



Bangladesh Submarine Cable Company Limited

Rahman's Regnum Center (6th, 7th & 8th Floor)

191/B, Tejgaon-Gulshan Link Road, Dhaka-1208.

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Price Sensitive Information 1st Quarter Un-audited Financial Statements of BSCCL

This information is for all concerned that the Board of Directors of BSCCL in its 183rd meeting held on 12th November, 2020 at 4:00 P.M at the conference room of BSCCL Head Office, has considered and approved among others, the un-audited Financial Statements for the first quarter (01 July 2020 to 30 September 2020) ended on 30th September, 2020. The key features of the financial performance of the said period are stated below:

Particulars	[Amount in Taka]	
	01 July 2020 to 30 September 2020	01 July 2019 to 30 September 2019
Revenue	77,07,64,408	53,80,75,625
Earnings per share (EPS)	2.01	1.04
Net Operating Cash Flow per share (NOCFPS)	3.48	2.22
	As at 30 September 2020	As at 30 June 2020
Net Asset Value	708,09,33,573	675,00,15,017
Net Asset Value per share (NAVPS)	42.94	40.93

Explanatory notes for the significant variations in the Financial Statements (Un-audited) for the First Quarter ended 30 September 2020:

Issue-1: Significant Increase in Revenue

Bangladesh Submarine Cable Company Limited (BSCCL)'s turnover is mainly comprised of IPLC Rent, IP Transit Service and Co-location Service. BSCCL has implemented Regional Submarine Telecommunications Project, Bangladesh (SMW-5) and continued providing commercial service through the system during the period under consideration. In addition to that, substantial effort of BSCCL's management, Govt. policy of digitalization of govt. service and introduction of 4G services contributed to increase in overall IPLC consumption in the country. Consequently, BSCCL's sales and services and hence revenue also increased.

Issue-2: Significant Increase in EPS

EPS has been increased due to increase in Revenue and there was no significant additional expenditure against the increased revenue. There was no Extraordinary Transactions during this period.

Issue-3: Significant Increase in Operating Cash flows:

BSCCL has emphasized on revenue collection and took some stern steps for the realization which led to significant increment of Cash Received from clients as disclosed in the Statement of Cash Flows. Consequently, Net Operating Cash Flow per Share of BSCCL has been increased compared to that of previous period of last year. Please note that there was no cash flow due to Extraordinary Transactions during this period.

Issue-4: Equity Money

Please note that as BSCCL could not convert the amount of Tk. 1,660,000,000 received from GoB as equity money for Regional Submarine Telecommunications Project, Bangladesh (SMW-5) into the Share Capital for valid reasons as stated below:

During the fiscal years 2015-2016 and 2016-17, Bangladesh Submarine Cable Company Limited (BSCCL) received an amount of Taka 166,00,00,000.00 as Equity Money in six different installments from the Government of the People's Republic of Bangladesh for the purpose of implementing the "Regional Submarine Telecommunications Project, Bangladesh (Installation and Establishment of Second Submarine Cable System (SMW5))" under a RDPP approved by ECNEC.

If any development project is executed with an aid of GoB money, the project should be audited by the Government Audit Department for finalization of the accounts. Accordingly said project expenditure was audited by Foreign Aided Audit Directorate (FAPAD) of Audit Directorate of GoB and the audit report was issued on 22 September 2019 with an objection regarding usage of GoB equity money titled " Excess GoB Fund of Tk. 857.24 Lakh was spent in excess of Ratio stated in the RADP". In their audit report, it was recommended to take proper steps to deposit the said excess amount of GoB fund into Govt. account under intimation to audit.

BSCCL management replied to FAPAD on 13-02-2020 with adequate documents, reasoning and justifications for using the above mentioned amount spent in excess of Ratio stated in the RADP and applied to them for withdrawing the audit objection raised in this regard. During the period of process of resolution of the audit objection, Financial Reporting Council (FRC) has issued a notification (Notification No. 146/FRC/Admin/Notification/2020/01) on 11 February 2020 regarding Accounting and Reporting on Share Money Deposit. As per the said notification any amount received from investor as share capital or call by whatever name that was considered as part of equity in the Financial Statements shall be converted to share capital within six months. Further, till to date of conversion of share money deposit to share capital, the amount of share money deposit shall be considered as potential share.

On the basis of the above notification, Statutory Auditor has expressed qualified opinion mentioning that as on 30 June 2020 BSCCL did not convert the amount of Tk. 1,660,000,000 as equity money to Share capital and was not considered as potential share to calculate the Net Assets Value (NAV) per share and Earning per Share (EPS). For that reason, as on reporting date both Net Assets Value (NAV) per share and Earning per Share (EPS) of the company is overstated

But there are valid reasons for not complying the notification of FRC in due course and the major reasons are explained below:

Immediately after issuing the circular of FRC, Pandemic situation for COVID-19 arose and to reduce the severity of the affect of COVID-19 there was restriction of office timing. As such, there was an unintentional delay of



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resolution of audit objection. To determine the final amount of GoB fund under the said project against which the shares to be issued, BSCCL has to wait till the resolution of the audit objection.

BSCCL being a listed company has to follow the rules & regulations of BSEC, DSE & CSE in excess of following the Companies Act 1994. BSCCL has to follow some process to issue shares to GoB like, taking approval of Board, holding of EGM, taking permission from concerned Ministry and Finance Ministry regarding issue value, taking permission from BSEC for issue of capital. But before taking any approval from any authority regarding the said capital issue, the amount of GoB fund and issue value should be finalized. Due to the FAFAD audit objection the final amount of GoB fund can't be determined till resolution of Audit Objection. On the other hand as nothing was stated about the issue value in the RDDP, an amount should be determined as the issue value of the shares. BSCCL being a responsible listed company, it is not reasonable to assume an issue price without the consent of appropriate authority and consider that price for calculating the potential number of shares.

To get an impartial expert opinion about the probable fair issue value of the GoB shares, the Board of Directors of BSCCL has appointed Government owned ICB Capital Management Limited (ICML) as Issue Manager. According to the requirement of ICML the Board of Directors of BSCCL has appointed a BSEC approved valuation Firm for the purpose of valuation of assets & liabilities of BSCCL. BSCCL has also completed the financial audit for the year 2019-2020. After approval of BoD, BSCCL has already handed over the audited financial report for the year 2019-2020 to the valuation firm and after valuation of assets & liabilities of BSCCL be completed, we will hand over the documents to ICML for preparing their opinion about the probable fair issue value of the said shares.

We are quite hopeful that BSCCL will receive the opinion of ICML about the fair issue value of shares shortly. Considering the report of ICML, BSCCL will be able to offer and finalize a fair issue value of shares issuable to GoB very soon.

We believe that considering our reply and FRC circular, FAFAD will extend their helping hand for resolving the audit objection within a very short period and allow us to determine the final amount against which the shares to be issued.

We would like to assure all stakeholders that as soon as we receive the final decision of FAFAD about the said audit objections & get consent of GoB regarding the issue value of issuable shares, BSCCL will start the process of issuing shares against the GoB fund and complying with all the directions of the circular of FRC issued in this regard.

We would also like to mention that to comply with the said circular, BSCCL applied to FRC twice within the stipulated time frame for time extension explaining the above and seek advice from FRC regarding fixation of issue value as there was no issue value of shares in the RDPP to calculate the potential no of shares. But we did not get any intimation from FRC regarding the issue.

For the above reasons ,the company was not in the position to identify the potential number of share issuable against the said equity money & consider the same to calculate the Net Assets Value (NAV) per share and Earning per Share (EPS). But the company is actively working on it and hopes to issue shares in favour of Ministry of Posts, Telecommunications and Information Technology (MoPT & IT) against the equity money as soon as possible.

By order of the Board

12th November, 2020

Md. Abdus Salam Khan, FCS
Company Secretary, BSCCL.