



# ANNUAL REPORT 2008-09



**Bangladesh Telecommunications Company Limited**

2008-09  
ANNUAL REPORT



Bangladesh  
Telecommunications  
Company  
Limited

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## **Our Vision**

***Our vision is to make BTCL a dynamic organization and lead the country's telecommunication sector through proliferation of telecommunication infrastructure.***

## **Our Mission**

***BTCL aims to serve the nation with the latest telecom services at a cheaper cost without compromising the quality. To serve its customers with enhanced values, the following steps are adopted by BTCL :***

- >> Improve quality of customer services.***
- >> Fulfilling demand for telephone and develop proper infrastructure.***
- >> Increase institutional efficiency.***
- >> Fundamental change in network planning.***
- >> Adopt modern marketing principles and practices.***
- >> Modernise revenue management.***

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# Message from Chairman



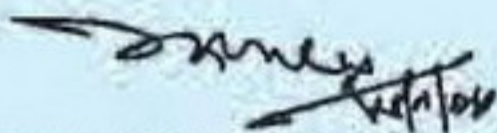
Dear Customers,

Greetings !

In recent past BTCL has seen major administrative transformation as it involved on 1st July 2008 as a government owned company from legacy of BTTB. In spite of intense competition from other operators, we have been able to expand and grow with the support of our esteemed customers as well as the dedication and hard work of all the officers and employees of BTCL.

Today is an era of communications. In pursuant of the policy of Digital Bangladesh, BTCL has taken a number of projects to facilitate e-governance, video conferencing and digitization of government services. The current projects of BTCL are focused on building a robust optical fiber based communications infrastructure across the country to provide broadband-based modern telecom services to the people. At the same time, BTCL has intensified customer service with applications such as online billing information, automated bill payment.

Last year BTCL earned highest ever revenue of Tk 1689.36 crore, which is a good sign for a newly formed company. Our focus remains to increase our subscriber base and to continue the market leadership in PSTN telephony in Bangladesh. I am convinced that BTCL is strategically, operationally, and financially well positioned to deliver superior growth and profitability in the near future.



Chairman, Board of Directors, BTCL and  
Secretary, MoPT.

# Managing Director's Report



## a. New Organisation and New Approach

Bangladesh Telecommunications Company Limited (BTCL) emerged as a government owned company on 1st July 2008 from the age-old government organisation Bangladesh Telegraph and Telephone Board (BTTB). The smooth transition to a limited company has been facilitated by the efforts from the board of directors, the management, and the employees of BTCL. BTCL has regained customer loyalty by lowering the call rates and improving the service quality. For the first time, BTCL adopted a strategic approach by offering call rates as low as 10 paisa/min. (off-peak) and 15 paisa/min. (peak) to boost and retain the customer base.

## b. Digital Bangladesh

BTCL has taken appropriate measures to help achieving 'Vision 2021' of the present government. 'Digital Bangladesh' has been a major focus of 'Vision 2021' for changing lives of common people in Bangladesh. BTCL has initiated a number of projects to facilitate e-governance, video conferencing, and digitization of government services. At present, BTCL is building a ubiquitous optical fiber based infrastructure in the country to provide various broadband-based modern telecom services to the people.

## c. Highest Revenue

BTCL has earned the highest ever revenue in the financial year 2008-09. The amount of revenue earned in 2008-09 is Tk 1689.36 crore against the target of Tk 1600 crore.

## d. ADSL Broadband.

BTCL launched ADSL broadband service at a time when customers had been frustrated with the poor quality broadband services provided by some commercial service providers. This ADSL broadband service of BTCL emerged as the best among the mobile and fixed-line broadband services available in the market. Customers find it very user-friendly as they can make voice calls and browse internet at the same time. As a marketing strategy, BTCL has outsourced the sales and distribution of ADSL services to a local firm.

## e. The Future.

BTCL has set a target to install 10 (ten) million telephone based network in near future. This network would be able to provide voice service as well as broadband based data and video services. All the endeavours of BTCL are heading towards such a challenging target.



Engt. S.M. Khabiruzzaman, P.Eng.  
Managing Director, BTCL



**Board Meeting, March 18, 2009**

# Meetings, Presentations, Contracts.....



**Hon. Minister MoPT, Mr. Rajluddin Ahmed Roju on the occasion of Info - Bohon project contract signing ceremony between BTCL and KT Corporation Korea, on March 19, 2009.**



**BTCL officials presenting project proposal at Board meeting on, April 02, 2009.**



# Meetings, Presetations, Contracts.....



**Awareness program on fire fighting for BTCL officials, March 18, 2009.**



**MoPT and BTCL signed vendors agreement on July 1, 2008.**

# Corporate Governance

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

Managing Director of BTCL, under certain specific directions of the Board of Directors, 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 heads of the wings to render their responsibilities most efficiently and effectively.

The Board of Directors of BTCL always acts in the firm belief that effectiveness results from dialogue 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.



# Board of Directors

## Chairman

Sunil Kanti Bose  
Secretary,  
Ministry of Posts & Telecommunications

## Directors

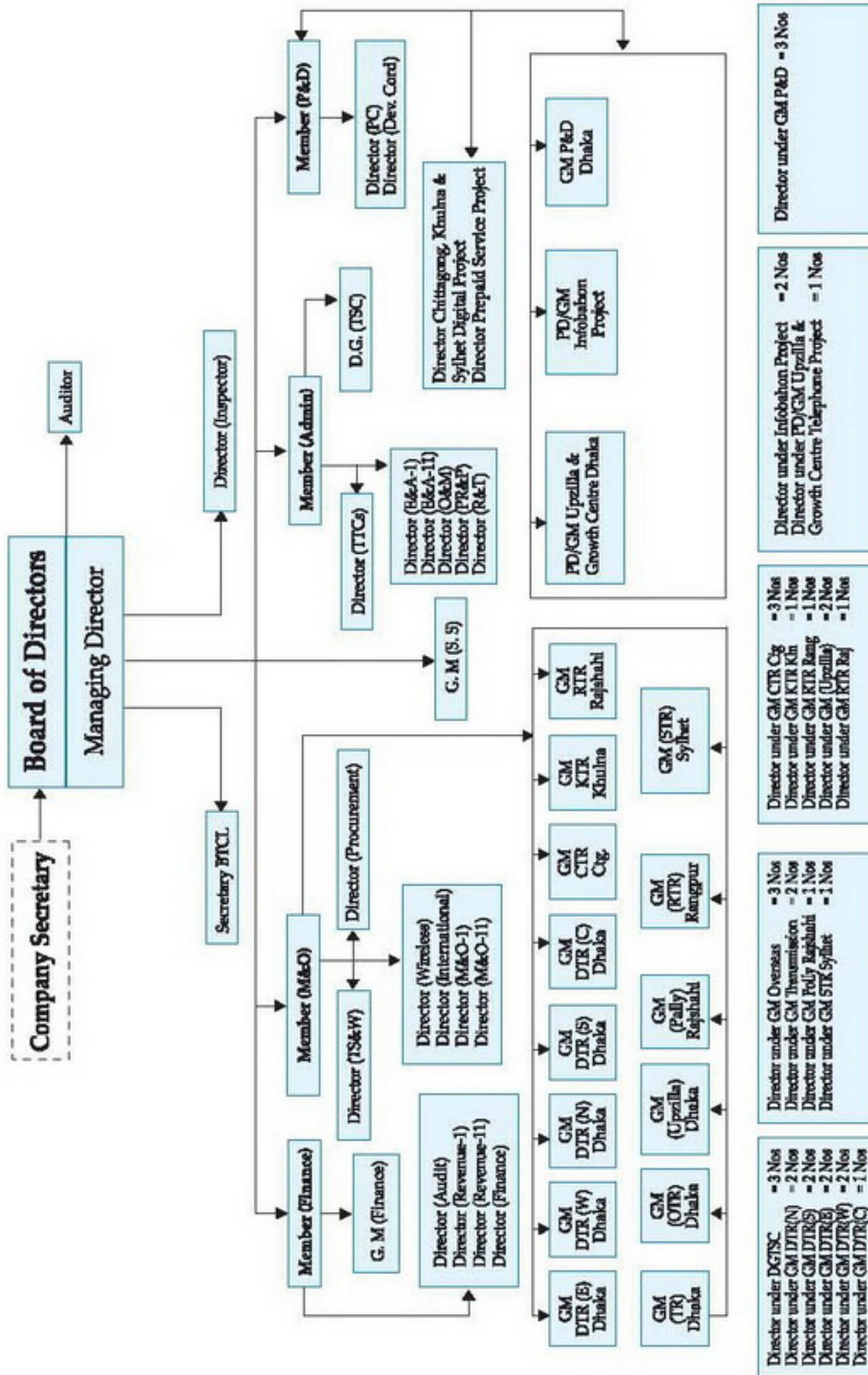
Name	Designation
Arastoo Khan	Additional Secretary, Ministry of Finance
Md. Mokhlesur Rahman	Joint Secretary, Ministry of Information
M. Rafiqul Islam	Joint Secretary, Ministry of Post and Telecommunications
Brig. Gen. Md. Rafiqul Islam	Bangladesh Army, Dhaka Cantonment
Nasir Uddin Ahmed	President, Institute of Chartered Accountants of Bangladesh
Muhammed Zafar Iqbal	Professor, Shahjalal University of Science and Technology, Sylhet
Anisul Huq	President, Federation of Bangladesh Chamber of Commerce & Industry
Eng. S.M. Khabiruzzaman	Managing Director, BTCL

**Company Secretary :** Asaduzzaman Chowdhury

**Auditors :** M/s Hoda Vasi Chowdhury & Co.  
Chartered Accountants  
BTMC Building (8<sup>th</sup> Level)  
7-9 Karwan Bazar Commercial Area  
Dhaka-1215

**Corporate Office :**  
Telejogajog Bhaban  
37/E, Eskaton Garden  
Ramna, Dhaka-1000, Bangladesh

# Present Organogram of BTCL



Note : Upto Dir Level

# BTCL : The Successor of BTTB

*Bangladesh Telecommunications Company Limited (BTCL) is 100% government owned company since July 01, 2008. A state owned premier telephone company providing almost all type of basic telephony services except Mobile Telephony.*

## Historical Background

The Telegraph branch under the Posts and Telegraph Department was created in 1853 in the then British India and was regulated afterwards under the Telegraph act of 1885. This telegraph branch was reconstructed in 1962 in the then Pakistan as Pakistan Telegraph and Telephone Department. After the independence of the People's Republic of Bangladesh in 1971, Bangladesh Telegraph and Telephone Department was set up under the Ministry of Posts and Telecommunications to run the Telecommunications services in Bangladesh. This was converted into a body named 'Telegraph and Telephone Board' by promulgation of Telegraph and Telephone Board Ordinance, 1975. In pursuance of Ordinance No. XII of 1979 promulgated on 24th February, 1979; Telegraph and Telephone Board was converted to "Bangladesh Telegraph and Telephone Board" as a Government Board. Finally, the government board was converted into a limited company registered under the Companies Act 1994 by the Ordinance no.22 of 2008 promulgated on June 01, 2008. BTCL is a 100% government owned company since July 01, 2008.

## Introduction of Telecom Sector

Advancements in telecommunication & Information Communications Technology (ICT) sector have done more than anything else to drive the last decade's economic boom as telecommunications play vital role in the development of ICT-driven society.

BTCL (erstwhile BTTB), the only public sector telephone service provider, is doing its best with its limited resources to provide the most advanced telecommunication services to its valuable subscribers.

BTCL is maintaining a consistence policy to advanced digitalization (like NGN) of its entire telecommunications network. Digitalization of BTCL network started back in the year 1983 and during the last decade, the installation of digital equipment has been expedited. In the mean time, all the district headquarters and 450 upazila's have been equipped with digital exchanges. These exchanges are also capable of providing narrowband internet services. Remaining upazilas will have digital exchanges very soon.

In the age of information technology (IT), a robust and efficient national transmission system is required to support telecommunication and data communications, as well as the ICT activities of a country. Keeping this view at the forefront, BTCL is gradually installing and expanding Optical Fiber network and SDH microwave links throughout the country.

BTCL (erstwhile BTTB), as a member of SEA-ME-WE4 consortium, has completed a project of installing Submarine Cable to connect the country with the global information super highway. This has enabled better overseas gateway facilities for data communications as well as voice communications for public and private operators. This Submarine Cable is now maintained and operated by another government owned company, BSCCL.

Meanwhile, BTTB implemented "10 (ten) lacs T & T Mobile phone (1st phase 2.5 Lacs)" project. The network is now being managed by another Public Ltd. Company namely "TELETALK Bangladesh Ltd".

## Legislative Highlights

- 1853 Formation of Posts and Telegraph Department in British India
- 1885 Telegraph Act-1885
- 1933 Wireless Act-1933
- 1962 Renamed as Pakistan Telegraph and Telephone Department
- 1971 Renamed as Bangladesh Posts and Telegraph Department under Ministry of Posts and Telecommunications
- 1975 Telegraph and Telephone Board Ordinance
- 1979 Bangladesh Telegraph and Telephone Board Ordinance
- 1998 Telecommunication Policy-1998
- 2001 Telecommunication Act-2001 to form Bangladesh Telecommunication Regulatory Commission (BTRC). Jobs of former Frequency and Wireless Board (under Ministry of Posts and Telecommunications) were vested upon BTRC.
- 2008 BTTB was converted into BTCL (Bangladesh Telecommunications Company Limited) from July 1, 2008. Bangladesh government initially owns all shares of BTCL but shares will be offloaded soon to the public



# Performance Data

## Technical Infrastructure

### Telephone Service

	2007-08	2008-09
No. of Telephone Exchanges	697	693
Exchange Capacity	1315813	1315030
Telephone connections	836111	866784

### Data Service

Backbone Capacity	Satellite	(24+8) Mbps	(48+24)Mbps
	Submarine	3 X STM-4 + 8 STM-1	4 x STM-4 + 8 xSTM-1
	Cable		
Dial-up Internet Subscriber	28905	33690	

ADSL broadband launched on 1st June 2009.

### Overseas Circuits

Voice Circuits	40042	46712
Overseas call Volume	4029.54 mil	*4661.24 mil
IPLC Bandwidth	17280 Kbps	109440 Kbps

\* 90% calls are incoming

### NWD Auto Trunk

NWD Circuit Capacity	2174 E1 + 14 STM-1	2174 E1 +14 STM-1
NWD Circuits Working	1071 E1	1260 E1 + 1 STM-1

### Annual Development Program

Number of Development Projects	8	2
Allotment (Tk. In Millions)	2658.70	1400.00
Expenditure (Tk. In Millions)	2478.50	1332.70

## Man Power

	2007-08	2008-09
1 <sup>st</sup> Class Officer	619	530
2 <sup>nd</sup> Class Officer	539	452
3 <sup>rd</sup> Class Employee	8980	7706
4 <sup>th</sup> Class Employee	2398	1637
Total	12536	10325

## Training

Foreign Training	78 person	69 person
Local Training	4716	3052

## Revenue

Revenue	1565.33 crore taka	1689.36 crore taka
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## BTCL Major Projects

#	Name	Implementation period	Total Cost (In Lakh Taka)	Mode of Financing (In Lakh Taka)	Major Component
1	Internet Information Network Expansion (INFO-BAHAN) Project	July 2006 - June 2011	29065.84	GOB : 12032.40 P.A : 17033.44	<ol style="list-style-type: none"> <li>FTTX Nodes/PON (Fiber to the Home/Building, Passive Optical Network): To build Optical Fiber based Access Network.</li> <li>Routers and Switches: For IP Network/Backbone</li> <li>ADSL/DSLAM: Digital Subscriber Line Access Multiplexer to provide Broad Band Service.</li> <li>MSPN Nodes: Multi Service Provisional Platform for Convergent Network (i.e. Data and Voice)</li> <li>Optical Fiber: For Transmission Back Bone and Access Network</li> </ol>
2	ILDTS Policy-2007 compliance project (Phase-1)	Oct'2008 - June 2010	17959.93	BTCL	<ol style="list-style-type: none"> <li>Installation of IGW with NGN facility</li> <li>Installation of ICX at Dhaka, Chittagong, Sylhet, Khulna &amp; Bogra</li> <li>Upgrading BTCL's existing IIG</li> <li>Installation and commissioning of Access Network Services (ANS) Gateway at Gulshan, Sher-e-Bangla Nagar, Chittagong, Khulna, Bogra and Sylhet.</li> <li>Billing of BTCL's IGW, ICX IIG and ANS system</li> <li>ITX expansion and spares.</li> <li>Tandem and Tax expansion</li> <li>Computerized Accounting System</li> <li>Installation of Transmission Network.</li> </ol>
3	Installation of Digital Telephone Exchanges at upazila & growth centers	July 2002 - July 2010	41792.11	GoB	<ol style="list-style-type: none"> <li>Switching equipment : I) Equipment &amp; accessories for 220 RSUs. II) Equipment &amp; accessories for host Exchangel) balance equipment</li> <li>Transmission Equipment : 185 link radio &amp; optical)</li> <li>Lineter/Earth station equipment</li> </ol>

## Important Performance / Merits of the reporting Financial year.

1. Installation of Digital Exchanges in Upazillas & Growth Centre.
2. INFOBAHAN Project.
3. LTDS Policy 2007.
4. Procurement & installation of 5 set 34 Mb/3 STM-1 Optical Max and 5 set 15 Ghz radio.
5. Procurement & installation of two 500 KV transformer HI-tension Vacuum Circuit Break at Ramna Exchange.
6. Purchase of Optical fiber joint closer for modernization of Optical fiber networks.
7. Procurement & Installation of CCTV System for security different of BTCL Exchanges.

## Technical Statistics

As on 30th June 2009

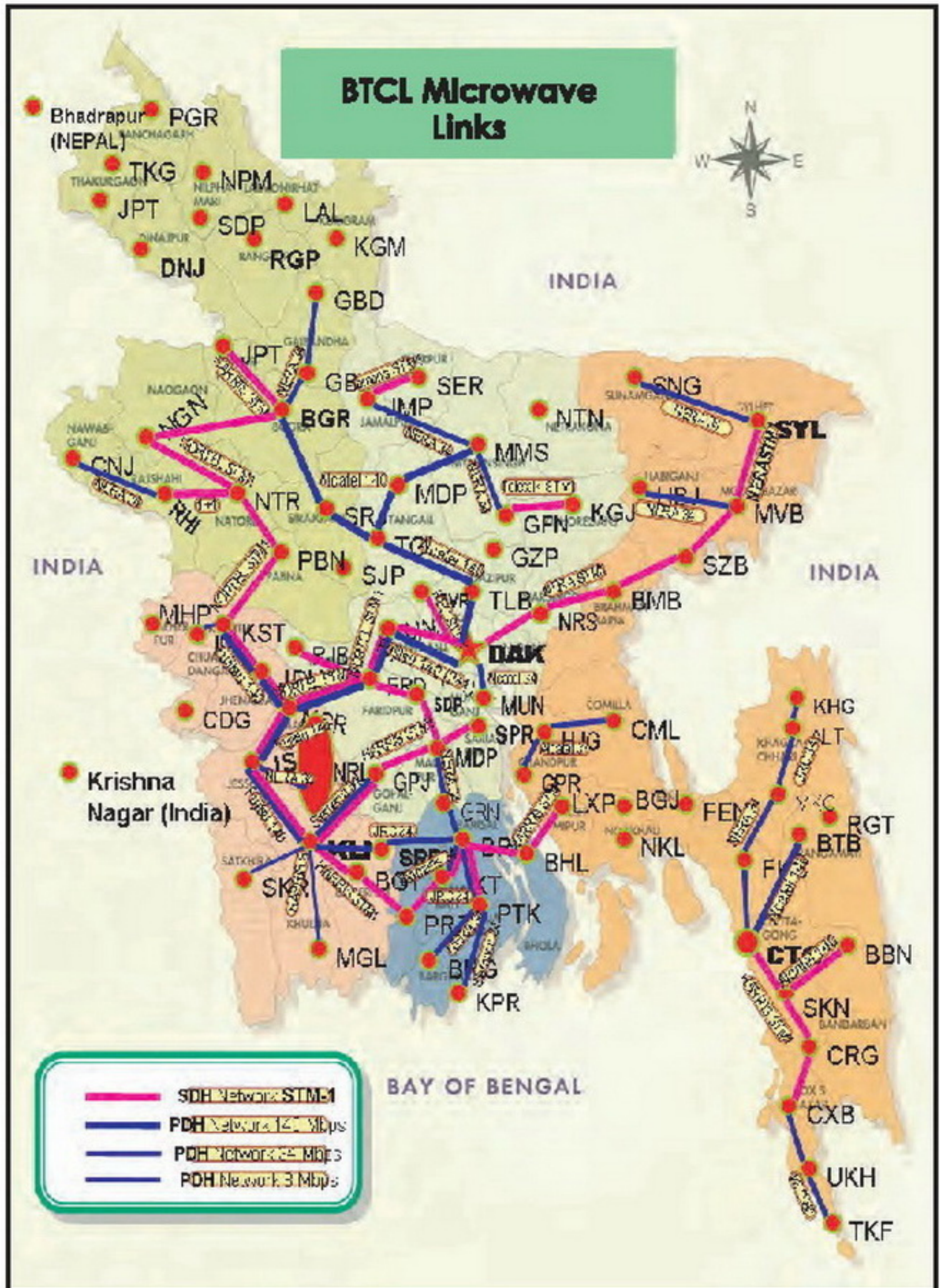
No. Digital Exchange	585
No. Analog Exchange	108
<b>Total Exchange</b>	<b>693</b>
No. Upazilla (Digital Exchange)	455
No. Growth Centre (Digital Exchange)	18
No. Trunk Automatic Exchange (TAX)	18
National Long Distance Circuits	52,216
International Trunk Exchange	06
Overseas Circuit	44,511
Satellite Circuit	8,174
Sub-Marine Cables Circuit	36,337
Satellite Earth Station	03
Optical Fiber	1909 Km.
Pre-paid Phone Capacity	10000

## Regionwise Telephone Status as on 30 June 2009

Region	Capacity	Connection	Region	Capacity	Connection
Dhaka Central	43000	38749	Chittagong	247998	143057
Dhaka West	151229	125690	Sylhet	78576	41198
Dhaka North	203383	149592	Khulna	165412	78840
Dhaka East	115876	95942	Rajshahi	65708	33259
Dhaka South	164396	120859	Rangpur	79452	39598
<b>Total</b>				<b>1315030</b>	<b>846784</b>

### BTCL Optical Fiber Link (After Completion of JBIC & INFOBHAN)





## Manpower of BTCL

As on 30th June 2009

Category	Sanctioned Post	Working	Vacant Post
1st Class	736	643	93
2nd Class	684	480	204
3rd Class	14,190	6,879	7,311
4th Class	3,456	1,945	1,511
<b>Total</b>	<b>19,066</b>	<b>9,947</b>	<b>9,119</b>

## HRD activities in BTCL

To enhance the efficiency and quality of services of Bangladesh Telecommunications Company Ltd., to update the technical knowledge and skill of personnel and to install new technology in the Telecom sector special emphasis is given to the in service training activities. In service training for newly recruited engineers and refresher training of other officers are carried out in Telecom Staff College (TSC) , Gazipur and that of the employees are usually carried out in Telecom Training Centre(TTCs) located at Dhaka, Bogra and Khulna and in other sub-centers.

### Telecom Staff College (TSC)

This institute is located at Gazipur (near Dhaka) established in 1987 with ITU & UNDP assistance has already put its marks as one of the leading institutes for telecom training in this region. It has all the infrastructure facilities and equipment including resource personnel to establish itself as one of the leading Telecom Training Institutes of SAARC region.

Type HRD activity (2008-09)	No.	No. of Trainees / Participants
Local Training :	40	995
Foreign Training	20	78
Seminars /Workshops:	11	241
Courses at TSC & TTCs	34	1281

# Services of BTCL

*Bangladesh Telecommunications Company Limited (BTCL) is a state owned premier telecommunications company engaged in providing almost all types of telecommunication services like, PSTN Telephony, Transmission Backbone Services, Narrowband & Broadband Internet Services, Data Services, IN Services, International Carrier Services, IPLC Services etc. except Mobile Telephony.*

## **BTCL's services are briefly described below:**

### **PSTN (Public Switched Telephone Network) or Landline**

**Domestic Voice Call:** Voice call on "one country one rate basis" within BTCL network through out the country.

**Overseas Voice Call:** Two types of overseas call-

**EISD:** Economy ISD (International Subscribers' Dialing)

**Standard ISD:** International Subscribers' Dialing

**ISDN (Integrated Services Digital Network):** ISDN PRI connection in the selected exchanges.

**Value Added Services (VAS):** BTCL provides different Value Added Services (VAS) in the land phones like Call barring, Abbreviated dialing, Call conference, Call waiting, Wake up call (Alarm), Subscriber absence message, Hotline, Call forwarding, Don't disturb message etc.

### **IGW Service**

BTCL has long been working as the international voice carrier and operating international gateways. The legitimate voice calls originated from and terminated to the Access Network Service (ANS) Providers' network are exchanged through BTCL IGW.

### **ICX Service**

BTCL provides Interconnection Exchange (ICX) services to route domestic inter-operator calls.

### **Data & Internet Services**

**DDN (Digital Data Network):** Spread throughout 73 locations in 41 District head quarters. Suitable for high speed point to point dedicated data communication line.

**Broadband Internet:** 'BCube', a BTCL broadband using ADSL (Asymmetric Digital Subscriber Line) technology, offers broadband internet over BTCL land phone allowing customers to browse and talk at the same time.

**IIG Service:** ISPs are connected through optical fiber with BTCL International Internet Gateway (IIG) nodes for providing internet transit facility. The same infrastructures are being used to provide higher bandwidth to different organizations.

**Dial-up Internet:** Available from BTCL digital exchanges around the country. Voice call is unavailable when this service is in use.

**Premium Dial-up Internet:** This is another kind of dialup Internet service. It is also available from BTCL digital exchanges around the country. Anybody, without registration, anytime can access to the internet by dialing to the access code 0101234 through modem using the ID: btcl and Password: btcl.

**.bd Domain Registration:** BTCL is the only provider of .bd domain registration service.

**IPLC (International Private Leased Circuit):** BTCL provides IPLC backhaul from Cox's Bazar to any domestic location in the country and also local loop from BTCL exchange to customer premise.

### Value Added Services through IN (Intelligent Network)

**Free Phone Service (FPS):** This is the brand name of BTCL's Toll free phone service. FPS subscriber will pay the bills of incoming calls. So the callers can make free call to an FPS number. This service is suitable for different service providers, enterprises and call centers, where people can make calls free of cost.

**Pre-Paid Telephony (PPT):** The PPT (Prepaid Telephony) Service enables the subscriber to transfer the balance of a Prepaid Card to the account of a telephone number. When subscriber makes Prepaid Phone call by this telephone, the call will be charged to the prepaid account of this telephone number.

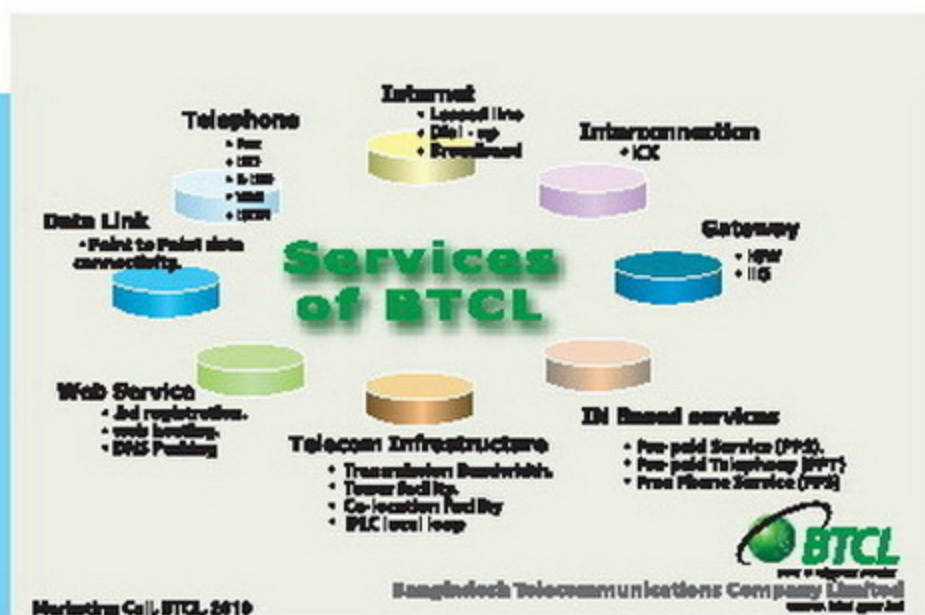
**Pre-Paid Service (PPS):** The PPS service allows a user to make any call (local, NWD, EISD, ISD) from any Digital telephone set by using a scratch card. This call will be charged to the card number (account number in IN system) and will not be included in telephone bill.

### Interconnection Service

BTCL has a countrywide robust transmission network consisting of optical fiber and digital microwave system. The inter-operator connectivity and inter-organizational connectivity in the range of E1, E3, STM-1, STM-4 transmission bandwidth are leased out with competitive charges.

### Infrastructure Service

BTCL has its own active and passive infrastructure facility even at Upazilla and Growth Center level. The infrastructures are leased out/rented under the Infrastructure Sharing Guidelines issued by BTRC.



# BTCL Broadband- 'BCube' : A new Service

BTCL has introduced broadband internet service using ADSL (Asynchronous Digital Subscriber Line) technology under brand name 'BCube' on 1 June 2009. It was long cherished dream of the BTCL subscribers to get the taste of real broadband because internet has been treating as an integral part of life day by day. Speed of internet becomes a matter of great concern for users in many spheres of life e.g. E-commerce, distant education, communication through social networking etc.. Now BTCL subscribers can surf the web and make



phone calls at the same time on the same telephone line. There is no hassle of extra line. There are more than 15 tariff packages to choose depending upon speed (128 Kbps to 2 Mbps), limited or unlimited use based on volume of download data, time of use (day/night) etc. To market and provide customer support services for this broadband service, BTCL appointed an outsourcing firm (EMEM Systems Ltd) information about this service is made available in a separate website - [www.bcube.net.bd](http://www.bcube.net.bd). BTCL subscribers of Dhaka and Chittagong metro area were the first to get the taste of BCube. In phases, all cities will be brought under its coverage. ADSL technology has enabled BTCL to provide broadband service as additional service over the existing copper wire being used for telephone service.

## Broadband Line Capacity (as on June, 2009) :

City	Capacity in Lines
Dhaka	16080
Chittagong	1,728
Rajshahi	224
Khulna	224
Sylhet	512
Cornilla	512
Jessore	224
Mymensingh	128
Bogra	128
<b>Total</b>	<b>19,760</b>



# CSR and Other activities

BTCL believes Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

BTCL also believes by observing CSR it will be able to create overall positive impact on society. There are 12 educational and 31 social institutions are being supported by BTCL fund. In 2008-09 money that is funded in following field.

Educational Institute	135000 Tk.
Mosque etc.	438000 Tk.
Medical	416600 Tk.
Funeral	304000 Tk.
<b>Total</b>	<b>1293600 Tk.</b>

## Universal Service Obligation of BTCL

Being a state owned entity BTCL has always been more people oriented. It never pursued profit as a corporate goal. Rather the company acknowledges its obligation as an organization to reach to the masses, irrespective of their economic status, and pave the way to improve the quality of life of the people of Bangladesh through state of the art telecommunication services.

BTCL is striving hard to expand the horizon of the people of this country through facilitating a robust and sophisticated telecom network all over the country. This approach of the company is in line with the policies of the Peoples Republic of Bangladesh to uproot the 'digital divide' that is hindering the progress of the people.



# Digital Bangladesh: Work Plan of BTCL

As a part of materializing the "Vision 2021" goals, the present government is committed to establish "Digital Bangladesh". Building a nation-wide robust, modern and high-capacity information and communication technology (ICT) infrastructure would be a vital tool towards fulfilling that mission. Easy, non-discriminatory and cheap access for all citizens of Bangladesh to the benefits offered by the ICT infrastructure will ensure fulfilling of the Vision 2021 goals.

BTCL contributes to the "Digital Bangladesh" mission by establishing a nation-wide telecommunication network ready for utilization by e-governance, e-commerce, e-education, e-science, e-health, e-agriculture and other e-activities in various spheres of citizen life. In this context, BTCL plans to build a people-centered network using modern technologies spreading around the whole country. Such a network will trigger a development oriented information society where every citizen will be able to access, utilize and share information and knowledge easily, efficiently and affordably. The network will explore the untapped potential of ICT through broadening of infrastructure and access networks, enhancing human resource, facilitating local content development, and subsequently achieving the targets set in the poverty reduction strategy. The network will enable the country to meet the targets set for the Millennium Development Goal (MDGs) and the World Summit on Information Society (WSIS) action plan to bridge the "Digital Divide".

Building a nation-wide robust, modern and high-capacity information and communication technology (ICT) infrastructure is going to act as a vital engine towards fulfilling the present government's "Vision 2021" goals. BTCL feels the need to support the government's endeavor to fulfill the goals of "Vision 2021" and the establishment of "Digital Bangladesh". In this context, BTCL proposes a project named "NGN Based Telecommunication Network for Digital Bangladesh" with the objective to build a nation-wide high bandwidth Next Generation Network (NGN) based Optical Fiber Cable (OFC) network extending up to upazilla level for enabling high capacity wired and un-wired data linkage by installing NGN technology based equipments. The outputs of the project will create a more robust telecom infrastructure in Bangladesh and thereby contributing to the national development. Hence the project can be considered as an investment for infrastructure development project rather than a revenue-generating one. Since, the present financial standing of BTCL is not strong enough to infuse the huge requirements of fund, the projects seek to ask the government for financing the relevant costs through equity participation and/or grants. The funds may be organized from the proposed Universal Service Obligations (USO) fund being organized by Bangladesh Telecommunication Regulatory Commission (BTRC).



## **BTCL has taken the following projects to materialize Digital Bangladesh**

1. Network Augmentation for providing telecom facilities to 1 million subscriber
2. Network Augmentation for providing telecom facilities to 5 million subscriber
3. Telecommunication Network Development
4. Internet Information Network Expansion ( INFO-BAHAN) Project
5. Installation of NGN based Telecommunication Network for Digital Bangladesh
6. Installation Wireless Broadband Network for Digital Bangladesh
7. ILDTS Policy-2007 compliance project (Phase-1)
8. Installation of Digital Telephone Exchanges at upazila & growth centers
9. Development of Telecommunication infrastructure at Chittagong Hill tracks
10. Replacement of old Digital Telephone System in Dhaka city



BTCL Stall on WTISD  
(World Telecommunications and  
Information Society Day) - 2009  
Fair at Chittagong

# Financial Statement 2008-09

**Balance Sheet**

**Income Statement**

**Statement of Changes in Equity**

**Cash Flow Statement**

**Notes to the Financial Statement**

# Bangladesh Telecommunications Company Limited

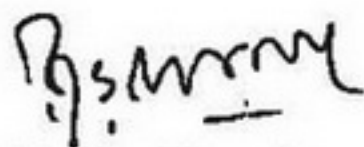
## BALANCE SHEET

As at 30 June 2009

	Notes	2009	2008 (Un-Audited)
		Taka	Taka
<b>Application of Fund</b>			
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	4	353,932,356,886	359,028,163,873
Capital work-in-progress	5	512,447,805	241,247,271
<b>Other Non Current Assets</b>			
Government Provident Fund (GPF) - Contra	6	1,836,580,464	1,649,399,000
Renewal & Reserve fund - Government	7	1,734,237,000	1,734,237,000
		<b>3,570,817,464</b>	<b>3,383,636,000</b>
Investment in Shares	8	105,004,564	105,012,564
<b>Current Assets</b>			
Stores & spares	9	625,254,417	611,524,681
Accounts receivable	10	14,988,925,371	16,561,126,212
Advances and prepayments	11	11,182,049,923	11,191,743,797
Cash & cash equivalents	12	14,722,102,627	3,119,958,471
		<b>41,518,332,338</b>	<b>31,484,353,161</b>
<b>Current Liabilities</b>			
Long term loan - current portion	21.2	3,782,314,729	2,792,504,213
Bank overdrawn	13	4,693,782	-
Security deposits & others	14	122,607,974	210,000
Payable to contractors and suppliers	15	8,814,003,575	8,783,050,530
VAT & duties payable	16	321,020,363	-
Employees emolument deductions	17	2,337,916	-
Provision for income tax		1,109,651,843	-
Accrued expenses	18	7,539,478,627	3,567,696,222
		<b>21,696,108,809</b>	<b>15,143,460,965</b>
<b>Net current assets</b>		<b>19,822,223,530</b>	<b>16,340,892,196</b>
<b>Total Assets</b>		<b>377,942,850,249</b>	<b>379,098,951,904</b>

	Notes	2009 Taka	2008 (Un-Audited) Taka
<b>Sources of Fund</b>			
Authorised Share Capital		<u>150,000,000,000</u>	<u>150,000,000,000</u>
<b>OWNERS' EQUITY</b>			
Share capital	19	1,800	1,800
Equity reserve	20	280,604,770,110	279,967,699,259
Retained earnings		1,061,453,071	0
		<b>281,666,224,981</b>	<b>279,967,701,059</b>
<b>Non Current Liabilities</b>			
Loans	21	20,556,690,710	22,902,189,537
Long-term Liabilities to Employees	22	31,459,157,319	32,059,157,319
Government provident fund (GPF) - contra		1,836,580,464	1,649,399,000
Other Long-term Liabilities	23	42,424,196,775	42,520,504,989
		<b>96,276,625,268</b>	<b>99,131,250,845</b>
		<u><b>377,942,850,249</b></u>	<u><b>379,098,951,904</b></u>

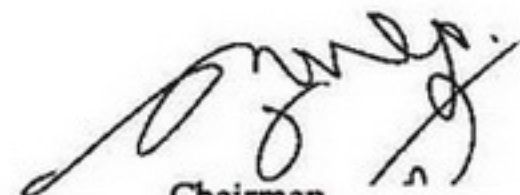
The accompanying notes are the integral part of these financial statements



Member (Finance)

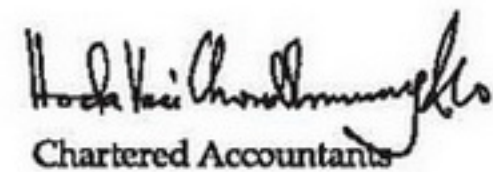


Managing Director



Chairman

Dhaka, 21 December 2009



Chartered Accountants

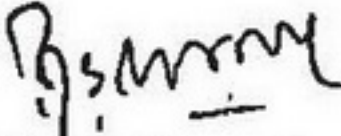
# Bangladesh Telecommunications Company Limited

## INCOME STATEMENT

For the period from 24 June 2008 to 30 June 2009

Particulars	Note	Taka
<b>Revenue</b>	<b>24</b>	<b>16,893,605,409</b>
Less: Cost of Services	25	5,544,675,909
Administrative expenses	26	2,645,674,265
Repairs & maintenance	27	411,425,065
Depreciation	4	5,278,228,234
Amortization of deferred expenditure	11.1	18,054,281
Provision for doubtful debts	28	497,162,100
		<b>14,395,219,854</b>
Operating Income		2,498,385,555
Add: Non-operating Income	29	303,213,701
		<b>2,801,599,256</b>
Less: Financial expenses	30	498,890,265
Exchange Loss	31	131,604,077
		<b>2,171,104,914</b>
Net profit before tax		2,171,104,914
Less: Provision for Income tax		1,109,651,843
Net Profit after Tax		<b>1,061,453,071</b>

The accompanying notes are the integral part of these financial statements



Member (Finance)

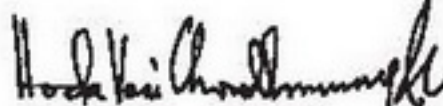


Managing Director



Chairman

Dhaka, 21 December 2009



Chartered Accountants

**Bangladesh Telecommunications Company Limited**  
**Statement of Changes in Equity**

**For the period ended 30 June 2009**

Particulars	Share Capital	Equity Reserve	Retained Earnings	Total
Balance as on 1st July 2008	1,800	279,967,699,259	-	279,967,701,059
Adjustment during the period	-	637,070,851	-	637,070,851
Net profit during period	-	-	1,061,453,071	1,061,453,071
<b>Balance as on 30 June 2009</b>	<b>1,800</b>	<b>280,604,770,110</b>	<b>1,061,453,071</b>	<b>281,666,224,981</b>



Member (Finance)



Managing Director



Chairman



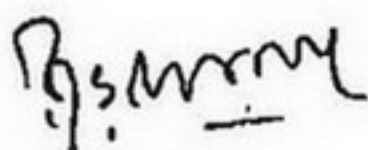
# Bangladesh Telecommunications Company Limited

## Cash Flow Statement

For the period ended 30 June 2009

Taka

<b>Cash flows from operating activities :</b>	
Net profit	1,061,453,071
<b>Adjustments for non-cash items :</b>	
Depreciation charged during the period	5,278,228,233
Provision for income tax	1,109,651,843
<b>Operating profit before changes in working capital</b>	<b>7,449,333,147</b>
<b>Changes in working capital</b>	
Increase in stores & spares	(13,729,736)
(Increase) / decrease in accounts receivable	1,572,200,841
(Increase) / decrease advances and deposits	9,693,874
Increase / (decrease) in payables to contractors & suppliers	30,953,045
Increase / (decrease) in securities & deposits	122,397,974
Increase in Bank over draft	4,693,782
Increase / (decrease) in current portion of long-term loan	989,810,516
Increase / (decrease) in accrued expense	3,971,782,405
Increase / (decrease) in VAT & duties payable	321,020,363
Increase in Employees emolument deductions	2,337,916
GPF	(187,181,464)
<b>Net cash flows from operating activities (A)</b>	<b>14,273,312,663</b>
<b>Cash flows from investing activities</b>	
Acquisition of property, plant and equipment	(182,421,246)
Payment for capital work-in-progress	(271,200,534)
Disposal of Shares in Teletalk	8,000
<b>Net cash flows from investing activities (B)</b>	<b>(453,613,780)</b>
<b>Cash flows from financing activities</b>	
Long-term loan	(2,345,498,828)
Long-term liabilities to employees	(600,000,000)
GPF	187,181,464
Other long-term liabilities	(96,308,214)
Prior year adjustment	637,070,851
<b>Net cash used in financing activities (C)</b>	<b>(2,217,554,727)</b>
<b>Net increase of cash and bank balances for the year (A+B+C)</b>	<b>11,602,144,156</b>
Cash and cash equivalents at the beginning of the period	3,119,958,471
<b>Cash and cash equivalents at the end of the period</b>	<b>14,722,102,627</b>



Member (Finance)



Managing Director



Chairman

# Bangladesh Telecommunications Company Limited

## Notes to the Financial Statements

for the period from 24 June 2008 to 30 June 2009

### 1. The Reporting Entity

#### 1.1 Historical background of BTCL

The Telegraph branch under the Posts and Telegraph Department was created in 1853 in the then British India and was regulated afterwards under the Telegraph Act of 1885. The Telegraph branch was reconstructed in 1962 in the then Pakistan as Pakistan Telegraph and Telephone Department. After the independence of the People's Republic of Bangladesh in 1971, Bangladesh Telegraph and Telephone Department was set up under the Ministry of Posts and Telecommunications to run the Telecommunications services in Bangladesh. This was converted into a corporate body named "Telegraph and Telephone Board" by promulgation of Telegraph and Telephone Board Ordinance, 1975. In pursuance of Ordinance No. XII of 1979 promulgated on 24 February 1979, Telegraph and Telephone Board was converted to "Bangladesh Telegraph and Telephone Board" as a Government body.

Under the Bangladesh Telegraph and Telephone Board (Amendment) Ordinance, 2008, the Government in public Interest, by agreement transferred the entire undertaking of the Board to a public limited company registered under the Companies Act, 1994 namely Bangladesh Telecommunications Company Limited (BTCL) from 1 July 2008. The management of the Company is vested in Board of Directors consisting of 9 members. Undertaking of the Board includes its officers and employees, business, project, schemes, assets, rights, powers, license, authorities and privileges its properties, movable and immovable, reserve funds investments, deposits, borrowings, liabilities and obligations of whatever nature but does not include those related to the submarine cable.

After the dissolution of the BTTB, all of the officers and employees who were serving under the dissolved Board are deemed to be officers or, as the case may be, employees of the BTCL on such terms and condition as may be determined by the BTCL or, until so determined, on the same terms and conditions as were applicable to the in the dissolved Board prior to its dissolution.

A German consultant firm namely M/s DETECON GmbH was appointed to value the assets and liabilities of BTTB for the conversion purpose. Due to time constraint, the consultant firm had to value the assets and liabilities and net worth of BTTB as on 30 September 2007. Subsequently, the Board of Directors of Bangladesh Telecommunications Company Limited decided to update the value as on 30 June 2008 as all the assets and liabilities of BTTB were transferred to BTCL as on 01 July 2008 through a vendors agreement dated 30 June 2008 between Government of the People's Republic of Bangladesh (GOB) and BTCL. The report of Rahman Rahman Huq (RRH) an independent valuer and first balance sheet as on 30 June 2008 drawn by them formed the basis for preparation of 2008-2009 financial statements.

#### 1.2 Nature of business

Bangladesh Telecommunications Company Limited is a public sector telecommunication service provider in Bangladesh. The Company provides the services like Telegraph, Local Telephone Network, Nationwide dialing (NWD), International telephone call facilities, International circuits leasing, International maritime satellite communications, data and Internet services.

### 2. Basis of preparation of accounts

#### 2.1 Statement of compliance

The accounts have been prepared in accordance with International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), the Companies Act 1994, and other applicable laws in Bangladesh.

#### 2.2 Basis of measurement

The accounts have been prepared on a going concern basis under historical cost convention.

#### 2.3 Functional and presentation currency

The accounts are presented in Bangladesh Taka which is both functional currency and presentation currency of the company. The figures of financial statements have been rounded off to the nearest Taka.

## 2.4. Use of estimates and judgements

The preparation of accounts requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgement about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods,

## 3. Significant accounting policies

Accounting policies set out below have been applied consistently to all periods presented in the financial statements.

### 3.1 Property, plant and equipment

#### Recognition of property, plant and equipment

These are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation in compliance with the benchmark treatment of BAS 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its operating condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

#### Depreciation of property, plant and equipment

Depreciation on other items of property, plant and equipment is provided on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. For addition to property, plant and equipment, depreciation is charged from the date of capitalization while in case of disposal, depreciation will be charged up to the month of disposal. Depreciation method, useful lives and residual values are reassessed at each reporting date. The estimated useful lives for different type of assets in years are as follows:

Items	Years
Buildings	50
Towers	50
Exchange Equipment	15
Transmission	15
Outside plants	30
Electric power and environmental control	15
Vehicles	5
Office equipment, furnitures and fixtures	10
IP data	15
Equipment under Mobile Project	15
Test equipment	15

The repairs & maintenance cost of the day to day servicing of the properties, plant & equipment are recognized in the profit and loss account as and when incurred.

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

#### Capital work in progress

Capital work-in-progress consists of acquisition costs of plant and machinery, capital components and related installation cost until the date of capitalization of assets. In case of import of components, capital work-in-progress is recognised when their shipment is confirmed by the supplier.

## 3.2 Intangible assets

### (a) Recognition and measurement

Intangible assets are measured at cost less accumulated amortisation. Intangible assets are recognised when all the conditions for recognition as per *BAS 38: Intangible assets* are met. The cost of the intangible assets comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

### (b) Amortization

Amortization is recognised in the profit and loss accounts on a straight line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

	Payment date	Tenure
Licence fees	31-Jan-07	12 months
Frequency charges		23 months

## 3.3 Stores & Spares

### Recognition and measurement

Stores items were valued at original cost as available. Old items known to have no value were valued at Taka 1 each for identification purposes.

## 3.4 Accounts receivable

### (a) Recognition and measurement

Accounts receivable consists of unpaid bills receivable from subscribers and unbilled revenue recognised at the balance sheet date and are stated net of bad debts provision.

### (b) Provision for doubtful debts

Provision for doubtful debts has been considered on a lump sum basis on the possibility of collection of receivables.

## 3.5 Basis of payments to BTRC

The Company has acquired 6 (six) licenses from Bangladesh Telecommunications Regulatory Commission (BTRC) for various terms. The Company did not require to pay acquisition fee (exempted) but is required to pay following annual renewal fees/charges:

- PSTN Licence fee: Annual Fee of Tk 20,000,000
- International Gateway (IGW) Service License Fee: Annual Fee of Tk 75,000,000
- International Exchange (ICX) Service License Fee: Annual Fee of Tk 25,000,000
- International Internet Gateway (IIG) Service License Fee: Annual Fee of Tk 500,000
- Nationwide ISP License fee: Annual Fee of Tk 600,000
- Domestic Data Communication Service Provider (DDCSP) License fee: Tk 200,000

In addition, the Company is required to pay share of telecom revenues to BTRC calculated at various rates as prescribed by BTRC.

## 3.6 Employee benefits

Pursuant to the vendors agreement executed on 1 July 2008 between the Government of Bangladesh and BTCL, the employees will be on the account of Government for 2 (two) subsequent years and thereafter options will be obtained as to their preference whether employment of any employee or staff should be transferred to the company or shall remain with the Government.

In view of the above, no provision for pension and gratuity has been made in the accompanying financial statements.

In addition, BTCL maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions approved by the Government.

(a) Defined contribution plan (provident fund)

All permanent employees usually contribute 10% of their basic salary to the general provident fund but it may vary based on his/her declaration subject to government rules and regulations in this regard. The Company collects the contributions from the employees and deposits the same to the Government exchequer. During the period under review, the Company has deducted Taka 187,181,464 and deposited to the Government exchequer.

(b) Defined benefit plan (pension)

Defined benefit plan is a retirement benefit plan under which amounts to be paid and determined by reference to employees' earnings and years of service. The recognised Employees' Pension Fund is considered as defined benefit plan as it meets the recognition criteria. The BTTB / BTCL's obligation is to provide the agreed benefits to retired employees as per condition of the fund.

(c) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(d) Salary payments until pension ability

This is the accumulated cost attributable to the employees of discontinuing business of BTTB telegraph and telex service. BTTB has discontinued their telegraph and telex service but still employs the related personnel who are yet to be retired. These employees are under-employment, distributing the revenue invoices once a month and performing some manual invoicing activities for internet customers. Balance as to 30 June 2009 appeared at Taka 114 crores as may be seen in the accompanying Note- 24.

### 3.7 Income tax

Income tax expense comprises current tax only. Tax provision has been made on lumpsum basis on the net profit as appearing in the accompanying financial statements.

### 3.8 Revenue recognition

- (a) Telecom Revenues are recognised when services are rendered.
- (b) Interest on term deposits has been recognised on accrual basis.
- (c) Dividend income is recognised on cash receipt basis.

### 3.9 Foreign currency transactions

Transactions in foreign currencies are recorded in the books at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Bangladesh taka at the rate of exchange prevailing at the balance sheet date.

### 3.10 Comparatives

Figures as at 30 June 2008 have been taken from the balance sheet certified by Rahman Rahman Huq, Chartered Accountants, who made valuation of the company as on 30 June 2008.

### 3.11 Generals

(a) The Company has neither any investment in shares in Telephone Silpa Sangstha Ltd. and Bangladesh Cable Shilpa Ltd. nor any interest therein except business linkage as the Government owned entities in the similar sector. Further, the Company has no control on the management of the aforesaid companies who are independently managed by its Boards of Directors as separate entities.

(b) The figures have been rounded off to the nearest Taka.

Note - 4

### Schedule of Property, plant & equipment As at 30 June 2009

Assets	COST				DEPRECIATION				Written down value as at 30.06.08	
	Balance as at 01.07.2008	Additions & adjustment during the period	Disposal during the period	Balance as at 30.06.09	Rate of depreciation	Balance as at 01.07.08	Additions & adjustment during the period	Disposal during the period		Balance as at 30.06.09
Land	280,584,605,565	-	-	280,584,605,565	Taka	-	-	-	Taka	280,584,605,565
Building	9,528,613,324	332,456	-	9,528,945,780	2.00%	5,569,679,535	190,575,591	-	5,760,255,126	3,768,690,654
Tower	2,315,031,733	-	-	2,315,031,733	2.00%	840,978,299	46,300,635	-	887,278,934	1,427,752,799
Exchange equipment	26,443,114,423	1,122,000	-	26,444,236,423	6.67%	8,305,704,052	1,762,911,695	-	10,068,615,747	16,375,620,676
Transmission	6,364,241,661	88,464,159	-	6,452,705,820	6.67%	4,192,507,879	427,231,583	-	4,619,739,462	1,832,966,358
Outside plant	69,815,877,607	73,273,863	-	69,889,151,470	3.33%	20,966,049,131	2,328,417,151	-	23,294,466,282	46,594,685,188
Electrical power and environment control	4,444,790,637	680,517	-	4,445,471,154	6.67%	1,886,907,581	296,342,060	-	2,183,249,641	2,262,221,513
Vehicles	1,185,138,000	-	-	1,185,138,000	20.00%	1,118,233,904	66,904,095	-	1,185,137,999	1
Office equipment, furniture and fixtures	157,249,986	18,548,251	-	175,798,237	10.00%	125,887,976	16,652,411	-	142,540,387	33,257,850
IP data	1,402,219,694	-	-	1,402,219,694	6.67%	486,150,050	93,481,313	-	579,631,363	822,588,331
Test equipment	741,175,490	-	-	741,175,490	6.67%	461,795,840	49,411,699	-	511,207,539	229,967,951
	402,982,068,120	182,421,246	-	403,164,479,366		43,953,894,247	5,278,228,233	-	49,232,122,480	353,932,356,886

Note : Half yearly depreciation has been charged on additions during the year on a lumpsum basis as opposed to accounting policy for charging depreciation from the date of capitalization

	<b>30-Jun-09</b>	<b>30-Jun-08</b>
	<b>Taka</b>	<b>Taka</b>
<b>5. Capital Work-in-progress</b>		
<b>Opening balance</b>		
Upazilla Growth Center	230,727,271	230,727,271
Info Bahon Project	10,520,000	10,520,000
	<b>241,247,271</b>	-
Additions during the period (5.1)	271,200,534	-
<b>Closing balance</b>	<b>512,447,805</b>	<b>241,247,271</b>
<b>5.1. Additions during the period</b>		
Upazilla Growth Center	249,918,007	
Info Bahon Project	19,933,077	
International Long Distance Telephone Service	1,349,450	-
	<b>271,200,534</b>	-
<b>6. Government Provident Fund - contra</b>		
<b>Opening balance</b>	1,649,399,000	1,649,399,000
Amount deducted during the period from employees / staffs and deposited to the Government exchequer	187,181,464	-
<b>Closing balance</b>	<b>1,836,580,464</b>	<b>1,649,399,000</b>
The above represents amount deducted from employees as Government provident fund contribution and deposited to the Government Treasury.		
<b>7. Renewal &amp; Reserve Fund - Government.</b>	<b>1,734,237,000</b>	<b>1,734,237,000</b>
This represents the amount receivable from the Government of Bangladesh as valued by M/S Rahman Rahman Huq and related terms and conditions are yet to be arrived at as to recovery of the aforesaid fund.		
<b>8. Investment in Shares</b>		
A) Inmarsat Plc. UK (145,742 shares @ GBP 5.25 each) listed in London Stock Exchange	104,322,845	104,322,845
B) Inmarsat Holding Ltd. UK (5000 shares @ GBP 1 each) is nonlisted and valuation has been made on the basis of cost price.	681,719	681,719
C) Teletalk Bangladesh limited	-	8,000
	<b>105,004,564</b>	<b>105,012,564</b>
Market value of shares in Inmarsat Plc. UK was not available.		
<b>9. Stores &amp; Spares</b>		
Cables	606,534,009	594,098,523
Stores	17,426,158	17,426,158
Apparatus & associated items	981,194	-
Security equipment & fire fighting items	98,270	-
Electrical instruments & accessories	214,786	-
	<b>625,254,417</b>	<b>611,524,681</b>

	30-Jun-09	30-Jun-08
	Taka	Taka
<b>10. Accounts Receivable</b>		
Local operators	4,139,803,115	5,814,961,779
Foreign operators	6,845,178,584	8,837,262,757
Local customers	3,563,366,526	968,151,334
Closed number owing companies	1,650,013,069	1,650,013,069
PMR	-	3,011,096
	<b>16,198,361,294</b>	<b>17,273,400,035</b>
<b>Less: Provision</b>		
Local operators	310,909,578	228,113,516
Foreign operators	440,295,260	97,136,331
Private - normal	168,022,242	96,815,133
Closed number owing companies	1,633,512,939	1,633,512,939
	<b>2,552,740,019</b>	<b>2,055,577,919</b>
	<b>13,645,621,275</b>	<b>15,217,822,116</b>
<b>10.1. Accounts Receivable - Related Parties</b>		
Teletalk Bangladesh Ltd.	88,119,312	88,119,312
Government of the People's Republic of Bangladesh	563,343,641	563,343,641
Government Companies	128,182,966	128,182,966
Telephone Silpa Sangstha Ltd.	70,718,818	70,718,818
Bangladesh Cable Silpa Ltd.	492,939,359	492,939,359
	<b>1,343,304,096</b>	<b>1,343,304,096</b>
	<b>14,988,925,371</b>	<b>16,561,126,212</b>
<b>11. Advances &amp; prepayments</b>		
Employees		
Salary advance	731,895	-
Temporary advance	17,452,143	16,170,092
TA advance	442,940	302,678
Other advance	2,909,958	2,909,958
Loan	100,434,319	100,434,319
	<b>121,971,255</b>	<b>119,817,047</b>
<b>11.1. Others</b>		
Advance to Suppliers	51,216	-
Advance to Consultants (RRH)	2,740,000	-
Others L/C margin, CD/VAT with Customs Houses T Dhaka and CTG	11,040,737,694	11,037,322,711
Deferred Frequency Charges (11.1.1)	16,549,758	34,604,039
	<b>11,060,078,668</b>	<b>11,071,926,750</b>
	<b>11,182,049,923</b>	<b>11,191,743,797</b>
<b>11.1.1 Deferred frequency charge</b>		
Opening balance	34,604,039	34,604,039
Amortization during the period	(18,054,281)	-
	<b>16,549,758</b>	<b>34,604,039</b>
<b>12. Cash &amp; Cash Equivalents</b>		
Cash in hand	326,342,576	278,990,595
Cash at banks	2,518,350,190	2,840,967,876
Term deposits	11,282,930,296	-
Cash in transit	594,479,564	-
	<b>14,722,102,627</b>	<b>3,119,958,471</b>



	<b>30-Jun-09</b>	<b>30-Jun-08</b>
	<b>Taka</b>	<b>Taka</b>
<b>13. Bank Overdrawn</b>	<b>4,693,782</b>	
This represents overdrawn balance due to cheques issued before placement of required fund on the bank account and this has subsequently been cleared.		
<b>14. Security deposits and others</b>		
Deposits for contributory works	7,953,748	-
Deduction from contractors & suppliers	71,716	-
Security money	8,478,616	210,000
Deposit from customers	58,636,370	-
Security deposits	47,467,525	-
	<b>122,607,974</b>	<b>210,000</b>
<b>15. Payables to contractors and suppliers</b>		
Unpaid project suppliers invoice	17,605,262	17,605,262
Unpaid project letters of credit	8,796,398,313	8,765,445,268
	<b>8,814,003,575</b>	<b>8,783,050,530</b>
<b>16. VAT &amp; duties payable</b>		
Customs & excise payable	16,897,367	-
VAT payable	304,122,996	-
	<b>321,020,363</b>	<b>-</b>
<b>17. Employees emolument deductions</b>	<b>2,337,916</b>	
This refers to amount deducted from the employees during the period under review on account of Government Provident Fund which are yet to be deposited to the Government treasury. This amount is exclusive from the amount of Taka 184 crores appearing in Note - 6.		
<b>18. Accrued expenses</b>	<b>7,539,478,627</b>	<b>3,567,696,222</b>
Officers Salary and Allowances	(6,118)	-
Staff Salary and Allowances	12,433,841	14,503,624
General Expenses	1,293,444,493	1,322,995,268
Audit fees	300,000	-
Accrued Repairs & Maintenance	255,464	-
Liability for Capacity Charges & Settlements	158,368,815	-
BTRC License fees	121,300,000	-
BTRC Revenue Share	4,324,959,534	601,553,132
BRTC License Fees	8,333,333	8,333,333
Telephone Shilpa Shangstha- TSS	204,799,534	204,799,534
Government of Bangladesh / Quasi Government:		
Deposit payable on demand	47,152,342	47,152,342
Other payable- GoB	18,501,671	18,501,671
Welfare Fund	108,400	330,000
Contributory Deposit	16,417,459	16,417,459
Other payable- GoB- VAT on Gov.Tel.Bill	501,387,549	501,387,549
	<b>583,567,421</b>	<b>583,789,021</b>
Project Liabilities	831,722,310	831,722,310
	<b>7,539,478,627</b>	<b>3,567,696,222</b>

	30-Jun-09 Taka	30-Jun-08 Taka
<b>19. Share capital</b>		
<b>Authorised Share Capital</b>	<b>150,000,000,000</b>	<b>150,000,000,000</b>
1500,000,000 shares of Taka 100 each		
<b>Paid up Share Capital</b>		
18 Shares of Taka 100 each		

#### Composition of shareholdings

Name of shareholders & respective Ministries / Agencies	Represented by	Amount (Tk)
Ministry of Posts & Telecommunications, GOB	Mr. Sunil Kanti Bose	200
Ministry of Finance, GOB	Mr. Arastoo Khan	200
Ministry of Information, GOB	Mr. Md Mokhlesur Rahman Khan	200
Ministry of Posts and Telecommunications, GOB	Mr. M. Rafiqul Islam	200
Bangladesh Army, Dhaka Cantonment	Brig. Gen. Md. Rafiqul Islam, ndc, psc.	200
Institute of Chartered Accountants of Bangladesh	Mr. Nasir Uddin Ahmed	200
Managing Director, BTCL	Engr. S.M. Khabiruzzaman	200
Shahjalal University of Science and Technology, Sylhet	Mr. Md. Zafar Iqbal	200
Federation of Bangladesh Chamber of Commerce & Industries	Mr. Anisul Huq	200

**1,800**

The entire amount of above paid up capital has been paid by the Government.

<b>20 Equity reserve</b>	<b>279,967,699,259</b>	<b>279,967,699,259</b>
Add: adjustment during the period	637,070,851	-
	<b>280,604,770,110</b>	<b>279,967,699,259</b>
Adjustment during the year		
Impaired asset adjusted during the year		96,308,215
Interest on foreign loan (30.1)		447,369,033
Bond Interest		49,548,800
Share of Teletalk		(8,000)
Prior year adjustment		43,852,804
		<b>637,070,851</b>

This amount represents difference of assets and liabilities of erstwhile Bangladesh Telegraph and Telephone Board (BTTB) taken over by the company as on 30 June 2008 according to the valuation carried out by M/S Rahman Rahman Huq, an independent valuer.

		30-Jun-09	30-Jun-08
		Taka	Taka
<b>21.</b>	<b>Loans</b>		
<b>21.1</b>	<b>Long-term portion:</b>		
	Foreign Loan (21.1.1)	13,201,867,468	14,207,957,430
	Bond Payable (21.1.2)	556,748,800	606,297,600
	Suppliers Credit - CMEC, China (21.1.3)	5,040,334,901	6,063,658,618
	Foreign Lease Finance/Submarine Cable (21.1.4)	1,436,788,541	2,024,275,889
	Government Loan	320,951,000	-
		<b>20,556,690,710</b>	<b>22,902,189,537</b>
<b>21.1.1</b>	<b>Foreign Loan</b>		
	Principal	12,279,208,181	13,142,377,044
	Interest	922,659,287	1,065,580,386
		<b>13,201,867,468</b>	<b>14,207,957,430</b>
<b>21.1.2</b>	<b>Bond Payable</b>		
	Principal	518,400,000	518,400,000
	Interest	38,348,800	87,897,600
		<b>556,748,800</b>	<b>606,297,600</b>
<b>21.1.3</b>	<b>Suppliers Credit - CMEC, China</b>		
	Principal	4,696,875,854	5,792,475,407
	Interest	343,459,047	271,183,211
		<b>5,040,334,901</b>	<b>6,063,658,618</b>
<b>21.1.4</b>	<b>Foreign Lease Finance/Submarine Cable</b>		
	Principal	1,249,381,341	1,506,573,400
	Interest	187,407,200	517,702,489
		<b>1,436,788,541</b>	<b>2,024,275,889</b>
<b>21.2</b>	<b>Long-term Loan - Current portion:</b>		
	Foreign Loan (21.2.1)	2,012,179,924	1,006,089,962
	Bond Payable (21.2.2)	49,548,800	49,548,800
	Suppliers Credit - CMEC, China (21.2.3)	1,355,489,016	1,374,988,849
	Foreign Lease Finance/Submarine Cable (21.2.4)	365,096,991	361,876,602
		<b>3,782,314,731</b>	<b>2,792,504,213</b>
<b>21.2.1</b>	<b>Foreign Loan</b>		
	Principal	1,726,337,726	863,168,863
	Interest	285,842,198	142,921,099
		<b>2,012,179,924</b>	<b>1,006,089,962</b>
<b>21.2.2</b>	<b>Bond Payable</b>		
	Principal	-	-
	Interest	49,548,800	49,548,800
		<b>49,548,800</b>	<b>49,548,800</b>

	30-Jun-09 Taka	30-Jun-08 Taka
<b>21.2.3. Suppliers Credit - CMEC, China</b>		
Principal	1,174,218,964	1,158,495,081
Interest	181,270,053	216,493,768
	<b>1,355,489,016</b>	<b>1,374,988,849</b>
<b>21.2.4. Foreign Lease Finance/Submarine Cable</b>		
Principal	277,640,298	273,922,436
Interest	87,456,694	87,954,166
	<b>365,096,991</b>	<b>361,876,602</b>
<b>22. Long-term Liabilities - Employees</b>	<b>31,459,157,319</b>	<b>32,059,157,319</b>
Loan to employees	100,434,319	100,434,319
Pension liabilities (A)	22,751,590,000	22,751,590,000
Retirement benefit	8,607,133,000	9,207,133,000
	<b>31,459,157,319</b>	<b>32,059,157,319</b>
<b>(A) Pension Liabilities</b>		
Long-term pension payment - family	1,174,568,000	1,174,568,000
Long-term pension payment - pensioners	21,577,022,000	21,577,022,000
	<b>22,751,590,000</b>	<b>22,751,590,000</b>
<b>23. Other Long-term Liabilities</b>	<b>42,424,196,775</b>	<b>42,520,504,989</b>
<b>Other Long-term Liabilities</b>		
Impaired assets (A)	42,364,400,163	42,460,708,377
Others	59,796,612	59,796,612
	<b>42,424,196,775</b>	<b>42,520,504,989</b>
<b>(A) Impaired Assets</b>		
Salary payments until pension ability	1,136,060,625	1,232,368,839
Demolition cost-Tejgaon and Tongi	4,639,716	4,639,716
EMD, CB and Magneto Exchange	120,715,053	120,715,053
Universal Service Obligation	41,102,984,769	41,102,984,769
	<b>42,364,400,163</b>	<b>42,460,708,377</b>

The above items are as per valuation report as on 30 June 2008

#### Salary payments until pension ability

This is the accumulated cost attributable to the employees of discontinuing business of BTTB telegraph and telex service. BTTB has discontinued their telegraph and telex service but still employs the related personnel who are yet to be retired. These employees are under-employment, distributing the revenue invoices once a month and performing some manual invoicing activities for internet customers. Balance as to 30 June 2009 appeared at Taka 114 crores as may be seen in the accompanying Note - 23.

#### Demolition cost

Estimated cost to be incurred to demolish the dilapidated stores and workshop building at Tejgaon and Tongi.

#### EMD, CB and magneto exchange

Estimated loss of impaired assets to be incurred for the next 10 years.

### Universal Service Obligation

BTCL is required, as a condition of its license to provide universal telephone service throughout Bangladesh without taking the economics of the connections into account. Due to this Universal Service Obligation (USO), the cost of this services is estimated for corporative BTCL for next 20 years. Considering all operational cost factors and depreciation of infrastructure for switches, transmission and outside plant, the majority of exchanges are currently at loss. To reflect an USO scenario and the estimated liabilities, the financial impact has been calculated for the continuations of loss making operations with the network configuration that BTCL has. The provisions has been estimated for the loss making exchanges for 20 years.

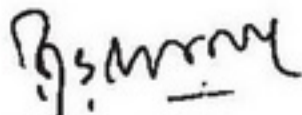
		30-Jun-09
		(Taka)
<b>24.</b>	<b>Revenue</b>	
	Telephone revenue	4,239,657,585
	Interconnection revenue	
	Local operators	1,908,290,811
	Foreign operators	10,174,552,655
	Internet and data services	570,197,422
	Telegraph services	906,936
		<b>16,893,605,409</b>
<b>25.</b>	<b>Cost of Services</b>	
	Interconnection & settlement	801,425,708
	BTRC charges	4,026,752,402
	Capacity charges & settlements	595,197,799
	BTRC License fees (25.1)	121,300,000
		<b>5,544,675,909</b>
<b>25.1</b>	<b>BTRC License fees</b>	
	IGW	75,000,000
	ICX	25,000,000
	PSTN	20,000,000
	IIG	500,000
	ISP	600,000
	DDCSP	200,000
		<b>121,300,000</b>
<b>26.</b>	<b>Administrative expenses</b>	
	<b>Staff Cost</b>	
	Officers salary and allowances	285,338,336
	Staff salary and allowances	1,516,618,238
	Officer/Staff benefits	244,222,353
	Officers/Staff retirement payments	4,683,046
		<b>2,050,861,973</b>
	<b>General Expenses</b>	
	Office rent	6,237,672
	Municipal tax	14,732,650
	Land development tax	2,095,408
	Insurance	752,408
	Electricity & power	185,372,134
	Water & sewerage	11,971,657
	Gas & Fuel charges	121,974,175
	Printing & Stationary	20,322,422
	Periodicals & papers	469,868
	Advertisement	3,441,424

30-Jun-09

Taka

TV & Media expenses	4,560
Souvenirs	21,279
Advisory & consultancy expenses	292,419
Legal fees	1,568,738
Audit fees	300,000
Training- local	2,848,247
Uniform & liveries	2,192,740
Garden maintenance	136,155
Salary of sweepers, carpenters etc.	6,629,990
Salary of casual staff	56,853,740
Conveyance	6,266,833
Licence fee	39,168
Postage & Courier	12,828,532
Entertainment	281,141
Donation & subscription	20,000
Traveling expenses	20,496,182
Carriage & cartage	528,344
Other tax	2,037,568
Demurrage	13,742,727
Penalty	132,933
Clearing expenses	6,950
Staff Bus hiring charge	12,739,194
Registration & renewals	404,790
Casual staff	7,638,996
Security services	21,389,406
Meeting expenses	200,013
Directors' honorarium	755,120
Computer billing charge	28,663,468
Daily labour	3,261,046
Binding expenses	110,434
Clearing agents, commissions & others	19,933,447
Medical retainers fees	2,000
Police escort	19,070
Office Elec. & other Mtc.	585,345
Miscellaneous	8,181,546
Optical Fibre installation expenses	14,011,461
Constructional expenses	148,975
	<b>612,642,374</b>
Less: Recovery of expenses	17,830,082
	<b>594,812,292</b>
	<b>2,645,674,265</b>
<b>27. Repairs &amp; maintenance</b>	
Operating building	8,629,151
Admin. building	24,071,794
Residential Building	18,659,210
Apparatus & plants	46,763,775
IT Equipments	19,999,816
Lines & wireless	175,521,352
Cables	58,838,126
Post, Mast & Aerials	14,287,577
Repair & maintenance- Furniture	1,053,737
Office Equipments	9,282,438
Electrical fitting & appliances	6,726,971
Transport vehicle	27,591,116
	<b>411,425,065</b>

		30-Jun-09
		Taka
<b>28.</b>	<b>Provision for doubtful Debts</b>	
	Provision as on 30 June 2008	2,055,577,919
	Provision made during the period	497,162,100
		<b>2,552,740,019</b>
<b>29.</b>	<b>Non-operating Income</b>	
	Interest income from FDR (A)	282,930,297
	Bank interest	10,264,024
	Other income	10,019,380
		<b>303,213,701</b>
	<b>A Interest Income from FDR</b>	
	Interest accrued	314,366,997
	Less: TDS @ 10%	31,436,700
		<b>282,930,297</b>
<b>30.</b>	<b>Financial expenses</b>	
	Bond Interest	49,548,800
	Interest on Loan (30.1)	447,369,033
	Bank Charge	1,843,169
	Others	129,263
		<b>498,890,265</b>
	Interest on foreign loan	142,921,099
	Interest on Suppliers Credit - CMEC, China	216,493,768
	Interest on Foreign Lease Finance/Submarine Cable	87,954,166
		<b>447,369,033</b>
<b>31.</b>	<b>Exchange Loss</b>	
	Exch. Loss/(Gain) on Subsequent Recog. of Foreign Loan	109,774,943
	Exch. Loss/(Gain) on Payment of Loan Installment	21,829,134
		<b>131,604,077</b>
<b>33.</b>	<b>Managing Directors' remuneration</b>	
	During the period under audit the Managing Director of the company was paid Taka 256,470	
<b>34.</b>	<b>Number of employees</b>	
	The total number of employees of the company as at 30 June 2009 were: 10,630	
		<u>Number of employees</u>
	Salary range	
	Monthly range Taka 3,000 or above	10,630
	Monthly below Taka 3,000	Nil

  
Member Finance

  
Managing Director

  
Chairman

# Telecom History

- :: 1850 : Electric Telegraph Line between Calcutta and Diamond Harbor, used by East India Company.
- :: 1853 : Telegraph branch under Posts and Telegraph Department, British India.
- :: 1853 : 4000 miles telegraph lines constructed in India.
- :: 1855 : Telegraph service opened to public in India.
- :: 1858 : India- Srilanka telegraph cable laid.
- :: 1885 : Telegraph Act.
- :: 1886 : Copper wire replacing iron wire.
- :: 1895 : Phonogram introduced in India.
- :: 1902 : Wireless Telegraphy started in India.
- :: 1914 : Postal and Telegraph departments merged in India
- :: 1933 : Wireless Telegraphy Act.
- :: 1949 : Introduction of Hindi script telegram.
- :: 1962 : Reconstructed as Pakistan Telegraph and Telephone Department.
- :: 1971 : Reconstructed as Bangladesh Telegraph and Telephone Department under Ministry of Posts and Telecommunications.
- :: 1975 : Reconstructed as Telegraph and Telephone Board.
- :: 1979 : Reconstructed as Bangladesh Telegraph and Telephone Board (BTTB) with right to issue license for telecom and wireless services.
- :: 1981 : Digital Telex Exchange in Bangladesh.



- :: 1983 : Automatic Digital ITX started in Dhaka.**
- :: 1985 : Coinbox Telephone service introduced in Bangladesh by BTTB.**
- :: 1989 : GENTEX Telegraph messaging service introduced in Bangladesh.**
- :: 1989 : Bangladesh Rural Telecom Authority got license to operate exchanges in 200 upazilla.**
- :: 1989 : Sheba Telecom got license to operate exchange in 199 upazilla.**
- :: 1989 : Cellular mobile phone company Pacific Bangladesh Telephone Limited and Bangladesh Telecom got license.**
- :: 1995 : Card Telephone service introduced in Bangladesh by BTTB and TSS.**
- :: 1995 : Regulatory power of BTTB transferred to Ministry (MoPT).**
- :: 1995 : 2nd and 3rd ITX installed in Dhaka.**
- :: 1996 : Grameen Phone got cellular mobile Telephone license.**
- :: 1996 : Telecom Malaysia International Bangladesh got cellular mobile license.**
- :: 1998 : Telecom Policy.**
- :: 2000 : Global Telecom Service (GTS) Telex Exchange venture with British Telecom.**
- :: 2001 : Telecommunication Act, to establish Bangladesh Telecommunication Regulatory Commission (BTRC).**
- :: 2002 : ICT Policy.**
- :: 2004 : Teletalk cellular mobile launched.**
- :: 2006 : NGN (Next Generation Network) introduced in BTTB.**
- :: 2008 (1 July) : Bangladesh Telegraph & Telephone Board (BTTB) was converted into Bangladesh Telecommunications Company Limited (BTCL) with 100% shares owned by Government and with 9 directors, headed by secretary of Ministry of Post and Telecommunications.**

## **TELEJOGAJOG BHABAN**

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Dhaka-1000  
Bangladesh.

