



LET'S MAKE THINGS
POSSIBLE



LET'S MAKE THINGS POSSIBLE

Bangladesh has embarked on a journey of digital transformation and technological advancement. The heights that technology has attained are a marker of growth and development across all economic sectors. Businesses are booming, access to quality education is widening, new jobs are being created. Communication services are now stronger than ever.

Grameenphone has been a partner in Bangladesh's development journey and looks forward to continued contribution towards the government's Digital Bangladesh ambitions. With its modernised network and extensive coverage, the Company is helping to reduce the digital divide of the country. Distance, mobility or socio-economic factors no longer pose a barrier to education, business or lifestyle needs. The enhanced access to information is now enabling start-ups, small-scale businesses and farmers, to innovate and grow. Empowering societies by connecting our customers to what matters most, remains at the heart of what we do.

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23rd ANNUAL GENERAL MEETING

Virtual Shareholder Meeting



Tuesday, 21 April 2020



10:30 AM, Dhaka Time



Live Webcast
<http://bit.ly/gpvirtualagm-2020>


> See page 174 for AGM notice
 > See page 175 for Frequently Asked Questions (FAQs) on Virtual Shareholder Meeting

WHAT'S INSIDE

Welcome to our Annual Report 2019

This report aims to inform stakeholders about our financial and non-financial performances in 2019. This includes a look at how we create value over time and how our strategy addresses the challenges, risks and opportunities Grameenphone faces in a fast-changing world.

View Our Report Online



Annual Report 2019

Go green and help reduce carbon footprints

Visit: www.grameenphone.com to view the online version of this Annual Report

How we Create value

Today's consumers and enterprises are switching easily between multiple channels, screens and devices, expecting more seamless experiences from the brands they engage with. To better reach and build relationships with our customers, we need to lead disruption and anticipate their needs. Grameenphone believes that connected societies are empowered societies. We've built a culture at Grameenphone that values a commitment to our customers, diversity and inclusion, and a responsibility to our community and environment. At Grameenphone we believe in creating value for all stakeholders such as our shareholders, customers, employees, the public sphere and communities, suppliers, people driving innovation.

For Our Society



We have contributed **BDT 754.5b** to the National Exchequer since our inception

We supported **44** start-ups throughout the programme and **18** this year

Safeguarding the future



Social media campaign generated more than

15m views

Child online safety directly educated more than

590,000 Students in over 375 schools

Sensitised over **200,000 Teachers/Parents**

Nationwide Enrichment Programme

20,289 students were awarded in recognition of their reading habit

Alor Pathshala

More than **1.5m** books downloaded from alorpathshala.org



Empowering the start-up community through GP Accelerator Programme

BDT 4.59m in cash grants **BDT 45m+** non-financial support

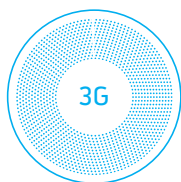


Supporting communities around our network

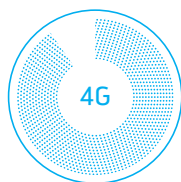
For Our Customers

Expanding our coverage and breadth

population coverage in Bangladesh



95.4%



74.5%

In our operations we have:

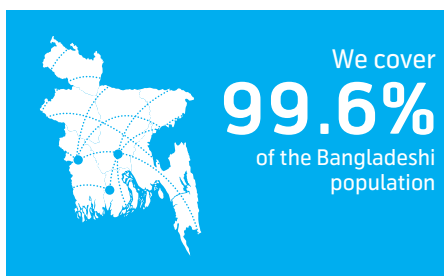
3G sites

15,710

4G sites

10,022

We successfully implemented 100% data-enabled network across the country



We have invested **BDT 365.6b** since our inception

BDT 18.2b

in 2019 to rollout 4G LTE sites, expanding 2G and 3G coverage, capacity enhancement, as well as building higher IT readiness



76.5 MILLION SUBSCRIBERS

40.6 MILLION MOBILE DATA USERS







For Our Investors

130% dividend
Including Interim Dividend 2019

BDT 13
Per Share

OVER 30,700 SHAREHOLDERS






ACCOLADES

- Best presented Annual Report 2018 by SAFA and ICAB
- Best Corporate Governance Excellence award 2018 by ICBSB


Last 6-years Total Shareholder Return

87.31%

* As of 30 December 2019



Best Telecom Brand in **Bangladesh**
awarded by Bangladesh Brand Forum





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For Our Employees




Launched a ChatBot in Work Chat (Workplace messenger) - the 'One-Stop-Solution' to all queries on policy, benefit, and HR services on the go!

We supported more than

64


students through our internship programme this year



Employees spent 118 classroom sessions with


102,000+

Hours of total Learning




110+

Children accommodated in Day Care Centre









50+

Average Hours per employee spent on e-learning



Partnership with leading learning platforms to provide employees with Company sponsored diverse e-Learning library



**KNOWLEDGE
ANYTIME, ANYWHERE
IT'S POSSIBLE!**

শালোকর পাঠশালা
School of Enlightenment

Online Book Reading Program

গ্রামীণ পক্ষ

বাংলাসাহিত্যের নির্বাচিত রচনা ও গল্প

ঠাকুরমার ঝুলি

দীপু নাথার টু

মুক্তিবন্দীর গল্প

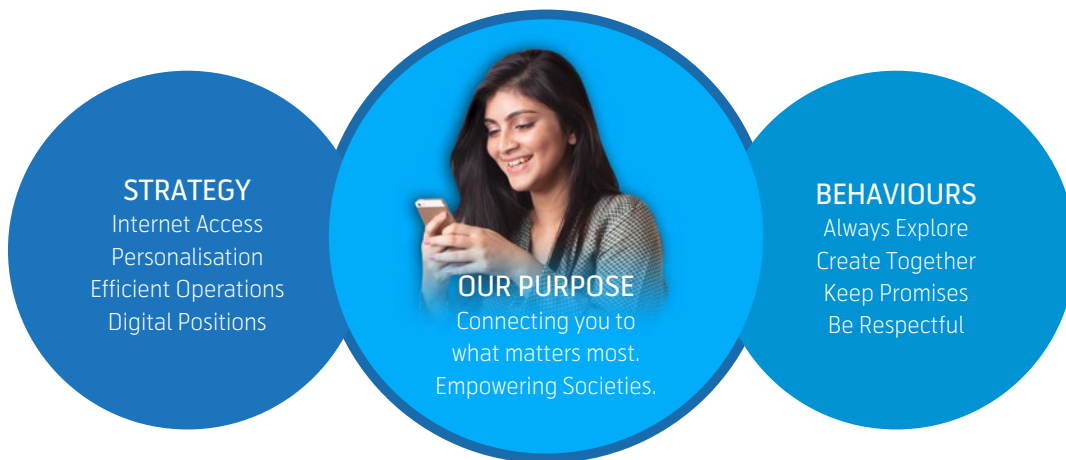
বস্তবকু শেখ মুজিব

পাতালী



Our Culture

Our strategy spells out what we do; our behaviours explain how we deliver; and our purpose is our reason for existence. Being a part of or a partner with Grameenphone means sharing our commitment and passion for the key elements that shape our culture.



Our purpose

Connecting you to what matters most | Empowering Societies

Connecting customers to what matters most has been the core of our business. Today internet connectivity impacts nearly every part of our lives, and we believe in making it personalised and relevant for our customers. It's about more than good business; it's empowering societies.

Our behaviours

We have four behaviours that guide the way we work:



In addition to our purpose and behaviours, everyone working with or for Grameenphone is required to commit to, abide by, and annually renew their signature on our Code of Conduct.



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Our Ethical Conduct

We understand that our business depends on the trust of our customers and partners and we are committed to conducting our business in a responsible, ethical and lawful manner, always. This is why we have adopted a Code of Conduct that lays high standards of integrity on how we do business. The Code further sets clear expectations and requirements for each and every one of us, regardless of our designation, role or location. We are expected to act as guardians of Grameenphone's integrity and to follow 4 key principles that define the basis of our business conduct.



We play by the rules

We follow laws, regulations and our policies and, if in conflict, we uphold the highest standard



We are accountable for our actions

We actively seek information, understand our responsibilities, and recognise our wider impact on the societies in which we operate



We are transparent and honest

We are open and truthful about our challenges



We speak up

We ask questions when in doubt and raise concerns without concern of retaliation

Key achievements in 2019

1. Adoption of Business Partner Compliance Management Policy – designed to ensure that Grameenphone's relationships with Business Partners do not pose unacceptable compliance risks to Grameenphone, including but not limited to corruption, fraud, money laundering, trade sanctions and also risks related to privacy, business security, health and safety, human rights, and the environment.
2. Adoption of Anti-Sexual Harassment Manual – designed to reflect Grameenphone's ethical standards and legal obligations for preventing and tackling sexual harassment. The Manual proclaims Grameenphone's zero tolerance with any form of sexual harassment.
3. Awareness– All Grameenphone employees completed a mandatory Code of Conduct e-learning and electronically re-signed Grameenphone's Code of Conduct. In addition, the Ethics and Compliance team conducted 41 training sessions, covering over 2,000 employees.
4. Improved Integrity Index –the Integrity Index of Grameenphone marked a spike from 76 in 2018 to 86 in 2019. This is an indication of continuous strengthening of ethical culture in the organisation and increased trust in the compliance function.





Our Strategy

In Grameenphone, we exist to empower societies by connecting our customers to what matters most. We see our role as a key pillar in supporting and fulfilling the vision of a Digital Bangladesh, connecting Bangladesh and enabling opportunities for people through our services.

The following are the four pillars of our strategy:



GROWTH

We will deliver growth through focused customer offerings that fuel the persistent need for connectivity and related services. Our key initiatives are to continue winning in voice, grow in data and digital and scale in B2B. Personalisation is the driving force behind these initiatives. Our rollout will ensure coverage with focus on a high-quality, consistent voice and data network experience across Bangladesh. This enables our customers to experience and enjoy a digital lifestyle accessible through our growing digital channels.



EFFICIENCY AND SIMPLIFICATION

We will continue to innovate on our core business and lead modernisation, from network management to customer engagement. Key initiatives are to drive distribution modernisation and digital distribution while enhancing our network and IT assets, pursue process simplification and streamline the way we work, creating value for our shareholders.



RESPONSIBLE BUSINESS

We will continue to contribute to the economic, environmental and social development of Bangladesh, acting with accountability and transparency and reducing inequalities through our presence and services. We will continue to reinforce our strong foundation of responsible business through the way we operate and manage business environment risk. We also ensure our supply chain ecosystem is driving quality, uplifting the overall business environment, and helping us grow responsibly.



WINNING TEAM

Our people are key to our performance and success. We are focused on designing a fluid and responsive organisation structure and building a future ready, multiskilled workforce. In 2019, each Grameenphone employee has invested more than 50 hours in identified key competency areas. This will continue in 2020 as we further develop digital competencies and exercise the freedom to innovate to deliver on our purpose to connect our customers to what matters the most to them.



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March 26

The Journey began on the Independence Day of Bangladesh



1997

Launched Mobile to Mobile service (without PSTN Access)

1998

Introduced first ever Pre-Paid products



1999

Launched WAP service on small screen

2001



• A family of **1 million** subscribers
• Launched Prepaid Product with PSTN Connectivity

2003

22 years of empowering society and connecting customers to a digital future

2009



• Successfully listed on the **Stock Exchanges** in Bangladesh
• Launched Grameenphone branded handset & internet modem

2010

Launched 'MobiCash' financial service brand, Ekota for SME



2011

2012

Providing communication solutions to 40 million subscribers

2013

Launched **3G services** in Bangladesh



2014

Soaring like an eagle with **50 million** subscribers



- More customer centricity
- Launched customer experience lab and e-care solution
- Swapped the entire network
- Advancing towards the future with network swap





Family of 2 million subscribers under the Grameenphone umbrella



- Launched djuice brand
- Sharing our smile with 5 million subscribers
- Revolution in electronic recharge
- Launched EDGE
- Voice SMS for the 1st time in Bangladesh

- Expanding horizons with **10 million** subscribers
- New era with classified sites
- Journey of Cellbazaar begins
- Bill Pay service added

- Introduced Pay For Me service
- Converted to a public limited company

2004

2005

2007



2008

Catering to a massive family of **20 million** subscribers

2015

- Launched EasyNet
- Launched Grameenphone KrishiSheba (27676)



- Launched GP Online Shop
- Introduced MyGP App
- WowBox reached more than 6 million users
- Revamped Healthline (789) service under the name "Tonic"
- Rebranded financial services under the name "GPAY"

2016

2017



- **Celebrated 20 years of operation**
- Introduced Digital Product Delivery Platform (DPDP)
- Launched operator agnostic marketplace 'Shoparu'
- Launched 'MyPlan', a complete Postpaid solution

2018

- Launched **4G Services** in Bangladesh
- Introduced New Number Series "013" in addition to existing "017" Series
- Reached the **70 million** subscribers milestone



2019

- Established a strong nationwide 4G network with **10,000+ BTS**
- Reached deep sea areas with our coverage
- Initiated device micro-financing programme to reach rural women and empower them



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**FIND YOUR VOICE
IN THE ABSENCE
OF SOUND
IT'S POSSIBLE!**



আপনার সাহায্যে
আমরা আছি





Contribution to the National Exchequer



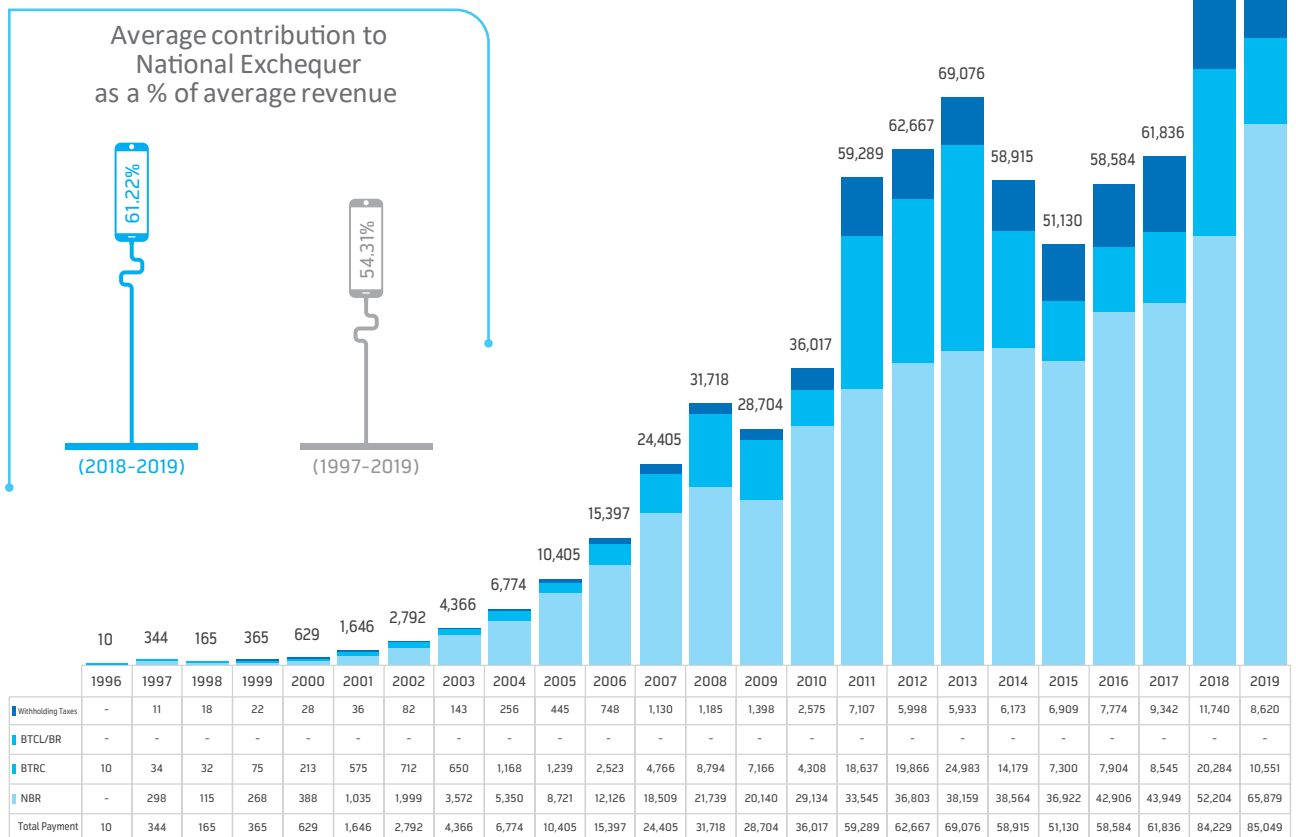
Overview

The collective contribution to the National Exchequer since inception until December 2019 was BDT 754.5 billion, of which BDT 85.1 billion was paid in 2019. Average contribution to the national exchequer as a percentage of average revenue was 61.22% over 2018-2019 period and 54.31% over 1997 to 2019 period. Out of total BDT 754.5 billion, BDT 676.8 billion was paid on account of direct tax, VAT and duties through National Board of Revenue (NBR) and Bangladesh Telecommunication Regulatory Commission (BTRC), including BDT 33.9 billion on account of renewal of 2G license and spectrum in 2011-13, purchase of additional spectrum in 2008, BDT 17.2 billion on account of 3G license and spectrum fee for 10MHz over 2013-14, BDT 12.6 billion on account of 4G license acquisition, spectrum fee for 5MHz and 2G technology neutrality over 2018-2019 and BDT 77.7 billion as indirect payments on account of local and foreign staff income taxes and withholding taxes on operating expenditure payments. Grameenphone was recognised by the National Board of Revenue as the largest corporate taxpayer in the Telecommunication sector from 2014 to 2017.

Grameenphone has also generated direct and indirect employment for a large number of people over the years. As of 31 December 2019, the company had 2,161 permanent full time employees in addition to the many people who are directly and indirectly dependent on Grameenphone for their livelihood, working for the distributors, retailers, suppliers, vendors, contractors and other business partners.

With the payment of taxes and the investment in the network, Grameenphone is making a significant contribution to the country's growth and development.

Year-wise Contribution to the National Exchequer as of 31 December 2019



Figures in BDT million

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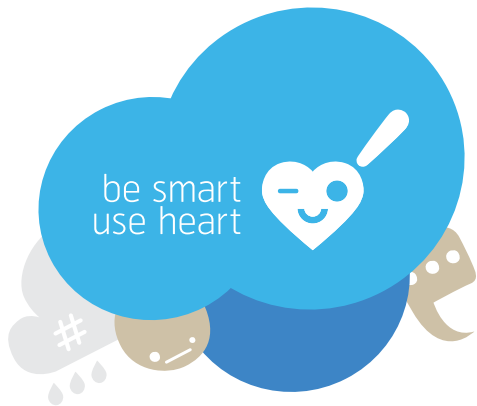
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Sustainability and Partnership to Reduce Inequalities

Empowering societies by connecting them to what matters most remains at the core of what we do. At Grameenphone, we continue to leverage our digital services and connectivity in innovative ways to address social and environmental challenges. We are committed to partnering with responsible and impactful social partners to reduce inequalities and empower society within our field of expertise. We are committed to UN Sustainable Development Goals (SDGs), with specific focus on Goal#10 – Reducing Inequalities.

The sustainability agenda for Grameenphone is clearly defined by global directions, design digital solutions to empower society at large, mitigate business risks and anchor our agenda within the framework of SDG#10. Grameenphone is equally committed to maintaining responsible business practices throughout its entire supply chain, ensuring that its partners maintain the same standards.



Partnering to Create Safer Digital Experience for All

The Child Online Safety programme - Be Smart Use Heart, aims to create opportunities for meaningful and safe digital participation for everyone, regardless of gender, location and socio-economic background. The programme aims to reduce inequalities by empowering the young generation, especially girls, with safe learning opportunities. Parents and teachers are the gatekeepers who are critical in ensuring child online safety and are key to the success factor of this programme.

The ambition of creating a safer online experience for children steered the Child Online Safety programme 2019 toward a more holistic approach, in partnership with UNICEF. This year, the programme was tailored with added focus on parents, teachers and guardians. The training capacity was increased, and the modules were modified to identify symptoms of being bullied along with tips to deal with common online challenges. Additionally, dialogues were initiated with key stakeholders within the government about the possibility of incorporating online safety in the national curriculum. The Child Helpline 1098 continued to play a vital role in providing counselling support. Creating awareness through campaigns remained a key priority. An additional part of the programme has been the initiation of Safe Clubs in 100 schools to make sure online safety becomes a regular practice in our daily lives.

Our partnership with UNICEF, the globally recognised child rights organisation, allowed us to significantly scale up our school outreach programmes.

- In 2019, the programme educated over 590,000 students in over 375 schools and over 1,600 adolescent clubs.
- More than 200,000 parents, guardians and teachers were sensitised about online safety, including warning signs of their children being bullied and tips to mitigate them.
- The Child Helpline 1098 continued to work in parallel with the programme to provide support on Child Online Safety issues.
- Our social campaign reached more than 60 million, with over 15 million people viewing the campaign and over 2.2 million people actually responding to the campaign (likes, shares, comments, poll participation, etc.).

Book Reading Programme

In the drive to create enlightened minds, Grameenphone has been supporting Bishwo Shahitto Kendro in different capacities since 2004. In 2019, Grameenphone supported the prize giving ceremonies of the Book Reading Programme in which over 200,000 students from more than 1,400 schools across Bangladesh participated. The prize giving ceremonies took place in Dhaka, Chottogram, Rajshahi, Khulna and Barishal and awarded more than 18,000 students for their healthy reading habit. Grameenphone also supports Alorpathshala (alorpathshala.org), an online library that allows free reading and download of books. Currently, the library hosts about 500 books by different eminent writers. By the end of 2019, there were more than 1.3 million visitors to the library and over 1.5 million downloads.



Supply Chain Sustainability

Ambition

Grameenphone strives for high standards on sustainability and continuous improvement in its operations throughout the supply chain. Grameenphone's Supplier Conduct Principles (SCP) are based on nationally and internationally recognised standards, including requirements on human rights, health and safety, labour rights, environment and anti-corruption. It is mandatory for all Grameenphone contracting parties to agree to these principles.

Supplier Code Endorsement

All suppliers and parties having a direct contractual relationship with Grameenphone must comply with Grameenphone's Supplier Conduct Principles (SCP). An Agreement on Responsible Business Conduct (ABC) legally obliges the supplier to comply with the SCP and certain requirements set out in the ABC Agreement. All suppliers are obliged to extend the supplier requirements further down in their own supply chain.

Supply Chain Capacity Building

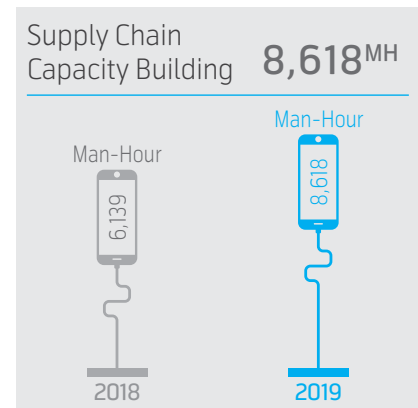
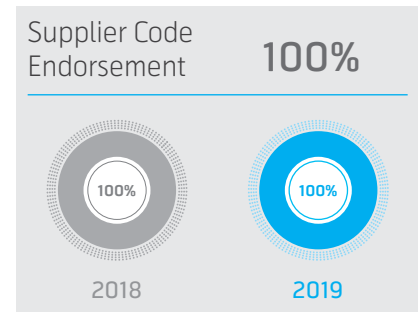
Grameenphone conducted 8,618 man-hours of supply chain capacity building programmes in 2019. The capacity building involved proactive efforts to improve the capacity of the suppliers and sub-suppliers in order to drive continuous improvement in the supply chain. The activities were tailor-made for each supplier, based on the overall risk picture of the operation. Typically, activities included on-site briefings, awareness sessions, workshops, forums, process support, online portals and resource guides, etc. The capacity building is adapted to the practical situation and according to the real need of the supplier, focusing on awareness of Grameenphone Supplier Conduct Principles issues as well as specific activities related to skill development (e.g. tower climbing, road safety). The topics generally focus on Labour & Human Rights, Health and Safety, Anti-corruption, Sustainability requirements as well as Green Telecom, Women Empowerment, Diversity and Road Safety.

Supply Chain Monitoring

Grameenphone carries out inspections in order to monitor compliance according to responsible business conduct. In 2019, Grameenphone carried out 801 inspections (ranging from simple site visits to more comprehensive assessment or audits) across the supply chain, with more than 80 percent of the inspections being unannounced.

Going Forward

Strong supply-chain surveillance, capacity building and long-term risk reduction will continue to be a focal point of Grameenphone's commitment to promote responsible business conduct. In 2020, Grameenphone will strive towards long-term risk reduction focusing on continual improvement in the supply chain.



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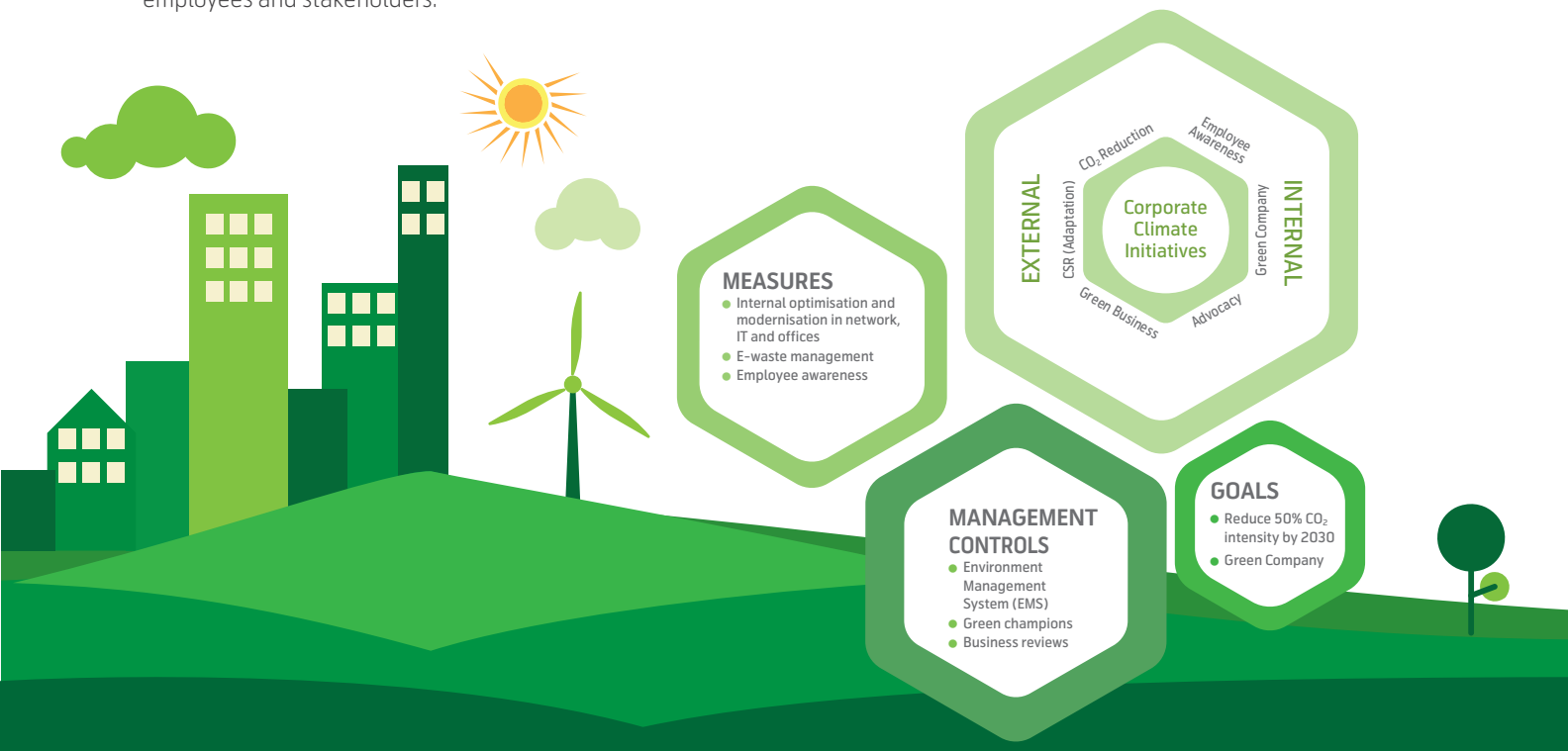
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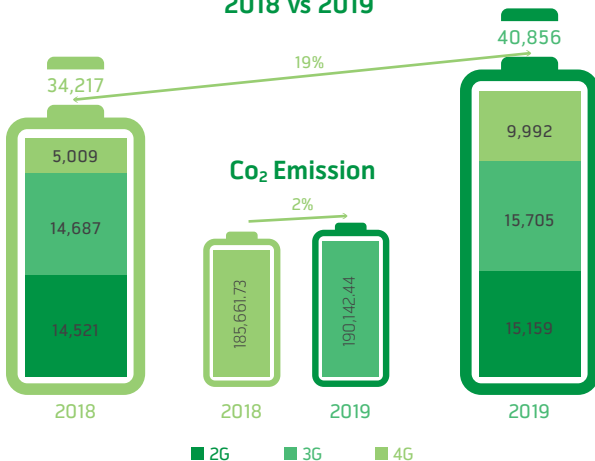
Moving Towards Low Carbon Footprint

Our climate is changing very fast and affecting the earth adversely with its consequences. As a responsible business entity, Grameenphone is highly focused on the continuous deployment of enhanced sustainable solutions for energy efficient and environment friendly networks. Grameenphone's first priority is to reduce the CO₂ emissions generated by our operations by improving system efficiency and reducing overall energy consumption. Grameenphone aims to optimise energy consumption by reducing the dependency on diesel generators and increasing the use of solar energy, and reducing operational travel time. Grameenphone actively works on limiting the use of valuable resources by creating greater environmental awareness among employees and stakeholders.

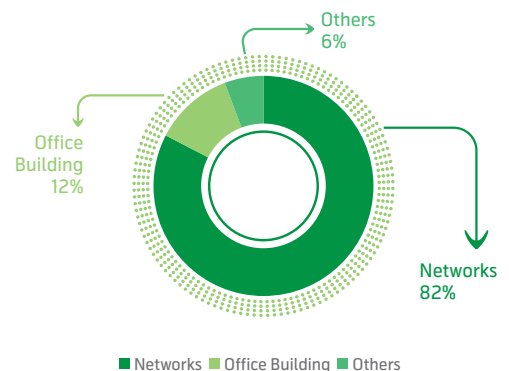


As a part of our journey towards decarbonisation, Grameenphone has also initiated several green initiatives to reduce its carbon footprint individually and collectively. In the year 2019, Grameenphone took the following major climate change initiatives:

Network Growth Vs CO₂ Emission 2018 vs 2019



Area-wise energy consumption in 2019





Green Initiatives

Hybrid BTS

In 2019, Grameenphone converted 102 Generator+Solar to Commercial Power+Solar Hybrid Sites. These hybrid sites will provide additional savings of 500,000 litres of fuel which is around 240 Tons of CO₂ reduction per year.

E-waste Recycling

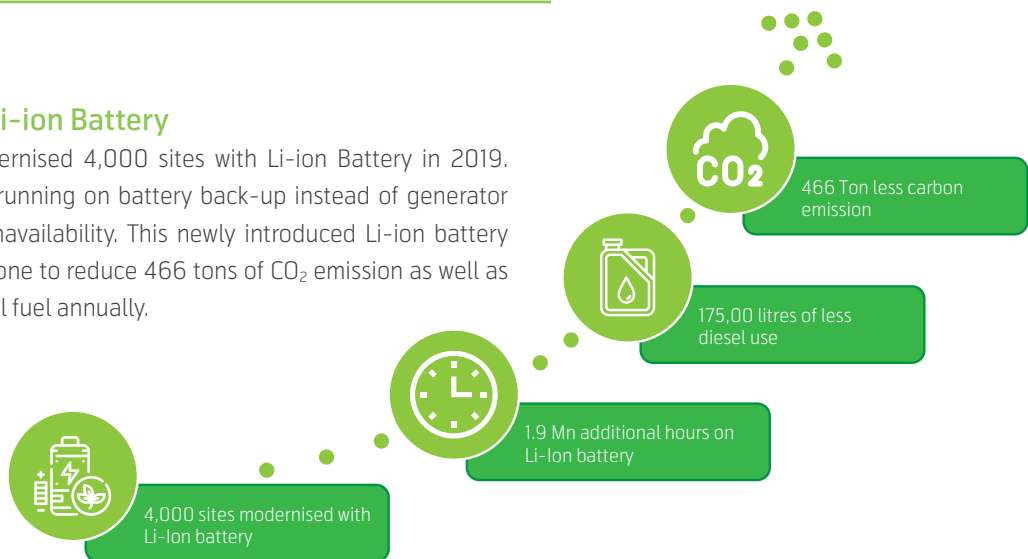
As of 31 December, 2019, more than 27 tons of e-waste (GSM and microwave antennas and other electronic accessories) has been recycled through our recycle partner. The recycling is completed in Bangladesh and abroad in accordance to ISO 14000, OSHAS 18000, and R2 standards.

Battery Reuse & Recycling

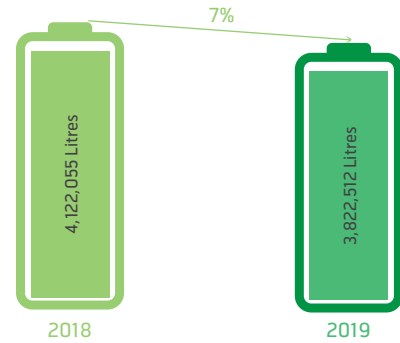
Recycling and reuse of 100% used lead acid batteries has been set as our internal KPI. In 2019, Grameenphone recycled more than 56,000 nos. of old batteries.

Deployment of Li-ion Battery

Grameenphone modernised 4,000 sites with Li-ion Battery in 2019. Now these sites are running on battery back-up instead of generator power during grid unavailability. This newly introduced Li-ion battery will help Grameenphone to reduce 466 tons of CO₂ emission as well as 175,000 litres of fossil fuel annually.



Total Diesel Consumption in Network



As a continuous effort towards a low carbon footprint, the Company adopted an Environment Management System (EMS) in 2010. The singular objective of this task was to regularly assess and find ways to minimise our operations' impact on the environment. It is an ongoing programme that focuses on five areas- reduction of carbon emission, creation of employee awareness, adoption of green practices, creation of a green momentum in society and provision of green services to our customers.



Human Resources Management

Grameenphone is here to inspire

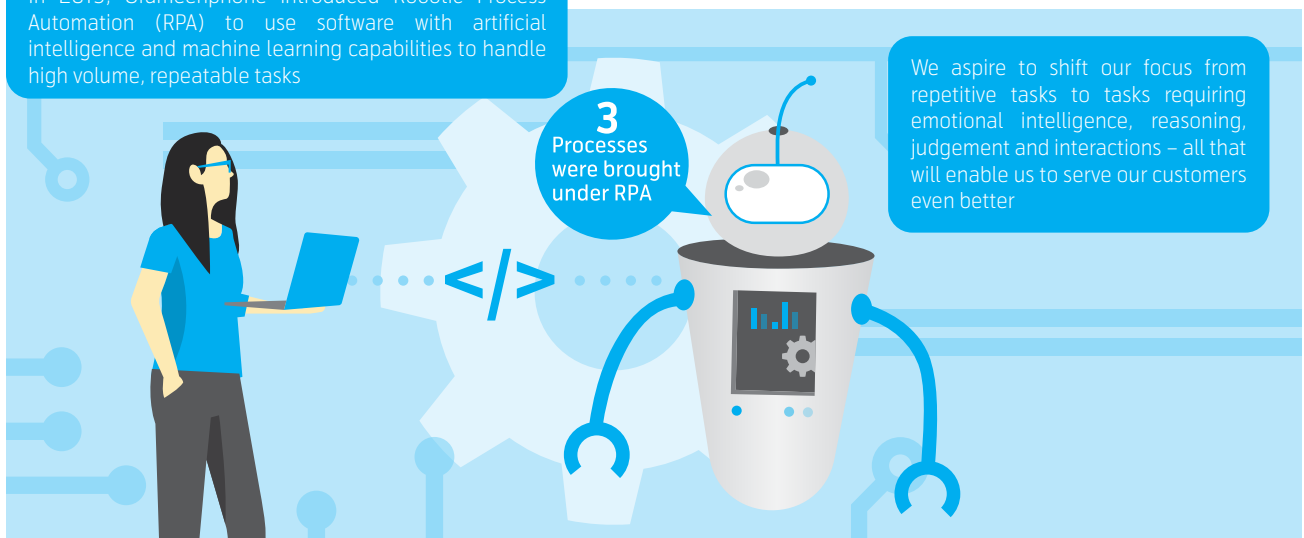
We connect lives through the power of digital communication, enabling everyone to improve their lives. We empower societies and help secure a better future for all. Grameenphone has always been a responsible employer and partner in the society, bringing about a transformation in shaping our dream of a Digital Bangladesh. We nurture bright minds, not only in our organisation but also beyond in the national backdrop.

2019 has been a remarkable year in terms of digitising and modernising HR to provide better services to our employees. This combined with our Telenor behaviours makes us an organisation with a relentless spirit of delighting our customers.

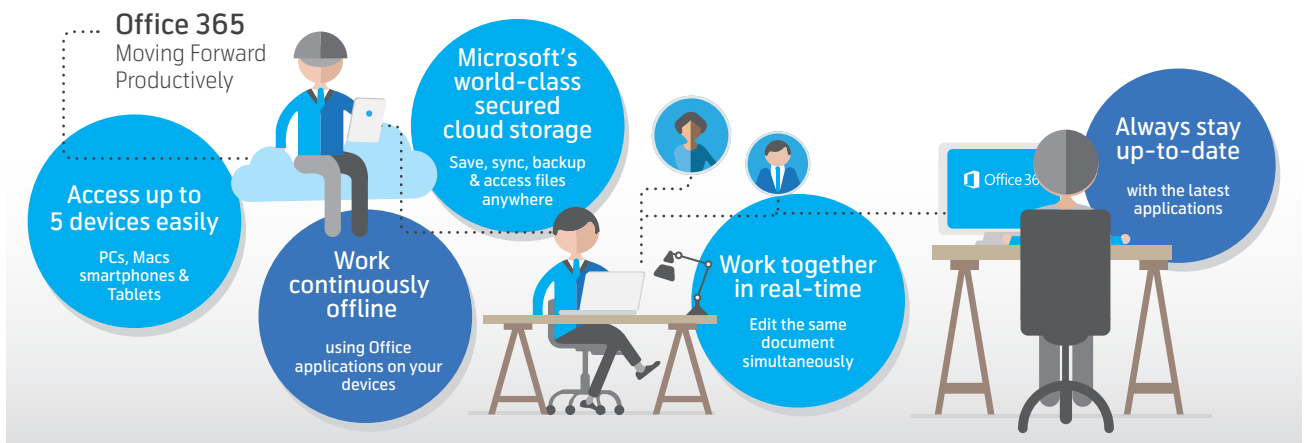
ALWAYS EXPLORE

Our journey of digitising Employee Experience

In 2019, Grameenphone introduced Robotic Process Automation (RPA) to use software with artificial intelligence and machine learning capabilities to handle high volume, repeatable tasks

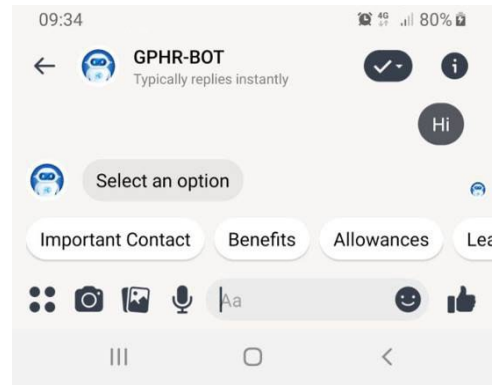


Grameenphone brought the Office 365 solution which allows employees to access, store and share information anytime, anywhere on the latest version of the Microsoft applications. It helps to collaborate more effectively with colleagues.



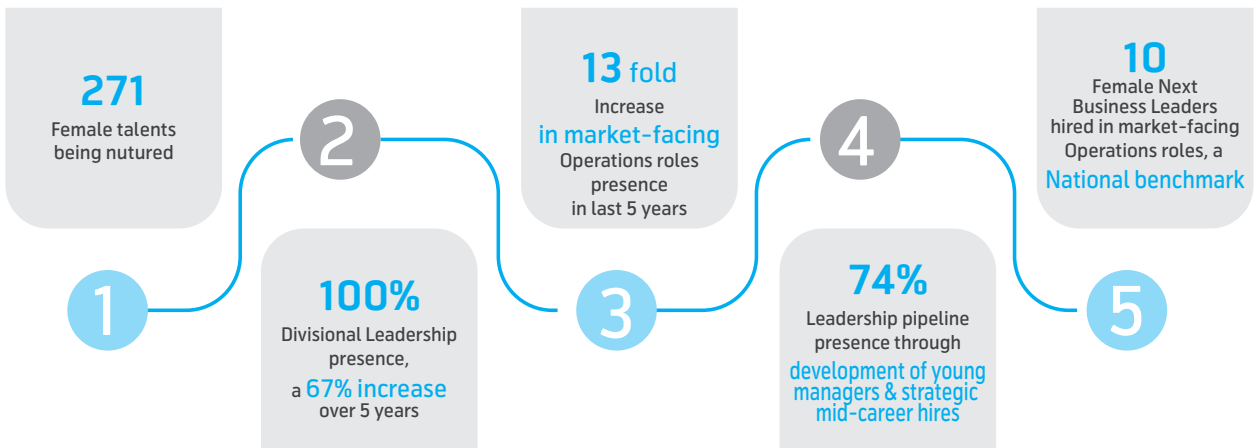


Grameenphone launched a ChatBot in Work Chat (Workplace messenger) - the 'One-Stop-Solution' to all queries on policy, benefit, and HR services on the go! Besides creating a more engaging user experience, Grameenphone ensured better information security on this platform.



CREATING TOGETHER

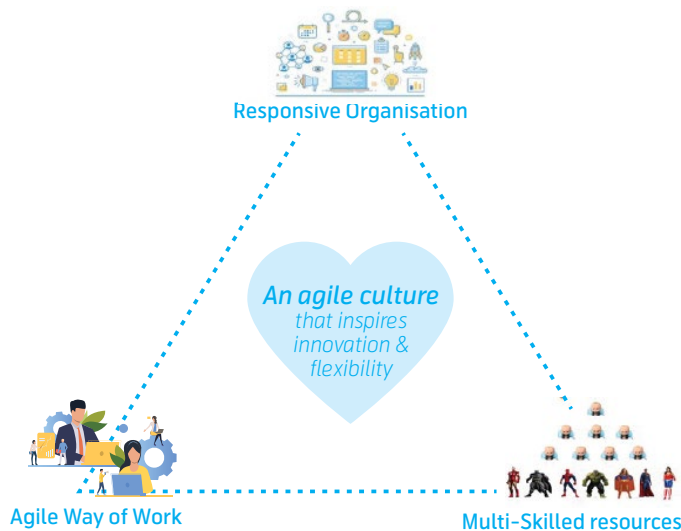
Strengthening the baton of Female Leadership



- Attracting the best to be an Employer of Choice
- Embracing a Culture of Winning Together
- Leadership Commitment in championing strength from our differences
- Focused Development & Empowerment
- Female Friendly Organisation Policies & Infrastructure

KEEP PROMISES

Customers at the heart of what we do



Continuously evolving ourselves to meet dynamic customer needs

- Multi-skilled resource development through cross-functional projects & development of 100+ agile practitioners
- Expediting our speed to market through agile way of work
- Optimising our value chain through modernisation of operating models

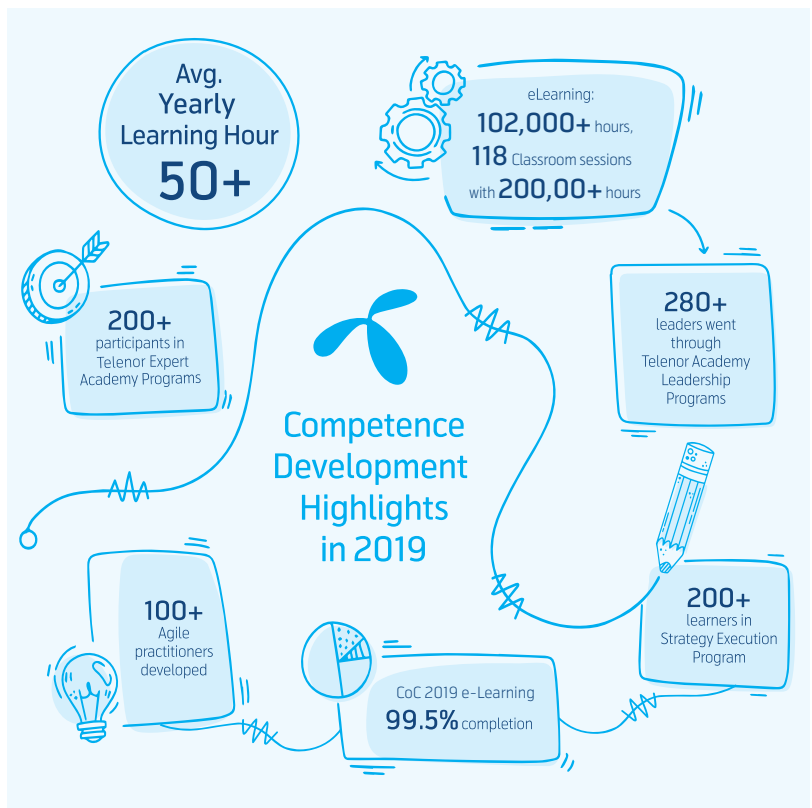


ALWAYS EXPLORE

Future-fit capabilities through extensive Learning & Development portfolio:

Connecting people to what matters most – in our way of work requires a major focus on building skills and future fit capabilities. 2019 has been a year for Grameenphone where we have seen major drive for upskilling and reskilling across functions. Together we have achieved more than 50 hours of learning (company avg.) in 2019 which comprises of e-Learning from global and local platforms plus more than 118 classroom sessions. Relevant content with functional learning path and accessible platforms enabled us to deliver this result. We have also seen a major shift in building critical capabilities through Intermediate and Advanced Expert Programmes and emphasise on being agile rather only “doing agile”.

2020 will be even a greater year for upskilling, reskilling through accelerating competence & building a “Second Skill” for us as individual to stay relevant in the fluid organisation.



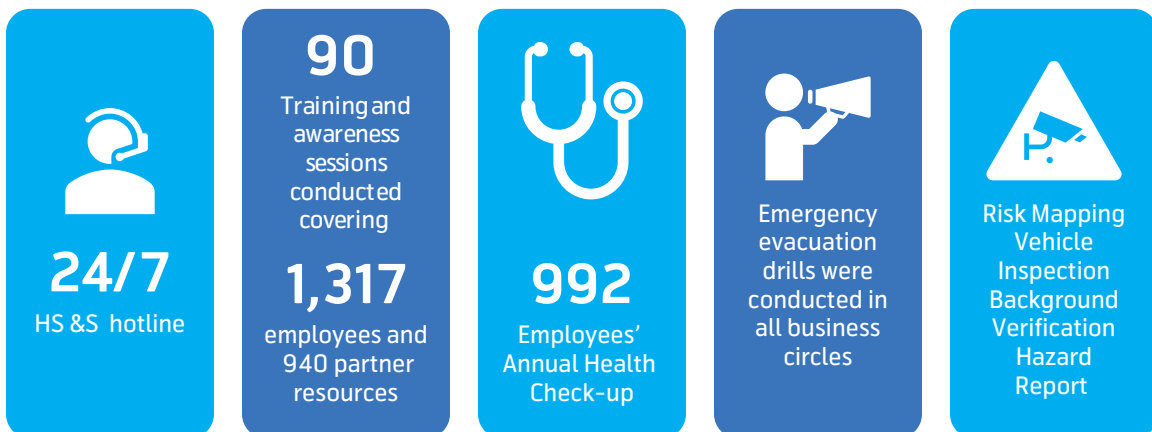
BE RESPECTFUL

A more integrated Grameenphone through Registration of Employee Trade Union

Welcoming the employee trade union- Grameenphone Employees Union (GPEU) on the very first day of its union registration on 07 March 2019. Grameenphone Management emphasised on a further collaborative way of work between GPEU and Grameenphone Management. And in the path of achieving this bigger objective, a remarkable milestone was achieved on 29 October 2019 where an agreement titled ‘Recognition Agreement’ was embraced by these two bodies towards a more integrated Grameenphone. Through this initiative, an effective framework has been formulated for dialogue, consultation and discussion on different aspects of people development and eventually the greater welfare of the organisation. We believe this will positively deliver on the expectation of our shareholders.

KEEP PROMISES

Robust Safety and Security measures for wellness





Grameenphone innovation lab



In 2019, Grameenphone launched its first ‘Innovation Lab’ with the vision to connect society, individual and businesses with the power of AI, IoT & 5G. It lays a strong foundation for some of the brightest minds of the industry, academia and start-ups to co-create innovative solutions for some of the complex social and business problems that our customers are facing today using AI, Machine Learning and NB-IoT. This lab is expected to offer the perfect ambiance where we can interact and showcase our innovative products and solutions to our business customers, potential partners and important stakeholders; and thus, achieve focused growth in some of the prioritised verticals of our Digital and B2B business.

Grameenphone Innovation Lab hosts some state-of-the-art features like GSM testbed, network simulation tools, NB-IoT network coverage, IoT modules/devices, IoT platforms, network APIs and Data sandboxes for AI and ML to create some breakthrough, out-of-the-box solutions to the major challenges of the present and the future. Within just a month of launch, the lab is being used to create NB-IoT based long-range vessel tracking solutions for the deep-sea fishing industry and test NB-IoT based utility smart metres (electricity and water). This lab hosted honourable stakeholders such as Telenor group CEO, ICT State Minister and management members from various professional organisations like BASIS, BACCO, BPATC, etc. within the first 3 months of launch, 35 business customers including Police, Utility Authorities, Group of Companies, MNCs, etc. along with a number of prospective solutions partners with different innovative solutions. This lab has three parts:

- a) An Audience gallery for launch presentation, tech-talks and group discussions
- b) Display Zones for Technology, Digital, Business Intelligence and IoT products and solutions
- c) Project Zones for agile product development, e.g. quick prototyping, MVP trials and scrum meetings

Grameenphone Innovation Lab has also been accredited by the GSMA as the 45th ‘Mobile IoT Open Lab’ in the world – first in South Asia on 11 December 2019.

We believe that this Innovation Lab will bring a culture that sustains and supports innovation and which is based on experimentation and discovery, because many good ideas or insights exist outside the corporate boundaries.



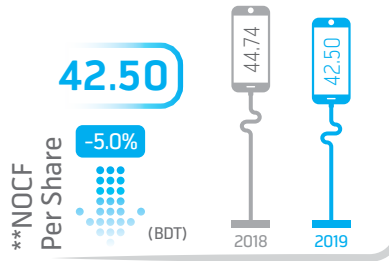
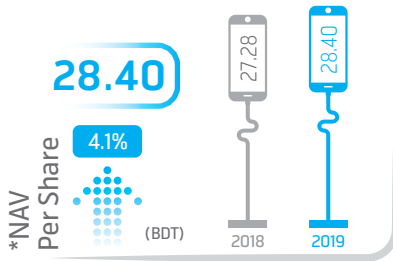
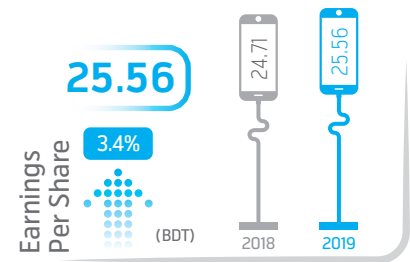
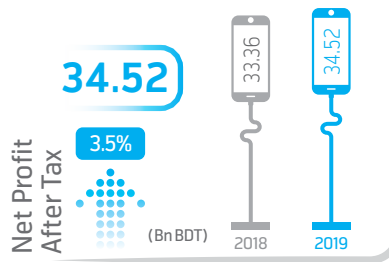
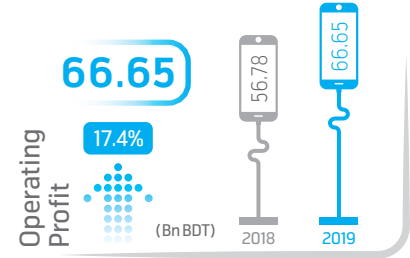
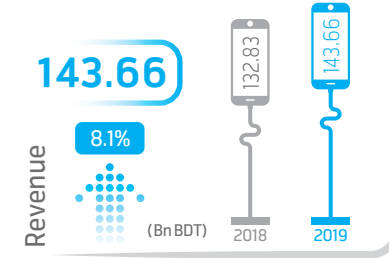
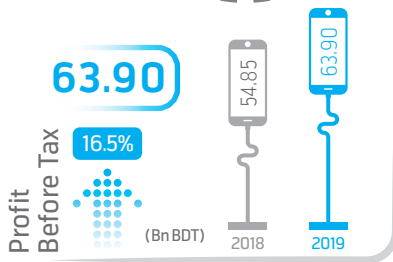
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**STAY CONNECTED
WHEREVER YOU ARE
IT'S POSSIBLE!**



Our Performance 2019

Solid business performance with strong margins in a very challenging environment

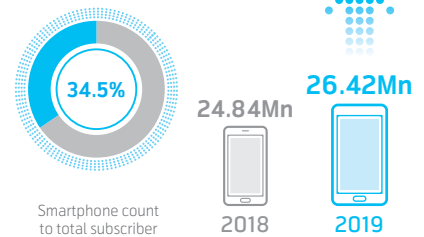


*NAV- Net Asset Value;
 **NOCF- Net Operating Cash Flow
 ***2018 figures are restated

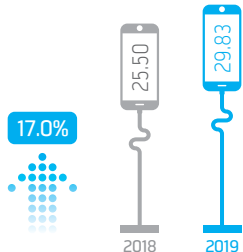
Number of Subscribers **76.46** (million)



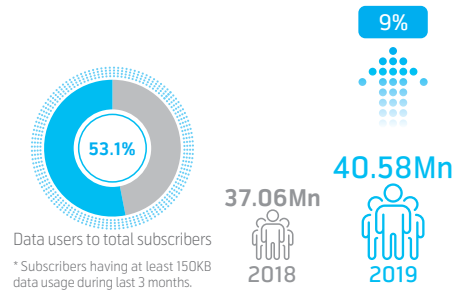
Smartphone Device No. **26.42** (million)



Mobile Data Revenue **29.83** (billion BDT)



Mobile Data Users* **40.58** (million)



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Quarterly business Highlights 2019

Q1

- In February 2019, Grameenphone rolled out 100% data network across all sites in the country, ensuring customers have access to 3G network in any Grameenphone coverage area. Grameenphone rolled out 926 new 4G sites along with network modernisation, reaching more than 5,900 4G sites across the country and registering 6.8 Mn active 4G users. There was continued drive on 4G conversion by providing new SIM data offers to customers.
- Voice revenue continued to grow as the industry started to recover from the decrease in voice calls and minutes of usage post implementation of unified floor tariff in Q3'18. An annual growth of almost 10% in subscribers also contributed to the growth of voice revenue.
- Grameenphone is always looking to introduce innovation and empower the value chain by digitising core sales and distribution. As part of an efficiency drive, two separate apps were introduced to SEs and retailers to replace manual work.
- 350 Minutes @ BDT 199 monthly pack remains to be one of the most popular voice products, while 500 Minute @ BDT 278 monthly pack was also contributing heavily to revenue.
- The postpaid business also performed better, boosted by introduction of postpaid migration through the self-care app, MyGP. There was also an additional drive on postpaid sale through GPC and retail channels.
- During this quarter, the regulator introduced two regulations which had a negative impact on revenue. The pay-as-you-go limit on data packs was revised to BDT 5 from BDT 200 with or without customer consent. The regulator also introduced minimum 3-day validity on data packs, in contrast to earlier industry practice of providing hourly and daily internet packs.
- On 10 February 2019, Grameenphone was declared a Significant Market Power (SMP) and subsequently issued two directives stating certain prohibitions. Following a writ petition filed challenging the directives, on 19 March 2019 BTRC withdrew and cancelled the two directives asking for Grameenphone's response, which was submitted on 31 March 2019.

Q2

- Grameenphone modernised and rolled out 1,560 4G sites, covering more than 430 upazillas across the country and 43% of the geography with 4G network.
- In anticipation of the challenging weather during this time of the year, Grameenphone ensured better and stronger resilience in the network by deploying battery and generator backup at sites, which ultimately reduced network downtime.
- A combination of improved usage and growth in subscriber base led to continued growth momentum for Grameenphone. Gross Add offer was revised from BDT 9 to BDT 17 with very good uptake in the market. There was a focused drive on monthly packs to secure higher ARPU.
- Eid and World Cup positively contributed to revenue, with Eid period performance surpassing past year's Eid period performance in terms of both users and revenue. ICC World Cup 2019 live streaming with exclusive Bangla commentary was introduced on Bioscope. As a result of which, Monthly Active Users increased and more than 100TB data was spent on Bioscope per day.
- On 13 June 2019, the government announced a change in Supplementary Duty from 5% to 10% - which makes availing mobile telecommunications services more expensive for customers. Smartphone customs duty was also increased to 25%, while SIM Tax was increased from BDT 100 to BDT 200 effective on 01 July 2019, which resulted huge positive uptake in GA towards the end of this quarter.
- As of 30 June 2019, Grameenphone recorded 8.4 million active 4G data users. With close to 7,500 4G sites, 62% of the population of Bangladesh was covered under 4G, which provided better customer experience on mobile data.
- On 18 February 2019 and on 12 May 2019, BTRC attempted to impose restrictions on Grameenphone as SMP operator without any allegations of abuse. Both times, the Honourable High Court has issued show cause and injunction on the BTRC directives.



Q3

- This was a particularly challenging quarter due to many rifts with the regulator, mainly impacting the network rollout and prevention from offering new products and services.
- Despite the challenges, Grameenphone successfully rolled out 1,812 pre-approved 4G sites to the network. Grameenphone also received the OOKLA Speedtest award for the Fastest Network in Bangladesh for the second consecutive year.
- Grameenphone increased the startup commission in order to become more competitive in the GA market share, which was triggered due to increase in Supplementary Duty and SIM tax. Product portfolio was also revised to incorporate the changes in Supplementary Duty.
- The country experienced a prolonged rainy season followed by floods which lasted almost two months in many areas of the country. This negatively affected the performance of Grameenphone, mainly in July. During Eid in August, due to a prolonged holiday and bad weather, there was a big boost in data revenue driven by an increase in data usage.
- The MyGP app, which is Grameenphone's self service app, became a lifestyle app of preference for many customers. Along with recharge and availability of packs, there are also differential offers such as bonus and loyalty points. In this quarter, Grameenphone tied in non-telco services such as Bioscope directly from within the MyGP app, along with continuously providing personalised offers to customers, which led to a 100% YoY growth in active base and sales.
- Grameenphone also engaged customers using contextual content, such as providing Cyclone updates, connecting blood donors during the recent dengue epidemic in the country, as well as catering to the cricket-loving population by providing live streaming of the Cricket World Cup.
- Grameenphone also concluded a Service Level Agreement (SLA) with edotco in July 2019 and in compliance with the Tower Sharing Guideline, edotco has submitted the negotiated SLA to BTRC for vetting. Despite many requests, BTRC is yet to vet the SLA.
- As an industry leader, Grameenphone takes reducing inequality, our commitment to SDG 10, very seriously. Equipping suppliers with knowledge and tools adds incredible value, producing quality results in the shortest possible time. By sharing success stories, organizing supplier summits and training sessions, Grameenphone is able to convince suppliers to be compliant by showcasing that other businesses are growing for the right reasons.

Q4

- During the fourth quarter, Grameenphone rolled out 715 new 4G sites, achieving its ambition of rolling out 10,000 4G/LTE sites across the country, bringing 75% of the population of the country under its 4G coverage, despite challenges and restrictions placed by the regulator. Grameenphone also registered 11.9 million 4G users, attributed to the focus on 4G SIM conversion in the market as well as 4G only data pack portfolio.
- Investment in the network continued, enhancing 3G capacity in over 3,000 sites as well as improved LTE indoor coverage. Grameenphone also continued to invest in building network resilience and ensuring a sustainable network for the country. With over 16,000 towers across the country, Grameenphone already covers 99.6% of the population and 96% of the geography.
- Grameenphone has provided deep sea network coverage that brings connectivity to the fishermen community of Bangladesh, that enables them to stay in touch with their families as well as stay updated on weather conditions and warnings.
- Grameenphone Accelerator is an innovation platform where Bangladeshi youth entrepreneurs and innovators are supported to take their ideas to market and find mentors and investment to scale. So far Grameenphone has run 5 batches and supported 26 startups. Grameenphone has revamped and scaled this program in 2019 to include the entire nation.
- In the fourth quarter the industry faced adverse effects from the weather, as winter arrived early, creating an impact from November. Voice usage was negatively impacted.
- Aggressive competition continued in data. Grameenphone ran nationwide trade campaigns with incentives and commissions along with revamping portfolios and price revisions on Flexiplan.
- On 26 November 2019, BTRC finalised their full-fledged agreement template in the name of Common SLA and sent the copy to all MNOs and Tower Cos for necessary action. Grameenphone responded to BTRC on 4 December 2019 reiterating its previous position that BTRC should not intervene in the bilateral agreement between MNOS and Tower Cos and asked BTRC to withdraw the imposed Common SLA and vet the bilateral SLA agreed between Grameenphone & edotco.
- On 15 December 2019, the High Court Division (HCD) passed its verbal judgement on SMP declaring that the directives of 30 May 2019 cannot be sustained in law, and directed BTRC to take steps with respect to the directives within four weeks of receipt of the certified copy of the judgement.

Message from the Chair and the CEO




CEO
Yasir Azman


Chair
Petter Boerre Furberg

Dear Shareholders,

Grameenphone has delivered solid business growth and performance, mainly driven by our customer-centric modernisation initiatives and efficient operations in 2019. We started 2019 with planned strategic investment and delivered healthy business performances and focused growth despite regulatory challenges and restrictions routed from incorrect audit report of BDT 125.8 billion (BDT 12,580 crore) by the Bangladesh Telecommunication Regulatory Commission (BTRC). We have been in continuous engagement with the authorities with a view towards finding an amicable and transparent resolution that can help us maintain our quality of service, enrich our service propositions for the customers' and continue playing the catalyst role in the growth and digitalisation momentum of Bangladesh. Heightened competition in the market, coupled with the arbitrary impositions on Grameenphone, strengthened the organisational capability, agility, and innovation of our Winning Team!

Beside solid financial performance in a challenging environment, Grameenphone continued on its social commitment through the expansion of the Child Online Safety initiative in collaboration with UNICEF and Telenor AS, as well as taking more responsibility for the reduction of its carbon emissions from its own operations. We have further strengthened our commitment to establish a sustainable supply chain. Grameenphone's Supplier Conduct Principles (SCP) are based on internationally recognised standards around human rights, health and safety, labour rights, environment and anti-corruption. Grameenphone has been working closely with the local community of developers, innovators and start-ups outside through a platform called "GP Accelerator". Grameenphone have been supporting Bishwo Shahitto Kendro (BSK) in different programmes, and in recent years, the associated programmes are supporting Prize Giving Ceremony of Nationwide Enrichment Programme and Establish and support Alorpathshala.org (digital library).

The Company reported total revenue of BDT 143.7 billion in 2019, registering an 8.1% annual growth. During the year, data revenue grew by 17% while voice revenue grew by 8.5%. Increased operating expenses were offset through robust control and operating cost efficiencies, resulting in an increased operating profit of BDT 9.9 billion, or a 17.4% growth, from the previous year.

Profit before Tax for 2019 also saw an increase to BDT 9.1 billion from last year, partly offset by a higher tax expense of BDT 7.9 billion from higher Profit Before Tax, tax provision for non-deductible expenses and adjustments during the year. The net profit margin for 2019, however, dropped 2.5% points to 24.0% compared to 2018. The Company experienced a Net Profit After Tax growth of BDT 1.2 billion in 2019. With margin growth offset against corresponding expenses and taxes, Earnings Per Share (EPS) for the year 2019 stood at BDT 25.56 against BDT 24.71 in 2018.





Despite the heightened challenges from regulations and market competition, Grameenphone geared up and delivered a healthy revenue through innovation and execution, which has positively impacted shareholders' returns. It is our pleasure to announce that the Board of Directors of Grameenphone Ltd. has recommended a final dividend for the year 2019 in cash at the rate of 40% of the paid-up capital (i.e. BDT 4.0 per share of BDT 10 each). With this, the total cash dividend stands at 130% of paid-up capital, amounting to 50.86% of Profit After Tax for the year 2019 (including 90% interim cash dividend).

Grameenphone has invested BDT 365.6 billion in Bangladesh since its inception. Additionally, in 2019, Grameenphone contributed BDT 85.05 billion to the National Exchequer in the form of taxes, VAT, duties, fees and 4G license and spectrum assignment, representing 59.2% of Grameenphone's total revenue for the year. Total contribution to the National Exchequer since inception amounted to BDT 745.5 billion at the end of 2019.

Grameenphone was able to record steady subscriber growth, ending 2019 with a 76.5 million customer base, up 5.1% from last year. Data subscriber growth had been encouraging, and a growing number of people upgraded their handsets to 4G-enabled devices. 11.9 million 4G subscribers were added through 2019 in part due to ready access to new digital services and applications over Grameenphone's high-speed 4G/LTE data network. Significantly, at the close of 2019, 40.6 million, or 53.1% of Grameenphone's entire subscriber base, were high-speed data users. This growing data users and adoption on our network is a further testament to our customers' confidence in us to meet their high expectations consistently.

Promising growth in data subscribers was fuelled by the Company's commitment to the network. Even within an environment of arbitrary restrictions including that on the import of equipment since July 2019, Grameenphone managed to implement and rollout almost all its growth drivers. By the end of 2019 Grameenphone's entire network has been data enabled with 3G, 4G, or both technologies. For the second consecutive year, Grameenphone was recognised as the fastest data network in the country by Ookla. Moreover, within two years of launch, almost 50% of the total national data volume is carried over Grameenphone's 4G network.

As a connectivity and eco-system partner, we have pressed forward in the digital space, focusing on innovation, relevance, and customer engagement and convenience. We have made steady strides in our online recharge capabilities throughout all digital channels. Among others, highlights were the roaming data and mixed packs for roaming customers, the introduction of 4G handsets at the lowest market price, and the device micro-financing programme that helped drive digital inclusion.

We are aware of our impact on the eco-system in which we operate. We have worked hard to establish rules of engagement that builds trust, is inclusive, and creates value for all our stakeholders. By taking responsibility for customers' privacy and sustainability, we continue to protect customers' data, establish an inclusive workplace for our people, build a compliant supply chain, empower our society to realise the benefits of digital connectivity while minimising our environmental footprint.

Looking ahead, we believe Grameenphone sets the right direction towards focused growth, modernisation, and innovation to serve customers better and make a difference by responsible business conduct. We will continue investing in the country and building a strong network and distribution eco-system to drive the national vision of a Digital Bangladesh as well as deliver value to our shareholders and our customers.

Finally, we extend our gratitude to our Board of Directors for their continued guidance and active engagement. We also extend our appreciation to the Shareholders for their co-operation and support. We are grateful to our customers for their trust in the Grameenphone network and services because, without their patronage, we would not be a family of more than 76 million.

Our sincere thanks to the Management Team and Grameenphone employees for their tireless efforts and achievements. We sincerely look forward to welcoming you to our 23rd Annual General Meeting (AGM).

01 February 2020

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**THE MARKET NOW
COMES TO YOU
IT'S POSSIBLE!**

Grameenphone

← দেশী ফল ক্রয়-বিক্রয়

আমিন মিয়া
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দাম: See More ...

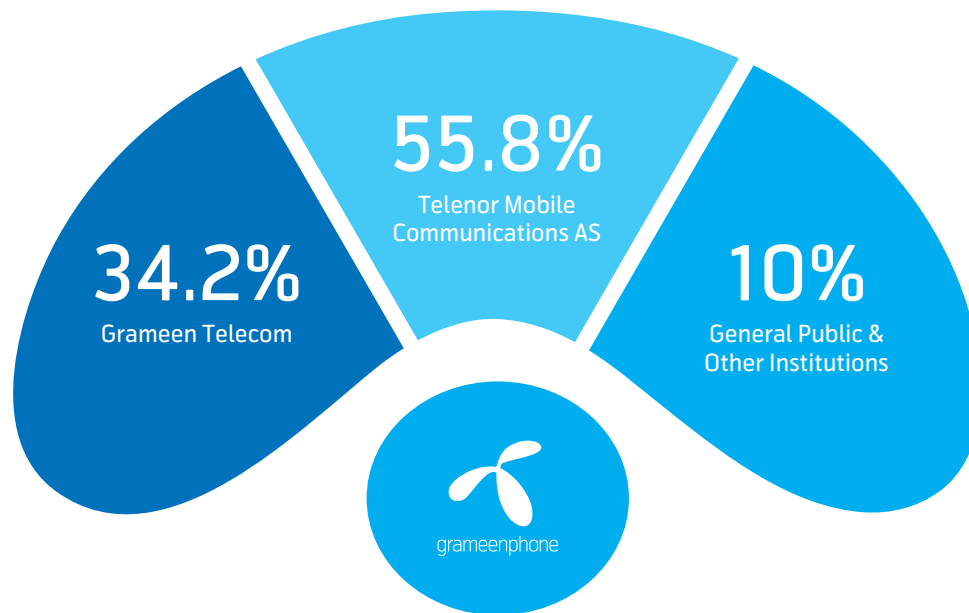
LIVE

158 >

Afifa Sultana
আমি নিতে চাই

The Shareholders

The shareholding structure comprises of mainly two sponsor shareholders, namely, Telenor Mobile Communications AS (55.80%) and Grameen Telecom (34.20%). The rest 10.00% shareholding includes General Public (2.06%), Foreign (3.92%) and other institutions (4.02%), as of 31 December 2019.



Telenor Mobile Communications AS (TMC)

Telenor Mobile Communications AS (TMC) is an indirectly wholly-owned subsidiary of Telenor ASA. Telenor ASA is the leading Telecommunications Company of Norway listed on the Oslo Stock Exchange. TMC owns 55.80% shares of Grameenphone Ltd. Telenor was founded in 1855 and builds on over a 160 years of telecom experience from Norway. Through international expansion, today Telenor has mobile operations with solid market positions in the Nordics and Asia. Telenor has, as of 31 December 2019, 186 million mobile subscribers across its footprint, as well as 2 million fixed broadband and 1.5 million TV customers in the Nordics. In addition to Norway and Bangladesh, Telenor owns mobile telephony companies in Sweden, Denmark, Finland, Thailand, Malaysia, Pakistan and Myanmar. Telenor uses the expertise it has gained at its home and international markets for the development of emerging markets like Bangladesh.

Grameen Telecom (GTC)

Grameen Telecom (GTC), which owns 34.20% of the shares of Grameenphone Ltd., is a not-for-profit company in Bangladesh established by Professor Muhammad Yunus, winner of the Nobel Peace Prize 2006.

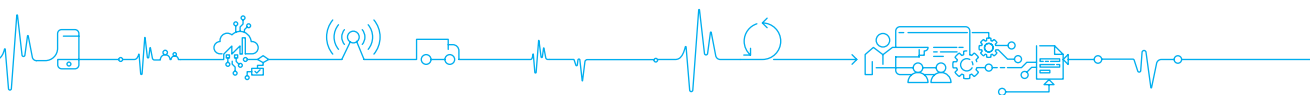
GTC's mandate is to provide easy access to GSM cellular services in rural Bangladesh and create new opportunities for income generation through self-employment by providing villagers, mostly the poor rural women, with access to modern information and communication-based technologies.

Grameen Telecom, with its field network, administers the Village Phone Program, through which Grameenphone provides its services to the fast growing rural customers. Grameen Telecom trains the operators and handles all service-related issues.

GTC has been acclaimed for its innovative Village Phone Program. GTC and its Chairman, Nobel Peace Prize laureate, Professor Muhammad Yunus, have received several awards which include; "First ITU World information Society Award in 2005"; "Petersburg Prize for Use of the IT to improve Poor People's Lives in 2004"; "GSM Association Award for "GSM in Community Service" in 1998"; "CAPM Bronze Award for service to the public 1998".

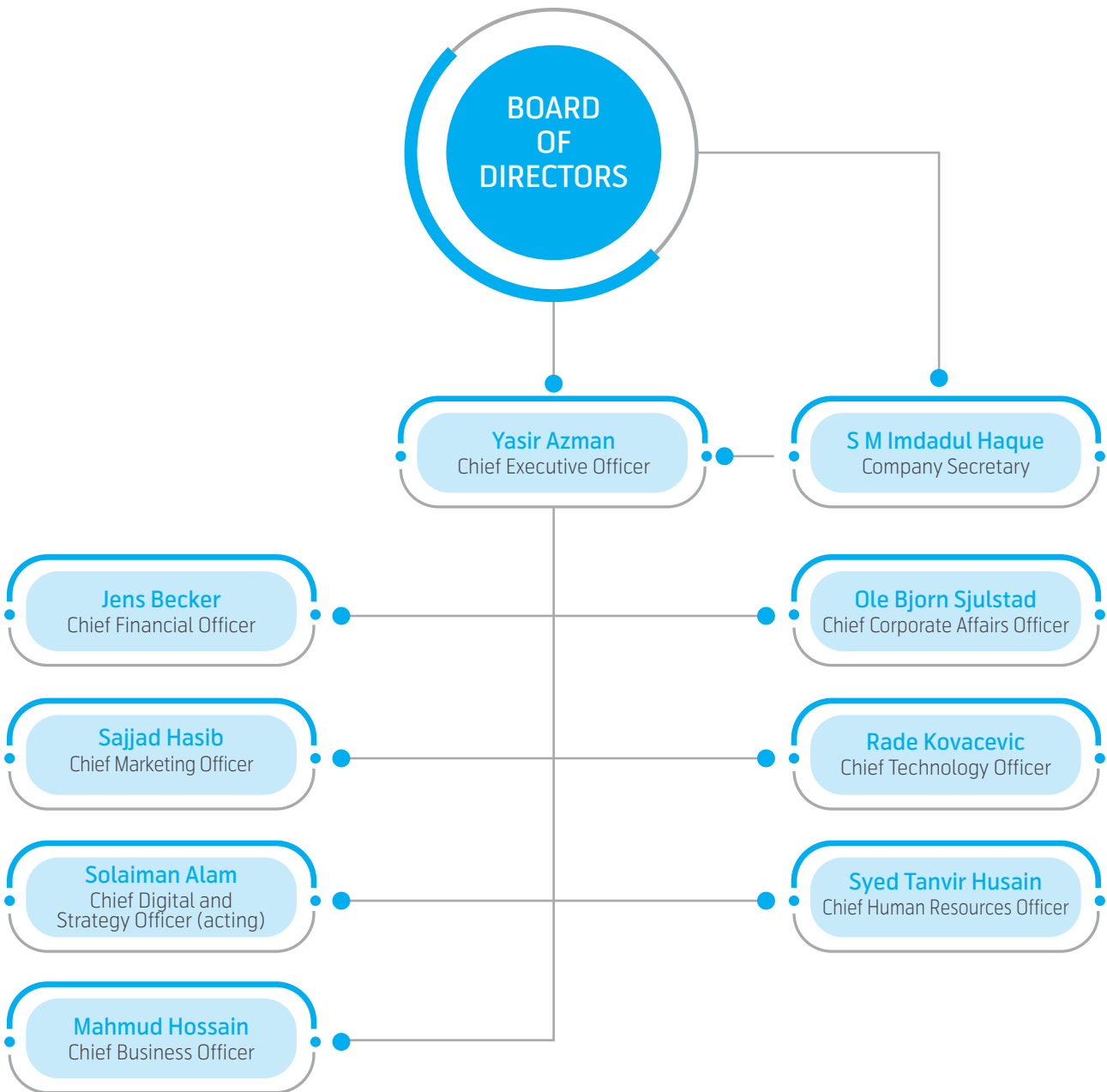
Top Twenty Shareholders as on 31 December 2019

Sl. No.	Name of Shareholders	Number of Ordinary Shares Held	Percentage
1	Telenor Mobile Communications AS	753,408,154	55.80%
2	Grameen Telecom	461,766,409	34.20%
3	BBH A/C Matthews Asia Dividend Fund	16,702,189	1.24%
4	Grameen Bank Borrower's Investment Trust	11,037,221	0.82%
5	Government of Norway	10,620,123	0.79%
6	A.K. Khan & Co. Ltd.	8,448,153	0.63%
7	ICB Unit Fund	4,175,789	0.31%
8	The Bank of New York Mellon As Agent of Concilium Frontier Equity Fund LP	3,930,327	0.29%
9	Grameen One: Scheme Two	1,400,000	0.10%
10	BBH A/C Japan Trustee Services Bank Ltd. As Trustee of SMTB Global Impact Mother Fund	1,313,892	0.10%
11	SSBT for SSB Lux A/C Galaxy Fund	1,293,586	0.10%
12	Mellor Bank N.A. A/c Acadian Frontier Markets Equity Fund	1,292,341	0.10%
13	Delta Life Insurance Co. Ltd.	1,281,781	0.09%
14	Bangladesh Fund	1,250,000	0.09%
15	SSBT A/c Wellington Management Funds (Ireland) Public Limited Company- Wellington Global Impact Fund	1,162,454	0.09%
16	IDLC Investments Ltd. - Omnibus	1,124,610	0.08%
17	NTC for NTFS A/C Global Thematic Investment Management CCF	1,034,983	0.08%
18	1 st Bangladesh Fixed Income Fund	985,394	0.07%
19	Modhumoti Bank Limited	921,189	0.07%
20	Pubali Bank Limited	910,075	0.07%
	Total	1,284,058,670	95.12%





Organisational Structure



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* The information in this section is as on 01 February 2020



Board of Directors

Our business is led by our Board of Directors ('the Board'). They bring years of experience with them. Their breadth of knowledge guides our decisions and actions.



STANDING

From right to left

Dr. Salehuddin Ahmed
Independent Director

Lars Erik Tellmann
Non-Executive Director

Petter Boerre Furberg
Non-Executive Director and Chair

Haakon Bruaset Kjoel
Non-Executive Director

Prof. (Dr.) Jamilur Reza Choudhury
Independent Director

SITTING

From left to right

Md. Ashraful Hassan
Non-Executive Director

Irfan Wahab Khan
Non-Executive Director

Parveen Mahmud
Non-Executive Director

M Shahjahan
Non-Executive Director

Oivind Burdal
Non-Executive Director



Directors' Profile



Petter Boerre Furberg

Non-Executive Chair

Date of Appointment

26 May 2017

Committee Membership

None

Nationality

Norwegian

Mr. Petter Boerre Furberg was appointed to the Board on 26 May 2017 and is also the Chair of Grameenphone Board. Since 01 April 2019, Mr. Furberg is serving as Chief Executive Officer (CEO) of Telenor Norway. Prior to this, he served as Executive Vice President and Head of Emerging Asia Cluster, Telenor Group. He also served as interim Chief Executive Officer (CEO) of Grameenphone during November 2016 to May 2017. Before joining Grameenphone as the interim CEO, he was the Senior Vice President Telenor Digital Businesses, based in Bangkok. Prior to that, Mr. Furberg served as CEO of Telenor Myanmar for three years. Since joining Telenor in 1998, he has held a number of executive positions, including Chief Financial Officer and Chief Marketing Officer of dtac, Thailand, and Head of Financial Services at Telenor Group. Mr. Furberg holds a degree in Economics and Business Administration based on a four year programme from the Norwegian School of Economics and is a Certified European Financial Analyst (AFA/CEFA).

Mr. M Shahjahan was appointed to the Board on 26 June 2006 and is also Chair of the Company's Treasury Committee. He is the former Managing Director of Grameen Bank. He acted as the Managing Director of Grameen Bank from 14 August 2011 to 30 October 2014. Now, he is the Managing Director of Grameen Telecom Trust. Earlier, he served as the Deputy Managing Director, the General Manager and Head of the Accounts, Finance, Planning, Monitoring and Evaluation Division, the Chief of the Audit Department, and the Zonal Manager of Grameen Bank. Mr. Shahjahan is a member of the Board of Directors of several companies that work in the fields of health, education, agriculture, welfare, renewable energy and telecommunications. He obtained a Bachelor of Commerce (Honours) degree in Accounting from the University of Dhaka in 1976, as well as a Master's degree in Accounting in 1977 and a Master's degree in Finance in 1981. He was awarded ICAB Medal (Silver) for passing the 'C.A. Intermediate' examination at the earliest eligible chance in 1981.



M Shahjahan

Non-Executive Director

Date of Appointment

26 June 2006

Nationality

Bangladeshi

Last Re-elected

19 April 2018

Committee Membership

Audit Committee, Treasury Committee

HSSE Committee



Haakon Bruaset Kjoel

Non-Executive Director

Date of Appointment

14 September 2011

Nationality

Norwegian

Last Re-elected

19 April 2018

Committee Membership

NRC Committee

Mr. Haakon Bruaset Kjoel was appointed to the Board on 14 September 2011. He is a senior corporate and public affairs professional with extensive experience from the telecom and digital industries in Europe and Asia. He is currently the Chief Strategy and Transformation Officer of Telenor Group's mobile network operator in Thailand, dtac. Prior to this, Mr. Haakon served as Telenor's Senior Vice President for Partner and External Relations for Asia and Acting Executive Vice President and Chief Corporate Affairs Officer. Mr. Haakon serves on the Board of Directors of several Telenor Group companies in Singapore, Telenor Myanmar, Telenor Pakistan, and Digi in Malaysia where he serves as the Chair of the Board. He is also a non-executive Director of the architect and design company Snøhetta AS headquartered in Oslo. He holds a Master of Business Administration degree from BI Norwegian Business School in Oslo, where he also studied public relations.

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Mr. Md. Ashraful Hassan was appointed to the Board on 20 January 2010. He currently serves as Managing Director of Grameen Telecom and is engaged in promoting and providing easy access to GSM cellular services in rural Bangladesh. He also serves as Managing Director of Grameen Distribution Ltd. and Grameen Shamogree. He has profound knowledge in sales channels and product sourcing. He keeps his own signature tune in Grameen Distribution with a broad experience in the concept of business development and supply chain management. He has extensive and diversified knowledge in various industrial sectors, especially in the field of textile focusing on resource efficient, and energy saving production. He has wide exposure in industrial management, local & export market, labour management, developing rural artists & artisan goods and so on. Mr. Ashraf also acquired wide range of experience for different kinds of project development and industrial setup. He has an extensive knowledge in the field of construction engineering. He started his career in Grameen Bank in 1984. During his 15 year tenure with the Bank, he held various key positions, including the Chief of Engineering section. He made notable contribution to the infrastructural development of Grameen Bank. He serves as a member of the Board of Directors of several enterprises that play a commendable role in the fields of renewable energy, health care, food and nutrition, information and communication technology, employment generation and so forth. He holds a Bachelor of Science degree in Engineering from Khulna University of Engineering and Technology, Bangladesh.



Md. Ashraful Hassan	
Non-Executive Director	
Date of Appointment	Last Re-elected
20 January 2010	20 April 2017
Nationality	Committee Membership
Bangladeshi	NRC Committee



Irfan Wahab Khan	
Non-Executive Director	
Date of Appointment	Nationality
14 July 2019	British
Committee Membership	
None	

Mr. Irfan Wahab Khan was appointed to the Board on 14 July 2019. Mr. Irfan is the EVP, Head of Emerging Asia cluster Telenor Group, Chair of Telenor Myanmar, Chair of Telenor Microfinance Bank and CEO of Telenor Pakistan since 2016. Prior to that, Mr. Irfan served as Deputy CEO of Telenor Pakistan for two years. Since joining Telenor in 2004, he has held a number of executive positions across Telenor Group including Executive Vice President Telenor Pakistan, CEO Telenor LDI, Group Vice President Devices & Distribution Telenor Group and Chief Marketing Officer Telenor Pakistan. Prior to Telenor, Mr. Irfan worked at Orange UK, T-Mobile USA, Telcodia Technologies USA and Ericsson Philippines. Mr. Irfan holds a Master's degree in Mobile and Personal Communications from University of Westminster, London, UK. He also holds qualifications in Financial Management from Harvard Business School, Executive Diploma in Marketing from London Business School and Advance Management from INSEAD and a Qualified Board Director from IMD. He is also a lifetime Alumni of INSEAD.

Mr. Lars Erik Tellmann was appointed to the Board on 11 December 2019 and he is also Chair of the Company's HSE Committee. Mr. Tellmann is Senior Vice President and Head of Portfolio Management & Business Development Asia, Telenor Group. Mr. Tellmann joined Telenor Group in 2001 and has since served in a various leadership positions in both Norway, Malaysia, Thailand and Myanmar. He was Chief Financial Officer of Telenor Myanmar Ltd. from 2013 to 2016, and Chief Executive Officer of Telenor Myanmar Ltd. from 2016 to 2018. Before joining Telenor, Mr. Tellmann had his initial experience in the Software industry with Agresso Group ASA in Norway. He had also served as Board Member of Grameenphone from December 2011 to December 2013. Currently, he is also a Board member of Digi Telecommunications Sdn Bhd, Malaysia, Telenor Pakistan Ltd. and Wave Money Ltd. in Myanmar. Mr Tellmann holds a Master of Science in Business (M.Sc. / Siviløkonom) degree from NORD University in Norway, and a Master of Business Administration (MBA) from Heriot-Watt University, Edinburgh.



Lars Erik Tellmann	
Independent Director	
Date of Appointment	Nationality
11 December 2019	Norwegian
Committee Membership	
HSE Committee	

**Parveen Mahmud****Non-Executive Director**

Date of Appointment 17 October 2012	Last Re-elected 19 April 2018
Nationality Bangladeshi	Committee Membership None

Ms. Parveen Mahmud FCA was appointed to the Board on 17 October 2012. Ms. Mahmud serves in various Boards, including the Chairperson of Underprivileged Children Education Programme (UCEP) and Her Story Foundation. She was the Chairperson, Shasha Denims Ltd., MIDAS (Micro Industries Development Assistance and Services) and Acid Survivors Foundation. She served three terms in the Council and Past President of the Institute of Chartered Accountants of Bangladesh (ICAB). In her diversified professional career, Ms. Mahmud worked in the development sector and was a practicing Chartered Accountant. Ms. Mahmud started her career with BRAC, and was the Managing Director, Grameen Telecom Trust and Deputy Managing Director of Palli Karma-Sahayak Foundation (PKSF). She was a partner of ACNABIN, Chartered Accountants. She was the first female President of ICAB for the year 2011 and also the first female Board member in the South Asian Federation of Accountants (SAFA), the apex accounting professional body of the SAARC. She was the Chairperson, CA Female Forum, ICAB. She was the member of National Advisory Panel for SME Development of Bangladesh and founding Board member of SME Foundation and Convener, SME Women's Forum. Ms. Parveen Mahmud is the recipient of Ananyanna Top Ten Women- 2018 Award in 2019 for social development, Joya Alokito Nari- 2018 Award from RTV for entrepreneurship and women's empowerment, "Women at Work -2017" Award from Association of Software and Information Services (BASIS) and "Women of Inspiration Awards"-2017 from the Bangladesh Organisation for Learning & Development (BOLD). She received the Begum Rokeya Shining Personality Award 2006 from Narikantha Foundation for women's empowerment.

Mr. Oivind Burdal was appointed to the Board on 18 May 2016. In 2004, he joined the Legal Department of Telenor ASA where he has practiced and held managerial positions in several areas. In August 2017, he was appointed Vice President, Head of Group Legal Asia in Telenor ASA after having served as Senior Vice President, Head of Legal in Telenor Myanmar Limited since July 2015. After obtaining his law degree, in 1998, he joined Thommessen Krefting Greve Lund, one of the major law firms in Norway, focusing on M&A and TMT. Mr. Burdal obtained his Law degree (Cand. Jur.) from the University of Oslo, Norway, his degree in Business Administration (Bedriftsokonom BI) from BI Norwegian Business School Oslo, Norway and his masters' degree (LLM, Master of Corporate and Commercial Law) from London School of Economics and Political Science in London, England.

**Oivind Burdal****Non-Executive Director**

Date of Appointment 18 May 2016	Nationality Norwegian
Committee Membership Audit Committee	

National Prof. (Dr.) Jamilur Reza Choudhury was appointed to the Board on 15 June 2016 as an Independent Director and he is also Chair of the Company's Nomination and Remuneration Committee (NRC). He is one of the leading Engineers and Academics in the country. He started his career in 1963 as a Lecturer in Department of Civil Engineering at Bangladesh University of Engineering and Technology (BUET) and was appointed as Professor in 1976. He was Head of the Department (1978-79, 1981-83), Dean of the Faculty of Civil Engineering at BUET (1983-85) and Director of Computer Centre at BUET (1982-92), the largest computing facility in the country. He received his Ph.D. from University of Southampton, UK, in 1968 and was awarded the Doctor of Engineering (HonorisCausa) degree by University of Manchester, UK, in 2010. He has been involved with planning, design and construction of some of the largest infrastructure projects in Bangladesh (ports, airports, buildings and bridges). He was the President of Institution of Engineers, Bangladesh (1992-93). He was elected as Fellow of Institution of Civil Engineers, UK, in 1995. He was an Adviser (Minister) to the Caretaker Government of Bangladesh in 1996 and was in charge of the Ministry of Energy and Mineral Resources and Ministry of Water Resources. He was Chairman of the Board of Bangladesh Shilpa Bank (1996-98). He has headed a large number of Committees and Task Forces formed by the Government to formulate ICT Policies and Plans (1997, 2001, 2007). He was the first Vice Chancellor of BRAC University (2001-10) and since 2012, he has been the Vice Chancellor of University of Asia Pacific. The Government of Bangladesh appointed him as a National Professor in 2018.

**Prof. (Dr.) Jamilur Reza Choudhury****Independent Director**

Date of Appointment 15 June 2016	Nationality Bangladeshi
Committee Membership NRC Committee	

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Dr. Salehuddin Ahmed

Independent Director

Date of Appointment

12 December 2018

Committee Membership

Audit Committee

Nationality
Bangladeshi

Dr. Salehuddin Ahmed was appointed to the Board on 12 December 2018 as an Independent Director and he is also Chair of the Company's Audit Committee. He was appointed as the Governor of the Bangladesh Bank (Central Bank) in May 2005, for a term of four years up to 30 April 2009. He started his career as a lecturer in Economics at Dhaka University in 1970. Joining the erstwhile Civil Service of Pakistan (CSP), he served in various capacities in the field of administration of the Government of Bangladesh. He worked in the Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP), a regional inter-governmental organisation with its headquarters in Dhaka. Dr. Ahmed was the Director General of Bangladesh Academy for Rural Development (BARD), Cumilla and also Director General of the NGO Affairs Bureau of the Office of the Prime Minister. During 1996–2005, Dr. Salehuddin Ahmed was the Managing Director of Palli Karma Sahayak Foundation (PKSF), the apex funding agency of micro credit operations in Bangladesh. He has authored several books, reports and journal articles which have been published at home and abroad. He is on Governing Bodies of several Government and Non-Government agencies and universities in Bangladesh. Dr. Ahmed was awarded Nawab Sir Salimullah Foundation Gold Medal for contributions in Economics in 2006. He also received the Distinguished Alumni Award from McMaster University, Canada at the Convocation held in Hamilton, Ontario, Canada in November 2006. Besides these, he was given several other awards by different bodies. Dr. Ahmed did his Master Degrees in Economics from Dhaka University and McMaster University in 1969 and 1974 respectively and obtained his Ph.D. in Economics from McMaster University, Canada in 1978. Presently, he is working as a Professor at BRAC Business School, BRAC University, Dhaka, Bangladesh.

Companies (other than Grameenphone Ltd.) in which Grameenphone Directors hold directorship and committee memberships:

Sl. No	Name of Director	Directorship	Member of Board committees	Other Business Occupation
1	Mr. Petter Boerre Furberg	Total Access Communication PLC ('dtac'), Thailand Telenor Financial Services AS, Norway	None	Chief Executive Officer, Telenor Norway
2	Mr. M Shahjahan	Grameen Telecom Grameen Shakti Grameen Fund Grameen Mothso O Poshu-Shampad Foundation Grameen Kalyan Grameen Fabrics & Fashions Ltd. Grameen Credit Agricole Microfinance Foundation Grameen Employment Services Limited (GES) Grameen Knitwear Ltd. Grameen Shikkha Grameen Communications Grameen Shakti Samajik Byabosa Ltd. Grameen Shamogree Grameen Capital Management Grameen Healthcare Services Grameen Solutions Grameen Italia Team Accessories Ltd.	None	Managing Director, Grameen Telecom Trust



Sl. No	Name of Director	Directorship	Member of Board committees	Other Business Occupation
2	Mr. M Shahjahan	Grameen Distribution Samajik Health Science Institute and Research Center Limited Grameen Krishi Foundation Member of Board of Trustees Grameen Trust Nobel Laureate Trust Grameen Telecom Trust Grameen Healthcare Trust		
3	Mr. Haakon Bruaset Kjoel	Telenor Pakistan (Pvt.) Limited, Pakistan Telenor Asia Pte. Ltd., Singapore Telenor South Asia Investment Pte. Ltd., Singapore Telenor South East Asia Investment Pte. Ltd., Singapore Telenor GO Pte. Ltd., Singapore Telenor Asia (IHQ) Limited, Thailand Telenor Myanmar Limited, Myanmar Digi Telecommunications Sdn Bhd, Malaysia Digi.com Berhad, Malaysia Snøhetta, Norway	Digi.com, Berhad, Malaysia <i>Nomination Committee</i> <i>Remuneration Committee</i> Telenor Pakistan (Pvt.) Limited, Pakistan <i>Audit Committee</i> Telenor Myanmar Limited, Myanmar <i>Audit Committee</i>	Chief Strategy and Transformation Officer dtac, Thailand
4	Mr. Md. Ashraful Hassan	Grameen Shakti Grameen Kalyan Grameen Telecom Grameen Knitwear Ltd. Grameen Solutions Ltd. Grameen Distribution Ltd. Grameen Veolia Water Ltd. Grameen Danone Foods Ltd. G. Japan Sunpower Auto Ltd. Grameen Fabrics and Fashions Ltd. Grameen Health Care Services Ltd. Grameen Employment Services Ltd. Grameen Shakti Samajik Byabosa Ltd. Grameen Shangdu Microcredit co., Ltd. Samajik Health Science Institute and Research Center Limited Member of Board of Trustees Grameen Telecom Trust	None	Managing Director, Grameen Telecom
5	Mr. Irfan Wahab Khan	Telenor Myanmar Ltd., Myanmar Telenor Pakistan Ltd., Pakistan Telenor Microfinance Bank, Pakistan USF Company, Pakistan	Telenor Microfinance Bank <i>IT and People</i> USF Company <i>Project Evaluation</i>	EVP, Head of Emerging Asia Cluster Telenor Group and CEO Telenor Pakistan
6	Mr. Lars Erik Tellmann	Telenor Financial Services AS, Norway Telenor Pakistan Ltd., Pakistan Telneor Health AS, Norway Digi Telecommunications Sdn Bhd, Malaysia BCTN Holding Ltd., Thailand BCTN Innovation Ltd., Thailand Wave Money Ltd., Myanmar	None	SVP, Head of Portfolio Management & Business Development Asia, Telenor Group

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Sl. No	Name of Director	Directorship	Member of Board committees	Other Business Occupation
7	Ms. Parveen Mahmud	Shasha Spinning Ltd. Shasha Apparels Ltd. Shasha Garments Ltd. Shasha Millners & Textiles Ltd. Saburo Indigo Ltd. Berger Bangladesh Ltd. Apex Footwear Ltd. MIDAS Palli Karma Sahayak Foundation (PKSF) BRAC (Association Member) BRAC International Manusher Jonno Foundation (MJF) DAM Foundation for Economic Development (DFED) Rangpur Dinajpur Rural Services (RDRS)- Bangladesh UCEP Bangladesh Friendship Her Story Foundation Ghashful Moner Bondhu Heroes for All Cider International School, Chattogram Syeda Anjuman Ara Girls School, Chauddagam, Cumilla Transparency International Bangladesh (TIB) Centre for Policy Dialogue (CPD) Grameen Danone Foods Ltd. Grameen Health Care Services Ltd. Grameen Distribution Ltd. Grameen Shamogri Ltd.	Berger Bangladesh Ltd. <i>Audit Committee</i> <i>HR Committee</i> Apex Footwear Ltd. <i>Audit Committee</i> <i>HR Committee</i> BRAC International <i>Audit Committee</i> Manusher Jonno Foundation (MJF) <i>Audit Committee</i> DAM Foundation <i>Audit Committee</i> TIB <i>Audit Committee</i>	Chairman, Underprivileged Children's Educational Programme (UCEP) Bangladesh
8	Mr. Oivind Burdal	Telenor Pensjonskasse, Norway (Deputy Director) Telenor Pakistan Ltd., Pakistan Telenor Myanmar Ltd., Myanmar	<i>Telenor Myanmar Limited, Myanmar</i> <i>Audit Committee</i> <i>Telenor Pakistan (Pvt.) Ltd., Pakistan</i> <i>Audit Committee</i>	Vice President, Head of Group Legal, Asia Telenor ASA
9	Prof. (Dr.) Jamilur Reza Choudhury	Grameen Communications Member of Board of Trustees Bishwo Shahitto Kendro Nirapon Volunteers Association for Bangladesh National Liver Foundation Bangladesh National Heart Foundation Asiatic Society of Bangladesh BUET Alumni South Asia Foundation Board of Accreditation for Engineering and Technical Education Institution of Engineers, Bangladesh Radda MCH-FP Centre Bangladesh Diabetic Association National Council Freedom Foundation Gunijan Trust	None	Vice Chancellor, University of Asia Pacific, Bangladesh
10	Dr. Salehuddin Ahmed	None	None	Professor, BRAC Business School, BRAC University



Management Team

The key roles of the Management Team, headed by the Chief Executive Officer, include running the day-to-day business of the Company. Collectively, they inspire our teams and steer the success of our business.



STANDING

From right to left

Ole Bjorn Sjulstad

Chief Corporate Affairs Officer

Sajjad Hasib

Chief Marketing Officer

Jens Becker

Chief Financial Officer

Syed Tanvir Husain

Chief Human Resources Officer

Solaiman Alam

Chief Digital and Strategy Officer (acting)

SITTING

From left to right

Rade Kovacevic

Chief Technology Officer

Yasir Azman

Chief Executive Officer

Mahmud Hossain

Chief Business Officer

Management Team Profile



Yasir Azman
Chief Executive Officer

Mr. Yasir Azman was appointed as Chief Executive Officer (CEO) from 01 February 2020. Prior to that, he served as Deputy Chief Executive Officer (DCEO) from 26 May 2017. He also served as Chief Marketing Officer (CMO) from 15 June 2015. Mr. Azman is an experienced professional with vast international experience in multiple countries and cultures. Before joining as CMO Grameenphone, Mr. Azman served as Telenor Group's Head of Distribution & eBusiness and worked across all Telenor Operations. He has also worked in Telenor India operations as EVP & Circle Business Head for Orissa and Karnataka circles during 2010-2012. In his previous tenure in Grameenphone, Mr. Azman played a leading role to set up Grameenphone sales and distribution organisation and to transform Grameenphone distribution structure. As a CMO in Grameenphone, Mr. Azman has transformed Grameenphone towards a high performing and a digital-centric organisation. Throughout his career, Mr. Azman has a proven track record as a leader in transformation, change management and business development. He has an MBA from Institute of Business Administration, Dhaka University, and also attended several executive educational programmes in the London Business School and INSEAD, France.

Mr. Jens Becker was appointed as Chief Financial Officer (CFO) effective from 15 August 2019. Prior to joining Grameenphone, he served as CFO of T-Mobile Poland (formerly Polska Telefonia Cyfrowa) from 2007 to 2016 and was engaged with consultancy and entrepreneur ventures since then. During the first half of 2015 he also served as interim CEO for GTS Poland. Earlier, he was CFO at T-Online International AG from 2004 to 2007. With 20 years of experience in Deutsche Telekom Group, he has held leadership positions in Germany and Poland and was also responsible for controlling of T-Online's subsidiaries in France and Spain, among others. Mr. Jens holds a Master's degree (Diplom) in Geography, Economics and Business Administration from Free University of Berlin, and participated in Deutsche Telekom General Management Programme from London Business School.



Jens Becker
Chief Financial Officer

Mr. Ole Bjorn Sjulstad was appointed as Chief Corporate Affairs Officer (CCAO) effective from 02 December 2018. He joined Telenor Asia Pte Ltd. Singapore, as Vice President in 2000 and served as its Managing Director from 2002 till 2004. After relocation to Norway he served as Senior Vice President of Telenor, Asia region, until April 2007. In 2007, he joined the Telenor CEE regional unit. He led the representative office in Moscow for six years, followed by a two-year posting as Chief Corporate Development Officer in Telenor Hungary. Before joining Grameenphone he was CEO of Telenor Bulgaria. In his more than 18 years of experience with Telenor Group he has served as a member in the Board of Directors in Grameenphone (Bangladesh), Digi (Malaysia), UCOM (Thailand) and Vimpelcom (now VEON). Prior to joining Telenor Group, Mr. Sjulstad held various leadership and project management positions within the Information and Telecommunications sector, as well as Subsea Engineering & Production business relating to the oil and gas industry. He earned his Business Administration and Mechanical Engineering degree from Kongsberg Ingeniorhogskole, Norway in 1983. In addition, he has completed the Executive Development Programme at IMD, Switzerland, in 2008.



Ole Bjorn Sjulstad
Chief Corporate Affairs Officer



Mr. Sajjad Hasib was appointed as Chief Marketing Officer (CMO) from 01 February 2020. Prior to that, he served as Head of Operations from August 2017. Mr. Sajjad brings in 20 years of Sales, Marketing and Business management experience into the management team. He started off his career in Citycell as Distribution Officer, and worked in various companies at home and abroad prior to joining Grameenphone as Area Sales Manager in 2006. In the last 14 years in GP, he rose through the ranks contributing to all major commercial successes of Grameenphone in various roles including Circle Business Head of Dhaka & Sylhet. His substantial experience in driving growth through combining analytics, growth mindset, highly engaging leadership across teams, ground-breaking market schemes and emotional intelligence makes him an ideal addition to the Management team to take the growth journey forward with agility. In his last role as Operations Head, Mr. Sajjad led several transformation programmes to modernise entire sales and circle operations bringing in industry-leading digital apps, real time analytics and personalisation. During his tenure as head of Operations, Grameenphone also strengthened its Acquisition & Revenue Market Share along with consistent growth across the years. He has an MBA from University of Bedfordshire (UK), Bachelors from NSU (Dhaka) and several executive education from London Business & INSEAD business school.



Sajjad Hasib
Chief Marketing Officer



Rade Kovacevic
Chief Technology Officer

Mr. Rade Kovacevic was appointed as Chief Technology Officer (CTO) effective from 30 January 2018. Earlier, he was serving as the Interim CTO in Grameenphone from 18 June 2017. Prior to joining Grameenphone, Mr. Kovacevic was working as Head of IT Asia (acting), Technology & Services of Telenor Group. Prior to that, he also worked as Head of Sourcing at Telenor India. He has 19 years of experience in the telecom industry, working in different senior positions. Mr. Kovacevic has an MSc in Electronics and Computer Science from University of Montenegro.

Mr. Syed Tanvir Husain was appointed as Chief Human Resources Officer (CHRO) effective from 12 June 2018. His journey with Grameenphone started as the Head of Leadership & People Development in mid-2013. He later went on to lead the Centre of Expertise and then Shared Services organisations within People & Organisation Division. A pioneer in the digitisation of HR, he is notable for building stronger stakeholder relationships and driving agility across the organisation. Prior to Grameenphone, he held roles of the Head of HR in Citibank N.A, and the CHRO in Airtel Bangladesh, where he led the acquisition and merger with regard to employees with Warid Telecom. He has also worked in the USA for KBR and Aramark. An MBA graduate from IBA, University of Dhaka, Mr. Tanvir began his career as a management trainee in BAT Bangladesh, where he created his legacy by initiating the gender diversity drive, strengthening talent pipeline, employee skill development and by signing two Long Term Agreements with the CBA in his 7.5 years tenure.



Syed Tanvir Husain
Chief Human Resources Officer

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Solaiman Alam

Chief Digital and Strategy Officer (acting)

Mr. Solaiman Alam was appointed as the Chief Digital and Strategy Officer (CDSO) (acting) from 01 January 2020. Mr. Solaiman has 20 years of professional experience in the FMCG and telecom industry in various roles spanning digital channel and services, marketing, product management, brand management, trade marketing and sales. A graduate from IBA, University of Dhaka, he started his career in Sales in British American Tobacco Bangladesh (2000 – 2005) after which he moved to Orascom Telecom Bangladesh, Banglalink. He played a vital role in establishing Banglalink as one of the most recognised brands in the country. He has worked directly in Brands, Product and Pricing, VAS and Internet, Research, High Value Loyalty Management, Postpaid and B2B, Mobile Financial Services (MFS) etc. When he left Banglalink in 2016, he was Director, Marketing of Banglalink. Mr. Solaiman joined Grameenphone as Director Marketing in February 2016 and in 2018, he was appointed as the Head of Digital Division to pursue the vision of establishing a Telco Digital Ecosystem. He has attended a host of courses and certifications from organisations like London Business School, INSEAD France, HFI, IDEO etc.

Mr. Mahmud Hossain was appointed as Chief Business Officer (CBO) effective from 24 October 2018. He previously served Grameenphone as Chief Corporate Affairs Officer (CCAO) from 8 March 2010. He started his career in 1990, when he joined the technical team of the erstwhile Hutchison BD Telecom Ltd. He worked for Grameenphone in his first spell with the Company as Additional General Manager at Technology Operations during 2000-2001. In his credibly long career, he also worked for few other telecom operators before rejoining Grameenphone in August 2009. Mahmud Hossain obtained his B.Sc. in Electrical & Electronic Engineering from Bangladesh University of Engineering and Technology (BUET). He obtained his MBA from the Institute of Business Administration (IBA), Bangladesh. He also holds a Master's (Telecom) degree from Concordia University, Canada.



Mahmud Hossain

Chief Business Officer

PROFILE OF COMPANY SECRETARY

Mr. S M Imdadul Haque was appointed as Company Secretary effective from 21 April 2017. Mr. Imdad joined Grameenphone on May 2004 and started his journey with Internal Audit function. Then he moved to the Department of Company Secretary on August 2006 and has been working there for more than thirteen (13) years. During his long tenure in the Department of Company Secretary of such a big company like Grameenphone, he gathered vast knowledge on Company Secretarial function, Corporate Governance, Regulatory Management, Public Communications etc. Before joining Grameenphone, Mr. Imdad worked in KPMG Rahman Rahman Huq, Chartered Accountants during May 2002 to April 2004 where he was also an articled student during Nov 1998 to April 2002 and passed "C.A. Intermediate" examination. He has a Master's degree in Commerce and attended various training programmes at different institutions and educational programme at INSEAD.



S M Imdadul Haque

Company Secretary



Corporate governance in Grameenphone

The Board of Directors (the Board) recognises the importance of good corporate governance and is committed to ensure the sustainability of the company's business and operations by integrating good governance ethics and business integrity into the strategies and operations of the company. The Board believes these practices are key to continue delivering long-term shareholders' value, safeguard stakeholders' interest and maintain investors' trust and confidence.

Corporate Governance Framework

Being a technology-oriented business entity, Grameenphone emphasises on transparency, accountability and compliance, which are the essence of corporate governance. Grameenphone's high standards of corporate governance plays an important part towards the Company's continued growth and success. The Company has always strived to maintain the highest standards of corporate governance and business conduct so as to create and maintain sustainable shareholders' value, safeguard stakeholders' interest and maintain investors' trust and confidence. Ethical business practices go hand in hand with strong corporate governance, and we believe that running our businesses in an ethical manner will create trust with the public and ultimately create shareholders' value for the Company. The Company, at the same time, expects acts of honesty and integrity from its Board of Directors, employees and suppliers.

Corporate Governance Practices

As part of its governance pursuits, Grameenphone is committed to ensuring the highest standards of governance designed to protect the interests of all stakeholders while promoting integrity, transparency and accountability. The Board and the Management Team also put their best efforts to comply with all the laws of the country and all internal regulations, policies and procedures to make Grameenphone a thoroughly transparent Company.

Corporate Governance Report 2019

Grameenphone is listed on the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. The Board is of the view that throughout the year ended 31 December 2019, the Company has complied with all the applicable conditions set out in the Corporate Governance Code 2018 "the Code" issued by the Bangladesh Securities and Exchange Commission (BSEC). The Board continues to monitor and review the Company's Corporate Governance practices and makes necessary changes at an appropriate time. At Grameenphone, our actions are always governed by our values and principles, which are reinforced at all levels within the Company to ensure sustainable success. The disclosures in this report set out our corporate governance framework, practices and policies for FY2019 with reference to the Code.

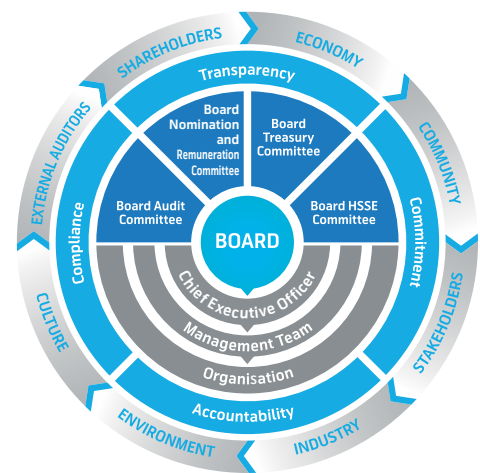
Board Matters

a) Role of the Board

The Directors of the Board are appointed by the Shareholders at the Annual General Meeting (AGM) and are accountable to the Shareholders. The Board is responsible for ensuring that the business activities are soundly administered and effectively controlled. The Directors keep themselves informed about the Company's financial position and ensure that its activities, accounts and asset management are subject to adequate monitoring and control. The Board also ensures that Grameenphone Policies & Procedures and Code of Conduct are understood, implemented and maintained at all levels and the Company adheres to the generally accepted principles for good governance and effective control of Company activities.

b) Rules of Procedure for the Board

In addition to other regulatory guidelines, the Board has also adopted the 'Rules of Procedure for the Board of Directors' for ensuring better governance in the work and administration of the Board. The Board is also guided by a Delegation of Authority that spells out the practices and processes in discharging its responsibilities.



c) Salient features of the Rules of Procedure for the Board

<ul style="list-style-type: none"> • Purpose • Matters reserved to the Board • Principal Roles and Responsibility of the Board • Specific focus areas 	<ul style="list-style-type: none"> • Division of work between the Board and CEO • Proceedings of Board Meetings • Conflict of Interest • Chair's Roles & Responsibility
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d) Key Features of our Board

- All Board Members are Non-Executive Directors;
- Separation of the roles of Chair of the Board and the CEO;
- No Independent Directors have served more than six (6) years;
- Chair of the Audit Committee and NRC Committee are Independent Directors; and
- Management do not sit on the Board.

e) Board Composition

As at the date of this Annual Report, the Grameenphone Board is comprised of ten (10) Directors, with eight (8) Non-Executive Directors and two (2) Independent Directors. The Non-Executive Directors contribute diversified qualifications and experience to the Company by expressing their views in an independent, constructive and informed manner, and actively participating in Board and Committee meetings. The Directors provide independent judgement and advice on issues relating to the Company's strategies, policies, performance, accountability, resources, key appointments, standards of conduct, conflicts of interests and management processes, with the shareholders' interests being the utmost important factor. The Company has also received from each Independent Director a confirmation annually of his/her independence taking into account the independence guidelines set out in BSEC Corporate Governance Code.

f) Board Diversity

The Board recognises the importance of diversity in deliberations and decision-making and has established its efforts to establish a diverse Board. We believe that our Board has optimum knowledge, composure and technical understanding about the Company's business, which, combined with its diversity of culture and background, stands as the perfect platform to perform and deliver.

A list of Directors and their respective biographies are set out on pages 31 to 36 of this Annual Report.

g) Appointment of new Directors and Top-Level Executives

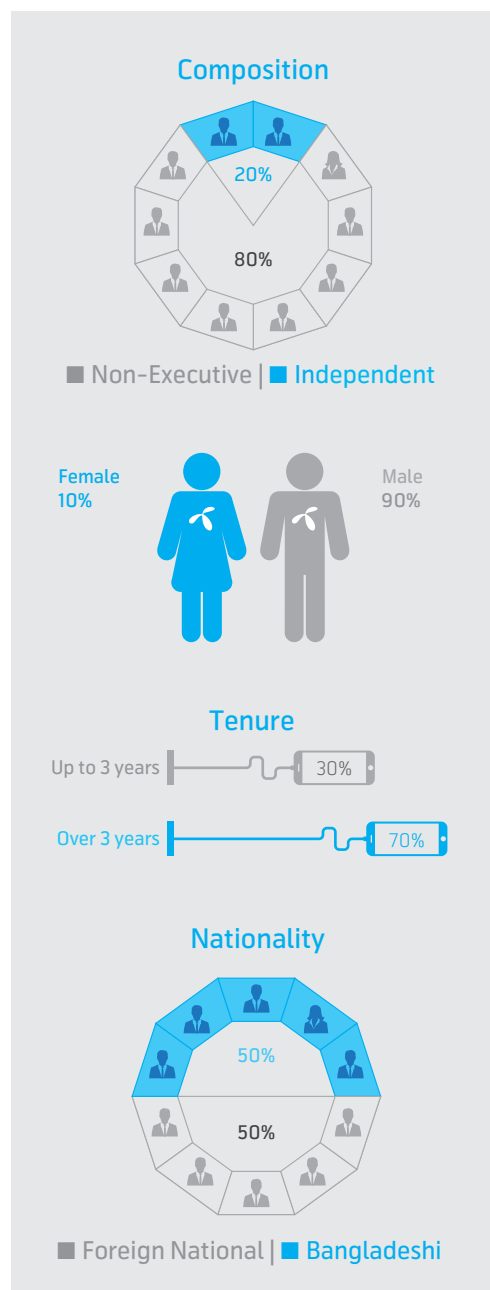
The Board is responsible for the appointment of new Directors and top-level executives. The Board delegates the screening and selection process to nomination and remuneration committee. The Committee makes recommendation to the Board for appointment of new Directors and top-level executives.

h) Training of Board members

All new non-executive directors and independent directors are introduced to our Company culture through orientation sessions. Management Team and senior management provide an overview of operations, and familiarise the new non-executive directors and independent directors on matters related to our values and commitments. They are also introduced to the organisation structure, services, constitution, Board procedures, matters reserved for the Board etc.

i) Board Meetings

The Articles of Association ("AoA") of the Company requires the Board to meet at least four (4) times in a year or when duly called in writing by any Board member. The Board accordingly met thirteen (13) times during the year 2019. Board meetings for the upcoming financial year are scheduled in advance before the end of the current financial year to enable Directors to plan ahead and attend the meetings according to the respective meeting schedules. The notice of each Board Meeting is



served in writing well ahead of the meeting. The notice contains the detailed statement of business to be transacted at each meeting. The Board meets for both scheduled meetings and on other occasions to deal with urgent and important matters that require attention. Grameenphone's AoA allows Board meetings to be held via audio and video conferencing to facilitate the decision-making process. The Board met thirteen (13) times during the year 2019 and attendance of the Board members in the meetings was as follows.

Name of the directors	AGM 23 April, 2019	Board meeting number													Held during tenure	Attended	% of attendance
		1	2	3	4	5	6	7	8	9	10	11	12	13			
Mr. M Shahjahan															13	13	
Mr. Md. Ashrafur Hassan*				×									×		13	11	
Mr. Haakon Bruaset Kjoel															13	13	
Ms. Parveen Mahmud*			×						×					13	11		
Mr. Oivind Burdal														13	13		
Prof. (Dr.) Jamilur Reza Choudhury*		×	×							×		×		13	9		
Mr. Petter Boerre Furberg														13	13		
Dr. Salehuddin Ahmed	×													13	13		
Mr. Irfan Wahab Khan	-	-	-	-	-	-	-	-						06	06		
Mr. Lars Erik Tellmann*	-	-	-	-	-	-	-	-	-	-	-	-	-	×	01	00	
Mr. Witold Sitek*						×				-	-	-	-	08	07		
Mr. Gunnar Johan Bertelsen*							×					×		13	11		

Attended in person Attended through video conference Attended through audio conference Leave of absence Was not a member

* Mr. Witold Sitek retired from the Board on 14 July 2019

* Mr. Gunnar Johan Bertelsen retired from the Board on 11 December 2019

*In compliance with the law, the Board granted leave of absence to the members who were unable to attend Board meetings.

j) Board Activities

Board Activities During 2019	
Strategy	Performance
<ul style="list-style-type: none"> Approved Grameenphone's annual strategy action plan and annual target Approved Grameenphone's capital investments 	<ul style="list-style-type: none"> Grameenphone's Performance - monthly and quarterly Audited Financial Statements for FY 2018 and Final Dividend Approved Interim Dividend
Risk and Internal Controls	Governance
<ul style="list-style-type: none"> Identified principal risks and ensured appropriate internal controls and mitigation measures and their implementation Reviewed the adequacy and integrity of the information provided by the Management and internal control systems Reviewed enterprise risks on quarterly basis Reviewed Business Security risks and mitigation activities 	<ul style="list-style-type: none"> Approved 2018 Annual Report Contents Approved the appointment of Board member Established and identified succession plan for leadership Reviewed yearly report of Supply Chain Sustainability, Competition Compliance Programme, Internal HS&S Management, and Anti-Corruption Programme Approved revision to the Company Governing Documents Reviewed Annual assessment of the implementation of the Company Governing Documents Approved Internal Audit Plan and Compliance Plan Review Internal Audit Reports Approved related party transactions Approved 2018 Short Term Incentive (STI) Achievement and 2019 STI plan for the CEO Reviewed the outcome of the BSEC Corporate Governance Code Compliance Audit Reviewed the update from Board Sub-Committees

k) The Chair and the Chief Executive Officer (CEO)

The Chair of the Board is a Non-Executive Director. The Chair and the CEO of Grameenphone are separate persons. The roles of the Chair and Chief Executive Officer are clearly established, set out in writing and agreed by the Board to ensure transparency and better governance. To that end, Grameenphone has also adopted 'Rules of Procedure for Chief Executive Officer'. The Chair leads the Board and is responsible for ensuring the effectiveness of the Board and its governance processes, while the CEO is the authoritative head for day-to-day management in the Company. He acts to reasonably ensure that Grameenphone operates its business as per the Articles of Association. Decisions are made by the Board and Shareholders, as well as according to Grameenphone Policies and Procedures and applicable regulatory laws and legislations.

l) Delegation of authority

Responsibility or authority is assigned through the delegation of authority framework. The Board approves the Company's delegation of authority which ensures that delegated authority levels flow through the proper governance channels. The delegation of authority framework for the Company is continuously reviewed and updated as circumstances change to ensure relevance and applicability. Amendments to these documents are reviewed and approved by the Board.

m) Code of Conduct

In compliance with the requirement of the Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission (BSEC), the Company has framed and adopted the Code of Conduct for the Chair of the Board, other Board members and Chief Executive Officer of Grameenphone to support the Company's objectives, vision and values. The Code is available on the Company's website at www.grameenphone.com

n) Access to Information

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance to this, every Director has access to all information within the Company. Throughout their tenure in office, the Directors are continually updated on the Company's business and the regulatory and industry specific environment in which it operates. These updates are transmitted to them by way of written briefs and meetings with Senior Executives, and where appropriate, external sources.

o) Succession planning for Top-Level Executive

The Nomination and Remuneration Committee works with the Board on the leadership succession plan to ensure orderly succession in appointments in top level executives. The Company strives to maintain an appropriate balance of skills and experience within the organisation.

p) Board and Top-Level-Executive Remuneration Policy

The objective of the Grameenphone's Top-Level Executive remuneration policy is to secure that reward for Top Level Executive shall contribute to attracting, engaging and retaining the right employees to deliver sustainable value for shareholders in accordance with the Grameenphone behaviour.

Each Director shall receive reasonable remuneration from the Company for every meeting attended, which includes travelling expenses from and to usual place of residence and an allowance per day for the number of meeting days. The amounts will be determined by the Shareholders at the General Meeting.

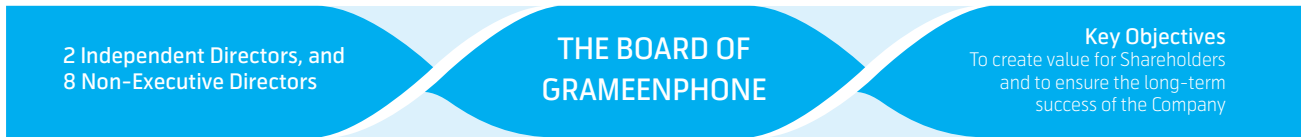
p) Evaluation of the Board

To establish and improve the operating effectiveness of the Board, the Board shall carry out an evaluation once a year of its work, functions, performance as well as monitoring of internal control over financial reporting for the preparation of external financial statements and the safeguarding of assets. The Board evaluation was performed in January 2020 and the result was dealt by the Board at its Board Meeting on 27 January 2020.



Board Committees

For better, quicker and furnished flow of information and thereby exercising effective governance, the Board has also constituted four (4) sub-committees, viz: Audit Committee; Nomination and Remuneration Committee; Treasury Committee; and Health, Safety, Security & Environment Committee and has delegated certain responsibilities to the Committees to assist the Board in the discharge of its responsibilities. The role of Board Committees is to review and appraise in the respective areas and then to advise and make recommendations to the Board. Each Committee operates in accordance with the Charter/Terms of Reference (ToR) approved by the Board. The Board reviews the ToR of the Committees time to time. The Board appoints the members and Chair of each Committee. A brief description of each Committee is presented below:



Our Committees



Governance Principles



a) Audit Committee

The Audit Committee was established in late 2008 as a sub-committee of the Board and has jurisdiction over all the Company. The Audit Committee is comprised of two (2) Non-Executive Directors and one (1) Independent Director. The Chair of the Committee is an Independent Director, as required under the BSEC Corporate Governance Code. The Chief Executive Officer, the Chief Financial Officer, the Company Secretary and the Head of Internal Audit are permanent invitees to the Audit Committee meetings.

The Audit Committee assists the Board in discharging its supervisory responsibility with respect to internal control, financial reporting, risk management, auditing matters and Grameenphone's processes of monitoring compliance with applicable legal & regulatory requirements and the Code of Conduct. The Audit Committee Charter, as approved by the Board, defines the purpose, authority, composition, meetings, duties and responsibilities of the Audit Committee.

The detailed activities of the Audit Committee during 2019 are given on page 59 of this Annual Report.

The Audit Committee met nine (9) times during the year 2019 and attendance of the Committee members in the meetings was as follows:

Name of Directors	Number of meetings attended during 2019									Held during tenure	Attended	% of attendance	
	1	2	3	4	5	6	7	8	9				
Dr. Salehuddin Ahmed											9	9	
Mr. M Shahjahan											9	9	
Mr. Oivind Burdal											9	9	

Attended in person Attended through video conference Attended through audio conference Leave of absence Was not a member

b) Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) was established on 11 December 2018 as a sub-committee of the Board in place of earlier Human Resources Committee. The NRC is comprised of two (2) Non-Executive Directors and one (1) Independent Director. The Chair of the Committee is an Independent Director, as required under the BSEC Corporate Governance Code. The Committee assists the Board broadly in formulation of policy with regard to determining qualifications, positive attributes, experiences, remuneration mainly for directors and top level executives. The detailed activities of the NRC during 2019 are given on page 61 of this Annual Report. The NRC met six (6) times during the year 2019 and attendance of the Committee members in the meetings was as follows:

Name of Directors	Number of meetings attended during 2019						Held during tenure	Attended	% of attendance
	1	2	3	4	5	6			
Prof. (Dr.) Jamilur Reza Choudhury							6	6	
Mr. Md. Ashraful Hassan							6	6	
Mr. Haakon Bruaset Kjoel							6	6	

Attended in person Attended through video conference Attended through audio conference Leave of absence Was not a member

c) Treasury Committee

This Committee consists of three (3) members who are appointed by the Grameenphone Board. All significant financial matters which concern the Board are discussed in this committee meeting in detail. Upon endorsement of the Treasury Committee, such issues are forwarded to the Board for their final review and approval. The Treasury Committee met three (3) times during the year 2019 and attendance of the Committee members in the meetings was as follows:

Name of Directors	Number of meetings attended during 2019			Held during tenure	Attended	% of attendance	Remarks
	1	2	3				
M Shahjahan				3	3		
Pal Stette				3	3		
Jens Becker	-	-		1	1		Effective from 15 August 2019
Karl Erik Broten		-	-	1	1		Retired on 09 June 2019

Attended in person Attended through video conference Attended through audio conference Leave of absence Was not a member

d) Health, Safety, Security and Environment Committee

This Committee consists of two (2) members who are appointed by the Grameenphone Board. The Committee meets whenever necessary and supports the Board in fulfilling its legal and other obligations with respect to Health, Safety, Security and Environment (HSSE) issues. The Committee also assists the Board in obtaining assurance that appropriate systems are in place to mitigate HSSE risks in relation to the general environment, Company, employees, vendors, etc. The HSSE Committee met one (1) time during the year 2019 and attendance of the Committee members in the meeting was as follows:

Name of Directors	Number of meetings attended during 2019	Held during tenure	Attended	% of attendance
Gunnar Johan Bertelsen		1	1	
Mr. M Shahjahan		1	1	

Attended in person Attended through video conference Attended through audio conference Leave of absence Was not a member



Company Secretary

To ensure effective assimilation and timely flow of information that is required by the Board and to maintain necessary liaison with internal organs as well as external agencies, the Board has appointed a Company Secretary. The Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (BSEC), also requires a listed Company to appoint a Company Secretary. In pursuance of the same, the Board of Directors has appointed the Company Secretary and defined his roles & responsibilities. In Grameenphone, among other functions, the Company Secretary:

- Performs as the bridge between the Board, Management and Shareholders on strategic and statutory decisions and directions.
- Acts as a quality assurance agent in all information streams towards the Shareholders and the Board.
- Is responsible for ensuring that appropriate Board procedures are followed and advises the Board on Corporate Governance matters.
- Acts as the Disclosure Officer of the Company and monitors the compliance of the acts, rules, regulations, notifications, guidelines, orders/directives, etc. issued by BSEC or Stock Exchange(s) applicable to the conduct of the business activities of the Company so as to protect the interests of the investors and other stakeholders.

Management Team

The Management Team is the Executive Committee of Grameenphone. Headed by the CEO, the Management Team is responsible for managing and running the affairs of the Company. All other key Managers across the Company are the members of the Management Team. The Management Team works to achieve the strategic goals and mission of the Company set by the Board of Directors. In discharging its assigned responsibilities, the Management Team meets on a weekly basis to monitor the business performance of the Company.

The Control Environment in Grameenphone

In implementing and ensuring good governance in Grameenphone, the Board and the Management Team ensure the following:

a) Beyond Budgeting Management Model

Grameenphone employs a Beyond Budgeting Strategic Management model ensuring a more agile organisation which gives the flexibility to adapt to dynamic business environments. Each year, the Company reviews its strategy which is a 2-year plan; and sets annual and quarterly targets on key KPIs for the upcoming year. The quarterly targets are subject to rigorous monitoring thereby ensuring a performance driven culture focused on attaining the targets and steering the Company towards fulfilling its strategic ambitions.

Furthermore, every quarter, the Company also prepares a realistic rolling forecast for the next five quarters providing management guidance on future direction for the organisation. The Company continually assesses performance, forecasts, gap with yearly ambitions while also focusing on initiatives to minimise the gap between the targets (KPIs) and forecasts.

The corporate level initiatives are cascaded down to divisional as well as individual levels. The resource allocations are dynamic and are based on the intended actions linked with the target and strategy. It aims to build a culture of accountability, transparency and trust, with a purpose of connecting its customers to what matters most and thereby empower the society.

b) Financial Reporting

Grameenphone has strong financial reporting procedures. Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 1987, relevant guidelines issued by the Bangladesh Securities and Exchange Commission, Financial Reporting Act, 2015 and other applicable laws in Bangladesh. All the financial transactions are recorded in the Oracle Enterprise Resource Planning (ERP) systems. Financial reports extracted from ERP are then used to produce the financial statements. These financial statements, once prepared, are reviewed initially by Head of Reporting, Head of Financial Accounting and Reporting, CFO and CEO respectively and then by the Board Audit Committee on a quarterly basis. In each quarter the external auditors review the quarterly financial statements. The annual audit is conducted by the external auditors, who are appointed by the Board of Directors followed by the Shareholders' approval in the Annual General Meeting. Details of Internal Control over Financial Reporting are described on page 56 of the Annual Report.

c) **Structural simplification and efficiency**

In the journey of modernising Grameenphone, continuous efforts are put forward to make processes simplified and more efficient. On one hand we ensure simplified processes for customers and on the other hand it brings significant efficiency for the company.

In 2019, the main focus was on structural changes in distribution process. Distribution is our core strength and the automation of distribution processes brings great value addition not only for the front-lines colleagues but also enable strong performance management. Customisation brings great result and better customer satisfaction. Serving more customers over digital channels is critical and we have made significant progress in building the eco-system in 2019 so that customers are served better and more efficiently over our digital platforms.

Grameenphone follows a structured yet dynamic approach for smart spending; ensuring faster time to market, enhancement of service quality with resource efficiency thus meeting the business targets.

Operational expenditure effectiveness on network operation, market spend, capital expenditure efficiency, efficiency in admin and other overhead spend, business process efficiency, functional cost benchmarking are some of the corner stones of the scope of work. The team works together with empowered cross functional teams to analyse and review the need and expected outcome of spending in detail to ensure the priority of business needs and optimise results. Progress of the milestones and efficiency are subject to assessment by Management and reflection in the financial results. The progress of the efficiency initiatives is also reported to the Board of Directors and Management Team on a regular basis.

d) **Business Reviews and Financial Reviews**

Business reviews and financial reviews are conducted on a quarterly basis. The purpose of business reviews is to monitor progress of strategic initiatives versus longer term strategic plans and objectives, whilst also taking into consideration the changing market and regulatory environment. The purpose of the financial review is to monitor the financial performance and position of the company versus its annual financial targets.

In addition to quarterly business and financial review, the CEO and CFO review financial results on a monthly basis to ensure Grameenphone is on track to deliver its annual financial targets or to identify corrective action, if and when required.

e) **Management of Assets**

Grameenphone, in its pursuit of best quality network for its subscribers, has been investing in cutting-edge telecom technology since its inception. Transparency and accountability are ensured at all stages from acquisition to disposal to protect the interest of Shareholders. Internationally accepted safety measures have been implemented and periodic physical verification is undertaken on a test basis to safeguard the assets and to ensure accuracy and authenticity of the reported number of assets. All the critical assets are adequately insured against industrial risks with local and international insurance companies.

f) **Statutory Audit and Certification**

Auditing of the Company is governed by the Companies Act, 1994 and Bangladesh Securities and Exchange Commission Rules 1987 and conducted in accordance with International Standards on Auditing (ISA). As per these regulations, auditors are appointed by Shareholders at each Annual General Meeting (AGM) and their remuneration is also fixed by the Shareholders at the AGM. Appropriate structure is in place as per Corporate Governance best practices to ensure their independence. Statutory auditors cannot be appointed for a consecutive period exceeding three years in compliance with the order of Bangladesh Securities and Exchange Commission (BSEC). Statutory auditors are not engaged in non-audit services as this may compromise auditor independence, unless otherwise required by the regulators. The Board Audit Committee reviews the Financial Statements before submission to the Board of Directors for approval. Auditors also have access to the Board Audit Committee and the Board for communication of any issues. In addition to the audit of annual financial statements, the auditors also carry out audit of half-yearly financial statements of the Company.

Further, to ensure adequate regulatory discharge, a Compliance Certificate is obtained from licensed practicing professional who certify that the Company has duly complied with all the regulatory requirements as stipulated by the Bangladesh Securities and Exchange Commission (BSEC).

Moreover, for remittance of technical assistance fees and consultancy fees, auditors also certify payable amount and calculation for each remittance.



g) Internal Audit and Investigation

Internal Audit supports the Company in achieving its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of its risk management, control and governance processes. The investigation unit ensures that internal investigations are conducted with predictability, confidentiality, fairness and confidence to clarify the factual circumstances and establish if there are any evidence of personal misconduct or violation to GP's Governing Documents and/or laws and regulations. In order to ensure organisational independence of Internal Audit and Investigation, the Head of Internal Audit reports functionally to the Board and its Audit Committee and administratively to the Chief Executive Officer. Internal Audit and Investigation activities are governed by the Charter, which is approved by the Board. Grameenphone Internal Audit and Investigation is empowered to carry out its assigned activities in all aspects of the Company and have unrestricted access to any relevant information. Grameenphone Internal Audit department discharges its assurance and consulting activities through management of three distinct audit streams: Core Business, Governance and Third Parties, and IT & Cyber Security. A risk-based annual audit planning process is in place, which takes into consideration the strategic imperatives and major business risks surrounding Grameenphone, while considering pervasive audit needs. A lawful investigation process has been established to deal with the reported concerns aligned with other Ethics and Compliance processes of the Company. Grameenphone Internal Audit and Investigation also works closely with Telenor Group Internal Audit in sharing knowledge and resources to ensure achievement of internal audit deliverables and objectives.

h) Internal Control Over Financial Reporting (ICFR)

Preparing reliable financial statements in accordance with applicable accounting standards and relevant laws and regulations is a key responsibility of Grameenphone Management. Grameenphone has implemented necessary Internal Controls to ensure that the financial statements prepared are free from material misstatement, whether due to fraud or error and the financial statements are compliant with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987 and Corporate Governance Code 2018.

Grameenphone follows a risk-based approach for designing and implementing effective internal controls. The Management has also established appropriate accountability structure with defined roles and responsibilities for control performers, control owners and process owners with overall responsibility lying with CEO and CFO. A dedicated Internal Control Team is also in place for conducting internal control related activities.

Because of its inherent limitations, any system of internal control over financial reporting, no matter how well designed, may not prevent or detect misstatements due to the possibility that a control can be circumvented or overridden or that misstatements due to error or fraud may occur that are not detected. Also, because of changes in conditions, internal control effectiveness may vary over time.

Management assessed the effectiveness of the Company's internal control over financial reporting engaging an independent audit firm, using the criteria established in Internal Control - Integrated Framework (2013) issued by the COSO and concluded that the Company maintained effective internal control over financial reporting throughout the year ended 31 December 2019.

i) Related Party Transactions

The Board Audit Committee reviews all the related party agreements and payments before submission to the Board of Directors for approval. Abiding by the laws, a Board Director, who has an interest in a transaction, discloses his interest in such transaction and abstains from deliberations and voting on the relevant resolution in respect of the transactions at the Board meetings. Details of significant related party transactions are disclosed in notes of the Financial Statements as per the requirements of IAS 24 Related Party Disclosures.

j) Dividend Policy

The Board of Directors has established a dividend policy, which forms the basis for the proposals on dividend payments that it makes to the Shareholders taking into consideration the business performance of the Company and its strategic initiatives. The Board believes that it is in the best interest of Grameenphone to draw up a long-term and predictable dividend policy. The objective of the policy is to allow the Shareholders to make informed investment decisions.

k) Enterprise Risk Management & Risk Mitigation

Risk Management at Grameenphone is concerned with earning competitive returns from the Company's various business initiatives at an acceptable risk level. It supports the Company's competitiveness by developing a culture, practice and structure that systematically recognises and addresses future opportunities whilst managing adverse effects (i.e. threats) by recognising risks and responding appropriately to them. The Company follows well defined risk management manuals and processes to mitigate enterprise level risks. This aspect is discussed more elaborately in the 'Enterprise Risk Management' section of the Annual Report on page 57.

l) Revenue Assurance and Fraud Management

Revenue Assurance function is accountable to ensure the accuracy, completeness, integrity and timeliness of all revenue related events, transactions and revenue driving primary cost components. Along with providing support to give assurance on correct revenue recognition and reporting, this function also performs continuous monitoring to prevent revenue leakages. The Fraud Management systems and processes are in place to ensure innovative and effective defence mechanisms to prevent losses from internal/external service frauds.

m) Compliance with Rules & Regulations of the Country

In Grameenphone, we believe that compliance is the key towards a sustainable business. Therefore, being respectful and compliant to the laws of the land is a priority for us in Grameenphone.

As the leaders of a compliant Company, the Management Team members of Grameenphone adopted strategies that assure compliance with all legal and regulatory requirements. This ensures that good governance is properly cascaded throughout the Company. Grameenphone is subject to close monitoring of the regulatory bodies that focus on transparency and requires that Grameenphone provides accurate and periodic reporting of issues/events and certification where necessary. In this context, Grameenphone regularly provides a complete set of financial statements and relevant documents to the Bangladesh Securities and Exchange Commission (BSEC), Stock Exchanges, National Board of Revenue (NBR), Registrar of Joint Stock Companies & Firms (RJSC&F), Bangladesh Telecommunication Regulatory Commission (BTRC), the Bangladesh Investment Development Authority (BIDA) and all other relevant bodies and authorities. Further, in order to conduct day-to-day business in a compliant manner, Grameenphone renders its best efforts to comply with the laws of the land.

n) Business Continuity and Crisis Management (BCCM)

As a Telecom Operator, Grameenphone always keep its focus on resiliency in network infrastructure. It has distributed core network in different geographical locations ensuring redundancy in major voice and data service platforms. Significant number of protection work has been done in optical transmission network considering the vulnerabilities. Grameenphone has adopted cloud strategy, where IT Applications will also be moved to public and private cloud; this will enhance its Disaster Recovery (DR) capabilities. We have completed the assessment and comprehensive improvement plans for Data Centres future readiness.

We follow the Group governing documents for Crisis Management preparedness. Crisis Organisation (CMT) are established accordingly. Table top exercises (TTX) and drills are performed considering different crisis scenarios. Through organisational preparedness, collaboration with authorities and partners, Grameenphone is able to recover operations with minimal disruption.

We are continually improving Business Continuity Management (BCM) capabilities by identify potential threats, its impact on business operation and takes necessary measures both in terms of process and infrastructure readiness.

o) Supply Chain Sustainability

Supply Chain Sustainability is a part of the organisational strategy of Grameenphone that strives for high labour standards and continuous improvement in its own operations and throughout its entire supply chain. The focus of Grameenphone is to ensure ethical and responsible business practices in its supply chain through structured risk-based sustainability operations that include supplier code endorsement, supply chain capacity building, and periodic audits and inspections. All suppliers and parties having a direct contractual relationship with Grameenphone must comply with Grameenphone's Supplier Conduct Principles (SCP). Besides, all suppliers are obliged to extend the requirements further down in their supply chain. Considering the local market context and long-term risk reduction, Grameenphone emphasises on Supply Chain Capacity Building and enhancement of skills. Grameenphone believes that decent working conditions, respect for human rights and the environment, as well as willingness to improve standards amongst our suppliers, is the only viable route forward. Grameenphone also carries out systematic inspections and audits to monitor compliance with the requirements of responsible business conduct. Any identified gaps are shared with the respective suppliers for development. Grameenphone believes supply chain sustainability is a journey to empower and reduce inequalities in the supply chain.

p) Bangladesh Secretarial Standards (BSS)

Grameenphone conducts its Board meetings and record the minutes of the meetings as well as keeping the required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB).



q) Ethics and Behaviour

i. Ethics and Compliance Function

Ethics and Compliance team manages the annual and ongoing processes for compliance risk assessment, maintenance of Policies and Manuals, implementation of controls, execution of adequate awareness initiatives and training, monitoring and Ethics and Compliance Function reporting, and evaluation and improvement to ensure that external and internal requirements are met. In order to ensure the independence and objectivity of the work of the Ethics and Compliance team, the Head of Ethics and Compliance has reporting lines to the Board of Directors as well as to the Chief Executive Officer.

ii. Code of Conduct

Code of Conduct sets the basis for how we do business – always in line with the highest ethical standards. Grameenphone's Code of Conduct promotes four key principles: 1. We play by the rules; 2. We are accountable for our actions; 3. We are transparent and honest; 4. We speak up. The four Code principles are designed to set clear expectations regarding our business conduct and to help us deal with dilemmas and challenges we may face in our day to day work. The Code provides clear rules and guidance, with further reference to relevant company policies and manuals. The whole Code of Conduct is accessible online at <https://www.telenor.com/code-of-conduct/bn/>

The Code of Conduct puts special emphasis on the obligation to report whenever there is a potential breach of the legislation or the Code itself. Grameenphone has a web-based reporting channel named "Integrity Hotline" that is operated by an international independent company which protects the privacy of individuals who report a concern, and individuals who are the subject of a reported concern.

iii. Restrictions on dealings in Grameenphone Shares by Insiders

The Company has established a detailed policy relating to trading in Grameenphone shares by Directors, Employees and other Insiders. The securities laws also impose restrictions on similar transactions. All the Insiders are prohibited from trading in Grameenphone shares, while in possession of unpublished price sensitive information in relation to the Company during prescribed restricted trading periods.

iv. Business Partner Compliance Management Policy

We expect our Business Partners to meet our standards and respect our values. This is why we have adopted a policy to support us in ensuring that Grameenphone's relationships with Business Partners do not pose unacceptable compliance risks to Grameenphone, including but not limited to corruption, fraud, money laundering, trade sanctions and also risks related to privacy, business security, health and safety, human rights, and the environment.

v. Supplier Conduct Principles

The Supplier Conduct Principles (SCP) outline the standards for ethical and business conduct expected from suppliers and contractors in their relationship with the Company. The SCP are binding on the Company's suppliers through the confirmation and signing of the Agreement on Responsible Business Conduct to ensure high standards of business ethics amongst all suppliers of the Company.

vi. Anti-Corruption Policy

Grameenphone has zero tolerance for any form of corruption. The company has a robust Anti-Corruption Policy that applies to the Board of Directors, the management and all employees. As part of the anti-corruption programme, the company conducts a mandatory yearly assessment of the external and internal corruption risks that might impact its operations. Based on the assessment, Grameenphone implements a structured mitigation plan to prevent any exposure to corruption including, bribery, facilitation payments or trading in influence. The top management regularly demonstrates a visible and active commitment to its 'zero tolerance' approach against corruption. Grameenphone expects its business partners to meet its anti-corruption standards and exercises due care before engaging any of them. The company organises regular compliance and anti-corruption awareness sessions for both internal and external stakeholders.

r) Investor Relations (IR)

Grameenphone is one of the largest listed corporate entities in Bangladesh, and therefore places high importance to the investment community both within and outside of the country. With the purpose of establishing the most effective two way communication with financial markets and the Company, there is a dedicated Investor Relations function in practice in Grameenphone Ltd.

The Investor Relations function aims to provide relevant and necessary information to the investment community and capital markets in order to enable them to make an informed judgement about the fair value of the company's shares. IR as

a specialised function maintains close contact with both local and international investors, analysts, market experts, capital markets and financial community on a proactive basis. Through this, the relevant stakeholders are kept informed about the Company's financial results, regulatory landscape, growth opportunities and strategic ambitions, while objectively sharing the associated risk and reward profile.

This also reflects Grameenphone's commitment towards developing the Capital Market of the country by introducing global best practices and ensuring transparency, accountability and compliance. Grameenphone's Investor Relations website is frequently updated with latest information, and an email address and hotline number is listed for direct access to key persons. Notable events that IR conducted during the year 2019 were quarterly earnings release, frequent conference calls with the investment community, participation in foreign non-deal road shows and participation in frontier market conferences.

s) Shareholders

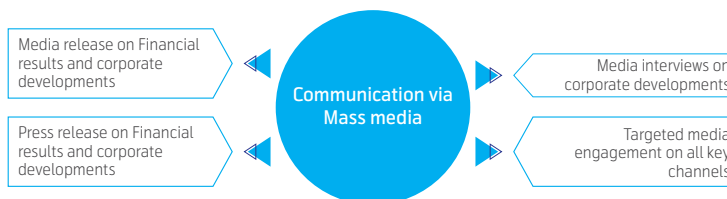
i) Communications with Our Shareholders

We believe good Corporate Governance involves openness and trustful cooperation between all stakeholders involved in the Company, including the owners of the Company – the Shareholders. We value the importance of effective communication with our Shareholders and Investors. Information is communicated to the Shareholders regularly through a number of forums and publications. The Company has adopted a detailed policy on information disclosure and communication. In compliance with continuous disclosure requirements, the Company's policy is that Shareholders will be informed in a routine manner of all major developments that impact the business of the Company and also be able to make informed decisions.

Grameenphone uses a number of channels for communication with shareholders and stakeholders particularly:



- Primary engagement platform between the Board and the Shareholders of the company
- 28 days' notice was given for the 22nd AGM held on 23rd April 2019
- Accessible venue at International Convention City, Bashundhara (ICCB), Hall-1 (Gulnaksha), Joar Sahara, Khilkhet, Dhaka-1229.
- Attended by nine (9) Board members out of ten (10).
- Business presentation by the Chair and CEO and active engagement during Q&A session



ii) Information Disclosure

In accordance with the disclosure requirements, the Company follows these three main forms of information disclosure:



- Continuous disclosure – which is its core disclosure and primary method of informing the market and Shareholders;
- Periodic disclosure – in the form of quarterly and yearly reporting of financial results and other issues; and
- Event based disclosure – as and when required, of administrative and corporate developments, usually through stock exchanges and press releases.

All information provided to BSEC and Stock Exchanges are immediately made available to the Shareholders and the market on the Company's Investor Relations section of the website: www.grameenphone.com.

iii) Annual General Meeting (AGM)

The General Meeting of the Shareholders is the supreme governing forum in Grameenphone. The Company recognises the rights of Shareholders and the Shareholders' interests are primarily ensured through Grameenphone's Annual General Meeting (AGM). The Company also encourages shareholders' active participation in AGM and other General Meetings. The AGM provides a useful forum for our Shareholders to engage directly with Grameenphone's Board of Directors and Management. The Board Members and Statutory Auditors attend AGM to respond to the Shareholders' queries on the result or any other aspect of the Company.

Notices of AGM, together with the annual reports, are generally issued to all shareholders (including foreign shareholders) at least 14 days prior to the scheduled meeting. This provides ample time for shareholders to review the



documents ahead of the meetings and appoint their proxies to attend the meetings if they wish.

In order to encourage the participation of shareholders at its general meeting, we organised our 22nd AGM at an easily accessible location in Dhaka, Shareholders are allowed to vote via proxy if they are unable to attend the General Meetings. The Company will continue to explore leveraging on technology to facilitate shareholders' participation and enhance proceedings of General Meetings.

As part of Grameenphone's commitment towards more environmentally-friendly and sustainable practices, Grameenphone makes its annual reports available online at the Grameenphone website. Printed copies of Grameenphone's annual reports are made available upon request.

As required under "Bangladesh Secretarial Standard 2: Secretarial Standard on General Meetings" issued by Institute of Chartered Secretaries of Bangladesh (ICSB), particulars of last three years General meetings are disclosed herewith:

General Meeting	Date, Time and Place	Participants	Approved Resolution
22 nd Annual General Meeting	Date: Tuesday, 23 April 2019 Time: 10:30 AM Place: International Convention City, Bashundhara (ICCB), Hall-1, (Gulnaksha) Joar Sahara, Khilkhet, Dhaka-1229	70 Shareholders attended in person and 53 Shareholders attended by proxy which represent 1,267,263,154 shares being 93.85% of paid up share capital of the Company	Agenda 1: Consideration and adoption of the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2018 together with the Auditors' Report thereon. Agenda 2: Declaration of Dividend for the year ended 31 December 2018 as recommended by the Board of Directors. Agenda 3: Election/Re-election of Directors. Agenda 4: Appointment of Auditors and fixation of their remuneration.
21 st Annual General Meeting	Date: Thursday, 19 April 2018 Time: 10:30 AM Place: ICCB, Hall-1, (Gulnaksha) Joar Sahara, Khilkhet, Dhaka-1229	Total 238 Shareholders attended in person or by proxy which represent 1,262,068,788 shares being 93.47% of paid up share capital of the Company	Agenda 1: Consideration and adoption of the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2017 together with the Auditors' Report thereon. Agenda 2: Declaration of Dividend for the year ended 31 December 2017 as recommended by the Board of Directors. Agenda 3: Election/Re-election of Directors. Agenda 4: Appointment of Auditors and fixation of their remuneration.
21 st Extra-Ordinary General Meeting	Date: Thursday, 19 April 2018 Time: 3:30 PM Place: ICCB, Hall-1, (Gulnaksha) Joar Sahara, Khilkhet, Dhaka-1229	Total 220 Shareholders attended in person or by proxy which represent 1,255,819,155 shares being 93.00% of paid up share capital of the Company	Agenda 1: Amendment to the Object Clauses of the Memorandum of Association of the Company

General Meeting	Date, Time and Place	Participants	Approved Resolution
20 th Annual General Meeting	<p>Date: Thursday, 20 April 2017</p> <p>Time: 10:00 AM</p> <p>Place: ICCB, Hall-1, (Gulnaksha) Joar Sahara, Khilkhet, Dhaka-1229</p>	Total 138 Shareholders attended in person or by proxy which represent 1,255,655,740 shares being 92.99% of paid up share capital of the Company	<p>Agenda 1: Consideration and adoption of the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2016 together with the Auditors' Report thereon.</p> <p>Agenda 2: Declaration of Dividend for the year ended 31 December 2016 as recommended by the Board of Directors.</p> <p>Agenda 3: Election/Re-election of Directors.</p> <p>Agenda 4: Appointment of Auditors and fixation of their remuneration.</p>

iv) Website

All financial results and key performance indicators as well as other relevant financial and non-financial data are posted on the Investor Relations section of the Company's website: www.grameenphone.com

v) Shareholders' Queries

Whilst the Company aims to provide sufficient information to Shareholders and Investors about the Company and its activities, it also recognises that Shareholders may have specific queries relating to their shareholding. These queries may be directed at +88 01711555888 or mailed to Grameenphone Share Office at shareoffice@grameenphone.com.

Grameenphone believes in transparency and accountability to the society as a whole through establishment of an efficient and effective Corporate Governance regime. The Company also believes that Corporate Governance is a journey and not a destination and it needs to be continuously developed, nurtured and adapted to meet the varying needs of a modern business house as well as the justified aspirations of our valued investors, other stakeholders and the society at large.



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YOUR CENTERSTAGE
IT'S POSSIBLE!**



Internal Control over Financial Reporting (ICFR)

Establishing adequate internal control and ensuring effective control environment is high on Grameenphone management agenda. Grameenphone has instituted Internal Control over Financial Reporting (ICFR) and established monitoring mechanism to ensure operational effectiveness of those controls. At Grameenphone, internal controls are specifically designed to address the risks related to financial reporting. Internal controls over financial reporting are intended to provide reasonable assurance that Grameenphone’s financial statements are not materially misstated and give a true and fair view of the transactions and financial position of the company.

Grameenphone has adopted internal control model developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO), which is widely recognised as a definitive standard for measurement of effectiveness of internal control system. Internal controls in Grameenphone are part of Grameenphone’s overall corporate governance structure and are deeply embedded in the business processes affecting the financial reporting.

Grameenphone follows a risk-based approach for designing and implementing effective internal controls. Currently, the entire financial reporting of Grameenphone encompasses 18 inter-related processes. Risk assessment exercise is performed for each of the processes on annual basis. As part of the risk assessment, each process is evaluated through probability and impact matrix and categorised into a four-point ordinal scale (Very High, High, Medium and Low). Internal controls are designed and deployed to mitigate identified risks to an acceptable level.



Figure 1: COSO Internal Control Framework

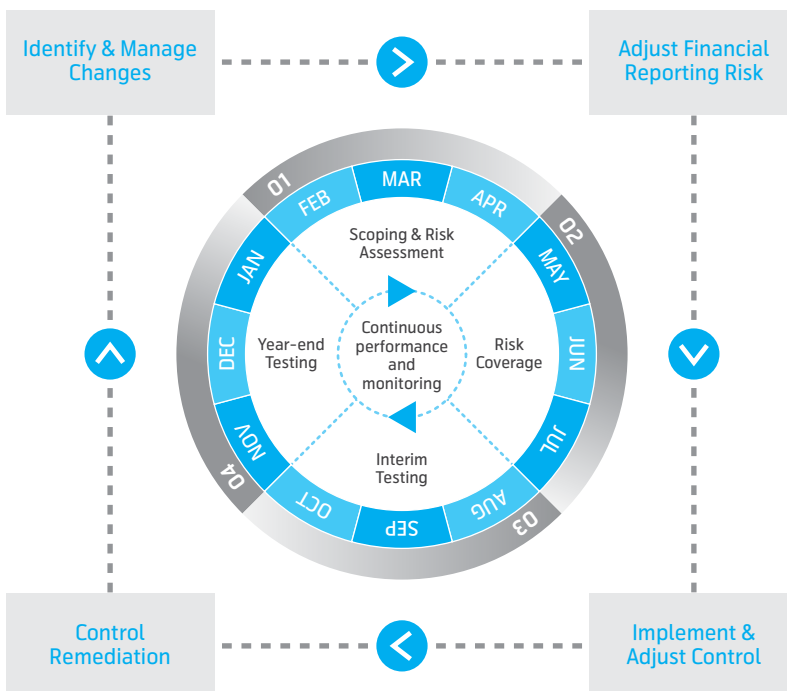


Figure 2: ICFR Routine in Grameenphone

Operating effectiveness of controls is monitored throughout the year. Effectiveness of the controls are tested in two different phases, i.e. Interim Testing and Year-end Testing. An independent audit firm is engaged to test the effectiveness and adequacy of instituted controls.

Grameenphone has a dedicated Internal Control Team, accountable for conducting activities related to internal controls over financial reporting. The team is adequately resourced and empowered to deliver its responsibilities. ICFR team works independent of but closely with Internal Audit and Telenor Group ICFR team to ensure risks are identified, reported and mitigated timely.



Enterprise Risk Management

While operating in a dynamic industry and highly competitive market, Grameenphone is exposed to a wide range of risks that may affect its business. The Company aims to earn competitive returns at acceptable risk levels. Risk management is a continuous process and an integrated part of business throughout the entity. All managers are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day-to-day business processes. The Risk Management Forum established within the Company ensures active participation from different functional areas to increase its effectiveness.

During the financial year under review, the significant risks in the Company's business were reviewed, monitored and reported through the Risk Management Forum and mitigating measures were evaluated by the Board and Management on a regular basis. This is to ensure that the Company's risk management framework continues to effectively promote and enable the identification, management and monitoring of risks across the organisation.

Below are the key risk areas identified at Grameenphone:

Financial Risk

Financial risk includes credit risks, liquidity risks, currency risks and interest rate risks. The company's exposure to financial risks is disclosed in detail under note 39 of the financial statements.

Regulatory Risk

Grameenphone's operations are subject to requirements through sector specific laws, regulations and national licences. Regulatory developments and regulatory uncertainty could affect the Company's results and business prospects. The introduction of, or increase in, sector specific taxes and levies may impact the business.

The Company depends on licences, access to spectrum and numbering resources in order to provide telecommunications services. If the Company is not successful in acquiring spectrum licences or is required to pay higher rates than expected, this might impact our business strategy. Further, unforeseen events may cause disruption in roll-out plans, resulting in risks of deterioration of network quality. In a nutshell, every change in regulations will affect growth and sustainability of the company as well as the industry either positively or negatively.

Transformation Risk

The introduction of new technologies and changing consumer behaviour open up new business models in the telecom sector, leading to structural changes and new industry dynamics. Grameenphone has started embarking on a vital transformation agenda to adapt accordingly. Failure to respond to the changed dynamics, and to drive a change agenda to meet mature and developing demands in the marketplace, will impact the Company's position in the value chain, service offerings and customer relationships.

Grameenphone competes on several dimensions, e.g. product portfolio, price, network quality, network coverage, reliability, sales, distribution and brand. The Company's ability to differentiate through these dimensions largely impact the ability to attract and retain customers and drive usage.

Further, revenue growth is partly dependent on the development and deployment of new products, services, technologies and applications. If such new releases are not technically or commercially successful, or if limitations in existing or new services and products affect the customer experience, Grameenphone's ability to attract or retain customers may be impaired.

The transformation agenda also includes risk of not being able to sufficiently acquire; upskill and retain competencies and talents needed for the evolving business dynamics.

Operational Risk

The quality and reliability of Grameenphone's telecommunications services depend on the stability of its network and the networks of other service providers with which it interconnects. These networks are vulnerable to damage or service interruptions, including interruptions or data breaches coming from targeted cyber-attacks. Repeated, prolonged or catastrophic network or IT system failures could damage the Company's reputation and ability to attract and retain subscribers. Grameenphone depends on key suppliers and third-party providers for supply and maintenance of equipment and services. Problems that manifest in relation to the supply chain may adversely affect the Company's business and results of operations.

Grameenphone handles substantial volumes of confidential information. Loss, mismanagement or unauthorised disclosure of such information, may adversely affect the Company's business and reputation.

Political instability and violence including social unrest, terrorist attacks etc. may prevent the company from operating its business effectively.

Safety, Sustainability and Compliance

Grameenphone strives for high standards and continuous improvement in its own operations and throughout the entire supply chain to ensure responsible business conduct where there are risks for breach of internationally recognised standards related to health and safety, human rights, labour rights, environment and anti-corruption. Grameenphone continues to closely scrutinising its supply chain, engaging with and monitoring of suppliers to ensure long term risk reduction is a priority.

For details of the contingencies of Grameenphone, please see note 45 of the financial statements.



Audit Committee Report

The Audit Committee of Grameenphone, being one of its prime Board sub-committees, assists the Board in discharging its governance responsibilities. The Committee plays a key role in the governance of the Company's financial reporting, risk management, control and assurance processes and the external audit.

Dear Shareholders,

This report provides an overview of how the Committee operated, an insight into the Committee's activities and its role in ensuring the integrity of the Company's published financial information and ensuring the effectiveness of its risk management, controls and related processes.

Composition and Meetings

The Audit Committee of Grameenphone comprises of two (2) Non-Executive Directors and one (1) Independent Director. All members possess adequate qualifications as determined in the Corporate Governance Code promulgated by the Bangladesh Securities and Exchange Commission (BSEC). The Committee includes:

1. Dr. Salehuddin Ahmed, Chair
2. Mr. M Shahjahan, Member
3. Mr. Oivind Burdal, Member

The Independent Director, Dr. Salehuddin Ahmed acts as Chair of the Committee. As per the regulatory guidelines, the Company Secretary, Mr. S M Imdadul Haque acts as the Secretary to the Committee. The Audit Committee, accordingly, performs in coherence and ensures compliance with the Corporate Governance Code promulgated by the BSEC.

A total of nine (9) meetings were held during 2019. Mr. Md. Ashraful Hassan (Managing Director, Grameen Telecom) attended the meetings as a special invitee. A record of the Members' attendance at the Audit Committee meetings during 2019 is given below:

Committee members	Attendance	% (Percentage)	Committee members since
Dr. Salehuddin Ahmed	9/9	100%	12 December 2018
M Shahjahan	9/9	100%	09 December 2009
Oivind Burdal	9/9	100%	30 January 2018

** Details of the Committee members' financial, accounting and other experience and expertise are given in their biographies under 'Directors' Profile' on pages 31 to 36*

Permanent invitees to the meetings were the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Head of Internal Audit and the Company Secretary. Relevant heads of divisions and other members of the Management and the internal audit team also attended the meetings on occasions, as required.

Major Responsibilities of the Audit Committee

The purpose, authority, composition, duties and responsibilities of the Audit Committee are delineated in its Charter. Some of the major responsibilities of the Audit Committee are as follows:

- Review the annual, half-yearly and quarterly Financial Statements and other financial results, and upon its satisfaction of the review, recommend the same to the Board for approval.
- Review the adequacy and effectiveness of financial reporting process, internal control system, risk management, auditing matters, and the Company's processes for monitoring compliance with laws and regulations and the Code of Conduct.
- Recommend appointment, termination and determination of audit fees for statutory auditors. Consider the scope of work, and oversee and evaluate the works performed by statutory auditors. Review permitted non-audit services performed by statutory auditors.

- Exercise its oversight of the work of Grameenphone Internal Audit. Review the effectiveness of internal audit functions including performance, structure, adequacy of resources, and compliance with professional standards. Examine audit findings and material weaknesses and monitor implementation of audit action plans.
- Exercise its oversight of the work of Grameenphone Ethics & Compliance. Review the Compliance Plan.
- Review related party transactions to ensure compliance with relevant statutory rules and regulations.

Major Activities of the Audit Committee during the reporting period

- Reviewed and recommended the quarterly and annual Financial Statements for the year ended 31 December 2019.
- Reviewed the Internal Audit Plan 2019 and 2020 and its subsequent revision and monitored the progress.
- Reviewed the Compliance Plan 2019 and 2020.
- Discussed Internal Audit reports and findings and guided completion of annual audit plan
- Monitored the status of implementation of audit action plans and provided guidance to ensure timely completion of action plans.
- Reviewed and recommended related party transactions for foreign remittance.
- Reviewed compliance of Code of Conduct of the Company.
- Reviewed Management Letter issued by the External Auditors in their presence.
- Considered and made recommendation to the Board on the appointment and remuneration of statutory auditors, A Qasem & Co, Chartered Accountants.
- Reviewed and received report on the matters as per requirement from the Bangladesh Securities and Exchange Commission (BSEC).
- Reviewed other matters and incidents of significance as per Audit Committee Charter.

For and on behalf of the Board Audit Committee of Grameenphone Ltd.



Dr. Salehuddin Ahmed

Chair

Audit Committee

27 January 2020



Nomination and Remuneration Committee Report

The Nomination and Remuneration Committee (NRC) of Grameenphone, being one of its Board sub-committees, assists the Board broadly in formulation of policy with regard to determining qualifications, positive attributes, experiences, remuneration mainly for directors and top-level executives of the Company.

Dear Shareholders,

This report provides an overview of how the Committee operates, an insight into the Committee's activities and its role. A brief of the NRC and its roles, responsibilities and functions are appended below:

Composition and Meetings

The NRC of Grameenphone comprises three (3) members who are exclusively Non-Executive Directors, including one (1) Independent Director. The Committee consists of:

1. Prof. (Dr.) Jamilur Reza Choudhury, Chair
2. Mr. Haakon Bruaset Kjoel, Member
3. Mr. Md. Ashraful Hassan, Member

Prof. (Dr.) Jamilur Reza Choudhury, an Independent Director, acts as Chair of the Committee. As per the regulatory guidelines, the Company Secretary, Mr. S M Imdadul Haque acts as Secretary to the Committee. The NRC, accordingly, performs in coherence and ensures compliance with the Corporate Governance Code promulgated by the Bangladesh Securities and Exchange Commission (BSEC).

A total of six (6) meetings were held during 2019. Mr. M Shahjahan (Managing Director, Grameen Telecom Trust) attended the meetings as a special invitee. A record of the Members' attendance at the NRC meetings during 2019 is given below:

Committee members	Attendance	% (Percentage)	Committee member since
Prof. (Dr.) Jamilur Reza Choudhury	6/6	100%	11 December 2018
Mr. Haakon Bruaset Kjoel	6/6	100%	11 December 2018
Mr. Md. Ashraful Hassan	6/6	100%	11 December 2018

* Details of the Committee members' experience and expertise are given in their biographies under 'Directors' Profile' on pages 31 to 36

Permanent invitees to the meetings are the Chief Executive Officer (CEO), the Chief Human Resources Officer (CHRO), and the Company Secretary. Relevant heads of divisions and other members of the Management team also attend the meetings at occasions, as required.

Major Responsibilities of NRC

The purpose, authority, composition, duties and responsibilities of the Nomination and Remuneration Committee are delineated in its Charter. Some of the major responsibilities of the NRC are as follows:

- Recommend a policy on Board's diversity taking into consideration age, gender, experience, education and nationality;
- Formulate the criteria for determining qualifications and independence of Directors;
- Identify persons who are qualified to become Directors and top level executives and recommend their appointment and removal;
- Formulate the criteria for evaluation of performance of Independent Directors and the Board;
- Recommend a policy to the Board relating to the remuneration of the Directors, and top-level executives;
- Assess as to whether the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to run the company successfully;
- Evaluate as to whether remuneration of Directors and top-level executives involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- Identify the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;
- Recommend and review annually the Company's human resources and training policies;
- Recommend the remuneration policy of the Company, particularly in relation to the yearly increment principle; and
- Recommend the Code of Conduct for the Chair of the Board, other Board Members and Chief Executive Officer (CEO) of the Company.

Nomination, Election and Selection of Directors

The NRC is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous. The Board places great emphasis on ensuring its membership reflecting diversity in broader sense. A combination of age, gender, experience, ethnicity, educational background, nationality and other relevant personal attributes in the Board is important in providing a range of perspectives, insights and challenges needed to support right decision making. Recruitment and selection processes for Board members identify candidates with the most suitable skills, knowledge, experiences and personal values. Qualifications stated explicitly in Grameenphone's corporate governance promote the equitable and unbiased selection.

Evaluation of the Board

The NRC is responsible for ensuring the effectiveness of the Board. The Board shall carry out an evaluation once a year of its work, functions, performance as well as monitoring of internal control over financial reporting for the preparation of external financial statements and the safeguarding of assets. The evaluation process is led by the Chair of the Board and assisted by the Company Secretary. Each Director is required to complete a confidential pre-set questionnaire. The evaluation includes a review of the administration of the Board and its committees covering their operations, agenda, reports, and information produced for consideration, and relationship with Management.

Top Level Executive Selection and Remuneration Policy

The performance of the Company depends upon the quality of its Directors and Top-Level Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

The recruitment process for Top Level Executives shall be transparent, non-discriminatory, diversified and in alignment with the Codes of Conduct. Recruitment standards shall support Grameenphone's reputation as an attractive employer.

The objective of Grameenphone's remuneration policy is to secure that the reward for Top Level Executives shall contribute to attracting, engaging and retaining the right employees to deliver sustainable value for shareholders in accordance with the Grameenphone behaviour.

Remuneration for Board of Directors

Each Director shall receive reasonable remuneration from the Company for every meeting attended, plus travelling expenses from and to usual place of residence and an allowance per day for the number of days spent attending, travelling to and returning from meetings. The amounts will be determined by the Shareholders at the General Meeting.

Major Activities of the NRC during the reporting period were as follows:

- Reviewed and recommended Annual Salary Increment Proposal for 2019.
- Approved 2018 and 2019 yearly report to the shareholders from the NRC Committee.
- Reviewed and recommended 2018 Short Term Incentive (STI) achievements and 2019 STI plan for the CEO of Grameenphone.
- Recommended appointment of Director to the Grameenphone Board.
- Recommended appointment of Chief Financial Officer (CFO) of Grameenphone.
- Recommended Voluntary Retirement Scheme (VRS).
- Reviewed and recommended 2019 Long Term Incentive (LTI) allocation for the CEO of Grameenphone.
- Reviewed and recommended the revision in the "Local Manual Top-Level Selection and Remuneration" and "Local Guidelines Board Diversity".

For and on behalf of the Nomination and Remuneration Committee of Grameenphone Ltd.



Prof. (Dr.) Jamilur Reza Choudhury

Chair
Nomination and Remuneration Committee

27 January 2020



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Six years' Financial summary

	2019	2018 Restated	2017 Adjusted	2016 Adjusted	2015 Adjusted	2014 Adjusted
Financial Performance in million BDT						
Revenue	143,656	132,832	128,436	114,862	104,754	102,663
Operating Profit	66,652	56,777	49,340	40,950	36,538	36,445
Profit before tax	63,899	54,848	46,419	37,127	34,091	33,864
Net Profit after tax	34,517	33,363	26,146	21,721	19,046	18,813
Financial Position in million BDT						
Paid-up Capital	13,503	13,503	13,503	13,503	13,503	13,503
Shareholders' equity	38,347	36,836	31,388	31,116	28,974	30,374
Total assets	148,734	138,713	130,220	130,500	132,450	130,673
Total liabilities	110,387	101,877	98,832	99,384	103,476	100,299
Current assets	20,999	13,369	20,658	10,941	11,928	14,865
Current liabilities	90,426	82,963	78,274	70,536	69,276	62,393
Non current assets	127,735	125,345	109,562	119,558	120,522	115,808
Non current liabilities	19,961	18,914	20,558	28,848	34,199	37,906
Cash Flows in million BDT						
Net cash generated from operating activities	57,393	60,413	57,771	46,152	38,791	31,255
Net cash used in investing activities	(14,263)	(30,200)	(12,944)	(19,839)	(19,907)	(20,069)
Net cash used in financing activities	(35,308)	(36,699)	(35,336)	(27,553)	(19,491)	(10,972)
Financial Ratios						
Current Asset to Current Liability	0.23	0.16	0.26	0.16	0.17	0.24
Debt to Equity	0.62	0.50	0.63	0.87	1.19	1.12
Operating Profit Margin	46%	43%	38%	36%	35%	35%
Net Profit Margin	24%	25%	20%	19%	18%	18%
Return on Equity	92%	98%	84%	72%	64%	61%
Return on Total Assets	24%	25%	20%	17%	14%	14%
Ordinary Shares Information						
Ordinary Shares outstanding (in million)	1,350	1,350	1,350	1,350	1,350	1,350
Face Value per share	10	10	10	10	10	10
Cash Dividend on paid up capital ¹	130%	280%	205%	175%	140%	160%
Dividend payout ¹	50.86%	113%	106%	109%	99%	115%
NAV per Share ²	28.40	27.28	23.25	23.04	21.46	22.49
Net Operating Cash Flow per Share ³	42.50	44.74	42.78	34.18	28.73	23.15
Earnings Per Share ³	25.56	24.71	19.36	16.09	14.11	13.93

*Gain/loss on disposal of property, plant and equipment has been included in operating profit.

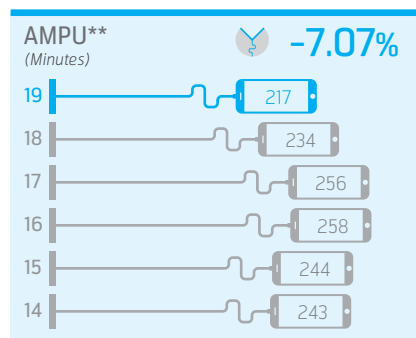
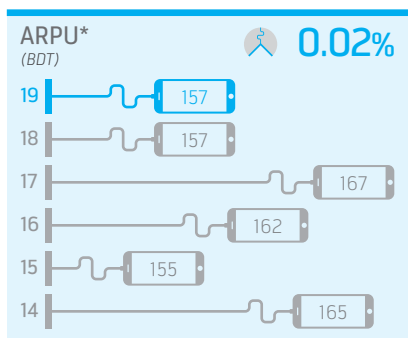
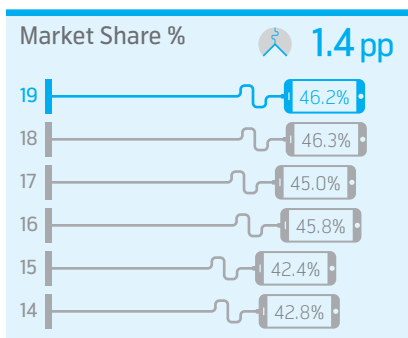
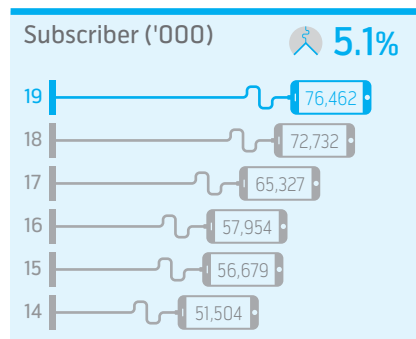
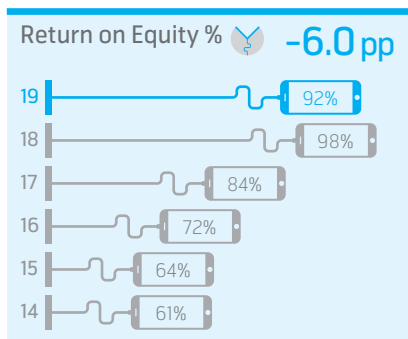
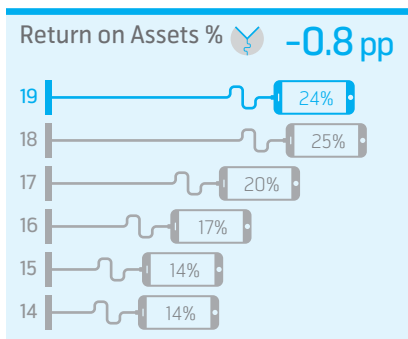
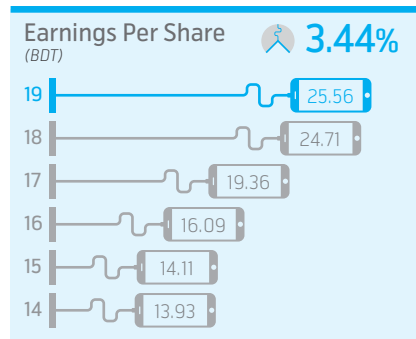
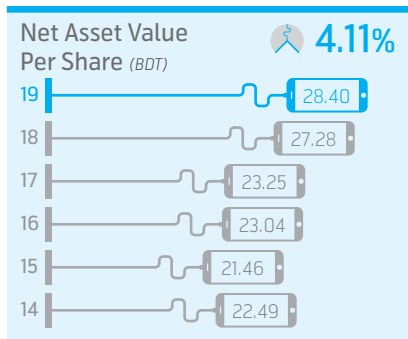
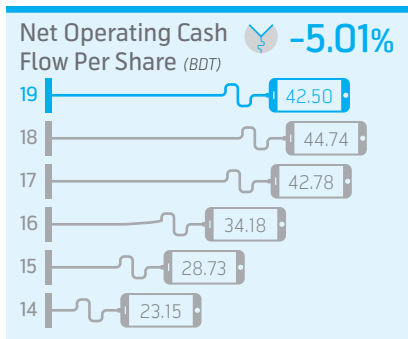
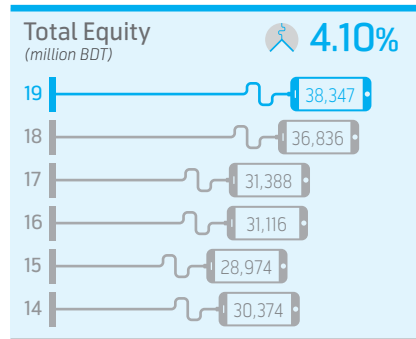
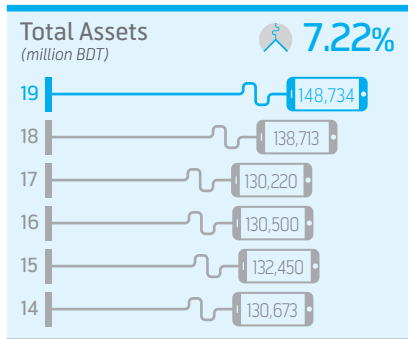
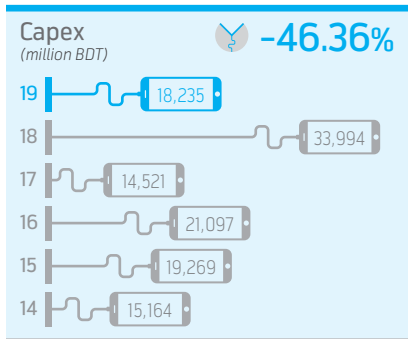
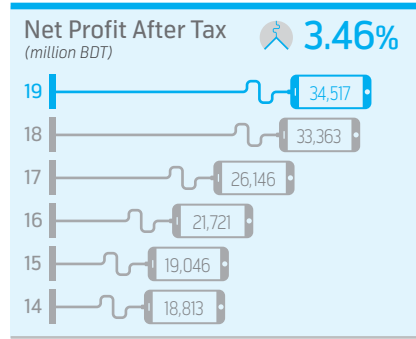
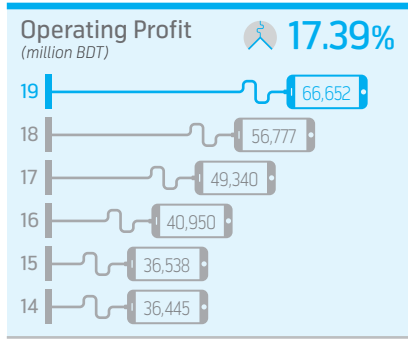
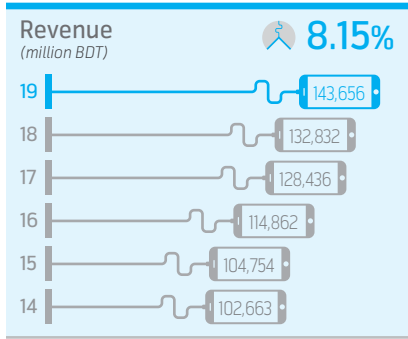
¹Including proposed dividend

²Based on BDT 10 equivalent ordinary share outstanding at 31 December.

³Based on weighted average number of share of BDT 10 each

*During 2019, Grameenphone discovered some erroneous omissions with regards to sales, marketing and commission payments and associated costs relating to non-deductible expenses which affected reported numbers till 2014. To give the accurate reflection of the correction, we have adjusted the above-mentioned numbers accordingly





* ARPU - Average Revenue Per User

** AMPU - Average Minutes Per User



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FROM HOME
IT'S POSSIBLE!**



Value Added Statement 2019

in '000 BDT

Value Added

Revenue	143,656,271	
Other income including interest income	725,963	
Indirect taxes	30,099,158	
	174,481,392	
Less: Cost of network and services	34,366,743	
Available for distribution	140,114,649	100%

Distributions

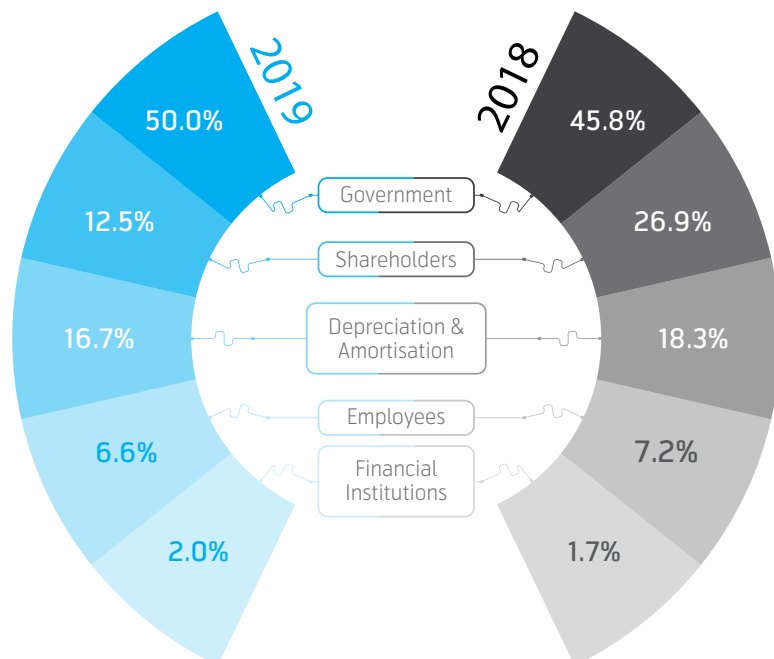
Employees	9,309,919	6.6%
Government	69,999,527	50.0%
Providers of finance:		
Financial institutions	2,760,809	2.0%
Shareholders	17,553,900	12.5%
	99,624,154	71.1%

Value reinvested and retained

Depreciation and amortisation	23,451,039	16.7%
Retained profit	17,039,456	12.2%
	40,490,495	28.9%
	140,114,649	100.0%

2018 Restated	%
132,831,967	
567,730	
25,351,061	
158,750,758	
35,667,144	
123,083,614	100%
8,912,812	7.2%
56,405,790	45.8%
2,073,919	1.7%
33,151,915	26.9%
100,544,436	81.7%
22,539,178	18.3%
-	0.0%
22,539,178	18.3%
123,083,614	100%

Distribution of Value Added



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For the Year Ended 31 December 2019

Dear Shareholders, on behalf of the Board of Directors and Management, I welcome you all to the 23rd Annual General Meeting (AGM) of Grameenphone Ltd. We have the pleasure to place herewith the Directors' Report and the Auditor's Report, together with the Audited Financial Statements of the Company, for the year ended 31 December 2019 for your valued consideration, approval and adoption.

2019: A Testament to Agility, Challenges and Strong Business Performance

Bangladesh has been on a significant growth trajectory, having become the world's seventh fastest-growing economy by the first quarter of 2019. Grameenphone's communication services have been an integral part of the journey, especially throughout 2019, by exploring innovative and agile ways to support the country's digitalisation ambitions. Through a company-wide focus on customer service, collaboration, co-creation, and innovation, Grameenphone excelled in business performance despite a challenging business environment.

Grameenphone started the year with solid investment plans. However, the challenges kept growing, with the added concern over the erroneous audit demand of BDT 125.8 billion (BDT 12,580 crore), under litigation with the authorities. Grameenphone has approached Bangladesh Telecommunication Regulatory Commission (BTRC) several times to initiate a constructive dialogue towards transparent and amicable resolution to the erroneous audit, however, BTRC did not consider Grameenphone's request and it remained unheeded. This regrettably shows a lack of willingness to find a solution based on the merits of the audit findings. Amid the increasingly challenging regulatory environment, the Company achieved strong business performance through modernisation and execution. New regulations posed some major challenges in the maintenance and expansion of the network.

While there were challenges, the company became more resilient, tested new and more agile ways of work and remained true to its core objective – connecting people to what matters most to them. The Company closed 2019 with 8.15% year-on-year revenue growth over 2018. The business recorded consolidated revenue of BDT 143.66 billion (BDT 14,366 crore) for 2019; earning a yearly average Daily Subscription & Traffic Revenue of BDT 369.21 million (BDT 36.92 crore), a 9.59% increase from that of 2018. Grameenphone's subscriber base grew to 76.46 million subscribers by the end of the year, registering a subscriber base growth of 5.13% from the end of 2018.

Data subscriber growth has been very encouraging as more people are upgrading their handsets to access new digital services and applications over Grameenphone's high-speed 4G/LTE data network. Over 2019, Grameenphone's data customer base hit 40.58 million users, or 53.1% of the total subscriber base. Data revenue has grown at a strong pace and allowed Grameenphone to record 16.98% year-on-year growth from data services.

As with previous years, financial results are underpinned by company-wide focus on operational excellence, customer service, market performance, collaboration and innovation.

Grameenphone continued in its social commitment through the expansion of the Child Online Safety initiative in collaboration with UNICEF and Telenor AS, as well as take more responsibility for the reduction of its carbon emissions from its own operations. We have further strengthened our commitment to establish a sustainable supply chain. Grameenphone's Supplier Conduct Principles (SCP) are based on internationally recognised standards around human rights, health and safety, labour rights, environment and anti-corruption.

Telecommunication Industry Scenario

Bangladesh is a developing market economy. It's the 39th largest in the world in nominal terms and is classified among the Next Eleven emerging-market, middle-income economies and a frontier market. The Bangladesh economy continues to be among the fastest growing economies in the world and saw strong growth in the last fiscal year thanks to stable macro- and export-oriented industry-led growth. However, private sector investments remain insufficient along with declines in Foreign Direct Investment (FDI). World Bank (WB) has forecasted the Gross Domestic Product (GDP) growth rate of Bangladesh at 7.2 per cent for the fiscal year 2019-20, where the government's projection for the same fiscal year in the national budget was 8.2 per cent.



The Telecom sector of Bangladesh is quite formidable and inarguably has made a significant contribution towards Bangladesh's goal of becoming a middle-income country. At the end of 2019, there were 88.1 million unique mobile subscribers in Bangladesh, while total connection reached 164 million, representing connection penetration of 99.1%. The data market has seen steady growth of around 13% with total mobile internet connections standing at 99 million subscribers. With 50% unique mobile internet subscribers, there is still strong potential for further growth in data services.

In 2019, however, the growth of this sector has been turbulent due to various regulatory challenges as the MNOs and the telecom regulator found themselves entangled with issues like Audit, Tower Co. TVAS, VAT registration for BTRC, QoS of MNOs network, etc.

Telecom Regulatory Environment

The Telecom regulatory environment in Bangladesh has been turbulent throughout the year and is likely to remain challenging for the foreseeable future. The Government still considers the telecom sector as a key revenue source for the national exchequer. In the last budget 2019-20, the taxes for this sector have been increased. Supplementary duty on talk time and data use have been increased from 5% to 10% and taxes on imported smartphones have been increased to 15%. Additionally, a fresh 10% tax on net profit has been imposed if any listed company retains more than 70% of current year's profit while turnover tax has increased from 0.75% to 2%. Finally, SIM tax has been increased from BDT 100 to BDT 200.

BTRC issued claims to both Grameenphone and Robi in the first quarter of 2019 to realise money from a disputed audit claim and subsequently imposed restrictive measures from the second quarter as means to apply pressure on the operators to realise the erroneous audit demand. In the second quarter of the year BTRC reduced internet bandwidth for both operators but later rescinded the order and bandwidth was restored. Since the end of July 2019, the regulator stopped issuing any NOC for equipment import, rollout, and for new products or services, impacting the network expansion plans of the top two mobile operators. These actions by the regulators adversely impacted on network quality and negatively affected customer experience.

The sector has undergone a value chain fragmentation process such as the introduction of the Towerco regime, and TVAS licensing, etc. Network expansion of the mobile operators was hampered by the Towerco regime remaining non-operational due to BTRC's intervention in the bi-lateral agreement process between the Towercos and MNOs. Terms and conditions of TVAS license had carved out the rights of MNOs to some extent. BTRC issued new directives on bulk SMS and corporate SIM sales which again was detrimental to business growth. Furthermore, new IGW and NTTN licenses were issued in the year. The dispute around VAT registration for BTRC came up at the discussion table but the problem is yet to be resolved. In February 2019, BTRC declared Grameenphone as an SMP (Significant Market Power) operator and since then, twice attempted to impose SMP directives, which subsequently did not sustain under legal scrutiny.

The licensing regime in Bangladesh still remains unpredictable and highly fragmented. Streamlining the regulations remains a challenge for the overall telecommunication industry. The regulator has attempted for unification of 2G, 3G and 4G licenses and initiated a consultation process but could not reach an aligned position. The discussions around spectrum pricing too ended without fruitful conclusion. With a view to launch 5G by 2021, BTRC has also initiated another consultation process with the relevant parties in which Grameenphone intends to participate.

Capital Market Overview 2019

The Bangladesh stock market witnessed its second consecutive negative year with the index falling 28.7% in 2019. The liquidity crunch in the banking sector, gloomy macroeconomic outlook and policy alterations were some of the key drivers behind the negative market performance. Foreign turnover contribution dropped to 7.1% in 2019. While the insurance sector posted the highest gain in 2019, MNCs posted 15.4% yearly loss for 2019.

On the Dhaka Stock Exchange (DSEX), the broad and free-float weighted DSEX index dropped by 17.3% due to financial and large-cap stocks. Daily average turnover value decreased by 14.6% in 2019, compared to the preceding year. Grameenphone share price dropped by 22.2%, closing at BDT 285.8 at year-end with a daily average turnover value of BDT 68 million (BDT 6.8 crore). During the year, the highest value of Grameenphone share price was BDT 417.0 and the lowest was BDT 284.2. Grameenphone market capitalisation on 30 December 2019 stood at BDT 385.92 billion (BDT 38,592 crore), representing 11.4% of the DSE's total equity market capitalisation.

*Source: Dhaka Stock Exchange

Product & Services that connect people to what matters most

2019 has been a year for collaboration, innovation and achievements. Grameenphone's core focus was to explore and develop innovative and relevant new products and services that connect people to what matters most to them. However, due to the regulatory impositions, the company was unable to provide innovative services to its customers or invest in network upgradation or maintenance according to plan. Despite imposition of new SMP regulation, increased supplementary duty and SIM tax, and suspension of NOC-approval/intimations, etc. that affected pricing and offers, we focused on remaining transparent and true to our objectives, and providing the best customer experience within our scope.



In line with our strategic objective 'Best in voice and data network,' Grameenphone established a strong nationwide 4G network with 10,000+ BTS – the highest in the industry. 4G campaigns ran throughout the year to bring our customers under the 4G network for a seamless connectivity experience. The company reached deep sea areas with our coverage this year, mainly focusing on the fishermen at sea. On the voice front, the company launched monthly minute packs and a 48 paisa rate cutter to give customers greater convenience and better value. We ended the year with a strong 76.5 million sub-base and 40.6 million data users.

On the digital front, Grameenphone continued to maintain its focus in innovation, relevance and customer engagement. The Grameenphone Payment Orchestration Layer (POL) was launched to connect any gateway or payment processor available in the market and enhance online recharge capability in all digital channels. Grameenphone's self-care app MYGP was enhanced with new features like contextualisation of popular offers, Flexiplan pack gifting, internet loan, as well as 10% data bonus to enhance customer convenience and ensure relevance.

Grameenphone offered live stream services of the ICC World Cup 2019 on Bioscope and MYGP with exclusive Bangla commentary. To create greater affinity with customers we also launched a new point-based loyalty platform that was integrated through MYGP across all relevant channels. The year ended with 11 million active digital users.

Daily, weekly and monthly roaming data and mixed packs for roaming customers at very competitive prices were launched, connecting people beyond national borders through better value and added convenience. 4G handsets were offered at the lowest market price point to give our customers a better data and digital experience. Expanding its portfolio and diving deeper into digital services, Grameenphone launched new IoT products and services such as Smart Home, Smart Surveillance, Smart Attendance, GP Cloud Store, and WTTX routers to cater the connectivity needs of private homes as well as small to large businesses.

In 2019, a device micro-financing programme was initiated, in collaboration with Ferratum & Srijony, to reach rural women and empower them through voice and digital connectivity. As part of regulatory initiatives, changes in data pay-go contract, data campaign validity, supplementary duty, SIM tax and promotional SMS communication in Bangla were implemented across the industry. The company continued to explore new ideas to implement and add value to people's lives, while collaborating with the right partners to support our core objectives.

Grameenphone's quest to connect people to what matters most to them has not only driven financial performance, but also strengthened our brand equity. We received the Ookla Speed Test Award for the second consecutive year as the fastest data network in Bangladesh, and were presented with the Bangladesh Brand Forum Award as the best mobile phone service provider.

Customer Experience

Grameenphone is committed to provide the best in class experience to its customers. In 2019, Grameenphone continued to digitise and modernise its products and services. The newly introduced online recharge platform has given customers more control and flexibility over their own connections. The MyGP app has been able to maintain a steady user base and continues to grow with the introduction of attractive new features on the platform. The company has been able to maintain its leading position in network quality through the Company's customer feedback system and pain-point reduction initiatives. As a result, customer perception has improved, and the Company has successfully retained its industry-leading position in the Net Promoter Score (NPS).

Grameenphone driving new Technology in Bangladesh

2019 was a tremendous year of growth amidst intense regulatory challenges. Import of equipment was restricted from July 2019, however, Grameenphone managed to implement and rollout almost all of its growth drivers. In 2019, Grameenphone became the 4G network leader in Bangladesh, rolling out more than 10,000 LTE sites as well as being recognised as the fastest data network in the country. Within two years of launch, almost 50% of the total national data volume is now over our 4G network. This achievement signifies the prioritisation of 4G rollout in this increasingly data savvy and high LTE handset penetration market. In addition to 10,000 LTE sites in the 1800 band, Grameenphone has further launched LTE in 3 MHz of the 900 band in the Divisional Cities. This has ensured good indoor 4G coverage in the major cities.

Capacity of more than 3,200 3G sites was also enhanced to cater to the growing demand for 3G data volumes on the Grameenphone network. At the beginning of 2019, we successfully implemented a 100% data network across the country, meaning all of our base stations are equipped with 3G, 4G or both. Traffic steering and optimisation between 2G, 3G and 4G Technology has ensured that our subscribers receive the best voice and data experience on Grameenphone network.

As a further development VoLTE (Voice over LTE) is at the brink of launch. With all testing and network optimisation completed, the service is now awaiting regulatory clearance. With the launch of VoLTE, customers will be able to enjoy best in class voice calls with HD voice quality and reduced 1-2 second call set up time.



Grameenphone customers now enjoy superior video streaming on the 4G network. This has helped us enhance our very own video streaming service, Bioscope. Other digital services such as MyGP3.0, Tonic, Gpay, Flexiplan, GPMusic, Shoparu, and Shoparu logistics have all been revamped with new architecture and User Interface leading to an improved user experience. MyGP capacity has been enhanced to cater for eight million Monthly Active Users (MAU).

2019 has also seen significant demand for cross service bundling (i.e. telco + non-telco service bundles), which drove Grameenphone to derive and implement the required IT architecture into the system. Design and implementation of IT transformation and agile processes have helped in smooth service operations and product delivery. A Big Data-based Analytics Enabler Platform (AEP) was implemented to fulfil Grameenphone's ambition for personalisation. In accordance with regulatory requirements, Grameenphone has delivered on new VAT SRO directives and corporate on-boarding processes.

Grameenphone has started to transform from IT to Digital Technology. Our IT systems are API-enabled and we have adopted an 'API first' policy for any kind of application development. Cloud platforms are chosen as an enabler for scalability and robustness. Grameenphone has modernised its Information Security systems and processes, and as a part of that change a Defendable Architecture (DA) has been implemented in 2019.

Due to massive construction projects led by the Government, the whole telecom industry has faced a significantly higher number of fibre cuts in 2019 than ever in previous years, which has led to great challenges in maintaining network availability. However, armed with strong surveillance and field teams, the company has managed to be resilient in and reduced network downtime.

Altogether, 2019 was a year of strong network growth and great technological advancement, in line with the business success against a challenging regulatory environment.

Staying Relevant through Modernisation, Agility and Workforce Diversity

Grameenphone is enroute to becoming a dynamic technology company through sustainable innovation by focusing on its agility and capability. The company is continuously up-skilling our resources with relevant skillsets to stay ahead of the curve in the market. The ICT and digital space continue to be our focus to catalyse our growth as the customers' preferred technology partner. An Agile Way of Work has already been applied in Skitto, Shoparu, MyLife, and in five other projects. Digital employee experiences through enhanced HR self-services continues to encourage and drive agility within Grameenphone.

Grameenphone's guiding principles continue to be strengthened through 'Telenor Behaviours' as part of our cultural initiatives. The company has championed Gender Diversity as a top priority in 2019. Female representation across all Divisional Management teams, involvement of promising females in critical projects are some of the key steps the company has undertaken. In 2019, we recruited 79.2% female employees externally including an exclusively female team of Territory Managers in the salesforce, for the first time in the history of Grameenphone – a feat that is also a national benchmark. We have also seen an inspiring 19% improvement in our Employee Engagement Index.

As part of our modernisation, Grameenphone has explored future-fit organisational-design leading to a de-layered organisation with optimised Span of Control, thus empowering the decision makers who are closer to the action. 2019 ended with a permanent headcount of 2,160.

Grameenphone has had one of its best performance relays in 2019. This has only been possible thanks to a capable and engaged workforce driving towards targets closely aligned with company's vision of Empowering Societies.

Sustainability Initiatives toward Reducing Inequalities

Grameenphone continues to leverage its digital services and connectivity in innovative ways to address social and environmental challenges. The company is committed to partnering with responsible and impactful social partners to reduce inequalities and empower societies within our field of expertise. The core focus remains on the UN SDG #10 – Reduced Inequalities, and responsible business practices.

In 2019, the company continued on its journey to reduce inequalities through our Child Online Safety program, in partnership with UNICEF and Telenor. The programme aims to create a safer online experience for children. In 2019, the programme directly trained over 590,000 children in over 375 schools and over 1,600 adolescent clubs; the programme also sensitised over 200,000 parents, teachers and guardians. The Child Helpline 1098 with UNICEF continues to play a vital role in providing support to children and adolescents in need of counselling. Significantly, the company's social advocacy campaign on online safety reached over 13 million viewers on social media. The programme also initiated 100 Safe Clubs in 100 schools with an ambition to ensure that online safety practices become a part of daily life.

The company has further bolstered our commitment to establish a sustainable supply chain by ensuring 100% supplier code endorsement, over 800 supply chain inspections and more than 8,000 man-hours of capacity building through on-site and

classroom training. Grameenphone's Supplier Conduct Principles (SCP) are based on internationally recognised standards around human rights, health and safety, labour rights, environment and anti-corruption.

Moving toward a reduction in Carbon Footprint

Grameenphone continually strives to reduce the environmental impact of its operations and services and aims to promote a low-carbon emission society. The company's first priority has been to reduce CO₂ emissions generated from our own operations by improving system efficiency and reducing of overall energy consumption. Grameenphone aims to optimise energy consumption by: i) reducing the dependency on diesel generators, ii) increasing the use of solar energy, and iii) reducing operational travel time. Grameenphone actively works on limiting the use of valuable resources by creating greater environmental awareness among employees and stakeholders.

As a part of its journey towards de-carbonisation, Grameenphone has also initiated several green initiatives to reduce its carbon footprint individually and collectively. Detailed information on the initiatives of the Company towards climate initiatives is provided in the Climate Change section of the Annual Report.

Health, Safety and Security

Grameenphone continuously focuses on improvement of HS&S to facilitate a congenial work environment for its stakeholders i.e. own employees, business partners, vendors and visitors, etc. as an integral part of Grameenphone's core business value. Grameenphone promotes proactive behaviour alongside relevant precautionary practices among its employees and relevant stakeholders to uphold the HS&S culture.

HS&S values are applied consistently from the designing phase of any infrastructure/installation to implementation of safe systems and procedures across the organisation. To evaluate existing conditions and devise a risk-free environment, Grameenphone conducts routine risk assessments and implements control mechanism in the workplace to mitigate any hazards or risks, as per international guidelines, local laws and best practices.

Considering the high risk posed by the transport sector, preventive measures have been incorporated into Grameenphone's transport management system through reinforcement of safety rules such as mandatory seatbelt usage in vehicles, helmet usage for motor bikes, lifejacket usage during waterway travel, and remote limiting of vehicle speeds within a safe range. Different levels of monitoring mechanism have been introduced and checked round the clock on a daily basis.

OneGP, a mobile application for our employees, has also been integrated for employees to proactively address potential hazards and mitigate them on time. Parallel to that, a 24/7 HS&S hotline continues to support employees in order to offer first response in case of breach or detection of hazardous conditions. Ninety training and awareness sessions, covering 1,317 employees and 940 partner resources across the country, were conducted in 2019. A comprehensive annual health check-up was conducted covering 992 employees. Quarterly awareness on psychosocial well-being was carried out to educate employees on healthy lifestyle choices. The Grameenphone fitness & recreation centre is a key component of employee engagement to enhance physical and mental endurance.

Grameenphone Management is committed to improving the HS&S culture and have participated in various HS&S sessions themselves to drive the message across the organisation. The Circle HS&S committee regularly monitors OHS performance in the circles to embed the HS&S culture amongst regional employees and other stakeholders. Moreover, a series of HS&S awareness campaigns were initiated throughout 2019 to maintain the momentum and drive in the importance of the HS&S culture in the Company. Emergency evacuation drills were conducted in all circles. Risk mapping, risk assessment, vehicle inspection, background verification, hazard reporting and mitigation were continued throughout the year. Last but not the least, a HS&S management system review was carried out to re-evaluate and mitigate any new or unaddressed workplace risks.

Corporate Governance

Grameenphone is committed to continually upholding the highest standards of Corporate Governance. We recognise that a robust and sound governance framework is vital in providing a solid foundation for sustainable long-term success of our business and the value creation for GP's stakeholders. The Board of Directors and Management of Grameenphone are pledge bound to continue implementation of the highest standards of Corporate Governance in the Company through a culture of accountability, transparency and well-understood policies and procedures. The Board of Directors of Grameenphone has always played a pivotal role in meeting all stakeholders' interests and is committed to upholding the same in the future as well.

In line with the same, the Company has complied with the conditions as stipulated in the Corporate Governance Code issued on 03 June 2018 by BSEC. In this connection, the status of compliance has been annexed to this report as Annexure-I. Furthermore, a certificate of compliance from ACNABIN, Chartered Accountants, confirming compliance of conditions of Corporate Governance Code, as stipulated under condition 9(i) of the BSEC Code is also annexed to this report as Annexure-VI.



Disclosure/Statements Pursuant to the Provisions of the BSEC's Corporate Governance Code 2018

● **Industry Outlook and Possible Future Developments**

The mobile market value is expected to continue to grow in 2020. Voice continues to be a major player in the market revenue growth, however, current trends indicate that the over the top (OTT) usage will also be growing significantly in the coming months and years. Judging by the steady growth of data usage, the mobile industry will play a pivotal role in transforming the lifestyle of the citizens of Bangladesh. Rapid expansion of mobile broadband and growing smartphone penetration has already facilitated the development of relevant digital content locally. The emergence of new digital services, convergence of technologies/IoT, increased financial inclusion, and falling smartphones prices have resulted in a huge appetite for high speed data.

Telecom and ICT is a highly focused area for the current Government. By 2021, the Government aims to achieve 100% tele-density, 65% internet penetration, fixed-broadband access to at least 50% of the people, and set up 4,553 unions with optical fibre connectivity. Under the Digital Bangladesh vision, the Government plans to create a knowledge-based economy where the production of goods and services are based on knowledge-intensive activities. All initiatives are focusing on e-governance, connecting citizens, developing IT-based human resources and promoting the ICT industry.

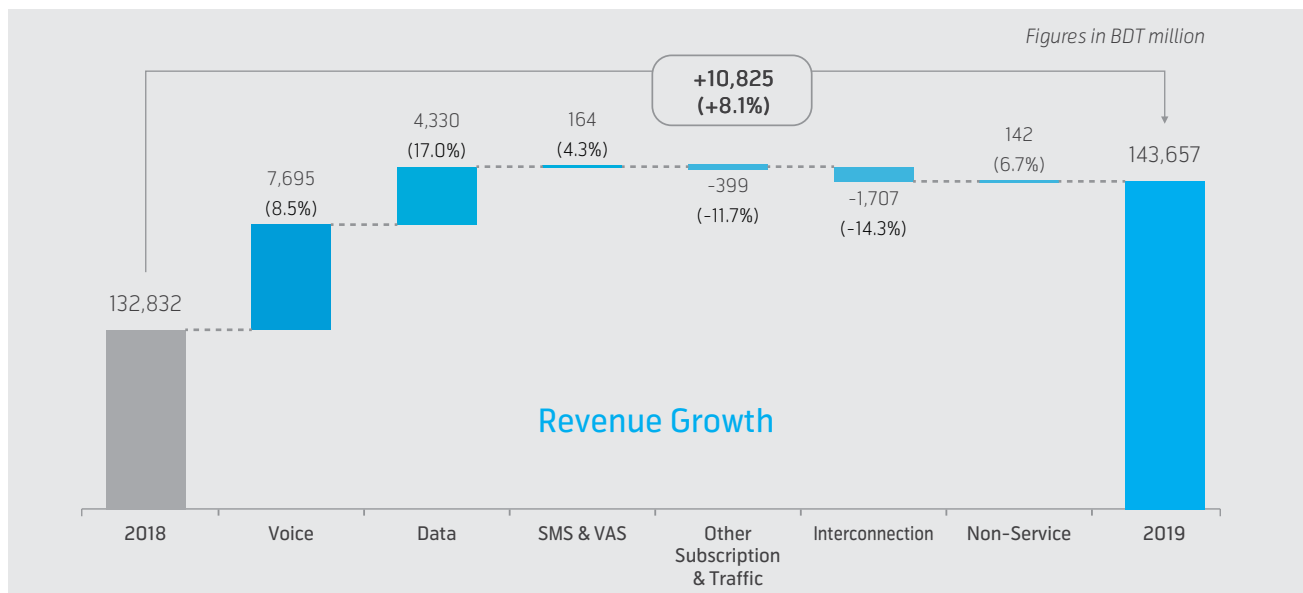
The Government has already established 5,275 digital centres across country to provide 200 types of service to 120 million citizens, starting from birth registration to an online grievance redress system. The Government also aims to boost income from the ICT outsourcing industry up to USD 5 billion by 2020 and has undertaken large scale projects for IT infrastructure, including the establishment several ICT/Hi-tech parks and a tier-IV data centres.

Given the current scenario of Bangladesh Telecom market and Government's ambition of Digital Bangladesh, both the Government and the mobile telecom industry have exciting opportunities for collaboration to accelerate digital transformation for millions of citizens. In order for that to happen, Government, Industry players and all the value chain partners would need to work together. At the moment there are worrying signs with respect to the Government's ability to facilitate the necessary conducive environment for such a transformation.

● **Segment/Product Wise Performance**

Grameenphone essentially provides similar products and services to customers across the country; and reviews revenue performance of its services. A relevant disclosure is provided in the notes to the Financial Statements.

Grameenphone posted BDT 143.7 billion of total revenue for the year 2019 with 8.1% increase compared to the previous year. The growth in total revenue was mainly driven by voice and data services partly offset by lower revenue from interconnection.



Voice revenue has increased by 8.5% from 2018 owing to eight (8) months of favourable impact from the unified tariff implementation in August 2018, partly offset by seven (7) months of unfavourable impact from additional 5% Supplementary Duty implementation in June 2019. Grameenphone added 3.7 million subscribers in 2019 despite increased SIM tax since July 2019 and has seen no dilution in blended Service ARPU (average revenue per user).

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Data revenue has increased by 17.0% from 2018 mainly driven by 9.5% growth in the number of data users and 77.2% growth in data volume in 2019. Data user penetration in Grameenphone's sub-base reached 53.1% in 2019, which was achieved through rolling-out more than 10,000 4G sites, focused investment for network capacity & coverage expansion as well as bringing competitive product & market offers.

'SMS and VAS' includes Content service, SMS and MMS revenue, which grew by 4.3% in 2019.

'Other Subscription & Traffic' mainly includes revenue from bundled services, outbound roaming services and USSD revenue from mobile-financial services. Bundled services revenue was lower, mainly due to a modality change, which was partly offset by growth in USSD revenue in 2019.

Interconnection revenue is generated from the incoming traffic which are originated from outside Grameenphone network. Interconnection revenue was lower by 14.3% in 2019 compared to 2018 following a decrease in incoming minutes from international operators owing to global trend of increased proliferation of OTT services. Additionally, the new domestic interconnection call termination rate introduced by BTRC in the latter part of 2018 had 8 months impact in 2019 and led to only 0.8% growth in domestic interconnection revenue.

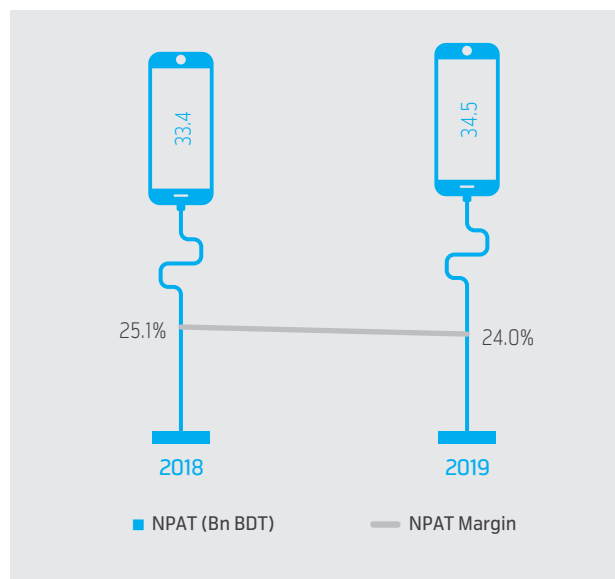
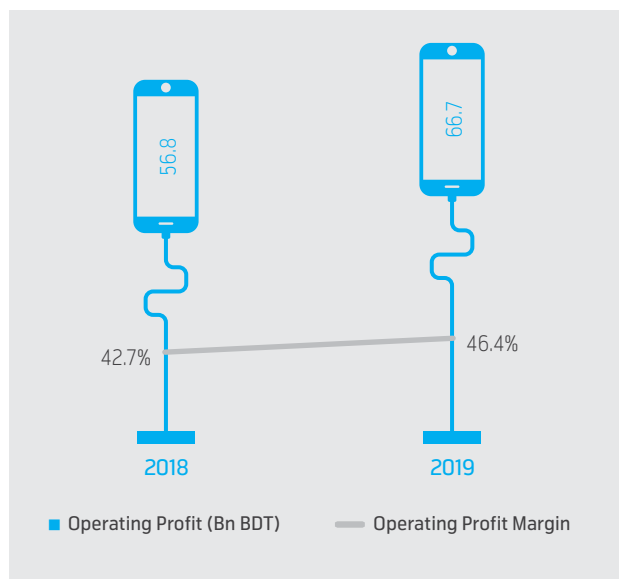
'Non-Service Revenue' segment includes customer equipment, i.e. sales of handsets, internet modems and Vehicle Tracking Systems, and revenue from telecom infrastructure sharing, commission from financial services, etc.

● **Review on Operating Expense, Operating Profit Margin and Net Profit Margin**

Operating expenses consist of cost of material and traffic charges, salaries and personnel cost, operation and maintenance, sales, marketing and commission, revenue sharing, spectrum charges and license fees, depreciation and amortisation expense, and other expenses. Operating expense for 2019 was BDT 77 billion with 1.2% increase compared to last year. The growth in operating expense mainly came from cost of material and traffic charges, commissions, revenue sharing and depreciation, which was mostly offset by robust control over other operating expenses, resulting into growth in operating profit of BDT 9.9 (+17.4%) billion from last year.

In 2019, Grameenphone transitioned from IAS17 to IFRS16, and thereby recognised right-of-use assets and lease liabilities for the leases. This favourably impacted operating profit as BDT 1.1 billion was recognised as Finance cost under IFRS16.

Net profit after tax for 2019 was BDT 34.5 billion with a margin of 24.0%. BDT 1.2 billion growth in net profit after tax came from BDT 9.1 billion growth in profit before tax, which was partly offset by higher tax expense of BDT 7.9 billion, mainly due to higher profit before tax, tax provision for non-deductible expenses and adjustments during the year. As a result, Earnings Per Share (EPS) for the year 2019 stood at BDT 25.56 as compared to BDT 24.71 (restated) for the 2018.



* 2018 figures are restated



● Risks & Concerns

Every business faces uncertainties or risks in its operating environment, which, if not managed and mitigated, would not only disrupt the achievement of its strategic and operational objectives but may also cause losses that could result in financial and reputational loss as well. As with other co-existing companies, Grameenphone's business is also exposed to diverse risks that arise both from internal as well as external fronts. Apart from uncertainties stemming from an unstable regulatory regime, the Company has always been prepared for issues such as competing markets, operational issues, legal knots, interest and exchange rate volatilities, and potential changes in policies at the national or global level. However, Grameenphone has a befitting risk management policy and a periodic monitoring system to address the concerns and uncertainties that are likely to hit the Company's business activities, operations, liquidity and financial position for future performances. This aspect is discussed in the "Enterprise Risk Management" section of the Annual Report on page 57.

● Extraordinary gain or loss

As per IAS 1 Presentation of Financial Statements, no items of income and expenses are to be presented as 'extraordinary gain or loss' in the financial statements. Accordingly, no 'extraordinary gain or loss' has been recognised in the Financial Statements.

● Related Party Transactions

All transactions with related parties have been made on a commercial basis. Details of related parties and related party transactions have been disclosed in note 41 to the Financial Statements 2019 as per the requirements of relevant IFRS.

● Utilisation of Proceeds from IPO

The Grameenphone Initial Public Offering (IPO) was made in 2009 and the fund raised thereby has already been utilised by 30 June 2010 as reported to the regulators. No further equity instrument has been issued since then.

● Significant Variance of Financial Statements

No significant variations have occurred between quarterly and final financial performances of the Company during 2019 except for the capitalisation of Right-of-use assets for the initial application of IFRS 16 Leases for the first time in 2019. This aspect is discussed in Note 3.17 and Note 6 on the Financial Statements 2019.

● Director Remuneration

No remuneration was given to the Directors of the Board apart from attendance fees in connection with Board and Board Sub-Committee meetings. During the year 2019, attendance fees in connection with Board and Board Sub-Committee meetings were BDT 865,161, which includes the attendance fees to the Local Directors only (2018: BDT 1,325,562, which included payment to Local Directors and amount provisioned for the Foreign Directors). Foreign Directors have decided not to receive the attendance fees of the past and future periods and accordingly, the amount that was provided for in the accounts so far against the attendance fees of the Foreign Directors is reversed this year.

● Directors' Declaration on the Financial Statements

The Board is responsible to present a true and fair view of the Company's financial performance and position as a part of good governance; and to that end the Directors confirm to the best of their knowledge that:

- The Financial Statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgements;
- International Financial Reporting Standards (IFRSs) have been followed in preparation of the Financial Statements and any departure therefrom has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored; and
- There is no doubt upon the Company's ability to continue as a going concern.

● Declaration of the CEO and the CFO on the Financial Statements

As required under BSEC's Corporate Governance Code, the declaration by the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) on Financial Statements 2019 to the Board as prescribed is annexed to this report as Annexure-IV on page 92.



- **Minority Interest**

Grameenphone believes that good Corporate Governance involves open and trusting cooperation between all stakeholders involved in the Company, including the owners of the Company – the Shareholders. The Board of Directors is committed to ensuring the highest standards of governance designed to protect the interests of all stakeholders, including the rights of its minority shareholders while promoting integrity, transparency and accountability. The Board of Directors shall at all times act in a manner that will be in the best interest of the Company.

- **Management’s Discussion and Analysis**

Management’s Discussion and Analysis signed by the CEO presenting detailed analysis of the Company’s position and operations along with a brief discussion of changes in the financial statements and other requirements of the Corporate Governance Code is disclosed in Annexure-V of this report on page 93.

- **Other Disclosure**

- The financial results of the Company have continued to improve since the IPO in 2009 as reflected in the yearly Financial Statements.
- All significant deviations from the previous year in the operating results of the Company have been highlighted and reasons thereof have been explained.
- The key operating and financial data for the last six years have been disclosed under Financial Analysis section of this Annual Report on page 64.
- Grameenphone has declared interim dividend and recommended final dividend for the year 2019.
- Grameenphone has not declared Bonus Share as Interim and Final Dividend in 2019.
- During 2019, a total of 13 (thirteen) Board meetings were held, which met the regulatory requirements in this respect. The attendance records of the Directors are shown in Annexure-II of this report on page 91.
- Shareholding pattern of the Company as on 31 December 2019 is shown in Annexure-III of this report on page 91.

Annual Results and Allocations

The Directors take pleasure in reporting the financial results of the Company for the year ended 31 December 2019 and recommended the appropriation as mentioned in the ‘Appropriation of Profit’ table below:

Figures in BDT million

	2019	2018 Restated
Profit available for Appropriation		
Profit/ (Loss) after tax	34,517	33,363
Other comprehensive income (loss), net of tax	77	(211)
Un-appropriated profit brought forward from previous year	15,477	13,762
Adjustment on initial application of IFRS 15 as at January 2018	-	2,678
Impact of correction of errors*	-	(3,733)
Total Amount available for Appropriation	50,070	45,859
Appropriation		
Final Dividend Paid for Previous Year	(20,930)	(13,503)
Interim Dividend Paid for Current Year	(12,153)	(16,879)
Closing Retained Earnings at year end (before Proposed Final Dividend)	16,988	15,477
Proposed Final Dividend for the year (2019: 40% cash and 2018: 155% cash)	5,401	20,930
Retained Earnings after Proposed Dividend	11,587	(5,453)

* There was an adjustment in the opening balance of retained earnings for the year 2018 for correction of errors of BDT 3,733 million which has reduced the available amount for appropriation. A disclosure regarding the correction of errors is given in note 3.18 to the Financial Statements.

Contribution to the National Exchequer

Being one of the largest contributors to the National Exchequer for the last several consecutive years, the collective contribution of Grameenphone from inception up to December 2019 was BDT 754.5 billion. During 2019 alone, the Company contributed BDT 85.05 billion to the national exchequer which represents about 59.2% of Grameenphone’s total revenue of 2019. Grameenphone has paid BDT 30.7 billion corporate taxes during 2019.



Dividend

For the year ended 31 December 2019, the Board of Directors of the Company has paid an Interim Cash Dividend @ 90% of the paid-up capital amounting to BDT 12,152,700,198 which was BDT 9.00 per share of BDT 10 each. Now, the Directors are pleased to recommend a Final Cash Dividend @ 40% of the paid-up capital amounting to BDT 5,401,200,088 which is BDT 4.00 per share of BDT 10 each for the year 2019 out of the divisible profits of the Company for consideration and approval of the Shareholders for distribution. Inclusive of the Interim Dividend of 90% paid already, this would make a cumulative total dividend @ 130% of the paid-up capital of the Company which represents 50.86% of the Profit After Tax for the year 2019 amounting to BDT 17,553,900,286.

The above recommendation of dividend is as per the Board approved dividend policy

Board of Directors

The composition of the Board of Directors who held office during the year was as below:

1. Mr. M Shahjahan, Grameen Telecom, Director
2. Mr. Md. Ashraful Hassan, Grameen Telecom, Director
3. Mr. Haakon Bruaset Kjoel, Telenor Mobile Communications AS, Director
4. Ms. Parveen Mahmud, Grameen Telecom, Director
5. Mr. Oivind Burdal, Telenor Mobile Communications AS, Director
6. Prof (Dr.) Jamilur Reza Choudhury, Independent Director
7. Mr. Petter Boerre Furberg, Telenor Mobile Communications AS, Director and Chair
8. Dr. Salehuddin Ahmed, Independent Director
9. Mr. Irfan Wahab Khan, Director [effective from 30 June 2019]
10. Mr. Lars Erik Tellmann, Director [effective from 11 December 2019]

Changes in the Board

During the period under review, there were a number of changes in the Board. Mr. Irfan Wahab Khan joined the Board in June 2019 in place of Mr. Witold Sitek and Mr. Lars Erik Tellmann joined the Board in December 2019 in place of Mr. Gunnar Johan Bertelsen. The Board welcomes Mr. Irfan Wahab Khan and Mr. Lars Erik Tellmann to the Board and looks forward to their enriching contribution to the governance of the Company.

The Board of Directors would also like to take this opportunity to deeply thank and bid farewell to two esteemed Board members for their invaluable contribution to the Board over the years and helping the Board discharge its governance responsibilities towards the Company. The Board wishes them the very best for their future.

Directors' Appointment & Re-Appointment

With regard to the appointment, retirement and re-appointment of Directors, the Company is governed by its Articles of Association, the Companies Act, 1994 and other related legislations. Accordingly, the following Directors of the Board will retire at this Annual General Meeting. They are, however, eligible for re-appointment:

1. Mr. M Shahjahan
2. Mr. Oivind Burdal
3. Mr. Lars Erik Tellmann

As per the Corporate Governance Code 2018, the tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term. Accordingly, Prof. (Dr.) Jamilur Reza Choudhury, Independent Director is in his 2nd term of office and we will place this in the upcoming AGM for approval by the shareholders. Dr. Salehuddin Ahmed, Independent Director is in his 1st term of office.

Brief profiles of the Directors being proposed for re-appointment are given on page 31 of the Annual Report, which fulfil condition 1(5)(xxiv) of the Corporate Governance Code of BSEC.

Appointment of New Chief Executive Officer (CEO)

The Board has appointed Mr. Yasir Azman as the Chief Executive Officer of Grameenphone, with effect from 01 February 2020 in place of Mr. Michael Patrick Foley, who served the Company since May 2017. On this occasion, the Board of Directors would like to thank Mr. Michael Patrick Foley for his valuable contributions to the Company. Mr. Michael Foley has delivered strong financial results in the years he has served as the CEO and led the digital transformation of Grameenphone.

Appointment of Auditors

As per the Companies Act 1994 and the Articles of Association of Grameenphone, the statutory auditors of the Company, A Qasem & Co, Chartered Accountants, shall retire at this AGM. The Firm, being eligible, has offered their willingness to be re-appointed. The Board recommends their re-appointment for the year 2020 and continuation till the next AGM at the fee of BDT 3.0 million plus VAT.

Outlook 2020: Agility towards continuing growth

Looking at the new year we are confident that the Company will move forward and achieve new heights. 2020 will probably see similar regulatory challenges and perhaps new asymmetrical directives aimed at slowing down Grameenphone's progress in the market. However, the company has amply demonstrated the agility within the company to face very disadvantage head-on and find a way to grow. As we build for the future, we continue to focus on running our Company with the same rigour and discipline that is expected from us. We believe we have the right assets and long-term strategy in place for sustainable growth.

The telecommunication market in Bangladesh continues to have immense potential for all MNOs and we will do our part to secure our share. In this rapidly evolving and challenging marketplace protecting the interest of our shareholders, providing value to our customers, and continuing to build a strong network in the country remains our priority in 2020. We are committed to our focus on acquiring quality subscribers, while continuing to invest in our strong network and distribution ecosystem to ensure connectivity and access to all the people of Bangladesh.

Appreciation

The Board of Directors expresses its appreciation to all stakeholders in the company for their support. We would like to particularly thank our shareholders, the management team and employees for the trust bestowed on the Board. The members of the Management Team and the employees have demonstrated their commitment to the Company in the face of a turbulent year; their actions at mitigation and pivoting has enabled Grameenphone to prosper, innovate, collaborate and grow despite occasional setbacks.

In over 22 years of operations in Bangladesh, 2019 has the most turbulent for Grameenphone but the Company has proven its resilience to sustain and grow. Our more than 76 million valued subscribers also deserve our gratitude for the trust that they have bestowed on us. We are confident that with the strengths and resources we possess, we can overcome any new challenges ahead and bring even greater innovation into the fold.

We hope to continue to play a role in the Bangladesh economy and create value for our Shareholders.

For and on behalf of the Board of Directors of Grameenphone Ltd.



Petter Boerre Furberg

Chair

27 January 2020



Annexure I

Status of compliance with the conditions imposed by the Commission's Notification No.BSEC/CMRRCD/2006-158/207/ Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1	Board of Directors (BoD)			
1(1)	Board's Size (number of Board members – minimum 5 and maximum 20)	√		Grameenphone Board is comprised of 10 (Ten) Directors
1(2)	Independent Directors			
1(2)(a)	At least one-fifth (1/5) of the total number of directors shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s)	√		There are 2 (Two) Independent Directors (ID) out of total 10 (Ten) Directors
1(2)(b)	Independent Director means a Director:			
1(2)(b)(i)	who either does not hold any share in the Company or holds less than one percent (1%) shares of the total paid-up shares of the Company	√		The IDs have submitted declarations about their compliances
1(2)(b)(ii)	who is not a sponsor of the Company or is not connected with the Company's any sponsor or director or nominated director or shareholder of the Company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the Company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the Company	√		-do-
1(2)(b)(iii)	who has not been an executive of the Company in the immediately preceding 2 (two) financial years	√		-do-
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the Company or its subsidiary or associated companies	√		-do-
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange	√		-do-
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market	√		-do-
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code	√		-do-
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies	√		-do-
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI)	√		-do-
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude	√		-do-

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM)	√		The appointment of IDs are duly approved at AGM
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		No such case in the reporting year
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only	√		The IDs are in their regular term of office
1(3)	Qualification of Independent Director			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business	√		The qualification and background of IDs justify their abilities as such
1(3)(b)	Independent director shall have following qualifications:			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of BDT 100 million or any listed company or a member of any national or international chamber of commerce or business association; or	Not applicable		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of BDT 100 million or of a listed company; or	Not applicable		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of Bachelor degree in economics or commerce or business or law	√		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law	√		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification	Not applicable		
1(3)(c)	The independent director shall have at least 10 (ten) years' experiences in any field mentioned in clause (b)	√		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission	None		No such case in the reporting year



Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(4)	Duality of Chair of the Board of Directors and Chief Executive Officer			
1(4)(a)	The positions of the Chair of the Board and the Chief Executive Officer (CEO) of the Company shall be filled by different individuals	√		The Chair and the CEO are different individuals with clearly defined roles and responsibilities
1(4)(b)	The Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company	√		The CEO does not hold the same position in any other listed company
1(4)(c)	The Chair of the Board shall be elected from among the non-executive directors of the company	√		All Board members are non-executive director. The Chair of the Board is non-executive director
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chair and the Chief Executive Officer	√		The Board clearly defined roles and responsibilities of the Chair and the CEO
1(4)(e)	In the absence of the Chair of the Board, the remaining members may elect one of themselves from non-executive directors as Chair for that particular Board's meeting; the reason of absence of the regular Chair shall be duly recorded in the minutes	None		No such case in the reporting year
1(5)	The Directors' Report shall include the following additional statements			
1(5)(i)	Industry outlook and possible future developments in the industry	√		Included in the Directors' report on Page 73 of the Annual Report
1(5)(ii)	Segment-wise or product-wise performance	√		Included in the Directors' report on Page 73 of the Annual Report
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any	√		Included in the Directors' report on Page 75 of the Annual Report
1(5)(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable	√		Included in the Directors' report on Page 74 of the Annual Report
1(5)(v)	Discussion on continuity of any extraordinary activities and their implications (gain or loss)	√		Included in the Directors' report on Page 75 of the Annual Report
1(5)(vi)	Detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions	√		Included in the Directors' report on Page 75 of the Annual Report
1(5)(vii)	Statement of utilisation of proceeds raised through public issues, rights issues and/or any other instruments	√		Included in the Directors' report on Page 75 of the Annual Report
1(5)(viii)	Explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.	√		Included in the Directors' report on Page 75 of the Annual Report
1(5)(ix)	Explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements	√		Included in the Directors' report on Page 75 of the Annual Report
1(5)(x)	Statement of remuneration paid to the directors including independent directors	√		Included in the Directors' report on Page 75 of the Annual Report
1(5)(xi)	Statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity	√		Included in the Directors' report on Page 75 of the Annual Report
1(5)(xii)	Proper books of account of the issuer company have been maintained	√		Included in the Directors' report on Page 75 of the Annual Report
1(5)(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgement	√		Included in the Directors' report on Page 75 of the Annual Report

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(5)(xiv)	International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed	√		Included in the Directors' report on Page 75 of the Annual Report
1(5)(xv)	The system of internal control is sound in design and has been effectively implemented and monitored	√		Included in the Directors' report on Page 75 of the Annual Report
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress	√		Included in the Directors' report on Page 76 of the Annual Report
1(5)(xvii)	There is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed	√		Included in the Directors' report on Page 75 of the Annual Report
1(5)(xviii)	Explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained	√		Included in the Directors' report on Page 75 of the Annual Report
1(5)(xix)	Key operating and financial data of at least preceding five (5) years shall be summarised	√		Given on Page 64 of the Annual Report
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year	Not applicable		No such case in the reporting year
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend	√		Stated in the Directors' report on Page 76 of the Annual Report
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director	√		Included in the Directors' report on Page 91 of the Annual Report
1(5)(xxiii)	Pattern of shareholding and name wise details (disclosing aggregate number of shares):			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties	√		Included in the Directors' report on Page 91 of the Annual Report
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children	√		Included in the Directors' report on Page 91 of the Annual Report
1(5)(xxiii)(c)	Executives	√		Included in the Directors' report on Page 91 of the Annual Report
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the Company	√		Included in the Directors' report on Page 91 of the Annual Report
1(5)(xxiv)	In case of the appointment/re-appointment of a director, disclose:			
1(5)(xxiv)(a)	a brief resume of the director	√		Given on Page 31 of the Annual Report
1(5)(xxiv)(b)	nature of his/her expertise in specific functional areas	√		Given on Page 31 of the Annual Report
1(5)(xxiv)(c)	names of Companies in which the person also holds the Directorship and the membership of committees of the Board	√		Given on Page 34 of the Annual Report



Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(5)(xxv)	Management's Discussion and Analysis signed by CEO presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements	√		Stated as Annexure -V (Management's Discussion and Analysis) of the Directors' Report on Page 95 of the Annual Report
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes	√		-do-
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof	√		-do-
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	√		Stated as Annexure -V (Management's Discussion and Analysis) of the Directors' Report on Page 97 of the Annual Report
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe	√		-do-
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		-do-
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM	√		-do-
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3)	√		Stated as Annexure -IV of the Directors' Report on Page 92 of the Annual Report
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed	√		The Certificate regarding compliance of the conditions is disclosed on page 99 of the Annual Report
1(6)	Meetings of the Board of Directors			
1(6)	The Company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB), in so far as those standards are not inconsistent with any condition of this Code	√		Company conducts its Board meetings and record the minutes of the meetings as well as keep required books and records as per provisions of Bangladesh Secretarial Standards (BSS) as adopted by ICSB
1(7)	Code of Conduct for the Chair, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chair of the Board, other board members and Chief Executive Officer of the Company	√		There is a written Code of Conduct for the Chair of the Board, other board members and CEO of the Company, which was recommended by the NRC and approved by the Board
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the Company including, among others, prudent conduct and behaviour; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency	√		The Code of Conduct as recommended by the NRC and approved by the Board is available on the website of the Company

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company	Not applicable		Grameenphone does not have any subsidiary Company as on reporting date
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company	Not applicable		-do-
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company	Not applicable		-do-
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also	Not applicable		-do-
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	Not applicable		-do-
3	Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC)	√		The CEO, CFO, CS, Head of Internal Audit and Head of Ethics & Compliance have been appointed by the Board
3(1)(b)	The positions of the Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals	√		The CEO, CFO, CS, Head of Internal Audit and Head of Ethics & Compliance are different individuals and their roles and responsibilities are separately defined
3(1)(c)	The CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other Company at the same time	√		The CEO, CFO, CS, Head of Internal Audit and Head of Ethics & Compliance do not hold any executive position in any other Company
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS	√		The roles and responsibilities are separately defined
3(1)(e)	The CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s)	√		In practice
3(2)	Requirement to attend Board of Directors' Meetings			
	The CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board	√		The CEO, CFO, CS, Head of Internal Audit and Head of Ethics & Compliance attended in the Board Meetings
3(3)	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief	√		The CEO and CFO have duly certified to the Board and the declaration is disclosed as Annexure-IV on page 92 of the Annual Report
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	√		-do-



Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	√		-do-
3(3)(b)	The CEO and CFO shall also certify that there are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members	√		-do-
3(3)(c)	The certification of the CEO and CFO shall be disclosed in the Annual Report	√		The declaration by the CEO and CFO is disclosed on page 92 of the Annual Report
4	Board of Directors' Committee			
	For ensuring good governance in the Company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee	√		The Board formed the Audit Committee on 10 November 2008
4(ii)	Nomination and Remuneration Committee	√		The Board formed the NRC on 11 December 2018
5	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The Company shall have an Audit Committee as a subcommittee of the Board	√		Audit Committee is established as per BSEC guidelines
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business	√		The Audit Committee discharges as per BSEC guidelines
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing	√		The duties of the Audit Committee are clearly defined in the Board approved Audit Committee Charter as per BSEC guidelines
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members	√		Audit Committee comprises of 3 (three) members
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chair of the Board and shall include at least 1 (one) independent director	√		All members of the Audit Committee are non executive directors, out of which one member is ID. All the members are appointed by the Board. The Chair of the Board is not the member of the Audit Committee
5(2)(c)	All members of the audit committee should be "financially literate" and at least one (1) member shall have accounting or related financial management background and ten (10) years of such experience	√		Based on the academic qualifications and professional experience, which provided on page 31 of the Annual Report demonstrate that all the existing members of the Audit Committee are "financially literate" and they have "related financial management" experience as per BSEC notification

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of three (3) persons, the Board shall appoint new Committee member to fill up the vacancy immediately or not later than one (1) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee	None		No such case in the reporting year
5(2)(e)	The Company Secretary shall act as the secretary of the Committee	√		In practice
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least one (1) independent director	√		In practice
5(3)	Chair of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director	√		The Chair of the Audit Committee is an Independent Director
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes	√		The reason for the absence of the Audit Committee Chair was duly recorded in the Minutes
5(3)(c)	Chair of the Audit Committee shall remain present in the Annual General Meeting (AGM)	√		Due to unavoidable circumstance the Chair of the Audit Committee was unable to attend in the 22 nd AGM held on 23 April 2019 and the reason was duly recorded in the 22 nd AGM
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least four (4) meetings in a financial year	√		There were nine (9) meetings held during the reporting period
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must	√		In practice
5(5)	Meeting of the Audit Committee			
5(5)(a)	Oversee the financial reporting process	√		The Audit Committee performs as per BSEC's guidelines
5(5)(b)	Monitor choice of accounting policies and principles	√		-do-
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report	√		-do-
5(5)(d)	Oversee hiring and performance of external auditors	√		-do-
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption	√		-do-



Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval	√		-do-
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval	√		-do-
5(5)(h)	Review the adequacy of internal audit function	√		-do-
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report	√		-do-
5(5)(j)	Review statement of all related party transactions submitted by the management	√		-do-
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors	√		-do-
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors	√		-do-
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilised as per the purposes stated in relevant offer document or prospectus approved by the Commission	None		No IPO was made in the year 2019
5(6)	Reporting of the Audit Committee			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board	√		
5(6)(a)(ii)(a)	Report on conflicts of interests	None		No such event in the reporting year
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements	None		No such event in the reporting year
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	None		No such event in the reporting year
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately	None		No such event in the reporting year
5(6)(b)	Reporting to BSEC (if any, which has material impact on the financial condition and results of operation, unreasonably ignored by the management)	None		No such event in the reporting year
5(7)	Reporting to the Shareholders and General Investors of Audit Committee Activities, which shall be signed by the Chair of the Audit Committee and disclosed in the Annual Report	√		Activities of the Audit Committee are reported on page 59 of the Annual Report
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board	√		NRC is established as per BSEC guidelines

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Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive	√		The NRC discharges as per given guidelines
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b)	√		The duties of the NRC are clearly defined in the Board approved NRC Charter as per BSEC's guidelines
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three (3) members including an independent director	√		NRC comprises of three (3) members, which includes one ID
6(2)(b)	All members of the Committee shall be non-executive directors	√		All members of NRC are non-executive directors
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board	√		All members of the NRC are appointed by the Board
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee	√		In practice
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within one hundred eighty (180) days of such vacancy occurring in the Committee	None		No such case in the reporting year
6(2)(f)	The Chairperson of the Committee may appoint or coopt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or is valuable for the Committee	None		No such case in the reporting year
6(2)(g)	The Company Secretary shall act as the secretary of the Committee	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an Independent Director	√		No such case in the reporting year
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honourarium from the company	√		No such case in the reporting year
6(3)	Chair of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chair of the Committee, who shall be an independent director	√		The Chair of the NRC is an Independent Director
6(3)(b)	In the absence of the Chair of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes	None		No such case in the reporting year
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders	√		The Chair of the NRC attended in the 22 nd AGM held on 23 April 2019



Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year	√		There were six (6) meetings held during the reporting period
6(4)(b)	The Chair of the NRC may convene any emergency meeting upon request by any member of the NRC	None		No such case in the reporting year
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an Independent Director is must as required under condition No. 6(2)(h)	√		In practice
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC	√		In practice
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders	√		The NRC performs as per BSEC's guidelines
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully	√		-do-
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	√		-do-
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals	√		-do-
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality	√		-do-
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board	√		-do-
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board	√		-do-
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria	√		-do-
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies	√		-do-
6(5)(c)	The Company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report	√		The policy, criteria and activities of NRC are given on Page 61 of the Annual Report



Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
7	External or Statutory Auditors			
7(1)(i)	Appraisal or valuation services or fairness opinions	√		As declared by the Auditors
7(1)(ii)	Financial information systems design and implementation	√		-do-
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements	√		-do-
7(1)(iv)	Broker-dealer services	√		-do-
7(1)(v)	Actuarial services	√		-do-
7(1)(vi)	Internal audit services or special audit services	√		-do-
7(1)(vii)	Any service that the Audit Committee determines	√		-do-
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1) ; and	√		-do-
7(1)(ix)	Any other service that creates conflict of interest	√		-do-
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company	√		-do-
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders	√		The representative of external auditors attended in the 22nd AGM held on 23 April 2019
8	Maintaining a website by the Company			
8(1)	The Company shall have an official website linked with the website of the stock exchange	√		In practice
8(2)	The Company shall keep the website functional from the date of listing	√		In practice
8(3)	The Company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s)	√		In practice
9	Reporting and Compliance of Corporate Governance			
9(1)	Obtaining a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and such certificate shall be disclosed in the Annual Report.	√		The company obtained the certificate from ACNABIN, Chartered Accountants regarding compliance of conditions of Corporate Governance Code 2018 and such certificate is disclosed on page 99 of the Annual Report.
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		The Board appointed the Compliance Auditor and their appointment was approved by the Shareholders
9(3)	Directors statement in the directors' report whether the Company has complied with these conditions or not	√		Detailed status of compliance is given on page 79 of the Annual Report in the compliance schedule as published with the Directors' Report



Annexure II

Board Meeting and attendance during the year ended 31 December 2019

Name of Directors	Board Member Since	Number of meetings attended during 2019
Mr. M Shahjahan	26 June 2006	13/13
Mr. Md. Ashrafur Hassan*	20 January 2010	11/13
Mr. Haakon Bruaset Kjoel	14 September 2011	13/13
Ms. Parveen Mahmud*	17 October 2012	11/13
Mr. Oivind Burdal	18 May 2016	13/13
Prof. (Dr.) Jamilur Reza Choudhury*	15 June 2016	09/13
Mr. Petter Boerre Furberg	26 May 2017	13/13
Dr. Salehuddin Ahmed	12 December 2018	13/13
Mr. Irfan Wahab Khan	14 July 2019	06/06
Mr. Lars Erik Tellmann*	11 December 2019	00/01
Mr. Witold Sitek*	30 January 2018	07/08
Mr. Gunnar Johan Bertelsen*	11 June 2018	11/13

* Mr. Witold Sitek retired from the Board on 14 July 2019

* Mr. Gunnar Johan Bertelsen retired from the Board on 11 December 2019

*In compliance with the law, the Board granted leave of absence to the members who were unable to attend Board meetings.

Annexure-III

The Pattern of Shareholding as on 31 December 2019

Name of Shareholders	Status	Shares Held	Percentage
i) Parent/Subsidiary/Associate Companies			
Telenor Mobile Communications AS	-	753,408,154	55.80%
Grameen Telecom	-	461,766,409	34.20%
ii) Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their spouses and minor children			
Mr. Petter Boerre Furberg	Chair	-	-
Mr. Haakon Bruaset Kjoel	Board Member	-	-
Mr. Oivind Burdal	Board Member	-	-
Mr. Irfan Wahab Khan	Board Member	-	-
Mr. Lars Erik Tellmann	Board Member	-	-
Mr. M Shahjahan	Board Member	-	-
Mr. Md. Ashrafur Hassan	Board Member	-	-
Ms. Parveen Mahmud	Board Member	-	-
Prof. (Dr.) Jamilur Reza Choudhury	Board Member	-	-
Dr. Salehuddin Ahmed	Board Member	-	-
Mr. Michael Patrick Foley	Chief Executive Officer	-	-
Mr. Jens Becker	Chief Financial Officer	-	-
Mr. S M Imdadul Haque	Company Secretary	-	-
Mr. Hasan Faisal	Head of Internal Audit	195	0.00%
iii) Executives (as explained in the BSEC's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012)			
Mr. Yasir Azman	Deputy CEO & Chief Marketing Officer	39,783	0.00%
Mr. Rade Kovacevic	Chief Technology Officer		
Mr. Mahmud Hossain	Chief Business Officer		
Mr. Syed Tanvir Husain	Chief Human Resources Officer		
Mr. Ole Bjorn Sjulstad	Chief Corporate Affairs Officer		
iv) Shareholders holding ten percent or more voting interest			
Telenor Mobile Communications AS	-	753,408,154	55.80%
Grameen Telecom	-	461,766,409	34.20%

Declaration by the CEO and the CFO

[As per condition No. 1(5)(xxvi) of Corporate Governance Code 2018]

The Board of Directors

Grameenphone Ltd.

Subject: Declaration on Financial Statements for the year ended on 31 December 2019.

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207 Admin/80 dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of Grameenphone Ltd. for the year ended on 31 December 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgements related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

- i) We have reviewed the financial statements for the year ended on 31 December 2019 and that to the best of our knowledge and belief;
- ii) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- iii) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws; and
- iv) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



(Michael Patrick Foley)
Chief Executive Officer (CEO)



(Jens Becker)
Chief Financial Officer (CFO)

27 January 2020



Annexure –V

Management's Discussion and Analysis

As per condition no. 1 (5) (xxv) of the Corporate Governance Code 2018 issued by Bangladesh Securities and Exchange Commission, the Management's Discussion & Analysis are as follows:

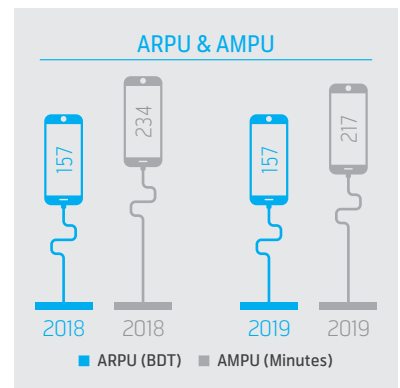
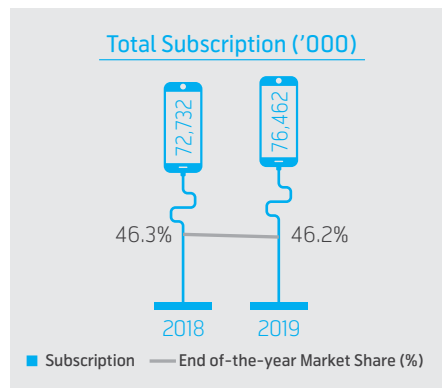
2019 Key Highlights

Grameenphone generated total revenue of BDT 143.7 billion (2018: BDT 132.8 billion), with a growth of 8.1% in year 2019 compared to the previous year. Net profit after tax for 2019 stood at BDT 34.5 billion (2018: BDT 33.4 billion, restated). Grameenphone added 3.7 million subscriptions in 2019 taking the year-end subscription base to 76.5 million, despite doubling of SIM tax from the middle of the year. Total number of Internet users stood at 40.6 million at the end of 2019 registering a strong 9.5% growth. 53.1% of subscribers of Grameenphone were active internet users at the end of 2019, including 11.9 million 4G internet users. Number of 4G sites of Grameenphone reached more than 10,000 by the end of year, while investment on data capacity enhancement & coverage expansion continued in 2019. This has resulted into 99.6% population coverage for Grameenphone including 95.4% coverage with 3G network. Strong revenue growth, along with structural operational efficiency initiatives, resulted into a 17.4% growth in operating profit in the year 2019.

Despite facing significant challenges from increase in supplementary duty, doubling of SIM tax and imposition of NOC restrictions by regulatory bodies, Grameenphone continued its growth momentum, while maintaining its superior positioning as data & digital service provider.

Customers and Average Revenue/Minutes per User (ARPU & AMPU)

The subscription base of Grameenphone stood at 76.5 million at the end of 2019 with a growth of 5.1%. Increased SIM price, as a result of BDT 100 increase in SIM tax, had a negative impact in subscription growth in the second half of the year. Grameenphone's subscription market share stood at 46.2% at the year-end.

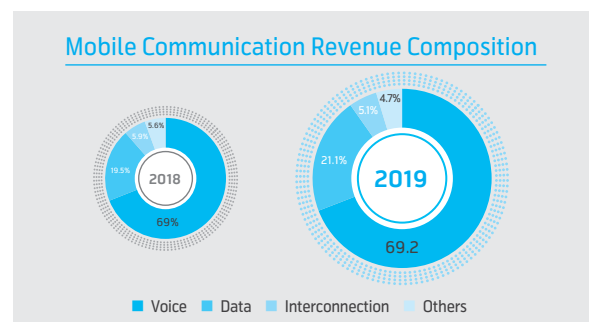
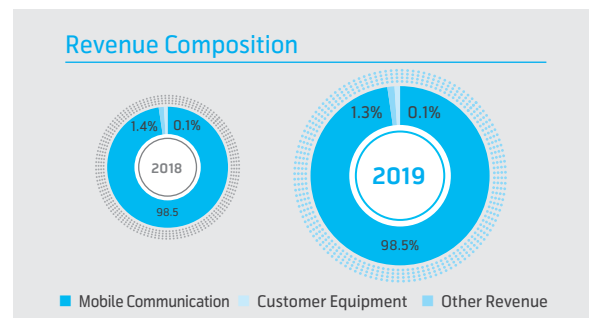


ARPU of Grameenphone remained flat at BDT 157 in year 2019 (2018: BDT 157), as higher contribution from voice & data services were offset by lower contribution of interconnect & other revenue segments. In 2019, AMPU was 217 minutes (2018: 234 minutes) with decrease of 7.1%, mainly owing to usage adjustment by subscribers from the two major events: unified tariff implementation (introduced in August 2018) and 5% additional supplementary duty (introduced in June 2019).

Revenue Performance

Grameenphone reported total revenue of BDT 143.7 billion for the year 2019 (2018: BDT 132.8 billion), with 8.1% growth. The growth in total revenue mainly came from growth in mobile communication revenue, which was driven by voice and data services partly offset by lower revenue from interconnection.

Revenue from voice service had a strong growth of 8.5%, enabled by 5.1% growth in subscription base along with no dilution in voice ARPU in year 2019.



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Data revenue increased by 17.0%, driven by 9.5% growth in active internet user base and 2.0% growth in data ARPU in 2019. BDT 29.8 billion Data revenue in 2019 accounts for 21.1% (2018: 19.5%) of mobile communication revenue for Grameenphone. Roll-out of 5,013 new 4G sites (total 4G sites by the end of 2019: 10,000+), focused investment in data capacity enhancement and coverage expansion, along with competitive, relevant and exciting product offers in the market enabled the aforesaid growth in data revenue in 2019.

Interconnection revenue decreased by 14.3% in 2019 which is a continuation of declining trend in interconnection revenue for the last 5 years; this can be attributed to increasing proliferation of OTT services (e.g. Whatsapp, Viber, IMO, Facebook Messenger, etc.). Additionally, the new domestic interconnection call termination rate introduced by BTRC in the latter part of 2018 had eight (8) months impact in 2019 and led to only 0.8% growth in domestic interconnection revenue.

Cost and Margin Review

Total operating expense of Grameenphone stood at BDT 77.0 billion (2018: BDT 76.1 billion, restated) with 1.2% increase compared to last year. The growth in operating expense mainly came from cost of material and traffic charges, commissions, revenue sharing and depreciation, which was mostly offset by robust control over other operating expenses. BDT 10.8 billion growth in total revenue and BDT 0.9 billion growth in operating expense resulted into a strong growth of BDT 9.9 billion (+17.4%) in operating profit for Grameenphone in 2019. Operating profit margin of Grameenphone improved to 46.4% in 2019 from 42.7% (restated) in 2018.

In 2019, Grameenphone transitioned from IAS17 to IFRS16, and thereby recognised right-of-use assets and lease liabilities for the lease contracts. This favourably impacted operating profit as BDT 1.1 billion was recognised as Finance cost under IFRS16.

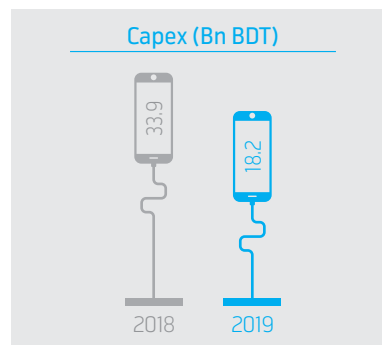
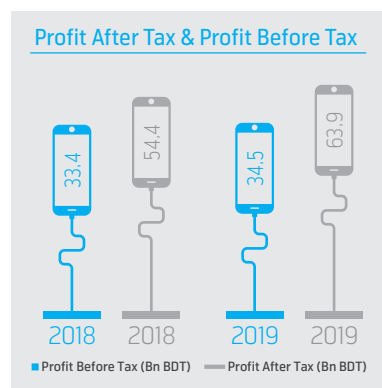
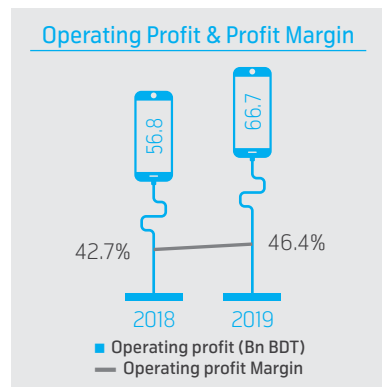
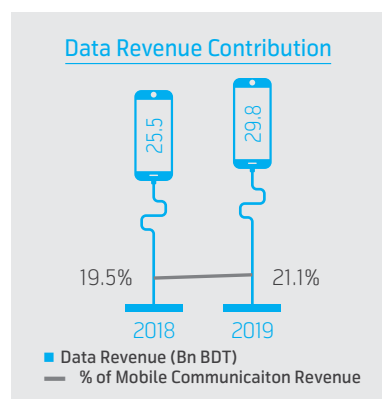
If compared using the same accounting standard of IAS17, Grameenphone's EBITDA in 2019 increased by 10.0% with a margin of 61.1% (2018: 60.0%, restated), including 1.1pp margin improvement from last year.

Profit after Tax

Net profit after tax for 2019 was BDT 34.5 billion (2018: 33.4 billion, restated) with a margin of 24.0%. BDT 1.2 billion growth in net profit after tax came from BDT 9.1 billion growth in profit before tax, which was partly offset by higher tax expense of BDT 7.9 billion, mainly due to higher profit before tax, tax provision for non-deductible expenses and adjustments during the year.

Capital Expenditure (Capex) and Network Updates

In 2019, Grameenphone reported BDT 18.2 billion as capital expenditure (2018: BDT 34.0 billion, including acquisition of 4G license, additional 5 MHz spectrum and 2G technology neutrality) with a 'total capex to sales' ratio of 12.7%. Majority of the investment in 2019 was related to rolling out of 4G sites, capacity increase for data traffic and coverage expansion - all in order to provide superior voice and data experience for customers. Grameenphone rolled-out 5,013 new 4G sites taking the total number of 4G sites to 10,022 in 2019. Also, Grameenphone rolled-out 1,023 new 3G sites in 2019 increasing the 3G population coverage to 95.4% (2018: 95.2%). With 16,506 sites across the country, Grameenphone currently provides telecommunication services covering 99.6% of the total population of the country.



Balance Sheet

Total asset base increased to BDT 148.7 billion (2018: BDT 138.7 billion) mainly for the increase in Right-of-use assets for implementation of IFRS 16 and increase in current assets from cash and cash equivalents.

Total liabilities increased during 2019, mainly for the increase in lease liability for implementation of IFRS 16 partly offset by payments of 8th and 9th installment of long-term loan from IFC.

Total equity increased to BDT 38.3 billion (2018: BDT 36.8 billion) due to increased profit. The net profit generated from operations during the year 2019 was BDT 34.5 billion (2018: BDT 33.4 billion). The equity is reduced by payment of final dividend for the year 2018 and interim dividend for the year 2019. There was also an adjustment in the opening balance of retained earnings for the year 2018 for correction of errors of BDT 3.7 billion.

This correction of errors relates to some erroneous omissions with regards to sales, marketing and commission payments and associated costs relating to non-deductible expenses for prior periods. Consequently, its sales, marketing and commission expenses and associated non-deductible costs were understated. The errors were identified during 2019 and Grameenphone proactively corrected those by restating each of the affected financial statements line items. A detailed disclosure regarding the correction of errors is given in note 3.18 of the Financial Statements.

Other Disclosure/Statements Pursuant to the Provisions of the BSEC's Corporate Governance Code 2018

Accounting policies and estimation for preparation of financial statements

The financial statements of Grameenphone have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 1987, relevant guidelines issued by the Bangladesh Securities and Exchange Commission, Financial Reporting Act, 2015 and other applicable laws in Bangladesh. Detail of the accounting policies and estimation used for preparation of the financial statements of the Company are disclosed in the notes 2 to 3 of the financial statements.

Changes in accounting policies and estimation

The accounting policies applied are consistent with those applied in the previous financial year, except for the implementation of new accounting standard as described in the note 3.17 of the Financial Statements.

Comparative analysis of financial performance, financial position and cash flows

Major areas of financial performance, financial position as well as cash flows (including effects of inflation) with immediate preceding five years are as follows:

Reported numbers	2019	2018 Restated	2017 Adjusted	2016 Adjusted	2015 Adjusted	2014 Adjusted
Financial Performance (in million BDT)						
Revenue	143,656	132,832	128,436	114,862	104,754	102,663
Operating Profit	66,652	56,777	49,340	40,950	36,538	36,445
Profit before tax	63,899	54,848	46,419	37,127	34,091	33,864
Net Profit after tax	34,517	33,363	26,146	21,721	19,046	18,813
Financial Position (in million BDT)						
Paid-up Capital	13,503	13,503	13,503	13,503	13,503	13,503
Shareholders' equity	38,347	36,836	31,388	31,116	28,974	30,374
Total assets	148,734	138,713	130,220	130,500	132,450	130,673
Total liabilities	110,387	101,877	98,832	99,384	103,476	100,299
Current assets	20,999	13,369	20,658	10,941	11,928	14,865
Current liabilities	90,426	82,963	78,274	70,536	69,276	62,393
Non current assets	127,735	125,345	109,562	119,558	120,522	115,808
Non current liabilities	19,961	18,914	20,558	28,848	34,199	37,906
Cash Flows (in million BDT)						
Net cash generated from operating activities	57,393	60,413	57,771	46,152	38,791	31,255
Net cash used in investing activities	(14,263)	(30,200)	(12,944)	(19,839)	(19,907)	(20,069)
Net cash used in financing activities	(35,308)	(36,699)	(35,336)	(27,553)	(19,491)	(10,972)

Reported numbers	2019	2018 Restated	2017 Adjusted	2016 Adjusted	2015 Adjusted	2014 Adjusted
Financial Ratios						
Current Asset to Current Liability	0.23	0.16	0.26	0.16	0.17	0.24
Debt to Equity	0.62	0.50	0.63	0.87	1.19	1.12
Operating Profit Margin	46%	43%	38%	36%	35%	35%
Net Profit Margin	24%	25%	20%	19%	18%	18%
Return on Equity	92%	98%	84%	72%	64%	61%
Return on Total Assets	24%	25%	20%	17%	14%	14%
Ordinary Shares Information						
Ordinary Shares outstanding (in million)	1,350	1,350	1,350	1,350	1,350	1,350
Face Value per share	10	10	10	10	10	10
Cash Dividend on paid up capital ¹	130%	280%	205%	175%	140%	160%
Dividend payout ¹	50.86%	113%	106%	109%	99%	115%
NAV per Share ²	28.40	27.28	23.25	23.04	21.46	22.49
Net Operating Cash Flow per Share ³	42.50	44.74	42.78	34.18	28.73	23.15
Earnings Per Share ³	25.56	24.71	19.36	16.09	14.11	13.93

*Gain/loss on disposal of property, plant and equipment has been included in operating profit

¹Including proposed dividend

²Based on BDT 10 equivalent ordinary share outstanding at 31 December

³Based on weighted average number of shares of BDT 10 each

*During 2019, Grameenphone discovered some erroneous omissions with regards to sales, marketing and commission payments and associated costs relating to non-deductible expenses which affected reported numbers till 2014. To give the accurate reflection of the correction, we have adjusted the above-mentioned numbers accordingly

Inflation Adjusted numbers	2019	2018 Restated	2017 Adjusted	2016 Adjusted	2015 Adjusted	2014 Adjusted
Financial Performance (in million BDT)						Base Year
Revenue	108,339	105,666	108,074	101,910	98,444	102,663
Operating Profit	50,266	45,165	41,518	36,333	34,337	36,445
Profit before tax	48,190	43,631	39,060	32,940	32,038	33,864
Net Profit after tax	26,031	26,539	22,001	19,272	17,899	18,813
Financial Position (in million BDT)						
Paid-up Capital	13,503	13,503	13,503	13,503	13,503	13,503
Shareholders' equity	28,920	29,303	26,412	27,607	27,229	30,374
Total assets	112,169	110,344	109,575	115,784	124,471	130,673
Total liabilities	83,249	81,041	83,163	88,177	97,242	100,299
Current assets	15,837	10,635	17,383	9,707	11,209	14,865
Current liabilities	68,195	65,996	65,865	62,582	65,103	62,393
Non current assets	96,332	99,709	92,192	106,077	113,262	115,808
Non current liabilities	15,054	15,045	17,299	25,595	32,139	37,906
Cash Flows (in million BDT)						
Net cash generated from operating activities	43,283	48,057	48,612	40,947	36,454	31,255
Net cash used in investing activities	(10,757)	(24,023)	(10,892)	(17,602)	(18,708)	(20,069)
Net cash used in financing activities	(26,628)	(29,193)	(29,734)	(24,446)	(18,316)	(10,972)
Inflation Rate	5.48%	5.78%	5.44%	5.92%	6.41%	

*Inflation Rate Source: Bangladesh Bureau of Statistics

*Since inflation rates are only available for fiscal years, they have been applied for the financial years

*During 2019, Grameenphone discovered some erroneous omissions with regards to sales, marketing and commission payments and associated costs relating to non-deductible expenses which affected reported numbers till 2014. To give the accurate reflection of the correction, we have adjusted the above-mentioned numbers accordingly



Comparison of financial performance, financial position and cash flows with the peer industry scenario

Grameenphone is the only listed entity in the telecommunication industry of Bangladesh. Information about financial performance, financial position and cash flows of other major operators in the industry are not publicly available. Hence, comparative analysis with the peer industry could not be presented.

Financial and economic scenario of Bangladesh and the globe

Bangladesh continues to be a country with strong macroeconomic fundamentals reflected in GDP growth in excess of 8.13% in 2018-19¹, higher than the growth of 7.86 percent in the preceding fiscal year. This places it among the five fastest growing economies in the world². The per capita national income reached USD 1,909 in FY2018-19 from USD 1,751 a year earlier. The average inflation rate stood at 5.44 percent with moderate food inflation. High growth of the remittance flow reduced the deficit in the current account balance. During this period there has been a moderate depreciation in exchange rate of Taka against the US dollar. Foreign exchange reserve remained steady at USD 31.72 billion as of 30 November 2019³.

Strong private consumption buoyed by a recovery in remittances and public investment contributed to robust GDP growth, reflecting substantial progress in implementing large infrastructure projects, notably the Padma Bridge and Dhaka's metro rail project. Going forward, the economy is likely to slow, partly due to weak global trade. In addition, downside risks include threats from a banking system under strain from a high number of non-performing loans.

From a regional perspective Bangladesh has posted the highest growth not only in South-East Asia, but also in South Asia, outperforming both India, Pakistan, Sri Lanka as well as economies such as Vietnam and China⁴. Neighbouring India will continue to be a fast-growing big economy which is expected to positively impact regional growth. While growth in the South Asia region has softened to 5.7% in 2019 and is expected to decline further, Bangladesh will continue to perform above-average during this period.

Globally, 2019 was characterised as a tug-of-war between political conflict and macroeconomic policy. Geopolitical tensions weighed on business sentiment and prompted support from policymakers. There are growing worries about the state of the world economy especially related to the trade war between US and China. Looking ahead to 2020, global growth is still slowing, but the case for a rebound is building⁵.

Risks and Concerns related to the financial statements

Grameenphone has a structured process to identify Financial Statement risks and implement mitigating controls to ensure Financial Statement gives true and fair view of the events and transactions occurred during the period.

Grameenphone has an integrated process to review the risks arising from transaction, process, people, external and regulatory environment. Every year, Financial Statement risks are reviewed involving control and process owners to identify risks effectively so that Financial Statement assertions are met. Grameenphone follows a risk based approach where both standard and local risks are addressed. Standard Risk are those risks common to all Telenor Business Units and Local risk are Grameenphone specific risks that arises due to business process, people and the regulatory environment we operate in. Each risk is evaluated through probability and impact matrix and categorised into a four point rating scale (Very High, High, Medium and Low).

Appropriate controls are designed and embedded in the process to mitigate the identified risks to an acceptable level. 'Risk coverage' is performed every year to update the control description and enhance the control capabilities to ensure effectiveness and efficiency of risk management. Risk mitigation status is monitored through two control testing methods i.e. self-assessment and direct testing, twice a year (Interim and Year-end). Details of ICFR activity is described in the Internal Control over Financial Reporting (ICFR) section of the Annual report on page 56.

Future Plan of Grameenphone 2020

We believe that connectivity can empower societies while driving economic growth and reducing inequalities, driving the national vision of a Digital Bangladesh. Grameenphone's future plan is designed to drive us to outgrow the market with a modern, full coverage data network and personalised offers for our 75.5 million strong customer base, leveraging our strong brand built on technology leadership offering key data and digital service differentiation. We have identified the following four key priorities for 2020:

- (1) Drive revenue growth leading with voice, 4G data and digital experience, driven by 4G conversion, while scaling in B2B and ICT
- (2) EBITDA growth through structural initiatives, modernisation of distribution and scaled digital distribution

¹Bangladesh Bureau of Statistics provisional forecast

²World Bank Report 'The Bangladesh Development Update April 2019: Towards Regulatory Predictability', published April 2019, as quoted in The Daily Star

³Bangladesh Economic Review 2018-19 as published by the Ministry of Finance

⁴Regional GDP Outlook, Asian Development Bank

⁵Economist Intelligence Unit and J.P Morgan forecast

- (3) Getting the workforce future ready by up-skilling as well as re-skilling; setting key trends as one of the top employers in the market by driving a lean and responsive organisation structure
- (4) Focus on long- and short-term advocacy as well as reputation and awareness building platforms to responsibly and proactively manage the business environment

Grameenphone is well positioned and has the ability to continue contributing growth for the Bangladesh economy and our shareholders, despite challenging business environment and strong competition. We aim to deliver on our plans and ambitions with continued focus on excellence as well as smart investments.



Michael Patrick Foley
Chief Executive Officer

27 January 2020



Report to the Shareholders of Grameenphone Ltd.

(As required under the BSEC Corporate Governance Guidelines)

We have examined the compliance status to the Corporate Governance Code by Grameenphone Ltd. for the year ended on 31 December 2019. This Code relates to the Notification No,BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the Company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The Governance of the Company is satisfactory.

This is also no endorsement about quality of contents in the Annual Report of the Company for 2019.

Abu Sayeed Mohammad Nayeem, FCA
Partner
ACNABIN
Chartered Accountants

27 January 2020





Financial Statements 2019

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Independent Auditor's Report To the Shareholders of Grameenphone Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grameenphone Ltd. (the Company), which comprise the statement of financial position as at 31 December, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at 31 December, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Emphasis of matter

- a) We draw attention to Note 45(a) to the financial statements, wherein the management has explained the status of demand notice dated 02 April, 2019 for payment of BDT 125.80 billion, which was received from Bangladesh Telecommunication Regulatory Commission (BTRC) in relation to the information system audit conducted by BTRC, covering the period from the Company's inception in 1997 to 31 December, 2014 and management's assessment of such claims. Based on legal advice and management's assessment of such demands, the management has contested these demands at the Court of Bangladesh. Pending final outcome of the Court proceedings, management has concluded that a significant uncertainty exists in order to enable any reliable estimation of a potential obligation, and no provision for these demands and consequential interest thereon has been made in the accompanying financial statements.
- b) We draw attention to Note 3.18 to the financial statements which describes the impact of the adjustments related to erroneous accounting of sales, marketing expenses, commission payments and associated costs which has led to a restatement of financial statements as at and for the year ended December 31, 2018 the immediate corresponding period and as at 01 January 2018, the additional IFRS balance sheet date.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements for 2019. These matters were addressed in the context of the audit of the financial statements, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Regulatory matters

Referring to Note 45 (a) to the financial statements, the Company is subject to a number of significant claims and litigations. The amounts of claims are significant and estimates of the amounts of provisions or contingent liabilities are subject to significant management judgement.

These claims and litigations matters were a key audit matter due to the amounts involved, potential consequences and the inherent difficulty in assessing the outcome. The assessment of whether a liability should be recognised involves judgement from management.

How our audit addressed the key audit matter:

We have gained an understanding of the process of identification of claims, litigations and contingent liabilities and identified key controls in the process. For selected controls we have performed tests of controls. Moreover, we have gained an understanding of management's decision process to disclose contingent matters in the financial statements.

Our procedures also included among others:

- Discussion of material legal cases with the Company's Legal Department;
- Analyzed responses in legal letters obtained by the Company from the external legal counsels of the Company;
- Reviewed and analysed management's detailed assessment of the probability of a outcome substantiated by those legal opinions
- Sought and obtained confirmations from external legal counsel of the Company
- Read the minutes of meetings of the Board of Directors and the Board Audit Committee;
- Analyzed contingent liabilities and changes in provisions for claims and litigations;
- Assessed the circumstances which contributed to the significant uncertainties in management estimate of provisions together with the impact of the outcome of each matter
- Assessed disclosures in the financial statements of material contingencies nature and their measurement.

Implementation of IFRS 16 -Leases

With reference to Note 3.17.1 to the financial statements, 'IFRS 16 – Leases' becomes effective for annual reporting beginning on or after 01 January 2019 which replaces the existing standard IAS 17. Grameenphone Ltd. decided to adopt the modified retrospective approach for the transition accounting. The application of the new lease standard resulted in the recognition, for the 01 January 2019 opening balance sheet, of right of use of asset of BDT 61.68 billion (net value) and an increase in lease liabilities of BDT 11.58 billion, the impact of the adaptation of the new standard is disclosed in Note 3.18.1 of the notes to the financial statements.

We considered the implementation of IFRS 16 Leases as a key audit matter, since the balances recorded are material, management had to apply several judgements and estimates such as lease term, discount rates, measurement basis among others and undertake a significant data extraction exercise to summarise the lease data for input into their lease calculation model.

How our audit addressed the key audit matter:

We obtained an understanding of the management's process for implementing IFRS 16 including financial controls designed by the management to mitigate the risks assessed by us independently. We tested those relevant controls and adopted a control rely strategy. Furthermore, to mitigate the inherent risk in this audit area, our audit approach included testing of the controls and substantive audit procedures, including:

- Obtained and read the accounting policy for compliance with IFRS 16
- Obtained listing of all contracts from the management and tested the contracts on a sample basis for impact under IFRS 16. In respect of the contracts selected for testing:
 - Obtained and read bank borrowing rates correspondences
 - Tested the assumptions used in the calculation model for the sample contracts selected for testing
 - Performed test of details on a sample basis on different categories of lease for valuation of the right of use of asset and lease liability
- Assessed the disclosures within the financial statements.



Revenue recognition

Referring to Note 3.13 and Note 26 to the financial statements, Revenue of BDT 143.65 billion is recognised in the income statement of Grameenphone Ltd. This material item is subject to considerable inherent risk due to the complexity of the systems necessary for properly recording and identifying revenue and the impact of ever-changing business, price and tariff models (including tariff structures, and bundled subscription-based products). Against this background, the proper application of the accounting standards is considered to be complex and to a certain extent based on estimates and assumptions made by management.

How our audit addressed the key audit matter:

In light of the fact that the high degree of complexity and estimates and assumptions give rise to an increased risk of accounting misstatements, we assessed the Company's processes and controls for recognizing revenue as part of our audit. Our audit approach included testing of the controls and substantive audit procedures.

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

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

Uncertain tax positions

Referring to Note 45 (b) to 45(g) of the financial statements, the Company is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including indirect taxes and transaction related tax matters that could eventually require payments of taxes and possible additional charges. The assessment of uncertainty and risk of one or more unfavorable outcomes involve judgement from management.

These uncertain tax positions were a key audit matter because of the amounts involved and because of the uncertainty in estimating the final outcome of these matters.

The Company records provisions for uncertain liabilities, including tax contingencies, when it is more likely than not that a liability has been incurred, and the amount can be reliably estimated.

How our audit addressed the key audit matter:

We took into consideration the complexity of accounting and tax issues, internal controls; and gained an understanding over the entity's accounting for taxes and management's process for assessing the effectiveness of internal control over the significant income tax accounts and the related financial statement disclosures.

Our procedures also included among others:

- Obtained a listing of all ongoing tax litigations
- Discussed with the management regarding tax matters, tax jurisdictions and tax communications;
- Identified and tested relevant controls over tax accounts and financial statement disclosures;
- Obtained, read and analyzed opinions by the Company from the tax consultants and external counsels of the Company;
- Verified account reconciliations and traced demand amounts, amounts paid under protest and considered recoverable and amounts charged off on a sample basis to the underlying supporting demand notices, invoices, bank payments and trial balance.
- Analyzed the technical merits of each demand based on applicable tax provisions and considered settled tax positions in determining estimate of tax contingency made by the management.
- Obtained and read the disclosures made in the accompanying financial statements

Other information included in the Company's 2019 Annual Report

Other information consists of the information included in the Company's 2019 Annual Report other than the financial statements and our auditor's report thereon. We obtained the Director's Report, Management Discussion and Analysis, Six years financial information, and Corporate Governance report prior to the date of our auditor's report, and we expect to obtain the remaining reports of the Annual Report after the date of our auditor's report. Management is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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



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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

The financial statements for year ended December 31, 2017 based on which the opening balance sheet as on January 1, 2018 have been prepared was audited by other firm of auditors who had expressed an unmodified opinion on the financial statements for the year ended 31 December 2017 vide their report dated 29 January 2018.

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) 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 these books;
- iii) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- iv) The expenditure incurred was for the purposes of the Company's business.



A. Qasem & Co.
Chartered Accountants

Dhaka, 27 January 2020

Grameenphone Ltd.

Statement of financial position

As at 31 December 2019

		31 December 2019	31 December 2018	1 January 2018
	Notes	BDT (000)	BDT (000)	BDT (000)
			Restated	Restated
Assets				
Non-current assets				
Property, plant and equipment	4	62,396,558	69,775,619	70,483,407
Intangible assets	5	2,274,803	47,311,582	35,229,998
Right-of-use assets	6	58,028,533	-	-
Contract cost	8	4,480,157	4,438,240	5,030,346
Other non-current assets	9	555,200	3,819,233	3,848,495
Total non-current assets		127,735,251	125,344,674	114,592,246
Current assets				
Inventories	10	225,441	224,359	462,440
Trade receivables and others	11	7,013,053	7,212,047	6,922,091
Cash and cash equivalents	12	13,760,677	5,932,292	12,414,668
Total current assets		20,999,171	13,368,698	19,799,199
Total assets		148,734,422	138,713,372	134,391,445
Equity and liabilities				
Shareholders' equity				
Share capital	14	13,503,000	13,503,000	13,503,000
Share premium	15	7,840,226	7,840,226	7,840,226
Capital reserve	16	14,446	14,446	14,446
Deposit from shareholders	17	1,880	1,880	1,880
Retained earnings		16,987,853	15,476,847	12,706,682
Total equity		38,347,405	36,836,399	34,066,234
Non-current liabilities				
Lease liabilities	6	13,484,106	4,708,977	4,930,194
Loans and borrowings	18	-	2,894,157	8,539,290
Deferred tax liabilities	19	5,216,029	6,032,336	7,731,449
Employee benefits	20	936,703	1,599,122	426,466
Other non-current liabilities	21	323,957	3,678,998	423,735
Total non-current liabilities		19,960,795	18,913,590	22,051,134
Current liabilities				
Trade payables and others	22	22,676,406	26,393,337	24,225,379
Provisions	23	18,839,102	19,423,795	19,033,499
Lease liabilities	6	7,349,549	-	-
Loans and borrowings	18	2,934,284	5,759,145	5,679,626
Current tax liabilities	24	28,137,225	28,563,588	26,392,380
Other current liabilities	25	10,489,656	2,823,518	2,943,193
Total current liabilities		90,426,222	82,963,383	78,274,077
Total equity and liabilities		148,734,422	138,713,372	134,391,445

The annexed notes 1 to 46 form an integral part of these financial statements.


Director


Director


Chief Executive Officer


Company Secretary

As per our report of same date.


A. Qasem & Co.
Chartered Accountants

Dhaka, 27 January 2020



Grameenphone Ltd.
Statement of profit or loss and other comprehensive income
 For the year ended 31 December 2019

		2019	2018
		BDT (000)	BDT (000)
	Notes		Restated
Revenue	26	143,656,271	132,831,967
Cost of material and traffic charges	27	(8,465,283)	(7,329,552)
Salaries and personnel cost	28	(9,437,578)	(8,561,724)
Operation and maintenance	29	(5,898,863)	(5,584,552)
Sales, marketing and commissions	30	(13,480,018)	(14,077,660)
Revenue sharing, spectrum charges and licence fees	31	(10,107,313)	(9,570,806)
Other operating (expenses)/income	32	(6,164,349)	(8,391,513)
Depreciation and amortisation	33	(23,451,039)	(22,539,178)
		(77,004,443)	(76,054,985)
Operating profit		66,651,828	56,776,982
Finance (expense)/income	34	(2,523,060)	(1,814,496)
Foreign exchange (loss)/gain		(229,809)	(114,432)
		(2,752,869)	(1,928,928)
Profit before tax		63,898,959	54,848,054
Income tax expense	35	(29,382,199)	(21,485,486)
Profit after tax		34,516,760	33,362,568
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan	20	127,659	(351,088)
Related taxes		(51,063)	140,435
		76,596	(210,653)
Total comprehensive income for the year		34,593,356	33,151,915
Earnings per share			
Basic earnings per share (per value BDT 10 each in BDT)	36	25.56	24.71

The annexed notes 1 to 46 form an integral part of these financial statements.


 Director


 Director


 Chief Executive Officer


 Company Secretary

As per our report of same date.


 A. Qasem & Co.
 Chartered Accountants

Dhaka, 27 January 2020



Grameenphone Ltd.
Statement of changes in equity
for the year ended 31 December 2019

	Share capital	Share premium	Capital reserve	Deposit from shareholders	Retained earnings	Total
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Balance as at 01 January 2018	13,503,000	7,840,226	14,446	1,880	13,761,900	35,121,452
Adjustment on initial application of IFRS 15 as at 01 January 2018	-	-	-	-	2,678,149	2,678,149
Impact of correction of errors	-	-	-	-	(3,733,367)	(3,733,367)
Restated balance as at 01 January 2018	13,503,000	7,840,226	14,446	1,880	12,706,682	34,066,234
Transactions with the equity holders:						
Final dividend for 2017	-	-	-	-	(13,503,000)	(13,503,000)
Interim dividend for 2018	-	-	-	-	(16,878,750)	(16,878,750)
Total comprehensive income for 2018						
Profit for the year (Restated)	-	-	-	-	33,362,568	33,362,568
Other comprehensive income/(loss)	-	-	-	-	(210,653)	(210,653)
Balance as at 31 December 2018	13,503,000	7,840,226	14,446	1,880	15,476,847	36,836,399
Balance as at 01 January 2019	13,503,000	7,840,226	14,446	1,880	15,476,847	36,836,399
Transactions with the equity holders:						
Final dividend for 2018	-	-	-	-	(20,929,650)	(20,929,650)
Interim dividend for 2019	-	-	-	-	(12,152,700)	(12,152,700)
Total comprehensive income for 2019						
Profit for the year	-	-	-	-	34,516,760	34,516,760
Other comprehensive income/(loss)	-	-	-	-	76,596	76,596
Balance as at 31 December 2019	13,503,000	7,840,226	14,446	1,880	16,987,853	38,347,405



Grameenphone Ltd.

Statement of cash flows

For the year ended 31 December 2019

	2019	2018
	BDT (000)	BDT (000)
Cash flows from operating activities		
Cash receipts from customers	144,125,682	132,599,654
Payroll and other payments to employees	(9,961,845)	(7,780,088)
Payments to suppliers, contractors and others	(44,161,847)	(42,241,425)
Interest received	597,542	398,295
Interest paid	(2,530,502)	(1,690,713)
Income tax paid	(30,675,929)	(20,872,955)
	(86,732,581)	(72,186,886)
Net cash generated from operating activities	57,393,101	60,412,768
Cash flows from investing activities		
Payment for acquisition of property, plant and equipment, Right-of-use and intangible assets	(14,457,903)	(30,378,864)
Proceeds from sale of property, plant and equipment	194,606	179,266
Net cash used in investing activities	(14,263,297)	(30,199,598)
Cash flows from financing activities		
Payment of long-term loan	(5,848,364)	(5,833,955)
Payment of dividend	(26,301,675)	(30,381,750)
Payment of lease liabilities	(3,157,864)	(483,089)
Net cash used in financing activities	(35,307,903)	(36,698,794)
Net change in cash and cash equivalents	7,821,901	(6,485,624)
Cash and cash equivalents as at 01 January	5,932,292	12,414,668
Effect of exchange rate fluctuations on cash held	6,484	3,248
Cash and cash equivalents as at 31 December (Note 12)	13,760,677	5,932,292

Overview

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1 Corporate information

Grameenphone Ltd. (hereinafter referred to as “Grameenphone”/“GP”/“the Company”) is a public limited company incorporated in Bangladesh in 1996 under the Companies Act 1994 and has its registered address at GPHOUSE, Bashundhara, Baridhara, Dhaka 1229. Grameenphone was initially registered as a private limited company and subsequently converted into a public limited company on 25 June 2007. During November 2009, Grameenphone listed its shares with both Dhaka and Chittagong Stock Exchanges. The immediate parent of Grameenphone is Telenor Mobile Communications AS and the ultimate parent is Telenor ASA; both the companies are incorporated in Norway.

The Company is primarily involved in providing mobile telecommunication services (voice, data and other related services), along with digital services in Bangladesh. The company also provides international roaming services through international roaming agreements with various operators of different countries across the world.

2 Basis of preparation

These financial statements are individual financial statements of Grameenphone, and have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 1987, relevant guidelines issued by the Bangladesh Securities and Exchange Commission, Financial Reporting Act, 2015 and other applicable laws in Bangladesh. These individual financial statements present the financial position and performance of Grameenphone and its investment in Accenture Communications Infrastructure Solutions Ltd. (ACISL) being accounted for under the equity method in accordance with IAS 28 Investment in Associates and Joint Ventures.

In accordance with the requirements of IAS 36 Impairment of Assets, the carrying amount of investment in ACISL as at 31 October 2016 has been fully impaired and no further share of loss has been recognised in line with paragraph 39 of IAS 28 Investment in Associates and Joint Ventures. The assessment of recoverable amount from investment in associate remained unchanged as at 31 December 2019. Hence, for understanding of Grameenphone’s stand-alone financial performance, a separate statement of profit or loss and other comprehensive income is not necessary.

These financial statements have been prepared on going concern basis. Unless otherwise specifically mentioned, historical cost principle has been followed for the purpose of these financial statements.

Authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the company on 27 January 2020.

2.1 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the company operates (‘the functional currency’). These financial statements are presented in Bangladesh Taka (“BDT”) which is also the functional currency of the Company. The amounts in these financial statements have been rounded off to the nearest BDT in thousand (BDT’000) except otherwise indicated. As a result of these rounding off, in some instances the totals may not match the sum of individual balances.

2.2 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

1. The company has recognised Right-of-use assets as per IFRS 16 which required management to make important judgements in determination of lease terms. For details, please see Note 3.17.1 and Note 6 to these financial statements.
2. The company has significant influence over Accenture Communications Infrastructure Solutions Ltd. (ACISL).



Estimates and assumptions

Key estimates and assumptions used in preparation of these financial statements are:

1. Applicable tax rate for Income Year 2019 will be declared by Finance Act 2020. For the purpose of these financial statements, management has assumed that the existing corporate tax rate (40%) will be applicable for Income Year 2019 as well.
2. Appropriate financial and demographic assumptions have been used in consultation with a certified actuary to measure defined benefit obligation as at 31 December 2019.
3. Key assumptions about the likelihood and magnitude of outflow of resources have been used to recognize and measure provisions and contingencies.
4. Recoverable amount of Investment in Associate.
5. Significant uncertainty exists on the validity and outcome of the dispute with regard to the demand arisen out of BTRC Audit. Note 45 (a) discuss the issue in details.

3 Significant accounting policies

Accounting policies set out below have been applied consistently to all years presented in these financial statements. Comparative information has been rearranged wherever considered necessary to conform to the current year's presentation.

3.1 Current versus non-current classification

The company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- i) expected to be realised or intended to be sold or consumed in normal operating cycle, or
- ii) expected to be realised within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- i) expected to be settled in normal operating cycle, or
- ii) due to be settled within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.2 Offsetting

The company reports separately both assets and liabilities, and income and expenses, unless required by an applicable accounting standard or offsetting reflects the substance of the transaction and such offsetting is permitted by applicable accounting standard.

Cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity and cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short, are presented net in the statement of cash flows.

3.3 Cash dividend to the equity holders

The company recognises a liability to pay cash dividend when the distribution is authorised and the distribution is no longer at the discretion of the company. As per the corporate laws in Bangladesh, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the company in the management of its short term commitments.

3.5 Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner. Cost also includes initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located and capitalised borrowing costs. The obligations for costs of dismantling and removing the item and restoring the site (generally called 'asset retirement obligation') are recognised and measured in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When major parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(b) Subsequent costs

The cost of replacing or upgradation of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the item will flow to the company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(c) Depreciation

No depreciation is charged on land and capital work in progress (CWIP) as the land has unlimited useful life and CWIP has not yet been placed in service.

Depreciation on other items of property, plant and equipment is recognised on a straight-line basis over the estimated useful life of each item of property, plant and equipment. The range of estimated useful lives shown below depends on sub-category of the assets under the broad category. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term. Depreciation method, useful lives and residual values are reviewed at each year-end and adjusted if appropriate. The estimated useful lives of the items of property, plant and equipment for the current and comparative periods are as follows:

	2019	2018
	years	years
Own assets:		
Building	10 -50	10 -50
Base station - equipment	3-10	3-10
Base station - tower, fibre optic network and related assets	7- 30	7- 30
Transmission equipment	5-10	5-10
Computers and other IT equipment	3-4	3-4
Furniture and fixtures (including office equipment)	3-5	3-5
Vehicles	4	4
Right-of-use assets:*		
Fibre Optic Network (FON)	-	22.5 - 30
Spectrum-2008	-	18
Telecom licence and spectrum -2011	-	15
3G licence and spectrum	-	15
4G licence and spectrum	-	15

* Right-of-use assets are recognised as a part of initial adoption of IFRS 16. As a result, some certain intangibles are disclosed here instead of presenting them under intangibles.



(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

(e) Capital work in progress

Capital work in progress consists of unfinished work at sites and capital inventory. Spare parts expected to be used for more than one year are treated as capital work in progress. In case of import of components, capital work in progress is recognised when risks and rewards associated with such assets are transferred to the company.

(f) Capitalisation of borrowing costs

As per the requirements of IAS 23 Borrowing Costs, directly attributable borrowing costs are capitalised during construction period for all qualifying assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.6 Intangible assets**(a) Recognition and measurement**

Intangible assets that are acquired by the company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Intangible assets are recognised when all the conditions for recognition as per IAS 38 Intangible Assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the profit or loss as incurred.

Development activities involve a plan or design for the production of new and substantially improved products and processes. Development expenditures, on an individual project, are recognised as an intangible asset when the company can demonstrate all of the following:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Other development expenditures are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is placed in service. It is amortised over the period of expected future economic benefits. During the period of development, the asset is tested for impairment annually.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

(b) Subsequent costs

Subsequent costs are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other costs are recognised in profit or loss as incurred.

(c) Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets. The estimated useful lives are as follows:

Software and others:

Pulse Code Modulation (PCM)
Billing software
Other operational software
Network management software

2019	2018
years	years
5	5
5	5
3-7	3-7
-	7

Amortisation methods, useful lives and residual values are reviewed at each year-end and adjusted, if appropriate.

(d) Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in profit or loss.

3.7 Investment in associate

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not to exercise control or joint control over those policies. Investment in associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the investor's share of net assets of the associate since the acquisition date. The statement of profit or loss and other comprehensive income reflects the investor's share of the results of operations of the associate. Any change in other comprehensive income (OCI) of the investee is presented as part of the investor's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the investor recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the investor and the associate are eliminated to the extent of the interest in the associate.

Share of profit/loss of associate is not recognised in Grameenphone's individual financial statements until it is realised through dividend. Dividend income is recognised when Grameenphone's right to receive payment is established.

3.8 Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on Grameenphone's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or Fair Value Through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Trade receivables are classified as Financial assets measured at amortised cost.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities. Grameenphone measures loss allowances at an amount equal to ECL from trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, Grameenphone considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on Grameenphone's historical experience and informed credit assessment and including forward-looking information.

Grameenphone considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the company in full, without recourse by Grameenphone to actions such as realising security (if any is held).

Measurement of Expected Credit Losses (ECL)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact

on the estimated future cash flows of the financial asset have occurred. Grameenphone uses Lifetime Expected Credit Loss method for Trade receivables.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Impairment losses related to trade receivables and others, including contract assets, are presented separately in the notes to the financial statement.

3.9 Inventories

Inventories consisting of scratch cards, SIM cards, mobile handsets, data cards and other devices are valued at lower of cost and net realisable value. Cost of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories is determined by using the weighted average cost formula. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying amount of inventories to the lower of cost and net realisable value. Net realisable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.10 Employee benefits

The company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective trust deeds and rules. Both of the plans are funded and are recognised/approved under Income Tax Ordinance 1984.

(a) Defined contribution plan (provident fund)

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contribution to defined contribution plans are recognised as an employee benefit expense in profit or loss in the period during which related services are rendered by employees. Advance contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which employees render the services are discounted to the present value.

Grameenphone has a separate recognised provident fund scheme. All permanent employees of Grameenphone contribute 10% of their basic salary to the provident fund and the company makes matching contributions.

The company recognises contribution to defined contribution plan as an expense when an employee has rendered related services in exchange for such contribution. The legal and constructive obligation is limited to the amount Grameenphone agrees to contribute to the fund.

(b) Defined benefit plan (gratuity fund)

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The employee gratuity plan is considered as defined benefit plan as it meets the recognition criteria. The company's obligation is to provide the agreed benefits to current and former employees.

The net defined benefit liability (asset) in respect of a defined benefit plan is recognised in the statement of financial position. The net defined benefit liability (asset) is made up of:

- i) the present value of defined benefit obligation; less
- ii) the fair value of plan assets; adjusted for
- iii) any effect of limiting a net defined benefit asset to the asset ceiling.

Present value of defined benefit obligation is determined by professional actuary. Projected Unit Credit method is used to measure the present value of defined benefit obligations and related current and past service cost by using mutually compatible actuarial assumptions about demographic and financial variables.

Current service cost, past service cost and gain/loss on settlement and net interest on the net defined benefit liability (asset) are recognised in profit or loss. Service cost and gain/loss on settlement are classified as personnel expense and net interest on the net defined benefit liability (asset) is classified as financial expense.



Remeasurements of the net defined liability (asset) are recognised in other comprehensive income, comprising:

- i) actuarial gains and losses;
- ii) return on plan asset, excluding amounts included in net interest on the net defined benefit liability (asset); and
- iii) any change in the effect of the asset ceiling excluding amounts included in net interest on the net defined benefit liability (asset).

Relevant tax impacts of such remeasurements are also recognised under other comprehensive income.

(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. A provision is recognised for the amount of annual leave encashment based on the latest basic salary.

3.11 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(a) Current tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The tax rates used for the reporting periods are as follows:

Year	Tax rate
2019	40%
2018	40%

(b) Deferred tax

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

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

3.12 Accruals, provisions and contingencies

(a) Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. Accruals are reported as part of trade payables and others.

(b) Provisions

A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Asset Retirement Obligations (ARO)

Asset Retirement Obligations (ARO) are recognised when there is a legal or constructive obligation as a result of past event for dismantling and removing an item of property, plant and equipment and restoring the site on which the item is located and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the provision is recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated expected cost of decommissioning, discounted to its present value. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The company recognises ARO in respect of roof-top base station and office space. The periodic unwinding of the discount is recognised in profit or loss as a finance cost as it occurs.

(c) Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. We recognise any amount as an asset only if recovery of that amount is virtually certain.

Contingent liabilities and assets are not recognised in the statement of financial position of the company. Significant contingencies are disclosed in the notes to the financial statements.

3.13 Revenue from contract with customers

Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognizes revenue when it satisfies a performance obligation by transferring control over goods or services to a customer.

The company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

Nature of goods and services

The following is a description of the principal activities from which the company generates its revenue

(a) Subscription and traffic fees

Revenues from subscription fees are recognised over the subscription period while revenues from voice and non-voice services are recognised upon actual use. Consideration from the sale of prepaid cards to customers where services have not been rendered at the reporting date is deferred until actual usage or when the cards expire or airtime balances are forfeited.

(b) Connection fees

A connection fee received in the beginning is not considered a separate performance obligation as the connection or SIM card is not a distinct goods or service that is delivered initially. Connection fees that are charged and not allocated to the other elements of an arrangement are deferred and recognised over the periods in which the fees are expected to be earned. The earning period is the average expected lifetime of the customer i.e. four years.

(c) Commission income

The Company recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for other parties to provide goods or services. The Company's fee or commission might be the net amount of consideration that it retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

(d) Customer equipment

The company recognises revenue when it satisfies a performance obligation by transferring a promised good (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.



(e) Discounts

Discounts are often provided in the form of cash discounts or free products and services delivered by the company or by external parties. Discounts are recognised on a systematic basis over the period the discount is earned. Cash discounts or free products and services given as part of sales transactions are recognised as a reduction of revenue. Free products or services provided that are not related to sales transactions are recognised as expenses. Discounts are recognised when they are earned and not when they are awarded i.e. at the same time when the underlying services are delivered to which those discounts relate.

(f) Multiple element arrangement

Multiple element arrangements or bundled offers are sales arrangements that require the company to deliver more than one product and/or perform more than one service, often over an extended period of time. The characteristics of such arrangements mean that the company must determine if the different elements in a package can be separated from one another - i.e. can be considered distinct performance obligations. The total contract price is then to be allocated to the distinct performance obligations, and revenue is to be recognised in accordance with satisfaction of the performance obligations.

The transaction price is allocated to separate performance obligations in a contract based on relative standalone selling prices. The requirement to allocate revenue on a relative stand-alone selling price basis may result in similar goods and services (e.g. a particular customer equipment or a particular service plan) being allocated different amounts of revenue depending on how the products and service plans are bundled into the arrangement.

Stand-alone selling price for the equipment would be list-price when sold by the company on a stand-alone basis (not in a bundle). If the company does not sell the equipment separately, the stand-alone selling price is to be estimated.

(g) Interest and dividend income

Interest income is accrued on a time proportion basis that reflects an effective yield on the financial asset. Dividend income from an investment is recognised when the company's rights to receive payment is established (declared by the Annual General Meeting of the investee or otherwise).

Contract Costs

Contract costs are costs that are incremental to obtaining a contract with a customer or costs that are directly related to fulfilling a specified contract with a customer (fulfillment costs). Incremental costs of obtaining a contract with a customer is recognised as an asset if the expectation is that the costs will be recoverable except for incremental costs that would have been amortised in a year or less. These may be expensed as incurred.

Contract costs is capitalised as assets and amortised in a way that is consistent with the transfer of the related goods and services. Customer acquisition costs for Grameenphone includes SIM cost, different commissions and other directly attributable costs related to acquisition of customers.

Management expects that customer acquisition cost are recoverable. In the comparative period, such costs were capitalized but to the extent of connection revenue earned. These costs are amortized over the average expected lifetime of the customer i.e. four years.

Determination of agent and principal

The determination of whether the company is acting as a principal or as an agent in a transaction is based on an evaluation of the substance of the transaction, the responsibility for providing the goods or services, setting prices, form of consideration and exposure to credit risk. When another party is involved in providing goods or services to a customer, the entity shall determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the entity is a principal) or to arrange for the other party to provide those goods or services (i.e. the entity is an agent). Where the company acts as a principal, the revenues are recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customers, after trade discounts, with any related expenses charged as operating costs. Where the company acts as an agent, the expenses are offset against the revenues and the resulting net revenues represent the margins or commissions earned for providing services in the capacity of an agent.

Licence fees payable to Bangladesh Telecommunication Regulatory Commission (BTRC) that are calculated on the basis of revenue share arrangements are not offset against the revenues. Instead, they are recognised as operating costs because the company is considered to be the primary obligor.

Customer loyalty programme

Nature and timing of satisfaction of performance obligations

Customers who purchase GP's products or services and fulfill certain conditions enter the Company's customer loyalty programme and earn points. The points are redeemable against any future purchases of the Company's or third party's products or services at customers' discretion. The loyalty points accumulate on cumulative basis and expire after two years where remaining days of current year will be counted as one year. Further, all the accumulated points expire when a subscriber stops using MyGP App for a consecutive period of three months. However, no loyalty point are awarded when a subscriber stops using MyGP App for a consecutive period of one month.

Revenue recognition

GP segregates the monetary value equivalent of the loyalty points as unearned revenue. At subsequent redemption of the loyalty points, nature wise revenue is recognised i.e. where such points are used by customers. Where customer chooses to avail third party goods or services then accounting is done after analyzing agent principal relationship. For expired loyalty points, revenue is recognised at expiry.

3.14 Foreign currency transactions

The financial statements are presented in BDT, which is company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies at the date of statement of financial position are translated into BDT at the exchange rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss as per IAS 21 The Effects of Changes in Foreign Exchange Rates.

3.15 Earnings per share

The company presents basic and diluted (when dilution is applicable) earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period, adjusted for the effect of change in number of shares for bonus issue, share split and reverse split. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods.

3.16 Events after the reporting period

Amounts recognised in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events are disclosed in the financial statements.

3.17 Changes in significant accounting policies

3.17.1 IFRS 16 Leases

3.17.1.1 Nature and effect of changes

(a) Definition of a lease

Previously, Grameenphone determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, Grameenphone assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3.17.1.2.

On transition to IFRS 16, Grameenphone evaluated all types of contracts to assess whether a contract is or contains, a lease at the date of initial application.

As a Lessee

As a lessee, Grameenphone previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to Grameenphone. Under IFRS 16, Grameenphone recognises right-of-use assets and lease liabilities for all leases.



(i) Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at Grameenphone's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

(ii) Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17.

As a lessor

Grameenphone is not required to make any adjustments on transitions to IFRS 16 for leases in which it acts as a lessor.

Telecom licence and spectrum

Grameenphone decided to apply IFRS 16 on telecom licence and spectrum and reclassified the carrying amounts of intangible assets to right-of-use assets at 1 January 2019. Annual licence renewal fees for the remaining of the licence periods have also been capitalized as right-of-use assets at 1 January 2019.

Impacts on financial statements

Grameenphone has lease contracts related to the mobile networks (mainly space in BTS), land, rooftop, buildings and fibre optic network. The table below show the impacts arising from IFRS 16 on the opening balance.

Leases	As at 01 January 2019 in BDT (000)			
	Lease liabilities	Prepayments	Lease Equalization Reserve	ROU assets
Annual licence renewal fees	864,156	89,105	-	953,261
Base transceiver station - Green Field	1,448,156	130,050	814,400	763,806
Base transceiver station - Roof Top	2,735,928	235,113	128,717	2,842,324
Infrastructure sharing site	5,923,282	-	-	5,923,282
Office/residential space	609,725	112,224	41,031	680,918
	11,581,247	566,492	984,148	11,163,591
Transfer/Reclassification				
Fibre optical network (Bangladesh railway)	4,931,494	-	-	4,826,005
Telecom licence and spectrum	4,743,695	-	-	45,693,526
	9,675,189	-	-	50,519,531
Total	21,256,436	566,492	984,148	61,683,122

As at 1 January 2019:

- Right-of-use assets of BDT 61,683,122,418 were recognised and presented separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of BDT 4,826,005,298 that were reclassified from property, plant and equipment and telecom license and spectrum of BDT 45,693,526,284 that were reclassified from Intangible assets.
- Additional lease liabilities of BDT 11,581,245,963 were recognised and liabilities related to spectrum of BDT 4,743,694,827 was reclassified to lease liabilities.
- Lease liabilities of BDT 9,675,189,146 for fibre optical network and telecom licence and spectrum were reclassified from trade payables and others to lease liabilities.
- Prepayments of BDT 566,492,544 and lease equalisation reserve of BDT 984,147,671 related to previous operating leases were adjusted with lease liability to arrive at right-of-use asset.

When measuring lease liabilities, Grameenphone discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 10.10%.

Operating lease commitments disclosed applying IAS 17 as of 31 December 2018 discounted using the incremental borrowing rate as of 1 January 2019 amounts to BDT 2,636,776,023. Lease liabilities recognised in the statement of financial position as of 1 January 2019 amounts to BDT 21,256,435,109. The difference between these amounts is due to lease

liabilities of BDT 8,080,314,292 arising from the remaining period of the lease term other than non-cancellable period, lease liabilities of BDT 864,155,648 arising from annual licence renewal fees, finance lease liabilities of BDT 4,931,494,319 and reclassified liability for spectrum of BDT 4,743,694,827

Reconciliation

	In BDT (000)
Operating lease commitment as at 31 December as disclosed in the financial statements	4,147,111
Discounted using the incremental borrowing rate at 01 January 2019	2,636,776
Finance lease liabilities recognised as at 31 December 2018	4,931,494
Liability for spectrum acquisition	4,743,695
Lease liabilities for remaining lease term other than non-cancellable period	8,080,314
Lease liability for annual licence renewal fees	864,156
Lease liabilities recognised as at 01 January 2019	21,256,435

- (b) The following summarises the impacts of adopting IFRS 16 on the Grameenphone's statement of financial position as at 31 December 2019, statement of profit or loss and other comprehensive income and statement of cash flows for the year then ended for each of the line items affected.

Impact on the statement of financial position

As at 31 December 2019 in BDT (000)

	As reported	Adjustments	Amounts without adoption of IFRS 16
Assets			
Non-current assets			
Property, plant and equipment	62,396,558	4,387,159	66,783,717
Intangible assets	2,274,803	44,453,857	46,728,660
Right of Use Assets	58,028,533	(58,028,534)	(1)
Total non-current assets	127,735,251	(9,187,518)	118,547,733
Current assets			
Trade receivables and others	7,013,053	538,454	7,551,507
Total current assets	20,999,171	538,454	21,537,625
Total assets	148,734,422	(8,649,065)	140,085,357
Equity and liabilities			
Shareholders' equity			
Retained earnings	16,987,853	106,126	17,093,979
Total equity	38,347,405	106,126	38,453,531
Non-current liabilities			
Lease liabilities	13,484,106	(9,046,710)	4,437,396
Deferred tax liabilities	5,216,029	70,751	5,286,780
Other non-current liabilities	323,957	2,220,438	2,544,395
Total non-current liabilities	19,960,795	(6,755,521)	13,205,274
Current liabilities			
Trade payables and others	22,676,406	5,349,881	28,026,287
Lease liabilities	7,349,549	(7,349,549)	-
Total current liabilities	90,426,222	(1,999,668)	88,426,554
Total equity and liabilities	148,734,422	(8,649,064)	140,085,358



Impact on the statement of profit or loss and other comprehensive income**For the year ended 31 December 2019 in BDT (000)**

	As reported	Adjustments	Amounts without adoption of IFRS 16
Revenue	143,656,271	-	143,656,271
Operation and maintenance	(5,898,863)	(11,016)	(5,909,879)
Revenue sharing, spectrum charges and licence fees	(10,107,313)	(149,480)	(10,256,793)
Other operating (expenses)/income	(6,164,349)	(3,171,105)	(9,335,454)
Depreciation and amortisation	(23,451,039)	2,412,732	(21,038,307)
Others	(31,382,879)	-	(31,382,879)
	(77,004,443)	(918,869)	(77,923,312)
Operating profit	66,651,828	(918,869)	65,732,959
Finance (expense)/income	(2,523,060)	1,095,745	(1,427,315)
Foreign exchange (loss)/gain	(229,809)	-	(229,809)
	(2,752,869)	1,095,745	(1,657,124)
Profit before tax	63,898,959	176,876	64,075,835
Income tax expense	(29,382,199)	(70,751)	(29,452,950)
Profit after tax	34,516,760	106,126	34,622,886
Total comprehensive income for the year	34,593,356	106,126	34,622,886

Impact on the statement of cash flows**For the year ended 31 December 2019 in BDT (000)****Cash flows from operating activities**

Cash receipts from customers	144,125,682	-	144,125,682
Payments to suppliers, contractors and others	(44,161,847)	(2,877,776)	(47,039,623)
Interest paid	(2,530,502)	790,597	(1,739,905)
Net cash generated from operating activities	57,393,101	(2,087,179)	55,305,922

Cash flows from investing activities

Payment for acquisition of property, plant and equipment, right of use and intangible assets	(14,457,903)	125,090	(14,332,813)
Net cash used in investing activities	(14,263,297)	125,090	(14,138,207)

Cash flows from financing activities

Payment of lease liabilities	(3,157,864)	1,962,089	(1,195,775)
Net cash used in financing activities	(35,307,903)	1,962,089	(33,345,814)

Net change in cash and cash equivalents

Net change in cash and cash equivalents	7,821,901	(0)	7,821,901
Cash and cash equivalents as at 01 January	5,932,292	-	5,932,292
Effect of exchange rate fluctuations on cash held	6,484	-	6,484
Cash and cash equivalents as at 31 December	13,760,677	(0)	13,760,677

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3.17.1.2 Accounting policy

Grameenphone has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The impact of changes is disclosed in Note 3.1.1.1 (b).

Policy applicable from 1 January 2019

At inception of a contract, Grameenphone assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, Grameenphone assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- Grameenphone has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- Grameenphone has the right to direct the use of the asset. Grameenphone has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, Grameenphone has the right to direct the use of the asset if either:
 - (i) Grameenphone has the right to operate the asset; or
 - (ii) Grameenphone designed the asset in a way that predetermines how and for what purpose it will be used.

The policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on the reassessment of a contract that contains a lease component, Grameenphone allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. As a practical expedient, fixed non-lease components embedded in the lease contract are not separated and recognised as part of lease liabilities and right-of-use assets.

Telecom licence and spectrum

Grameenphone has chosen to apply IFRS 16 on telecom license and spectrum which was earlier accounted for under IAS 38 Intangible Assets.

Grameenphone as a lessee

Grameenphone recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using the straight line methods from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Grameenphone's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index rate as the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that Grameenphone is reasonably certain to exercise, lease payments in an optional renewal period if Grameenphone is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Grameenphone is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Grameenphone's estimate of the amount expected to be payable under a residual value guarantee, or if Grameenphone changes its assessment of whether it will exercise purchase, extension or termination option.



When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right to use asset, or is recorded in profit or loss if the carrying amount of the right to use asset has been reduced to zero.

Grameenphone presents right of use assets and lease liabilities as separate captions in the statement of financial position.

Short-term leases and leases of low-value assets

Grameenphone has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets for which the underlying asset is of BDT 400,000 or less. Grameenphone recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

Grameenphone determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Grameenphone applies judgement in evaluating whether it is reasonably certain to exercise an option not to terminate the lease and an option to renew a lease contract. Grameenphone considers all relevant factors before exercising any option. After the commencement date, Grameenphone reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the options (e.g. a change in business strategy).

Grameenphone considered the lease term for active leases at the date of initial application as maximum of 5 years or remaining non-cancellable period from 1 January 2019 by considering changes in technology, development in regulatory environment etc. Leases which will expire before 5 years from 1 January 2019, the lease term has been considered upto the expiry of lease.

Leases which commence on or after 1 January 2019, the lease term will be limited to either their non-cancellable period or 31 December 2023 whichever is later.

Grameenphone as a lessor

When Grameenphone acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, Grameenphone makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, Grameenphone considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, Grameenphone applies IFRS 15 to allocate the consideration in the contract.

Grameenphone recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

Sub lease

When Grameenphone is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which Grameenphone applies the exemption described in "Short-term leases and leases of low-value assets", then it classifies the sub-lease as an operating lease.

Grameenphone as an intermediate lessor accounts for the sublease as follows:

- (i) if the sublease is classified as an operating lease, Grameenphone continues to account for the lease liability and right-of-use asset on the head lease like any other lease; or
- (ii) if the sublease is classified as a finance lease, Grameenphone derecognises the right-of-use asset on the head lease at the sublease commencement date and continues to account for the original lease liability in accordance with the lessee accounting model. Grameenphone, as the sublessor, recognizes a net investment in the sublease.

The accounting policies applicable to Grameenphone as a lessor in the comparative period were not different from IFRS 16. However, when Grameenphone was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

3.18 Correction of errors

Grameenphone has discovered some erroneous omissions with regards to sales, marketing and commission payments and associated costs relating to non-deductible expenses for prior periods. As a consequence, its sales, marketing and commission expenses and associated non-deductible costs were understated. The errors have been corrected by restating each of the affected financial statements line items.

The following tables summarizes the impacts on the GP's financial statements.

Statement of financial position

1 January 2018	Impact of correction of error		
	As previously reported*	Adjustments	As restated
In BDT (000)			
Total assets	134,391,445	-	134,391,445
Provisions	15,257,270	3,776,229	19,033,499
Current tax liabilities	26,435,242	(42,862)	26,392,380
Others	54,899,332	-	54,899,332
Total liabilities	96,591,844	3,733,367	100,325,211
Retained earnings	16,440,049	(3,733,367)	12,706,682
Others	21,359,552	-	21,359,552
Total equity	37,799,601	(3,733,367)	34,066,234

31 December 2018

31 December 2018	Impact of correction of error		
	As previously reported*	Adjustments	As restated
In BDT (000)			
Total assets	138,713,372	-	138,713,372
Provisions	14,906,423	4,517,372	19,423,795
Current tax liabilities	27,550,278	1,013,310	28,563,588
Others	53,889,590	-	53,889,590
Total liabilities	96,346,291	5,530,682	101,876,973
Retained earnings	21,007,529	(5,530,682)	15,476,847
Others	21,359,552	-	21,359,552
Total equity	42,367,081	(5,530,682)	36,836,399

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

For the year ended 31 December 2018	Impact of correction of error		
	As previously reported*	Adjustments	As restated
In BDT (000)			
Sales, marketing and commissions	(13,475,388)	(602,271)	(14,077,659)
Finance (expense)/income	(1,675,624)	(138,872)	(1,814,496)
Income tax expense	(20,429,314)	(1,056,173)	(21,485,487)
Other	70,740,210	-	70,740,210
Profit	35,159,884	(1,797,316)	33,362,568
Total comprehensive income	34,949,231	(1,797,316)	33,151,915

*Balance as of 1 January 2018 includes adjustment and reclassification on initial application of IFRS 15 as at 1 January 2018.



4 Property, plant and equipment

31 December 2019

Name of assets	Cost			Depreciation			Carrying amount		
	As at 01 January 2019	Additions during the year	Disposals/ Adjustments during the year	Reclassification during the year	As at 31 December 2019	Charged during the year		Disposals/ Adjustments during the year	Reclassification during the year
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Land (Note 4.1)	807,050	203,558	-	-	1,010,608	-	-	-	1,010,608
Building	4,048,914	12,269	(14,807)	-	4,046,376	212,614	(11,493)	-	2,242,049
Base station	130,659,066	11,226,383	(7,718,604)	-	134,166,845	10,480,889	(7,618,457)	-	87,852,157
Transmission equipment	37,321,905	732,959	(4,686,329)	-	33,368,535	2,612,979	(4,686,214)	-	29,106,971
Computers and other IT equipment	7,965,572	715,450	(522,194)	-	8,158,828	978,453	(521,422)	-	6,518,470
Furniture and fixtures (including office equipment)	3,014,847	131,389	(212,978)	-	2,933,258	204,892	(212,978)	-	2,565,090
Vehicles	1,835,407	88,119	(428,876)	-	1,494,650	137,762	(338,235)	-	990,262
Capital work in progress (Note 4.2)	185,652,761	13,110,127	(13,583,788)	-	185,179,100	14,627,589	(13,388,799)	-	128,837,277
	6,895,340	12,269,521	(13,110,126)	-	6,054,735	-	-	-	6,054,735
	192,548,101	25,379,648	(26,693,914)	-	191,233,835	14,627,589	(13,388,799)	-	128,837,277
Fibre Optic Network under finance lease	10,384,982	-	-	(10,384,982)	-	-	-	(5,558,977)	-
	202,933,083	25,379,648	(26,693,914)	(10,384,982)	191,233,835	14,627,589	(13,388,799)	(5,558,977)	128,837,277
									62,396,558

4.1 Land

Land represents freehold land acquired for office premises and base stations.

4.2 Capital work in progress (CWIP)

This represents primarily the cost of network equipment under construction and capital inventory.

4.2.1 Capital work in progress - transferred

The amount of CWIP completed and transferred during the year to the corresponding items of property, plant and equipment was as follows:

Name of assets	2019	2018
	BDT (000)	BDT (000)
Land (Note 4.1)	203,558	-
Building	12,269	-
Base station	11,226,383	14,890,134
Transmission equipment	732,959	1,985,469
Computers and other IT equipment	715,450	996,526
Furniture and fixtures	131,389	197,359
Vehicles	88,119	164,503
	13,110,127	18,233,991

4.2.2 Capital work in progress - components

Capital work in progress as at 31 December 2019 included capital inventory of BDT 3,409,990,777 (2018: BDT 3,495,069,519) and work-in-progress of BDT 2,644,744,150 (2018: BDT 3,400,270,450).

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5 Intangible assets

31 December 2019

Name of assets	Cost					Depreciation					Carrying amount
	As at 01 January 2019	Additions during the year	Disposals/ Adjustments during the year	Reclassification during the year	As at 31 December 2019	As at 01 January 2019	Charged during the year	Disposals/ Adjustments during the year	Reclassification during the year	As at 31 December 2019	
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Software and others (Note 5.1)	10,245,735	1,244,563	-	-	11,490,298	8,924,554	981,884	-	-	9,906,438	1,583,860
Telecom licence and spectrum (Note 5.2)	70,187,066	-	-	(70,187,066)	-	24,493,540	-	(24,493,540)	-	-	-
Capital work in progress (Note 5.3)	80,432,801	1,244,563	-	(70,187,066)	11,490,298	33,418,094	981,884	-	(24,493,540)	9,906,438	1,583,860
	296,875	1,638,631	(1,244,563)	-	690,943	-	-	-	-	-	690,943
	80,729,676	2,883,194	(1,244,563)	(70,187,066)	12,181,241	33,418,094	981,884	-	(24,493,540)	9,906,438	2,274,803

31 December 2018

Name of assets	Cost					Depreciation					Carrying amount
	As at 01 January 2018	Additions during the year	Disposals/ Adjustments during the year	Reclassification during the year	As at 31 December 2018	As at 01 January 2018	Charged during the year	Disposals/ Adjustments during the year	Reclassification during the year	As at 31 December 2018	
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Software and others (Note 5.1)	9,417,585	828,150	-	-	10,245,735	8,057,799	866,755	-	-	8,924,554	1,321,181
Telecom licence and spectrum (Note 5.2)	53,049,258	17,137,808	-	-	70,187,066	19,842,102	4,651,438	-	-	24,493,540	45,693,526
Capital work in progress (Note 5.3)	62,466,843	17,965,958	-	-	80,432,801	27,899,901	5,518,193	-	-	33,418,094	47,014,707
	663,056	17,599,777	(17,965,958)	-	296,875	-	-	-	-	-	296,875
	63,129,899	35,565,735	(17,965,958)	-	80,729,676	27,899,901	5,518,193	-	-	33,418,094	47,311,582

5.1 Software and others

Software includes business software and network management software. Business software includes mainly billing software, oracle financial software, data mining software, campaign automation software, DNS Software, Huawei GGSN SW, Charging System Upgrade etc.

5.2 Telecom licence and spectrum

The tenure of Mobile Cellular Licence and 14.6 MHz of spectrum acquired in 1996 expired on 10 November 2011. The tenure of this 2G licence and spectrum was renewed for another 15 years on 7 August 2012 effective from 11 November 2011. This 2G licence and spectrum was recognised in accordance with IAS 38 Intangible Assets and was measured at the cash equivalent price being the present value of the installments. The difference between total payment and the cash equivalent price is recognised as finance cost over the period of payment.

Total cost of telecom licence and spectrum also includes cost of 7.4 MHz of spectrum acquired in 2008 for 18 years.

In 2013, Grameenphone, acquired 3G licence and related 10 MHz of spectrum for 15 years effective from 12 September 2013.

Grameenphone acquired 5 MHz spectrum in 1800 MHz band for 15 years at the spectrum auction held by Bangladesh Telecommunications Regulatory Commission (BTRC) on 19 February 2018 and an approval for converting existing 22 MHz 2G spectrum to technology neutral spectrum for 8.75 years for BDT 12,849,500,000 and BDT 4,301,733,305 respectively. Grameenphone also obtained 4G/LTE Cellular Mobile Phone Services Operator License effective from 19 February 2018 from BTRC for BDT 100,000,000. The above fees are subject to 5.001% VAT. 60% of the spectrum cost was paid at the time of acquisition whilst the rest 40% is payable in equal four installments within next 4 years. The above were recognised as intangible assets in accordance with IAS 38 Intangible Assets and measured at the cash equivalent price being the present value. The difference between total payment and the cash equivalent price is recognised as finance cost over the period of payment.

5.3 Capital work in progress (CWIP)

CWIP includes cost of software in process of installation/implementation and also software under testing phase awaiting users' acceptance.

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6 Leases

A. Leases as lessee

Grameenphone leases land, rooftop, office & residential spaces, warehouse, tower infrastructure facilities and fibre optical network. Telecom licences and spectrums have also been chosen to consider as lease after implementation of IFRS 16. The land, rooftop, office & residential spaces, warehouse, tower infrastructure facilities leases have been entered into since many years ago. Previously, these leases were classified as operating leases under IAS 17. Grameenphone leases fibre optical network which were classified as finance leases under IAS 17. Information about leases for which Grameenphone is a lessee is presented below.

(i) Right-of-use assets

31 December 2019

Name of assets	Cost				Amortization				Carrying amount		
	As at 01 January 2019	Reclassification	Adjustment on initial application of IFRS 16 as at 01 January 2019	Addition during the year	Disposal/adjustment during the year	As at 31 December 2019	Reclassification	Charged during the year	Disposal/adjustment during the year	As at 31 December 2019	As at 31 December 2018
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Fibre Optic Network (Note 4)	-	10,384,982	-	112,281	-	10,497,263	-	5,558,977	-	6,110,443	4,386,820
Telecom licence, annual licence renewal fees and spectrum (Note 5)	-	70,187,067	953,261	3,596,844	-	74,737,172	-	24,493,540	-	29,462,551	45,274,621
Base transceiver station - Green Field	-	-	763,806	57,941	(16,412)	805,335	-	-	(3,725)	161,070	644,265
Base transceiver station - Roof Top	-	-	2,842,324	479,698	(106,972)	3,215,050	-	-	(33,781)	684,012	2,531,038
Infrastructure sharing site	-	-	5,923,282	(31,143)	-	5,892,139	-	-	-	1,216,478	4,675,661
Office/residential space	-	-	680,918	111,514	(77,761)	714,671	-	222,023	(23,480)	198,543	516,128
	-	80,572,049	11,163,591	4,327,135	(201,145)	95,861,630	-	30,052,517	(60,986)	37,833,097	58,028,533

Right-of-use assets addition

Right-of-use assets addition for the year ended 31 December 2019 is BDT 4,327,135,000. BDT 1,804,425,398 has been paid at the time of acquisition and has been classified as part of investing activities in the Statement of Cash Flows. The remaining amount of BDT 2,522,709,602 is paid when falls due and is classified as part of financing activities.

(ii) Lease liabilities

Lease liabilities - non-current portion
Lease liabilities - current portion

2019	2018
BDT (000)	BDT (000)
13,484,106	4,708,977
7,349,549	-
<u>20,833,655</u>	<u>4,708,977</u>

(iii) Amounts recognised in profit or loss

Interest on lease liabilities
Expense relating to variable lease payments not included in measurement of lease liabilities:

Revenue sharing, spectrum charges and licence fees
Fuel and energy costs

2,121,092	-
10,107,313	-
406,413	-
<u>12,634,818</u>	<u>-</u>

(iv) Amounts recognised in statement of cash flows

Total cash outflow for leases (including variable lease payment)

15,419,175

7 Investment in associate

Grameenphone disposed of 51% of its stake in its only subsidiary, Grameenphone IT Ltd. now known as ACISL on 1 September 2013 and retains significant influence over ACISL with its remaining 49% stake.

In accordance with the requirements of IAS 36 Impairment of Assets, the carrying amount of investment in ACISL as at 31 October 2016 was re-assessed for impairment considering the financial performance of ACISL for the period to 31 October 2016 and estimated the recoverable amount from the investment. Based on the assessment, the carrying amount of investment in ACISL (BDT 486,828,493) has been fully impaired. The assessment of recoverable amount from investment in associate remained unchanged as at 31 December 2019 and 31 December 2018.

8 Contract cost

Opening balance
Adjustment on initial application of IFRS 15 as at 1 January 2018
Reclassification of deferred costs related to connection revenue on initial application of IFRS 15
Additions during the year
Amortisation during the year

As at 31 December 2019	As at 31 December 2018
BDT (000)	BDT (000)
4,438,240	-
-	4,171,201
-	859,145
2,231,493	2,193,703
(2,189,576)	(2,785,809)
<u>4,480,157</u>	<u>4,438,240</u>

This includes deferred customer acquisition cost mainly in the form of SIM cost, different commissions and other directly attributable costs related to acquisition of customers.

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9 Other non-current assets

	As at 31 December 2019	As at 31 December 2018
	BDT (000)	BDT (000)
Appeal deposits	532,910	-
Input VAT claim (Note 9.1)	-	3,807,204
Security deposits for utility services and other investments	22,290	12,029
	<u>555,200</u>	<u>3,819,233</u>

9.1 Input VAT claim

This represents input VAT claim against VAT already deposited at the time of 2G licence renewal in pursuant to the order of the High Court referred to under note 45(c). Considering the fact that resolution of such issues in the regular legal process often takes considerable amount of time and that Grameenphone believes the deposited amount would be recoverable. Despite the discussed facts, Grameenphone is not virtually certain about the recoverability of the amount and hence it has been treated as a contingent asset under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

10 Inventories

	As at 31 December 2019	As at 31 December 2018
	BDT (000)	BDT (000)
Handset, data card and other devices	78,171	89,437
SIM card	132,610	117,263
Scratch card	14,660	17,659
	<u>225,441</u>	<u>224,359</u>

10.1 Movement of inventories

	Handset, data card and other device	SIM card	Scratch card
	BDT (000)	BDT (000)	BDT (000)
Balance as at 1 January 2018 (Gross)	393,250	128,849	19,699
Purchase during 2018	74,300	437,131	143,976
Issue during 2018	(288,630)	(436,906)	(144,020)
	178,920	129,074	19,655
Adjustment/write-off	(89,482)	(11,810)	(1,995)
Balance as at 31 December 2018 (Net)	<u>89,438</u>	<u>117,264</u>	<u>17,660</u>
Balance as at 1 January 2019 (Gross)	178,920	129,074	19,655
Purchase during 2019	147,940	352,835	143,389
Issue during 2019	(221,655)	(331,981)	(146,281)
	105,205	149,928	16,763
Adjustment/write-off	(27,034)	(17,318)	(2,103)
Balance as at 31 December 2019 (Net)	<u>78,171</u>	<u>132,610</u>	<u>14,660</u>



10.2 Number of inventories

	As at 31 December 2019	As at 31 December 2018
	Units	Units
Handset, data card and other device	54,971	59,958
SIM card	5,805,717	5,320,908
Scratch card	139,530,442	142,477,556

10.3 SIM card

SIM cards include SIMs for new connections and replacement SIMs. Both new connection and replacement SIM attract SIM tax. Value added tax (VAT) and supplementary duty (SD) imposed on SIM cards are popularly known as SIM tax.

11 Trade receivables and others

	As at 31 December 2019	As at 31 December 2018
	BDT (000)	BDT (000)
Trade receivables		
Trade receivables, gross	6,415,255	7,196,312
Impairment loss allowance	(1,763,119)	(1,763,556)
	4,652,136	5,432,756
Other receivables		
Receivables from employees	9,007	5,530
Other non-interest-bearing receivables	1,720,645	1,183,343
	1,729,652	1,188,873
Other non-financial assets		
Prepaid expenses	631,265	590,418
	631,265	590,418
Total trade receivables and others	<u>7,013,053</u>	<u>7,212,047</u>

12 Cash and cash equivalents

Cash in hand	4,373	6,898
Cash at bank	13,756,304	5,925,394
	<u>13,760,677</u>	<u>5,932,292</u>

12.1 Restricted cash balance

Cash at bank as at 31 December 2019 includes BDT 59,551,312 (2018: BDT 25,893,574) equivalent to unused Mobicash points in customer wallet and is therefore treated as restricted cash balance.

Additionally, Cash at bank as at 31 December 2019 includes BDT 126,331,259 (2018: BDT 111,272,241) equivalent to dividend unclaimed amount, BDT 6,780,675,321 equivalent to unpaid dividend to foreign shareholders due to pending approval from Bangladesh Bank and BDT 12,761,511 (2018: BDT 12,761,511) equivalent to unclaimed IPO subscription amount. According to Articles of Association (AoA) of Grameenphone, if dividend has not been claimed for three years after passing of either the resolution at a General Meeting declaring the dividend or the resolution of the Board of Directors providing for payment for that dividend, the Board of Directors may invest the unclaimed dividend or use it in some other way for the benefit of the Company until the dividend is claimed.

13 Net asset value per share

	As at 31 December 2019	As at 31 December 2018
	BDT	BDT
Net Asset (BDT)	38,347,405,000	36,836,399,000
Weighted average number of ordinary shares outstanding during the year	1,350,300,022	1,350,300,022
Net asset value per share (par value BDT 10 each) (BDT)	28.40	27.28

14 Share capital

	As at 31 December 2019	As at 31 December 2018
	BDT (000)	BDT (000)
Authorised:		
4,000,000,000 ordinary shares of BDT 10 each	40,000,000	40,000,000
	<u>40,000,000</u>	<u>40,000,000</u>
Issued, subscribed, called up and paid up:		
1,350,300,022 ordinary shares of BDT 10 each	13,503,000	13,503,000
	<u>13,503,000</u>	<u>13,503,000</u>

The company was initially registered with ordinary shares of BDT 43.00 each. These shares were subsequently converted into BDT 10 shares through a 43:1 split at the 16th EGM (held on 15 July 2008) and 1:10 reverse split at the 19th EGM (held on 2 July 2009).

There has been no change in share capital during the current and comparative year.



14.1 Shareholding position

a) Percentage of shareholdings

Name of shareholders	% of holding		Value of shares (BDT)		Date of issue/ Transfer of Shares
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018	
Telenor Mobile Communications AS, Norway	55.8%	55.8%	7,534,077,240	7,534,077,240	10 October 1996 24 September 1997 25 August 1998 7 December 1998 19 April 2004 21 October 2004 21 December 2004 31 May 2007 15 July 2008 02 July 2009
Nye Telenor Mobile Communications II AS, Norway	0.0%	0.0%	2,150	2,150	31 May 2007 15 July 2008
Nye Telenor Mobile Communications III AS, Norway	0.0%	0.0%	2,150	2,150	31 May 2007 15 July 2008
Telenor Asia Pte Ltd, Singapore	0.0%	0.0%	2,150	2,150	31 May 2007 15 July 2008
Grameen Telecom, Bangladesh	34.2%	34.2%	4,617,664,090	4,617,664,090	10 October 1996 24 September 1997 25 August 1998 7 December 1998 19 April 2004 21 October 2004 27 November 2004 31 May 2007 15 July 2008 02 July 2009
Grameen Kalyan, Bangladesh	0.0%	0.0%	220	220	31 May 2007 15 July 2008 02 July 2009
Grameen Shakti, Bangladesh	0.0%	0.0%	220	220	31 May 2007 15 July 2008 02 July 2009
General public, Grameenphone employees and institutional	10.0%	10.0%	1,351,252,000	1,351,252,000	28 Oct 2009
	100%	100%	13,503,000,220	13,503,000,220	

b) Classification of shareholders by range of number of shares held

Shareholding range	No. of shareholders		No. of shares	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
1-500	24,220	24,438	4,479,685	4,658,294
501-5,000	5,412	5,680	8,565,541	9,108,800
5,001-10,000	467	492	3,347,114	3,557,895
10,001-20,000	237	252	3,318,103	3,591,203
20,001-30,000	99	82	2,452,984	2,020,320
30,001-40,000	49	40	1,732,404	1,392,897
40,001-50,000	34	33	1,564,380	1,544,832
50,001-100,000	71	82	5,130,538	6,194,611
100,001-1,000,000	122	120	38,467,261	36,400,256
1,000,001-1,000,000,000	19	21	1,281,242,012	1,281,830,914
	30,730	31,240	1,350,300,022	1,350,300,022

15 Share premium

Total amount of BDT 8,384,003,437 was received as share premium in respect of shares issued to shareholders. Net issue cost of BDT 543,777,495 was set off against share premium as per IAS 32 Financial Instruments: Presentation.

16 Capital reserve

In 1999, Grameenphone issued 5,086,779 preference shares of BDT 45.84 each, which were converted into ordinary shares of BDT 43.00 each in 2004. The balance BDT 2.84 per share was transferred to capital reserve account. The conversion was in accordance with provisions of Articles of Association of Grameenphone. This amount is not distributable as dividend as per the Companies Act 1994.

17 Deposit from shareholders

Deposit from shareholders as at the statement of financial position date represents balance of the share money received from Telenor Mobile Communications AS, Norway, which has not been used against issuance of shares.

18 Loans and borrowings

Loans and borrowings include a long-term syndicated loan led by the International Finance Corporation (IFC) of USD 345 Million at 6-month-LIBOR + 3.5% interest rate. The full loan amount of USD 345 Million has been drawn down in multiple tranches, the repayment of which is in 10 installments. The first nine installments have been repaid since October 2015 and current outstanding loan balance is USD 34.5 Million (2018: USD 103.50 Million). The final installment is scheduled to be paid in April 2020. The syndicate members include IFC, DEG, FMO, Proparco, CDC and OFID. This financial liability has been recognised at amortized cost as per IFRS 9 Financial Instruments: Recognition and Measurement.

Current portion of loans and borrowings include part of the above long-term syndicated loan falling due for repayment in next 12 months and as at 31 December 2019 there was no short-term bank loan (2018: Nil).

19 Deferred tax liabilities

Deferred tax assets and liabilities have been recognised and measured in accordance with the provisions of IAS 12 Income Taxes. Related deferred tax (expense)/income have been disclosed in Note 35. The components of deferred tax assets and liabilities are given below:

	Carrying amount	Tax base	Taxable/(deductible) temporary difference
	BDT (000)	BDT (000)	TBDT (000)
As at 31 December 2019			
Property, plant and equipment (excluding land, CWIP and leased assets) (Note 4)	55,331,212	37,609,758	17,721,454
Difference for vehicle (Note 19.1)	(144,028)	-	(144,028)
			17,577,426
Right of use assets (Note 6)	58,028,533	39,150,821	18,877,712
Trade receivables (Note 11)	(1,763,119)	-	(1,763,119)
Lease liabilities including current portion (Note 6)	(21,065,897)	-	(21,065,897)
Other current liabilities (profit sharing plan)	(297,876)	-	(297,876)
Employee benefit plans (funded)	(936,702)	-	(936,702)
Contract acquisition cost (deferred)	940,822	-	940,822
Recoverable income tax on certain aged trading liability	(292,294)	-	(292,294)
Net taxable temporary difference			13,040,073
Net deferred tax liability @40% tax rate (Note 3.11)			5,216,029



	Carrying amount	Tax base	Taxable/(deductible) temporary difference
	BDT (000)	BDT (000)	BDT (000)
As at 31 December 2018			
Property, plant and equipment (excluding land, CWIP and leased assets) (Note 4)	57,247,222	39,078,610	18,168,612
Property, plant and equipment under finance lease	4,826,006	-	4,826,006
Difference for vehicle (Note 19.1)	(157,147)	-	(157,147)
			22,837,471
Telecom licence, spectrum, software and others	47,014,707	43,256,103	3,758,604
Liabilities against Telecom License, spectrum, software and others	(4,743,695)	-	(4,743,695)
Trade receivables (Note 11)	(1,763,556)	-	(1,763,556)
Finance lease obligation including current portion (Note 6)	(5,068,060)	-	(5,068,060)
Other current liabilities (profit sharing plan)	(277,946)	-	(277,946)
Employee benefit plans (funded)	(1,599,122)	-	(1,599,122)
Contract Acquisition Cost (deferred)	1,937,143	-	1,937,143
Net taxable temporary difference			15,080,839
Net deferred tax liability @40% tax rate (Note 3.11)			6,032,336

19.1 Difference for vehicle

This represents the permanent difference related to sedan cars, not plying for hire, owned by Grameenphone. As per the provisions of Income Tax Ordinance 1984, depreciation on such cars is allowed only up to certain limit of cost (currently BDT 2.5 million per car) of such cars for tax purpose. Difference for vehicle represents the amount of depreciated cost exceeding such limits.

19.2 Actuarial gain/loss from re-measurement of defined benefit obligations

Deferred tax liabilities as at 31 December 2019 includes net deferred tax asset of BDT 259,958,008 (2018: BDT 311,021,604) for actuarial gain/loss from re-measurement of defined benefit obligations corresponding impact of which has been recognised under other comprehensive income.

	As at 31 December 2019	As at 31 December 2018
	BDT (000)	BDT (000)
Amounts recognised in the statement of financial position		
Defined benefit obligation	(4,007,132)	(3,996,697)
Fair value of plan assets	3,070,429	2,397,575
Net defined benefit obligation	<u>(936,703)</u>	<u>(1,599,122)</u>
Change in benefit obligation		
Benefit obligation at end of prior year	(3,996,697)	(3,598,814)
Service cost	(352,492)	(585,485)
Interest expense	(298,764)	(245,781)
Benefit payments from plan assets	357,166	245,725
Settlement payments from plan assets	-	293,571
Remeasurements due to change in demographic assumptions	-	485
Remeasurements due to change in financial assumptions	513,147	113,633
Remeasurements due to experience adjustments	(229,492)	(220,031)
Defined benefit obligation at end of year	<u>(4,007,132)</u>	<u>(3,996,697)</u>
Change in fair value of plan assets		
Fair value of plan assets at end of prior year	2,397,575	3,172,348
Interest income	235,332	196,365
Employer contributions	950,685	40,000
Benefit payments from plan assets	(357,166)	(245,725)
Settlement payments from plan assets	-	(293,571)
Remeasurements for return on assets (excluding interest income)	(155,997)	(471,842)
Fair value of plan assets at end of year	<u>3,070,429</u>	<u>2,397,575</u>
Fair value of plan assets		
Cash and cash equivalents	552,720	255,673
Debt instruments	2,517,708	2,141,900
Total	<u>3,070,428</u>	<u>2,397,573</u>
Components of Defined Benefit Cost (DBO)		
Service cost	352,492	585,485
Interest expense on DBO	298,764	245,781
Interest (income) on plan assets	(235,332)	(196,365)
Defined benefit cost included in profit or loss	<u>415,924</u>	<u>634,901</u>
Remeasurements (recognised in other comprehensive income (OCI))		
Due to change in demographic assumptions	-	(485)
Due to change in financial assumptions	(513,147)	(113,634)
Due to change in experience adjustments	229,492	220,031
(Return) on plan assets (excl. interest income)	155,996	471,842
Total remeasurements in OCI	<u>(127,659)</u>	<u>577,754</u>
Total defined benefit cost recognised in profit or loss and OCI	<u>288,265</u>	<u>1,212,655</u>



Net defined benefit liability (asset) reconciliation

Opening balance of net defined benefit liability (asset)
 Defined benefit cost included in profit or loss
 Total remeasurements included in OCI
 Employer contributions
 Net defined benefit liability (asset) as of end of year

	As at 31 December 2019	As at 31 December 2018
	BDT (000)	BDT (000)
Opening balance of net defined benefit liability (asset)	1,599,122	426,466
Defined benefit cost included in profit or loss	415,924	634,901
Total remeasurements included in OCI	(127,659)	577,755
Employer contributions	(950,685)	(40,000)
Net defined benefit liability (asset) as of end of year	936,702	1,599,122

Expected cash flows for following year

Expected employer contributions
 Expected total benefit payments
 Year 1
 Year 2
 Year 3
 Year 4
 Year 5
 Next 5 years

Expected employer contributions	352,492	250,000
Expected total benefit payments		
Year 1	523,464	372,273
Year 2	440,979	408,991
Year 3	470,957	441,371
Year 4	496,959	469,849
Year 5	540,713	491,923
Next 5 years	2,976,672	2,848,047

Significant actuarial assumptions

Discount rate in %
 Future salary growth in %
 Future turnover in %
 Up to age 30
 Age 31-45
 Above 45
 Expected average remaining working lives of employees

Discount rate in %	9.30%	7.60%
Future salary growth in %	8.5%	8.5%
Future turnover in %		
Up to age 30	12.5%	12.5%
Age 31-45	10.0%	10.0%
Above 45	10.0%	10.0%
Expected average remaining working lives of employees	9 years	9 years

Sensitivity analysis

A change of 50 basis points in following significant assumptions would have increased/ (decreased) defined benefit obligation of the company by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	As at 31 December 2019		As at 31 December 2018	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Discount rate in %	(240,517)	29,639	(153,236)	164,034
Future salary growth in %	21,031	(233,590)	152,306	(143,802)

Significant characteristics of plan

Plan sponsor : Grameenphone Ltd.
 Nature of benefits : Final salary defined benefit plan
 Risks associated with the plan : Plan sponsor bears all the risks associated with the plan
 Vesting criteria : 5 year of continuous service
 Applicable salary : Last drawn monthly basic salary
 Maximum limit of benefit paid : No upper limit on benefit
 Basis of gratuity : Accrued benefit
 Normal retirement age : 60 years
 Benefit calculation : - Past service of 5 years to 5.5 years: 1 month applicable basic salary for each completed years of service
 - Up to 10 years: 1.5 month applicable basic salary for each completed years of service
 - More than 10 years: 2 month applicable basic salary for each completed years of service

21 Other non-current liabilities

	As at 31 December 2019	As at 31 December 2018
	BDT (000)	BDT (000)
Liability for spectrum acquisition	-	3,445,913
Asset retirement obligations (Note 21.1)	152,391	144,275
Other non-current liabilities	171,566	88,810
	<u>323,957</u>	<u>3,678,998</u>
21.1 Asset retirement obligations (ARO)		
Opening balance	144,275	139,651
Provision made during the year	8,116	4,624
	<u>152,391</u>	<u>144,275</u>
Provision released during the year	-	-
Closing balance	<u>152,391</u>	<u>144,275</u>

Grameenphone recognises Asset Retirement Obligations (ARO) in respect of roof-top base stations and office space for any constructive and/or legal obligations for dismantling, removal or restoration incurred by the company as a consequence of installing or constructing the sites. ARO is measured at the present value of expected cash outflows required to settle such obligations. Unwinding of the discount is charged as finance expense in the profit or loss.

22 Trade payables and others

	As at 31 December 2019	As at 31 December 2018
	BDT (000)	BDT (000)
Financial liabilities		
Trade payables including liability for capital expenditure	10,480,455	12,450,949
Accrued expenses	5,648,100	6,274,734
Lease liabilities	-	222,517
Indirect taxes	1,353,003	1,766,718
	<u>17,481,558</u>	<u>20,714,918</u>
Other non-financial liabilities		
Deferred connection revenue	204,860	581,943
Unearned revenue	4,989,988	5,096,476
	<u>5,194,848</u>	<u>5,678,419</u>
Total trade payables and others	<u>22,676,406</u>	<u>26,393,337</u>

23 Provisions (Restated)

A provision is a liability of uncertain timing or amount. Grameenphone takes provision for those items for which it has obtained related goods or service but vendor is formally yet to bill it. The amount concerning provision is almost certain to both parties and uncertainties exist regarding the timing of billing by vendor. Provisions includes provision for BTRC revenue share, annual operating licence fee, office running, other operational expenses and capital expenditure.





24 Current tax liabilities

Movement of current tax liabilities is shown as below:

Opening balance	28,563,588	26,392,380
Provision made during the year including transactions for other comprehensive income	29,028,970	25,506,618
	57,592,558	51,898,998
Paid during the year (incl. tax deducted at source)	(30,675,929)	(20,872,955)
Provision released during the year	1,220,596	(2,462,455)
Closing balance	28,137,225	28,563,588

As at 31 December 2019	As at 31 December 2018
BDT (000)	BDT (000)
	Restated
28,563,588	26,392,380
29,028,970	25,506,618
57,592,558	51,898,998
(30,675,929)	(20,872,955)
1,220,596	(2,462,455)
28,137,225	28,563,588

25 Other current liabilities

Accruals for profit sharing plan	297,876	277,946
Payable for bills pay receipts	518,691	541,580
Dividend unclaimed	126,331	111,272
Security deposits from subscribers and channel partners	537,093	491,614
Dividend payable	6,780,675	-
Others	2,228,990	1,401,106
	10,489,656	2,823,518

297,876	277,946
518,691	541,580
126,331	111,272
537,093	491,614
6,780,675	-
2,228,990	1,401,106
10,489,656	2,823,518

26 Revenue

The following is an analysis of revenue for the year:

Revenue from contract with customers (Note 26.1)	142,117,999	131,192,070
Lease revenues	1,538,272	1,639,897
	143,656,271	132,831,967

2019	2018
BDT (000)	BDT (000)
142,117,999	131,192,070
1,538,272	1,639,897
143,656,271	132,831,967

26.1 Disaggregation of revenue from contract with customers

Type of goods/ services

Revenue from mobile communication (Note 26.2)	141,546,924	130,789,466
Revenue from customer equipment (Note 26.3)	185,351	193,589
Other revenues (Note 26.4)	385,724	209,015
	142,117,999	131,192,070

141,546,924	130,789,466
185,351	193,589
385,724	209,015
142,117,999	131,192,070

Type of subscription

Prepaid	135,527,213	125,758,921
Contract	6,019,711	5,030,545
Other	571,075	402,604
	142,117,999	131,192,070

135,527,213	125,758,921
6,019,711	5,030,545
571,075	402,604
142,117,999	131,192,070

Type of customer

Consumer	124,697,439	114,450,582
Business	17,420,560	16,741,488
	142,117,999	131,192,070

124,697,439	114,450,582
17,420,560	16,741,488
142,117,999	131,192,070

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26.2 Revenue from mobile communication

This includes revenue from voice and non-voice traffic, subscription and connection fee and interconnection revenue.

26.3 Revenue from customer equipment

This mainly includes revenue from sale of mobile handsets/devices and data cards.

26.4 Other revenues

This mainly includes revenue from commission and other income.

27 Cost of material and traffic charges

	2019	2018
	BDT (000)	BDT (000)
Traffic charges	7,253,612	6,054,085
Cost of materials and services	1,211,671	1,275,467
	<u>8,465,283</u>	<u>7,329,552</u>

Traffic charges mainly include national and international interconnection cost.

Cost of materials and services includes cost of SIM card, scratch card, devices and contents.

28 Salaries and personnel cost

28.1 Salaries and personnel cost includes salaries, bonuses, different employment benefits including provident, gratuity, profit sharing (WPPF), employee share programme for employees, long term incentive programme for key personnel, training and other related costs. Additionally, gratuity expense includes BDT 820,193,023 (2018: BDT 236,064,243) for voluntary retirement of 154 (2018: 53) employees during the year. The WPPF expense for the year ended 2019 is BDT 3,193,872,380 (2018: BDT 2,779,459,909).

28.2 Number of employees

Total number of employees having annual salary of BDT 36,000 or above each was 2,161 as at 31 December 2019 and 2,313 as at 31 December 2018.

29 Operation and maintenance

Service maintenance fee	3,407,893	3,716,495
Vehicle maintenance expense	369,210	169,201
Other operation and maintenance	2,121,760	1,698,856
	<u>5,898,863</u>	<u>5,584,552</u>

Service maintenance fee includes costs related to operation and maintenance of serviceability of mobile communication network.

30 Sales, marketing and commissions

Sales, marketing and representation costs	135,123	2,011,874
Advertisement and promotional expenses	1,569,233	933,273
Commissions	11,775,662	11,132,513
	<u>13,480,018</u>	<u>14,077,660</u>

Sales, marketing and representation costs include costs related to trade marketing and subscriber acquisition.





31 Revenue sharing, spectrum charges and licence fees

Grameenphone shares 5.5% of its revenue as 'revenue sharing' and 1.0% of its revenue as 'contribution to social obligation fund' with BTRC as per licensing conditions. Licensing conditions also require Grameenphone to pay annual licence fee and annual spectrum fee and charges.

32 Other operating expenses/(income)

	2019 BDT (000)	2018 BDT (000)
Consultancy and professional services (Note 32.1)	930,032	899,690
Statutory audit fees	2,500	2,500
Rental expense for property, plant and equipment	426,232	3,246,071
Fuel and energy costs	3,840,835	3,565,373
Impairment loss on trade receivables (Note 32.2)	155,302	156,711
Rental and other income	(128,421)	(169,435)
(Gain)/loss on disposal of assets	(47,514)	(98,609)
Others (Note 32.3)	985,383	789,212
	<u>6,164,349</u>	<u>8,391,513</u>

32.1 Consultancy and professional services

This includes fees for accounting and legal services, technical and business consultancy, costs related to settlement of contract and other professional services.

32.2 Impairment loss on trade receivables

Allowance for impairment of trade receivables during the year (Note 39.1.3)
Recovery of impaired trade receivables during the year

Allowance for impairment of trade receivables during the year (Note 39.1.3)	195,822	189,529
Recovery of impaired trade receivables during the year	(40,520)	(32,818)
	<u>155,302</u>	<u>156,711</u>

Allowance for impairment has been made as per policy of the company mentioned in Note 3.8

32.3 Others

This includes office supplies, printing and postage, travelling, subscriptions, meeting, insurance etc.

33 Depreciation and amortisation

Property, plant and equipment	14,627,589	17,020,985
Intangible assets	981,884	5,518,193
Right-of-use assets	7,841,566	
	<u>23,451,039</u>	<u>22,539,178</u>

34 Finance expense/(income)

		Restated
Interest income	(597,542)	(398,295)
Interest expense	804,706	2,038,804
Net interest cost on defined benefit obligation	63,432	49,415
Interest expenses on lease liabilities	2,121,092	-
Other finance expenses	131,372	124,572
	<u>2,523,060</u>	<u>1,814,496</u>

35 Income tax expense

		Restated
Current tax expense		
Income tax expenses for the year	29,028,970	25,506,618
Adjustments / provision released during the year	1,220,596	(2,462,455)
	<u>30,249,566</u>	<u>23,044,163</u>
Deferred tax expense/(income)		
Deferred tax expense/(income) relating to origination and reversal of temporary differences	(867,367)	(1,558,677)
	<u>29,382,199</u>	<u>21,485,486</u>



35.1 Reconciliation of effective tax rate

	2019	2019	2018	2018
	Percentage	BDT (000)	Percentage	BDT (000)
Profit before tax		63,898,959		54,848,054
Tax using the Company's tax rate	40.00%	25,559,584	40.00%	21,939,222
Tax effect of:				
Provision for non-deductible expenses	2.91%	1,859,790	3.63%	1,991,205
Adjustments / provision released during the year	2.05%	1,312,548	-4.49%	(2,462,454)
Other components of tax as per Income Tax Ordinance 1984	0.99%	634,235	0.00%	-
Permanent difference as per Income Tax Ordinance 1984	0.03%	16,043	0.03%	17,514
	45.98%	29,382,200	39.17%	21,485,487

36 Earnings per share

	2019	2018
	BDT (000)	BDT (000)
Profit for the year (in BDT)	34,516,760,000	33,362,568,000
Weighted average number of shares (Note 36.1)	1,350,300,022	1,350,300,022
Basic earnings per share (in BDT)	25.56	24.71
Impact of correction of errors: basic earnings per share (in BDT)	-	1.33
Reported basic earnings per share (in BDT)	25.56	26.04

36.1 Weighted average number of ordinary shares

The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year.

36.2 Diluted earnings per share

No diluted earnings per share is required to be calculated for the years presented as Grameenphone has no dilutive potential ordinary shares.





37 Reconciliation of net operating cash flow

	2019	2018
	BDT (000)	BDT (000)
		Restated
Profit after tax	34,516,760	35,159,884
Income tax expense	29,382,199	20,429,314
Profit before tax	63,898,959	55,589,198
Adjustment for:		
Depreciation & Amortization	23,451,039	22,539,178
(Gain)/Loss on Sale of Fixed Assets	(47,514)	(98,609)
Finance (expense)/income, net	2,523,060	1,675,624
Other adjustments	(953,353)	242,757
	88,872,191	79,948,148
Changes in:		
Inventories	(1,082)	238,081
Trade receivables and others	198,994	569,189
Trade payables and others	1,703,414	2,293,247
Provisions	(1,656,989)	(350,849)
Other current liabilities	885,463	(119,675)
Cash generated from operating activities	90,001,990	82,578,141
Interest received	597,542	398,295
Interest paid	(2,530,502)	(1,690,713)
Income tax paid	(30,675,929)	(20,872,955)
Net cash generated from operating activities	57,393,101	60,412,768

38 Net operating cash flow per share

Net operating cash flow (BDT)	57,393,101,000	60,412,767,851
Weighted average number of ordinary shares outstanding during the period	1,350,300,022	1,350,300,022
Net operating cash flow per share (par value BDT 10 each) (BDT)	42.50	44.74

39 Financial risk management

Company's financial risk management is governed by Treasury Policy as approved by the Board of Directors. Company's principal financial assets include trade receivables and others, cash and short-term deposits that arise directly from its operations. Company's financial liabilities mainly include trade payables and others, finance lease obligation and loans and borrowings. The main purpose of these financial liabilities is to finance the company's operations. The company is exposed to credit risk, liquidity risk and market risk in relation to its financial instruments.

39.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's exposure to credit risk primarily relates to trade receivables and balances with banks including short and long term deposits.

Customer credit risk, where appropriate, is assessed by using qualitative and quantitative criteria. Outstanding trade receivables are regularly monitored and appropriate impairment charge is considered as per company's policy.

Credit risk relating to balances with banks is managed by treasury department in accordance with company's policy. Minimizing counterparty risk is given more importance to yield on investment in making investment decisions. Counterparty limits are reviewed and approved by the Board of Directors.

39.1.1 Company's maximum exposure to credit risk for the components of the statement of financial position is represented by the carrying amounts as illustrated below:

	As at 31 December 2019	As at 31 December 2018
	BDT (000)	BDT (000)
Trade receivables (Note 11)	4,652,136	5,432,757
Other current receivables (Note 11)		
Receivables on Employees - Non-Interest Bearing	9,007	5,530
Other non-interest-bearing receivables	1,720,645	1,183,343
	1,729,652	1,188,873
Cash at bank (Note 12)	13,760,677	5,925,394
	<u>20,142,465</u>	<u>12,547,024</u>

39.1.2 Trade receivables, gross

This included interconnection receivables of BDT 3,496,132,460 as at 31 December 2019 (2018: BDT 3,421,019,962). The ageing of gross interconnection receivables as at the statement of financial position date was:

Not past due	1,543,125	1,426,591
0-30 days past due	74,047	84,882
31-60 days past due	59,667	130,538
61-90 days past due	58,214	26,218
91-180 days past due	164,920	67,230
181-365 days past due	39,821	46,470
over 365 days past due	1,556,338	1,639,091
	<u>3,496,132</u>	<u>3,421,020</u>

Other trade receivables (other than receivable from interconnection) as at 31 December 2019 was BDT 2,919,122,965 (2018: BDT 3,775,292,423) The ageing of other trade receivables as at the statement of financial position date was:

Not past due	994,133	788,038
0-30 days past due	854,839	1,968,223
31-60 days past due	255,053	229,882
61-90 days past due	85,409	97,177
91-180 days past due	194,309	158,100
181-365 days past due	208,148	208,166
over 365 days past due	327,232	325,706
	<u>2,919,123</u>	<u>3,775,292</u>

Total not past due trade receivables (gross) as at 31 December 2019 includes receivables of BDT 994,133,000 (2018: BDT 907,023,719) from customers against whom receivables of BDT 1,629,076,998 (2018: BDT 1,701,944,793) became over 365 days past due and provision for bad debt of BDT 1,473,522,573 (2018: BDT 1,489,213,132) provided against those customers. However, as per BTRC guidelines we are obligated to provide services to the inter connection service providers.

39.1.3 Movements in the allowance for impairment of trade receivables during the year was as follows:

Opening balance	1,763,556	1,718,669
Net remeasurement of loss allowance	(195,822)	189,530
	<u>1,567,734</u>	<u>1,908,199</u>
Amounts written off	195,385	(144,643)
Closing balance	<u>1,763,119</u>	<u>1,763,556</u>



39.1.4 Security against trade receivables

	As at 31 December 2019	As at 31 December 2018
	BDT (000)	BDT (000)
Good and secured	559,817	533,939
Good with personal security/unsecured	4,092,319	4,898,818
Impaired	1,763,119	1,763,555
Gross trade receivables	6,415,255	7,196,312
Impairment loss allowance	(1,763,119)	(1,763,555)
Trade receivables, net	<u>4,652,136</u>	<u>5,432,757</u>

39.1.5 The maximum exposure to credit risk for trade receivables as at the statement of financial position date by geographic regions was:

Domestic	4,581,939	5,266,336
Asia	35,530	93,955
Europe	24,682	29,700
Australia	878	11,877
America	7,922	30,513
Africa	1,185	376
	<u>4,652,136</u>	<u>5,432,757</u>

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392 Liquidity risk

Liquidity risk is the risk that the company is unable to meet its financial obligations as they fall due. The company forecasts its cash flow requirements and ensures that it has sufficient cash and cash equivalents and loan facilities to cover expected needs for liquidity during the next 12 months. The company maintains a balanced maturity profile of debt obligations and in general minimizes current excess cash.

The table below gives the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

As at 31 December 2019

	Carrying amount BDT (000)	Maturity date	Nominal Interest rate	Contractual Cash flows BDT (000)	6 months or less BDT (000)	6-12 months BDT (000)	1-2 years BDT (000)	2-5 years BDT (000)	More than 5 years BDT (000)
Lease liabilities (including current portion)	20,833,655	Multiple	7.1%-15%	27,542,142	3,279,650	4,441,982	5,221,816	10,271,412	4,327,282
Loans and borrowings - long-term	-	-	-	-	-	-	-	-	-
Loans and borrowings - short-term	2,934,284	April 2020	6-month-LIBOR + 3.5%	3,009,698	3,009,698	-	-	-	-
Foreign	-	-	-	-	-	-	-	-	-
Local	-	-	-	-	-	-	-	-	-
Trade payables and others	10,480,455	December 2020	N/A	10,480,455	7,065,485	3,414,970	-	-	-
Trade payables including liability for capital expenditure	5,648,100	December 2020	N/A	5,648,100	4,346,875	1,301,225	-	-	-
Accrued expenses	10,489,656	December 2020	N/A	10,489,656	7,800,753	2,688,903	-	-	-
Other current liabilities	50,386,150			57,170,050	25,502,462	11,847,080	5,221,816	10,271,412	4,327,282

As at 31 December 2018

	Carrying amount BDT (000)	Maturity date	Nominal Interest rate	Contractual Cash flows BDT (000)	6 months or less BDT (000)	6-12 months BDT (000)	1-2 years BDT (000)	2-5 years BDT (000)	More than 5 years BDT (000)
Finance lease obligation (including current portion)	4,931,494	June 2027	15%	9,025,302	467,086	482,153	979,373	4,218,839	2,877,851
Loans and borrowings – long-term	2,894,157	April 2020	6-month-LIBOR + 3.5%	2,973,938	-	-	2,973,938	-	-
Loans and borrowings – short-term	5,759,145	October 2019	6-month-LIBOR + 3.5%	6,216,267	3,152,374	3,063,893	-	-	-
Foreign	-	-	-	-	-	-	-	-	-
Local	-	-	-	-	-	-	-	-	-
Trade payables and others	12,450,949	December 2019	N/A	12,450,950	5,845,654	6,605,296	-	-	-
Trade payables including liability for capital expenditure	6,274,734	December 2019	N/A	6,274,734	2,611,951	3,662,783	-	-	-
Accrued expenses	2,823,518	December 2019	N/A	2,823,518	1,938,702	884,816	-	-	-
Other current liabilities	35,133,997			39,764,708	14,015,767	14,698,941	3,953,311	4,218,839	2,877,851

39.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

a) Currency risk

Foreign currency risk is the risk of changes in the fair value or future cash flows of an exposure due to changes in foreign exchange rates. The company's exposure to foreign currency risk relates primarily to the company's operating activities (consultancy, roaming revenue and expense) and financing activities (borrowing in foreign currency). The company is mainly exposed to changes in USD and NOK rates. The company's exposure to foreign currency changes for other currencies is not material.

i) Exposure to currency risk

The company's exposure to monetary assets and liabilities denominated in foreign currencies was as follows (BDT in thousand):

	As at 31 December 2019				As at 31 December 2018					
	USD	NOK	GBP	EUR	JPY	USD	NOK	GBP	EUR	JPY
Foreign currency denominated assets										
Receivables from Telenor entities	333,686	-	-	-	-	242,930	-	-	-	-
Receivables	307,692	-	-	-	-	311,378	-	-	-	-
Cash at bank	680,648	-	-	-	-	464,429	-	-	-	-
	1,322,026	-	-	-	-	1,018,737	-	-	-	-
Foreign currency denominated liabilities										
Loans and borrowings	(2,934,284)					(8,653,301)				
Payables to others Telenor entities*	(1,579,658)	(4,408,224)				(1,113,078)	(3,460,100)			
Trade payables and others	(404,216)		(9,424)	(22,797)	-	(340,676)		(47,476)	(957)	(957)
	(4,918,158)	(4,408,224)	(9,424)	(22,797)	-	(10,107,055)	(3,460,100)	-	(47,476)	(957)
Net exposure	(3,596,132)	(4,408,224)	(9,424)	(22,797)	-	(9,088,318)	(3,460,100)	-	(47,476)	(957)

* Payable to other Telenor entities represents payable for business service costs, consultancy fees etc. which are included mainly in trade payables and others.

The following significant exchange rates have been applied:

	Exchange rate as at	
	31 December 2019	31 December 2018
	BDT	BDT
US Dollar (USD)	84.88	83.59
Norwegian Kroner (NOK)	9.67	9.65
Great Britain Pound (GBP)	111.37	106.44
EURO (EUR)	95.08	95.61
Japanese Yen (JPY)	0.78	0.76

Market risk (contd.)

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

A change of 10 basis points (bp) in foreign currencies would have increased/(decreased) equity and profit or loss of the company by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	Profit or loss		Equity	
	10 bp increase	10 bp decrease	10 bp increase	10 bp decrease
	BDT (000)	BDT (000)	BDT (000)	BDT (000)
31 December 2019				
Expenditures denominated in USD	(359,613)	359,613	(359,613)	359,613
Expenditures denominated in NOK	(440,822)	440,822	(440,822)	440,822
Expenditures denominated in GBP	(942)	942	(942)	942
Expenditures denominated in EURO	(2,280)	2,280	(2,280)	2,280
Expenditures denominated in JPY	-	-	-	-
Exchange rate sensitivity	<u>(803,657)</u>	<u>803,657</u>	<u>(803,657)</u>	<u>803,657</u>
31 December 2018				
Expenditures denominated in USD	(9,088)	9,088	(9,088)	9,088
Expenditures denominated in NOK	(3,460)	3,460	(3,460)	3,460
Expenditures denominated in GBP	-	-	-	-
Expenditures denominated in EURO	(47)	47	(47)	47
Expenditures denominated in JPY	(1)	1	(1)	1
Exchange rate sensitivity	<u>(12,596)</u>	<u>12,596</u>	<u>(12,596)</u>	<u>12,596</u>

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Exposure to fair value movement relates to fixed rate instruments subject to fair value accounting and exposure to cash flow fluctuation relates to variable rate instruments. The company is primarily exposed to cash flow fluctuation arising from variable rate borrowings. The objective of interest rate risk management for Grameenphone is to reduce financial cost and ensure predictability.

Profile

As at 31 December 2019, the interest rate profile of the company's interest bearing financial instruments was:

	Carrying amount	
	As at 31 December 2019	As at 31 December 2018
	BDT (000)	BDT (000)
Floating rate instruments		
<i>Financial liabilities</i>		
Loans and borrowings	2,934,284	8,653,301

Fair value of financial assets and liabilities of the company together with carrying amount shown in the statement of financial position were as follows:

Financial assets

Financial assets at amortized cost

Trade receivables
Other receivables

Financial liabilities

Other financial liabilities

Lease liabilities
Loans and borrowings - long-term
Liability for spectrum acquisition - long-term
Trade payables and others (except other non-financial liabilities)
Loans and borrowings - short-term
Other current liabilities

	As at 31 December 2019	As at 31 December 2018
	BDT (000)	BDT (000)
Trade receivables	4,652,136	5,432,756
Other receivables	1,729,652	1,188,873
Lease liabilities	20,833,655	4,931,494
Loans and borrowings - long-term	-	2,894,157
Liability for spectrum acquisition - long-term	-	3,445,913
Trade payables and others (except other non-financial liabilities)	17,481,558	20,714,918
Loans and borrowings - short-term	2,934,284	5,759,145
Other current liabilities	10,489,656	2,823,518

* The Company has not disclosed the fair values for financial instruments because their carrying amounts are a reasonable approximation of fair value.

Interest rates used to determine amortised cost

The interest rates used to discount estimated cash flows, when applicable, were as follows:

	2019	2018
Lease liabilities	7.1%-15%	15.00%
Liability for spectrum acquisition	-	8.50%
Loans and borrowings		
Foreign	6-month-LIBOR + 3.5%	6-month-LIBOR + 3.5%
Local	-	-

* Fair value of such instruments is not likely to be significantly different from the carrying amounts of such instruments.

40 Capital management

For the purpose of company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of company's capital management is to support long-term strategic ambitions of the company.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividend, return capital to shareholders, issue new shares or obtain long-term debt. Company has capital structure and dividend policy approved by its Board of Directors.

There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current year.

No changes have been made in the objectives, policies or processes for managing capital during the year ended 31 December 2019.



41 Related party disclosures

During the year ended 31 December 2019, the company entered into a number of transactions with related parties in the normal course of business. The names of the significant related parties, nature of these transactions [expenditures/(revenue)/, receivables/(payables) and dividend payments] and amounts are set out below in accordance with the provisions of IAS 24 Related Party Disclosures. Nature of relationship and significance of the amounts have been considered in providing this disclosure.

41.1 Key management personnel compensation

	2019 BDT (000)	2018 BDT (000)
Short term employee benefits	770,240	681,048
Post employment benefits	74,462	58,682
Other long term benefits	40,870	27,339
	<u>885,572</u>	<u>767,069</u>

Key management personnel compensation includes benefits for employees of the rank of Director and above. No remuneration is given to the Board of Directors apart from attendance fees in connection with Board and Board Sub-Committee meetings. During the year 2019, attendance fees in connection with Board and Board Sub-Committee meetings are BDT 865,161 (2018: BDT 1,325,562).

41.2 Debts due from and due to key management personnel

Attendance fees of Board of Directors which are not yet paid, includes BDT 401,581 as at 31 December 2019 (2018: BDT 4,458,119). Other than that no debts were due from and due to key management personnel of the company.

Key management personnel of Grameenphone, may use mobile communication services of Grameenphone. These services may be charged on the arm's length basis after a certain usage limit and trade receivables and others may include receivables for providing mobile communication services to them.

41.3 Other related party transactions during the year

Name of related parties	Nature	Nature of transactions	2019 BDT (000)	2018 BDT (000)
Telenor Mobile Communications AS	Shareholder	Dividend payment	11,677,820	16,951,674
Nye Telenor Mobile Communications II AS	Shareholder	Dividend payment	3	5
Nye Telenor Mobile Communications III AS	Shareholder	Dividend payment	3	5
Telenor Asia Pte. Ltd.	Shareholder	Dividend payment	3	5
Grameen Telecom	Shareholder	Dividend payment	11,313,277	10,389,744
		Commission expense	211,205	187,144
Grameen Kalyan	Shareholder	Dividend payment	0.5	0.5



Name of related parties	Nature	Nature of transactions	2019	2018
			BDT (000)	BDT (000)
Grameen Shakti	Shareholder	Dividend payment	0.5	0.5
Accenture Communications Infrastructure Solutions Ltd.	Associate	Purchase of IT service, equipments and softwares Rental income and other income Investment in preference shares	- - -	- - -
Telenor ASA	Telenor group entity	Consultancy and professional service fee IT support cost	1,021,786 -	1,075,449 103,337
Telenor Global Services AS	Telenor group entity	Consultancy and professional service fee	51,096	38,568
Telenor Myanmar	Telenor group entity	Cost of service fee	399	-
DiGi Telecommunications Sdn Bhd	Telenor group entity	Consultancy and professional service fee	425	-
Telenor Global Shared Services AS	Telenor group entity	Consultancy and professional service fee	383,029	361,039
Telenor Go Pte Ltd.	Telenor group entity	Consultancy and professional service fee including compensation of key management personnel where relevant	253,709	250,046
Telenor Digital AS	Telenor group entity	Consultancy and professional service fee	155,653	572,054
Telenor Health AS	Telenor group entity	Cost of service fee	32,667	30,619
Telenor Procurement Company	Telenor group entity	Cost of service fee	392,983	269,009
Telenor Norway	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	(398) 86	(909) 10
Telenor Sweden	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	(419) 55	(527) 4
Telenor Denmark	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	(462) 324	934 3
Telenor Hungary	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	- -	(1) 2
Telenor Serbia	Telenor group entity	Roaming revenue net of discount Roaming cost net of discount	- -	122 1



Name of related parties	Nature	Nature of transactions	2019	2018
			BDT (000)	BDT (000)
Telenor Montenegro	Telenor group entity	Roaming revenue net of discount	-	(2)
Telenor Bulgaria	Telenor group entity	Roaming cost net of discount	-	1
Telenor Pakistan	Telenor group entity	Roaming revenue net of discount	-	(0.1)
Telenor Myanmar	Telenor group entity	Roaming cost net of discount	-	0.2
Dtac Thailand	Telenor group entity	Roaming revenue net of discount	(13)	(1)
Digi Malaysia	Telenor group entity	Roaming cost net of discount	62	20
Telenor Norge AS	Joint venture of Telenor group	Roaming revenue net of discount	3	(468)
Tapad Incorporation	Associated companies of Telenor group	Roaming cost net of discount	141	32
Telenor Southeast Asia Investment Limited	Telenor group entity	Roaming revenue net of discount	(184)	(414)
Telenor India Private Limited	Telenor group entity	Roaming cost net of discount	3,543	1,388
Grameen Distribution	Related to Grameen Telecom through Grameen Telecom Trust	Roaming revenue net of discount	(9,034)	(4,800)
Grameen Communication	Related to Grameen Telecom	Roaming cost net of discount	856	341
Grameen Solutions Limited	Related to Grameen Telecom	Consultancy and professional service fee	216,192	159,694
Snehashish Mahmud & Co.	Associated entity of a member of Board of Directors	Consultancy and professional service fee	81,391	62,397
		Technical and Support Maintenance Fees	80,314	63,758
		Technical and Support Maintenance Fees	5,355	15,614
		Cost of products	981	300
		Software solution and maintenance	344	-
		Software solution and maintenance	-	400
		Consultancy and professional service fee	241	609

41.4 Receivables/(payables) with other related parties

Name of related parties	Nature	Nature of transactions	As at	As at
			31 December 2019 BDT (000)	31 December 2018 BDT (000)
Telenor Mobile Communications AS	Shareholder	Dividend payable	(6,780,670)	-
Nye Telenor Mobile Communications II AS	Shareholder	Dividend payable	(2)	-
Nye Telenor Mobile Communications III AS	Shareholder	Dividend payable	(2)	-
Telenor Asia Pte. Ltd.	Shareholder	Dividend payable	(2)	-
Grameen Telecom	Shareholder	Accounts receivable	-	-
		Accounts payable	(200)	(15,758)
Accenture Communications Infrastructure Solutions Ltd.	Associate	Accounts receivable	5,084	6,360
Telenor ASA	Telenor group entity	Accounts payable	(6,360)	(6,360)
		Accounts receivable	30,958	11,371
		Accounts payable	(2,833,356)	(1,714,261)
Telenor Consult AS	Telenor group entity	Accounts payable	(1,968)	(2,089)
Telenor Global Services AS	Telenor group entity	Accounts receivable	50,235	44,228
		Accounts payable	(96,676)	(57,517)
Telenor Global Shared Services AS	Telenor group entity	Accounts payable	(1,164,047)	(1,499,612)
Telenor Go Pte Ltd	Telenor group entity	Accounts receivable	50,191	50,191
		Accounts payable	(59,791)	(61,969)
Telenor Digital AS	Telenor group entity	Accounts receivable	7,686	3,290
		Accounts payable	(686,524)	(572,054)
Telenor Health AS	Telenor group entity	Accounts receivable	174,076	110,194
		Accounts payable	(71,418)	(15,661)
Telenor Procurement Company	Telenor group entity	Accounts payable	(601,304)	(348,551)
DiGi Telecommunications Sdn Bhd	Telenor group entity	Accounts receivable	-	-
		Accounts payable	(8,593)	-
Telenor Norge AS	Telenor group entity	Accounts receivable	853	-
		Accounts payable	(356,607)	(159,694)
Telenor Southeast Asia Investment Limited	Telenor group entity	Accounts payable	(145,157)	(63,758)



Name of related parties	Nature	Nature of transactions	As at	
			31 December 2019 BDT (000)	31 December 2018 BDT (000)
Tapad Incorporation	Telenor group entity	Accounts payable	(126,129)	(62,397)
Telenor India Pvt Limited	Telenor group entity	Accounts payable	-	(15,614)
Telenor Norway	Telenor group entity	Accounts receivable	29	1,291
		Accounts payable	(22)	(9)
Telenor Sweden	Telenor group entity	Accounts receivable	142	442
		Accounts payable	(3)	(1)
Telenor Denmark	Telenor group entity	Accounts receivable	18	319
		Accounts payable	(10)	(2)
Telenor Pakistan	Telenor group entity	Accounts receivable	1	1
		Accounts payable	(9)	(9)
Telenor India	Telenor group entity	Accounts receivable	3,616	3,616
Telenor Myanmar	Telenor group entity	Accounts receivable	9,659	5,959
		Accounts payable	(53)	(16)
Dtac Thailand	Telenor group entity	Accounts receivable	1,423	896
		Accounts payable	(1,071)	(431)
Digi Malaysia	Telenor group entity	Accounts receivable	1,221	9,139
		Accounts payable	(486)	(517)
Grameen Distribution	Related to Grameen Telecom through Grameen Telecom Trust	Accounts payable	-	(81)
Grameen Solutions Limited	Related to Grameen Telecom	Accounts payable	(26.00)	(146)
Snehasish Mahmud & Co.	Associated entity of a member of Board of Directors	Accounts payable	(220)	(273)

41.5 Transactions with post-employment benefit plans, Workers' Profit Participation Fund and Workers' Welfare Fund

No other transaction incurred with defined benefit plan other than those disclosed in Note 20. During the year, BDT 548,866,392 (2018: BDT 487,102,883) was transferred to defined contribution plan, BDT 2,555,097,904 (2018: BDT 2,223,567,927) was transferred to Workers' Profit Participation Fund and BDT 319,387,238 (2018: 277,945,991) was transferred to Workers' Welfare Fund.

42 Expense/expenditure and (revenue) in foreign currency during the year

	2019	2018
	BDT (000)	BDT (000)
CIF value of imports		
Telecommunication equipment	5,766,109	9,836,198
Expenditure in foreign currency		
Consultancy fee	1,267,976	1,515,179
Consultancy fee - expatriate	259,741	250,046
Other fee (travel and training)	47,774	85,196
Technical know how	1,284,640	1,247,386
International roaming cost net of discount	54,408	37,450
Interest on foreign loan	375,154	687,374
Foreign earnings		
Revenue net of discount from roaming partners	(85,266)	(139,223)

43 Short-term credit facilities available as at 31 December 2019

The company enjoys composite working capital facilities including both funded and non-funded facilities from 11 banks (2018: 11 banks). The non-funded facilities include Letters of Credit (LC), Shipping Guarantee, Letters of Guarantee and Foreign Exchange Forward Contracts. The funded facilities include overdraft facility and short term loan. Import loans, though funded in nature, have been incorporated under non-funded facilities given that they are availed solely for the purpose of settlement of LC. The aggregate amount of arranged composite working capital facilities is BDT 40,880 million (2018: BDT 41,118 million) of which non-funded limit is BDT 22,850 million (2018: BDT 23,031 million) and funded limit is BDT 25,440 million (2018: BDT 25,497 million). The limits maintained with some banks are omnibus in nature.

As per the approval of the Board of Directors of Grameenphone, the total amount of short-term funded facilities is limited to BDT 25,500 million (2018: BDT 25,500 million).

Security against short term credit facilities

The short-term credit facilities are unsecured and backed by standard charge documents as per terms and conditions set by respective banks and financial institutions.

44 Commitments

	As at 31 December 2019	As at 31 December 2018
	BDT (000)	BDT (000)
Capital commitment (open purchase order) for Property, plant and equipment	3,202,421	3,485,181
Capital commitment (open purchase order) for intangible assets	269,993	228,923

The company as lessee has finance and operating lease commitments as disclosed in Note 17 and Note 32.2.

45 Contingencies

The company is currently involved in a number of legal proceedings, including inquiries from, or discussions with, governmental authorities that are incidental to its operations. However, save as disclosed below, the company is not currently involved in any legal proceedings which may have a significant effect on the financial position or profitability of the company but for which any provision has not been recognised in these financial statements.



(a) BTRC audit

During 2011, Bangladesh Telecommunication Regulatory Commission (BTRC) carried out an information system audit of Grameenphone through BTRC's appointed auditor and issued a demand notice to Grameenphone on 03 October, 2011 claiming an amount of BDT 30,341,108,581 as outstanding dues on various categories. During and after the audit, Grameenphone clarified to both BTRC and their auditors, that those observations were framed on incorrect basis. Thereafter, Grameenphone disagreed to the claim made by BTRC and responded to the letter requesting BTRC to withdraw the notice. Subsequently, Grameenphone filed a Title Suit before the learned District Court, Dhaka challenging the BTRC demand. In an Appeal arising out of the Title Suit, the Hon'ble High Court Division (HCD) passed an order of status quo on the demand, which is effective till disposal of the matter at the Hon'ble HCD.

It is to be noted that in a separate Writ Petition filed by another audit firm challenging the auditor appointment process of BTRC, the appointment of the said auditor by BTRC was declared illegal by the Hon'ble HCD in 2011 for non-compliance with the relevant procurement laws which was later on upheld by the Hon'ble Appellate Division (AD) in 2013. On 30 September, 2018, BTRC filed an application for dismissal of the case without going into the merit. The hearing of the application has not taken place yet.

In 2015, BTRC appointed a new auditor through a fresh appointment process to conduct an information system audit on Grameenphone since inception i.e. 1997 to 2014. As part of the audit process, BTRC appointed auditor shared a summary of the draft audit observations for Grameenphone's feedback on 11 December, 2017. Grameenphone provided feedback clarifying its position against the observations on 18 January, 2018. Subsequently, on 26 August, 2018, BTRC shared the full audit report for Grameenphone's feedback and Grameenphone responded to the same in September 2018. Despite numerous interactions with BTRC and full cooperation to the BTRC appointed auditors, Grameenphone's concerns regarding the audit findings were not addressed by BTRC."

On 02 April, 2019, Grameenphone received a demand (Audit Demand) of BDT 125,799,476,135 from BTRC for payment of BDT 84,940,104,730 (including interest of BDT 61,943,079,371 till Dec 2017) to BTRC and BDT 40,859,371,405 to National Board of Revenue (NBR) within 10 (ten) working days. Pointing out the errors in the methodologies, procedure and substance of the audit exercise, Grameenphone disputed the whole Audit Demand and on 16 April, 2019, replied against the demand requesting BTRC to withdraw the demand and to engage in discussions with a view to find an amicable resolution. On 12 May, 2019, BTRC further directed Grameenphone to make the full payment without any delay. On 20 June, 2019, BTRC again asked Grameenphone to pay the full amount within 10 days. Thereafter, on 23 June, 2019, as a legal recourse, Grameenphone served a notice of arbitration upon BTRC. On 30 June, 2019, Grameenphone again sent a letter to the Secretary, Ministry of Posts and Telecommunication seeking his support in resolving the matter through arbitration process.

On 04 July, 2019, without participating in the arbitration proceedings, BTRC directed International Internet Gateway operators to reduce Grameenphone's internet bandwidth capacity roughly by 30% on the ground of non-payment of the demanded amount. The direction was subsequently withdrawn on 17 July, 2019 considering the impact on subscribers. However, on 22 July, 2019, BTRC imposed operational restrictions through stopping No Objection Certificates (NOCs) and approvals on products and services and equipment import. In this context, on 30 July, 2019, two arbitration applications were moved by Grameenphone before the Hon'ble HCD for appointment of arbitrator on behalf of BTRC and for interim measures against the suspension of approval & NOCs by the BTRC. On 21 October, 2019, the Hon'ble HCD rejected both the applications.

In the meantime, on 14 August, 2019, a proposal letter was sent to BTRC for withdrawal of earlier demand based on 2011 audit and discontinuation of the Title Suit in relation to the 2011 audit in order to remove any perceived road block for BTRC to participate in arbitration on the current audit demand. The letter remains unanswered.

On 26 August, 2019, Grameenphone filed a Title Suit against the Audit Demand, and on 28 August, 2019 Grameenphone moved an application for injunction in the learned District Court with the prayer to stay the suspension of NOCs and to restrain BTRC from taking any steps based on, or pursuant to, or for the realization or enforcement of the Audit Demand. The said application was rejected by the District Court. Against the rejection order, on 17 September, 2019, Grameenphone filed an appeal (First Miscellaneous Appeal) before the Hon'ble HCD.

On 05 September 2019, BTRC issued a show cause notice to Grameenphone as to why Grameenphone's 2G & 3G licenses should not be cancelled. Grameenphone responded timely to the show cause notice on 03 October, 2019.

In parallel, Grameenphone has been continuing engagement with the authorities with a view to find a transparent and amicable resolution. On 18 September, 2019, the Finance Minister in the presence of Minister of Post and Telecommunication,

NBR Chairman, BTRC Chairman and representatives of Grameenphone, got involved to pursue a constructive path towards resolving the issue. There, it was expressed that BTRC would withdraw the show cause and impositions to resume normal operations immediately and that Grameenphone would suspend its legal efforts to facilitate a transparent process towards an amicable solution. Despite these constructive efforts BTRC had not lifted any of the operational restrictions imposed by BTRC or the show cause notice.

On 17 October, 2019, in the First Miscellaneous Appeal filed earlier by Grameenphone, the Hon'ble HCD passed an interim order of injunction restraining BTRC, for a period of two months, from taking any steps on the basis of, or pursuant to, or for the realization of or enforcement of the Audit Demand dated 02 April, 2019. The Hon'ble HCD also stayed, for a period of two months, operation of the BTRC letter dated 22 July, 2019 (regarding suspension of NOC for importation of equipment/software and suspension of tariff/service package etc. approvals).

Challenging the said interim order of stay and injunction passed by the Hon'ble HCD, BTRC moved to the Hon'ble AD and on 24 November, 2019, the Hon'ble AD pronounced its Order that the interim order of stay and injunction dated 17 October, 2019 passed by the Hon'ble HCD is maintained subject to the condition that Grameenphone shall pay BDT 20,000,000,000 to BTRC within a period of three months; in default of the payment of the said money within the specified time the interim order of stay and injunction passed by the Hon'ble HCD shall stand vacated.

On 18 December, 2019, the Hon'ble HCD has extended the interim order and injunction for one month in the absence of the certified copy of the Order passed by the Hon'ble AD. Upon receiving the certified copy of the Order passed by the Hon'ble AD, the Hon'ble HCD has adjourned hearing of the First Miscellaneous Appeal (along with the injunction application) till 24 February, 2020.

On 26 January 2020, GP filed a Review Petition before the Hon'ble AD of the Supreme Court of Bangladesh. Grameenphone has requested the Hon'ble AD so that the Order dated 24 November 2019 may kindly be reviewed so as to allow Grameenphone to instead deposit 25% of the principal amount demanded by BTRC, which amounts to BDT 5,749,256,339.75, to be paid in 12 equal monthly installments from the date of order to be passed by the Court on the review application. This does not reflect Grameenphone's view on the substance or merit of the matter.

The original Title Suit pending at the learned District Court is fixed on 03 March, 2020 for reply (written statement) of defendants i.e. BTRC & Auditor.

As follows from the above, despite GP disagreeing with the audit demand as a basis for the audit claim, GP has consistently tried to engage the authorities to find a transparent process towards an amicable solution based on the merits of the audit findings. BTRC has, however, refused to meet to discuss the substance of the claims following the feedback GP provided against the audit observations in 2018; in 2019 BTRC rejected to enter into an agreement to refer the matter to arbitration and in October, 2019, BTRC did not follow up on pursuing the constructive path towards a solution initiated in the 18 September 2019 meeting and subsequent invitations for continued dialogue have been rejected. In light of these events, at this stage GP has concerns over the prospects of an amicable solution based on merit. Grameenphone has performed a detailed assessment of the BTRC and NBR demands and obtained legal advice for each of the various matters / demands received. Overall, the BTRC Audit Demand is comprised of claims against 26 line items of which 22 line items are related to BTRC payments (BDT 22,997,025,359 as principal amount and BDT 61,943,079,371 as interest amount) and are fully unjustified from Grameenphone's position; and no provision has been recorded based on the audit demand dated 02 April, 2019 as such.

The other 4 line items (with a total amount of BDT 40,859,371,405) are unauthorized and erroneously claimed by BTRC and are related to already resolved matter or where NBR has no claim against GP or matters pending in ongoing formal resolution processes (sub-judice) with the NBR. In the NBR matters, Grameenphone had already made the relevant provisions.

Pointing out the errors in the substance, methodologies and procedures of the audit exercise Grameenphone disputed the whole Audit Demand and requested the BTRC to engage in discussion for an amicable resolution. Thereafter, due to non-response by BTRC, applications for arbitration under local law and thereafter Civil Suit and appeal were filed in Bangladesh Courts. As of now, there has not been any judicial determination of the merits of the demand dated 02 April 2019 based on the disputed audit report nor any substantive discussion before any regulatory forum.

The errors in the audit-findings, the unprecedented long period covered by the audit (more than 20 years backwards), the inclusion of already settled/resolved items, the erroneous claim on behalf of third parties, the inclusion of sub-judice items in conjunction with the absence of merit based determination through any solution process create significant uncertainty about the validity of the demand and outcome of the dispute. Therefore, as of now no reliable estimation of liability can be derived.



(b) SIM tax on replacement SIMs

Large Taxpayers' Unit (LTU)-VAT through a letter dated 16 May, 2012 claimed SIM tax of BDT 15,804,391,570 including interests of BDT 5,454,810,667 for all replacement SIMs issued during the period from July, 2007 to December, 2011 alleging that Grameenphone evaded SIM tax by selling new connections in the name of replacement SIMs. The said demand was made based on extrapolating the outcome of only five randomly purchased SIMs by LTU-VAT. Grameenphone challenged the demand by a Writ Petition before the Hon'ble High Court Division (HCD) and the Hon'ble HCD on 6 June, 2013 disposed of the Writ Petition directing the Commissioner, LTU-VAT to decide on this matter within 120 days and make no demand in the meantime. Consequently a SIM Replacement Review Committee was constituted by the Commissioner. The LTU-VAT authority in January, 2014 finalized their observations without changing their earlier position significantly.

The mobile operators expressed their dissatisfaction over the findings and the way LTU-VAT members of the Review Committee disregarded the spirit of the 'Terms of Reference' and agreed methodology as endorsed by BTRC in carrying out the review.

Thereafter, the Commissioner, LTU-VAT issued an order dated 18 May, 2015 purporting to dispose of the show cause notice and finalize the demand at BDT 10,232,331,083 as SIM tax. The revised demand includes substantially all replacements done by Grameenphone between July, 2007 and December, 2011.

At this juncture, Grameenphone filed an appeal before the Customs, Excise & VAT Appellate Tribunal under Section 42(1) (Kha) of the VAT Act 1991 against the demand. Even though Grameenphone believes that the claim against it is not likely to be legally enforceable, 10% of the disputed amount had to be deposited at the time of appeal due to statutory requirement. Since the claim is not likely to be legally enforceable, any payment related to this claim is likely to be recoverable after the resolution of this issue. Grameenphone considered the deposit as a contingent asset under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

On 5 June, 2017, the VAT Appellate Tribunal dismissed the Appeals filed by Grameenphone and other mobile operators. The judgement was communicated to Grameenphone on 18 July, 2017. Subsequently on 19 July, 2017, challenging the said Judgement & Order of the Tribunal, Grameenphone filed a VAT Appeal before the Hon'ble HCD wherein the Hon'ble HCD has stayed the operation of the Judgement & Order of the Tribunal. The Hon'ble HCD fixed the appeal for hearing which will be concluded as per accommodation of the court.

Further, in July 2017 without conducting any investigation and based on the assumption that Grameenphone evaded SIM tax by selling new connections in the name of replacement SIMs, LTU-VAT issued a show cause notice of BDT 3,789,537,820 to Grameenphone for the period July, 2012 to June, 2015. Grameenphone replied to the show cause notice stating, inter alia, a similar claim relating to an earlier period of July, 2007 to December, 2011 is now pending for adjudication before the Hon'ble HCD in an earlier filed VAT appeal. Subsequently, the Commissioner of LTU-VAT issued the final demand for BDT 3,789,537,820. On 20 February, 2018, Grameenphone filed appeal before the Customs, Excise and VAT Appellate Tribunal against the demand upon depositing 10% of the demanded amount as appeal fee due to statutory requirement and considered the deposit as a contingent asset under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. On 23 March, 2019 the Tribunal passed judgement against Grameenphone and on 27 June, 2019 Grameenphone filed appeal before the Hon'ble HCD. On 27 August, 2019, the Hon'ble HCD stayed the operation of the judgement passed by the Tribunal. The appeal is now pending before the Hon'ble HCD for adjudication.

Subsequently during November, 2017, the commissioner of LTU-VAT issued a separate show-cause notice for the similar issue covering the period from January, 2012 to June, 2012 for an amount of BDT 823,342,916. As per provision of the VAT Act-1991 which was prevailing at that point of time, LTU-VAT cannot claim any amount beyond 5 years, hence the claim is time barred. Grameenphone replied to the show cause notice accordingly. Subsequently the hearing before the LTU-VAT Commissioner took place on 31 January, 2019 following which LTU-VAT has not concluded on the demand yet although the statutory limitation to conclude such demand was 120 days from issuance of the show-cause i.e. 23 November, 2017.

Out of this NBR claim, BDT 10,232,331,083 are also part of BTRC audit claim dated 02 April, 2019 as discussed in Note 45(a) above.

(c) VAT rebate on 2G licence renewal fee

Grameenphone was under legal obligation to deduct 15% VAT at source from the payments to any licensing authorities including BTRC pursuant to insertion of Rule 18(Uma) in Value Added Tax Rules, 1991 which became effective from 1 July 2010. Since then Grameenphone complied with the same. However, the dispute arose in 2011 at the time of Grameenphone's 2G License Renewal when BTRC stipulated in License Renewal Guideline to make the payment 'without any deduction'. In 2011 mobile operators including Grameenphone challenged such stipulation in separate Writ Petitions before the Hon'ble High Court Division (HCD) wherein the Court allowed Grameenphone to exercise the right to claim rebate subject to payment of VAT in addition to BTRC's claim amount. However, Grameenphone, BTRC and NBR filed separate appeals before the Hon'ble Appellate Division (AD) which are now pending for hearing. It should be noted that after amendments in Value Added Tax Rules, 1991, in 2012 at the time of making payment for 2nd installment of 2G Spectrum Assignment Fee, Grameenphone exercised its right to claim rebate of VAT which was subsequently cancelled by the Large Taxpayers' Unit (LTU)-VAT since

BTRC, not being a VAT registered entity, could not provide legally required VAT Challan i.e. Mushak-11. Grameenphone challenged such cancellation by another Writ Petition which is pending before the Hon'ble HCD.

100% of the Licence Renewal Fee has been capitalised based on the assumption that Grameenphone's VAT exposure will be nil. This assumption is based on the Hon'ble High Court's verdict which allowed Grameenphone to exercise its right to claim rebate against the paid VAT.

However, the lawsuit over the VAT mechanism is still pending before the AD for BDT 2,397,282,000 and Grameenphone's rebate right case for BDT 1,409,922,000 is pending before the Hon'ble HCD. Grameenphone considered the deposited VAT amount of BDT 3,807,204,000 as a contingent asset under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

If the Hon'ble AD rules that Grameenphone would be required to pay VAT and would not be able to exercise the right to claim rebate for this VAT, Grameenphone's financial exposure on capitalized License Renewal Fee for this would increase by BDT 1,069,596,000.

Out of this dispute, BDT 4,876,800,000 are also part of BTRC audit claim dated 02 April, 2019 as discussed in Note 45(a) above.

(d) Claim for VAT based on C&AG audit

Large Taxpayers' Unit (LTU)-VAT on 14 May, 2014 issued 8 demand-cum-show cause notices for a total amount of BDT 16,597,269,891 referring to an audit report prepared by Local and Revenue Audit Directorate of Comptroller and Auditor General (C&AG) office of Bangladesh. C&AG office made this audit report for the fiscal year 2010-11 and 2011-12. Grameenphone disagreed to the findings of the audit report referred by LTU-VAT due to lack of jurisdiction of C&AG office to conduct audit on the matters of private entity under the Constitution of Bangladesh. Moreover, improper procedures were followed during the course of the assessment and relevant facts as well as legal provisions were misconstrued in reaching the conclusion. Grameenphone challenged the notices by filing a Writ Petition before Hon'ble High Court Division HCD and the Hon'ble HCD on 15 December 2014 passed the judgement by making the rule absolute in favour of Grameenphone and setting aside the demand notices.

Thereafter, NBR filed a Civil Petition for Leave to Appeal before the Hon'ble Appellate Division (AD) and on 5 March, 2017 the Hon'ble AD disposed of the said Civil Petition for Leave to Appeal. Subsequently in connection with the demand-cum-show cause notices dated 14 May, 2014 Grameenphone provided information and documentation to the VAT authority which they have reviewed, which we believe should be to their satisfaction.

BTRC audit claim dated 02 April, 2019 as discussed in Note 45(a) above also includes this issue as well which Grameenphone believes is now resolved with the NBR and the Hon'ble AD also disposed of the said Civil Petition for Leave to Appeal.

(e) Interest on SIM Tax during 24 August 2006 to 27 March 2007

National Board of Revenue (NBR) through a General Order dated 9 June, 2005 fixed Tariff Value determining SIM Tax (Supplementary Duty and VAT) on SIM Card at BDT 2,172.20. Challenging the legality of such imposition of SIM Tax, one subscriber filed a Writ Petition before the Hon'ble High Court Division (HCD) and the Hon'ble HCD on 25 June, 2005 by an interim order stayed the operation of the General Order. Accordingly the mobile operators including Grameenphone could not collect SIM Tax from the customers since the collection of SIM Tax was suspended. Subsequently, on 24 August, 2006 Hon'ble HCD passed judgement declaring the imposition of SIM Tax on SIM Card as illegal. Upon a Civil Petition filed by the NBR, the judgement of the Hon'ble HCD was initially stayed by the Hon'ble Appellate Division (AD) on 27 March, 2007 and finally on 1 August, 2012 the Hon'ble AD reversed the judgement of Hon'ble HCD declaring the imposition of SIM Tax as legal. NBR issued a demand notice after the judgement of the Hon'ble AD and BDT 3,480,971,703 was paid by Grameenphone on 12 September, 2012 on protest.

On 9 May, 2016 Large Tax Payers' Unit (LTU)-VAT issued a show cause notice on Grameenphone for interest amounting BDT 4,525,263,202 for the delay in payment of SIM Tax on sale of SIM during the period August, 2006 to March, 2007 for a period of 65 months, i.e. the period between 1 April, 2007 and the day before the date of the payment made by Grameenphone, i.e. 11 September, 2012 during which the matter was pending before the Hon'ble AD for disposal. Subsequently, NBR issued a demand notice on 22 June, 2016 for the same amount which was challenged by Grameenphone through filing an appeal before the Hon'ble Customs, Excise & VAT Appellate Tribunal. Even though Grameenphone believes that the claim against Grameenphone is not likely to be legally enforceable, 10% of the disputed amount had to be deposited at the time of filing such appeal as part of the appeal procedure prescribed by law. Since the claim is not likely to be legally enforceable, any payment related to this claim is likely to be recoverable after the resolution of this issue. Grameenphone has considered the deposit as a contingent asset under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The appeal was heard before the Hon'ble Customs, Excise and VAT Appellate Tribunal on 28 March, 2017.



Thereafter, the appeal was re-heard before the Hon'ble Customs, Excise and VAT Appellate Tribunal on 3 April 2018. Upon re-hearing, the Customs, Excise and VAT Appellate Tribunal upheld the demand of the Commissioner, LTU-VAT and issued its judgement on 11 April 2018. Subsequently, Grameenphone filed a VAT Appeal before Hon'ble HCD, challenging the said judgement of the Tribunal on 31 May 2018. On 10 July 2018, HCD stayed the judgement of the Tribunal till disposal of the VAT Appeal.

As per direction of the Hon'ble HCD, Grameenphone has submitted the relevant documents. The Hon'ble HCD fixed the appeal for hearing which will be heard as per accommodation of the court.

In January, 2019, International Financial Reporting Interpretations Committee (IFRIC) published Committee's agenda decisions addressing accounting treatment for the deposits relating to indirect taxes. After a thorough analysis, the appeal deposit of 10% has been reinstated to long term receivables by crediting profit or loss account.

(f) Interest for delayed payment of Guaranteed Annual Rent to Bangladesh Railway

There is a dispute regarding payment of VAT (whether inclusive or exclusive) on the Guaranteed Annual Rent (GAR) paid to Bangladesh Railway (BR) to use its Fibre Optic Network (FON) under an Agreement dated 17 September, 1997. Grameenphone made payment to BR after deduction of VAT from the GAR following inclusive method. In 2008, BR requested Grameenphone to pay the amounts deducted as VAT otherwise threatened to disconnect the FON connection. Grameenphone filed a Writ Petition before the Hon'ble High Court Division (HCD) and HCD disposed of the Writ directing Grameenphone to pay VAT following exclusive method i.e. to be grossed up on top of GAR which was later on upheld by the Hon'ble Appellate Division (AD). BR issued a demand letter of BDT 319,670,457. Grameenphone paid the demanded amount on 10 January, 2018 without prejudice to its right to file Review Petition before the Hon'ble AD and subject to adjustment, if any, as per the decision of the Review. However, after assessment, Grameenphone decided not to pursue for Review Petition against the decision of the AD.

On 27 February, 2018 BR made an additional demand of BDT 1,316,513,243 as interest for delayed payment of deducted GAR following the provisions of the agreement between Grameenphone and BR. Management's assessment based on external counsel's guidance is that interest should not apply during the period when the matter was sub-judice and BR's demand for principal amount was stayed by the Order of the Court. Pursuant to the said demand letter, on 24 May, 2018, Grameenphone sent a letter to BR for resolution of the dispute by stating its legal position. Thereafter, BR refused the proposal for amicable resolution on 29 July, 2018. After assessment, Grameenphone decided to resolve the dispute through arbitration and Grameenphone is now taking preparation to initiate arbitration proceedings.

(g) Large Taxpayers' Unit (LTU)-VAT audit

In October, 2018, LTU-VAT authorities initiated a VAT audit covering the period from January, 2014 to June, 2018. On 18 September, 2019 LTU-VAT authorities issued an audit report covering the period from January, 2014 to December, 2018 and issued four show cause notices demanding BDT 6,884,626,451 in different areas including VAT on commission. Grameenphone replied to the notices on 3 October 2019. Following Grameenphone's reply, the hearing before the LTU-VAT Commission took place on 5 November, 2019. Thereafter, Grameenphone assessed the exposure being BDT 2,632,947,932 and proposed a full and final settlement of this amount towards LTU-VAT. LTU-VAT and Grameenphone engaged in a transparent and amicable resolution process under which on 28 November, 2019 GP made a partial payment of BDT 1,000,000,000 towards the final settlement. Subsequently, LTU-VAT formed a committee to review the matter.

46 Other disclosures

46.1 Segment information

Grameenphone essentially provides similar products and services to customers across the country and its products and services essentially have similar risk profile. Grameenphone's business is not organised in product or geographical components and its operating result is reviewed as a whole by its management. Hence, segment information is not relevant.

46.2 Events after the reporting period

The Board of Directors of Grameenphone Ltd. at its 216th meeting held on 27 January 2020 recommended a final cash dividend amounting to BDT 5,401,200,088 being 40% of the paid-up capital (i.e. BDT 04.00 per share) for the year 2019. Total cash dividend including this final cash dividend stands at 130% of the paid-up capital (i.e. BDT 13.00 per share) for the year 2019. These dividends are subject to final approval by the shareholders at the forthcoming annual general meeting of the company.

**GETTING SOLUTIONS
WERE NEVER EASIER
IT'S POSSIBLE!**



C-27
K-23

Grameenphone

Set My Name
017XXXXXXXXX

Account Balance

₹930.54
Available

3.3 GB

0 Min

0 SMS

Pay Now

Previous Due: ₹320
Due on Feb 15

Flexiplan

Minutes

Products & Services

INTERNET

- **3 Day Packs:** 5MB, 350MB, 2GB, 3GB • **Weekly Packs:** 85MB, 1GB, 3GB, 6GB, 10GB
- **Monthly Packs:** 115MB, 555MB, 1GB, 1.5GB, 3GB, 5GB, 15GB, 30GB
- **4G Only Packs:** Weekly - 6GB, Monthly - 20GB, 60GB, 100GB, 200GB • **Social Packs:** Facebook Packs - 3 Days, 7 Days, 28 Days, Viber Pack - 26MB, WhatsApp Pack - 26MB, Heavy Video Pack - 50MB
- **Bioscope Packs:** 30MB Bioscope Prime Pass, 1GB Bioscope Weekly, 2GB (1GB + 1GB Bioscope) Weekly, 5GB Bioscope Monthly
- **Emergency Data Loan:** 12MB, 30MB • **Internet Scratch Card:** 75MB, 175MB

DEVICE

- Maximus P7 Plus - GP Co-Branded 4G Smartphone Campaign • GP Co-Branded 4G Modem Campaign • Device and Bioscope Prime Pass Cricket World Cup Campaign • Huawei WTTx 4G Router Campaign
- Device Financing Project
- Flagship Device Campaigns - iPhone 11, iPhone 11 Pro, iPhone 11 Pro Max, Galaxy Note 10+, Galaxy S10, VIVO V15, Huawei P30 Series, OnePlus 7 Pro, OPPO Reno, Reno 10X Zoom • Joint Promotion Device Campaigns: Samsung, Huawei, OPPO, VIVO, Xiaomi, Nokia, Symphony, Walton, LAVA, Maximus, Realme

VALUE ADDED SERVICES

- Welcome Tune • Ichchhe Tune • Music Radio • Pay for Me • Miss Call Alert • Call Block
- Religious Service • Voice Chat • Voice SMS • Sports Alert
- News Alert • Job Alert • Games
- Audio-Video Content
- Health Tips • Education Tips
- Infotainment Services
- Entertainment Services
- Downloadable Contents

PREPAID

- Nishchinto • Bondhu • djuice
- Smile • Village Phone • BPO
- GP Public Phone • Business Solution • Shofol • Ekota • Skitto
- Emergency Balance
- Rate Cutters
- Daily/Weekly minute packs
- Hourly minute packs
- Monthly minute packs
- Voice Scratch Card

POSTPAID

- Xplore • My Plan • Flexi-plan
- Minute Bundles • Rate Cutters
- Daily/Weekly minute packs
- Hourly minute packs
- Monthly Minute Pack
- Business Solution

DIGITAL SERVICES

- MyGP • GP Website
- GP Online Shop • FlexiPlan
- EasyNet • Bioscope • GP Music
- Digital Care • WOW Box
- API Gateway



Connecting You
To **WHAT MATTERS** Most

FINANCIAL SERVICES

- **Utility Bill Pay:** Payment solution for Govt. Utility Payment Services • Internet Bill Pay Solution • DTH & Cable TV Payment Collection
- **GPAY wallet Cash In:** Self wallet cash in service through Source of Fund (SoF) • Flexiload
- Offer pack • Skitto Recharge
- Train Ticketing
- **Other Partner Bank Services:** Cash In/ Cash Out through Billpay Agent

BUSINESS SOLUTIONS & IOT

- Corporate Bulk SMS • M2M
- Audio Conferencing Service
- Voice Message Broadcast
- Vehicle Tracking System
- Team Tracker • Buddy Tracker
- Train Tracking • M-Reporting
- Smart Connect • Smart Security
- Grameenphone Cloud Store
- Smart Attendance • M-Centrex

ROAMING

- **Outbound Roaming:** Basic, Data, Standard, SMS, Economy SMS, Daily Unlimited Data, Weekly Unlimited Data, Monthly Unlimited Data, Daily Combo, Weekly Combo, Hajji Combo
- **Inbound Roaming:** (Basic, Data, SMS), International SMS

GP LOYALTY MANAGEMENT

- Attractive discounts in 1500+ best lifestyle outlets in all over Bangladesh • STAR Iftar, STAR fest and engagement events
- GP Points • Real time STAR status upgradation • Season and occasion-based campaign for GP STAR's • Free upgrade to 4G SIM for STARs • Partnership with digital service providers

ADJACENT BUSINESS

- Infrastructure Services*

*In compliance with BTRC guidelines, Grameenphone is sharing its passive infrastructure with other licenses under 'Infrastructure Services'.

Overview

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Our Recognition 2019

Grameenphone always strives to leave a mark of excellence in any endeavour it undertakes. The number of awards won in 2019 is further proof of the Company's commitment towards improvement. We are humbled by the recognition and grow even more motivated to do even better in the future.

Best Presented Annual Report/ Corporate Governance Award



ICAB (The Institute of Chartered Accountants of Bangladesh) Best Presented Annual Report 2018



SAFA (South Asian Federation of Accountants) Best Presented Annual Report Awards 2018



ICSB (Institute of Chartered Secretaries of Bangladesh) National Award 2018 for Corporate Governance Excellence

Other Awards

Won the Customer Award 2019, among all Telenor business units for driving excellence in the customer experience dimension



Customer Award

Grameenphone has been recognised as the "Fastest Mobile Network" in Bangladesh by the global leader in internet testing and analysis Ookla, for 2019



Speedtest Awards 2019

Received "Tax Card Honor Certificate" from National Board of Revenue (NBR) Bangladesh for highest payer of income tax in telecommunication sector for the year 2018-2019



Highest Tax payer

Received top awards in the "Best Telecom Brand" and "Overall No. 4 Best Brand" for acceptance among consumers. The awards were presented by Bangladesh Brand Forum in partnership with the leading brand research company Nielsen Bangladesh



Best Brand Award



Useful Information For Shareholders

1. General

Authorised Capital	: BDT 40,000,000,000
Issued and Fully Paid-up Capital	: BDT 13,503,000,220
Class of Shares	: Ordinary Shares of BDT 10.00 each
Voting Rights	: One vote per Ordinary Share

2. Stock Exchange Listing

The Ordinary Shares of the Company are listed on the Dhaka and Chittagong Stock Exchanges. Company trading code is [GP].

3. Distribution Schedule of the Shares as on December 31, 2019

Range of Shareholdings	Number of Shareholders	Total Number of Shares	Percentage
001 to 500	24,220	4,479,685	0.33%
501 to 5,000	5,412	8,565,541	0.63%
5,001 to 10,000	467	3,347,114	0.25%
10,001 to 20,000	237	3,318,103	0.25%
20,001 to 30,000	99	2,452,984	0.18%
30,001 to 40,000	49	1,732,404	0.13%
40,001 to 50,000	34	1,564,380	0.12%
50,001 to 100,000	71	5,130,538	0.38%
100,001 to 1,000,000	122	38,467,261	2.84%
1,000,001 to 1,000,000,000	19	1,281,242,012	94.89%
Total	30,730	1,350,300,022	100%

4. Dividend

For the Year	Dividend Rate	Dividend Per Share (BDT)	Par Value Per Share (BDT)	Dividend Type
2019	40% (Proposed Final Dividend)	4.00	10.00	Cash
	90% (Interim Dividend)	9.00	10.00	Cash
2018	155% (Final Dividend)	15.50	10.00	Cash
	125% (Interim Dividend)	12.50	10.00	Cash
2017	100% (Final Dividend)	10.00	10.00	Cash
	105% (Interim Dividend)	10.50	10.00	Cash
2016	90% (Final Dividend)	9.00	10.00	Cash
	85% (Interim Dividend)	8.50	10.00	Cash
2015	60% (Final Dividend)	6.00	10.00	Cash
	80% (Interim Dividend)	8.00	10.00	Cash

5. Credit Rating

The Company's credit rating was reaffirmed by Credit Rating Information and Services Limited (CRISL) on 28 April 2019 and is valid up to 27 April 2020.

Long Term	Short Term
AAA	ST-1

6. Associate Company

Name of the Company

Accenture Communications Infrastructure Solutions Ltd.
(Formerly known as Grameenphone IT Ltd.)

Holding

49%

Activity

IT Company

7. Grameenphone Share Performance at Stock Exchanges

I. Monthly high, low and close share price and volume of the Company's Shares traded at Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) during the year 2019:

Month	DSE				CSE			
	High (BDT)	Low (BDT)	Close (BDT)	Volume (No.)	High (BDT)	Low (BDT)	Close (BDT)	Volume (No.)
January	419.90	363.00	398.20	7,541,590	420.0	365.0	399.0	217,179
February	412.50	368.00	393.50	6,358,112	411.0	367.3	393.3	180,310
March	411.90	384.00	409.20	4,109,449	410.0	384.0	406.9	542,080
April	419.70	355.50	358.70	4,982,002	418.4	356.2	358.5	171,863
May	363.50	336.70	355.10	2,466,643	363.9	336.1	354.5	111,849
June	366.00	350.30	364.70	1,508,415	370.0	352.0	364.3	3,219,732
July	365.00	316.00	332.40	2,457,450	367.1	317.0	333.6	751,571
August	337.60	310.20	312.00	3,283,012	338.5	310.0	310.1	99,533
September	364.90	284.70	352.40	5,306,794	364.9	286.0	350.0	469,613
October	352.40	310.00	317.50	3,184,258	349.3	314.6	320.3	77,479
November	333.00	301.10	318.20	4,434,563	333.0	300.0	317.4	130,627
December	318.00	275.50	285.80	2,152,739	317.4	276.0	287.2	42,952
Total shares traded during the year				47,785,027	6,014,788			

II. Quarterly high-low price history of the Company's share traded at Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) during the year 2019 and 2018:

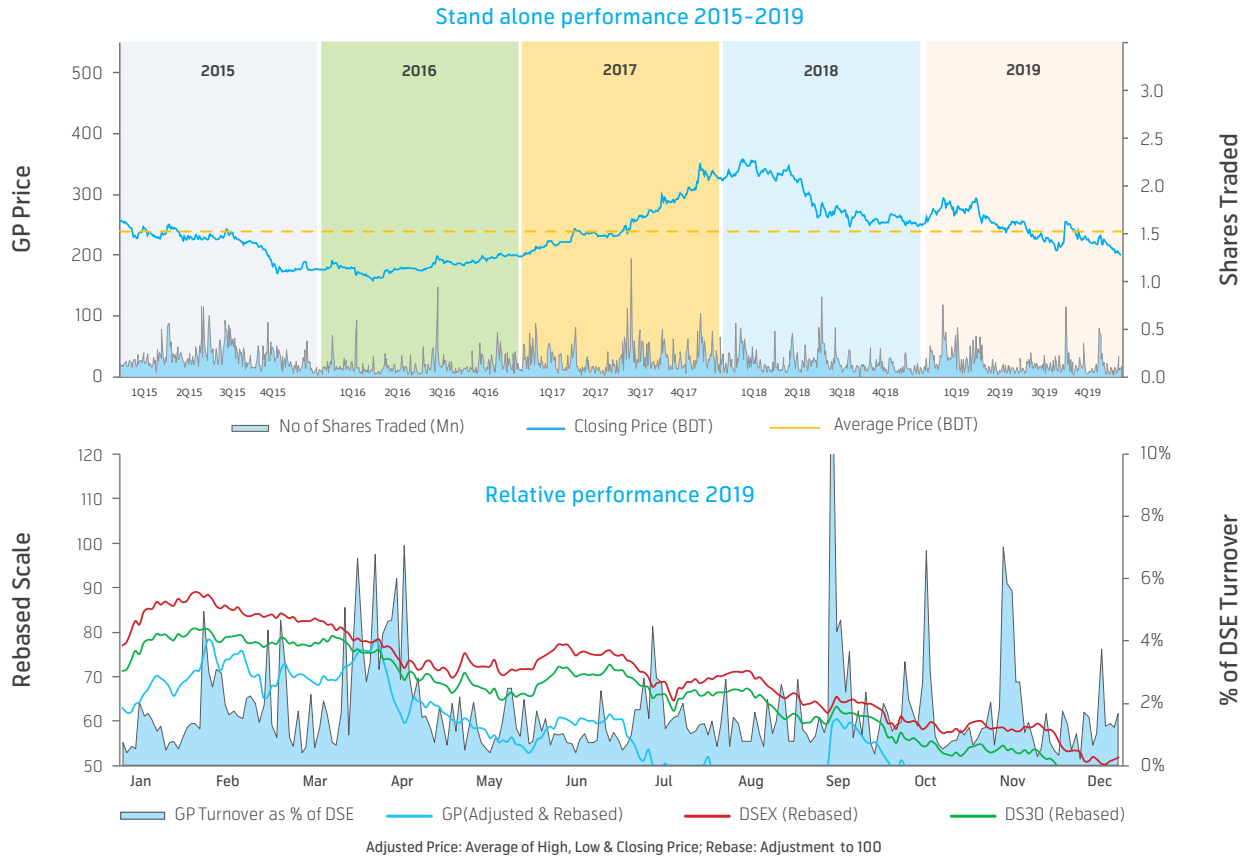
Period	DSE				CSE			
	2019		2018		2019		2018	
	High (BDT)	Low (BDT)	High (BDT)	Low (BDT)	High (BDT)	Low (BDT)	High (BDT)	Low (BDT)
Quarter 1	419.90	363.00	513.10	460.30	420.0	365.0	512.8	460.0
Quarter 2	419.70	336.70	498.00	373.30	418.4	336.1	496.0	374.0
Quarter 3	365.00	284.70	450.70	350.60	367.1	286.0	404.6	350.0
Quarter 4	352.40	275.50	390.00	352.30	349.3	276.0	382.9	356.3

III. Grameenphone Share Price Trend Year wise traded at Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) during the year 2019 and 2018

	DSE		CSE	
	2019	2018	2019	2018
Highest Price (BDT)	419.90	513.10	420.0	512.8
Lowest Price (BDT)	275.50	350.60	276.0	350.0



IV. Grameenphone Share Performance in DSE: 2015 – 2019



Shares Traded

% of DSE Turnover

8. Financial Calendar 2019



* Subject to change, please check www.grameenphone.com/about/investor-relations for latest updates

9. Company Website

Anyone can get information regarding Company's activities, products and services or can view Annual Report 2019 at www.grameenphone.com

10. Investor Relations

Institutional investors, security analysts and other members of the professional financial community requiring additional financial information, please contact at **+880175552271** or can visit the Investor Relations section of the Company website: www.grameenphone.com

11. Shareholder Services

If you have any queries relating to your shareholding and dividend, please contact at **+8801711555888** or mail to Grameenphone Share Office at shareoffice@grameenphone.com

Overview

Sustainability

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Company Name

Grameenphone Ltd.

Company Registration No.

C-31531 (652)/96

Legal Form

A public listed company with limited liability. Incorporated as a private limited company on 10 October 1996 and subsequently converted to a public limited company on 25 June 2007. Listed on the Dhaka and Chittagong Stock Exchanges on 11 November 2009.

Board of Directors

Chair

Petter Boerre Furberg

Directors

M Shahjahan
Md. Ashrafur Hassan
Haakon Bruaset Kjoel
Parveen Mahmud
Oivind Burdal
Irfan Wahab Khan
Lars Erik Tellmann

Independent Directors

Prof. (Dr.) Jamilur Reza Choudhury
Dr. Salehuddin Ahmed

Health, Safety, Security & Environment Committee

Lars Erik Tellmann (Chair)

M Shahjahan

Hasanur Rahman Rakib (Secretary)

Management Team

Yasir Azman, Chief Executive Officer

Jens Becker, Chief Financial Officer

Ole Bjorn Sjulstad, Chief Corporate Affairs Officer

Rade Kovacevic, Chief Technology Officer

Sajjad Hasib, Chief Marketing Officer

Syed Tanvir Husain, Chief Human Resources Officer

Solaiman Alam, Chief Digital and Strategy Officer (acting)

Mahmud Hossain, Chief Business Officer

Company Secretary

S M Imdadul Haque

Audit Committee

Dr. Salehuddin Ahmed (Chair)

M Shahjahan

Oivind Burdal

S M Imdadul Haque (Secretary)

Head of Internal Audit & Investigation

Hasan Faisal

Head of Ethics & Compliance

Ivan Georgiev Dimitrov

Nomination and Remuneration Committee

Prof. (Dr.) Jamilur Reza Choudhury (Chair)

Haakon Bruaset Kjoel

Md. Ashrafur Hassan

S M Imdadul Haque (Secretary)

Statutory Auditors

A Qasem & Co

Chartered Accountants

Corporate Governance Compliance Auditors

ACNABIN

Chartered Accountants

Treasury Committee

M Shahjahan (Chair)

Pal Stette

Jens Becker

S M Imdadul Haque (Secretary)

Registered Office

GPHouse

Bashundhara, Baridhara, Dhaka-1229, Bangladesh

Corporate
Information

* The information in this section is as on 01 February 2020



Glimpse of 22nd Annual General Meeting



গ্রামীণফোন লিঃ
২২ তম বার্ষিক সাধারণ সভা ২০১৯
২০ এপ্রিল, ২০১৯
আন্তর্জাতিক সম্মেলন কেন্দ্র, বসুন্ধরা
ফলে-১ (গুলনকশা), জোয়াহাংগাং, খিলক্ষেত, ঢাকা-১২১৩



Grameenphone Ltd.

Registered Office: GPHouse, Bashundhara, Baridhara, Dhaka-1229

Share Office: Cemex Shimul Trishna Trade Center (3rd Floor), Ka-86/1, Progoti Shoroni, Kuril Bishwaroad, Dhaka-1229

Notice of the 23rd Annual General Meeting Virtual Shareholder Meeting

Notice is hereby given that the 23rd Annual General Meeting (AGM) of Grameenphone Ltd. will be held on **Tuesday, 21 April 2020 at 10:30 am (Dhaka Time)**. The AGM will be held virtually by using digital platform through the following link <http://bit.ly/gpvirtualagm-2020> to transact the following businesses:

AGENDA

1. Consideration and adoption of the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2019 together with the Auditors' Report thereon.
2. Declaration of Dividend for the year ended 31 December 2019 as recommended by the Board of Directors.
3. Election/Re-election of Directors.
4. Appointment of Statutory Auditors and fixation of their remuneration.

By order of the Board of Directors
Sd/-

S M Imdadul Haque
Company Secretary

06 April 2020

Notes:

- The Members whose names appeared on the Members/Depository Register as on the “Record Date” i.e. **17 February 2020** are eligible to participate in the 23rd Annual General Meeting (AGM) and receive dividend.
- Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMIC/04-231/932 dated 24 March 2020, the AGM will be virtual meeting of the Members, which will be conducted via live webcast by using digital platform.
- The Members will be able to submit their questions/comments and vote electronically 24 hours before commencement of the AGM and during the AGM. For logging in to the system, the Members need to put their 16-digit Beneficial Owner (BO) ID number and other credential as proof of their identity by visiting the link <http://bit.ly/gpvirtualagm-2020>
- The detailed procedures to participate in the virtual meeting and Frequently Asked Questions (FAQs) have been provided in the Annual Report and published on the Investor Relations section of the Company's website at: www.grameenphone.com
- We encourage the Members to log in to the system prior to the meeting start time of 10:30 am (Dhaka time) on 21 April 2020. Please allow ample time to login and establish your connectivity. The webcast will start at 10:30 am (Dhaka Time). Please contact +8801711555888 for any technical difficulties in accessing the virtual meeting.
- A Member entitled to attend and vote at the AGM may appoint a Proxy to attend and vote in his/her stead. The “Proxy Form”, duly filled, signed and stamped at **BDT 20** must be sent through email to Grameenphone Share Office at shareoffice@grameenphone.com no later than 72 hours before commencement of the AGM.
- Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/ Admin/81 dated 20 June 2018, the soft copy of the Annual Report 2019 is being sent to the email addresses of the Members available in their Beneficial Owner (BO) accounts maintained with the Depository. The Members are requested to update their email addresses through their respective Depository Participant (DP). The soft copy of the Annual Report 2019 will also be available on the Investor Relations section of the Company's website at: www.grameenphone.com
- The Members are requested to send email to Grameenphone Share Office at shareoffice@grameenphone.com on or before **10 April 2020**, their written option to receive dividend. In case of non-submission of such option within the stipulated time, the dividend will be paid off as deemed appropriate by the Company.



Frequently Asked Questions (FAQs) on Virtual Shareholder Meeting

1. Why is this Annual General Meeting (AGM) only virtual?

Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMIC/04-231/932 dated 24 March 2020, a listed company can arrange virtual shareholder meeting, which can be conducted via live webcast by using digital platform. Accordingly, in the light of prevailing COVID-19 situation in Bangladesh, considering the health and safety of all the shareholders, staff and others who plan to attend the AGM 2020, Grameenphone plans to convene its 23rd AGM 2020 virtually by using digital platform.

2. How can I participate in the AGM?

You are eligible to participate in the AGM, if you were a shareholder of Grameenphone as on the "Record Date" i.e. 17 February 2020.

You will be able to participate in the AGM online from your laptop, desktop, tablet and smartphone. For logging in to the system, you need to put your 16-digit BO ID number and other credential as a proof of your identity by visiting the link <http://bit.ly/gpvirtualagm-2020>

3. How can I submit questions/comments prior to and during the meeting?

You can submit your questions/comments in writing or through voice recording 24 hours before commencement of the AGM and during The AGM, by visiting the link <http://bit.ly/gpvirtualagm-2020> or through emailing to shareoffice@grameenphone.com

4. How the Company will address our questions/comments?

During the live Q&A session on the AGM day, the Board and the Management will try to answer the relevant questions, which will be submitted through the system and email prior to or during the meeting. However, Grameenphone reserves the right to edit and reject questions if it deems profane or otherwise inappropriate.

5. Who is entitled to vote and how many shares can I vote?

Each holder of shares of Grameenphone as on the "Record Date" i.e. 17 February 2020 is entitled to cast one vote per share on each Agenda item at the AGM. You are entitled to vote all shares owned by you as on the "Record Date".

6. How can I vote my shares in the AGM?

You can vote your shares electronically 24 hours prior to commencement of the AGM and during the AGM by visiting the link <http://bit.ly/gpvirtualagm-2020> You may vote in "FAVOUR" or "AGAINST" with respect to each agenda item.

7. What is the deadline for voting my shares?

Your vote must be received before the polls close for each agenda items during the AGM.

8. What is the voting requirement to approve each of the Agenda?

Each agenda will be passed by the vote of the majority of votes cast. Each agenda receiving more votes in "FAVOUR" than votes "AGAINST" will be passed.

9. What If I have technical difficulties or trouble accessing the virtual meeting?

If you encounter any difficulties accessing the virtual meeting through the link <http://bit.ly/gpvirtualagm-2020> prior to or during the AGM, please call +8801711555888 for support.



Virtual Shareholder Meeting of Grameenphone Ltd.

Pursuant to the Bangladesh Securities and Exchange Commission’s Order No. SEC/SRMIC/04-231/932 dated 24 March 2020, a listed company can arrange virtual shareholder meeting, which can be conducted via live webcast by using digital platform. Accordingly, in the light of prevailing COVID-19 situation in Bangladesh, considering the health and safety of all the shareholders, staff and others who plan to attend the AGM 2020, Grameenphone plans to convene its 23rd AGM 2020 virtually by using digital platform and online shareholders tools that -

- Facilitate shareholder attendance and participation.
- Enable shareholders to participate fully, and equally, from any location around the world.



We believe the virtual shareholder meeting will increase the ability to engage with all the shareholders, regardless of their number of shares, resources, or physical location.

Access	Q&A	Vote
<p>Grameenphone values the importance of effective communication with its Shareholders. The Company recognizes the rights of Shareholders and the Shareholders’ interest are primarily ensured through Grameenphone’s AGM. Accordingly, we have designed our virtual format to enhance, rather than constrain, Shareholder access, participation and communication.</p> <p>For example, the online format allows Shareholders to communicate with us in advance of and during the meeting so that they can ask any relevant questions or provide with comments on the performance or any other aspect of the Company.</p>	<p>The Company does not place restrictions on the type or form of questions that may be asked; however, the Company reserves the right to edit profanity or other inappropriate language for publication.</p> <p>During the live Q&A session of the meeting, the Chair or the Management will try to answer the questions as they come in.</p>	<p>The Shareholders will be able to cast their vote on the Agenda items and the results will be broadcasted in real time at the time of approval on the specific agenda item.</p>

We believe good Corporate Governance involves openness and trustful cooperation between all stakeholders involved in the Company, including the owners of the Company – the Shareholders. We have carefully designed the 23rd AGM of the Company to provide continuous and meaningful Shareholder engagement and participation. Our committed Board of Directors and Management Team value these interactions and invest significant time and resources to ensure that it has an open line of communication with Shareholders.



DISCLAIMER

This report contains statements regarding the future in connection with Grameenphone's growth initiatives, profit levels, outlook strategies and objectives. All statements regarding the future are subject to inherent risks and uncertainties, and many factors may lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

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www.grameenphone.com


Here you will find downloadable PDFs of:


- Annual Report 2019
- Proxy Form
- Notice of 23rd AGM
- Frequently Asked Questions (FAQs) on Virtual Shareholder Meeting

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www.grameenphone.com



We care about our planet

Grameenphone wants to contribute to meet climate challenges and aims to reduce the consumption of resources and overall impact on the environment. In an effort to minimise paper consumption, we limit the scope of the printed annual report within regulatory requirement. Grameenphone's website provides extensive information about the Company and its current activities.

