

Directors' Report

Dear Shareholders,

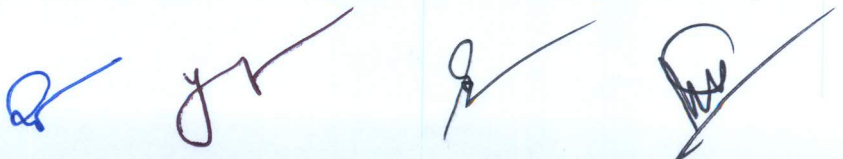
It is our pleasure to welcome you all on behalf of the Board of Directors of Teletalk Bangladesh Limited (TBL) to the 17th Annual General Meeting of the Company and to place herewith the report on the statement of your company's affairs and the financial statements of the Company for the year ended June 30, 2021, together with the Audited Financial Statements. I, on behalf of the Board of Directors of the Company, express my sincere gratitude to the shareholders, the customers and the employees for their support and trust extended to us throughout the years. The Directors have the pleasure of presenting this report to the members alongside the audited financial statements of the Company for the period ended June 30, 2021. This report has been prepared in compliance with section 184 of the Companies Act 1994.

Telecommunications Industry and the Present Scenario in Bangladesh

The telecommunications sector of Bangladesh has proved to be one of the most promising sectors with significant growth potential. At the end of June, 2021, Bangladesh had 176.41 million active mobile subscribers. The subscriber base had seen increase in the past couple of years. The telecom sector in the country has flourished in recent years mainly due to competitive rates and affordable SIM prices offered by mobile network operators (MNO). The services of the MNOs are not limited to only voice calls or SMS. They have expanded their business rapidly by offering diversified products and services e.g. e-commerce, e-banking, mobile bill payment, call center, health care services, caller tune, mobile ticket reservation, mobile banking, voice based info, vehicle tracking systems, mobile money, news updates and many other services.

The telecom sector, particularly the mobile network operating, is a very competitive business sector in Bangladesh. The sector's business first started at 1991. Thereafter, many international telecom operators have entered the country's market. At present, 04 (four) mobile phone operators are operating in Bangladesh. These are- Grameenphone Ltd (GP), Robi Axiata Ltd (Robi), Banglalink Digital Communications Ltd (Banglalink) and Teletalk Bangladesh Limited (Teletalk). All of these companies, except Teletalk, are owned and controlled by different international telecommunications operators. All of these mobile network operators have been playing a vital part in the hypercompetitive telecommunications industry of the country under the regulations of Bangladesh Telecommunication Regulatory Commission (BTRC).

The telecom sector is also one of the sectors that had contributed the most in making the vision of Digital Bangladesh a reality. This sector has directly contributed in the fourth pillar of Digital Bangladesh (which is- connecting citizens), while indirectly facilitating in other three pillars (which are- Digital Government, Human Resource Development and IT Industry Promotion).



Some Significant Events of Telecom Sector of Bangladesh in Last 5 Financial Years

FY2020-21 Covid-19 has significantly impacted the telecom section and Bangladesh is no exception. The country faced the second wave in FY2020-21 which led to decrease in customer acquisition and retention.

Work-from-home scenario has become the new normal during the pandemic, and telecommunication sector has been a vital part of it.

Tax structure for mobile internet is 21.75% (5% VAT, 15% supplementary duty & 1% surcharge) and for voice services is 33.25% (15% VAT, 15% supplementary duty & 1% surcharge)

FY2019-20 The country faced the first wave of Covid-19 pandemic. The telecom operators lost more than 46 lakh subscribers between February 2020 and May 2020. Meanwhile, subscription to broadband connections (the main alternative to mobile internet) increased by 41 percent during the mentioned months.

Mobile network operators became one of the frontline service providers of Bangladesh during the general holidays imposed to control Covid-19. The trend continued in the subsequent limited economic activity days as well.

MNO's contribution to the GDP in Bangladesh was approximately 7 per cent. (GSMA)

FY2018-19 The government reduced VAT rate on mobile internet to 5% to facilitate digitalization.

BTRC fixed Tk 0.45 per minute as the uniform minimum call rate for all mobile phone operators.

FY2017-18 Mobile number portability (MNP) service was launched.

BTRC issued 4G License to all four operators.

Teletalk launched 4G services in December 2018.

FY2016-17 Two mobile network operators, namely- Robi and Airtel Bangladesh merged. They started operating as a single entity with the name of Robi Axiata.

Biometric re-registration of all subscribers was completed by December, 2016. This limited the maximum number of SIMs a person can own and brought significant improvements in digital security environment of the country.

