Report On

Impact of IFRS 16 Adoption on the Financial Performance of Telecom Companies in Bangladesh

By

H M Nafiz Pial
21204227

An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of
Bachelor of Business Administration (BBA)

BRAC Business School,
BRAC University
March, 2026

Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:

H M Nafiz Pial
21204227

Supervisor's Full Name & Signature:

Dr. Sayla Sowat Siddiqui,
Assistant Professor, BRAC Business School,
BRAC University

Letter of Transmittal

Dr. Sayla Sowat Siddiqui
Assistant Professor
BRAC Business School
BRAC University
Kha 224, Bir Uttam Rafiqul Islam Ave, Dhaka 1212

Subject: Impact of IFRS 16 Adoption on the Financial Performance of Telecom Companies in Bangladesh

Dear Madam,

This is to present my internship report on the topic of Impact of IFRS 16 Adoption on the Financial Performance of Telecom Companies in Bangladesh as a requirement of my Bachelor of Business Administration (Finance and Supply Chain Management) course at BRAC University.

This report is informed by the experience that I had during my internship at Grameenphone Ltd. as part of the Financial Accounting and Reporting department of the finance division between 2 November 2025 and 1 February 2026. The paper will be devoted to the evaluation of the changes in lease accounting, financial ratios, and the general financial reporting practices as the financial performance of telecom companies in the context of the IFRS 16 adoption.

My internship provided me with hands-on experience on financial reporting procedures and a better insight into how accounting standards such as the IFRS 16 affect the organizational financial reports and decision-making. This experience has helped me to connect the knowledge gained in theory with the application of this in practice.

I hope that this report can be useful to you and will illustrate the learning outcomes of my internship program. Your feedback and additional suggestions on further improvement would be welcome.

You may also call me in case of any clarification.

Sincerely yours,

H M Nafiz Pial
Student ID: 21204227
Bachelor of Business Administration
(Finance & Supply Chain Management)
BRAC Business School
BRAC University

Date: 02.04.2026

Non-Disclosure Agreement

This is a contract signed and arranged between and among Grameenphone Ltd. and the undersigned student of BRAC University named H M Nafiz Pial with the help of this contract to maintain the safety and avoidance of divulging any confidential or classified information of the organization.

This is to confirm that the following internship report titled Impact of IFRS 16 Adoption on the Financial Performance of Telecom Companies in Bangladesh has been written with the help of the publicly available information and my personal study. This report has not used any confidential, proprietary or internal information of Grameenphone Ltd.

Besides, this report is done purely on academic grounds and will not be utilized in any commercial or unauthorized manner. The person who has signed this paper is attesting the adherence to the confidentiality policies and ethical standards of the organization.

………………………

H M Nafiz Pial

Student ID: 21204227

BRAC Business School

BRAC University

Acknowledgement

I would like to say my heartfelt thanks to my academic supervisor, Dr. Sayla Sowat Siddiqui, Assistant Professor at BRAC Business School, BRAC University, who gave me great advice and assistance in such an unwavering way during my internship, as well as, during the creation of this report. The realization, support, and practical advice in modeling the analysis method, organization of the report, and improvement of the writing style have played a significant role in the successful completion of this piece.

I would also like to warmly convey my personal gratitude to Mr. Md. Shahinur Rahman who was a mentor and anchor during my internship period at Grameenphone Ltd. The trust that he put on me to give me major responsibilities and his consistent instructions enabled me to have invaluable hands-on experience. This internship would not have been so powerful and rich without his assistance and belief in my skills.

Also, I would wish to mention Mr. Raqibul Faiaze Md. Ikramah, Chief Accountant of Grameenphone Ltd., who guided and encouraged me on my professional growth and career development. His understanding of the financial role and his appreciation of my work were highly motivating and something that allowed me to develop a career outlook.

I would also like to thank all the people in the Financial Accounting and Reporting team and FARMTs on the Grameenphone Ltd. in particular, to allow me to be with them and to support me in offering a good learning experience during my internship.

Executive Summary

This report is a report of the internship of H M Nafiz Pial in Grameenphone Ltd., the largest mobile telecommunication operator in Bangladesh in the Financial Accounting and Reporting (FAR) department as a intern between November 2025 and March 2026. The intern worked on a large-scale ERP migration project, the transfer of lease accounting data available on Oracle E-Business Suite to Oracle Fusion Cloud, the processing of more than 11 million records of transactions in about 30,000 lease agreements. Among the achievements were the creation of automated data-processing procedures that cut the time taken to prepare payment lines by 24 hours to 15 minutes, design of reconciliation structures to screen lease datasets before migrating, and functional liaisons with Treasury, Technology, Sourcing, and external BPO partners.

The report also gives an overall organizational analysis of Grameenphone limited in relation to its management practices, marketing strategy, financial performance and positioning in relation to its competitors. As of 2024, Grameenphone has an overall dominant market leadership in Bangladesh with 84.3 million subscribers and a net profit margin of 22.9%. Chapter 3 presents the empirical research that investigates the effect of the adoption of IFRS 16 on the financial performance of telecom firms in Bangladesh based on 10 years of financial evidence (2014-2024). Results prove that IFRS 16 significantly changed the financial makeup of Grameenphone: the right of use assets increased to 36-43 per cent of the total asset after adoption, the mechanically improved EBITDA margins related to the reclassification of lease expenses, and the ratios based on the assets, including ROA and Asset Turnover, decreased. These are industry trends, which are validated by comparative analysis with Robi Axiata Ltd. The evidence supports the alternative hypothesis, according to which IFRS 16 adoption had a significant effect on leverage, profitability, and efficiency ratios.

Keywords: IFRS 16; lease accounting; financial performance; Grameenphone; telecom industry Bangladesh; ERP migration

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List of Acronyms

Acronym	Full Form
FAR	Financial Accounting & Reporting
BTS	Base Transceiver Station
BSC	Base Station Controller
FON	Fiber Optic Network
MNO	Mobile Network Operator
EBS	Oracle E-Business Suite
AP	Accounts Payable
PN	Property Network (Oracle EBS Module)
ERP	Enterprise Resource Planning
KCP	Key Contact Point

Glossary

Financial Accounting & Reporting (FAR)	The department responsible for preparing financial statements, ensuring compliance with accounting standards, and managing financial reporting processes within an organization.
Base Transceiver Station (BTS)	A telecom infrastructure component that facilitates wireless communication between user equipment (mobile devices) and the network.
Base Station Controller (BSC)	A network element that controls multiple BTS units and manages radio resources, including frequency allocation and handovers.
Core Network (Switch)	The central part of a telecommunications network responsible for routing calls, data, and managing connectivity between different network elements.
Greenfield Tower	A telecom tower installed on open land or ground where no prior infrastructure existed.
Rooftop Tower	A telecom tower installed on top of buildings to optimize coverage in urban areas.
Towerco	A telecommunications infrastructure company that owns and manages towers and related passive infrastructure such as land and power systems.
Fiber Optic Network (FON)	A high-speed communication network that uses optical fiber to transmit data as light signals.
Mobile Network Operator (MNO)	A company that provides wireless communication services and owns or controls the network infrastructure.

Oracle E-Business Suite (EBS)	An integrated ERP system used for managing business processes such as finance, procurement, and operations.
Oracle Fusion	A cloud-based ERP system by Oracle used for advanced financial and operational management.
CUPA (Sourcing ERP)	An enterprise system used for procurement and sourcing activities within the organization.
Accounts Payable (AP Module)	A module within ERP systems used to manage outgoing payments and supplier invoices.
Property Network (PN Module)	A module in Oracle EBS used for managing fixed assets, leases, and property-related data.
Service Request Note (SR Note)	A formal document used to initiate or track service-related requests within an organization.
Key Contact Point (KCP)	A designated individual responsible for communication and coordination between teams or stakeholders.

CHAPTER 1:
OVERVIEW OF INTERNSHIP

1.1 Information of Student

Name: H M Nafiz Pial

Student ID: 21204227

Program: Bachelor of Business Administration (BBA)

Major: Finance & Supply Chain Operations

University: BRAC University

1.2 Internship Information

1.2.1 Period, Company Name, Department and Address

Company Name: Grameenphone Ltd.

Internship Period: 2nd November 2025 - 31st March 2026

Division: Finance Division

Department: Financial Accounting & Reporting

Team/Unit: Fixed Asset Management

Office Address: GP House, Bashundhara Residential Area, Florance Road, Dhaka 1229

1.2.2 Internship Company Supervisor Information

Name: Md. Shahinur Rahman, AFA, MIPA

Designation: General Manager & Head of Fixed Assets Accounting and GL Control

Organization: Grameenphone Ltd.

Department: Financial Accounting & Reporting, Finance Division

The on-site supervisor during the internship was Md. Shahinur Rahman who is also the General Manager and Head of Fixed Assets Accounting and GL Control of Grameenphone Ltd. He has over 17 years experience in the profession of the finance function and is a specialist in the area of fixed asset accounting, accounts payable control and financial controlling. He has over the years played a significant role in enhancing the financial control processes and assisting the company in its modernization efforts on finance especially through the implementation of ERP systems, automation tools and data-based financial management practices.

My internship was under his supervision as I was the contributor to the Lease/Property Manager (PN) module migration project that entailed the transfer of Lease Accounting using Oracle E-Business Suite (EBS) to Oracle Fusion Cloud. The Fixed Asset Accounting team under his leadership liaised with several internal stakeholders to make sure the migration procedure met the internal control standard and financial reporting needs of Grameenphone. His mentorship has given me a good exposure to how financial controls could be applied practically to ERP based accounting platform and massive finance transformation projects in a major telecommunication company.

1.2.3 Scope of Job/ Job Description / Duties / Responsibilities.

In my internship experience in Grameenphone Ltd., I have been placed under the Fixed Asset Management team of the Financial Accounting and Reporting department of the Finance Division. My main participation was in the project of migrating the Lease/Property Manager (PN) module to the cloud based Oracle Fusion platform, which meant the movement of financial information related to leases off the old Oracle E-Business Suite (EBS) system to it. In the project a lot of data preparation, validation and alignment of various internal departments was necessary to make sure that lease accounting information was successfully transferred to the new ERP environment. This role was my practical introduction to financial data processing and accounting activities on large scale basis using ERP. My main areas of responsibilities are outlined below.

a) Arrangement of Lease Data

Another important aspect of my duties was the work with big amounts of lease-related financial information, which was retrieved from the current PN module. This data came in form of transaction level record of thousands of lease agreements that the company has kept. My responsibilities were to organize the raw datasets and put them in structures that can be analyzed and ready to be reviewed in relation to migrations. In order to carry out these activities, I used Microsoft Excel, Power Query and Power BI to summarize and rearrange data sets of large volumes. The process assisted the team to review information on lease related issues in a systematic way and assisted in additional validation and reconciliation processes.

b) Data Reconciliation and Data Validation Support.

The other significant role was to help the team check the migration data according to the comparison between the datasets retrieved with the help of the legacy PN module and migration templates, as well as system-generated ERP reports. This involved a review of the lease attributes, payment lines among other fields of accounting information to have the migration templates capture correct financial information. In this exercise, I helped the team discover discrepancies in lease data sets and make sure that the data that was ready to be transferred were consistent with the financial documents on the old system.

c) Preparation and Accounting Data Organisation of Migration Templates.

In the migration process, I assisted the set-up of templates of migration that were utilized in uploading lease information to the Oracle Fusion system. This entailed tabulation of lease payment data and accounting attributes in such a way as they would be required under the new ERP environment. I had the duty to check the payment line structures, help organize the fields of accounting, and make sure that the necessary financial information has been added to the migration templates. These operations assisted the accounting department in clearing lease related financial information to integrate into the system.

d) Cross-Functional Co-ordination and Data Alignment.

The migration project involved working together with various departments in the organization. In this respect, I contributed to the coordination of the work of such teams as Treasury, Technology and Sourcing and external vendors and business process outsourcing (BPO) partners that were engaged in the process of the migration. Such coordination was required to make sure that the financial data flowing between teams was conveyed and the data and documentation needed to support the migration activities were aligned.

e) Supporting Activities Financial Accounting & Reporting.

I was also assisting in other other activities in the Financial Accounting and Reporting department besides the migration project. These involved supporting ESG-based reporting support activities, proofreading parts of financial statements, and capturing of operational processes that were associated with the PN module migration project. These duties gave exposure to the larger finance reporting procedure and internal documentation practices in the finance department.

1.3 Student contribution to Grameenphone Ltd.

My main work at the internship was related to the project of the Lease/Property Manager (PN) module migration to the Oracle Fusion Cloud platform, which consisted of the move of lease-related financial information off the older Oracle E-Business Suite (EBS) system. This migration was a part of the larger finance modernization project at Grameenphone and had a direct implication on the accuracy and completeness of lease accounting data in the financial reporting.

I was using a dataset as part of the project which consisted of about 11 million records in the form of transaction level associated with almost 30,000 lease agreements. In processing and summarizing the raw datasets through Microsoft Excel, Power Query, and Power BI, I was able to create reconciliation summaries through which the team has been able to compare the migration datasets with the records that were obtained by accessing the legacy PN module. This process aided in the verification of completeness and consistency of lease information prior to migration, and minimized the chances of leaving behind a record, or inconsistency in records at the point of migration in the new ERP platform.

The other work that was significant was the production of automated data-processing work-flows, which were used to help to prepare accounting information to be used in templates of migrations. In the past, the records of lease payment lines had to be processed manually in large numbers and thus consumed a lot of time. The automation made the accounting entries preparation of payment lines much faster, and the amount of time spent to prepare nearly 1,000 payment lines took about 15 minutes to prepare the payment lines, which is a significant reduction compared to the time spent to prepare the payment lines, estimated as 24 working hours. This increased the speed of the migration template preparation and minimized the use of manual data processing.

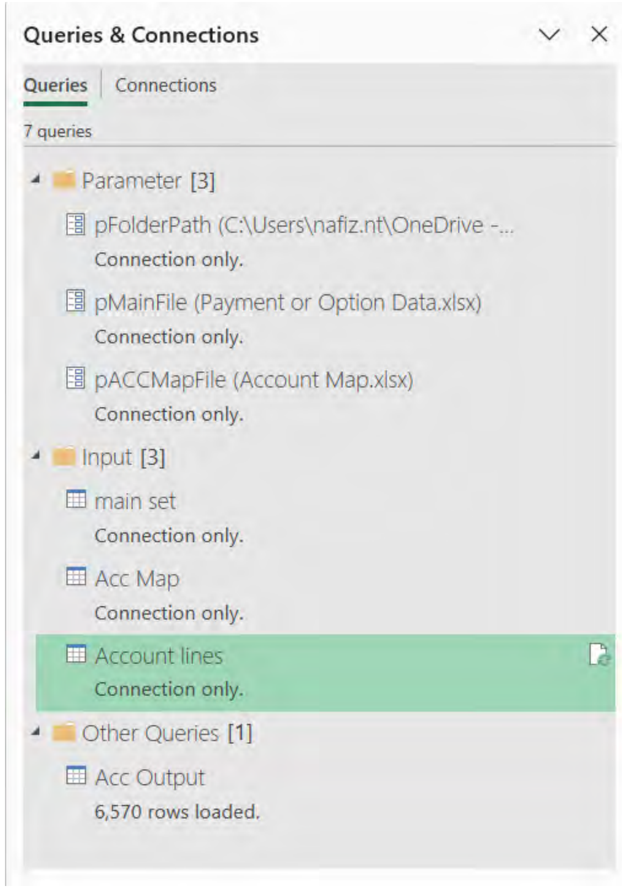

Figure I: Power BI Automation Queries

The reconciliation framework also served to point out discrepancies in the available lease datasets that needed to be confirmed before being migrated. The work on these discrepancies enhanced the entire data validation procedure and helped the team to retain credible lease accounting data throughout the ERP transition.

Besides technical deliverables, I was also involved in reporting on migration processes and writing of internal workbooks to be used in communicating project-related jobs within the Finance Division. I also engaged in the process of data reconciliation and automation that was noted during an internal Finance Management Team (FMT) meeting when the key members of the finance leadership team recognized the analysis carried out in the course of the migration project.

Figure II: Grameenphone Financial Accounting and Reporting Team

1.4 Advantages for the Student

The Grameenphone Ltd. internship was a good experience of how financial accounting and the financial system based on ERP can be applied in a large corporate setting. Having been engaged in a lease migration project, I got a better idea of lease accounting under IFRS 16 especially the maintenance and accounting of lease related financial data in the enterprise accounting systems.

Another learning outcome included the chance to deal with large financial data sets and analytical tools that are widely used in a working environment. Before the internship, I had limited experience with such advanced tools as power query and power BI. Nevertheless, the tasks delegated in the course of the project involved working with large datasets and processing and organizing them, which enhanced my technical ability to analyze data and automate it significantly.

ERP system migration and financial data integration, especially the process of migration of the Oracle E-Business Suite to the Oracle Fusion Cloud, was also exposed at the internship. The way that such transitions are handled in a large organization, also enabled me to appreciate the need to control finances, integrity of data, and interdepartmental alignment in system transformation projects.

Figure III: IFRS 16 Standard

Other than technical learning, the internship also equipped me with the experience of how professionals worked in a rigorous corporate setting. The group members enjoyed a supportive and cooperative organizational culture despite strict deadlines and workload. The ways of dealing with pressure that were observed among experienced professionals and their ability to remain professional and communicate effectively were helpful insights into the dynamics of corporate work.

The other significant part of my learning was the application of AI-assisted problem solving in order to surmount technical problems. Because a number of analytical tasks involved the work with unknown tools, I also utilized systematic self-learning strategies and online materials to acquire the necessary technical skills. This strategy helped me to acclimatize fast and be productive in the project.

Lastly, as a result of my contributions to the project, I was acknowledged by the Finance Management Team (FMT) members and this helped me greatly in gaining confidence in my profession. On the whole, the internship has strengthened my technical abilities, analytical skills, and professional flexibility and offered a good preparation to work in the finance and decision-making based on data in the future.

1.5 Problems Experienced in the Internship.

The internship had major learning opportunities, but there were various challenges that were experienced along the way in the project. A major problem was the possibility of dealing with large and complex financial data, which had about 11 million transaction records in well over 30,000 lease arrangements. Such a high amount of financial data not only needed to be processed and validated with great attention but also needed to be carefully structured into datasets and analyzed with the help of the most efficient tools.

The other issue was the inconsistency of information in the legacy PN module in terms of previous lease records. In the process of the reconciliation, a number of data attributes, which were incomprehensive or inconsistent, were discovered. Because this level of discrepancy had to be sorted out prior to the migration of the information to the new ERP system, further verification and coordination was necessitated to guarantee that the data migrated was dependable.

The time schedule of the project was also a stressful environment to work in. The data that had to be prepared and validated in the migration activities was that of lease agreements of about 25,000 in a limited period of time, say one month. In the most severe stages of the project, the team was used to working up to 12 to 15 hours a day so as to meet the set deadlines as well as have the major milestones covered.

Also, the first learning curve was the use of more sophisticated data-processing tools like Power Query and Power BI, which helped with large datasets. Although I did not have much previous experience on using these tools, constant learning and trial and error enabled me to eventually adjust to the technical demands of the project.

Nevertheless, the experience has enhanced my problem-solving power, resilience and technical proficiency especially in working in challenging conditions of a project.

1.6 Recommendations

As per my internship experience in Grameenphone Ltd., I would like to introduce some of the suggestions that would better improve the learning process of future interns and make the internship program more effective.

To begin with, it would help to make sure that the assignments during the internship are strictly associated with the ongoing projects that may be considered within the internship period. As an intern, I could work on a large-scale ERP migration project, and it gave me a good exposure and experience of working on a real-life, operating project. It was however noted that there are those interns who could not do such projects since some of the initiatives were yet to be started during their time of internship. The alignment of internship placements by current projects or planned projects would enable the interns to take part more effectively in the organizations work and have a practical experience that is not just limited to the routine tasks of running the organization.

Secondly, there should be some structured training programs or workshops among the interns that would greatly enhance the experience of the internship learning. Though there is a conducive environment and the organization promotes learning by exposing the interns to practical situations, there are few formal training programs that target the interns at the moment. Technical tool, financial system, professional communication, or industry specific workshops may enable interns to acquire relevant skills faster and respond to their duties more appropriately.

Lastly, knowledge sharing between various departments and interns could also be promoted by means of organized learning sessions, which would allow the participants to have a more comprehensive insight into how various processes within the organization work. Such activities would ensure that the learning outcomes of the interns are not only improved but also assist them play a better role during their internship tenure.

In general, Grameenphone internship offers a great experience of working in the professional corporate setting. The program can be strengthened into a few systematic advances, especially project alignment and intern training, which would even provide more learning benefits to subsequent interns.

CHAPTER 2: ORGANIZATION PART

2.1 Introduction

This chapter is an organizational overview and an analysis of operation of Grameenphone Limited, which was the host organization where the internship was carried out. This chapter is meant to review the structural, managerial operational, marketing and financial practices of the organization in an attempt to understand how the company does business in the highly competitive telecommunications industry of Bangladesh. This chapter creates a foundation context through the composition of internal organization structure and management systems of Grameenphone, which is essential in the understanding of the organizational environment within which the internship activities were conducted.

Grameenphone Limited is a Bangladesh based mobile telecommunications operator that has the largest revenue, coverage and subscriber base. Since its commercialization in 1997, the company has been of great importance in the growth of the digital connectivity and telecommunication infrastructure in the country. Being a subsidiary of the Telenor Group, Grameenphone enjoys the advantages of being exposed to the global technological experience, operation experience and strategic direction and at the same time focuses on the local market conditions of Bangladesh to tailor its services. The organization has developed into a digital connectivity service provider that provides data services, digital platforms, enterprise solutions, and services that rely on emerging technologies in addition to being a traditional mobile network operator.

To gain a holistic view of the organization, the chapter examines various functional aspects of the organization such as management practices, marketing strategies, financial performance, accounting practices, operational management systems and information technology infrastructure.

As well, the competitive landscape of the telecommunications business is also assessed using accepted analytical tools like Porters five forces and SWOT analysis. Such analyses offer insights on the strategic positioning of Grameenphone in the telecommunication industry and detailing on the aspects that make it have a competitive advantage.

2.1.1 Objective of the Study

This chapter aims at examining the organizational form and the mode of operations in Grameenphone Limited to ensure that it creates a holistic view of how the company is managed, marketing practices, financial performance, and market positioning. The chapter will analyze the manner in which the organization is administering its internal resources, its strategic decisions, and its competitiveness in the telecommunications industry of Bangladesh.

2.1.2 Scope of the Study

The research area that is presented in this paper is the Grameenphone Limited in terms of its organization and operations. The analysis entails the corporate history of the company, its management practices, marketing strategies, financial performance, accounting practices, operational management systems, and competitiveness in the industry. The research is mainly based on the corporate information that is available to the public, annual reports and observations made throughout the internship. Although the purpose of the analysis is to give a total overview of the organization, it is restricted to the information available in the secondary sources and the line of exposure that could be generated in the course of the internship.

2.1.3 Methodology

The research is majorly founded upon a blend of both secondary and primary sources of information. Primary data was collected with direct observation during the internship experience with Grameenphone Limited that gave the understanding of the operational processes and organizational practices of the company. Secondary data were gathered through different publicly available resources such as the annual reports of Grameenphone, official corporate publications, the company websites and other industry reports. These sources gave the financial, operational and strategic data that has to be analyzed to sum up the organization.

2.1.4 Significance of the Study

The importance of comprehending the Grameenphone organizational practices is attributable to the fact that the company is at the center of the telecommunication industry in Bangladesh. Being the most popular mobile network operator in the country, the strategies, operational practices, and management systems of the company impact greatly on the formation of the digital communication ecosystem. The study of these areas can be useful in understanding the functioning of large-scale telecommunications organizations within the emerging markets. Moreover, the research adds to the academic knowledge about the corporate management and operations in the telecommunications sector as well as the reflexion of the practical learning process of the internship program.

2.1.5 Limitations of the Study

Although an attempt was made to provide an in-depth analysis, many constraints were experienced when the chapter was being prepared. Firstly, some organizational internal information was limited by the corporate confidentiality policies. This means that certain details of the strategic and operational processes of the company were not able to be analyzed. Second, the internship was of short duration, and this limited the level of practical exposure to various functional departments in the organization. Lastly, the research is based on mostly publicly available financial and operations data, which might not be able to exhaust all the internal organizational processes.

2.2 Overview of the Company

2.2.1 Telenor Group

Grameen phone limited is a subsidiary of Telenor group, a major international telecommunication company based in Fornebu, Norway. Telenor is a leading telecom service provider in the globe and operates in various markets in both Europe and Asia. The company was founded in 1855 as a state owned telegraph corporation in Norway and has since grown to be a international telecommunications company that offers mobile communication, the internet, and digital services and information technology solutions to millions of their customers across the globe (Telenor Group, 2023).

Telenor is still governed by the Government of Norway which owns about 54 percent of the company shares with the rest being traded in the Oslo Stock Exchange market. Telenor has various markets in its international subsidiaries such as Norway, Sweden, Denmark, Finland, Thailand, Malaysia, Pakistan and Bangladesh. The group is based on the digital connectivity, technological innovation and customer-oriented service provision as the long-term strategy of the expansion of

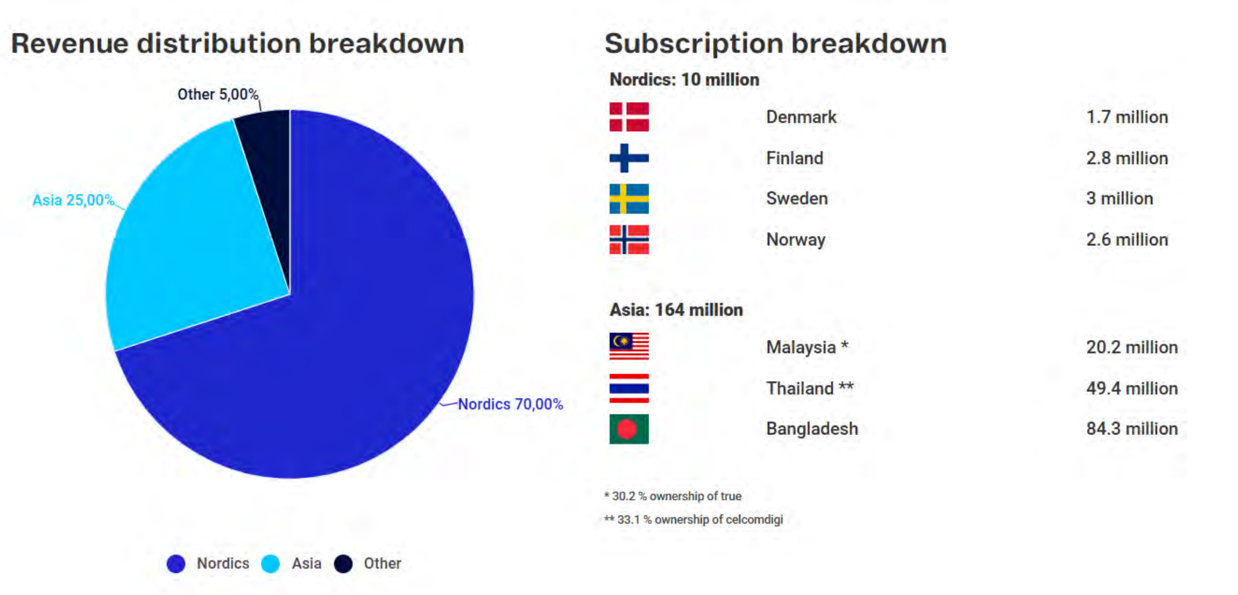

Figure IV: Revenue Distribution and Subscription Breakdown of Telenor

telecommunication infrastructure and digital ecosystems in emerging markets (Telenor Group, 2023).

Telenor has a wealth of experience in its international operations; it has technological know-how and financial resources that are a big strategic factor to its subsidiaries. In the case of Grameenphone, this joint venture makes it possible to access new technological telecommunication, best practices in the world in network operation, and strategic management advice. The relationship with Telenor, in turn, increases the capacity of Grameenphone to retain the quality of the services, invest in the network development system, and implement the digital transformation initiatives within the Bangladeshi telecommunications market.

2.2.2 Grameenphone Limited

Grameenphone Limited (GP) is the biggest and biggest mobile telecommunication company in Bangladesh concerning the number of subscribers, revenue, and country network coverage. The company was founded on 10 October 1996 and incorporated as a private limited company and commercial operations commenced on 26 March 1997. It was launched during the Independence Day of Bangladesh, which means that the company is dedicated to providing more communication coverage and digital connectivity across the country (Grameenphone, 2024).

Grameenphone has been established as a joint venture between the Telenor Group and Grameen Telecom. Telenor has about 55.8 percent shares in the company and Grameen Telecom has about 34.2 percent shares. The rest of the shares are publicly listed at the Dhaka Stock Exchange and Chittagong Stock Exchange after the company became a publicly listed company in 2009 (Grameenphone, 2024).

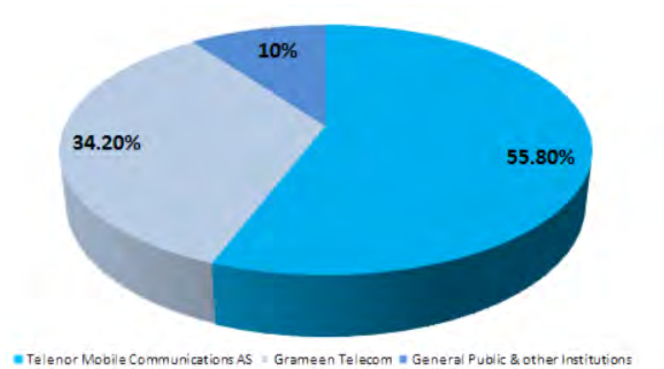

Figure V: Equity Percentage of GP

Since its inception, Grameenphone has been important in the development of the telecommunications infrastructure in Bangladesh. The firm was the pioneer in the country that launched Global System for Mobile Communications (GSM) technology and has been the first firm to adopt the use of advanced network technologies. The organization has also gradually increased its network capacity over the years by introducing commercial 3G services in 2013 and developing 4G /LTE services throughout the country since 2018. These technological advances have also played a major role in the spread of high-speed mobile internet services across Bangladesh (Grameenphone, 2024).

Figure VI: 5G Campaign of GP

Grameen phone has a corporate headquarters called GP house that is situated in Bashundhara Residential Area in Dhaka. Out of its headquarters and its national network of operations, the company deals with telecommunications infrastructure, digital service platforms, enterprise connectivity solutions and customer service operations. Gradually, the organization has evolved to become a digital connectivity service provider and to provide an extensive variety of services such as mobile voice communication, data connectivity, digital entertainment platforms, enterprise solutions, and future Internet-of-Things (IoT) applications (Grameenphone, 2024).

Grameenphone has stayed on the top in the Bangladeshi telecommunications sector through sustained investing in network infrastructure and service innovation. The long-term vision of the company to empower inclusive digital connectivity in the country is exhibited by the strategic emphasis on its data services expansion, strengthening of digital platforms, and enhancing customer experience.

The company has a variety of product and service offerings including beauty products and retail services.

Table 1: Ownership Breakdown of GP

Shareholder	Ownership Percentage
Telenor Group	55.8%
Grameen Telecom	34.2%
Public Shareholders	10%

Source: Grameenphone Annual Report (2024)

2.2.3 Product and Service Portfolio

The company has a range of product and service offerings such as beauty products and retail services.

The product and service portfolio of Grameenphone represents the strategic shift of the company on the way of transforming into the traditional telecommunications provider to the universal service provider of digital connectivity. The company has over time diversified its products to incorporate data services, digital platforms, enterprise products, and Internet-of-Things (IoT) based connectivity products although traditional mobile voice services still constitute a significant segment of the revenue generation. This diversification will be in line with the changing technological environment and the growing need of high-speed digital communication services in Bangladesh (Grameenphone, 2024).

The main services offered by Grameenphone as a telecommunication firm are prepaid and postpaid mobile service which offers its customers voice communication, SMS services, and mobile data packages. Designed with a wide consumer base targeted by a flexible pricing system and a wide range of data, prepaid services are offered to the mass market and postpaid services to the business customers and high-end consumers through the structuring of their billing systems and added-value features. Other services like international roaming, international direct dialing, and value added communication services are also the other services that add value to the basic telecom services.

To meet the fast-growing demand of internet application and the consumption of digital contents, data services have been included in the company as a significant element of its products. Grameenphone has an extensive selection of mobile internet length plans aimed at several groups of users such as daily, weekly, and monthly internet packages as well as unlimited internet packages. The company has a countrywide 4G network infrastructure that supports such services and makes the mobile internet users have high speed connection anywhere in the country.

The company has developed its digital service ecosystem in addition to its traditional connectivity services. The digital entertainment services are offered to subscribers via platforms like Bioscope+ which offers the local and international video streaming content. Moreover, such applications as MyGP allow the customers to control the mobile services, buy the data packages, and receive digital content by using a unified mobile framework. These are the strategic moves of the company to empower the customer contacting via online media.

Figure VII: Smart Devices of GP

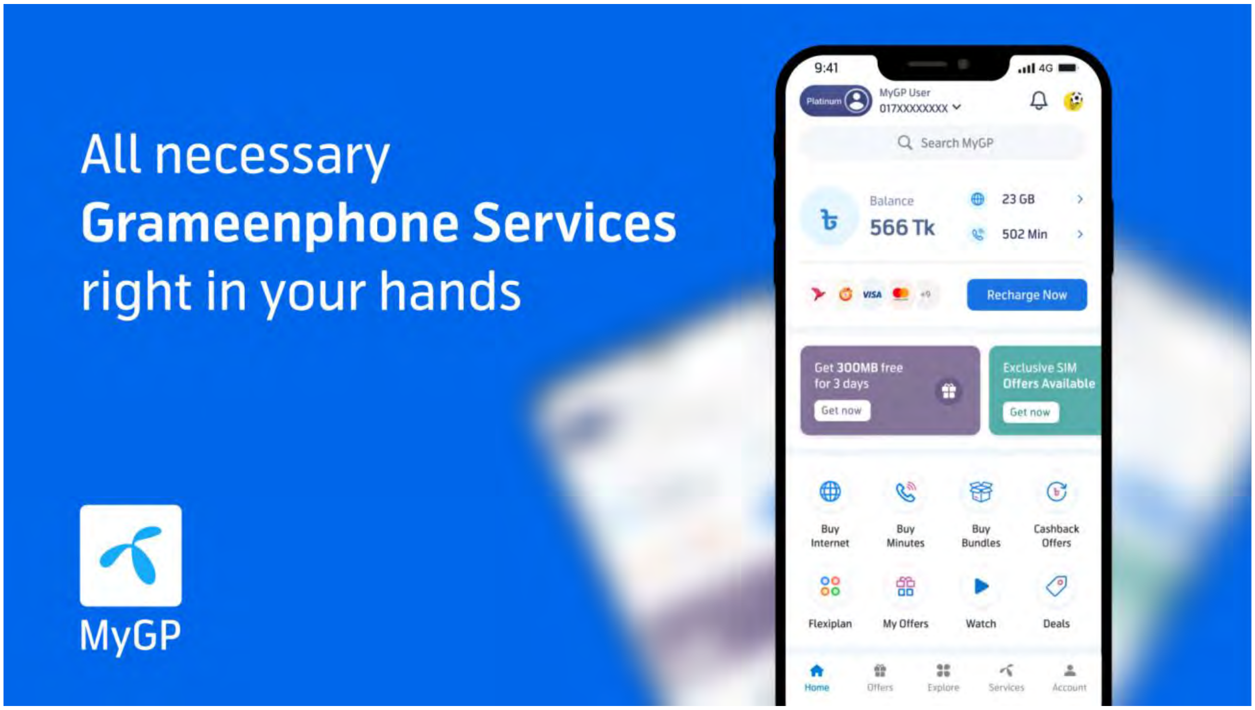

Figure VIII: All in one lifestyle app MY GP

Grameenphone has moved towards the field of Internet-of-Things (IoT) and smart connectivity solutions as well. With programs like GP Alo smart home solutions and enterprise connectivity services, the firm provides technological services on monitoring security and connecting the devices, as well as managing the digital infrastructure. Moreover, the company has launched fixed wireless broadband services under the GPFi that uses Fixed Wireless Access technology to provide high-speed internet connectivity to homes and business in places where the broadband infrastructure is scarce (Grameenphone, 2024).

Jurisdiction of services is an indication of the wider strategic goal of Grameenphone to transform into a digital services provider and not just a mobile network operator. Combining the telecommunications infrastructure with the digital platform and new technologies, the company is actively developing its service environment and adapts to the shifting connectivity needs of the modern consumer.

2.2.4 Organizational Structure

Grameenphone Limited has a well-organized organizational structure that facilitates making of effective decisions, operational coordination, and strategic implementation in its nationwide network. The company has a hierarchical, but functionally integrated company structure in which various business units and departments report to each other in well defined business relations. This design enables the organization to organize sophisticated telecommunications operations, as well as flexibility in operations in reaction to the fluctuating market conditions.

On a corporate level, the Chief Executive Officer (CEO) leads the organization, and he manages the overall strategic direction and performance of the organization operationally. Top management group, also known as the C-suite team, comprises of top management in charge of primary functional departments, including Marketing, Technology, Finance, Corporate Affairs, Human Resources (People and Organization), Business, Product, Risk and Information Technology. Each one of these divisions has a senior executive reporting to the CEO and charged with the responsibility of executing departmental plans that are in line with the overall corporate goals of the company (Grameenphone, 2024).

The organizational structure is further divided into functional departments which deal with certain operation duties within every functional division.

Indicatively, the Marketing Division would normally have departments that deal with brand management, market communication, sales and distribution, and customer experience management. In the same manner, the Technology Division monitors the development of network infrastructure, its functioning and the provision of technical services, which provides the telecommunications network with constant reliability and growth. The departmental segmentation enables Grameenphone to coordinate its various operations smoothly and also encourage functional specialization.

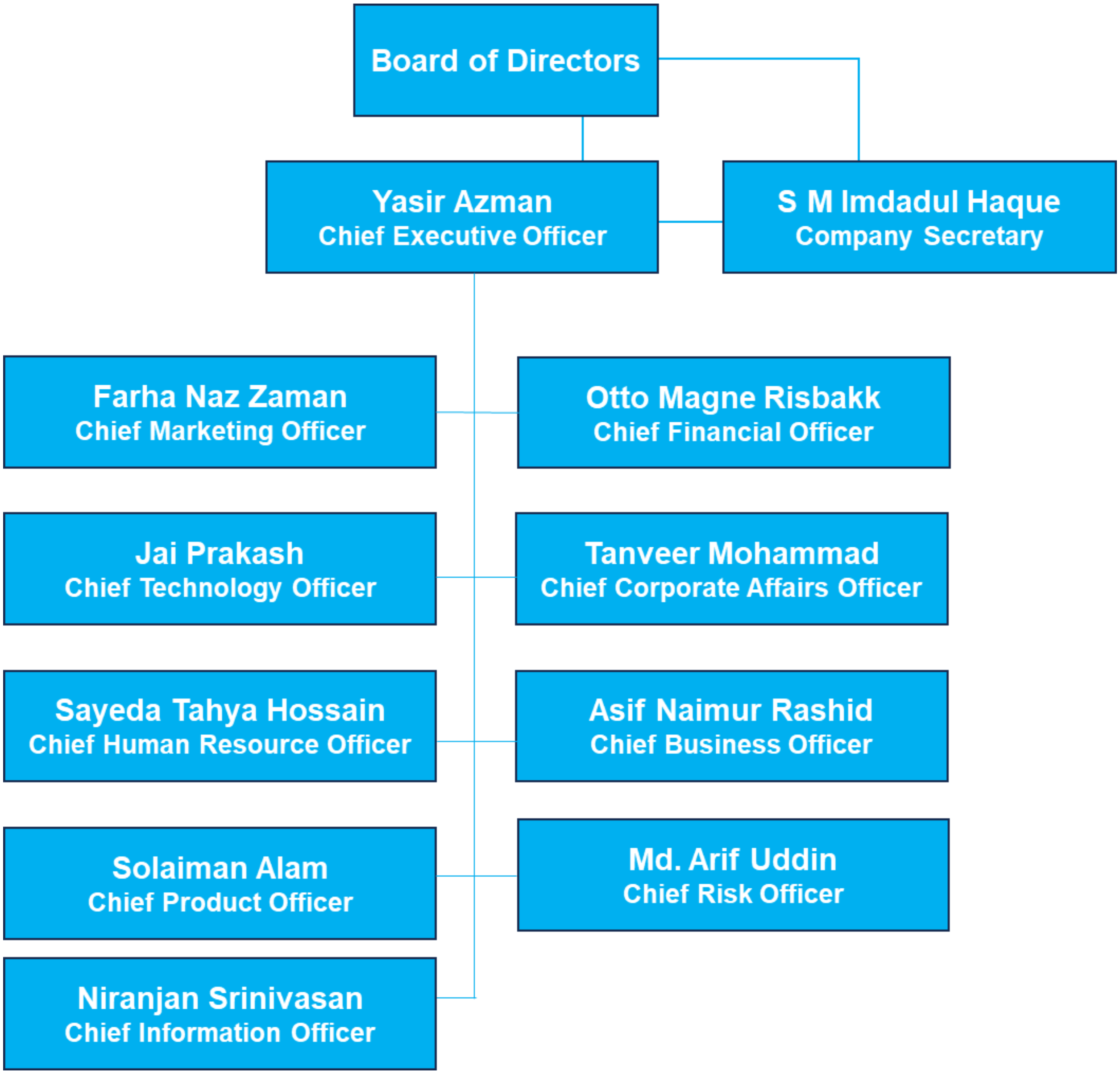

Figure IX: Organogram of GP

Besides the corporate functional structure, Grameenphone has another geographically distributed field operational structure that is meant to administer its national network of sales and distribution. The nation is sub-divided into a number of operation circles that are headed by a Circle Marketing

Head and a Circle Retail and Distribution Head. Such circles are again divided into regions and clusters whereby regional and cluster managers oversee sales units and distribution partners who ensure that relationships with retailers and customers are maintained at the local level. This field structure is multi-tiered, as far as it guarantees high market penetration and helps the company to be very present in both urban and rural markets in Bangladesh.

The allocation and synchronization of the strategic planning with field-level operations enable Grameenphone to integrate the corporate leadership structure with the field operational network. Although the corporate strategies are devised by the central leadership, the regional management and cluster management teams execute the strategies by localized operational activities. This congruence makes the organization more capable of responding promptly to market forces and the ability to manage telecommunications infrastructure on a large scale as well as ensuring a stable level of service delivery on its national network.

In general, the organizational design of Grameenphone indicates the complexity of operation of a big telecommunications company. With the centralized strategic leadership and decentralized field operation, the company can ensure the efficient coordination of business functions and technological operation to customer service delivery, and thus it is able to hold the first place as the leading telecommunications operator in Bangladesh (Grameenphase, 2024).

2.2.5 Vision, Mission, and Core Values

The vision, mission, and core values of Grameenphone Limited are defined and help the organization to strategically focus on its strategic direction and organizational culture. All these aspects form the corporate philosophy of the company, the impact on the decisions about its operations, interaction with customers, and the development activities in the long run.

The vision of Grameenphone is to empower societies by offering the power of digital communication, so that everyone can better their lives, create societies, and secure a better future of all people (Grameenphone, 2024). The vision is an extension of the company in terms of its commitment to digital inclusion and socio-economic development in Bangladesh. The company will likely help the country to develop technologically and gain economic growth by developing telecommunications infrastructure and enhancing digital connectivity.

Figure X: Values of GP

The Grameenphone mission is to empower the customers to get the maximum out of being connected. The company focuses on the provision of effective communication services and enhancing customer satisfaction and interaction. The organization defines success not just by the performance of the operations but also by the degree to which the customers are able to promote and market the brand using the experiences that they have with the services that the company offers (Grameenphone, 2024).

Besides the vision and mission, Grameenphone has a number of core values that its workforce bases its conduct and organizational culture. These ideals consist of Make it Easy, Keep Promises, Be Inspiring and Be Respectful. This concept of easiness is the sign of the company being preoccupied with simplifying the services and enhancing the level of accessibility to customers. The importance of promise keeping focuses on reliability, accountability and the consistent performance of the promises of service. The inspirational quality leads to creativity and innovativeness in the company, whereas the concept of respect emphasizes that it is crucial to consider local cultures and retain a good relationship with neighbors and stakeholders (Grameenphone, 2024).

All these core values determine the internal culture within the organization and how the company will relate with customers, partners, and the society. Through these guiding principles, Grameenphone offers a customer-focused approach, as well as enhancing innovation and responsible corporate conduct in the telecommunications industry.

2.3.6 Human Resource Planning

The role of human resource planning in the operation of Grameenphone is crucial in maintaining qualified and competent workforce capable of being able to advance the technological functioning and service provision of the company. The organization is one of the leading telecommunications actors, and it needs the diverse skills of the employees working in the field of network engineering and digital technology and the skills of marketers, financial managers, and the management of customer services. To support the needs, the company pursues a systematic human resource planning approach that aims at developing workforce capability, acquisition of talents, and employee engagement.

The planning process regarding human resource at Grameenphone is also mainly handled by People and Organization (P&O) division that deals with the alignment of the workforce development with the long term strategic goals of the organization. The division reviews the workforce needs depending on the business expansion schemes, innovation of technologies, and operational needs. In the process, the organization establishes the skills needed in various departments and comes up with recruitment and training policies to make sure that they have qualified staff (Grameenphone, 2024).

Digital recruitment platforms and the official career portal of the company are the main talent acquisition in the organization. The majority of the job vacancies are published online and as such, applicants with different professional backgrounds can apply in any position within various functional departments. The online recruitment strategy will help the organization access more talent pool and will also provide transparency and efficiency in the recruitment process. Besides internet recruiting, the company also occasionally takes part in university-based programs like campus ambassador programs and university internship opportunities that assist in identifying prospective students in the academic institutions. Nonetheless, relative to online recruitment channels, the campus recruitment activities are not as high.

On top of recruitment, the company also focuses on the capability development of the workforce by providing continuous training and professional development programs. The telecommunications industry is dynamic in nature and, since technology is advancing fast, the employees must constantly refresh their technical and management skills. As a result, the organization invests in employee development programs which are geared towards developing digital skills, leadership skills and operational skills. These efforts also help in developing a workforce that is competent enough to sustain the digital transformation and service innovation of the company.

All in all, the Grameenphone human resource planning practices seek to equip the organization with the relevant human capital needed to sustain the operation efficiency and competitive competency within the telecommunications industry. Through structured workforce planning and the current recruitment practice and employee development programs the company can assist the current operational needs as well as the strategic growth in the future (Grameenphone, 2024).

2.3.7 The process of recruitment and selection

The recruitment and selection process within the Grameenphone Limited will focus on attracting qualified individuals and make sure that the organization is able to obtain the human capital required to serve its operational and strategic purposes. Being a large telecommunications organization that functions in a highly technological industry, the company in question needs a set of professionals with a multidimensional set of skills that comprise technical competency, managerial skills, and customer competency. Towards this end, the company adheres to a well-organized and open recruitment procedure that prioritizes the choice of personnel based on merit, and the orientation of the individual with the organizational values.

The recruitment processes in Grameenphone are undertaken mostly via digital and the company career portal. Majority of job opportunities are advertised publicly through the net where prospective employees are able to apply through electronic means. Online recruitment method enables the organization to tap a broad pool of talents and also enables them to administer the process of application easily. Applicants usually present their resumes and supporting applications in the digital recruitment system of the company, after which the People and Organization (P&O)

division screen candidates in accordance with the necessary qualifications and experience requirements (Grameenphone, 2024).

After the first screening step, the shortlisted candidates are then invited to undergo additional evaluation processes. These could be in form of written reviews, technical tests or structured interviews based on the nature of the job. In most cases, the interview process is done by a panel of representatives of the concerned functional department and human resource personnel. This multi-stage assessment process can help the organization to determine the technical competencies of the candidates besides assessing their behavioral attributes before final hiring decisions are made.

Besides the online recruitment, Grameenphone has also had interactions with the academic institutions regarding internship programs and campus ambassador activities. These programs give students and new graduates an opportunity to know the organization and could be used as future employments. Nevertheless, the campus recruitment activities are presently relatively unimportant in the overall recruitment process in the company in comparison with digital recruitment platforms.

In general, the recruitment and selection process in Grameenphone is designed in a way that guarantees fairness, transparency and competency requirements of the company. Through online recruitment systems and systematic selection processes, the organization can find individuals who can work in the operational performance and long-term strategic goals of the company (Grameenphone, 2024).

2.3.8 Training and Development

The training and development is a significant aspect of human resource management in Grameenphone limited. Being a telecommunications service provider in a very dynamic and technology-oriented industry, the organization has to keep on updating the skills and competency of its workforce. The widespread technological changes in the network infrastructure, digital services, and data-driven operations demand that the employees should have the latest technical knowledge coupled with the managerial skills. As a result, the company pays a lot of attention to the idea of the employee learning and professional development which becomes the part of the overall organizational strategy.

The people and Organization (P&O) division is charged with the responsibility of designing and implementing the training programs. This division collaborates intimately with various functional units to determine areas of competency and training requirements of the employees. On the findings of these evaluations, the organization comes up with structured training programs that would help in improving both technical and managerial skills. Such initiatives may consist of technical training programs in terms of telecommunication infrastructure, digital technology, and data analytics, technical training programs aimed at enhancing the managerial capacities within the organization (Grameenphone, 2024).

The advantage of being part of the Telenor Group is also an asset to Grameenphone as it allows it to access international learning materials and career growth sites. These programs will allow the employees to attend international training courses, leadership development courses, and digital learning courses that are aimed at promoting organizational capability in the international activities of Telenor. This exposure will enable the employees to learn about the best practices and technological advances in the telecommunications sector across the globe (Telenor Group, 2023).

The company promotes knowledge sharing practice and collaborative working environments in addition to formal training programs to promote continuous learning. The workers in an organization usually engage in multi-functional projects which enable them to gain wider operation knowledge and experience in other departments. This practice favors the production of balanced professionals who can be able to adjust to changing business and technological landscapes.

In general, Grameenphone training and development practices are aimed at making sure that its staff is competent in meeting operational requirements and long-term strategic objectives of the company. The organization can enhance its capacity to operate in terms of service quality, technological innovation, and competitiveness in the telecommunications industry by investing in the development of workforce capability and lifelong learning programs (Grameenphone, 2024).

2.3.9 Compensation and Performance Appraisal

The compensation and performance appraisal system used in Grameenphone Limited is designed in a way that motivates the employees, accountability, and alignment of individual performance with the organizational goals. As its human resource management model, the company adheres to the performance-based model in which its employee rewards and career advancement is tied to a quantifiable performance output and career building.

The organization has a formal performance management system which measures employee performance in terms of pre-determined key performance indicators (KPI) and performance goals. In every evaluation cycle, performance targets are mutually determined by the employees and their supervisors based on departmental and organizational objectives. During the evaluation period, the progress of the employees is also monitored and reviewed to make sure that the performance expectations are met. Formal performance evaluations are done at the end of the cycle in order to determine how far the set targets have been met.

The results of performance appraisal are significant in deciding on compensation change, promotion and career advancement. A good employee who has high performance and contributes to the organizational goals can be given a salary increment, bonuses, or any other performance-based rewards. This remuneration system based on performance motivates staff to keep the levels of productivity and responsibility at a high level in their positions (Grameenphone, 2024).

Besides the direct monetary payment, Grameenphone offers a holistic package of employee benefits that ensures the well-being of the employees and their long-term financial stability. Such benefits are medical insurance of the workers and their dependents, registering in the Workers Profit Participation Fund (WPPF), contributory to a provident fund (PF), and gratuity benefits that gives financial assistance upon the long-time employment. The company also provides partially subsidized lunch facilities and transportation support which also add to enhancing convenience of employees and workplace contentment. These benefits indicate that the organization takes care of its employees and is interested in retaining talented people and providing the necessary environment to help them feel comfortable at work.

The compensation and performance appraisal culture adopted by the Grameenphone is a larger management philosophy of the Telenor Group of approach that focuses on responsible leadership, transparency, and recognition based on merit. By providing performance assessment schemes and elaborate employee benefits, the organization wants to retain experienced professionals and create high-performance organizational culture that could sustain long-term business goals of the organization (Grameenphone, 2024).

2.4 Marketing Practices

2.4.1 Marketing Strategy

The marketing concept of Grameenphone is largely based on network quality and expansion of digital services and customer experience. The company being a market leader in terms of being the mobile network operator in Bangladesh, it positions itself as an entity that offers a good connectivity, backed by excellent network coverage and technological capacity. In their marketing communications, the organization always focuses on the high level of network coverage, reliability of their services, and connectivity of the data and this helps to sustain its brand positioning as a high level of telecommunication service provider in the market (Grameenphone, 2024).

Besides the focus on the strength of networks, the company also incorporates the digital services more and more into the marketing strategy. As the internet and consumption of data-driven services and digital platforms are rapidly increasing in the use of internet and consumption of digital content, Grameenphone has been shifting its focus not only to the traditional voice but also on the data-based services and digital services. MyGP and digital entertainment solutions like Bioscope+ are advertised as a wider digital ecosystem to improve customer interaction and accessibility to services. These efforts are expected to help the company reinforce the role it plays as a mobile operator, as well as a digital enabler of life.

Customer experience and service innovation are also the components of the marketing activities of the company. Through the new digital products, flexible data packages, and technology-driven services, Grameenphone aims at staying in the differentiation competition in a market that is highly competitive with price-conscious consumers. This is a strategic focus on network leadership and digital integration of services that enable the organization to retain a good brand position and adjust to the changing telecommunications environment (Grameenphone, 2024).

2.4.2 Positioning and Target Customers.

Grameenphone has a wide range of customers, both as an individual mobile user and corporate clients as well as enterprise clients based in Bangladesh. The company also focuses on mass prepaid users, who constitute the largest portion of telecommunications market, and also has specialized postpaid services, which are offered to corporate as well as high-value customers. The organization is trying to meet the different communication requirements of different groups of customers through differentiated service provision and pricing structure.

Although it covers a wide market base, the brand positioning of Grameenphone focuses on high quality of services and technological superiority. To distinguish itself among the rivals, the company regularly disseminates its core competency as the coverage of the network, reliability of the service, and digital connectivity. This positioning policy gives the impression that Grameenphone is a company that offers quality mobile network services.

In addition to its theme of the leadership of the network, it also markets itself as a digital lifestyle brand by persuading its customers to use digital services, mobile applications, and online interfaces. This two-faceted positioning approach helps the organization to retain its reputation of network superiority and at the same time be fit to meet the growing demand of digital connectivity and digitally facilitated services.

2.4.3 Marketing Channels

Grameenphone employs multi-channel marketing/distribution channel to make sure it covers the entire market in the country and customers can access the products. The distribution channel of the company is comprised of authorized retailers, distributor partners and branded experience centers distributed in both urban and rural regions of Bangladesh. These distribution channels are important in the sale of SIM card, recharge services, mobile devices, and customer support services.

Besides the conventional retail distribution, the company has been more inclined to use the digital medium to communicate with its customers besides marketing its services. Digital solutions like MyGP application, Web recharge portals, and mobile banking integrations allow customers to buy data packages, pay subscriptions, and receive customer services online. These online mediums have gained relevance especially since use of mobile internet is ever growing in the nation.

With the integration of physical distribution channels with online platforms of delivering services, Grameenphone can sustain a wide market reach and at the same time increase the level of customer comfort and involvement. This channel integration approach enables the company to capture the customers in the various geographic and demographic markets.

2.4.4 Branding and Promotion

The branding and promotional mechanisms have a huge hand in improving the leadership of Grameenphone in the telecommunications sector. The promotional campaigns that the company frequently uses often outline the themes of the company in terms of reliability of the network, digital connectivity and technological innovations. By the way of such campaigns, the organization will aim at gaining the trust of customers, as well as consolidating the image of a provider of telecommunication services among the leaders in its industry.

Digital marketing platforms such as social media, mobile applications and online content platforms are other active platforms through which Grameenphone engages with the customers. Online service promotion, digital advertising campaigns, and customer interaction programs allow the company to keep its brand visible to technologically oriented consumers especially to younger consumers who spend a lot of time using digital communication tools.

Besides digital promotion, the company is also involved in corporate social responsibility, as well as, national development programmes, which have helped the company to reinforce its image in the eyes of the people. The activities in question contribute to the overall brand image of the organization as a socially responsible corporate player which is driven to promote digital inclusion and connectivity in Bangladesh (Grameenphone, 2024).

Figure XI: Marketing campaign - Monthly Bundle

Figure XII: Marketing campaign - Ekhoni Somoy

Figure XIII: Marketing campaign - Kisti

Figure XIV: Marketing campaign - Hajj Roaming

Figure XV: Marketing campaign - GP Star Discount

Figure XVI: Marketing campaign - Button phone MB

2.4.5 Critical Marketing Problems and Fissures.

Although Grameenphone leads in its market, it is part of a telecommunications market with a high level of competition and rising sensitivity of the consumers towards prices. Rival companies have often come up with price wars and promotional data package schemes aiming to lure price conscious consumers. This competitive force may demand the company premium brand positioning and involve constant changes of pricing policy and service packages.

The other critical issue is how to maintain the quality of the network with the increasing demand of the mobile data services. Due to the high rate of growth in mobile internet usage, telecommunications operators are forced to invest constantly in the network infrastructure to maintain reliability in services and expansion of capacity. Such investments are expensive in terms of finances and proper operation planning.

Moreover, the swift development of digital technologies and customer expectations demand the innovation in digital services and customer experience management on a regular basis. To remain competitive, Grameenphone has to keep upgrading its digital platforms, services, and customer interaction programs and keep the quality of its core telecommunications infrastructure.

Financial performance analysis is examined by comparing the business organization's profitability and productivity across three financial performance indicators: profitability, productivity, and business efficiency.

2.5 Financial Performance Analysis

The financial performance analysis is conducted through comparing the profitability and productivity of the business organization in three financial performance indicators such as profitability, productivity, and business efficiency.

The financial performance of the Grameenphone Limited indicates the capacity of the company to stay stable in its operations and profitability in the very competitive telecommunications sector of Bangladesh. The organization has a huge source of revenue in terms of mobile connectivity services, digital platforms, and enterprise solutions as the market leader in the industry. Assessment of the financial performance of the company during the past years will shed light on the efficiency of the operations of the company, profitability, and financial sustainability in the long run.

Table 2: Key Financial Indicators of Grameenphone

Indicator	**2023**	**2024**
Total Revenue	BDT 158.7 Billion	BDT 158.4 Billion
Net Profit After Tax	BDT 33.1 Billion	BDT 36.3 Billion
Net Profit Margin	**20.9%**	**22.9%**
Subscribers	~82 Million	84.3 Million

Source: Grameenphone Annual Report (2024)

Based on the Grameenphone Annual Report 2024, total revenue of the company is 158.4 billion BDT in 2024, which is slightly less than in 2023 (0.2 percent). The company has been able to achieve relative stability in its revenue performance despite challenges in the macroeconomic environment in the year. First half of 2024 showed positive trend with about 5.4 percent year-over-year growth and the second half of the year showed ineffective performance owing to some political instabilities, internet service problems, inflationary pressure and general economic challenges to the telecommunication sector (Grameenphone, 2024).

Even though the revenue growth was rather stable, the company still had high profitability. In 2024, Grameenphone recorded net profit after tax amounting to BDT 36.3 billion, which is 9.8 percent higher than the net profit after tax of the prior year, and the profit margin is about 22.9 percent. The net profit growth indicates that the company remains committed to efficiency in its operations, cost management, and long-term investment in the network infrastructure and digital services (Grameenphone, 2024).

It also has an effect on the financial performance of the company as it has continued to invest in telecommunications infrastructure. In 2024, Grameenphone spent around BDT 39.0 billion on network expansion and modernization, which allows the company to cover network coverage to 96.91 percent of geographical area and a population of 99.64 percent of the country. This kind of capital is required to keep the service reliable and ensure rising demand of mobile data services in Bangladesh (Grameenphone, 2024).

Besides financial indicators in terms of performance, the growth in the number of subscribers also indicates positioning in the market of the company. Grameenphone had 84.3 million subscribers by the end of 2024, which is 2.8 percent growth over the last one year. The telecommunications industry is also experiencing the increased relevance of data services, as the company gained 1.4 million new internet users (Grameenphone, 2024).

All in all, financial performance of Grameenphone proves how the company is resolute and manages to remain profitable and stable in its operations even amidst economic and industry difficulties. The organization has been able to maintain leadership in the Bangladeshi telecommunications market due to sustained investment in the network infrastructure, growth of digital services, and effective management of costs.

2.5.1 Ratio Analysis

The financial ratio analysis will give a better perspective of the profitability, operational efficiency and financial sustainability of Grameenphone limited. Analyzing the most important financial ratios based on the financial statements of the company, one can determine the effectiveness of the organization in terms of turning revenue into profit, management of the costs of operations, and investment in the infrastructure required to provide telecommunications services.

Table 3: Key Financial Values of Grameenphone Limited

Indicator	**2023**	**2024**
Total Revenue	BDT **158.7 billion**	BDT **158.4 billion**
Net Profit After Tax	BDT **33.1 billion**	BDT **36.3 billion**
Operating Profit	BDT **64.4 billion**	BDT **59.1 billion**

Capital Expenditure (CAPEX)	~BDT **35 billion**	BDT **39.0 billion**
Total Subscribers	**~82 million**	**84.3 million**

Source: Grameenphone Annual Report (2024).

Table 4: Selected Financial Ratios of Grameenphone Limited

Ratio	2023	2024
Net Profit Margin	20.9%	22.9%
Operating Profit Margin	**40.6%**	**37.3%**
Capital Expenditure Ratio	**22.1%**	**24.6%**
Subscriber Growth Rate	-	**2.8%**

Source: Calculated from Grameenphone Annual Report (2024).

The Net Profit Margin is one of the greatest indicators of profitability as it is the ratio of the remaining of the revenue as profit after deduction of all the expenses. In 2023, the net profit margin of Grameenphone stood at 20.9 percent indicating that the company kept about BDT 20.9 as net profit of every BDT 100 of revenue generated. The net profit margin in 2024 has risen to 22.9 percent, which means that the business could make BDT 22.9 in profit out of every BDT 100 of revenue. This has been improved as an indicator of better cost management and enhanced financial performance, although the company was relatively stable in overall revenue throughout the year (Grameenphone, 2024).

The other significant profitability measure is the Operating Profit Margin which is used to determine the percentage of revenue left over after operating costs are subtracted but before taxes and financing costs. Grameenphone operating profit margin in 2023 was around 40.6 percent, which implies that the company had to keep BDT 40.6 of the revenue as operating profit. Nevertheless, as of 2024 the operating profit margin dropped to 37.3 percent due to a higher operating cost including higher energy prices, network maintenance costs, and technology investments to support growing data usage. Even though the margin dropped a bit, the company has remained highly profitable in terms of operations compared to most of other industries (Grameenphone, 2024).

The Capital Expenditure (CAPEX) Ratio gives an insight on the amount invested by the company as compared to its revenue. The telecommunications firms normally need a lot of capital investment to uphold and grow the network infrastructure. The capital expenditure of Grameenphone was about 22.1 percent of revenue in 2023 and it rose to 24.6 percent in 2024. It denotes that the company spent almost BDT 24.6 of the total revenue of BDT 100 on network expansion, technological upgrading, and modernization of infrastructure. This type of investment is critical to the service quality and network coverage as well as the increased demand of mobile data services in Bangladesh (Grameenphone, 2024).

The Subscriber Growth rate is another significant operational indicator because it shows the level at which the company can enlarge its customer base in the competitive market. The total number of subscribers of Grameenphone went up to 84.3 million in 2024 which is an increment of 2.8 percent over the year before. This expansion shows that the company still attracts new customers and does not lose its status as the main provider of telecommunications services in Bangladesh (Grameenphone, 2024).

On the whole, the ratio analysis shows that Grameenphone is highly profitable and invests heavily in the development of infrastructure without losing customers. This rise in net profit margin as well as the rise in capital investment indicates that the company has managed to be financially stable and at the same time extend its technological capacity as well as coverage in its network in the Bangladeshi telecommunications market.

2.6 Operations Management and Information System Practices

2.6.1 Management Practices of Operations

The operations management of Grameenphone Limited is aimed at providing good telecommunications by way of network infrastructure management, allocation of resources and delivery systems. The company being a largest mobile network operator in Bangladesh has a complicated operation framework that incorporates network infrastructure, spectrum utilization, service platforms, customer support, and distribution networks. The operational management is thus essential in ensuring the quality of the services and sustaining the rising demand of the mobile connectivity and digital services.

Development and maintenance of the network infrastructure is one of the fundamental functioning priorities of the company. Telecom services are dependent on network capacity and coverage which demand continuous investment in base stations, fiber connectivity, spectrum usage, and optimization of network. In 2024, Grameenphone reached the 4G network expansion with installation of additional 4G stations and fiber connectivity to network locations. The efforts enabled the company to cover the population with the coverage of about 99.6 percent, allowing it to provide mobile data services that cover the entire country and also cater to the growing demand of mobile data services (Grameenphone, 2024).

Resource allocation and network capacity planning are another critical issue of operation management. Telecommunications networks have to be continuously adjusted to changes of the data traffic and the demand of services. Grameenphone hence invests in technologies that enhance the performance of the network and the reliability of the services. To illustrate, the company has undertaken sophisticated data mediation solutions, automated network management platforms, and spectrum re-farm programs to enhance the capacity of data and effective use of network resources (Grameenphone, 2024).

The structured coordination of various functional divisions such as technology, marketing, finance and customer experience divisions also facilitate operational efficiency. All these departments collaborate to ensure that the development of network infrastructure is in line with customer demand, development of innovations in services and financial planning. This kind of cross-functional coordination is vital in the telecommunications sector where technological support and service provision have to be highly integrated in the operational environment.

All in all, the operations of Grameenphone focus on the reliability of the infrastructure, optimization of network capacity, and the planning of operations. The company intends to ensure that the quality of its services is not compromised upon as it focuses on sustaining them through constant investment in network technology and operational efficiency to meet the constantly growing demand on digital connectivity in Bangladesh.

2.6.2 Information System Practices

Information systems are important in facilitating the operational and management activities of Grameenphone Limited. Being a massive telecommunications institution with millions of customers and a vast network system, the company uses digital systems and depends on them to gather, store, process, and analyze operational and financial data. These information systems also facilitate effective communication of the various departments as well as assisting in the decision-making process and service provision.

To coordinate different processes of the work, Grameenphone makes use of the integrated enterprise system and the specific telecommunication platforms to operate billing systems, customer relationship management system, financial reporting system, and network monitoring. These systems enable the organization to handle considerable amount of transactional data and also provide accuracy, transparency and efficiency in the operations of the organization. Such enterprise systems have also been integrated to enhance coordination of various departments ensuring that any operational or financial information could be accessed in real time.

Digital platforms are also used by the company to enhance customer service and management of the company. There are also applications like MyGP mobile application with the help of which customers could manage their subscriptions, buy data packages, get access to digital services, and communicate with customer support systems. Not only they make customer convenience more convenient, but these digital platforms also enable the organization to gather useful data on usage, which may be used in data-driven marketing and service development.

In addition, more and more sophisticated analytics and artificial intelligence technologies are applied in the form of assisting operational decision-making and customer engagement programs. AI-based solutions enable the company to customize services provided, manage network, and enhance customer experience with automated systems and predictive analytics (Grameenphone, 2024).

All in all, information systems are central in ensuring that Grameenphone is able to run large scale telecommunications operations effectively. Through the combination of enterprise systems, digital platforms, and data analytics tools, the company can provide operational efficiency, strategic decision-making, and provide reliable communication services to millions of users in Bangladesh.

2.7 Industry Analysis and Competitive Analysis.

2.7.1 Porters Five Forces Analysis

The Five Forces framework developed by Porter are used to assess the intensity of competition and profitability in an industry by determining the five forces that shape the market competition. Bangladesh Telecom industry can be described as having high infrastructure investment, high regulatory control, and stiff competition among the current players. The use of the Porters Five Forces offers an understanding of the competitive environment Grameenphone is in.

Threat of New Entrants	**Low**	• High infrastructure investment • Spectrum licensing barriers • Strict telecom regulations (BTRC)
Bargaining Power of Suppliers	**Moderate**	• Limited telecom equipment vendors • Dependence on technology providers (Ericsson, Huawei, Nokia)
Bargaining Power of Customers	**High**	• Easy switching between operators • Price-sensitive subscribers • Competitive data packages
Threat of Substitutes	**Moderate**	• OTT platforms (WhatsApp, Messenger, etc.) • Internet-based communication replacing SMS/voice
Industry Rivalry	**High**	• Strong competition (Robi, Banglalink) • Price wars and promotional offers • Continuous network investment

Figure XVII: Porters 5 force Analysis

Threat of New Entrants

Telecommunications industry in Bangladesh has a relatively low threat of new entrants. The set up of a mobile network operator needs large amount of capital investment in infrastructure of the network, spectrum licensing and technology system. New entrants are also required to get regulatory approval of the Bangladesh Telecommunication Regulatory Commission (BTRC) which also raises the entry barriers in addition to high financial requirement. Such factors complicate entry by new players into the market hence defending the current players like Grameenphone.

Bargaining Power of Suppliers

The supplier bargaining power in the telecommunications industry is moderate. Equipment in the network infrastructure, telecommunications software, and spectrum technology are commonly provided by few technology players around the world including Ericsson, Huawei, and Nokia. Telecommunications operators rely on such specialized suppliers to obtain network equipment as well as technology solutions thus suppliers can have some level of influence. But the big operators such as the Grameenphone normally have long term affairs with a variety of suppliers that enable them to limit supplier power.

Bargaining Power of Customers

The customer bargaining power in the telecommunications industry is fairly high. The mobile subscribers can change operator comparatively without much problem and this is due to the presence of non competitive pricing policies and promotion packages provided by various operators. Telecommunications services are mostly standard among the providers and thus, customers tend to make a purchase based on price, quality of the network and on the service experience. This has forced operators to keep on enhancing service quality and provide appealing pricing packages as a way of retaining customers.

Threat of Substitute Services

The telecommunications industry has moderate threat of substitutes. The use of internet-based communication tools like messaging applications and voice-over-internet services have continued to supplant the traditional voice and SMS services. Nevertheless, the mobile internet connectivity offered by telecommunications operators is still needed in these services. Thus, although the digital communication platform can replace some of the traditional services, the mobile data services are also demanded heavily, which is advantageous to telecom operators.

Industry Rivalry

The telecommunications business in Bangladesh has a high level of competition. There are some key players in the market that include Grameenphone, Robi Axiata and Banglalink, all of which are striving to increase the number of subscribers and market share. Competitive pricing, promotional activities and innovation of services are common strategies used by operators to attract and retain their customers. In spite of such a stiff competition, Grameenphone has not lost its market leadership position due to its good network infrastructure, good distribution network and brand recognition.

2.7.2 SWOT Analysis

SWOT analysis assists in analyzing the strengths and weaknesses of an organization as well as external opportunities and threats that can affect its performance in future.

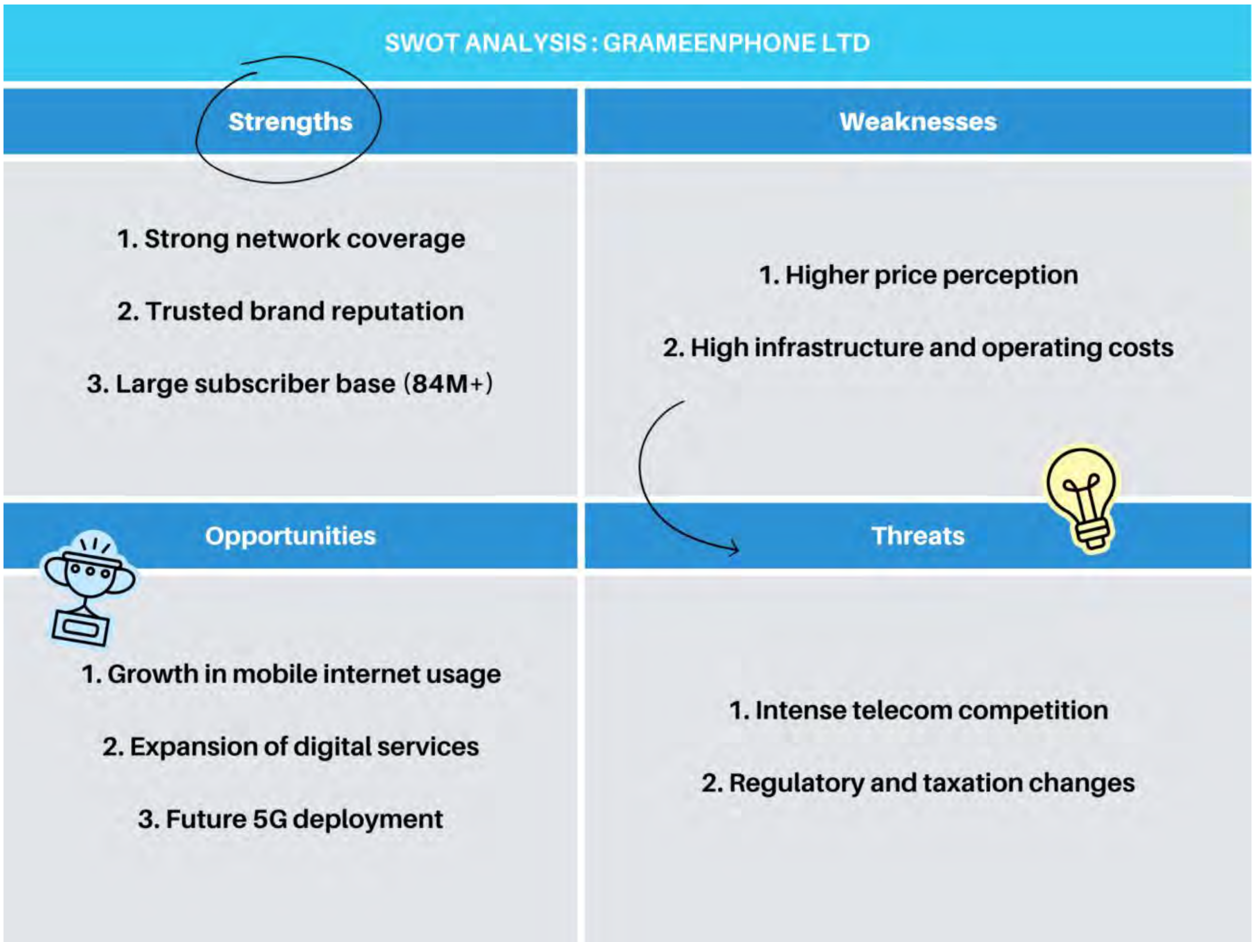

Figure XVIII: SWOT Analysis of GP

Strengths

A large network coverage is one of the main strengths of Grameenphone that has helped this company to deliver effective telecommunications services throughout the urban and rural regions of Bangladesh. The persistence of the company in investing in the network infrastructure enables it to be able to provide high quality service delivery and connectivity.

The other significant strength is the good brand reputation and customer confidence of the company. Grameenphone has over the years become a dependable telecommunications service provider and this is one of the reasons why customers are loyal and customers recognize the brand of Grameen phone when in the market.

Another competitive advantage is that the company boasts of a huge number of subscribers. Grameenphone has over 84 million subscribers, which allows it to experience economies of scale and have a high presence in the market, which keeps it ahead of the pack in the telecommunications sector (Grameenphone, 2024).

Weaknesses

Although Grameenphone has a good market position, the company is limiting in a number of aspects. A relatively higher pricing perception relative to some of the competitors is one of the weaknesses, which can change price- sensitive customers to move to other operators with cheaper data packages.

Also, the infrastructure investments by the company are so high that there is high cost of operation and maintenance that may impact the profit margins once revenue growth is low or cost of operation is high.

Opportunities

The emergence of mobile internet and digital services in Bangladesh is rapidly increasing thus providing a great opportunity to Grameenphone. The growing use of smartphones and the growth in digital connectivity provides telecom operator with the opportunity to roll out new digital platforms, value-added services and solutions based on technology.

Moreover, the invention of 5G technology and sophisticated digital infrastructure can provide new possibilities to telecommunications operators to increase the capabilities of services and come up with new digital products in the future.

Threats

The high level of rivalry in the telecommunications market is one of the most serious threats of the company because other operators are often able to launch aggressive marketing campaigns and price offers. This competitive pressure may have an impact on the growth of revenue and market share.

The other possible risk area is regulatory and policy changes in the telecommunications industry. The government policies on spectrum distribution, taxation and licensing policies have the ability to impact greatly on the business environment of the telecommunications players in Bangladesh.

2.8 Summary and Conclusions

This chapter presented the organizational analysis of Grameenphone limited in terms of its management practice, marketing strategy, financial performance, operational system, and positioning in the industry. Being the pioneer telecommunications company in Bangladesh, the Grameenphone is a company that is functioning in a very competitive/technological atmosphere that necessitates constant infrastructure development, effective management styles and positioning in the market.

The review revealed that the company is utilizing a hybrid leadership model in which the strategic decisions are centralized on the executive level whilst operational activities are undertaken through collaborative efforts through functional teams. The human resource practices are focused on structured hiring, training of employees, performance appraisal and elaborate compensation systems that are meant to keep employees motivated and productive.

The marketing analysis showed that Grameenphone mostly promotes itself as a high-end network operator and digital lifestyle brand and focuses on network stability and reliability, digital connectivity, and customer experience. This positioning allows the company to have good brand name and customer confidence in the telecommunications market.

General financial analysis established that the company is highly profit generating, and stable in its operations, though revenue growth has been relatively stable over the last years. The increase of the net profit margin of 20.9 percent in 2023 to 22.9 percent in 2024 shows cost management and operation efficiency. Simultaneously, the rise in capital spending also indicates that the company has been investing in network infrastructure and technical capacity.

Both operation and information system practices also indicate that Grameenphone has extensive use of integrated digital systems, network management technologies, and decision-making processes based on data to facilitate the operations of the large-scale telecommunications business. These systems allow the organization to effectively serve millions of subscribers and have country-wide connectivity coverage.

Lastly, the industry analysis has indicated that despite the low threat posed by new entrants as it has high barriers to entry, which are regulatory and infrastructure barriers, the telecommunications industry in Bangladesh is typified by high intensity of competition and high bargaining power by the consumers. In this competitive market, Grameenphone sustains its leadership position by covering large areas through its network, good brand reputation as well as high population of subscribers.

2.9 Recommendations / Implication

According to the analysis provided in this chapter of the organization and industry, some recommendations can be offered to enhance the strategic position and operational performance of Grameenphone.

To begin with, the company must further increase its digital service ecosystem as it seeks to exploit the increasing demand of mobile internet and digital services in Bangladesh. Through exploring the digital aspect of the business by developing more digital functionality e.g. mobile apps, entertainment platforms and digital integrations of finances, the company can enhance the customer interaction and increase the number of sources of revenue other than the usual voice and data services.

Second, even though Grameenphone has a good reputation in terms of network quality, the firm ought to add more flexible and competitive pricing measures to target the price-sensitive customers. The use of competitive pricing models and new data packages might assist in attracting more users without affecting the premium brand positioning of the company.

Third, the firm needs to invest more in network infrastructure and new technologies, especially in anticipation of new technologies, especially the 5G connectivity. By increasing capacity and technological capability in its network, the company will be in a position to meet the soaring needs of the high-speed data services and digital application.

CHAPTER 3: PROJECT PART

3.1 Introduction

This chapter gives the empirical study carried out to determine the effect of IFRS 16 adoption on the financial performance of telecommunication firms in Bangladesh. The analysis will be based on two main organizations, namely Grameenphone Ltd., where the internship experience was obtained, and the industry background will be evaluated based on the comparative analysis with other telecom organizations. This chapter aims at discussing whether the adoption of IFRS 16 has had any significant impact on the financial structure and performance metrics of telecommunication companies, especially leverage, profitability, and operational efficiency.

The new standard of leasing accounting under IFRS 16 created a major difference in the accounting approach of the majority of lease agreement as the new standard required all lease agreements to be reflected in the balance sheet in terms of right-of-use assets and lease liabilities. The accounting change is specifically applicable in telecommunications industry where a significant part of operational infrastructure like network tower, transmission infrastructure, and office premise is generally leased. Consequently, the implementation of the IFRS 16 is likely to have a tremendous impact on the reported financial position of telecommunication operators in terms of assets and lease liability that were not on the balance sheet before.

The article of analysis in this chapter is based on financial data obtained by using published annual reports of Grameenphone Ltd. during the years 2014-2024. The data set can be compared to the period before the IFRS 16 implementation and the period that started in 2019. This chapter aims at establishing whether the observable change in the financial performance is in line with theoretically expected changes that come with the adoption of IFRS 16 by analyzing the key financial ratios, including leverage ratios, profitability indicators, and efficiency measures.

Alongside quantitative ratio analysis, there is contextual information obtained during the internship in the Financial Accounting and Reporting Department at Grameenphone that helps to justify the interpretation of the findings. This combination of professional observations and financial data analysis is more comprehensive in giving insights on the influence of IFRS 16 on the financial reporting practices in the telecommunications industry in Bangladesh.

3.1.1 Background and Problem Statement

In 2019, one of the most essential changes in the accounting standards of leases on the international accounting arena was the introduction of IFRS 16. In the past standard, IAS 17, companies were permitted to categorize their leases into operating or finance leases. The operating leases were usually not recorded on the balance sheet and lease payments were issued as operating expenses in the income statement. This practice frequently left the large lease commitments not noted in the statement of financial position thereby decreasing transparency and comparability between firms. In an effort to eliminate this issue, the IFRS 16 removed the differences between operating and finance leases on lessees. Under the new standard, majority of the leases are to be recorded on the balance sheet by recording right-of-use and lease liabilities. Consequently, when firms embrace the IFRS 16, assets and liabilities that are recorded increase, thus impacting significantly on major financial ratios.

These changes are especially sensitive to the telecommunications industry since telecom operators are very dependent on leased infrastructure as a means of supporting and increasing their network cover. Mobile network towers, fiber transmission systems, base station plants and office space are often out leased on a long-term basis instead of being owned outright. Thus, the adoption of the IFRS 16 can radically change the financial statement of telecommunication companies by transferring much of this obligation related to lease to the balance sheet.

Although the IFRS 16 is globally applicable, little empirical studies have been done to determine its effects in the telecommunications industry of Bangladesh. Although such telecom operators as Grameenphone and Robi reported the impacts of the IFRS 16 in their financial reports, a systematic study of the impacts of the standard on significant financial performance measures was not conducted. This paper fills this gap through the analysis of the financial information of Grameenphone prior to the adoption of the IFRS 16 and after its adoption in order to establish whether the anticipated change in leverage, profitability, and efficiency ratios are evident in practice.

3.1.2 Objectives

The main aim of the study is to investigate the financial performance implication of the adoption of IFRS 16 on the financial performance of the telecommunication industry of Bangladesh with special reference to Grameenphone Ltd. The analysis will seek to determine the impact of recognition of the right of use asset and lease liabilities on the financial structure of the company and financial performance indicators.

To be more precise, the research aims at determining whether the implementation of IFRS 16 has affected the leverage ratios, profitability ratios, and efficiency ratios of operations. The analysis tries to establish whether observable change in the financial performance is in line with the theoretical expectations relating to lease capitalization by the comparison of financial ratios between the pre-adoption period and the post-implementation period.

Moreover, the analysis will be used to bring the contextual knowledge, considering the reflections that the operational practices have during the internship period. These observations can be used to explain the quantitative findings and give feasible insights on how the implementation of IFRS 16 has affected the financial reporting practices in the organization.

3.1.3 Significance of the Study

The results of this research have value in various ways. To begin with, they add to the increasing literature that investigates the economic implication of adoption of IFRS in developing economies. Although IFRS 16 has been extensively debated in the global accounting research, very few studies have explored its sectoral effect in terms of Bangladesh.

Second, the research can be of value to financial analysts, investors and regulators who would examine the financial performance of telecom companies. As IFRS 16 has altered the format of financial statements, the normal ratio interpretations might need to be changed. The stakeholders can use accounting-based impacts of lease capitalization to explain financial performance better.

Lastly, the research has practical implications to the financial management of corporations in the telecommunications industry. The study on the impact of lease recognition on key performance indicators has helped companies to have a better insight on how accounting standards have driven financial reporting performance and investor perception.

3.1.4 Scope of the Study

This study is restricted to the financial performance analysis of the telecom companies in Bangladesh, but the main focus is on Grameenphone Ltd. The financial analysis will be conducted on the financial information derived by the published annual reports of the firm that will cover the years between 2014 and 2024.

The study is dedicated to the comparison of financial performance prior to and after the adoption of the IFRS 16 in 2019. Major financial ratios that will be looked at in the analysis are leverage ratios, profitability ratios, and efficiency ratios like the asset turnover. Besides, the study compares the ratio of right-of-use assets to total assets to ascertain the structural effects of lease capitalization.

Although the main analysis will concentrate on the Grameenphone, a comparative observation of the other telecom operators including Robi Axiata Ltd. is taken to give a bigger picture of the industry. The analysis however does not seek to do a complete statistical comparison of the industry because of variations in available historical data.

3.2 Literature Review

The implementation of the IFRS 16 was a significant change in accounting of leases around the world. Before its implementation, lease accounting in IAS 17 has permitted firms to categorize leases into operating and finance leases. Operating leases were normally experienced as periodic expense and not incurred in the balance sheet. The outcome of this practice was huge off balance sheet financing especially in those markets where leasing is a major asset. With an aim of enhancing transparency and comparability in financial reporting, IFRS 16 came up by the International Accounting Standards Board and mandates lesseees to recognize the majority of leases as right-of-use assets and related lease liabilities.

The existing academic and professional research is consistent in indicating that IFRS 16 results in significant increase of the balance sheet of companies with high operating lease impairment. Previous research analyzing the capitalization of operating leases has shown that lease commitments recorded on the balance sheet have a profound effect of showing higher balance sheet assets and liabilities as well as an impact of leverage ratios. Imhoff et al. (1991) pointed out that capitalization of operating leases not only transforms the indicators of financial structure but also changes the way financial position is perceived by the investors of a firm. Subsequent reports like Ozturk and Sercemeli (2016) even attested that implementation of IFRS 16 is likely to raise leverage ratios and asset base especially in asset-based industries.

The new standard has also brought about implications on the sector, which has been highlighted by the professional accounting firms. According to industry analyses released by Deloitte and KPMG, telecommunications companies are one of the most impacted industries since the companies rely on leased network infrastructure including transmission equipment, tower locations, and office facilities. Because these assets were earlier on record as operating leases then with the change to IFRS 16, the reporting right-of-use assets and lease liabilities in telecom financial statements become significantly larger. Subsequently, the implementation of the new standard makes the financial structure of telecom companies more asset-intensive.

Besides expanding the balance sheets, other significant impacts have been noted on the profitability measures also as indicated in the literature. According to IAS 17, lease payments were included in operating expenses. The IFRS 16 however substitutes these expenses with right-of-use asset depreciation and lease liability interest expense. As depreciation and interest are not counted as a part of EBITDA, this accounting transition would normally lead to mechanical increment in EBITDA after implementing IFRS 16. As a result, there is a possibility that companies can seem to perform better in their operations despite no change in operations. Meanwhile, ratios based on assets in general, e.g. return on assets and asset turnover, can decrease because of the increased asset base.

Despite the extensive international studies conducted on these impacts, there is limited empirical data on the effects of the same in the context of Bangladesh. The local discourse on the adoption of IFRS is mainly based on the issues of compliance and the need to implement regulations instead of the financial performance implications of IFRS in the particular sector. A good example that one can use to study the impacts of IFRS 16 is the telecommunications industry in Bangladesh since telecom operators have large networks of leased infrastructure. The impact of lease capitalization in this industry on the financial ratios can thus be of great help to investors, regulators, and financial analysts.

The study is relevant to the current literature as it discusses the pre- and post-implementation of IFRS 16 on the financial statements of Grameenphone Ltd. The research will help identify whether the empirical findings in Bangladesh are in line with theoretical expectations as revealed in the international accounting literature by analyzing the leverage ratios, profitability levels, and efficiency in the pre- and post-adoption periods. Industry context is also included in the analysis with the help of few comparative observations of other telecom operators which helps to evaluate whether the changes observed are similar in all the telecom operators.

Table 5: Expected Financial Impact of IFRS 16 Based on Literature

Financial Indicator	Expected Impact of IFRS 16
Total Assets	Increase
Total Liabilities	Increase
EBITDA	Increase
ROA	Decrease
Asset Turnover	Decrease
Leverage Ratios	Increase

3.3 Methodology

The proposed research will use the quantitative financial analysis method to analyse the effects of implementing the IFRS 16 on the financial performance of telecom firms in Bangladesh. The analysis will mostly be based on secondary financial records that will be obtained through published annual reports of Grameenphone Ltd. in the period 2014-2024. The variables of the selected data files include the core financial statement variables that comprise revenue, EBITDA, profit after tax, total assets, total liabilities, total equity, right-of-use (ROU) assets and lease liabilities.

In order to evaluate the effects of IFRS 16, the information is categorized into two eras. The pre-adoption period incorporates the years 2016-2018, which will reflect the pre-lease capitalization of the financial structure under the IFRS 16. The right-of-use assets and lease liabilities were included on the balance sheet in the year 2019-2024, called the post-adoption period. The analysis of these two periods will help the study to recognize structural changes and performance changes linked to the new lease accounting standard.

The financial performance is measured based on a combination of leverage, profitability, and efficiency ratios. The major ratios that were dealt with are Debt-to-Equity, Debt-to-Assets, EBITDA Margin, Return on Assets (ROA), Return on Equity (ROE), and Asset Turnover. Moreover, the ratio of right-of-use assets in total assets is also determined to determine the degree of lease capitalization following the adoption of IFRS 16.

Financial data of Robi Axiata Ltd. 2020-2024 is also considered comparatively to give the industry context. This comparison can be used to identify whether the financial impacts realized in Grameenphone are mirrors of the industry trends in the telecommunication industry.

3.4 Findings and Analysis

In this section, the financial performance of Grameenphone Ltd. will be analyzed prior to the implementation of IFRS 16 and after it in an attempt to determine the impact of lease capitalization on the financial structure and performance indicators of the company. The review is based on leverages, profitability and efficiency ratios with the financial data analysis between 2014 and 2024. Specific focus is put on structural changes that happened after 2019 when the right-of-use (ROU) assets and lease liabilities were initially included in the financial statements.

Table 6: Financial Ratio Summary (2014–2024)

Year	Debt to Equity	Debt to Assets	EBITDA Margin	ROA	ROE	Asset Turnover	ROU/Asset
2014	3.17	0.76	53.1%	15.2%	63.1%	0.79	0.0%
2015	3.32	0.77	52.5%	14.9%	64.3%	0.79	0.0%
2016	2.89	0.74	54.5%	17.3%	67.1%	0.88	0.0%
2017	2.71	0.73	57.1%	21.1%	78.1%	0.99	0.0%
2018	2.77	0.73	59.7%	24.1%	90.6%	0.96	0.0%
2019	2.88	0.74	62.7%	23.2%	90.0%	0.97	39.0%
2020	1.84	0.65	62.4%	25.1%	71.4%	0.94	36.1%
2021	2.27	0.69	60.4%	20.9%	68.4%	0.88	38.4%
2022	3.01	0.75	60.8%	16.3%	65.1%	0.81	43.5%
2023	2.01	0.67	60.9%	16.5%	49.6%	0.79	38.0%
2024	2.07	0.67	59.1%	18.3%	56.1%	0.80	39.1%

3.4.1 Structural Effect of IFRS 16 Balance Sheet.

The most glaring effect of the IFRS 16 adoption is witnessed in the balance sheet structure. Grameenphone has not recorded any rights-of-use assets or lease liabilities before 2019 because operating leases are off-balance-sheet under the IAS 17. Nonetheless, under the IFRS 16 that has been applied in the year 2019, the company has right-of-use assets of BDT 58.0 billion and lease liabilities of BDT 32.3 billion.

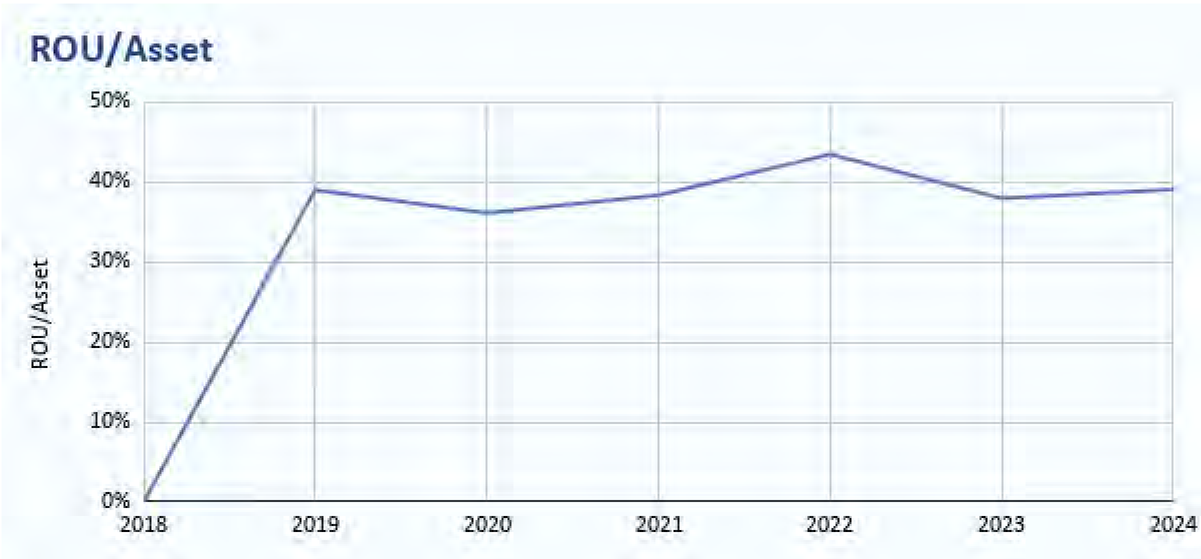

Figure XIX: ROU Assets as Percentage of Total Assets (2019–2024)

Consequently, the total asset base rose between 2018 and 2019 by 138.7 billion to 148.7 billion, respectively. The ratio of the right-of-use assets to the total assets instantly took a value of about 39 percent, which means that a large part of the infrastructure of the company depends on leased assets. This ratio was highly constant in the following years and was ranging between 36-43 percent. The highest was in 2022 when right-of-use assets were 43.5 percent of the total assets. It means that almost half of the company assets base was associated with the leased infrastructure in the form of network towers, transmission equipment, and office property.

3.4.2 Leverage Ratio Analysis

The leverage ratios were conducted to establish the impact that the acknowledgement of lease liabilities had on the company financial structure. The Debt-to-Equity ratio was comparatively constant (2.71-2.89) and the Debt-to-Assets ratio was between 0.73 and 0.74 at the pre-adoption period (2016-2018).

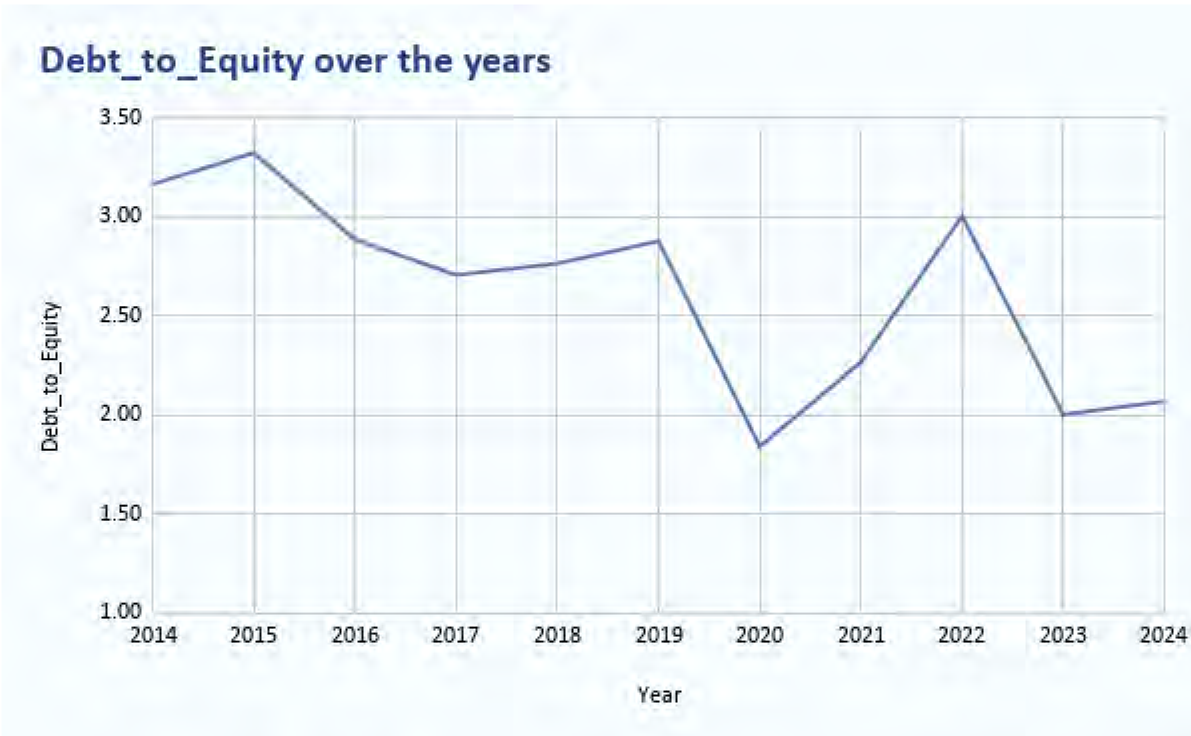

Figure XX: Debt-to-Equity Trend (2014–2024)

With the adoption of the IFRS 16 in 2019, lease obligations were reported in the balance sheet and the reported obligations have risen in the company. The short term impact on leverage ratios however was average. In 2019, the Debt to Equity ratio slightly rose to 2.88 though it is within the historical range as compared to the past few years. Later in life, the leverage varied with the performance of the operations and the equity variations and reached 3.01 in 2022 and then the leverage ratio decreased in the following years.

Despite the fact that the numerical impact of the leverage ratios seems not to be large, the structure of liabilities shifted dramatically since 2019, as a result of the introduction of lease obligations. It means that IFRS 16 has changed the very framework of financial leverage despite the lack of significant increases in the ratios.

3.4.3 Profitability Analysis

Profitability indicators can demonstrate a more evident accounting-related effect following the implementation of IFRS 16. EBITDA margin has been on a constant up-trend having steadily improved between 2016 and 2018 with 54.5 percent in 2016 and 59.7 percent in 2018 respectively. EBITDA margin rose even more to 62,7 percent in 2019 and stayed approximately 60 percent in the subsequent years after the adoption of IFRS 16.

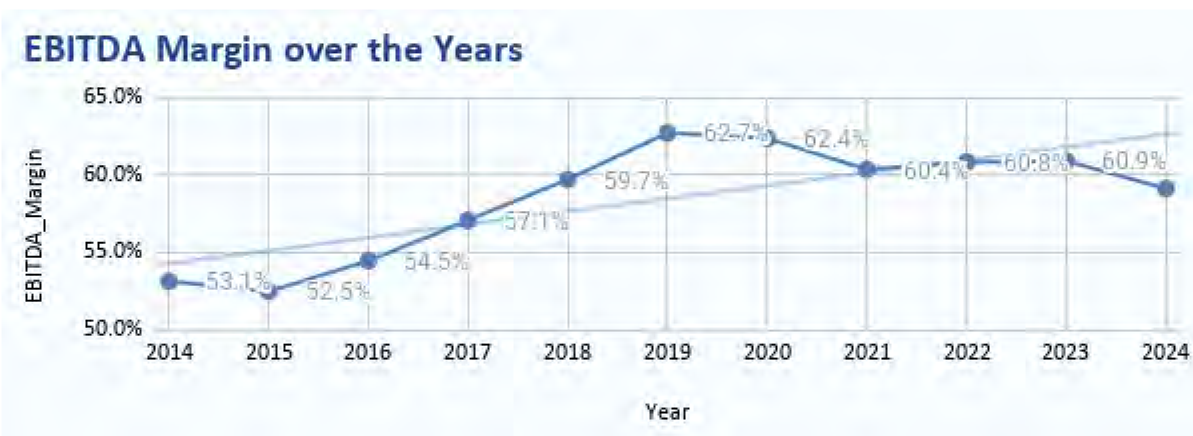

Figure XXI: EBITDA Margin Trend (2014–2024)

This growth is in line with the accounting machinery of IFRS 16. Under the old standard, lease payments were considered operating expenses and this lowered the EBITDA. Under the IFRS 16, the expenses have been substituted with depreciation of right-of-use properties and interest on lease liabilities. EBITDA has depreciation and interest removed and thus removing operating lease costs mechanically boosts EBITDA. Thus, the increase in the EBITDA margin since 2019 is in part due to reclassification in accounting, and not necessarily the performance of the operations per se.

The trend of Return on Assets and Return on Equity is different. The ROA had been on an upward trend leading up to the period before IFRS 16 where it reached 24.1 percent in 2018. The ROA decreased slowly after adoption where it dropped towards the end of the years to about 16-18 percent. This depreciation can be greatly explained by the growth of the asset base due to the recognition of the right of use assets.

The same trend is followed to ROE. The ratio peaked at 90.6 percent in 2018 and decreased steadily over the post-adoption period reaching about 49.6 percent in 2023 before slightly increasing in 2024. The decline indicates that growth in the balance sheet and equity level restructuring influenced the total amount of returns accrued to the shareholders.

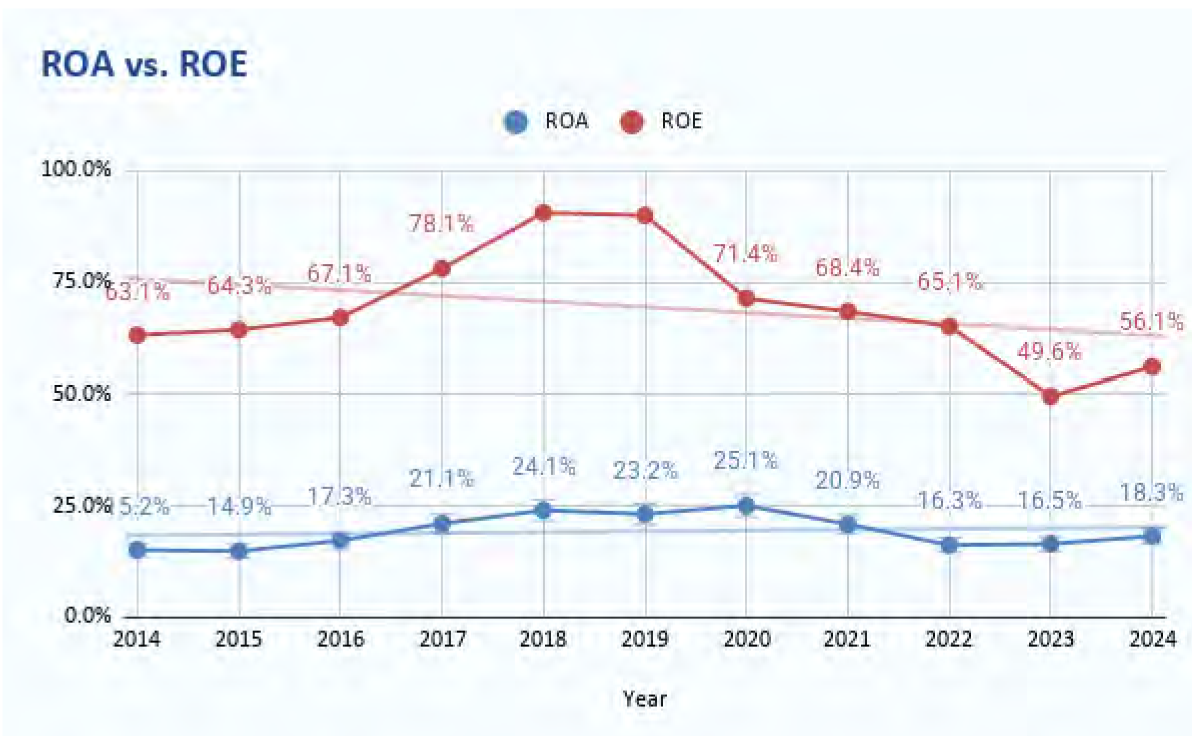

Figure XXII: ROA and ROE Trend Comparison

3.4.4 Efficiency Ratio Analysis

The operational efficiency was analyzed with the help of the Asset Turnover ratio that is used to assess how effective the company is in generating income out of its asset base. The asset turnover has been growing steadily before the implementation of IFRS 16, with 0.99 in 2017, and it is staying relatively high at 0.96 in 2018.

Following the implementation of the IFRS 16, the asset turnover slowed, reaching about 0.80 in 2023 and 2024. This decrease shows that the growth in total assets was faster than the growth in revenue. The inclusion of the right-of-use assets broadened the denominator of the ratio which mechanically decreased the asset turnover despite the relatively constant amount of revenue.

Figure XXIII:Asset Turnover Trend (2014–2024)

3.4.5 Pre- and Post-Adoption Comparative Analysis

To evaluate the overall effect of IFRS 16, average ratios from the pre-adoption period (2016–2018) were compared with averages from the post-adoption period (2019–2024).

Table 7: Pre vs Post IFRS 16 Ratio Comparison

Ratio	**Pre IFRS 16 Average**	**Post IFRS 16 Average**	**Ratio**	**Pre IFRS 16 Average**	**Post IFRS 16 Average**
Debt-to-Equity	2.79	2.35	ROA	20.8%	20.0%
Debt-to-Assets	0.73	0.70	ROE	78.6%	66.8%
EBITDA Margin	57.1%	61.1%	Asset Turnover	0.94	0.86

The comparison indicates that EBITDA margin increased after IFRS 16 adoption, while asset-based profitability and efficiency ratios experienced downward pressure. Although leverage ratios did not show dramatic increases, the recognition of lease liabilities significantly altered the structure of the balance sheet.

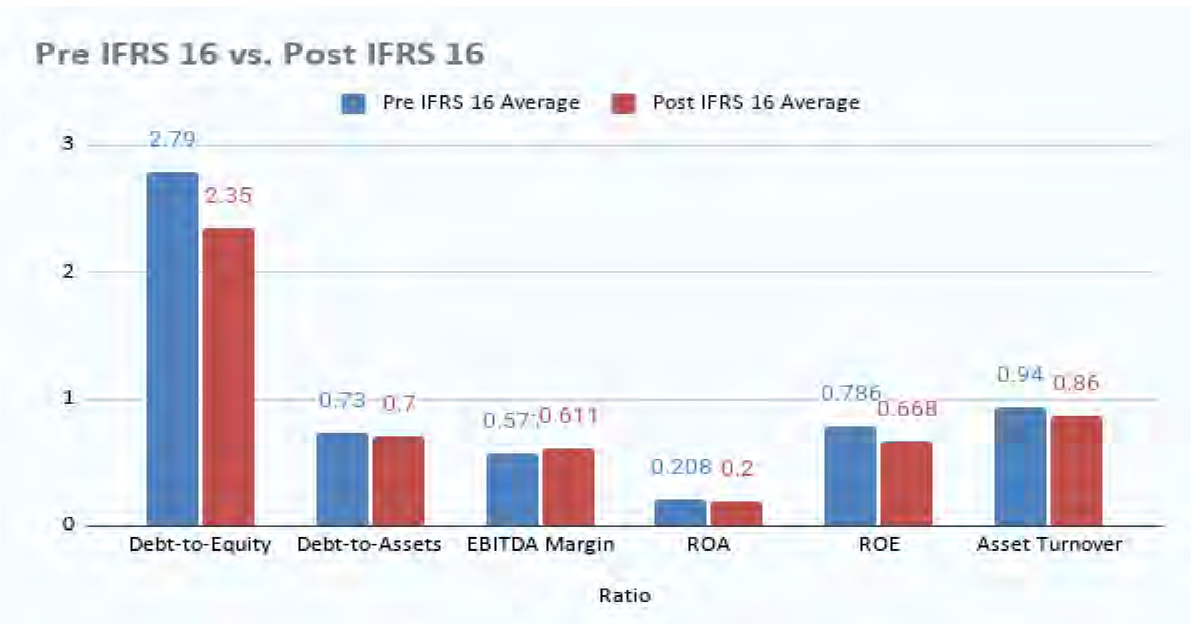

Figure XXIV: Pre vs Post IFRS 16 Ratio Comparison (Bar Chart)

3.4.6 Compared to Industry Perspective.

To learn more about the existence of the changes in financial records of Grameenphone in post-implementation of the IFRS 16, a comparative analysis with the financial records of Robi Axiata Ltd. within the years 2020-2024 was performed. The comparison will also offer an insight into the impact of lease capitalization on the financial structure of telecom operators based on similar conditions in the market, since IFRS 16 had already been applied in the telecommunications industry at this time.

As evident in the financial structure of Robi, there is evidence of lease capitalization at the adoption of IFRS 16. In the period under observation, the percentage of right-of-use assets constituted about 14 per cent to 18 per cent of total assets, which means that there is a high dependence on leased infrastructure. Relative to this, Grameenphone has a significantly greater degree of lease dependency with right-of-use assets representing about 36 to 43 percent of total assets during the post adoption period. This disparity indicates that in spite of the fact that both companies use leased infrastructure, the amount of lease capitalization is much more significant in the financial model of Grameenphone.

Table 8: ROU Asset Ratio Comparison (Grameenphone vs Robi)

Year	GP ROU/Asset	Robi ROU/Asset
2020	36.1%	13.9%
2021	38.4%	15.5%
2022	43.5%	15.9%

2023	38.0%	18.1%
2024	39.1%	16.6%

Lease capitalization also applies in the leverage structure of Robi. The leverage ratio (liabilities to equity) of Robi is varied between 1.94 and 2.27 in the period whereas the debt ratio is fixed at 0.66-0.69. The figures are a pointer to a relatively stable financial structure in which liabilities fund at least two-thirds of overall assets. As compared to the Grameenphone, leverage ratios are generally similar and this indicates that the identification of the lease obligations leads to a similar liability profile amongst the telecom operators.

Profitability trends also indicate variations in the performance of operations between the two companies. The return on assets and equity of Robi have also seen a steady improvement of 0.78 percent in 2020 to 3.39 percent in 2024 and 2.35 percent to above 10 percent respectively. Even though such numbers are still significantly lower than those of Grameenphone in the terms of profitability rates, the positive tendency indicates the increase in operational efficiency and profitability. This comparison shows that as IFRS 16 affects financial reporting structure, the difference in profitability is more determined by operation size, market share, and revenue generation capacity.

The parameters of the operational efficiency also exhibit some observable difference between the two operators. The asset turnover of Robi also improved slowly as it stood at 0.38 in 2020 and then 0.48 in 2024, indicating that the company has better generated more revenues than it has grown in terms of assets. Conversely, the asset turnover of Grameenphone decreased in the post-adoption years as a result of the radical growth in its asset base as a result of implementing IFRS

16. Such distinction underscores the ability of the magnitude of lease capitalization in impacting efficiency ratios.

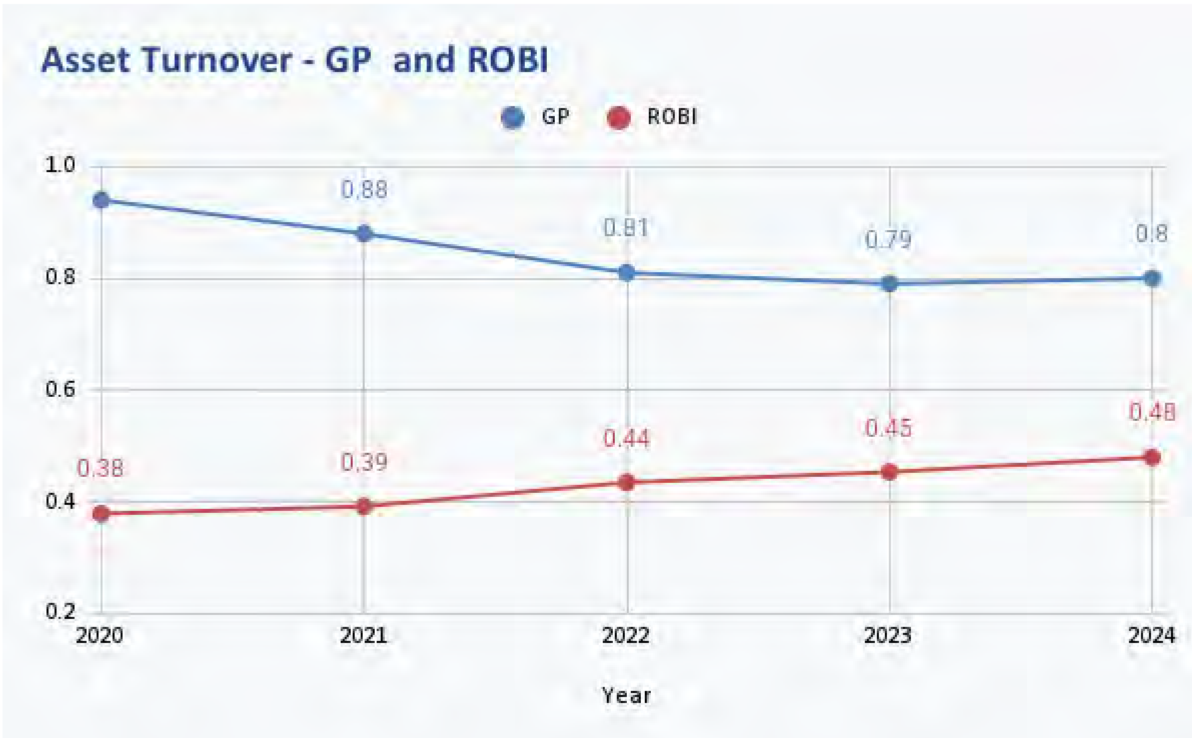

Figure XXV: Asset Turnover Comparison (GP vs Robi)

Generally, the comparative analysis shows that IFRS 16 has brought about structural change in the financial statements of telecom companies in the industry. Grameenphone and Robi also have their report of high levels of right-of-use assets and lease liabilities, which proves that leased infrastructure is an important aspect of telecom activity. The impact however differs depending on the companies based on the magnitude of their lease arrangements. These findings thus indicate that as much as the IFRS 16 will impact the whole industry, the extent to which financial statements will be impacted on will be determined by the infrastructure ownership strategy and the intensity of lease of each operator.

3.4.7 Hypothesis Evaluation

This paper investigates the fact that the use of IFRS 16 had a major impact on the financial performance of telecom companies in Bangladesh. The alternative hypothesis (H1) that IFRS 16 adoption will have the following effects is that leverage, asset structure and profitability indicators will be impacted significantly and the contrary is the null hypothesis (H0) that there will be no significant impact.

According to the results of this research, IFRS 16 brought significant changes to the financial statements of Grameenphone which were more structural. After the standard was adopted in 2019, right-of-use assets became 36-43 percent of the total assets, indicating the clarification of lease obligations that were previously off-balance-sheet. The company also introduced lease liabilities in the financial structure changing the balance of reported liabilities.

The ratio analysis also indicates that the accounting change affected the profitability and efficiency indicators. The reclassification of lease expenses to depreciation and interest also boosted the EBITDA margin in the post-adoption period. Simultaneously, asset based measures like Return on Assets and Asset Turnover were under pressure due to the capitalization of the leases which increased the asset base.

As it can be compared to the Robi Axiata Ltd. in the industry, the lease recognition similar patterns can be observed, which means that these changes are typical of the telecommunications industry, and they are not peculiar to this particular company.

On the basis of these findings, the results will validate the alternative hypothesis (H1), which holds that the adoption of IFRS 16 has had a material impact on the financial structure and performance indicators of the telecom companies in Bangladesh. Ho is hence rejected.

3.5 Summary and Conclusion

This chapter has discussed the financial influences of the adoption of the IFRS 16 on the financial reporting of the telecommunication companies in Bangladesh, with the major emphasis on the Grameenphone Ltd. Financial data between the years 2014 and 2024 was used to carry out the analysis to compare the financial performance in 2014 and 2020 after implementation of IFRS 16 in 2019. The most important financial indicators such as leverage, profitability and operational efficiency ratios were assessed in order to detect structural changes in the financial statements of the company.

The results have shown that IFRS 16 had a substantial impact on the financial structure of the company as it shifted the lease commitments that were off the balance sheet into the balance sheet. The inclusion of the right-of-use assets and the subsequent lease liabilities resulted in a massive growth of the asset base. At Grameenphone, the right-of-use assets were always the substantial part of the total assets in the post-adoption period, which is why telecommunications infrastructure is lease-intensive.

The ratio analysis indicates that there were a number of financial performance indicators that were impacted by the adoption of IFRS 16. The reclassification of the operating lease expenses into the depreciation and interest expenses enhanced the EBITDA margins during the post-adoption period. Simultaneously, the trend of asset-based indicators, including Return on Asset and Asset Turnover, demonstrated a downward trend due to the growth of the asset base on efficiency indicators. There were no drastic changes in the numerical increase of leverage ratios but the acknowledgment of lease liabilities has made a substantial change in the structure of the financial obligations.

The industry benchmarking against Robi Axiata Ltd. further depicts that observed structural changes in Grameenphone are in line with the general industry trends. Telecom operators are also dependent on leased infrastructure and thus, the financial reporting impacts of the IFRS 16 are evident in several companies in the industry.

In general, the results indicate that the IFRS 16 has had a significant influence on the presentation and interpretation of the financial performance and financial position of the telecom companies. The standard has provided more transparency since the lease obligations are being reflected on the balance sheet, but has also created a structural change in the financial ratios and this has to be interpreted with a lot of care when comparing the financial performance of various periods.

3.6 Implications and Recommendations.

Following the conclusion of this research a number of implications can be made on the interpretation and management of financial performance in the telecommunication industry after the introduction of the IFRS 16. Because the inclusion of right-of-use assets and lease liabilities cause a massive growth in the balance sheet, financial analysts and investors are supposed to be cautious when providing a comparison between financial ratios at the period before and at the period after the adoption of the standard. Historical performance measures like the return on assets and asset turnover can go down despite the underlying stability of the performance of the company when lease capitalization is done.

Telecom operators ought to contain the implications of lease capitalization in their choices of long-term infrastructure investment, in managerial terms. As leases are now on the balance sheet, firms might be forced to be more careful in choosing between leasing and owning infrastructural properties to ensure an optimal balance sheet.

It is also important to note that the findings point to the need to observe proper financial disclosures associated with lease arrangements. The disclosure of the right-of-use assets, lease liabilities and related accounting assumptions would be more detailed and would assist in enhancing the level of transparency, as well as the stakeholders to better comprehend financial implications of lease liabilities.

Lastly, future studies may build upon this study by using a bigger sample of companies or proceed with the use of statistical tests to explore further the connection between the adoption of IFRS and the financial performance. More detailed studies of sector-wide trends in various industries might similarly shed more light into the impact of lease capitalization on financial reporting in industries with heavy asset intensive sectors.

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