



**BRAC UNIVERSITY**  
**INTERNSHIP REPORT ON**

**“Financial Performance Analysis of GrameenPhone Ltd”**



(An Internship Report Presented to the Faculty of Business Administration is one of the Requirements for the Degree of Bachelor of Business Administration)

**Supervised By:**

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**Lecturer**

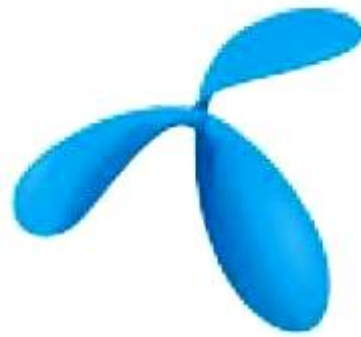
Faculty of BRAC Business School

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**Major Area: Finance and Accounting**

**Date of Submission: 3<sup>rd</sup> January, 2013**



“Financial Performance Analysis of  
GrameenPhone Ltd.”

# LETTER OF TRANSMITTAL

**3<sup>rd</sup> January, 2013**

**Ms. Sohana Wadud Ahmad**  
Lecturer, BRAC Business School  
BRAC University  
Mohakhali, Dhaka.

**Subject:** Internship Research Report on “**Financial Performance Analysis of GrameenPhone Ltd**”.

Dear Madam,

I have completed the Internship research report on “**Financial Performance Analysis of Grameenphone Ltd.**” With due respect, I am submitting my internship report on the above mentioned title for the fulfillment of the requirements for the Degree of Bachelor of Business Administration.

I took this report as an opportunity to reflect my learning of the techniques and skills of this three months long internship. I realize that my report may not be flawless; there might be some mistakes which were not noticed by me due to my inadequate professional knowledge. By collecting information for this report I also learned something very superfluous in practical. I look forward to make the optimal use of the knowledge that I gained from this internship program.

I would like to gratitude you for giving me such a great job and opportunity to prove my ability in making a quality report. If any mistakes remain I am heartily apologized for those. I hope you will take my mistakes with due consideration.

Sincerely yours,

---

Mohammad Asaduzzaman Sarker

# ACKNOWLEDGEMENT

First of all I would like to thank the Almighty for giving me the strength, and the aptitude to complete this Internship research report within the time.

Me **Mohammad Asaduzzaman Sarker** ID# 08304020 has worked in GrameenPhone as an employee as well as an intern. Am working there for almost 2.5 years and during this short span of time I did visit responsible departments. And the completion of this Internship research report regarding financial issues was possible because of the co-operation of many people. I offer my most sincere thanks to all of those who provided their valuable advices and encouragements in this endeavor. I am truly grateful to all the employees of GrameenPhone commercial division.

Now I would like to give thanks **Ms. Sohana Wadud Ahmad** who is my internship supervisor. Without her guidance and help I would not have completed my internship report. She gave me enough motivation and time for my report. Whenever I was in need of any kind of help regarding preparation of my internship paper, I found her as my guardian.

I would also like to thank my on site supervisor **Mohammad Ahsanul Kabir**, he did really help me to get into several departments regarding information collection issues. Also thanks to my beloved parent who have motivated as well as inspired me always.

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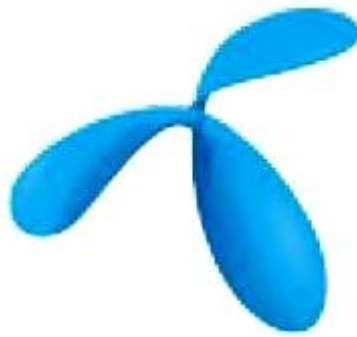
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# EXECUTIVE SUMMARY

The report is based on the fastest growing telecommunication company Grameenphone Ltd. I have started this report on a detailed description of Grameenphone Ltd. since its birth. I have discussed in the report Grameenphone's countrywide expansion, diversified business activities, and the financial performance of the company. Grameenphone has been successfully doing business for years. In this global competitive world all business organization needed to create an effective value proposition for the company that attracts the customers. To increase company's profitability and make a strong value added relationship with its customers, it try to use Customer Relationship Management concept in its business operation.

It is the largest mobile phone operator in Bangladesh whose parent company's name is Telenor, and its home country is Norway. The main objective of GrameenPhone Ltd. is to build up an available data communication service network all over the world through voice call, sms, internet, and other value added services, which is an important part for the success of today's business. For this reason GrameenPhone Ltd. utilizes some sort of modern business techniques. By providing cell-phone service GrameenPhone earn lots of profit. Year to year changes their financial performance is increasing. In my study I try to show their financial performance analysis from 2007 to 2011.

In the report I have come up with several ratio analyses which basically state company's year to year performance. Stake holders may come to know the focus areas of any financial report from the analysis of mine. My analysis demonstrates a clear view on year to year growth of Grameenphone along with its several segmental operations. And at the last appendix part is given to take the quick look on the data analyzed and to enhance the reliability of the report.



## Chapter 1

# ABOUT GRAMEENPHONE



- 1.1 An Overview of Grameenphone Ltd.
- 1.2 Vision
- 1.3 Mission
- 1.4 Value Statement
- 1.5 Types of Business
- 1.6 Corporate Culture
- 1.7 Business Objective
- 1.8 Shareholders
- 1.9 Organizational Structure
- 1.10 Milestone of Grameenphone
- 1.11 Products & Services
- 1.12 Performance at a glance - 2011
- 1.13 Top 20 Shareholders as on December 31, 2011
- 1.14 Five Years Financial Summary (2007-2011)

## 1.1 OVERVIEW OF GRAMEENPHONE LIMITED

Grameenphone Ltd. was established by a consortium involving Grameen Telecom of Bangladesh, an affiliate of the world famous Grameen Bank; Telenor AS, the main Norwegian Telecommunication Company; Marubeni Corporation, one of the largest trading and investment companies in Japan; and Gonofone Development Corporation, a telecommunication development company in the United States. The other principle investors were NORAD (Norwegian Agency for Development Cooperation), CDC, IFC (International Finance Corporation) and ADB (Asian Development Bank).

Grameenphone Ltd (hereinafter referred to as "GP"/"Grameenphone"/"the company"/"the parent company") is a public limited company incorporated in Bangladesh in 1996 under the Companies Act 1994 with its registered address at Celebration Point, Road 113/A, Gulshan, Dhaka, Bangladesh. In July 2010, the registered office of the company was shifted to GPHOUSE, Bashundhara, Baridhara, Dhaka 1229. GP was initially registered as a private limited company and subsequently converted into a public limited company on 25 September 2007. During November 2009, GP listed its shares with both Dhaka and Chittagong Stock Exchanges. In 2010, Grameenphone formed a wholly owned subsidiary namely Grameenphone IT Ltd (hereinafter referred to as "GPIT"/ "the subsidiary company"), to provide IT services to itself and also to external customers. GPIT launched its commercial operation from 1 April 2010.

Strong retail channel and distribution infrastructure with more than 350,000 point of sales has enabled GP to reach in to the deep rural areas from where more than 60% of GP's new customers come onboard. With 2.8 million net customer additions during the first six months, GP's subscription base stands at 39.3 million with approximately 42% market share.

The Company has so far invested more than BDT 17,093 crore to build the network infrastructure since inception. Over BDT 1,296 crore was invested during 2011 alone. Meanwhile, GP, the largest taxpayer of the country, paid BDT 27.9 billion to the national exchequer during the first half of 2012, which sums up the accumulated contribution to the national exchequer to BDT 273 billion. On account of corporate tax, GP paid BDT 8.4 billion during the first half of 2012, which was BDT 2.2 billion higher compared to the same period of last year.

Grameenphone Ltd. has been awarded the credit rating of AAA for long-term and ST-1 for short-term by The Credit Rating Agency of Bangladesh (CRAB).

Grameenphone has so far been reinvesting most of its earnings for business expansion. Keeping in mind the shareholders right on retained earnings and future uncertainties, involving the telecommunication industry of Bangladesh and the Board of Directors of Grameenphone Ltd.

The technology used by GP can only be described as state of the art. GP's Global System for Mobile or GSM technology is the most widely accepted digital system in the world, currently used by over 300 million people in 150 countries. GSM brings the most advanced developments in cellular technology at a reasonable cost by spurring severe competition among manufacturers and driving down the cost of equipment. Thus consumers get the best for the least.

GP is best known for its service rather than its low tariff and value added services. GP believes in service, a service that leads to good business and good development..

Grameenphone Ltd. is the market leader in the telecommunication sector in Bangladesh. With the beginning of 2009 the company completed its twelfth year of business. The company achieved remarkable success during this period. It has the largest network, the widest coverage, the biggest subscriber base and more value added services than any other mobile phone operators in Bangladesh. Grameenphone has a very strong competitive position in the telephone industry in the country.

## 1.2 Vision

Grameenphone vision is “**We're here to help**”. It is simple but significant. It means we exist to help our customers get the full benefit of communications services in their daily lives. We’re here to help.

## 1.3 Mission

Grameenphone is the only reliable means of communication that brings the people of Bangladesh close to their loved ones and important things in their lives through unparalleled network, relevant innovations & services.

## 1.4 Value Statement

There are four statements for Grameenphone, they are:

### MAKE IT EASY

Everything we produce should be easy to understand and use. We should always remember that we try to make customers’ lives easier.

### KEEP PROMISES

Everything we do should work perfectly. If it doesn’t, we’re there to put things right. We’re about delivery, not over-promising. We’re about actions, not words.

### BE INSPIRING

We are creative. We bring energy and imagination to our work. Everything we produce should look fresh and modern.

### BE RESPECTFUL

We acknowledge and respect local cultures. We want to be a part of local communities wherever we operate. We want to help customers with their specific needs in a way that suits way of their life best.

## 1.5 Types of Business

Grameenphone's main business is telecommunication. It provides the better network for Bangladeshi people.

## 1.6 Corporate Culture

GrameenPhone is one of the most disciplined organizations in Bangladesh. It follows many rules and regulation in the organization. They have Code of Conduct. But the employee of this organization is very friendly. There in no sir or no madam inside of the organization. Everyone calls each other bhaiya or apu. They think all are same in the organization and give same respect to all.

## 1.7 Business Objective

- Provide best network over the Bangladesh.
- Provide better service to the subscriber for ensuring their satisfaction.
- Capture bigger market.
- To earn wider profit margin.
- To gain higher return on the investment capital.
- Ensure Sustainability in growth.
- Constant Performance with up gradation.

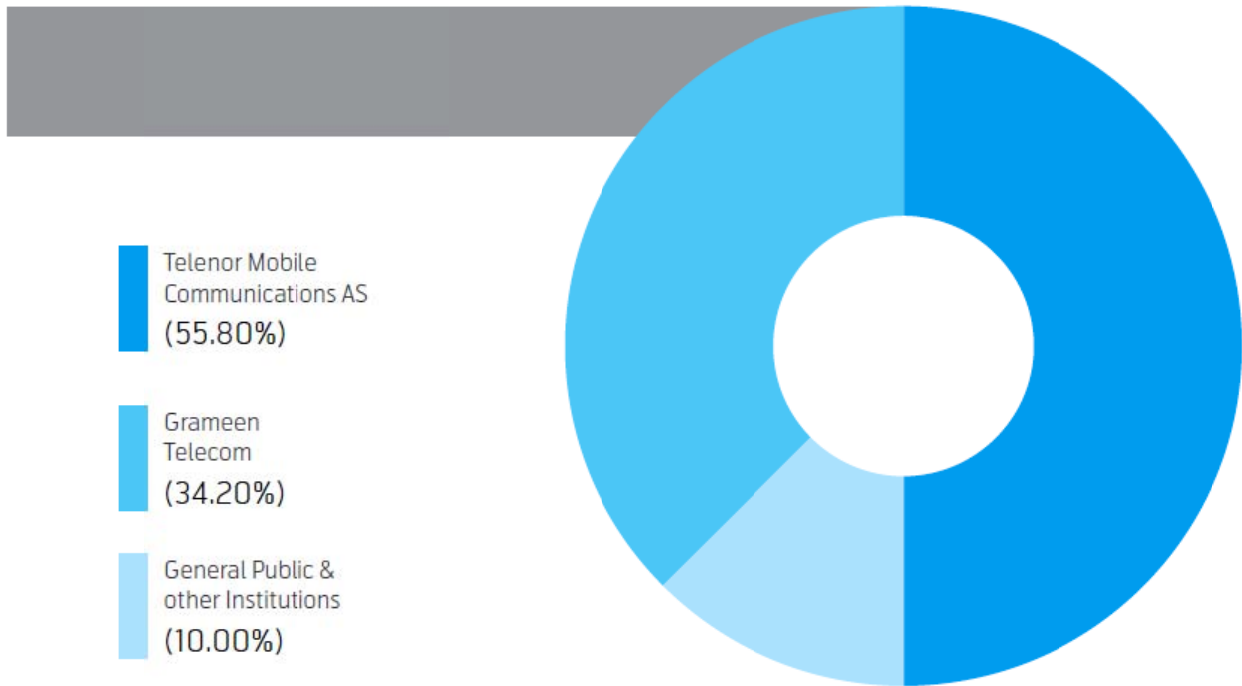
## 1.8 Shareholders

The shareholders of Grameenphone contribute their unique, in-depth experience in both telecommunications and development. The shareholding structure companies mainly two sponsor Shareholders namely Telenor Mobile Communications AS (55.80%) and Grameen Telecom (34.20%).The rest 10% shareholding includes general retail & institutional investors.

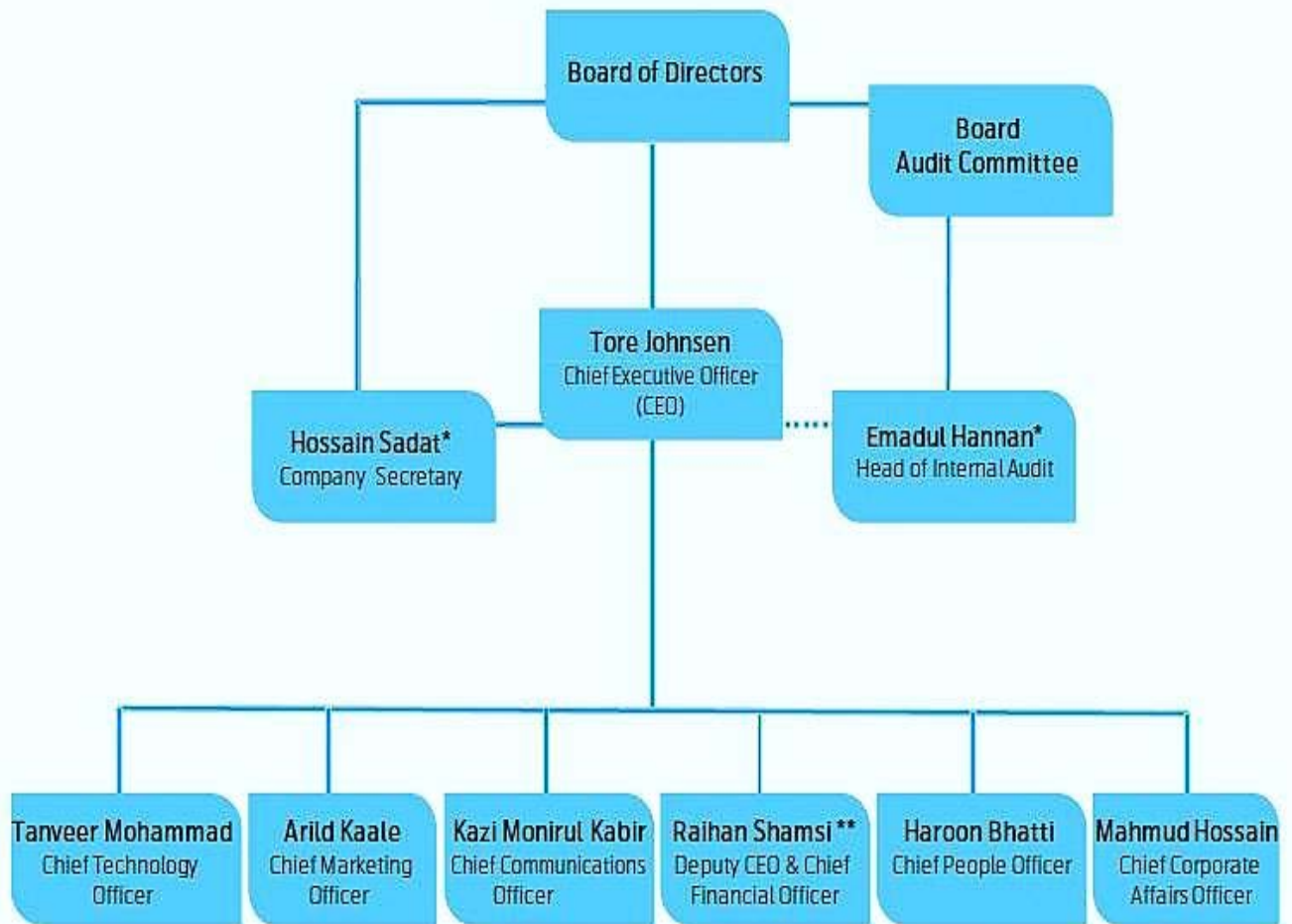
**Grameen Telecom** (34.20%) is a not-for-profit organization and a sister concern of Grameen Bank, the internationally recognized bank for the poor with an expansive rural network and extensive understanding of the economic needs of the rural population. Grameen Telecom, with the help of Grameen Bank, administers the Village Phone services to the villagers and trains the operators as well as handles all service-related issues. Grameen Bank covers 40,486 villages, or 60 percent of rural Bangladesh through its 1175 bank branches. Grameen Telecom's objectives are to provide easy access to telephones in rural Bangladesh, introduce a new income-generating source for villagers, bring the Information Revolution to villages and prove that telecommunications can serve as a weapon against poverty.

**Telenor** has played a pioneering role in development of cellular communications, particularly, but not exclusively, GSM technology. In addition to Norway and Bangladesh, Telenor owns GSM companies in Portugal, Denmark, Greece, Austria, Hungary, Russia, Ukraine, and Montenegro, Thailand and in Malaysia. Telenor is using the expertise it has gained in its home and international markets and putting it to use in an emerging market such as Bangladesh.

# Graphical Representation



## 1.9 Organizational Structure



\* Not a member of the Management Team

\*\*Deputy CEO has a special role on Stakeholder Relations of the Company

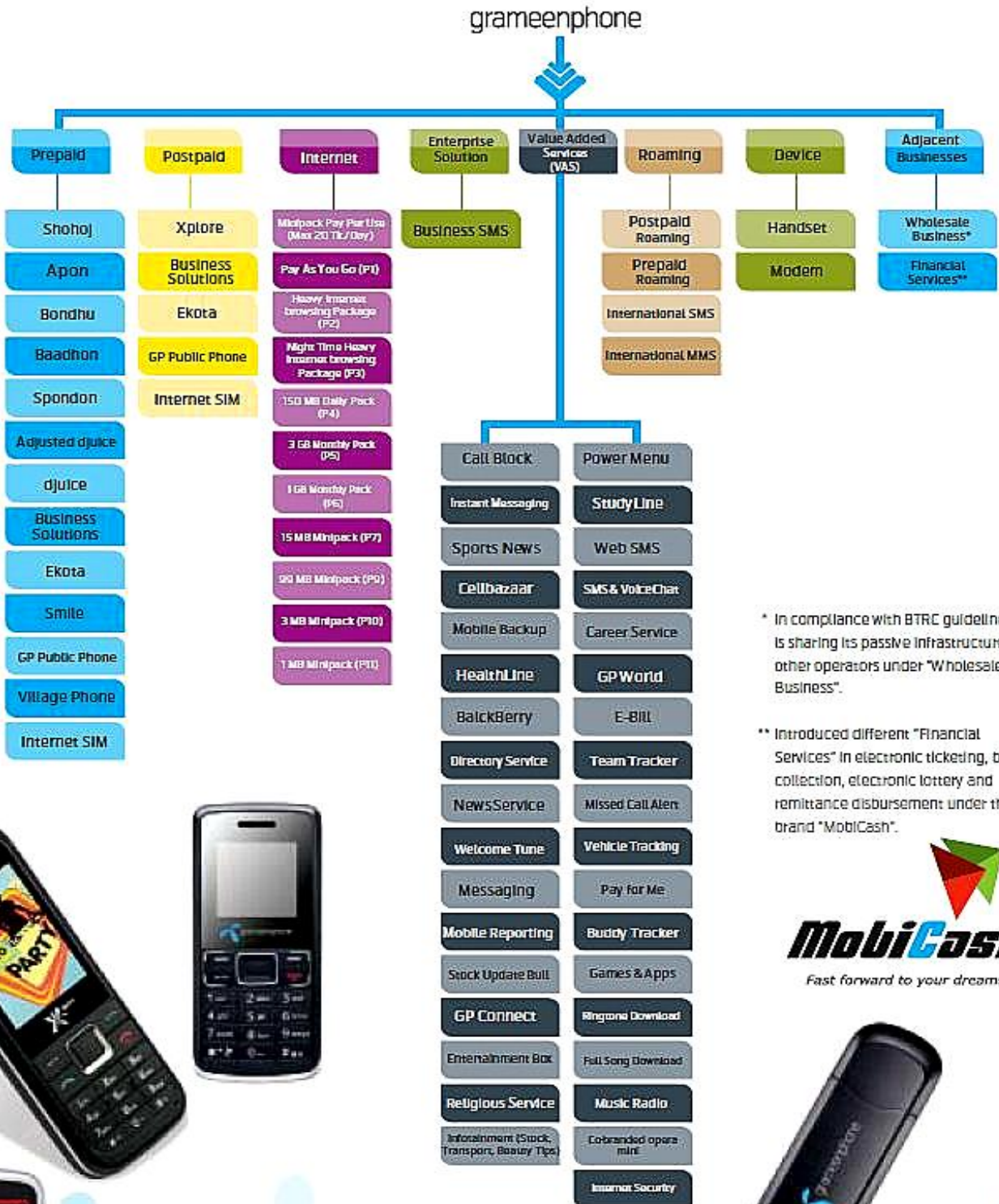


## 1.10 Milestone of Grameenphone

- **2011** Launched 'My zone'- location based discount on usage, Micro SIM cards for iPhone, Spondon Package with 1-sec pulse; Grameenphone Branded Handset (C200, QWERTY handset 'Q100' and Android Handset 'Crystal'), Customer Experience Lab, eCare solution; Completed swapping of 7,272 nos. of BTS; Reached 35+ Million Subscribers
- **2010** Launched New Tariff Plan, Mobicash Financial service brand, ekota for SME, badhon package, mobile application development contest & network campaign. Reached 29.97 million subscribers.
- **2009** Listed on Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange; launched internet modem, special Olympic regional talent hunt, stay green campaign, Internet package P5 & P6, Grameen Branded Handset & studyline. Reached 21 million subscribers.
- **2008** Introduced Blackberry Service; Commissioned Brand Positioning & launched stay close & Customer care campaign; Reached 20 million subscribers.
- **2007** Converted to a public company; Re-launched business solutions; Launched new vas, Bull stock information, missed call alert & pay for me service; Re-branded Djuice; Reached 16 million subscribers.
- **2006** Launched Healthline, Smile Prepaid & Xplore Postpaid, Cellbazaar, Business Solutions for Business class & community; Introduced new GP logo following maiden decade of operation; Reached 10 million subscribers.
- **2005** Launched Electronic Recharge System, Djuice brand targeting youth segment, Edge & Voice SMS for the first time in Bangladesh.; Reached 4 million subscribers.
- **2004** Reached 2 million subscribers.

- **2003** Launched Prepaid Product with PSTN connectivity; Reached 1 million subscribers.
- **2002** Achieved BD Business Award for “Best Joint Venture Enterprise”
- **2001** Launched Wap service.
- **2000** GrameenPhone started its services in Rajshahi, the education city of Bangladesh. Service also started in Sylhet and Barisal and thus all six divisional headquarters got the cellular network coverage for the first time Bangladesh.
- **1999** Launched First Prepaid Service in the country.
- **1998** Launched Mobile to Mobile Service (without PSTN Access)
- **1997** Commenced Operation on the Independence Day of Bangladesh.
- **1996** Incorporated as a Private Limited Company.

# 1.11 Products & Services

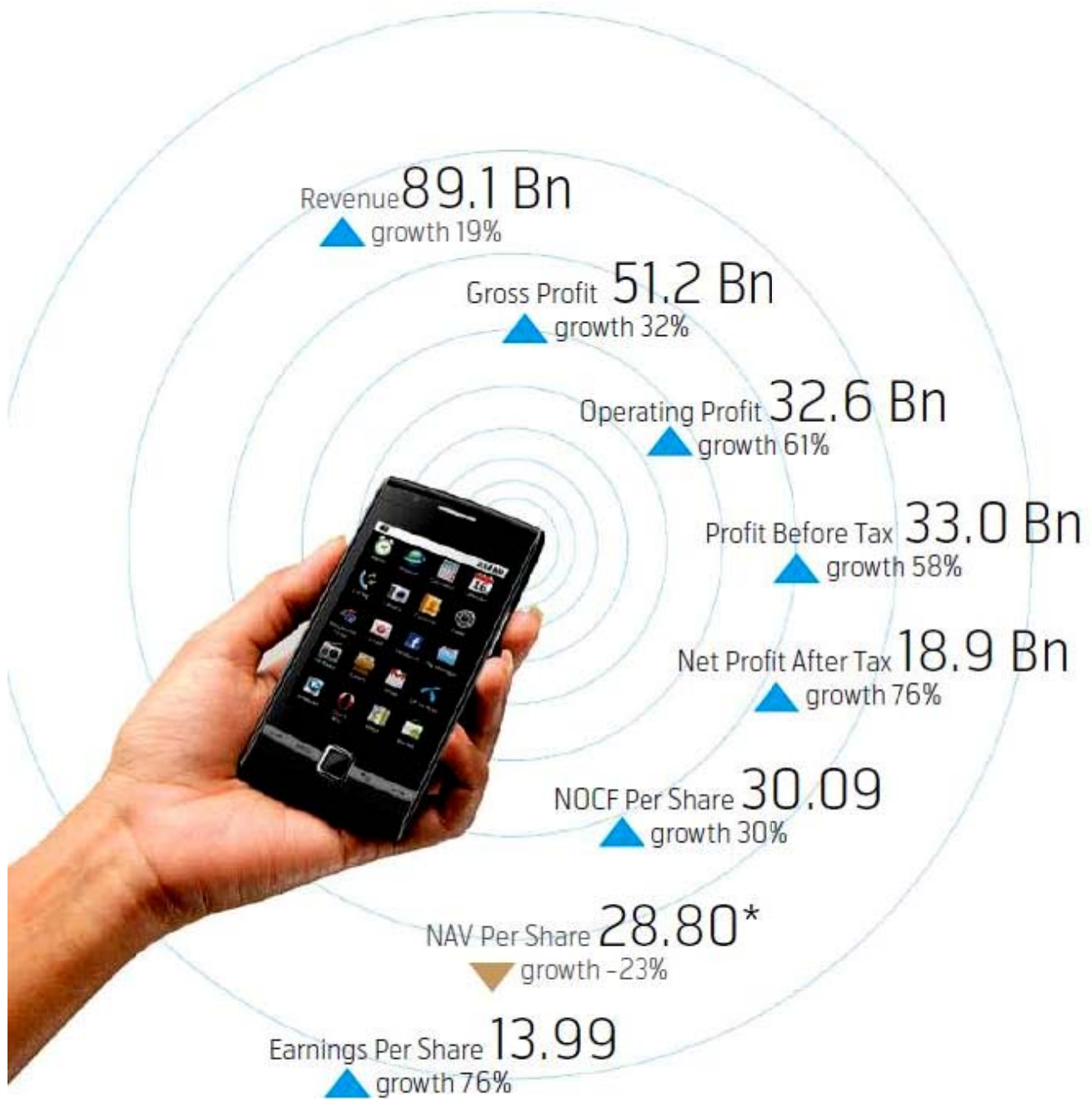


\* In compliance with BTRC guidelines, GP is sharing its passive infrastructure with other operators under "Wholesale Business".

\*\* Introduced different "Financial Services" in electronic ticketing, bill collection, electronic lottery and remittance disbursement under the brand "MobiCash".



## 1.12 Performance at a glance - 2011



NAV - Net Asset Value; NOCF - Net Operating Cash Flow

\* Adjusted as per note 29.1 to the Financial Statements

## 1.13 Top 20 Shareholders as on December 31, 2011

Sl No.	Name of Shareholders	Number of Ordinary Shares Held	Percentage
1	Telenor Mobile Communications AS	753,407,724	55.80%
2	Grameen Telecom	461,766,409	34.20%
3	Grameen Bank Borrowers' Investment Trust	11,037,221	0.88%
4	AB Investment Limited – Investors Discretionary Account	8,618,000	0.68%
5	IDLC Finance Limited - Portfolio Account	5,017,008	0.40%
6	Bangladesh Fund	2,905,800	0.23%
7	United Commercial Bank Ltd.	2,096,700	0.17%
8	Investment Corporation Of Bangladesh	1,829,400	0.15%
9	Lankabangla Investment Ltd.- IPA/c	1,633,240	0.13%
10	Rupali Bank Ltd.	1,283,800	0.10%
11	ICB Unit Fund	1,226,000	0.10%
12	IFIC Bank Ltd.	1,188,300	0.09%
13	Sonali Bank Ltd.	1,151,400	0.09%
14	Delta Life Insurance Co. Ltd.	1,130,400	0.09%
15	The City Bank Ltd.	975,600	0.08%
16	Citigroup Global Markets Financial Products LLC	935,200	0.07%
17	Union Capital Ltd. Investor Account	911,346	0.07%
18	Grameen One : Scheme Two	850,000	0.07%
19	TBIL Investors Discretionary Account	847,917	0.07%
20	A.K.Khan & Co. Limited	826,000	0.07%
	<b>Total</b>	<b>1,259,637,465</b>	<b>93.54%</b>

## 1.14 Five Years Financial Summary (2007-2011)

	2011	2010	2009	2008	2007
<b>Operational Results (in million BDT)</b>					
Revenue	89,060	74,733	65,300	61,359	54,303
Gross Profit	51221	38,730	32,222	28,667	29,946
Operating Profit	32572	20,207	20,518	15,350	16,287
Profit before tax	33006	20,913	18,596	11,579	13,535
Net Profit after tax	18891	10,705	14,968	2,984	3,060
<b>Financial Position (in million BDT)</b>					
Paid-up Capital	13,503	13,503	13,503	12,152	2,430
Shareholders' equity	38,893	48,032	50,154	27,588	26,111
Total assets	109905	109,502	109,162	108,194	88,461
Total liabilities	70022	61,470	59,008	80,606	62,350
Current assets	32421	30,802	22,182	14,430	6,851
Current liabilities	54198	44,642	38,952	50,231	36,445
Noncurrent assets	76484	78,700	86,981	93,765	81,610
Noncurrent liabilities	15823	16,828	20,056	30,375	25,905
<b>Financial Ratios</b>					
Current Asset to Current Liability	.60	0.69	0.57	0.29	0.19
Debt to Equity	.13	0.11	0.14	0.68	0.63
Gross Profit Margin	58%	52%	49%	47%	55%
Operating Profit Margin	37%	27%	31%	25%	30%
Net Profit Margin	21%	14%	23%	5%	6%
Return on Equity	42%	22.5%	38.5%	11.1%	12.1%
Return on Total Assets	17%	10.8%	13.8%	3.0%	3.9%
<b>Ordinary Shares Information</b>					
Ordinary Shares outstanding (in millions)	13503.00	13,503.00	13,503.00	12,151.75	56.52
Face Value per share	10	10	10	1	43
Cash Dividend on paid up capital	205%	120%	60%	13%	62%
Dividend payout	147%	151%	54%	53%	49%
NAV per Share*	28.80	35.57	37.14	22.70	21.49
Net Operating Cash Flow per Share**	30.09	23.16	24.77	20.24	19.86
Earnings Per Share **	13.99	7.93	12.08	2.46	2.52

\*Based on Tk.10 equivalent ordinary share outstanding at December 31.

\*\* Based on weighted average number of share of Tk.10 each.



## Chapter 2

# DESCRIPTION OF JOB

2.1 Job Description

2.2 Specific Responsibilities

2.3 Critical Observation

2.4 Feedback



## 2.1 Job Description

Basically I am assigned to Customer Service division of Grameenphone, which is one of the largest portions of entire GP. Around 1400 Customer Manager, Executive, Senior Executive, Supervisors do work here to ensure an excellent customer experience as well as better after and before sales service. As an Employee there for last two and half year since 2010 I came to know with so many aspects, which helped me to prepare my report more rich fully. I am assigned to the customer service Division and I have got a clear understanding of my responsibilities, regular doings and knowledge how to cope up with corporate environment. Basically Customer service division is categorized into several parts as

- ✓ Inbound Contact Centre
- ✓ Outbound Contact Centre or NBCC

**Inbound Contact Center** basically conducts the after sales service. It basically takes queries, requests and complains form its subscribers. In between inbound contact center there are several hot lines like 121, 458, 155, 158, 789, 2255, 1200 etc. basically all these hotlines pick numbers of calls a day 24/7 to ensure positive customer experience. In the year 2012 Grameenphone has received around 77 million calls where 121 receives around 40% of it. Here is generates huge revenue.

**Outbound Contact Service** basically ensures enough sales revenue for the company. It does proactively call to the subscribers and let them aware about the company's products, services, edge packages and also any kind of information or acknowledgement on behalf of Grameenphone.

As an employee I am assigned to Inbound Contact Center. I do have several KPIs to meet every month. Basically I am assigned with Quality service, Sales target and Adherence. I do my everyday job there and I did come to know with corporate ethics, environment, culture, norms, office behavior and so many things. It's such proud to work in Grameenphone.

## 2.2 Specific Responsibilities

My specific responsibility was to take calls from 121 and make sure the company's positive customer experience. I do have to cover up my whole month KPIs and these are basically my specific responsibilities. But as I am doing my major in Finance so I had to go beyond my job responsibilities. What I usually had office from 6pm and onward so for fulfilling my report requirement I used to visit GP House Finance department regularly. I got some internal information also but found very less mismatch with the published one externally. Grameenphone do ensure transparency on its annual reports as well as provided information.

## 2.3 Critical Observation

My critical observation says as a part of Telenor Grameenphone is doing very well in the present market place. Its financial operations are transparent enough to the stake holders. Grameenphone does strive a lot to sustain on its growth. And what I came to know from the concerned department is only hard work for quality outcome made them number 1. Grameenphone strives a lot to ensure better market return as well as better return to its employees, shareholders, investors, loan providers, and customers. I came to know internally, Grameenphone does its performance analysis each month a year and they are very much concern on their performance. Grameenphone does employ talented people to perform its financial operations day to day. And within the department employees do work in a team. Basically teams' tare assigned with specific tasks and responsibilities. Which mobilize the overall performance of the operations. They do have several talent hunt program internally. So I can say without any hesitation Grameenphone makes the best utilization of its resources.

## 2.4 Feedback

Basically there is nothing to feedback on Grameenphone's overall performance throughout the years performances. They are doing excellent business in Bangladesh and they are one of the highest tax payers in the country. Although it is one of the successful MNC performing very well on its tasks but I do have some feedbacks for more betterment of it.

- ✓ Grameenphone's respective department needs to focus more on its each employee feedback.
- ✓ They need to increase their focus area as upcoming challenges and competitors are always there.
- ✓ Grameenphone do need to come up with new technologies earlier than any other competitor of it does bring them.
- ✓ Need to focus more on employee satisfaction as satisfied employees can give the best output.
- ✓ Effective and Excellent plans may come from anywhere for what they do need to synchronize there relevant departments internally.



## Chapter 3

# INTRODUCTION OF THE REPORT

**3.1 Introduction**

**3.2 Rational of the study**

**3.3 Statement of the problem**

**3.4 Scope and delimitation of the topic**

**3.5 Objectives of the study**

**3.6 Review of related literature**

**3.7 Methodology of the study**

## 3.1 Introduction

BBA academic program is the building up of the theoretical knowledge about business administration which is the base of practical knowledge. BBA internship program is an attempt to provide business students an orientation to a real life business situation in which we can observe and evaluate the use and applicability of the theoretical concepts which were taught in the classrooms. As per norm this report is the requirement of the fulfillment of the internship program. This report is the outcome of my works in GrameenPhone Ltd.

## 3.2 Rational of the Study

“Financial Performance Analysis of GrameenPhone” is a partial requirement in the fulfillment of my internship which is a part of BBA program.

During the study of BBA program we earn lots of theoretical knowledge, now it's the time to use that theoretical knowledge in practical life. But it's true that there may have lots of differences in theoretical knowledge and practical life. Although by using that theoretical knowledge we are able to realize the pre-practical field, which help us to handle the situation.

Finally, due to the enlarged competition of the increased number of telecommunication industries, the expectations of the subscriber have also increased. And now GrameenPhone also introduce share for public. So it is an important sector for investment.

## 3.3 Statement of the problem

In my report entitled “**Financial Performance Analysis of GrameenPhone**”, here I am supposed to analyze Grameenphone's financial stability, some ratio, problems and come up with the recommendation.

### 3.4 Scope and limitation of the topic

I did my level best to gather all the information related to the study. It is really impossible to collect all financial related information and some internal information from any company. But I try my best to collect financial information from GrameenPhone.

Limitations of my study are:

- a. Lack of experiences for implement theories to the practical life.
- b. Problem in selecting the topic.
- c. Limitation of time.
- d. Lack of information as for assigning into non relevant department.

### 3.5 Objectives of the Study

The primary objective of this report is to observe the financial condition of GrameenPhone.

The other objectives include:

- To understand the corporate culture and environment.
- To implement my theoretical experiences in my practical life.
- To get practical experience in report writing.

### 3.6 Review of Related Literature

To make this report I use lots of study related books, websites and annual reports. The books are: Corporate Finance (Ross/ Westerfield/ Jaffe), Financial Statement Analysis (John Wild/ Lwopolada/ Subramanyam), International Financial Management (Jeff Madura), Capital Investment & Financial Decisions (Neil Seitz/ Mitch Ellison). Web sites are: [www.grameenphone.com](http://www.grameenphone.com), [www.google.com](http://www.google.com), [www.dscbd.org](http://www.dscbd.org), [www.wikipedia.org](http://www.wikipedia.org). And GrameenPhone's annual report from 2007-2011.

### 3.7 Methodology of the Study

During the time of preparing this report, I have carefully observed the financial department of GrameenPhone and got some information from the responsible officers at respective department. On the other hand as a giant MNC I got information easily from the website of Telenor and Grameenphone.

#### ✓ Ratios I will be working on are as

1. Current Ratio
2. Quick Ratio
3. Total Debt Equity Ratio
4. Long term debt to liabilities
5. Return on assets
6. Return on common equity
7. Gross Profit Margin
8. Operating Profit Margin Ratio
9. Pretax Profit Margin Ratio
10. Net profit Margin ratio
11. Total Asset turnover
12. Fixed Asset turnover ratio
13. Subscriber growth

#### ✓ Sources of Data

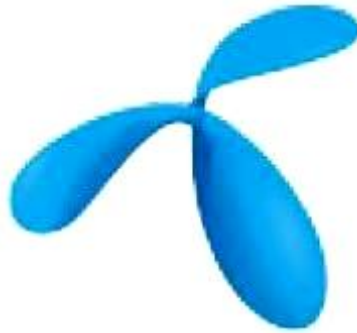
##### ➤ Primary Sources

1. Conversation with the respective officer
2. Relevant Documents studies

##### ➤ Secondary Sources

1. Internet
2. Annual Report
3. Related Books Study





## Chapter 4

# ANALYSIS OF THE DATA

- 4.1 Current Ratio
- 4.2 Quick Ratio
- 4.3 Total Debt to Equity Ratio
- 4.4 Long term debt to liabilities
- 4.5 Return on assets
- 4.6 Return on common equity
- 4.7 Gross Profit Margin
- 4.8 Operating Profit Margin Ratio
- 4.9 Pretax Profit Margin Ratio
- 4.10 Net profit Margin ratio
- 4.11 Total Asset turnover
- 4.12 Fixed Asset turnover ratio
- 4.13 Subscriber growth

**Financial analysis** is the use of financial statements to analyze a company's financial position and performance and to assess future financial performance. It consists of three broad areas; those are profitability analysis, risk analysis and analysis of sources and uses of funds.

**Profitability analysis** is the evaluation of a company's return on investment. It focuses on a company's sources and levels of profits and involves identifying and measuring the impact of various profitability drivers. It also includes evaluation of the two major sources of profitability margins (the portion of sales not offset by costs) and turnover (capital utilization). Profitability analysis also focuses on reasons for changes in profitability and the sustainability of earnings.

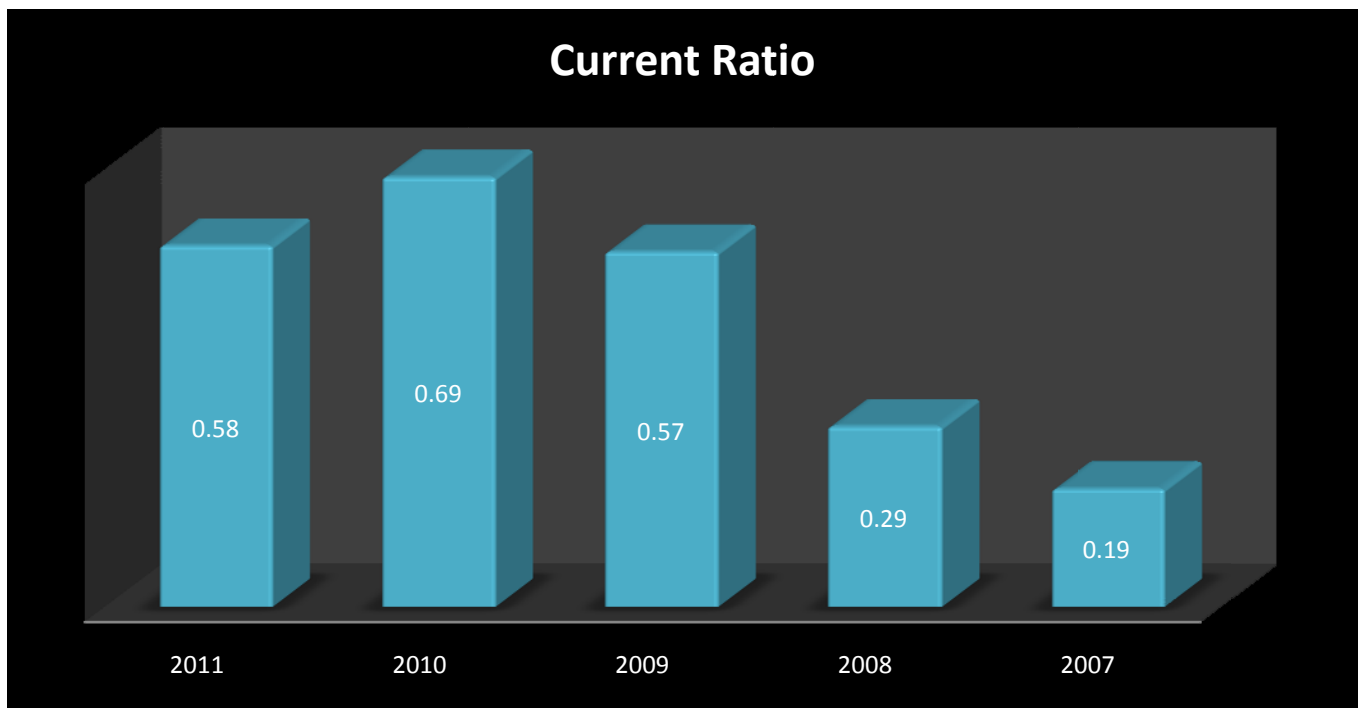
**Risk analysis** is the evaluation of a company's ability to meet its commitments. Risk analysis involves assessing the solvency and liquidity of a company along with its earnings variability. Since risk is of foremost concern to creditors, risk analysis is often discussed in the context of credit analysis. Still, risk analysis is important to equity analysis, both to evaluate the reliability and sustainability of company performance and to estimate a company's cost of capital.

**Analysis of sources and uses of funds** is the evaluation of how a company is obtaining and deploying its funds. This analysis provides insights into a company's future financing implications.

## 4.1 Current Ratio

\* Figures are in million BDT

Year	2011	2010	2009	2008	2007
Current assets	31421	30,802	22,182	14,430	6,851
Current liabilities	54198	44,642	38,952	50,231	36,445
Current Ratio	0.58	0.69	0.57	0.29	0.19

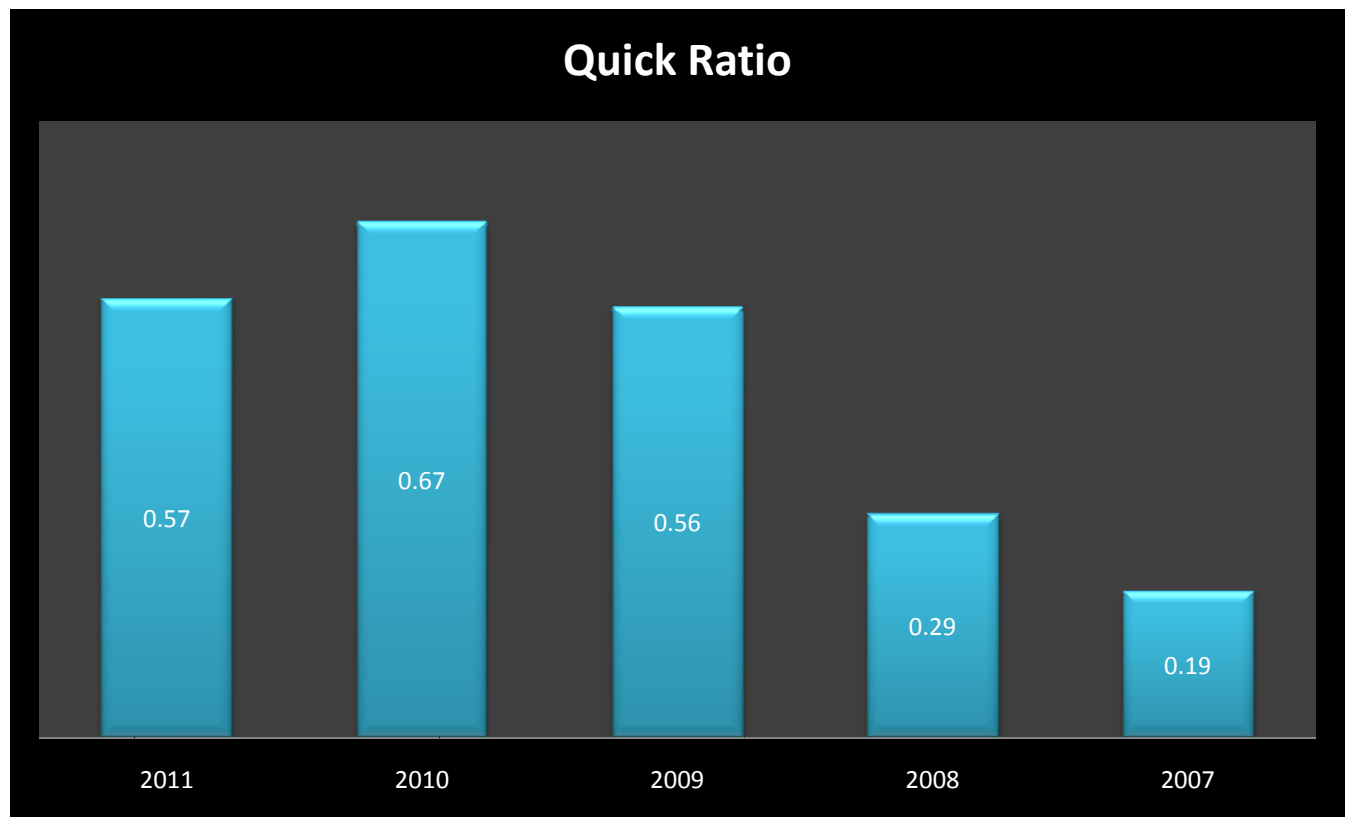


For current ratio we see that in 2007 it was 0.19, in 2008 it was 0.29, in 2009 it was 0.57, in 2010 0.69 and in 2011 it was .58. From 2007 to 2011 it was increase but in 2011 it has a decrease compare to previous years trend.

## 4.2 Quick Ratio

\* Figures are in million BDT

Year	2011	2010	2009	2008	2007
Current assets	31421	30802	22182	14430	6851
Inventories	354	834.36	430.87	0	0
Current liabilities	54198	44642	38952	50231	36445
Quick Ratio	0.57	0.67	0.56	0.29	0.19

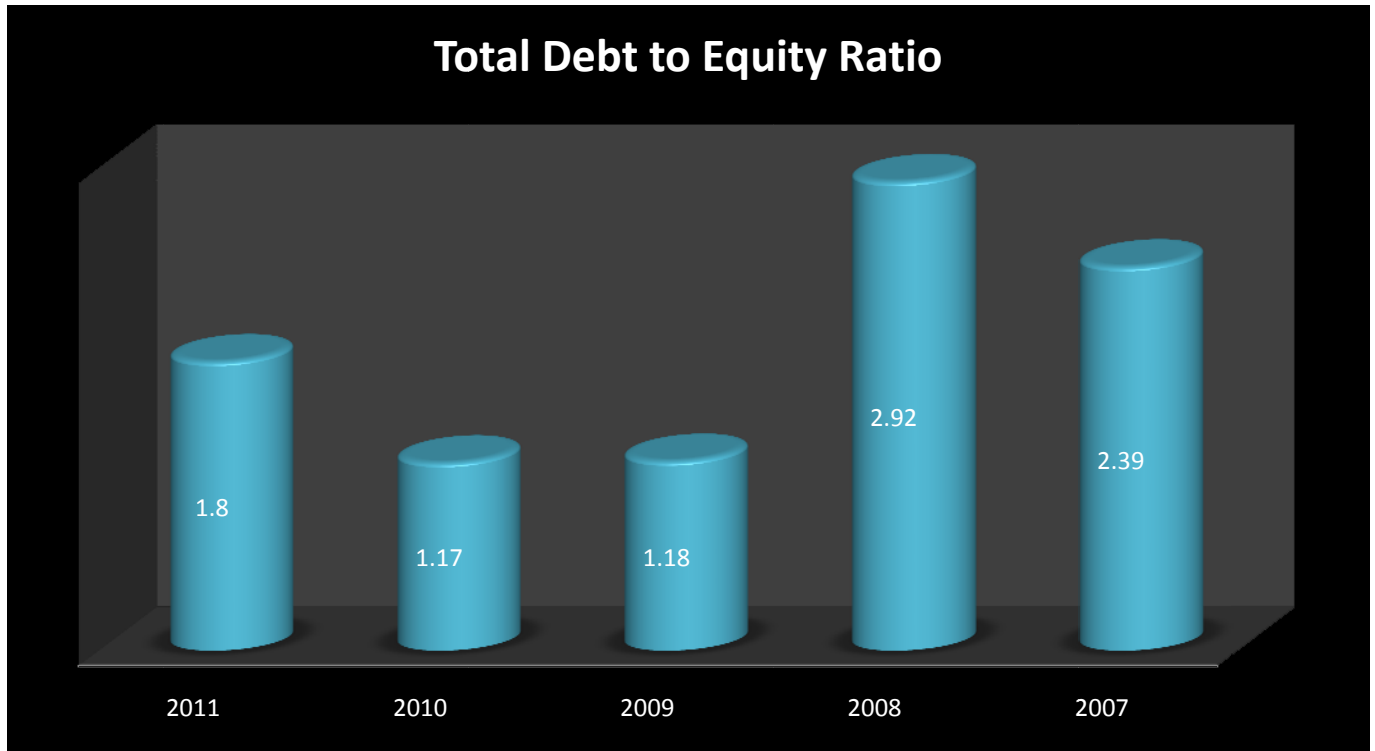


We see here, from 2007 to 2011 quick ratio was in an increasing trend. There might be some issues for decreasing in 2011. In 2007 it was 0.19, in 2008 it was .28, and in 2009 it was 0.56. We can see the highest quick ratio was in 2010 with .67

## 4.3 Total Debt to Equity Ratio

\* Figures are in million BDT

Year	2011	2010	2009	2008	2007
Total liabilities	70022	59129	59,008	80,606	62,350
Shareholders' equity	38883	50374	50,154	27,588	26,111
Total Debt to Equity	1.80	1.17	1.18	2.92	2.39

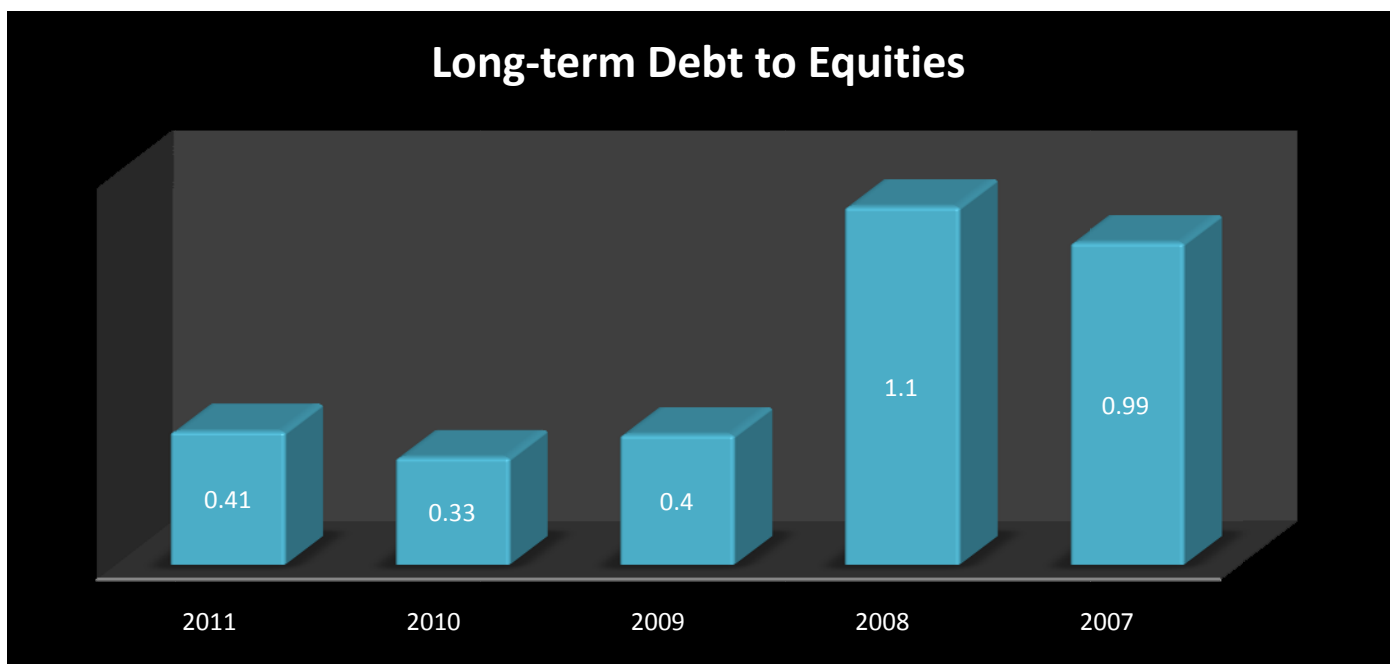


In 2008 total debt to equity ratio was 2.92 and it was the highest Debt to Equity ratio over the trend. And in 2007 it was 2.39, in 2009 it was 1.18, in 2010 it was 1.17 also in 2011 it was 1.80.

## 4.4 Long-term Debt to Equities

\* Figures are in million BDT

Year	2011	2010	2009	2008	2007
Long-term liabilities	15823	16,828	20,056	30,375	25,905
Shareholders' equity	38883	50374	50,154	27,588	26,111
Long-term Debt to Liabilities	.41	0.33	0.40	1.10	0.99

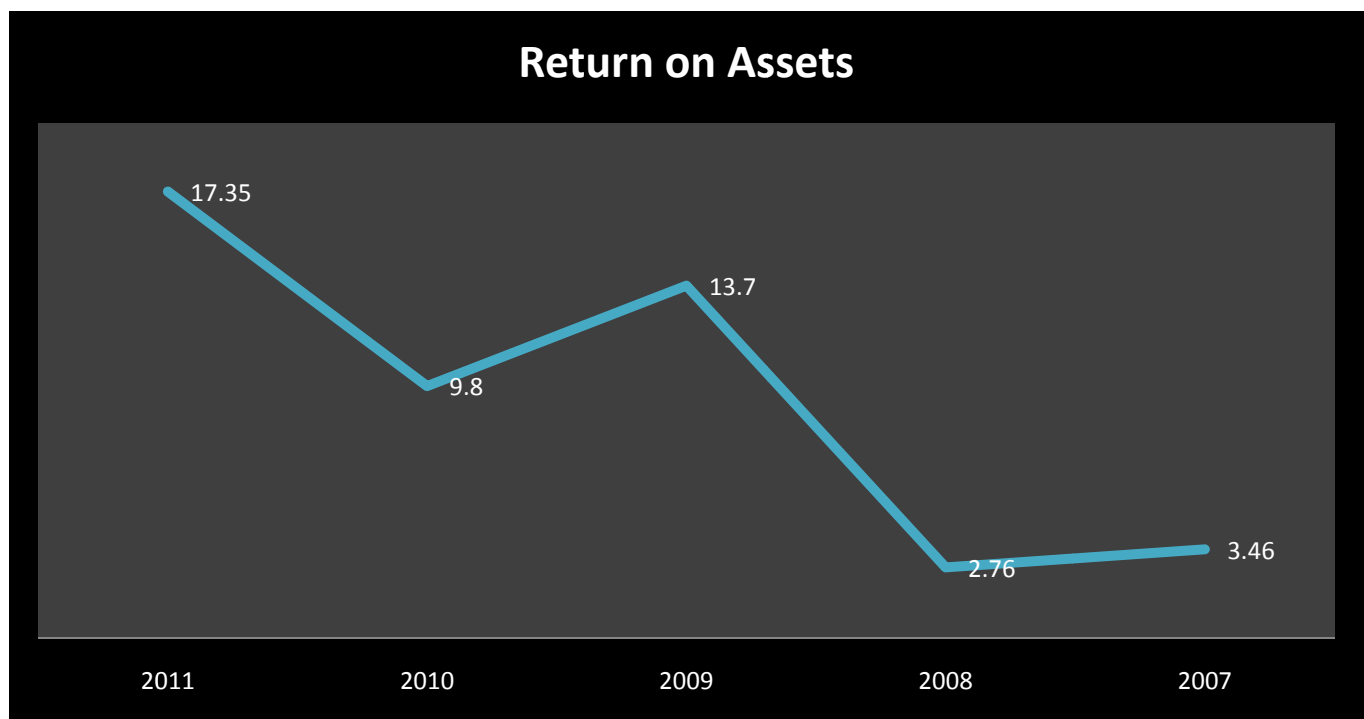


For long-term debt to liabilities we see here, in 2007 it was 0.99, in 2008 it was 1.10, in 2009 it was 0.40, in 2010 it was 0.35 and in 2011 it was .41. So we can refer It was not at all a stable one. This ratio was rapidly fluctuating.

## 4.5 Return on Assets

\* Figures are in million BDT

Year	2011	2010	2009	2008	2007
Net Income	18891	10,705	14,968	2,984	3,060
Total Assets	108905	109,502	109,162	108,194	88,461
Return On Assets (%)	17.35%	9.8%	13.7%	2.76%	3.46%



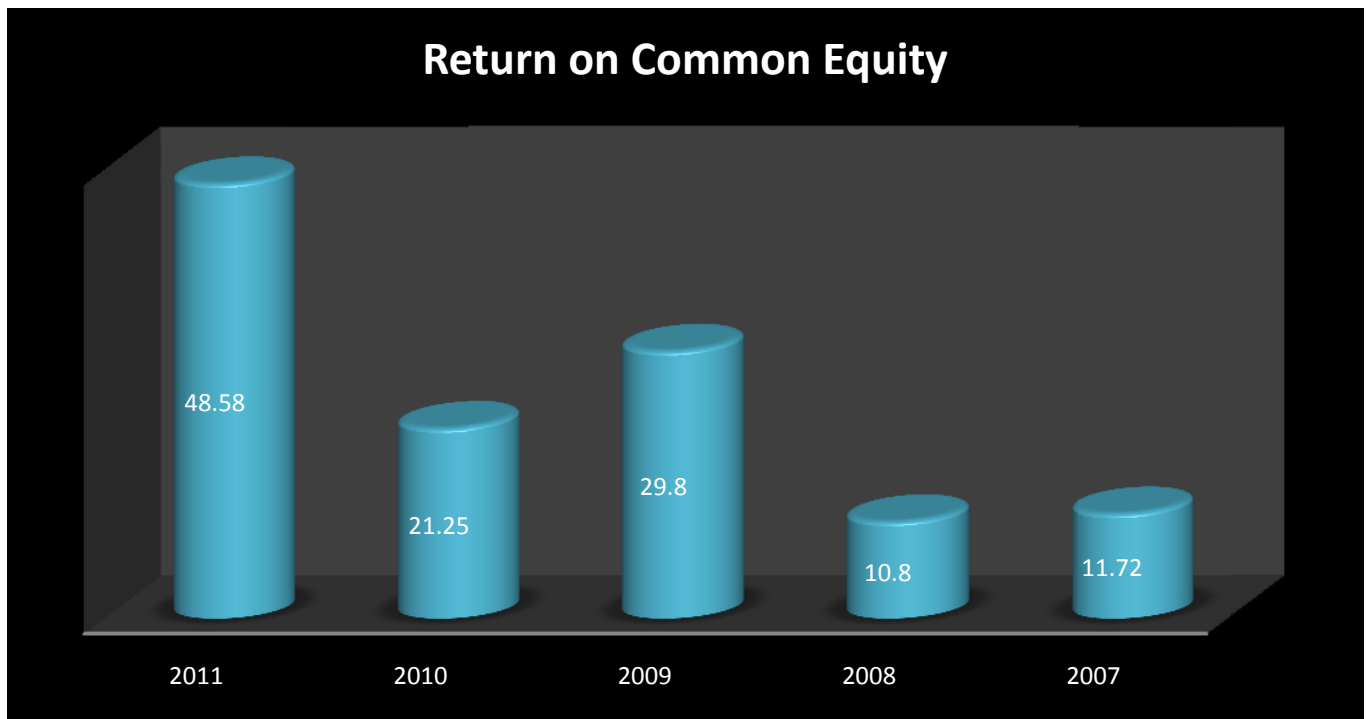
We see here for return on assets, in 2007 it was 3.46%, in 2008 it was 2.76% in 2009 it was 13.71%, in 2010 it was 9.78% and in 2011 it was 17.35% with the highest one. In 2007 & 2008 it was very much lower than other 3 year.



## 4.6 Return on Common Equity

\* Figures are in million BDT

Year	2011	2010	2009	2008	2007
Net Income	18891	10,705	14,968	2,984	3,060
Shareholders' equity	38883	50374	50,154	27,588	26,111
Return on Common Equity (%)	48.58%	21.25%	29.8%	10.8%	11.72%

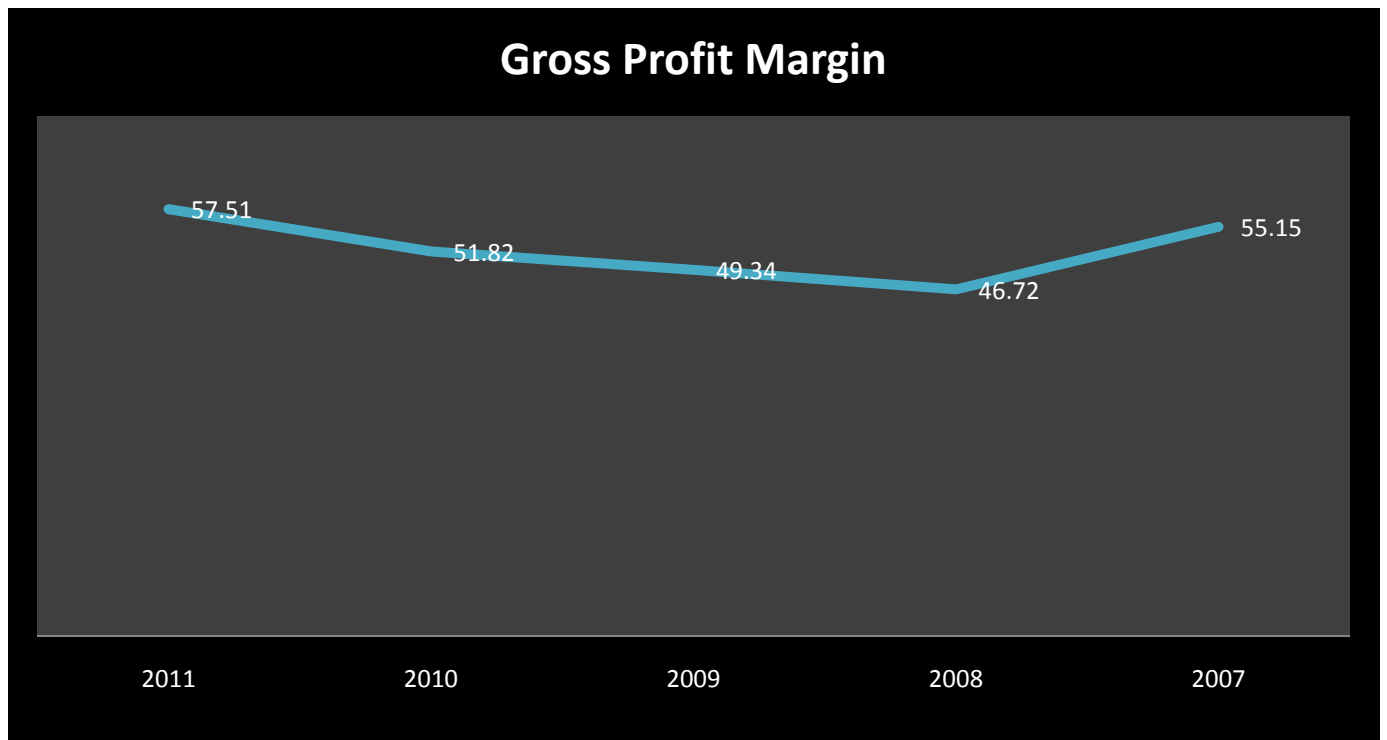


For return on common equity we see that, in 2007 it was 11.72%, in 2008 it was 10.82%, in 2009 it was 29.84%, in 2010 it was 22.29% and in 2011 it was 48.58% what was the highest. Though In every year the ratio was decreasing but it had a boon in 2011 with 48.58% as the shareholders equity went down.

## 4.7 Gross Profit Margin

\* Figures are in million BDT

Year	2011	2010	2009	2008	2007
Gross Profit	51221	38730	32222	28667	29946
Sales	89060	74733	65300	61359	54303
Gross Profit Margin %	57.51%	51.82%	49.34%	46.72%	55.15%

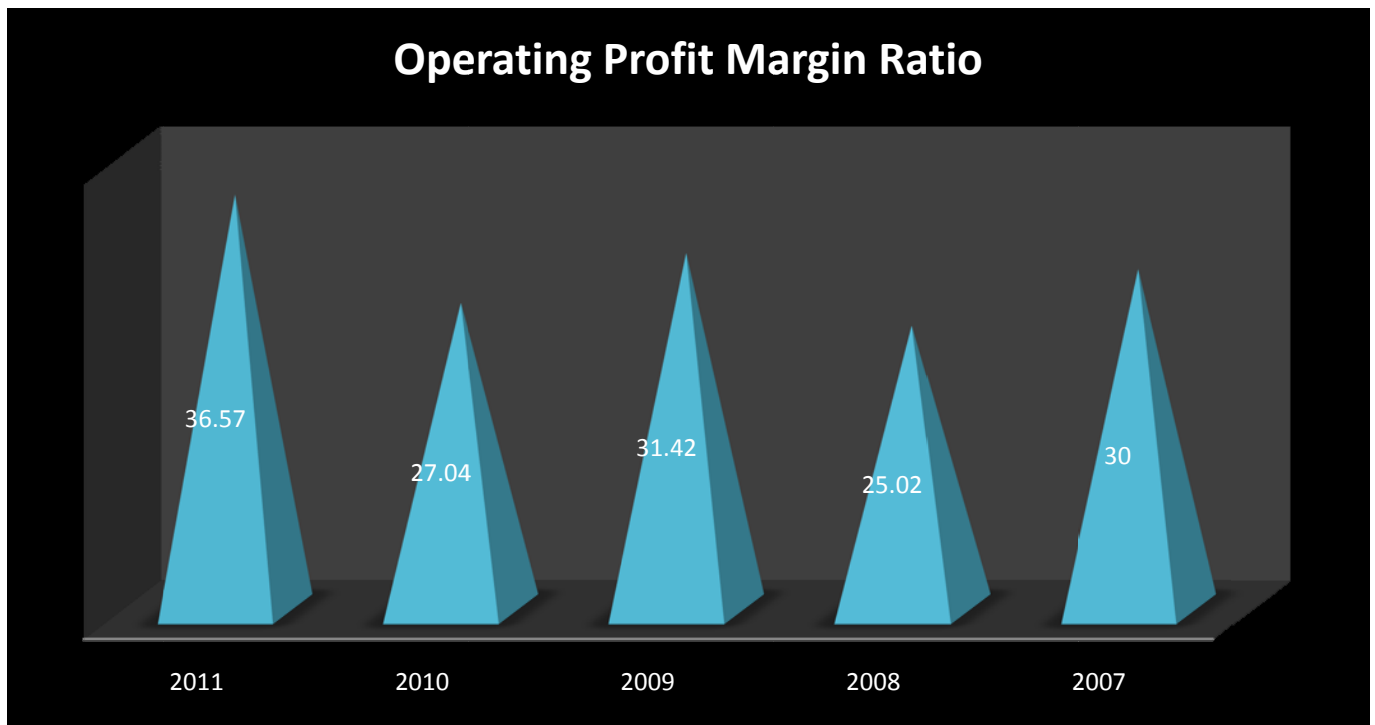


We see here, gross profit margin in 2007 it was 55.15%, and in 2008 it was 46.72%, 2009 it was 49.34%, in 2010 it was 51.82% but after 2007 it was highest in 2011 with 57.51%. From 2008 the ratio maintained an increasing trend.

## 4.8 Operating Profit Margin Ratio

\* Figures are in million BDT

Year	2011	2010	2009	2008	2007
Income from Operation	32572	20207	20518	15350	16287
Sales	89060	74733	65300	61359	54303
Operating Profit Margin %	36.57%	27.04%	31.42%	25.02%	30%

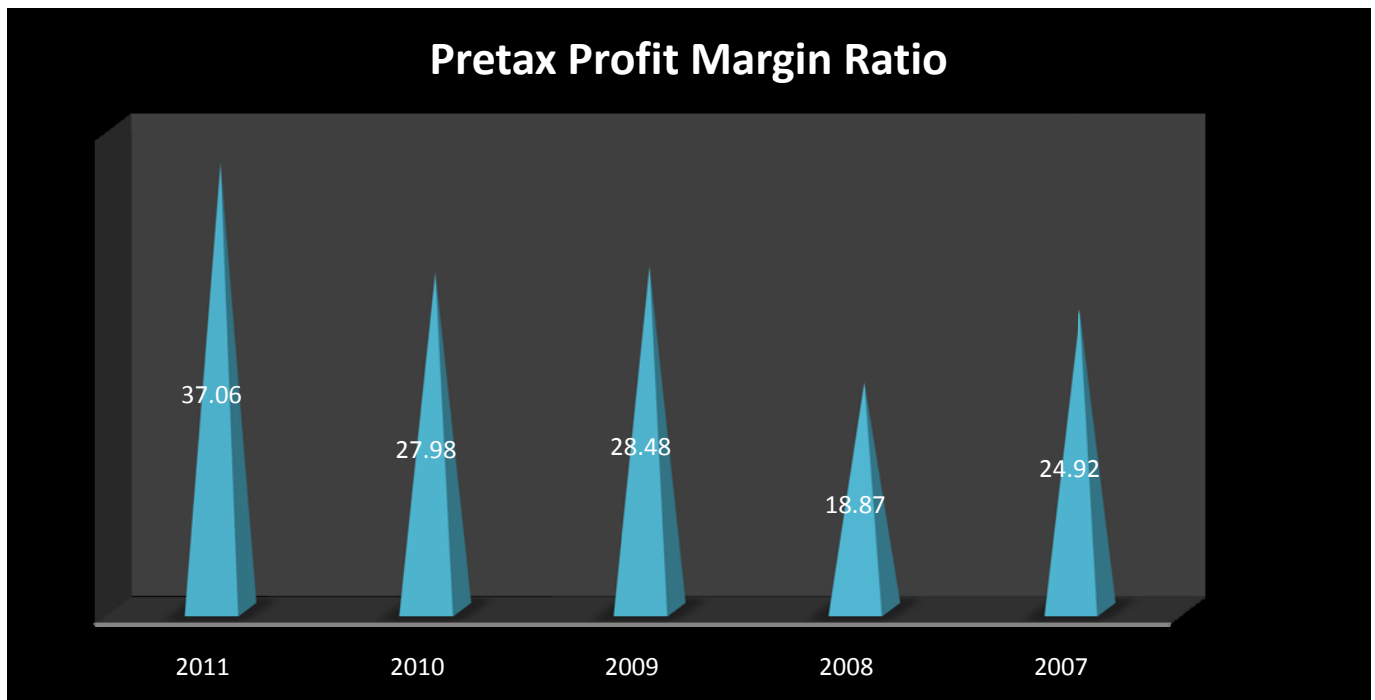


We see here for operation profit margin ratio in 2007 it was 30%, in 2008 it was 25% , in 2009 it was 31.4% in 2010 it was 27.04% but in 2011 it was 36.57%. In here we see that it is decreasing year by year until 2011.

## 4.9 Pretax Profit Margin Ratio

\* Figures are in million BDT

Year	2011	2010	2009	2008	2007
Profit before income tax	33006	20913	18596	11579	13535
Sales	89060	74733	65300	61359	54303
Pretax Profit Margin %	37.06%	27.98	28.48	18.87	24.92

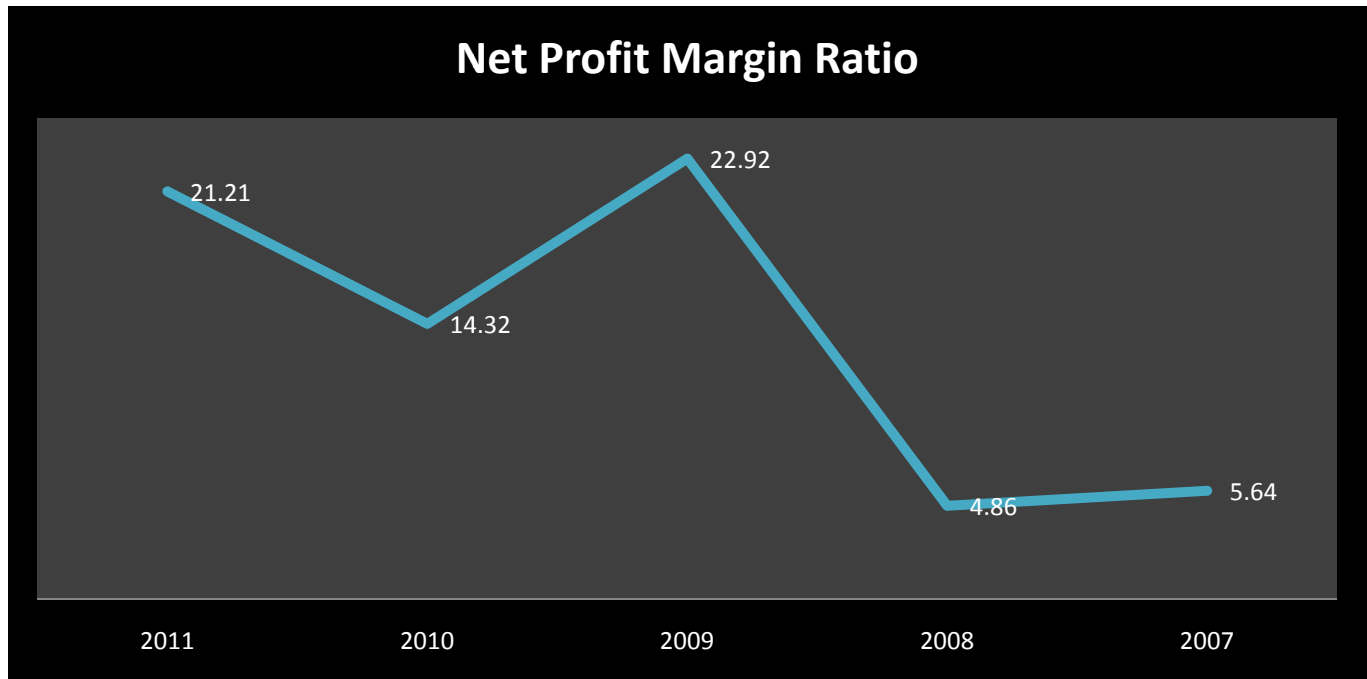


For pretax profit margin, in 2007 it was 24.9%, in 2008 it was 18.9%, in 2009 it was 28.48%, in 2010 it was 27.98% but in 2011 it was 37.06%. The ratio is fluctuating over the years.

## 4.10 Net Profit Margin Ratio

\* Figures are in million BDT

Year	2011	2010	2009	2008	2007
Net Income	18891	10705	14968	2984	3060
Sales	89060	74733	65300	61359	54303
Net Profit Margin (%)	21.21%	14.32%	22.92%	4.86%	5.64%

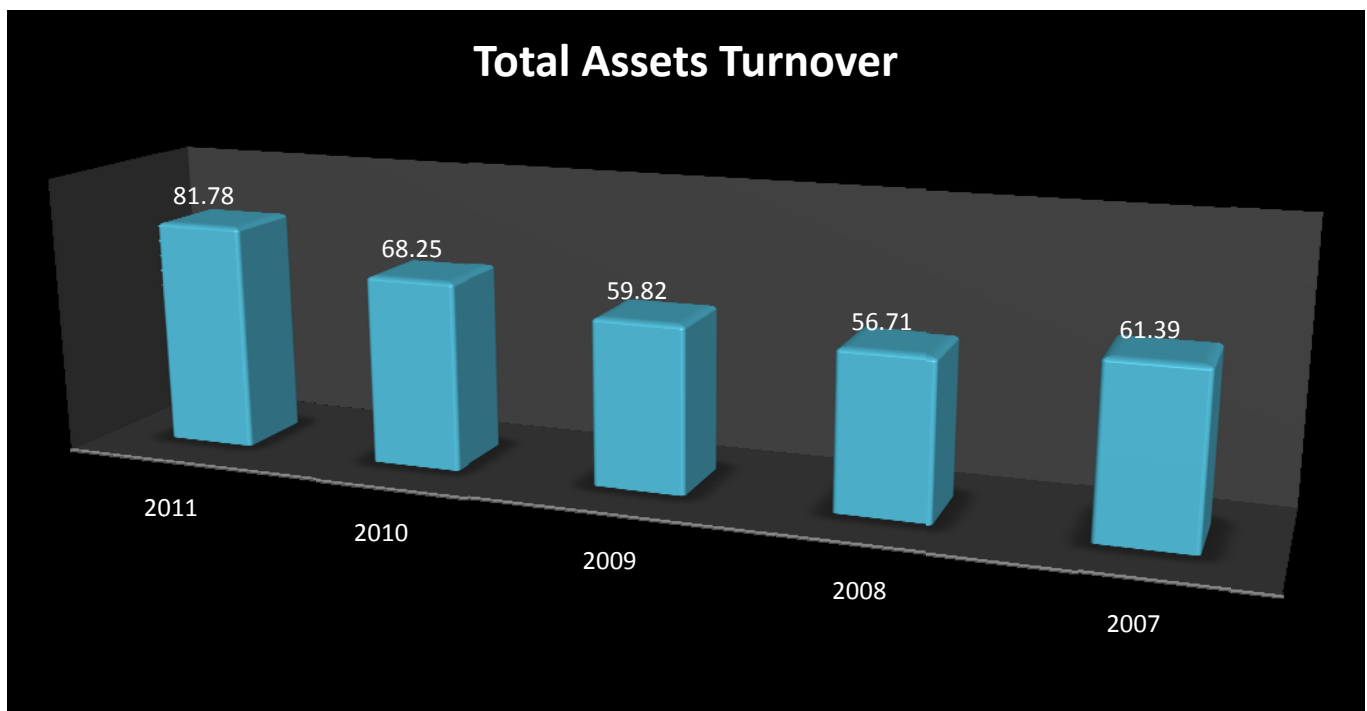


Net profit margin ratio was in 2007 it was 5.6%, in 2008 it was 4.9%, in 2009 it was 22.9%, in 2010 it was 14.32% and in 2011 it was 21.21%. We see in 2007 & 2008 it was decreased than other years.

## 4.11 Total Assets Turnover

\* Figures are in million BDT

Year	2011	2010	2009	2008	2007
Sales	89060	74733	65300	61359	54303
Total Assets	108905	109502	109162	108194	88461
Total Assets turnover %	81.78%	68.25%	59.82%	56.71%	61.39%

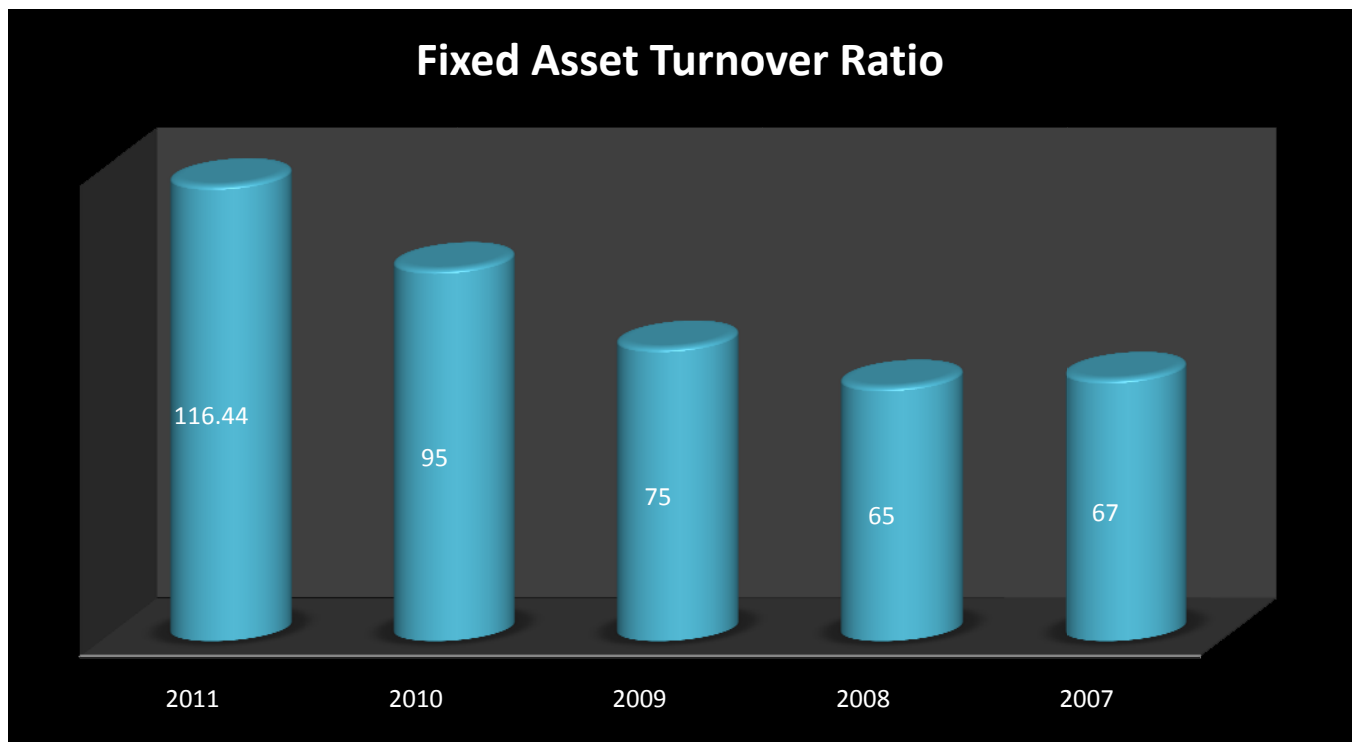


For total assets turnover ratio, in 2007 it was 61.39%, in 2008 it was 56.71%, in 2009 it was 59.82%, in 2010 it was 68.25% and in 2011 it was 81.78%. Slightly fluctuating ratio trend, but from 2010 it started to increase till 2011.

## 4.12 Fixed Asset Turnover Ratio

\* Figures are in million BDT

Year	2011	2010	2009	2008	2007
Sales	89060	74733	65300	61359	54303
Fixed Assets	76484	78700	86980	93764	81610
Fixed Asset Turnover	116.44%	95%	75%	65%	67%

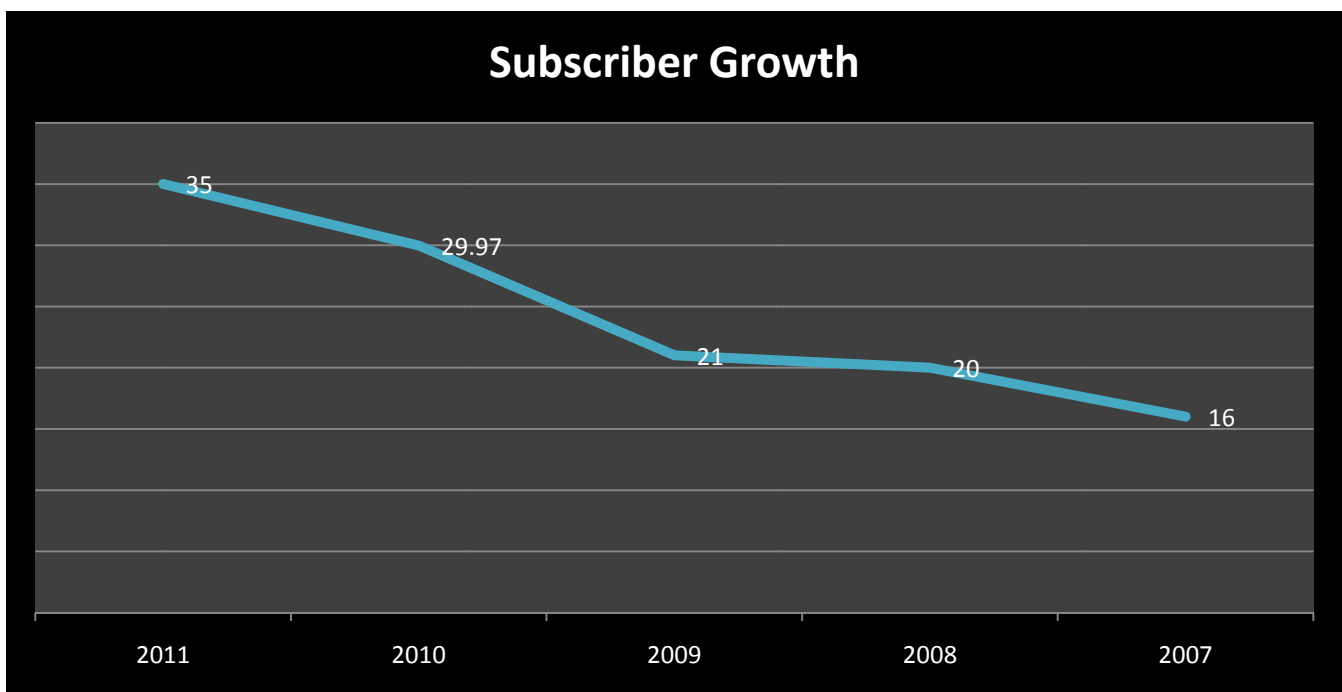


For fixed assets turnover ratio we see, in 2007 it was 67%, in 2008 it was 65%, in 2009 it was 75%, in 2010 it was 95% but in 2011 it was 116.44%. Here in 2007 and 2008 this ratio slightly decreased but from 2009 it has started to increase.

## 4.13 Subscriber Growth

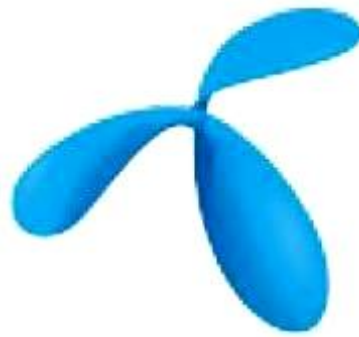
\* Figures are in million BDT

Year	2011	2010	2009	2008	2007
Subscriber Growth (Million)	35	29.97	21	20	16



We see for subscriber growth, in 2007 it was 16 million, in 2008 it was 20 million, in 2009 it was 21 million, in 2010 it was 29.97 million and in 2011 it was more than 35 million. Grameenphone subscribers are increasing year by year where its network covers 98% of the total population.





## Chapter 5

# SWOT ANALYSIS

5.1 Strengths

5.2 Weakness

5.3 Opportunity

5.4 Threat

## 5.1 STRENGTHS

- Nation-wide Network coverage around 98% of population
- Efficient Management base
- Strong brand image
- Strong distribution channel
- Strong infrastructure
- First mover advantage
- Loyal Customer Base
- Countrywide Edge providing ability
- Strong Marketing
- Very good functional synchronization among internal departments

## 5.2 WEAKNESSES

- Comparatively higher call rates
- Dependency on prepaid products
- Lack of value added services within SIM
- Less performing attitude towards some issues as GP-CP Services

### 5.3 OPPORTUNITIES

- Focus on additional requirement.
- Economic development
- Improved technological improvement and network coverage
- Focus on CSR program
- Increased socialization
- Demand for new & innovative products.
- Provide online banking facilities through mobile phone
- Increase the Brand Value by offering IPO

### 5.4 THREATS

- Aggressive marketing from other operators
- Increased marketing/operating costs
- New entrants
- Possibility of Merger among competitors
- After converting into PLC more information has to be disclosed
- Increased bargaining power of the consumers
- Switching power of customers has increased
- Customer dependency on new technology.



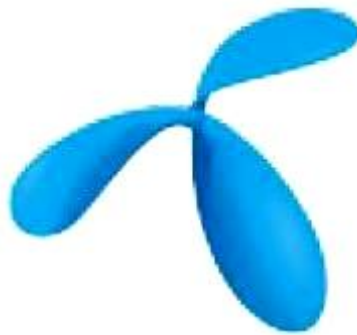
## Chapter 6

# FINDINGS

## ✓ FINDINGS

- Grameenphone has maintained its leadership in the mobile industry once again in the year 2011 amidst heavy competition and unprecedented macroeconomic challenges. While competition opted for price position, GP continued with its quality acquisition and added 6.5 million subscribers to its subscription base. Macroeconomic factors like double digit inflation, currency devaluation, multiple price hikes for fuel and power brushed a dent in operating expenditure, however, business performance was strong and still due to impressive revenue performance and operational efficiency measures in spending areas.
- In the year of 2007 & 2008 there current ratio and quick ratio was smaller than other years. We see their current assets were much lower and current liabilities were much higher than other years. If we analyze this situation we see that in these two year there cash is lower than other years on the other hand payable to government and autonomous bodies and other operators, provision for expenses was high than other years. It was the reason for that decrease. Comparing to other years Grameenphone did well in 2010 & 2011 indifferent sectors of it.
- From year 2007, 2008, 2009 the shareholder's equity was increased in a substantial quantity but in 2010 it was decreased same as 2011.
- Net profit margin increased to 21% from 14% of 2010, which was driven by BDT 819 crore increments in profit in 2011 compared to last year. Increase in profit after tax for the year 2011 compared to 2010 was mainly driven by revenue growth and lower depreciation expenses, which was partly offset by higher income taxes and losses on foreign exchange during the year. As a result, EPS for 2011 increased to BDT 13.99 from BDT 7.93 of 2010.
- Total asset base decreased marginally by BDT 60 crore between 2010 and 2011 mainly due to higher depreciation of fixed assets compared to yearly addition and swapping of network equipments with lower book value. Cash balance decreased due to payment of final dividend for the year 2010, interim dividend for the year 2011 and the first installment of renewal fees for 2G License and spectrum. Capital expenditure during 2011 was BDT 1,296 crore compared to BDT 846 crore of 2010, which was mainly spent for network modernization.

- Increment of 19% (BDT 1,433 crore) in total revenue was driven by traffic revenue from the subscription growth and revenue from wholesale business.
- The collective contribution to the National Exchequer from inception up to December 2011 was BDT 245.2 billion (BDT 24,517 crore), of which, BDT 60.1 billion (BDT 6,015 crore) was made in 2011 alone. Out of total BDT 245.2 billion (BDT 24,517 crore), BDT 188.2 billion (BDT 18,819 crore) was made on account of direct tax, VAT and duties through National Board of Revenue (NBR) and Bangladesh Telecommunication Regulatory Commission (BTRC), BDT 19.7 billion (BDT 1,965 crore) on account of renewal of 2G license and spectrum in 2011, purchase of additional spectrum in 2008 and equipments for Lawful Interception Compliance for the government, BDT 22.1 billion (BDT 2,214 crore) through commercial agreements with Bangladesh Railway (BR) and Bangladesh Telecommunications Company Limited (BTCL) and BDT 15.2 billion (BDT 1,518 crore) as indirect payments on account of local and foreign staff income taxes and withholding taxes on operating expenditure payments. Grameenphone has been the largest corporate taxpayer in the country for the last five years.
- Grameenphone has very good management for each of its departments to perform their operations, they also do talent hunt internally as well as externally. In a sense they do know very well how to do business as their as targets directly influence Company revenue.
- The reasons for increasing income from operation are high gross profit and low operating expenses.
- GP subscribers are also increasing year by year. Because there network is better than other and they give so many offer for their subscriber. One of the major initiatives of 2011 was the network up gradation. A total of 7,272 base stations were modernized and upgraded to enhance GP's network in less than a year.
- Company's returns towards its stakeholders is quiet satisfactory and they do have expert to maintain their every operations.
- Innovative offers towards customers, better employee engagement, standardization in every official aspect has made them unique in the field of Telecommunication Business.
- Grameenphone do strongly believe that, Better and Sustainable performance is the only way to be Successful.



## Chapter 7

# RECOMMENDATION



## ✓ RECOMMENDATION

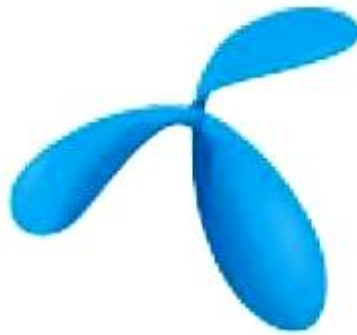
Here we see total liabilities are increasing over the year especially in 2011. It should be decreased because increasing liabilities is not healthy for any company. If it will decrease than total debt to equity ratio will also decrease which is good for the company. Debt equity ratio is fluctuating over its annual performance.

Grameenphone's sale has increased in a substantial amount in 2011. But also it has to ensure sustainable growth in it. In the data we see that sales are increasing year by year. But this increase is not too much. Basically sustainable growth in sales can earn ensure more contribution to their revenue.

If GrameenPhone increase their current assets and fixed assets both their total assets will also increase. So they have succeeded to increase their total assets till now and it is very important for the company.

As Grameenphone focus more on it network upgradation, what I think is very important for the company. Day by day customers are becoming more quality oriented. And to ensure that Grameenphone do need a constant focus on it network upgradation.

As a responsible corporate citizen, GP has continued to invest for common good of the society. In 2011, the Company has integrated its technological expertise with social projects to bring positive changes in the life of general people ensuring better sustainability. It's a very positive sign for the company so they do need to focus more on this CSR part for ensuring better stakeholders experience.



## Chapter 8

# CONSLUSION

## ✓ Conclusion

GrameenPhone is one of the largest multinational companies of Bangladesh. They earn lots of profit from their business. In market their investment is also huge. Recently in 2007 they have introduced their IPO.

Bangladesh is a developing country. For more develop people of Bangladesh need well communication because without communication any people don't do anything. That's why Bangladeshi people use cell-phones to communicate with each other. Considering Bangladeshi people's need there are some cell-phone companies who also have established their business. They provide services for Bangladeshi people and earn profit. That way Bangladesh earns lots of tax and other economic benefit from those cell-phone companies. Telecommunication sectors in Bangladesh pay the highest tax around 45% and it's a huge contribution to our GDP.

The company has invested more than BDT 17,093 crore to build the network infrastructure since its inception in 1997. GrameenPhone is also one the largest taxpayers in the country, having contributed more than BDT 24,517 crore in direct and indirect taxes to the Government Exchequer over the years.

However, regardless of its size, it performs very well all over of its organization. By doing my internship there I learned a lot of things. The employees' works at Grameenphone are very helpful and friendly. This internship experience really helped me to be prepared for the upcoming future.

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GrameenPhone's Annual Report 2011

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- [www.grameenphone.com](http://www.grameenphone.com)
- [www.google.com](http://www.google.com)
- [www.dscbd.org](http://www.dscbd.org)
- [www.wikipedia.org](http://www.wikipedia.org)

## Books

- Corporate Finance (Ross/ Westerfield/ Jaffe)
- Intermediate Financial Management (F. Brigham/C.Gapenski)

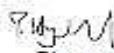


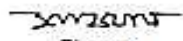
# APPENDIX

**Grameenphone Ltd.**  
**Consolidated Statement of Financial Position**  
as at 31 December 2011

	Notes	31 December 2011	31 December 2010	1 January 2010
		Taka	Taka	Taka
<b>Assets</b>				
<b>Non current assets</b>				
Property, plant and equipment, net	4	69,461,932,244	71,696,092,118	79,287,993,919
Intangible assets, net	5	7,021,940,747	6,991,416,098	7,681,126,893
Long term deposit	7	-	12,594,949	11,635,675
		76,483,872,991	78,700,103,165	86,980,756,487
<b>Current assets</b>				
Inventories	8	354,023,249	834,355,326	430,870,209
Deferred cost of connection revenue	9	422,857,544	484,842,481	483,550,116
Accounts receivable, net	10	5,361,944,431	5,247,945,772	4,697,066,162
Other receivables	11	916,325,024	928,020,269	762,323,315
Advances, deposits and prepayments	12	17,129,182,496	1,621,637,839	1,206,613,917
Short term investment	13	181,856,969	2,753,729,110	500,000,000
Cash and cash equivalents	14	8,054,596,992	18,931,502,552	14,101,313,087
		32,420,786,705	30,802,033,349	22,181,736,806
<b>Total assets</b>		<b>108,904,659,696</b>	<b>109,502,136,514</b>	<b>109,162,493,293</b>
<b>Equity and Liabilities</b>				
<b>Equity attributable to owners of the company</b>				
Share capital	15	13,503,000,220	13,503,000,220	13,503,000,220
Share premium	16	7,840,225,942	7,840,225,942	7,840,225,942
Capital reserve	17	14,446,452	14,446,452	14,446,452
Deposit from shareholders	18	1,880,178	1,880,178	1,880,178
General reserve	19	2,139,729,365	2,139,729,365	2,139,729,365
Retained earnings		15,383,607,640	26,874,256,053	28,996,754,822
		38,882,889,797	50,373,538,210	52,496,036,979
<b>Non controlling interest</b>	20	80	268	-
<b>Total Equity</b>		<b>38,882,889,877</b>	<b>50,373,538,478</b>	<b>52,496,036,979</b>
<b>Non current liabilities</b>				
Loans and borrowings, net of current portion		-	-	917,924,127
Deposit from agents and subscribers	21	455,775,978	444,639,879	440,948,191
Finance lease obligation	22	5,019,805,838	5,019,805,838	5,019,805,838
Deferred tax liabilities	23	10,242,988,130	11,201,083,512	13,505,914,117
Long term provisions	24	104,716,420	162,876,392	171,487,489
		15,823,286,366	16,828,405,621	20,056,079,762
<b>Current liabilities</b>				
Accounts payable	25	10,840,334,043	5,296,447,777	4,865,966,538
Payable to government and autonomous bodies	26	4,814,105,945	4,860,343,669	4,161,431,025
Unearned revenue	27	2,486,767,295	2,248,977,889	1,679,152,352
Loans and borrowings - current portion		-	-	1,036,943,071
VAT payable	28	2,699,959,350	2,451,869,531	2,234,779,133
Income tax provision	29	17,806,349,160	13,396,693,877	9,887,067,874
Accrued interest	30	226,869,648	155,699,144	66,356,035
Other liabilities	31	98,549,866	57,641,141	126,480,541
Deferred connection revenue	32	542,973,536	581,904,397	541,731,927
Provisions	33	14,682,574,610	13,250,614,990	12,010,468,056
		54,198,483,453	42,300,192,415	36,610,376,552
<b>Total equity and liabilities</b>		<b>108,904,659,696</b>	<b>109,502,136,514</b>	<b>109,162,493,293</b>

The annexed notes 1 to 53 form an integral part of these financial statements.

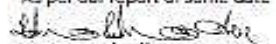
  
Director

  
Director

  
Chief Executive Officer

  
Company Secretary

Dhaka, February 07, 2012

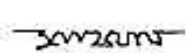
As per our report of same date  
  
Auditors

**Grameenphone Ltd.**  
**Consolidated Statement of Comprehensive Income**  
for the year ended 31 December 2011

	Notes	2011 Taka	2010 Taka
<b>Revenue</b>	34	89,059,616,926	74,733,076,434
<b>Cost of network operations</b>			
Direct cost of network revenue	35	(17,652,504,844)	(15,065,442,394)
Network operation and maintenance expenses	36	(6,486,131,957)	(5,605,681,662)
Depreciation and amortisation	37	(13,700,217,335)	(15,331,945,675)
		(37,838,854,136)	(36,003,069,731)
<b>Gross profit</b>		51,220,762,790	38,730,006,703
Other income, net	38	81,649,697	60,416,193
<b>Operating expenses</b>			
General and administrative expenses	39	(9,309,840,841)	(8,634,334,234)
Selling and distribution expenses	40	(8,082,356,764)	(8,487,233,821)
Depreciation and amortisation	37	(1,337,717,281)	(1,461,626,378)
		(18,729,914,886)	(18,583,194,433)
<b>Operating profit</b>		32,572,497,601	20,207,228,463
Finance income/(expense), net	41	989,596,123	593,473,110
Foreign exchange gain/(loss)	42	(648,552,533)	99,963,540
Gain on disposal of property, plant and equipment	43	92,720,963	12,091,065
<b>Profit before income tax</b>		33,006,262,154	20,912,756,178
Income tax expenses	44	(14,115,160,260)	(10,207,404,570)
<b>Profit for the year</b>		18,891,101,894	10,705,351,608
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		18,891,101,894	10,705,351,608
<b>Total comprehensive income attributable to</b>			
Owners of the company		18,891,102,082	10,705,351,440
Non controlling interest		(188)	168
		18,891,101,894	10,705,351,608
<b>Earnings per share</b>			
Basic and diluted earnings per share (par value Tk 10 each)	45	13.99	7.93

The annexed notes 1 to 53 form an integral part of these financial statements.

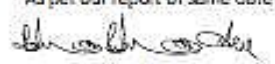
  
Director

  
Director

  
Chief Executive Officer

  
Company Secretary

Dhaka, February 07, 2012

As per our report of same date  
  
Auditors

**Grameenphone Ltd.**  
**Consolidated Statement of Cash Flows**  
for the year ended 31 December 2011

	2011	2010
	Taka	Taka
<b>Cash flows from operating activities</b>		
Cash receipts from performance of services/sales	89,180,282,352	74,646,490,419
Payroll and other payments to employees	(5,786,478,150)	(6,087,982,677)
Payments to suppliers, contractors and others	(33,346,912,822)	(28,986,804,748)
Finance income received	2,092,898,027	1,337,225,663
Finance expenses paid for short term loans	(137,533,205)	-
Other finance expenses paid	(708,726,155)	(630,004,573)
Income tax paid	(10,663,600,361)	(9,002,609,172)
	(48,550,352,666)	(43,370,175,507)
<b>Net cash flow from operating activities</b>	<b>40,629,929,686</b>	<b>31,276,314,912</b>
<b>Cash flows from investing activities</b>		
Payment for acquisition of property, plant and equipment	(9,405,803,195)	(8,774,249,937)
Proceeds from sale of property, plant and equipment	45,346,713	59,884,296
Payment for acquisition of intangible assets	(777,252,430)	(648,524,052)
Payment of first instalment for 2G licence renewal	(13,584,598,000)	-
Proceeds from/(investment in) long term deposits	12,594,949	(959,274)
Short term investments	2,571,872,141	(2,253,729,110)
<b>Net cash used in investing activities</b>	<b>(21,137,839,822)</b>	<b>(11,617,578,077)</b>
<b>Cash flows from financing activities</b>		
Payment of long term borrowings	-	(1,950,443,211)
Payment of dividend	(30,365,699,043)	(12,791,086,003)
Proceeds from issue of share to non controlling interest	-	100
Amount refunded to IPO share applicants	(3,296,381)	(87,018,256)
<b>Net cash used in financing activities</b>	<b>(30,368,995,424)</b>	<b>(14,828,547,370)</b>
<b>Net changes in cash and cash equivalents</b>	<b>(10,876,905,560)</b>	<b>4,830,189,465</b>
<b>Cash and cash equivalents at 1 January</b>	<b>18,931,502,552</b>	<b>14,101,313,087</b>
<b>Cash and cash equivalents at 31 December</b>	<b>8,054,596,992</b>	<b>18,931,502,552</b>

The annexed notes 1 to 53 form an integral part of these financial statements.



**Grameenphone Ltd.**  
**Statement of Cash Flows**  
for the year ended 31 December 2011

	2011	2010
	Taka	Taka
<b>Cash flows from operating activities</b>		
Cash receipts from performance of services/sales	89,140,210,778	74,646,490,419
Payroll and other payments to employees	(5,196,283,125)	(5,827,353,840)
Payments to suppliers, contractors and others	(34,329,207,490)	(29,366,578,247)
Finance income received	2,085,126,783	1,335,500,926
Finance expenses paid for short term loans	(137,533,205)	-
Other finance expenses paid	(708,170,131)	(630,004,573)
Income tax paid	(10,661,380,622)	(9,002,415,542)
	(48,947,447,790)	(43,490,851,276)
<b>Net cash flow from operating activities</b>	<b>40,192,762,988</b>	<b>31,155,639,143</b>
<b>Cash flows from investing activities</b>		
Payment for acquisition of property, plant and equipment	(9,151,452,165)	(8,835,146,894)
Proceeds from sale of property, plant and equipment	45,307,859	59,884,296
Payment for acquisition of intangible assets	(764,248,680)	(648,524,052)
Payment of first instalment for 2G licence renewal	(13,584,598,000)	-
Investment in subsidiary	-	(74,999,900)
Proceeds from/(investment in) long term deposits	12,594,949	(959,274)
Short term investments	2,571,872,141	(2,253,729,110)
<b>Net cash used in investing activities</b>	<b>(20,870,523,896)</b>	<b>(11,753,474,934)</b>
<b>Cash flows from financing activities</b>		
Payment of long term borrowings	-	(1,950,443,211)
Payment of dividend	(30,365,699,043)	(12,791,086,003)
Amount refunded to IPO share applicants	(3,296,381)	(87,018,256)
<b>Net cash used in financing activities</b>	<b>(30,368,995,424)</b>	<b>(14,828,547,470)</b>
<b>Net changes in cash and cash equivalents</b>	<b>(11,046,756,332)</b>	<b>4,573,616,739</b>
Cash and cash equivalents at 1 January	18,674,929,826	14,101,313,087
Cash and cash equivalents at 31 December	<b>7,628,173,494</b>	<b>18,674,929,826</b>

The annexed notes 1 to 53 form an integral part of these financial statements.

## Distribution Schedule of the Shares as on December 31, 2011

Range of Shareholdings	Number of Shareholders	Total Number of Shares	Percentage
001 to 500	68,470	15,227,428	1.13%
501 to 5,000	16,547	23,941,792	1.77%
5,001 to 10,000	1,099	7,980,838	0.59%
10,001 to 20,000	524	7,324,730	0.54%
20,001 to 30,000	141	3,458,975	0.26%
30,001 to 40,000	82	2,849,538	0.21%
40,001 to 50,000	46	2,118,778	0.16%
50,001 to 100,000	89	6,403,346	0.47%
100,001 to 1,000,000	93	26,703,195	1.98%
1,000,001 to 1,000,000,000	14	1,254,291,402	92.89%
<b>Total</b>	<b>87,105</b>	<b>1,350,300,022</b>	<b>100%</b>

## Dividend

For the Year	Dividend Rate	Dividend Per Share (BDT)	Par Value Per Share (BDT)	Dividend Type
2011	65% (Proposed Final Dividend)	6.50	10.00	Cash
	140 % (Interim Dividend)	14.00	10.00	Cash
2010	85 % (Final Dividend)	8.50	10.00	Cash
	35 % (Interim Dividend)	3.50	10.00	Cash
2009	60%	6.00	10.00	Cash
2008	13%	0.13	1.00	Cash
In 2008*	400%	-	-	Bonus Share
2007	62%	26.66	43.00	Cash

\* In 2008, we capitalized a portion of our retained earnings through the issuance of bonus shares. The issuance was approved by our shareholders at the Extra-Ordinary General Meeting of shareholders on July 15, 2009 and subsequently by the Securities and Exchange Commission.

**Grameenphone IT Ltd.**  
**Statement of Financial Position**  
as at 31 December 2011

**Assets**

**Non-current assets**

Property, plant and equipment, net  
Intangible assets, net

Notes

2011

Taka

2010

Taka

506,945,456

28,084,997

535,030,453

176,822,402

-

176,822,402

**Current assets**

Inventories  
Accounts receivable  
Advances, deposits and prepayments  
Advance VAT  
Other receivables  
Cash and cash equivalents

6

7

8

9

10

11

23,757,854

173,575,301

34,052,375

-

16,536,405

426,423,498

674,345,433

1,209,375,886

103,488,179

221,221,943

34,076,775

30,016,625

1,890,705

256,572,726

647,266,953

824,089,355

**Total assets**

**Equity and liabilities**

**Shareholders' equity**

Share capital  
Accumulated profit/(loss)

12

75,000,000

(14,554,475)

60,445,525

75,000,000

126,175,141

201,175,141

**Non-current liabilities**

**Current liabilities**

Advance from customers  
Payable for operating expenses  
Payable for capital expenditure  
Income tax provision  
Provisions  
VAT liability  
Other current liabilities

13

14

15

16

17

9

18

392,199,338

239,909,445

259,820,110

1,226,963

234,377,762

3,820,572

17,576,171

1,148,930,361

1,209,375,886

161,032,225

121,923,559

176,839,206

532,484

158,052,956

-

4,533,784

622,914,214

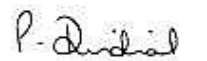
824,089,355

**Total equity and liabilities**

The annexed notes 1 to 29 form an integral part of these financial statements.

  
Chairman

  
Director

  
Chief Executive Officer

  
Company Secretary

As per our report of same date

**Grameenphone IT Ltd.**  
**Statement of Comprehensive Income**  
for the year ended 31 December 2011

	Notes	1 January to 31 December 2011 Taka	28 January to 31 December 2010 Taka
<b>Revenue</b>	19	1,176,717,464	642,007,224
Cost of services rendered	20	(884,624,503)	(315,086,476)
<b>Gross profit</b>		292,092,961	326,920,748
<b>Operating expenses</b>			
General and administrative expenses	21	(425,520,025)	(201,744,230)
Selling and distribution expenses	22	(14,420,111)	-
		(439,940,136)	(201,744,230)
<b>Operating profit/(loss)</b>		(147,847,175)	125,176,518
Finance income, net	23	7,215,220	1,724,737
Loss on disposal of property, plant and equipment	24	(55,757)	-
Foreign exchange gain		2,872,314	-
		10,031,777	1,724,737
<b>Profit/(loss) before income tax</b>		(137,815,398)	126,901,255
Income tax expenses	3.8	(2,914,218)	(726,114)
<b>Profit/(loss) for the year/period</b>		(140,729,616)	126,175,141
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		(140,729,616)	126,175,141

The annexed notes 1 to 29 form an integral part of these financial statements.

  
Chairman

  
Director

  
Chief Executive Officer

  
Company Secretary

Dhaka, February 07, 2012

As per our report of same date

  
Auditors

# Value Added Statement - 2011

Value Added	in '000 BDT			
	2011	%	2010	%
Revenue	89,059,617		74,733,076	
Other income including interest income	2,040,421		1,509,457	
VAT on revenue and other income	13,371,190		11,219,024	
	104,471,228		87,461,557	
Less: Cost of network and services	23,109,296		19,121,434	
<b>Available for distribution</b>	<b>81,361,932</b>	<b>100%</b>	<b>68,340,123</b>	<b>100%</b>
<b>Distributions</b>				
Employees	7,251,291	8.9%	6,403,690	9.4%
Government	39,212,430	48.2%	33,581,941	49.1%
Providers of finance:				
Financial institutions	969,175	1.2%	855,568	1.2%
Shareholders*	18,891,102	23.2%	10,705,352	15.7%
	66,323,998	81.5%	51,546,551	75.4%
<b>Value reinvested and retained</b>				
Depreciation and amortization	15,037,934	18.5%	16,793,572	24.6%
Retained profit	-	-	-	-
	15,037,934	18.5%	16,793,572	24.6%
	<b>81,361,932</b>	<b>100%</b>	<b>68,340,123</b>	<b>100%</b>

\* Distribution for 2011 was BDT 27,681,150,451 (including the proposed dividend) out of which BDT 18,891,101,894 was from the wealth created during the current year. The rest of the distribution was from wealth accumulated in earlier years.

## Distribution of Value Added (2011)