Proxy cannot be allowed in the Meeting.