

"An Overview of Grameenphone Ltd."

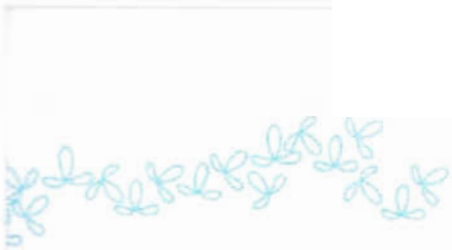
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Report-171



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EAST WEST UNIVERSITY

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Lastly, I would like to thank my colleagues at GrameenPhone Ltd. for their unconditional support.

Letter of Transmittal

23 December 2006

Dr. Tanbir Ahmed Chowdhury
Professor, Deputy Coordinator, & Proctor
MBA, EMBA, & MBM Program

Dear Sir,

It is with great pride I present to you my project report on "An overview of Grameen Phone Ltd." It is a total overview on Grameenphone Ltd. I have provided the information related with the grameenphone, starting from its launching history to present situation.

How they have started, what are the product features they are offering now, what are the different functional departments are working together every thing is mentioned inside the report.

I also emphasize on their financial overview. I attempt to analyze the SWOT of grameenphone, provide the different procedure for selecting the projects (high risk, medium risk, and low risk), and provide the different risk factors and explain how the risk should be mitigated. I just tried to relate my so far gathered practical experience to the theories as I worked for Grameen Phone Ltd. I have tried hart and soul to make the paper as comprehensive as possible. I hope that you will approve of the paper and it will meet your standards.

Thank you,

Sincerely Yours,

S.M. Yeassir Arafat

Id # 2002-2-10-132

SL. No.

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Introduction



 grameenphone

Chapter – 1

1.0 Executive Summary

This report was a requirement to complete the "Project Work". The purpose of this research project was to represent an overview of grameenphone. The research paper represents the different types of products, services and functional activity among the various departments of the organization as well as the financial overview of Grameenphone. Thus, the topic for the research is, "An overview of GrameenPhone Ltd.", was approved by the faculty advisor, **Tanbir Ahmed Chowdhury**.

The second section gives an overview of the telecom industry and an overview of GrameenPhone Ltd. in Bangladesh. GrameenPhone is one of the largest foreign direct investments in Bangladesh. The company, after its inception in 1996, has grown rapidly into the leading mobile phone service provide of the country. As a fast growing company catering to a growing consumer base GrameenPhone has been required to invest on capital assets to meet customer expectations.

The decisions made by the company at present are crucial in securing its future position as the leading mobile phone service provider in the country. Thus to evaluate the viability of various projects analysis is done from different perspectives. The third section of the report describes the different functions among the departments and the organ gram of grameenphone. Its also discuss the management profile of grameenphone. After that I have emphasized on the financial overview of grameenphone. In that section I have classified different risk factors and how the risk should be mitigated. The next chapters discuss the observations and recommendations.

1.1 Origin of the Study:

The report was done as a part of the project work of East West University. The report focuses on **GrameenPhone Ltd.** as I am working as a customer manager in the Customer Management Division of GrameenPhone Ltd.

This Project report is prepared for **Tanbir Ahmed Chowdhury**, project supervisor of the Undergraduate program, School of Business; at East West University as a core requirement of Project Work "BUS-498" for graduation. This report is prepared during the Fall-2006 and would be submitted in the same semester.

1.2 Objectives

The report will try to –

- Give an overview of grameenphone Ltd.
- Provide the different functional activity.
- Explain the different products & services existing in the market.
- Classified different types of project risks.

1.1 Background

GrameenPhone is one of the largest foreign direct investments in Bangladesh. Its parent company Telenor has made a significant investment in establishing this company as the best mobile phone service provider in this country. As a fast growing company catering to a growing consumer base GrameenPhone has been required to invest on capital assets to meet customer expectations.

1.2 Significance of the Problem

In the past year, working under increasing competitive market forces, Grameen Phone has been forced to make adjustments to its infrastructure, network capabilities and human resources. However, financial feasibility has always been one of the key factors as the company is highly focused on high profitability – and the company has been successful in this regard. Therefore, assessing the method used by the company will provide insight into the proper ways to analyze capital expenditure in the context of Bangladesh.

1.5 Scope

The scope of the project was limited to create a scenario about grameenphone, its existing products and services, its different functional activities. All kind of observations has been made within this boundary and efforts have been made to extract as much knowledge as possible from this span.

1.6 Methodology

The report is made focused on the data which is collected from different sources. Data was manly obtained from "@work", a web address used internally in grameenphone. Data related with mother company Telenor and its all subsidiaries can be collected from this address. Only employee can access into this side.

1.7 Limitations

Some confidential factors in making investment decisions were excluded in the study. Working in a different department (customer management division) of the company might have impeded data collection.

Organization



Ten Years. Ten Million.

We're now a family of ten million. We've shared a wonderful past and we thank you for being with us in the present. Your trust has enabled us to look to a great future.

We'll always remember you, who have walked with us from our first faltering steps to the confident strides we take today.

It's time to look back with pride
and look ahead with confidence.

Chapter - 2

2.1 Telecom Industry

Bangladesh has the lowest tele-density and the lowest telephone penetration rates in the world and even in the South Asia. According to a report by the International Telecommunication Union (ITU), only 1.56 among 100 people of Bangladesh own or have access to telecom facilities.

The telecom industry in Bangladesh is composed of five players. Bangladesh Telecom Limited (BTL) was the first entrant in the market back in 1989 when it was awarded a license to operate cellular, paging and other wireless communication networks in the country. Since then, it has been renamed to Pacific Bangladesh Telecom Limited (PBTL) and given the brand name CityCell Digital to its cellular services; GrameenPhone Ltd., AKTEL and Banglalink has entered the industry with various changes in between.

ETRC has formed Teletalk Bangladesh Ltd. on behalf of the government with an aim to bring price levels down and make cellular technology available to the mass public. The industry is also set to accept several more players, with licenses to operate PSTN or fixed phone lines in the recent months.

While the market for mobile phones, specifically, has been growing steadily since its introduction back in 1993, in the past 2 years the market has more than doubled, growing from 1.5 million subscribers in early 2004 to 5 million at the end of 2005¹ and up to November 2006 it crosses the 10 million subscribers base. Grameen Phone earns its 10 million subscribers in 10 years.

2.2 GrameenPhone Ltd

At present GrameenPhone Ltd. is the market leader in the telecommunication sector in Bangladesh. GrameenPhone is now running its 10th year of its operation with it 10 million subscribers, a very big family with 10 million members. GrameenPhone has a very strong competitive position in the telephone industry in the country and is able to claim that it has the largest network, the widest coverage, the biggest subscriber base and more value added services than any other mobile phone operators in Bangladesh

Historical Background

GrameenPhone is one of the largest private sector investments in the country with an accumulated investment of BDT 5200 crore up to December 2005. GrameenPhone is also one the largest taxpayers in the country, having contributed nearly BDT 5000 crore in direct and indirect taxes to the Government Exchequer over the years. Of this amount, BDT 1670 crore was paid in 2005 alone.

GP was also the first operator to introduce the pre-paid service in September 1999. It established the first 24-hour Call Center, introduced value-added services such as VMS, SMS, fax and data transmission services, international roaming service, WAP, SMS-based push-pull services, EDGE, personal ring back tone and many other products and services.

From the very beginning, GrameenPhone placed emphasis on providing good after-sales services. In recent years, the focus has been to provide after-sales within a short distance from where the customers live. There are now more than 600 GP Service Desks across the country covering nearly all upazilas of 61 districts. In addition, there are nine GrameenPhone Centers in all the divisional cities and they remain open from 8am-8pm every day including all holidays.

GP has generated direct and indirect employment for a large number of people over the years. The company presently has more than 4,000 full, part-time and contractual employees. Another 1,00,000 people are directly dependent on Grameenphone for

their livelihood, working for the GP dealers, retailers, scratch card outlets, suppliers, vendors, contractors and others.

In addition, the Village Phone Program, also started in 1997, provides a good income-earning opportunity to more than 2,00,00 mostly women Village Phone operators living in rural areas. The Village Phone Program is a unique initiative to provide universal access to telecommunications service in remote, rural areas. Administered by Grameen Telecom Corporation, it enables rural people who normally cannot afford to own a telephone to avail the service while providing the Village Phone operators an opportunity to earn a living.

The Village Phone initiative was given the "GSM in the Community" award at the global GSM Congress held in Cannes, France in February 2000. GrameenPhone was also adjudged the Best Joint Venture Enterprise of the Year at the Bangladesh Business Awards in 2002.

GrameenPhone considers its employees to be one of its most important assets. GP has an extensive employee benefit scheme in place including Gratuity, Provident Fund, Group Insurance, Family Health Insurance, Transportation Facility, Day Care Centre, Children's Education Support, and Higher Education Support for employees, in-house medical support and other initiatives.

Grameen Telecom As

Grameen Telecom Corporation, which owns 38% of the shares of GrameenPhone, is a not-for-profit company and works in close collaboration with Grameen Bank. The internationally reputed bank for the poor, has the most extensive rural banking network and expertise in microfinance. It understands the economic needs of the rural population, in particular the women from the poorest households.

Grameen Telecom, with the help of Grameen Bank, administers the Village Phone Program, through which GrameenPhone provides its services to the fast growing rural customers. Grameen Telecom trains the operators, supplies them with handsets and handles all service-related issues.

Grameen Bank currently covers more than 67,000 villages which are serviced by 2121 bank branches all over the countryside. As of May 2006, the bank had 6.33 million borrowers, 97 percent of whom were women.

Grameen Telecom's objectives are to provide easy access to GSM cellular services in rural Bangladesh, creating new opportunities for income generation through self-employment by providing villagers with access to modern information and communication based technologies.

Telenor As

Telenor As owns 62% share of GrameenPhone Ltd. It is the state-owned Telecommunication Company in Norway, a country with one of the highest mobile phone densities in the world. It is almost the oldest and diversified telecom companies in the world operating since 1885. It has played an important role in development of cellular communications, particularly, but not exclusively, GSM technology. It has substantial operation in mobile telephony, satellite operations and pay television services. In addition to Norway and Bangladesh, Telenor owns GSM companies in Denmark, Austria, Hungary, Russia, Ukraine, Montenegro, Thailand, Malaysia, Pakistan, and Serbia.

It is using the expertise and competence, both technological and business, gained from its home and international markets to venture GrameenPhone and flourish an emerging market like Bangladesh.

Capital Composition

The total capital of GrameenPhone was US \$120 million including around US\$50 million from IFC/CDC, and the Asian Development Bank (ADB). It also received US\$60 million in equity from the four GrameenPhone private partners. These were the Norwegian Telenor with a 51% share, Marubeni of Japan with a 9.5% share, and the American Gonophone at 4.5%. Grameen Phone's fourth partner is Grameen Telecom (with 35%). Grameen Telecom borrowed US\$10.6 million from the Open Society Institute to set up Village Phone.

Among the four initial investors, only Norwegian Telenor & Grameen Telecom remains as the existing shareholders. The total capital of GrameenPhone now remains US \$ 125 million.

The current capital composition of GrameenPhone Ltd. is of the following manner:

Financial Structure	
Equity: USD \$56 MM	
Telenor	62 %
Grameen Telecom	38 %

Table 1: Equity Structure of GrameenPhone Ltd

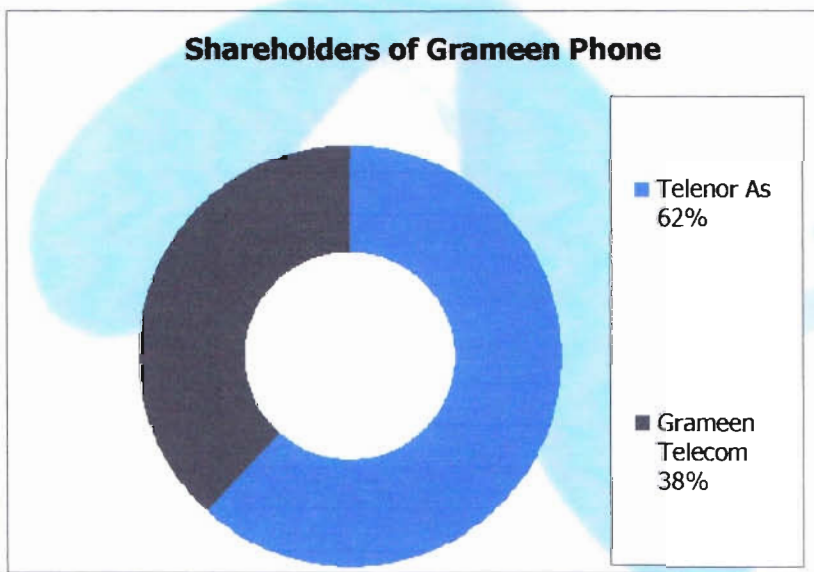


Figure 1: Shareholders of Grameen Phone

Company Performance:

Year	Achievement
26th Mar 97	Launch
End of 1997	18,000 Subscribers
End of 1998	30,000 Subscribers
Dec 1999	60,000 Subscribers
Dec 2000	193,000 Subscribers
Dec 2001	471,000 Subscribers
Dec 2002	775,000 Subscribers
Aug 2003	1 million Subscribers
Nov 2004	2.4 million Subscribers
Nov 2005	5 million Subscribers
Jan 2006	6 Million Subscribers
Nov 2006	10 Million Subscribers

Currently GP's subscriber is 10 million (up to November 2006) which is expected to be continuing. Because of its cost effective customer solution, user friendly packages and lots of other supplementary features and special customize packages (GPPP, Business Solution) and SME a customize package for Small and Medium Enterprise people.

The organization earned 350 MM USD in 2004, 500 MM USD in 2005 and targets to achieve 700 MM USD in 2006.

2.3 Grameenphone changes the identity

After nearly 10 years of successful operations, Grameenphone is entering a new phase. Grameenphone is moving on to serve its customers even better. 17th November 2006 Grameenphone launching the most visible sign of that ambition - a new visual identity.

Grameenphone is at a crucial point in its evolution as a company. For 10 years Grameenphone lead the way in making mobile communications accessible across Bangladesh. During this first Grameenphone era, GP succeeded in becoming 'number 1' – the 'local hero' that revolutionised the way people communicate. Grameenphone is now a proud market leader providing quality network and after-sales service, innovative products and services and, most

of all, empowering people. Gp feel proud for their pioneer tradition of breaking new ground in mobile communications and having shown the world how to use mobile technology to drive socio-economic development.



It's time to move forward

Times are changing.
So are your lives, aspirations and ambitions.

We too are moving forward with time, evolving to be even better than before. We're making our services simpler, listening to you more closely and bringing in more exciting new things.

For 10 years, you've placed your trust upon us and we've taken care of your needs.

Now we're moving forward, to give you more. To serve you even better than before.

It's time for bigger things.
It's time for better things.




www.grameenphone.com

As Grameenphone enters its second decade, they faced with a rapidly changing industry and market, and evolving customer needs. They must continue to develop their business, to remain responsive to a changing landscape and the changing needs of their valuable customers. To ensure their future success, they need to understand these changes and adapt accordingly – **standing still is not an option**. Their 'No. 1' position today gives them a unique opportunity to renew them and to evolve into the Grameenphone of tomorrow.

Grameenphone launching the most visible sign that they are moving on to serve its customers even better - a new visual identity. The logo doesn't have a name or descriptor as such. The form combines modern and dynamic expression that has movement, light –focusing on future and organic shape inspired by nature.

The old logo was designed more than 10 years ago and even includes an outdated handset – for that reason, based on design and the need for a relevant and modern look and feel, the old logo needed reviewing. The new logo and fresh, dynamic visuals with the Grameenphone name express the values Grameenphone is known for: a local company, trust – reliability – quality, constant progress, customer-focused, and an agent for socio-economic development in moving Bangladesh forward. But it also represents the Grameenphone of the future.



Ten Years. Ten Million.

Ten years of empowering people

We believe progress should benefit everyone.

We're proud that our Village Phone service has empowered more than 260,000 women and revolutionised the way rural Bangladeshis communicate. Now we want to go even further. Our more than 80 Community Information Centers are bringing Internet to millions of rural Bangladeshis, connecting them to new possibilities. In addition to our 5,000 employees, more than 100,000 people earn their livelihood through us. And as the proud sponsor of the National Cricket Team, we share the hope of future glory with millions of our fellow citizens.

It's time to look back with pride and look ahead with confidence. It's time to empower many more lives.

GrameenPhone

2.4 A comparative scenario of GP's market growth

GrameenPhone Ltd. is the market leader in the telecommunication sector in Bangladesh. The market share of GP is highest in the year of 2002 because the numbers of subscribers are increasing more rapidly than competitors.

But in the present day the market of GP is reducing because of high competition and decreasing rate of subscriber's growth.

Year	Company	Market Share
2000	GP	65%
	Aktel	18%
	City Cell	13%
	Sheba	4%
2001	GP	66%
	Aktel	16%
	City Cell	13%
	Sheba	5%
2002	GP	69%
	Aktel	14%
	City Cell	13%
	Sheba	4%
2003	GP	62%
	Aktel	21%
	City Cell	14%
	Sheba	3%
2004	GP	61.00%
	Aktel	24.20%
	City Cell	13.40%
	Sheba	2.40%
2005	GP	62.0%
	Aktel	28.0%
	City Cell	7.0%
	Banglalink	3.0%
2006 (June)	GP	63.9%
	Aktel	18.67%
	City Cell	3.92%
	Banglalink	12.1%
	Teletalk	1.47%

Table 2: Market Growth of GrameenPhone Ltd and other Telecoms



**Vision
And
Values:**

2.5 Company Vision:

We're here to help

We exist to help our customers get the full benefit of communications services in their daily lives. We want to make it easy for customers to get what they want, when they want it.

2.6 Company Values:

Make It Easy:

We are practical. Everything we produce should be easy to understand & use. Because we never forget we are trying to make our customers' lives easier.

Keep Promises:

Everything we set out to do should work. If it doesn't, we are there to put things right. We are about delivery, not over promising-action not words.

Be Inspiring:

We are creative. We bring energy & imagination to our work. We want to be a partner in the development of our community. We are passionate about our business, customers & our country.

Be Respectful:

We acknowledge & respect the local culture. We are respectful & professional in regard to all our interactions, both internally & externally. We are open, helpful & friendly.

2.7 Company Strategy:

The basic strategy of GrameenPhone is coverage of both urban and rural areas. In contrast to the "island" strategy followed by some companies, which involves connecting isolated islands of urban coverage through transmission links, GrameenPhone builds continuous coverage, cell after cell. While the intensity of coverage may vary from area to area depending on market conditions, the basic strategy of cell-to-cell coverage is applied throughout the network of GrameenPhone. GP is currently operating in 61 districts out of a total of 64 districts and 439 upzillas out of 464, of the country (Feb. 2006). The telecom coverage in the remaining three districts (Bandarban, Khagrachodi, and Rangamati) is not allowed by Bangladesh Government due to security reasons.

2.8 Organizational Structure:

GrameenPhone is divided into several departments namely Technical, Sales & Distribution, Marketing, Customer Relations, Administration, Human Resource, Finance, IT, Information & Supply Chain Management.

The top level management structure of GrameenPhone is shown below:

BOARD OF DIRECTORS

Managing Director
Erik Aas

Deputy Managing Director's Division
Frank Fodstad

Information Technology Division
Stein Naevdal-Larsen

Technical Division
Md. Shafiqul Islam

New Business Division
Kafil H. S. Muyeed

Marketing Division
Rubaba Dowla Matin

Sales & Distribution Division
Ingvald Lyche

Finance Division
Md. Arif Al Islam

Corporate Affairs Division
Khalid Hasan

Human Resources Division
Emad Ul Ameen

Customer Management Division
Bidyut Kumar Basu

Fiber Optic Network Division
A M M Yahya

**Supply Chain Management
Legal & Compliance
Village Phone Administration**

Information Department
Syed Yamin Bakht

**Company Secretary &
Internal Audit Department**
Ahmed Raihan Shamsi

Special Projects
N K A Mobin

2.9 GP's MANAGEMENT PROFILE

MANAGING DIRECTOR

Erik Aas (39 years of age, Norwegian)

Educational & Professional Qualifications

- Master of Science degree from NTNU in Trondheim, Norway in 1991.
- Master of Business Administration degree from IMD in Switzerland in 2001.

Work Experience

- Joined GP in December 2004.
- Nine years experience at Telenor, five of which have been spent in Asia.
- Marketing Director of Malaysian mobile phone company DiGi since June 2002.
- Board Member of GP from October 2001 up to December 2004

DEPUTY MANAGING DIRECTOR

Frank Fodstad (44 years of age, Norwegian)

Educational & Professional Qualifications

- Bachelor of Engineering degree from University of Glasgow, Scotland.

Work Experience

- Joined GP in March 2004
- Working with Telenor since 1988.
- Successfully established, launched and headed, the Delta-4 Cost Reduction Program.
- In charge of initiating and completing several performance improvement initiatives in Telenor.

FINANCE DIRECTOR

Md. Arif Al Islam (35 years of age, Bangladeshi)

Educational & Professional Qualifications

- He was a fellow of chartered Certified Accountants from the UK.

Work Experience

- Appointed as Finance Director in June 2006.
- He has a five years of public practice experience in the UK with a range of experience in audit, taxation and financial consultancy service.

DIRECTOR - CORPORATE AFFAIRS

Khalid Hasan (50 years of age, Bangladeshi)

Educational & Professional Qualifications

- Masters Degree in Business Management from Dhaka University.

Work Experience

- Appointed as Director - Corporate Affairs in May 2001.
- Wide range of experience during the last two decades in international business development, specializing in breakthrough joint ventures and global partnerships in rapidly changing and highly competitive environments. Prior to joining to GP he was the country manager for General Electric (GE).

DIRECTOR - SALES & DISTRIBUTION

Ingvald Lyche (*46 years of age, Norwegian*)

Educational & Professional Qualifications

- Studied at the Norwegian School of Economics and the Norwegian School of Management.

Work Experience

- Joined as the Director - Sales and Distribution in April 2005.
- A management professional, with long experience in marketing and sales of IT and telecommunications products and services.
- 15 years of international telecommunications management experience in Telenor and other organizations.
- Previously worked as the Business Market Development Director, responsible for development and implementation of business models and marketing concepts for all Telenor affiliates: mainly GP, Pannon GSM in Hungary and Vimpelcom in Russia.

DIRECTOR - INFORMATION TECHNOLOGY

Stein Naevdal-Larsen (*39 years of age, Norwegian*)

Educational & Professional Qualifications

- Business Administration and Project Management from the Norwegian School of Management and in Mathematics and Informatics from the University of Oslo.

Work Experience

- Appointed as the Director - Information Technology in February 2004,
- Working with Telenor since 1997, and since 2000 worked as the IS Director of Telenor Business Solutions, Communications.
- Prior to joining Telenor, he gained experience working in various positions in multinational companies.
- Published books on macroeconomics and developed financial application software.

DIRECTOR - HUMAN RESOURCE DIVISION

Emad Ul Ameen (*50 years of age, Bangladeshi*)

Educational & Professional Qualifications

- Masters in Marketing from Dhaka University.

Work Experience

- Appointed as Director - Human Resources Division in November 2003.
- Extensive HR experience working in responsible positions in multinational organizations.
- He was also Director of a leading consultancy firm in the country providing services to various multinational and locally reputed companies in HR and Corporate Governance areas.

TECHNICAL DIRECTOR

Md. Shafiqul Islam (35 years of age, Bangladeshi)

Educational & Professional Qualifications

- He has a bachelors Degree in Electrical & Electronics Engineering from Bangladesh University of Engineering & Technology.

Work Experience

- He was appointed as the acting head of Technical Division March 2006.
- He has been working with GP since its inception.
- He was the head of Network Planning since 1999.
- He also has been a member of the GP Business planning team and has considerable experience in cost efficiency of network CAPEX and OPEX.

DIRECTOR – NEW BUSINESS DIVISION

Kafil HS Mueyed (38 years of age, Bangladeshi)

Educational & Professional Qualifications

- Bachelor of Science degree in Civil Engineering from Florida Institute of Technology, USA.

Work Experience

- He was appointed as Director, New Business in June 2006.
- Extensive operational experience in all sales & marketing areas as well as in development of key strategies to drive growth. He established the product development department and played a key role in building distribution channels of GP in 1998 and 1999.
- Over the years, Kafil has worked closely with Telenor on various projects and acquired knowledge of the international telecommunications industry.
- Prior to joining GP, he gained entrepreneurial and marketing experience in international trade and export.

DIRECTOR –MARKETING DIVISION

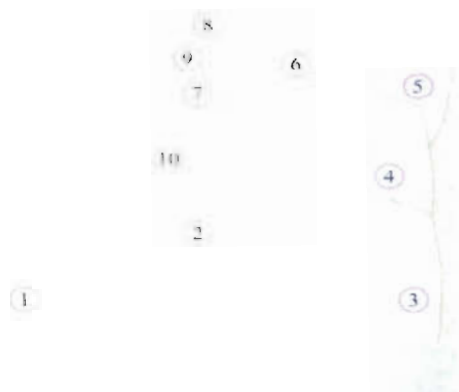
Rubaba Dowla Matin (34 years of age, Bangladeshi)

Educational & Professional Qualifications

- She did her MBA with a major in marketing.

Work Experience

- She had been leading the Market Research and Development team for considerable length of time.
- She has been the architect behind Developing Products and Value Added Services (VAS) & Strategy Departments in the marketing Division.



- 1 Erik Aas
- 2 Rubaba Dowla Matin
- 3 Frank Fodstad
- 4 Khalid Hasan
- 5 Stein Naevdal-Larsen
- 6 Emad Ul Armeen
- 7 Shafiqul Islam
- 8 Kafil HS Muyeed
- 9 Ingvald Lyche
- 10 Md Arif Al Islam

2.10 Competitive Environment:

Threat of Intense Rivalry:

Until even two years back, the telecom companies had enjoyed secured positions in the market and were sitting back. However with intense competition all the companies have started to take the consumer in mind. Since the end of 2004, AKTEL has stepped up all its promotional activities and become aggressive in its campaigns. Suddenly, it is now more visible and more people are now aware of the brand. Orascom Ltd. brought competition into the industry by publicly announced that it has bought 100% equity interest of Sheba Telecom Ltd. And with the purchase of 45% of CityCell from PBTL by Singapore Telecommunications Limited, SingTel, and with an option to purchase up to 60% total, rivalry from this corner of the field may also increase soon. Many mobile operator companies around the world are interested to penetrate their business in Bangladesh. Among them UK base company Dhaba Group, named as Warid, is already started their activity in Bangladesh. They will be present in the market within a very short period with their product.

Threat of New Entrants:

Organizations are slowly realizing the potential of the telecom market. This is quite evident from the number of foreign investors eyeing Bangladesh as a place for potential investment. Telenor, a leading Norwegian company owns a majority stake in GrameenPhone, and Telecom Malaysia went into joint venture to form AKTEL. Then Orascom Ltd, a leading telecom provider in the Middle East purchased 100% equity of Sheba Telecom and renamed it Banglalink and now SingTel buys a huge portion in CityCell.

Threat of Substitute Products:

Mobile phone operators are constantly under the threat of being replaced by new technology. Plus at the beginning of the year, BTRC approved the licenses of 19 private companies to operate PSTN lines, which will enable them to provide fixed phone lines similar to BTTB in all regions of the country.

Bargaining Power of Buyers:

With prices coming down significantly everyday and switching cost coming down mobile phone operators have to worry about maintaining their customers. It is likely that customers can expect to see more changes in the industry, with many more players fighting for market share. This will give them opportunity to choose from a number of packages from any operator they wish.

2.11 Contribution to Society

GrameenPhone believes that good business leads to good development, since high level of productivity is development. The activities of GP contribute to the socio-economic development of Bangladesh in many different ways. GP has generated direct and indirect employment for a large number of people over the years. The company presently has more than 4,000 full, part-time and contractual employees. Another

1,00,000 people are directly dependent on Grameenphone for their livelihood, working for the GP dealers, retailers, scratch card outlets, suppliers, vendors, contractors and others.




The Village Phone Program of GrameenPhone is a unique initiative which provides access to telecommunications facilities in remote rural areas where no such service was available before. The Program enables mostly poor village women to own a Village Phone subscription and retail the phone service to her fellow villagers. The Village Phone Program, started in 1997, provides a good income-earning opportunity and presently, as of June 2006, more than 230,000 Village Phones are in operation around the country. The Village Phone Program is a unique initiative to provide Universal access to telecommunications service in remote, rural areas. Administered by Grameen Telecom Corporation, it enables rural people who normally cannot afford to own a telephone to avail the service while providing the VP operators an opportunity to earn a living.

GrameenPhone also actively participates in promoting different socio-cultural activities and sports events in the country. It sponsored many activities over the years including the Zainul-Quamrul International Children's Art Competition, the 11th Asian Art Biennale, publication and launching of an anthology of contemporary Bangladeshi paintings, the Independence Day '04 Photography & Painting Exhibition, and many other activities.

Moreover, GP has also restored the exterior of the historic Old Railway Station Building in Chittagong as per its original architectural design. It has sponsored a scholarship fund for the poor and meritorious students of the

finance and Banking Department of Dhaka University in cooperation with the Finance and Banking Alumni Association. GP has also donated 16 computers to two schools for underprivileged children.

In the sports arena, GP is currently sponsoring the Bangladesh National Cricket Team and also sponsored the National Under-19 and Under-17 cricket teams. It was also one of the main sponsors of the live telecast of "ICC World Cup Cricket 2003. GP also sponsored the President Cup Golf Tournament, and sponsors the visits of newspaper reporters abroad to cover major sports events.



বিজয় উৎসবে মেতে উঠুক আজ সারা বাংলাদেশ

পরাজয়ের নোনা জলের স্বাদ কেমন, তা জানি বলেই
বিজয় আমাদের এত মধুর লাগে।

বাংলাদেশ জাতীয় ক্রিকেট দলকে আমাদের অভিনন্দন।
বিশ্বাস করতাম, করি এক করবো -
এরই পরে সারা বাংলাদেশকে উৎসবের রঙে রঙাটো।



বাংলাদেশ জাতীয় ক্রিকেট দলের গর্বিত স্পন্সর

2.12 The regulatory framework and summary of GP's license

The regulatory regime in Bangladesh has historically favored BTTB over the private sector mobile operators. Despite limitations, the formation of BTRC has been a good step in gradually establishing a level playing field for all market players.

Independent regulator

The regulator for the telecommunications sector in Bangladesh is the BTRC, which came into effect in January 2002. The genesis of coming of an independent regulator can be briefly captured as follows:

- BTTB is state owned and was the sole telecom operator (only in fixed line), as well as the regulator, in Bangladesh until 1993
- PBTL commenced operations in 1993 under the first private mobile operator license from BTTB

- PBTB commenced operations in 1993 under the first private mobile operator license from BTTB
- In 1995, new laws were enacted giving power to MOPT to regulate the telecom sector
- In 1997, MOPT issued mobile licenses to GP, TMIB and Sheba to open the telecom sector to private sector competition
- The Telecommunication Regulatory Communication Act was passed in January 2002 settling the scene to establish the BTRC as the new regulator
- In January 2002, the BTRC was formally established and came into operation
- The BTRC does possess the right to issue licenses in Bangladesh for both mobile and PSTN
- In 2004, BTRC has launched "open licensing" approach for PSTN lines on 5 zonal basis – Central (Dhaka city), Northeast, Southeast, Northwest and Southwest.

The regulatory framework

The basic statutory framework relating to telecommunication in Bangladesh consists of:

- The Telegraph Act, 1885
- The Wireless Telegraph Act, 1933
- The Bangladesh Telegraph and Telephone Board (BTTB) Ordinance of 1979
- The Bangladesh Telegraph and Telephone Board (Amendment) Act, 1995
- National Telecom Policy, 1998
- The Bangladesh Telecommunication Act, 2001

Summary of GP's license

License to Provide Digital Cellular Mobile Radio Telephone Services in Bangladesh

The Ministry of Post and Telecommunication (MoPT), on 28th November 1996 provided a license to Grameen Phone Consortium (later renamed GrameenPhone Limited) to establish, operate and maintain digital cellular mobile radio telephones in the whole of Bangladesh.

After the commencement of Telecommunications Act, 2001 BTRC issued a revalidation order on October 24, 2004 with some amendments to the license agreement issued earlier to bring the agreement in conformity with the new act. The revalidation order replaced BTRC as the contract party granting the license in place of MoPT. It may be noted that the essence and key features of the original license agreement remains the same after the revalidation order.

The significant terms of the amended agreement are as follows:

Exchange, Equipment and Operation related Clauses

- All the exchanges and other equipment will be installed in different parts of Bangladesh by GP with the permission of the Mopt.
- GP will be solely responsible for the establishment of systems, their operation, interconnections and interfacing and will bare all the relevant costs.
- GP will inform the MoPT about its primary & further expansion plan. GP has to start providing services within 9 months of being granted the license.
- GP will rent radio frequency from the Bangladesh Frequency and Wireless Board after providing the specified charge.

Services Related Clauses

- GP will maintain the standard of its operation and equipment according to the standards of the International Telecommunication Union (ITU). MoPT will have the right to carry out technical, managerial and financial inspections. This agreement prevents GP from handing over its systems to any other person, company or organization of Bangladesh or any other country.
- GP will have to develop Management Information Systems for customer services.
- GP will have to develop a mechanism to settle subscriber complaints and disputes within six months of signing the agreement.

- ✦ By this agreement, GP will have to co-operate and have operational agreements with BTTB and operators in terms of services, for example interconnection agreements.

Clauses Related To Fees and Charges

GP will have to pay royalty, levy and license fees to the MoPT. The annual system operating license fee is BDT 10,000,000. In addition, GP will pay the following charges:

- ✦ 15% of all collected call charges and rental revenue payable quarterly, or,
- ✦ USD 400,000 and 1% of all collected calls charges and rental revenue in the first five years of their operation, USD 800,000 and 1% of all collected call charges in the second five years of their operation and USD 1,600,000 and 1% of collected all call charge in the third five years of their operation.

GP will collect registration or subscription fees, security deposits, line rentals and other charges from its subscribers. The information regarding all these charges will be open for public viewing and will need to be published in two national daily newspapers.

Other Clauses

- This agreement will be reviewed first after eighteen months of signing the agreement and second after three years from the date of signing the agreement. Thereafter, the agreement will be reviewed after every five years.
- This agreement will be valid for 15 (fifteen) years from the signing date of the agreement. Then, the agreement can be renewed annually within 30 (thirty) days before expiry.

Radio Stations and Equipment License

On 28th November 1996, the Ministry of Post and Telecommunication issued a Radio Station and Equipment License (allowed under the Telegraph Act 1885 and Wireless Telegraphy Act 1933) for GP Consortium to install and put in operation a multi-station Radio System for Digital Mobile Cellular Telephone services in the frequency band from 910 to 915 MHz and 955 to 960 MHz with at least 12.5 KHz channel spacing at both ends of the Bands.

The MoPT are entitled to receive the following charges from GP under the agreement:

- License Fees for each mobile set/ equipment - BDT 100.00 per year.
- Royalty for each base station - BDT 11,000.00 per year
- Royalty for each mobile set/ equipment - BDT 1000.00 per year.

The license is valid initially for one year and is renewable on yearly basis on satisfactory performance of Radio Stations and Equipment operated under this License.

Operational agreement with BTTB

An operational agreement was signed between the Bangladesh Telegraph and Telephone Board (BTTB) and GP on 29th April 1998. This agreement covers interconnection of networks and the commercial, financial and operational issues relevant to interconnection between BTTB and GP on the following terms and conditions.

Interconnection Related Clauses

- The number of interconnection points will be agreed mutually by both parties. An interconnection point at the BTTB end means a point at a relevant telephone exchange within the BTTB network. The network of GP will be physically connected for transmission both ways of telephone traffic between

the networks of the two parties. Similarly, an interconnection point at the GP end means a point at a relevant GP exchange/ installation from where GP's network will be physically connected to the interconnection point at the BTTB end.

- GP will be allowed to use the BTTB infrastructure, wherever available and separable by BTTB, such as land, building, links and channels, but only for the purpose of interconnection of GP's network with the BTTB network and for GP's co-located cell to cell communication, on payment of charges to BTTB.
- GP is allowed to have its own numbering system compatible to the national number plan of Bangladesh.
- GP needs to submit its network plans, expansion plans and signaling scheme to the BTTB before commissioning and BTTB will inform GP in case of any significant changes in their system and changes in operation. GP's signaling system has to match the signaling system of the BTTB network. GP is completely responsible for changes or modifications to its signaling system to make its system is compatible with the BTTB network. In future, if the BTTB introduces any new signaling systems, GP will have to comply with it.

Charges and Tariff Related Clauses

All costs relating to the interconnection shall be borne by GP.

Local Calls:

GP shall pay BTTB for all outgoing local calls originating from the GP network and terminating in the BTTB network and access charges as per the prevailing BTTB PSTN Tariff rate for local calls. Charges for all incoming

calls originating from the BTTB network and terminating in the GP network shall be retained by BTTB.

Nation Wide Dialing (NWD) Calls:

GP shall pay to BTTB the charges for all NWD outgoing calls originating from the GP network and terminating in the BTTB network and access charges as per the prevailing BTTB NWD tariff rate. When a transfer of GP's call into BTTB's network takes place in the same city, then local PSTN charge will be applicable. Charges for all incoming NWD calls originating from the BTTB network and terminating in GP's network shall be retained by the BTTB.

International Calls:

GP shall pay to BTTB the charges for all international outgoing calls originating from the GP network as per the prevailing BTTB tariff rate. Amounts received in settlement from foreign operators for all international Incoming Calls terminating in GP's network shall be retained by the BTTB.

GP will pay all charges to BTTB on a monthly basis and within 30 days after receipt of the invoices from BTTB and vice versa. Irrespective of collection or non-collection of all call charges from its subscribers, GP is obligated to make necessary payments to BTTB for calls made by its subscribers. GP has the right to charge its customers for all calls as per its schedule of charge.

Service Related Clauses

For calls between the two networks, necessary call recording facilities for Automatic Message Accounting (AMA) will be established in the exchanges at the interconnection points of both parties. Both parties will have the

right to check that each other's exchanges to make sure AMA system is functioning correctly.

Both parties will record and analyze traffic data periodically to measure the quality of service in the two networks. The two parties will meet regularly to find ways of improving standards.

Clauses Related to Network Access

- Dialing to the GP network from the national account will be (017)+GP significant number
- Dialing to GP network from international network will be 880+17+GP significant number
- Dialing from GP network to BTTB network will be 0+ Area Code+ BTTB significant number
- Dialing from GP network to International network will be 00+Country Code+ National significant number.
- When BTTB network asks for calling party's number to GP network, GP network would provide 017 + GP significant number. When GP network asks for calling party's number to BTTB network, BTTB network would provide Area Code + BTTB significant number if the call is from a digital exchange. If the call is from a BTTB analog exchange, calling party's number can not be sent by BTTB network to GP network.

Clauses related to the Review and Validity of the Agreement

- This agreement will be valid until 11th November 2011.
- This agreement will be reviewed after the first eighteen months and then after every three years, up to the period of validity of the agreement.

2.13 Operational agreement with Bangladesh railway

GP signed a lease contract with Bangladesh Railway (BR) on September 17, 1997 for using BR's 1,600 km long optical fiber digital communication network. The contract had been amended twice on October 13, 2002 and November 17, 2004 to modify the guaranteed annual rentals. The major terms and conditions for the contract are as follows –

- ♣ The contract duration is 20 years from the date of signing and could be extended for additional period of 10 years based on mutually agreeable terms.
- ♣ GP assumes the responsibility of management, operation and maintenance of BR's telecommunication network.
- ♣ Channel capacity as per existing contract is 7,560 channels.
- ♣ Up front payment by GP to BR was BDT 120 million in a single installment.
- ♣ The guaranteed annual rentals are to be paid on quarterly basis in equal installments and shall be subject to review for enhancement based on actual growth of business and revenue at the end of the second year of the contract and thereafter every 5 years.
- ♣ The annual rentals have been revised at the end of the 7th year of initial contract through amendment 2 (signed November 17, 2004). GP will now have to pay BDT 670.845 million for the 8th, 9th and 10th (2005, 2006 and 2007) year.
- ♣ Separate rentals have been defined for optical link over Jamuna Bridge railway link, new cables along the existing cable route and new cables where no cables presently exists for which the amount for the 8th, 9th and 10th (2005, 2006 and 2007) year will be BDT 2.70 million / cable – km, BDT 19.650 Million, BDT 31.50 million respectively.
- ♣ GP may be allowed to sub-lease capacity to other operators subject to approval of MoPT. In such cases, 30% of the revenue earned by GP would have to be paid to BR on an annual basis.
- ♣ GP will use BR accommodations jointly with BR free of cost.
- ♣ Cost of electricity used by GP from BR sources will be metered separately and paid by GP.
- ♣ GP will have to provide telecom facilities, viz. station to station telephones, block communication circuits, train control circuits, etc. GP will also have to provide 400 cellular telephone sets to BR free of cost at a special airtime rate.

- ♣ Upto 250 Bangladesh Railway Telecom Department (BRTD) personnel will be taken on secondment from BR by GP to work in the system and the cost of account of pay, allowance, incentives for work outside normal responsibilities would be borne by GP.
- ♣ The contract is confined to the provision of telecommunication services only and GP will not be held responsible for any railway accident occurring due to signaling fault or any other reason.
- ♣ Dispute and differences between GP and BR will be settled by arbitration if they are not resolved amicably through negotiations between the two parties. .

2.14 Interconnection agreements with other operators

Interconnection Agreements with Mobile Operators

Interconnection agreements has been signed by GP with PBTL, TMIB, Sheba Telecom Limited (presently Orascom) and Teletalk Bangladesh Limited on January 28, 2004, February 11, 2004, March 9, 2004 and July 23, 2005 respectively. These agreements are similar in nature and the major clauses of these agreements are summarized below:

- ♣ The power supply and the accommodation for the interconnection links are to be provided by both parties at their respective ends free of cost.
- ♣ The agreements will be reviewed from time to time by both parties for changes, additions and alterations of any item when it is necessary.
- ♣ The key performance indicators to complied are route congestion and success rate The acceptable deviation from the key performance indicators is 1% in respect of Teletalk and 2% for all other operators.

- ♣ GP will pay the other operator (PBTL/ TMIB / Sheba / Teletalk) a termination fee of BDT 0.90 during peak hours and BDT 0.50 during off-peak hours, for every call made to other operator and vice versa.
- ♣ The revenue of each operator is on a "sender keep all" basis.
- ♣ If any dispute arises and the parties fail to resolve through negotiation within 30 days, the matter will be referred to Arbitration under the Arbitration Act 2001.
- ♣ Each party will have the right to terminate the interconnection agreement by giving an advance notice.
- ♣ The term of the agreement is 12 months from the date of execution of the agreement. The term will be automatically renewed for another 12 months unless, agreed otherwise by both the parties.

Interconnection Agreement with PSTN Operators

On March 28, 2005, GP signed separate contracts with 4 PSTN operators, viz. Onetel Communication Limited, Ranks Telecom Ltd., Westec Limited (Bay Phones), and Jalalabad Telecom Limited. The agreements are similar in nature and the major terms of these agreements are summarized below –

- ♣ The key performance indicators to be complied with are route congestion and success rate.
- ♣ Initially, the interconnection point at GP will be centrally at one location (Facilities Tower, Badda) – the PSTN operators will provide the necessary interconnection links from its exchange(s) up to the interconnection point in Dhaka.

- ♣ The PSTN operators have the responsibility of matching with GP's existing signaling system and network synchronization.
- ♣ GP will pay a PSTN operator a termination fee of BDT 0.90 during peak hours and BDT 0.50 during off-peak hours for every call made to that PSTN operator and vice versa. The rate will be reviewed again after six months of signing the contract.
- ♣ The revenue of each operator is on a "sender keep all" basis.
- ♣ The validity of all four contracts is 2 years. The agreement will be first reviewed after 6 months from the date of signing and then after every 3 months.
- ♣ Each party will have the right to terminate the interconnection agreement by giving 3 months advance notice
- ♣ If any dispute arises and the parties fail to resolve through negotiation within 30 days, the matter will be referred to Arbitration under the Arbitration Act 2001



Functional Division



Chapter - 3

3.1 Functional Departments

Currently, line function of the company comprises of three different tasks:

- Build & Operate
- Sells & Distribution
- Customer Care

In accordance with the above functions, four main divisions have emerged as the line organization part of the company:

- Marketing Division
- Sales & Distribution Division
- Technical Division
- Customer Management Division

The other supporting departments are:

- Finance Division.
- Human Resources Division
- Information Technology (IT) Division
- DMD
- Information Division
- Administration Division
- Corporate Affairs Division

3.1.1 Marketing Division

The activities of the Marketing Division are of two types: Market Research and Development and Market Communication.

Market Research and Development

MRD is responsible for communicating with different departments about existing products. MRD gets feedback from Customer Care, Sales, and Market Communication departments regarding customer needs and market requirements. New ideas are developed after evaluation of market demands. MRD gives shape and form to vague ideas in the process of developing a new product. It then co-ordinates

with Operation & Maintenance, Information System and Billing departments to get solutions and to check the functionality of Product features and prices.

Market Communication

The main function here is to develop concepts for promotional activities. It Includes advertisement in the leading dailies in the most effective manner within a given



budget, to arrange outdoor advertisements in the form of hoardings, billboards, mega signs etc., and promotions of gift items like dairy, calendar etc. It also analyses competitor's activities. This department is also responsible for all kinds

of publications of GP. It is the responsibility of the marketing department to design the monthly newsletter of GP.

3.1.2. Sales & Distribution Division

This division is involved in the selling & distribution procedures of GrameenPhone. All sales to companies as well as individuals are part of

this department. Some activities of the sales department include the following: formulating sales strategies, identify, contact and negotiate with corporate clients, maintain relationship with major subscribers, manage the sub-leasing of the fiber optics line, organize conferences of corporate clients, identify potential corporate clients, develop and offer special corporate packages.

The activities of the distribution department include the following: manage and improve the distribution network, work with Grameen Telecom regarding Village phone needs, appoint new agents, agent outlets and distributors, ensure availability of scratch cards, SIM cards, handsets and starter kits, train the distribution partners, organize conferences of channel partners, manage inventory, develop and implement logistics routine for distribution and reconciliation of stock among many other activities.

এক দশক। এক কোটি।



ছোট ছোট রিচার্জ

FlexiLoad এখন

মাত্র ১০ টাকা থেকে শুরু

কল্পে নতন চমকে উঠবে, হাতের তির্যকেই বা কখনো বা কখনো আর যদি FlexiLoad সিনে ফিল্ম করুন
১০ টাকা, ১০ টাকা, ২০ টাকা... ফিল্ম যাটুকু লোকাল।

- ১০ টাকা থেকে ২৯ টাকা পর্যন্ত ১ দিনের মেয়াদ
- ৩০ টাকা থেকে ৪৯ টাকা পর্যন্ত ৩ দিনের মেয়াদ

এক সপ্তক

- ৫০ টাকা থেকে ৯৯ টাকা পর্যন্ত ৫ দিনের মেয়াদ
- ১২০ টাকার উপরে ফিল্মেরি আর মেয়াদ অপরিসীম থাকবে।

গ্রামীণফোন

3.1.3. Technical Division

The technical division is vital to a service oriented company that is, to a large extent dependent on technology. It is split into two parts namely the Roll -Out Division which is responsible for building the network and Operations Division which is responsible for operate and maintenance of

the network. The department has a rather narrow span of management for close supervision and fast communication between top and lower level management. This is important, as decision-making and implementation in times of technical difficulties must be addressed as fast as possible.

The Roll-Out Division

The Roll-Out division has two sections, namely the Planning Section and the Implementation section.

Planning: The planning section is mainly responsible for Base Station related planning. It also plans the data transmission equipment from Base Station to switch.

- In addition, it is in charge of timely supply of equipment, negotiating with homeowners for building Base Station on the roof and roaming agreement with other countries.
- **Implementation:** The implementation section is responsible for construction and maintenance of Base station room, installation of Base Station hardware and start-up and operation of Base Station.

Operations Divisions

The major responsibilities of the operations division are

- (1) Operation and maintenance of Switch (MSC), Base station, transmission equipment;
- (2) Overall management of the network and
- (3) Fault detection of network.

3.1.4. Customer Management Division

Maintaining high quality customer service is one of the major requirements of large market service-oriented companies like GrameenPhone. The Customer Management Division (CMD) took up many customer-focused activities in 2005, focusing on customer relations and overall enhancement of after-sales service quality.

The division was re-organized and re-aligned with other divisions to further enhance cross-functional cooperation, in order to be able to provide a positive experience through proper and on-time delivery of customer service.



The GrameenPhone Service Desks (GPSDs) were Launched in July with a mission to take customer service to the customers' doorstep. As a result, within early 2006, more than 600 GPSDs started countrywide operation down to every Upazila-level so as to serve the customers better.

These service desks have remarkably reduced the travel time for customers from as much as eight hours to a maximum of one hour.

Operating five days a week between 10 a.m. to 6 p.m., the original idea was later expanded to include the concept of mobile GPSD- set up to meet the customers' latent need for a mobile booth from where customer managers could deliver the required after-sales services.

Additionally, from December the nine existing GrameenPhone Customer Centers, located in all the divisional headquarters, started full year-round operations between 8 a.m. and 8 p.m. thus ensuring the availability of after-sales service 365 days a year.

The CMD achieved greater efficiency, in terms of on-time service delivery, through its trained customer managers and the effective use of technology.

With the introduction of online banking and auto unbarring, bill payments made at any of the GP partner banks are updated within 5 minutes (minimum) of payment through faster electronic interconnectivity with the banks, thus ensuring prompt connectivity upon payment of bills. "Service Class" barring is in effect since July and has enabled customers to receive incoming calls despite service being barred due to non-payment of bills.

Another milestone for postpaid users was the payment of bills through FlexiLoad, an electronic recharge system, where payment is updated within 5 minutes of confirmation. This has removed the customers' need to depend only on banks for bill payments and with the added flexibility of being able to make payments even after banking hours.

"CMD on the Move" was introduced last year with the intention of reaching customers throughout the country. Banded "GrammeenPhone Grahak Katha" the concept was developed to give customer's a platform to voice their opinions and expectations of GP. Customer feedback is taken in order to use the insights to further improve service quality.



For the first time in the telecom industry in Bangladesh, Itemized bill for Prepaid users was initiated and a specialized GP Newsletter for Prepaid

subscribers was developed and delivered to keep prepaid subscribers updated about new company initiatives.

সিলেটের আঞ্চলিক ভাষাত মাতরাম লাগি
121 ডায়াল করিয়া 32 ডায়াল করইন

In an effort to become more user-friendly, a single GP Hotline number- 121- for all customers was introduced. The Hotline number has a language option for English, Bangla and six other local dialects: Barisal, Sylhet, Rajshahi, Chittagong, Noakhali and Khulna. GP subscribers can dial the 24- hour Hotline number 121 from their GP mobile phones 365 days a year. The call center capacity has been considerably enhanced, thus reducing the waiting period to enter the Hotline.

The Customer Management Division strives to take after-sales service to the customer rather than expect the customer to come to them for service. After all, positive customer experience in the key differentiator to being the industry leader.

3.1.5 Human Resources Division

Human Resources (HR) plays a vital role in the total functioning of GrameenPhone. It conducts such activities as employee recruitment, selection, transfer, promotion, training, performance appraisal. The informal structure of HR according to its functions can be classified into three main categories:

Human Resource Management (HRM)

Manpower planning is an important function of HR management section. It performs two major activities such as planning and forecasting the organization's short term and long term human resource requirements; and analyzing the jobs in the organization and determining skills and abilities that are needed.

HR Management also deals with other personnel functions like performance appraisal, leave management, show cause, termination, Dismissal, discharge, and resignation. It also issues circulars as and when required and conducts department inquiry among other functions.

Human Resources Development (HRD)

Human Resources Development functions aim to increase the quality of the human resources especially through training. GrameenPhone provides both local and overseas training on the basis of the need analysis of the employee.

HR Management Information System (HR-MIS)

HR-MIS carries out activities such as maintenance of employee related statistics; maintenance & updating employee database and other activities requiring employee data updating.

3.1.6 Finance Division

The main role of this department is financial planning and control and budgeting. In addition, it performs tasks such as methodology and development of the system, providing management information, analysis of financial statement for future action and co-ordination of information flow for inter-departmental and intra-departmental purposes

Payroll, Tax and External Affairs Department

This is a very sensitive and important segment in the finance department. This department is responsible for complying with the Companies Act and rules & regulations of the Bangladesh Government. It also works as legal advisory of tax, VAT and other external affairs. There is also an External Co-Ordination & Legal section, which is responsible for the regulatory obligation and legal findings of the Company. They handle both internal and external legal affairs. In addition there are the Accounts Department and the Cost and Budget Department.

Information System (IS) Department

Daily activities of GrameenPhone like computer applications, PABX phone system, e-mails and other internet-related issues are all managed by the Information System Department. Whenever users face any problems in the above-mentioned activities, this department provides instant help.

Information Systems Department includes the Information Department, which is responsible for information flow both within and outside the organization. In addition to the formal management structure, GrameenPhone provides a close, well-knit informal structure. Employees enjoy a recreational center with modern facilities and occasions such as GP nights celebrating achievements or rewarding competent employees. They have a well-organized Cafeteria, TV room and several other facilities for relaxation. A favorable environment to work together as a family is extremely important to GrameenPhone.

3.2 The People

The people who are making it happen – the employees – are young, dedicated and energetic. All of them are well educated at home or abroad, with both sexes (genders) and minority groups in Bangladesh being well represented. They know in their hearts that GrameenPhone is more than just about phones. This sense of purpose gives them the dedication and the drive, producing – in about three years – the biggest coverage and subscriber-base in the country. GrameenPhone knows that the talents and energy of its employees are critical to its operation and treats them accordingly.

3.3 The Technology

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

3.4 GP Fiber Optic

Sub-leasing of GP Fiber Optic Network capacity GrameenPhone Ltd. sub-leases the Transmission Capacity of its Fiber Optic Network, leased from Bangladesh Railway, commercially to the prospective business units/clients.

Policy of Capacity Sale:

- FON Division (GP) will sub-lease capacity at E1 PCM level only and would not provide last mile connectivity. The Division (GP) shall refer all clients of channel level requirement either to Its Strategic Joint Venture (X-Net) or the Dealer /Agent (Ranks ITT).
- GP (FON) would determine the selling price (highest) and the rate of discount to be given on the basis of volume and duration of contract of the E1 PCM.
- X-Net and Ranks-ITT would sell capacity at channel level only providing Last Mile Connectivity (LMC). Choice of LMC provision and the price for the last mile connectivity shall be determined by X-Net and Ranks ITT.
- Price of selling an E1 PCM shall be cheaper than selling at channel level.
- FON (GP) shall arrange a common point of termination beside the GP Installations for E1 PCM customers, including X-Net and Ranks ITT.
- FON (GP) would provide DC supply to FON customers subject to availability at a cost determined by GP for such power.

Why GP's Fiber?

- Nationwide coverage
- Technical expertise
- Robust network
- Minimum downtime for non-protective circuits
- Redundant Network option
- Cost-effective
- Right of way in the Bangladesh Railway Network
- Public but yet private enough to give best negotiated prices
- Best possible option available.

3.5 The Result

By bringing electronic connectivity to rural Bangladesh, GrameenPhone is delivering the digital revolution to the doorsteps of the poor and unconnected. By being able to connect to urban areas or even to foreign countries, a whole new world of opportunity is opening up for the villagers in Bangladesh. Grameen Bank borrowers who provide the services are uplifting themselves economically through a new means of income generation while at the same time providing valuable phone service to their fellow villagers. The telephone is a weapon against poverty.

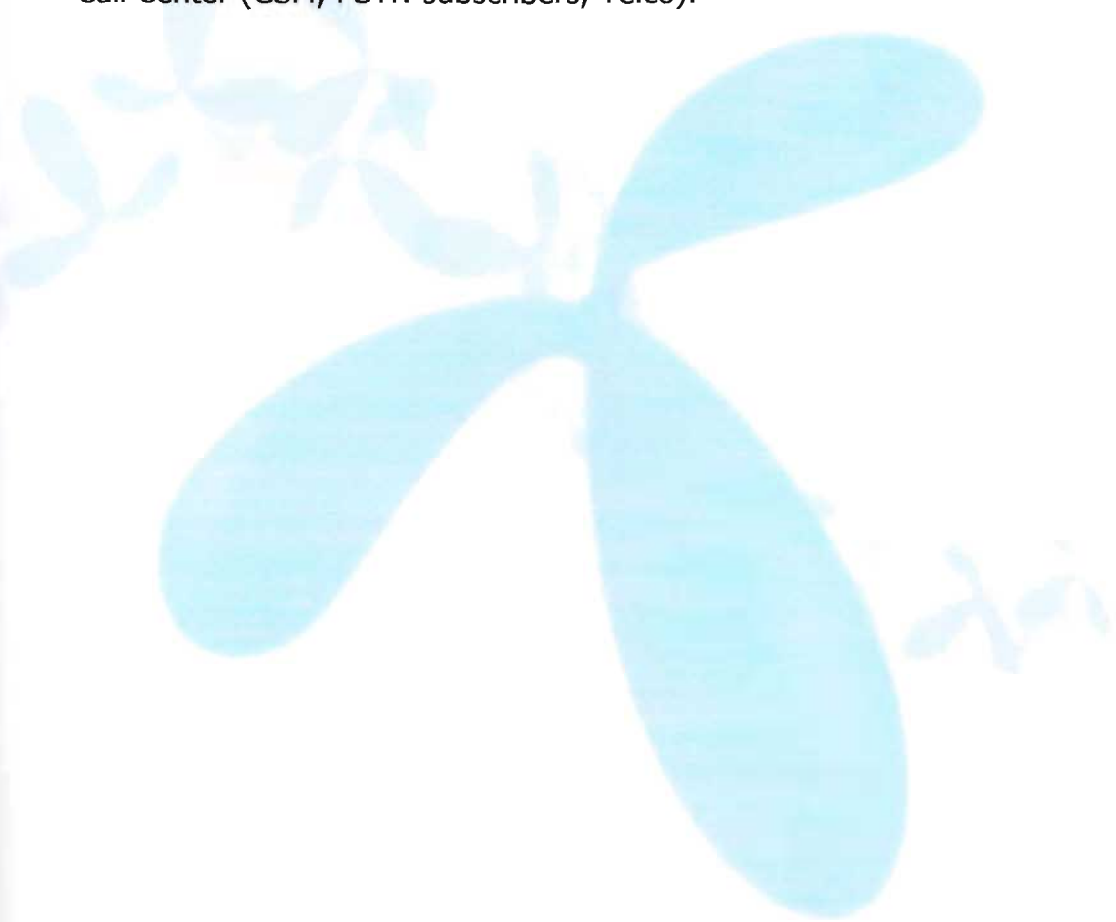
3.6 The Service

GrameenPhone believes in service, a service that leads to good business and good development. Telephony helps people work together, raising their productivity. This gain in productivity is development, which in turn enables them to afford a telephone service, generating a good business. Thus development and business go together.

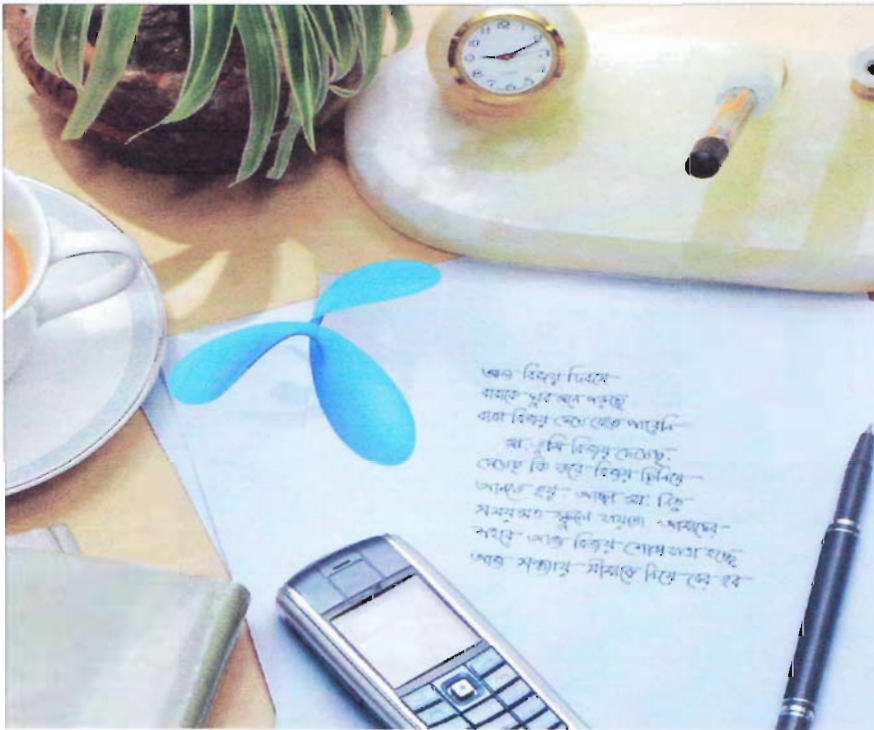


Who can avail the service?

- Small and Medium Enterprises, Industries
- Bandwidth on Demand (SME, Corporate Houses, SOHO).
- Dial up mobile Internet (Nationwide ISP)
- Cable TV (Entertainment/ Education etc.)
- Telemedicine (NGO, Medical & Healthcare Entrepreneur).
- Terrestrial Video Broadcasting (Private TV Broadcasters).
- Internet Exchange (ISP and VoIP licensees).
- Call Center (GSM, PSTN subscribers, Telco).



Product & Services



35 years of glorious Victory

Send SMS only at **35** Paisa each, all day long

- Offer valid from 15 Dec '06 midnight to 16 Dec '06 midnight '06.
- Offer valid for only P2P on-net and off-net SMS
- VAT applicable
- Conditions apply

Chapter - 4

4.0 Products Services

GrameenPhone offers a number of products and value-added services to its valued subscribers. These attractive products and services are designed to cater to the needs of the individual subscribers. We can divided all of these products into two categories; these are-

- A) Pre-Paid
- B) Post-paid

Under these two categories there are several classification based on the tariff plan and usage.

Pre-paid	1) Smile M2M
	2) Smile PSTN
	3) Djuce
Post-paid	1) GPPP (GP Public Phone)
	2) Explore package 1
	3) Explore package 2

introducing

xplore

postpaid



see inner page to xplore the details

4.1. Postpaid Products

Explore package 1

- ⊗ All existing Gp regular subscribers have been migrated to Xplore Package-1.
- ⊗ Both ways BTTB Access for Local, NWD and ISD Facility.
- ⊗ BTTB incoming free.
- ⊗ Economy ISD calling (012) facility (at a reduced rate).
- ⊗ New Value Added Services like SMS roaming, Breakfast News, Pre-activated EDGE, Reduced SMS rate for 3 F&F numbers, SMS roaming
- ⊗ Start-up offer - 25 SMS free/ 25 Voice SMS free / 5 Gp branded ring tone free.
- ⊗ Validity period for start-up offer (free VAS): 2 months from activation, offer will run till Feb.'06
- ⊗ Reduced F&F SMS rate @ Tk. 0.50.
- ⊗ SMS Roaming which will be live from Dec 07, 2006.
- ⊗ Friends & Family Options for 3 GP numbers.
- ⊗ Pulse for Xplore Package 1 is 30/30/15.
- ⊗ International Roaming facility (Terms and conditions applicable).
- ⊗ All Supplementary GSM Features.
- ⊗ Weekend offer applicable only for Fridays.

Tariff and line rent

Xplore Package 1 has come up with a very attractive and competitive tariff.

Range	Any Mobile	F&F	Weekend (Friday)	BTTB (local/NWD/ISD)	SMS Charge
Peak (8 a.m. - 11 p.m.)	Tk.2.5/min			Incoming: Free	F&F: Tk.0.50
Super Off Peak (11 p.m. - 8 a.m.)	Tk.2.0/min	Tk.1.0/min	Tk.2.0/min	Outgoing: GP Tariff + BTTB charge (Local/NWD/ ISD)	GP: Tk.1.50 Other Operator: Tk.2.00

Line Rent: Tk.150/month

BTTB Incoming is absolutely free for Xplore Package 1:

- 30 sec pulse in the 1st min for all numbers (including F&F)
- 15 sec pulse from 2nd minute onwards for all numbers (including F&F)
- For ISD & NWD calls: BTTB's Peak (8am - 10pm) & Off-peak (10pm - 8am) rate will be applicable for BTTB charge
- All figures are excluding VAT. 15% VAT will be applicable.

- Only Fridays will be considered as Weekend. Other Govt holidays will be charged as regular.
- NWD Peak 3 Tk./ min & Off Peak 1.5 Tk./min within 100 km range; if more than 100 km then NWD Peak 4.5 Tk./min & Off Peak 3 Tk./min.

Xplore Package 2

- ⊗ All existing Anytime 500 subscribers will be migrated to Xplore Package 2 by bill cycle wise.
- ⊗ In case of new activation of Xplore Package-2, no minimum commitment will be applied for first month billing.
- ⊗ No monthly access fee.
- ⊗ Monthly Minimum Commitment Fee Tk. 1200.00 (exclusive of VAT).
- ⊗ Both way BTTB Access Local, NWD and ISD Facility.
- ⊗ BTTB incoming free.
- ⊗ Economy ISD calling (012) facility (at a reduced rate).
- ⊗ New Value Added Services like SMS roaming, Breakfast News, Pre-activated EDGE, Reduced SMS rate for 3 F&F numbers, SMS roaming
- ⊗ Start-up offer - 25 SMS free/ 25 Voice SMS free / 5 Gp branded ring tone free.
- ⊗ Validity period for start-up offer (free VAS): 2 months from activation, offer will run till Feb.'06
- ⊗ Reduced F&F SMS rate @ Tk. 0.50.
- ⊗ SMS Roaming which will be live from Dec 7'06.
- ⊗ Pulse Xplore Package 2 is 1 Sec.
- ⊗ Friends & Family Options for 3 GP numbers.
- ⊗ Credit limit: Tk. 1380 (including vat of 1200) + Tk. 1000 (vat included) = 2380 Tk.
- ⊗ All Supplementary GSM Features.

- ⊖ Bill Cycle will be 10th (Incase of activation takes place between 10th – 23rd) & 24th (Incase of activation takes place between 24th – 9th) for this product.
- ⊖ Weekend offer applicable only for Fridays

Tariff and line rent

Xplore Package 2 has come up with a very attractive and competitive tariff. BTTB Incoming is absolutely free for Xplore Package 2.

No Monthly Access Fee/Monthly Line Rent

Monthly Package Fee (Minimum Usage): Tk.1200

	Any Mobile	F&F	Weekend (Friday)	BTTB (local/NWD/ISD)	SMS Charge
Flat Tariff (24 Hrs)	Tk.2.25/min	Tk.1.0/min	Tk.1.5/min	Incoming: Free Outgoing: GP Tariff + BTTB charge (Local/ NWD/ ISD)	F&F: Tk.0.50 GP: Tk.1.50 Other Operator: Tk.2.00

(Subscriber has to pay the monthly package fee if the monthly usage is below Tk. 1200. The monthly bill will be - "package fee or usage, whichever is higher")

- 1 second pulse (For all numbers including F&F).
- For ISD & NWD calls: BTTB's Peak (8am - 10pm) & Off-peak (10pm - 8am) rate will be applicable as BTTB charge.
- All figures are excluding VAT. 15% VAT will be applicable.

For any Clarification, call 121.

Introducing



smile
prepaid



see inner page for details

4.2 Prepaid Products

Smile M2M

- ☐ Prepaid Mobile to Mobile Connection.
- ☐ Attractive tariff.
- ☐ F&F Facility.-1 F & F
- ☐ Free talk-time of Tk. 50 with every new connection.
- ☐ Group talk facility at Tk. 1.50/min only among 3 Smile members.
- ☐ SMS to 1 F&F number at 50 paisa only.
- ☐ 20 free voice sms.
- ☐ Free download of 5 GP branded ring-tones
- ☐ GSM features, EDGE, Welcome Tune, Voice SMS, Balance Transfer and Flexiload are available.
- ☐ On request Itemized bill.
- ☐ Free monthly news letter.
- ☐ Reactivation of connection anytime with Free Reconnection service.
- ☐ Quarterly Thank You bonus airtime with discounts in Thank You outlets.

Tariff Plan

Outgoing Call Charges	Peak: 6.00am - 12.00am	Off Peak: 12.00am - 6.00am
GP to GP	2.50 Tk./min [2.88 Tk. With Vat]	2.50 Tk./min [2.88 Tk. With Vat]
GP to Other operator	3.00 Tk./min [3.45 Tk. With Vat]	2.50 Tk./min [2.88 Tk. With Vat]
To F&F	1.00 Tk./min [1.15 Tk. With Vat]	1.00 Tk./min [1.15 Tk. With Vat]
Group Talk (3 Smile Members)	1.50 Tk./min [1.73 Tk. With Vat]	1.50 Tk./min [1.73 Tk. With Vat]

Smile PSTN

- ☐ Pre-paid product with BTTB (Local/NWD/ISD) connectivity.
- ☐ Free BTTB incoming facility.
- ☐ Attractive tariff.
- ☐ F&F Facility
- ☐ My choice Facility.
- ☐ Free talk-time of Tk. 50 with every new connection
- ☐ Group talk facility at Tk. 1.50/min only among 3 Smile members
- ☐ SMS to 1 F&F number at 50 paisa only

- ☐ 20 free voice sms
- ☐ Free download of 5 GP branded ringtones.
- ☐ GSM features, EDGE, Welcome Tune, Voice SMS, Balance Transfer and Flexiload are available
- ☐ On request Itemized bill
- ☐ Free monthly news letter
- ☐ Reactivation of connection anytime with Free Reconnection service
- ☐ Quarterly Thank You bonus airtime with discounts in Thank You outlets.

Tariff Plan

Outgoing Call Charges	Peak: 6.00am - 12.00am	Off Peak: 12.00am - 6.00am
GP to GP	2.50 Tk./min [2.88 Tk. With Vat]	2.50 Tk./min [2.88 Tk. With Vat]
GP to Other operator	3.00 Tk./min [3.45 Tk. With Vat]	2.50 Tk./min [2.88 Tk. With Vat]
To F&F	1.00 Tk./min [1.15 Tk. With Vat]	1.00 Tk./min [1.15 Tk. With Vat]
Group Talk (3 Smile Members)	1.50 Tk./min [1.73 Tk. With Vat]	1.50 Tk./min [1.73 Tk. With Vat]
GP to BTTB Local	3.00 Tk./min + 1.70 Tk. per BTTB Call	2.50 Tk./min + 1.70 Tk. per BTTB Call
GP to BTTB NWD	3.00 Tk./min + 3.00 Tk./min	2.50 Tk./min + 3.00 Tk./min
*GP to ISD	3.00 Tk./min + ISD zone rate / min	2.50 Tk./min + ISD zone rate / min
Economy ISD Calling	3.00 Tk./min + Economy ISD rate	2.50 Tk./min + Economy ISD rate

keep talking at off-peak hours
only @ tk 0.90 to any number!

OBHABONIYO MULLORUSH

aaro aচেয়:
call your 1 special f&f only @ tk 1.00 (peak)
call djuice 2 djuice only @ tk 1.50 (peak)
call any mobile only @ tk 3.00 (peak)
sms from djuice 2 djuice only @ tk 0.50

*conditions apply **VAT applicable

• 12 am - 6 am (off-peak)



to know more call 121 or visit www.djuice.com.bd



4.3 Djuiice:

- ⊞ Pre-paid mobile to mobile product targeted at the youth segment.
- ⊞ Airtime: Tk 50 default (Free) Validity 15 Days.
- ⊞ First 50 SMS Free (djuiice TO djuiice ONLY)*.
- ⊞ 1st 10 MMS free (for djuiice to djuiice, djuiice to GP)*
- ⊞ 1st 5 GP branded RT free (from port 2000)
- ⊞ 20 second pulse from first min.
- ⊞ Xtra Card: benefits/discounts on selective Youth oriented shops and concerts.
- ⊞ Group Messaging + SMS Chat.
- ⊞ SIM Card: 200 Contacts Can be saved (3 numbers/ each Contact).
- ⊞ Djuiice SIM would be able to store up to 40 SMS messages at a time
- ⊞ Youth oriented VAS Features (Top Ring tone, Top Movie, Music Top Chart, Beauty Tips etc.) are built-in on the SIM (Tk 1.50 for each SMS).
- ⊞ Djuiice brings a website (<http://www.djuice.com.bd/>) only for the youth.
- ⊞ Only 1 U&I Number is applicable
- ⊞ A unique benefit for the subscribers of 'djuice'. This privilege card would give the user special benefits exclusive to the subscribers of 'djuice'. Some of these exclusive benefits would include discounts at popular fast-food shops, fashion outlets, music stores and sports outlets. Furthermore, the subscribers would receive special offers and discounts to special events and concerts. For any special offers Subscriber can send SMS to 177 by writing Xtra/XTRA/xtra.

☞ The subscriber would be able to receive the latest information on the music and movie chart-toppers through SMS. Subscribers have to write for MUSIC CHART: music eng send to 2777 or music hin send to 2777 and for MOVIE CHART: movie eng send to 3333 or movie hin send to 3333

☞ The user would no longer have to search for codes for ring-tone downloads or short codes for sending jokes or for codes for updates on cricket. They will all be available under a single 'djuice' menu in the djuice SIM card providing one touch access to the special contents. Using the value-added services has never been easier.

☞ This service would provide beauty-care tips from the experts in the field. Subscribers have to write bea send to 3333

☞ The special 'djuice' package will allow you to create separate groups in your contact list and send a single message to all the members of the group

☞ The user would be able to chat through SMS with many friends at once through the mobile phone

* For checking the number FREE ringtone = type *577*2# and press the send button in their handset.

* For checking the number FREE MMS = type *577*4# and press the send button in their handset.

Tariff Plan

Outgoing Call Charges	Peak: 6.00am - 12.00am	Off Peak: 12.00am - 6.00am
djuice community	1.50 Tk./min [1.73 Tk. With Vat]	0.90 Tk./min [1.03 Tk. With Vat]
djuice to GP	3.00 Tk./min [3.45 Tk. With Vat]	0.90 Tk./min
djuice to Other Operator	3.00 Tk./min [3.45 Tk. With Vat]	0.90 Tk./min
U & I (djuice / GP)	1.00 Tk./min [1.15 Tk. With Vat]	0.90 Tk./min

Business
Solutions

Business Solution

www.grameenphone.com/business



4.4. Business Solution

GrameenPhone introduces Business Solution to the business market of Bangladesh for Enhancing professional communication. It's a complete business solution to the business entities of the Bangladesh and this is a customer focused and custom made telecommunications solutions.

Business Solutions offers a new services and features for professional communication needs. A suite of Products & Services makes it easy and flexible to combine the services meeting a company's needs.

Business Solution Corporate Post-paid Tariff

Outgoing Charges	Call	Business Hour: 9.00am - 6.00pm	Private Hour: 6.00pm - 11.00pm	Super Private Hour: 11.00pm - 9.00am
GP to GP		2.20 Tk./min	2.50 Tk./min	
GP to Other mobile operator		2.50 Tk./min	2.50 Tk./min	2.00 Tk./min
FnF (3 Numbers)		1.00 Tk./min	1.00 Tk./min	1.00 Tk./min
To CUG		1.50 Tk./min	1.50 Tk./min	1.50 Tk./min
GP to BTTB Local		2.50 Tk./min+BTTB Call	2.50 Tk./min + BTTB Call	2.00 Tk./min+BTTB Call
*GP to BTTB NWD		2.50 Tk./min + NWD Charges	2.50 Tk./min + NWD Charges	2.00 Tk./min + NWD Charges
*GP to ISD		2.50 Tk./min + ISD- BTTB Charge	2.50 Tk./min + ISD- BTTB Charge	2.00 Tk./min + ISD- BTTB charge
Economy Calling	ISD	2.50 Tk./min + Economy ISD rate	2.50 Tk./min+Economy ISD rate	2.00 Tk./min+Economy ISD rate

Weekend Offer		
	To any mobile no	2.00 Tk./min
	To FnF no	1.00 Tk./min
Pvt. Hour / Super Pvt. Hour	To CUG no	1.50 Tk./min
For 24 Hours	GP to BTTB Local	2.00 Tk./min+BTTB Call
	*GP to BTTB NWD	2.00 Tk./min + NWD Charges
	*GP to ISD	2.00 Tk./min+ISD-BTTB Charge
	Economy ISD Calling	2.00 Tk./min + Economy ISD rate

NOTE:

- Only Fridays will be considered as Off Peak Hour. Other Govt holidays will be charged as regular
- NWD Peak 3 Tk./ min & Off Peak 1.5 Tk./min within 100 km range; if more than 100 km then NWD Peak 4.5 Tk./min & Off Peak 3 Tk./min
- BTTB and ISD - Peak (8AM – 10PM) and Off-Peak (10PM – 8AM)
- BTTB pulse 30 sec / min.
- 15 % vat applicable

Business Solution Journalist Package Tariff

Outgoing Call Charges	Business Hour: 9.00am - 6.00pm	Private Hour: 6.00pm - 11.00pm	Super Private Hour: 11.00pm - 9.00am
JP [Journalist Package] to JP & GP	2.20 Tk./min	2.50 Tk./min	2.00 Tk./min
GP to Other mobile operator	2.50 Tk./min	2.50 Tk./min	2.00 Tk./min
FnF (3 Numbers)	1.00 Tk./min	1.00 Tk./min	1.00 Tk./min
JP To CUG	1.50 Tk./min	1.50 Tk./min	1.50 Tk./min
GP to BTTB Local	2.50 Tk./min+BTTB Call	2.50 Tk./min+BTTB Call	2.00 Tk./min+BTTB Call
*GP to BTTB NWD	2.50 Tk./min + NWD Charges	2.50 Tk./min + NWD Charges	2.00 Tk./min + NWD Charges
*GP to ISD	2.50 Tk./min+ISD-BTTB Charge	2.50 Tk./min+ISD-BTTB Charge	2.00 Tk./min+ISD-BTTB charge
Economy ISD Calling	2.50 Tk./min + Economy ISD rate	2.50 Tk./min+Economy ISD rate	2.00 Tk./min+Economy ISD rate

Weekend Offer		
	To any mobile no	2.00 Tk./min
	To FnF no	1.00 Tk./min
Pvt. Hour / Super Pvt. Hour	To CUG no	1.50 Tk./min
For 24 Hours	GP to BTTB Local	2.00 Tk./min+BTTB Call
	*GP to BTTB NWD	2.00 Tk./min + NWD Charges
	*GP to ISD	2.00 Tk./min+ISD-BTTB Charge
	Economy ISD Calling	2.00 Tk./min+Economy ISD rate

NOTE:

- Only Fridays will be considered as Off Peak Hour. Other Govt holidays will be charged as regular
- NWD Peak 3 Tk./ min & Off Peak 1.5 Tk./min within 100 km range; if more than 100 km then NWD Peak 4.5 Tk./min & Off Peak 3 Tk./min
- BTTB and ISD - Peak (8AM – 10PM) and Off-Peak (10PM – 8AM)
- BTTB pulse 30 sec / min.
- 15 % vat applicable

Business Solution SME Post-paid Tariff

Access Fee:	150 Tk. (Condition Applied)
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Outgoing Call Charges	Business Hour: 9.00am - 6.00pm	Private Hour: 6.00pm - 11.00pm	Super Private Hour: 11.00pm - 9.00am
GP to GP	2.20 Tk./min	2.50 Tk./min	
GP to Other mobile operator	2.50 Tk./min	2.50 Tk./min	2.00 Tk./min
FnF (3 Numbers)	1.00 Tk./min	1.00 Tk./min	1.00 Tk./min
To CUG	1.50 Tk./min	1.50 Tk./min	1.50 Tk./min
GP to BTTB Local	2.50 Tk./min+BTTB Call	2.50 Tk./min+BTTB Call	2.00 Tk./min+BTTB Call
*GP to BTTB NWD	2.50 Tk./min+NWD Charges	2.50 Tk./min+NWD Charges	2.00 Tk./min+NWD Charges
*GP to ISD	2.50 Tk./min+ISD-BTTB charge	2.50 Tk./min+ISD-BTTB Charge	2.00 Tk./min+ISD-BTTB Charge
Economy ISD Calling	2.50 Tk./min+Economy ISD rate	2.50 Tk./min+Economy ISD rate	2.00 Tk./min+Economy ISD rate

Weekend Offer		
	To any mobile no	2.00 Tk./min
	To FnF no	1.00 Tk./min
Pvt. Hour / Super Pvt. Hour	To CUG no	1.50 Tk./min
For 24 Hours	GP to BTTB Local	2.00 Tk./min+BTTB Call
	*GP to BTTB NWD	2.00 Tk./min+NWD Charges
	*GP to ISD	2.00 Tk./min+ISD-BTTB Charge
	Economy ISD Calling	2.00 Tk./min+Economy ISD rate

NOTE:

- Only Fridays will be considered as Off Peak Hour. Other Govt holidays will be charged as regular
- NWD Peak 3 Tk./ min & Off Peak 1.5 Tk./min within 100 km range; if more than 100 km then NWD Peak 4.5 Tk./min & Off Peak 3 Tk./min
- BTTB and ISD - Peak (8AM – 10PM) and Off-Peak (10PM – 8AM)
- BTTB pulse 30 sec / min.
- 15 % vat applicable

Business Solution, Corporate & SME Pre-paid Tariff

Outgoing Call Charges	Business Hour: 9.00am - 6.00pm	Private Hour: 6.00pm - 11.00pm	Super Private Hour: 11.00pm - 9.00am
GP to GP	2.40 Tk./min	2.50 Tk./min	
GP to Other mobile operator	3.00 Tk./min	3.00 Tk./min	2.00 Tk./min
FnF (3 Numbers)	1.00 Tk./min	1.00 Tk./min	1.00 Tk./min
GP to BTTB Local	3.00 Tk./min+BTTB Call	3.00 Tk./min+BTTB Call	2.00 Tk./min+ BTTB Call
*GP to BTTB NWD	3.00 Tk./min + NWD Charges	3.00 Tk./min + NWD Charges	2.00 Tk./min + NWD Charges
*GP to ISD	3.00 Tk./min+ISD-BTTB charge	3.00 Tk./min + ISD-BTTB board	2.00 Tk./min+ISD-BTTB board
Economy Calling ISD	3.00 Tk./min+Economy ISD rate	3.00 Tk./min+Economy ISD rate	2.00 Tk./min+Economy ISD rate

NOTE:

- Only Fridays will be considered as Off Peak Hour. Other Govt holidays will be charged as regular
- NWD Peak 3 Tk./ min & Off Peak 1.5 Tk./min within 100 km range; if more than 100 km then NWD Peak 4.5 Tk./min & Off Peak 3 Tk./min
- BTTB and ISD - Peak (8AM – 10PM) and Off-Peak (10PM – 8AM)
- BTTB pulse 30 sec / min.
- 15 % vat applicable



4.5 GP Public Phone

- A blend of Prepaid and Postpaid Characteristics for having Bundle Fee.
- No monthly access fee
- Monthly Minimum Commitment Fee Tk. 2000.00 (exclusive of VAT).
- 10% Discount will be applicable if usage is > BDT 4,000 (excl. VAT) until Network-Age based discount (this may take some time due to the development in IT side) is implemented.
- Only Airtime charge for Outbound Voice calls (including Voice SMS, Calls to any Special Numbers) will be considered
- Both way BTTB connectivity (outgoing & incoming) with Local/NWD/ISD options
- Outgoing Pulse To GP 1 sec. from 1st minute onwards.
- Outgoing Pulse Other Operator: 30 Sec from 1st min.
- Unconditional Nation-wide Network Mobility.
- No Friends and Family Options
- Credit limit: For New Connection - Tk. 2300 (including vat of 2000) + Tk. 1000 (vat included) = 3300 Tk. For Existing Connection - Tk. 4600 (including vat of 2000) + Tk. 1000 (vat included) = 5600 T
- All Supplementary GSM Features.
- Minimum Commitment Fee will be applicable from the 2nd month of activation, i.e. only usage will be charged in case 1st bill cycle.
- Bill Cycle will be 10th (Incase of activation takes place between 10th – 23rd) & 24th (Incase of activation takes place between 24th – 9th) for this product.
- 15% VAT will be applicable on all tariffs & charges.

Outgoing Charges	Call	Peak: 8.00am - 8.00pm	Off Peak: 8.00pm - 8.00am
GP to GP		1.60 Tk./min [1.84 Tk. With Vat]	1.45 Tk./min [1.67 Tk. With Vat]
GP to Other mobile operator		1.60 Tk./min	1.45 Tk./min
GP to BTTB Local		1.60 Tk./min + 1.70 Tk. per BTTB Call	1.45 Tk./min + 1.70 Tk. per BTTB Call
*GP to BTTB NWD		1.60 Tk./min + NWD Charges	1.45 Tk./min + NWD Charges
*GP to ISD		1.60 Tk./min + ISD zone rate / min	1.45 Tk./min + ISD zone rate / min
Economy ISD Calling		1.60 Tk./min + Economy ISD rate	1.45 Tk./min + Economy ISD rate

NOTE:

- NWD Peak 3 Tk./ min & Off Peak 1.5 Tk./min within 100 km range; if more than 100 km then NWD Peak 4.5 Tk./min & Off Peak 3 Tk./min.
- BTTB and ISD - Peak (8AM – 10PM) and Off-Peak (10PM – 8AM).

4.6 The Village Phone



The Village Phone Program has continued its rapid growth. VP Program began from a social commitment made by the shareholders of GrameenPhone that "good development is good business". The program is implemented by Grameen Telecom (GTC) in cooperation with Grameen Bank, the internationally renowned micro- credit lending institution. The program facilitates women borrowers of Grameen Bank to the GSM technology through the village phones. They become effectively mobile public call offices. This not only provides rural poor with new, exciting income-generating opportunities, but it also helps to enhance the social status of women from poor rural households.

The VP works as an owner-operated pay phone. It allows the rural poor who cannot afford to become a regular subscriber, to avail of the service with loans from Grameen Bank. The loan usually is for BDT 12,000 and pays for a handset, the subscription and incidental expenses. The VP operator receives training from GTC about mode of operation, user charges etc.

Initiated in 1997, the VP Program has continued to grow at a robust pace over the years. As of June 2006, 232,229 subscribers are under VP program. The average revenue per user (ARPU) of VP subscribers is double that of the average GP business user. The revenue growth has been significant over the years. Beginning with BDT 0.53 million in 1997, the figure has risen to BDT 1,114 million in 2002 and to BDT 2,070 million at the end of 2003

The VPs in operation now provide access to telecommunications facilities to more than 60 million people living in rural areas of Bangladesh. This unique venture has gained widespread global recognition and has been featured extensively in international media. The success of the program won it the "GSM in the Community Award" given by the GSM Association in 2000. Former U.S. President Bill Clinton also lauded the innovative VP Program during his visit to Bangladesh in the same year. According to some research studies, the introduction of VPs has made a tremendous social and economic impact in the rural areas, creating a "substantial consumer surplus" for the users.

One of the studies was jointly conducted by Jahangirnagar University and the Center for Development Research at the University of Bonn in Germany. The other study was



conducted by the TeleCommons Development Group (TDG) of Canada for the Canadian

International Development Agency. "The Village Phone Program yields significant positive social and economic impacts, including relatively large consumer surplus and immeasurable quality of life benefits, the consumer surplus from a single phone call to Dhaka, a call that replaces the

physical trip to the city, ranges from 264 percent to 9.8 percent of the mean monthly household income.

The cost of a trip to the city ranges from 2 to 8 times the cost of a single phone call, meaning real savings for poor rural people of between BDT 132 to BUT 490 (USD 2.70 to USD 10) for individual calls," noted the TDG multi-media case study on the Village Phone Program."

4.7 Other Features

4.7.1. EDGE Features

EDGE means Enhanced Data Rates for Global Evolution. EDGE itself is not a Service. EDGE is a Platform / Technology built on GPRS/GSM Method of Connectivity over the Air for Data Services. Data are traveling from Point to Point in Packets. EDGE is Eight times faster than GPRS. GPRS allows data rates of 115 kbps and theoretically up to 160 kbps on the physical layer where as EDGE is capable of offering data rates of 384 kbps and, theoretically up to 473.6 kbps.

Package 1 (P1)	Package 2 (P2)
1. Contains all three services (WAP, MMS and INTERNET).	1. Contains all three services (WAP, MMS and INTERNET).
2. Pay-as-you-go service.	2. Available only for Post Paid subscribers.
3. Available for both Pre Paid and Post Paid subscribers.	3. Fixed monthly fee of Tk. 1000 for unlimited browsing.
4. No monthly fees	Monthly fixed fee will not cover the downloading cost of content from GP's WAP Site (gpsurf.net) and MMS.

5. Charge for browsing/downloading of Tk. 0.02 / Kb.	5. Charge for browsing/downloading of Tk. 0.02 / Kb.
6. Charge for MMS is event based (Tk. 5/ MMS Excluding vat)	6. Charge for MMS is event based (Tk. 5/ MMS Excluding VAT).
7. The size of the MMS should not be more than 100 Kb	7. The size of the MMS should not be more than 100 Kb.

EDGE Procedures

To Activate EDGE Service

- Go to create new message option and type EDGE(space)P1 or P2 (only for post-paid).
- Then send the message to 5000
- Subscribers will receive a confirmation message like - "Your activation request is accepted and will be activated within 72 hours. Explore Access & Share"
- Subscribers will receive three separate messages and he/she must save those messages in his/her handset with PIN 1234 (if required).

To Deactivate EDGE Service

- Go to create new message option and type cancel.
- Then send the message to 5000.

MMS (Multimedia Messaging Service)

Now you have a new, exciting way of sharing messages. With MMS you can customize your message with a variety of contents like pictures, audio and video clips (up to 100 KB), animations, music and of course, text. Share pictures of yourself, your friends and family, the places you visit. Send that important flowchart or presentation that your boss needs right away. If your handset supports it, you can also send video clips – like that excellent cover drive your favorite batsman has just played. If you don't have a camera phone, don't worry. We have loads of pictures, animations and clips that you can download on your handset and use.

WAP sites or mobile sites specially designed for mobile devices. You may not be able to access some sites that are not WAP-compatible.

<http://wap.gpsurf.net/gp>

<http://mobile.yahoo.com>

<http://mobile.google.com>

<http://mobile.msn.com> (for hotmail)

<http://wap.cricket-online.org>

<http://wap.ft.com>

<http://www.bbc.co.uk>

<http://wap.cricketonly.com>

<http://wap.livescore.com>


<http://wap.hollywood.com>

<http://wap.dhl.com>

<http://mobile.fedex.com>

Note: Successful operation after download depends on handset compatibility to the downloaded content

4.7.2 GP World and Dduniya



Welcome to

GP WORLD

Get more from your mobile

Explore your mobile world with much more exciting contents and services than ever before. GP WORLD has got everything, starting from refreshing ringtones and wallpapers to latest updates of news and sports. Its a world of variety, ready to express your mood. So step into GP WORLD.

Just type the address from your EDGE/GPRS enabled mobile phone

<http://wap.gpworld.com>


or

Send "gpworld" to 2000 from your wap configured handsets and retrieve or go to the link mentioned in the reply SMS.

For more information visit <http://www.gpworld.com>

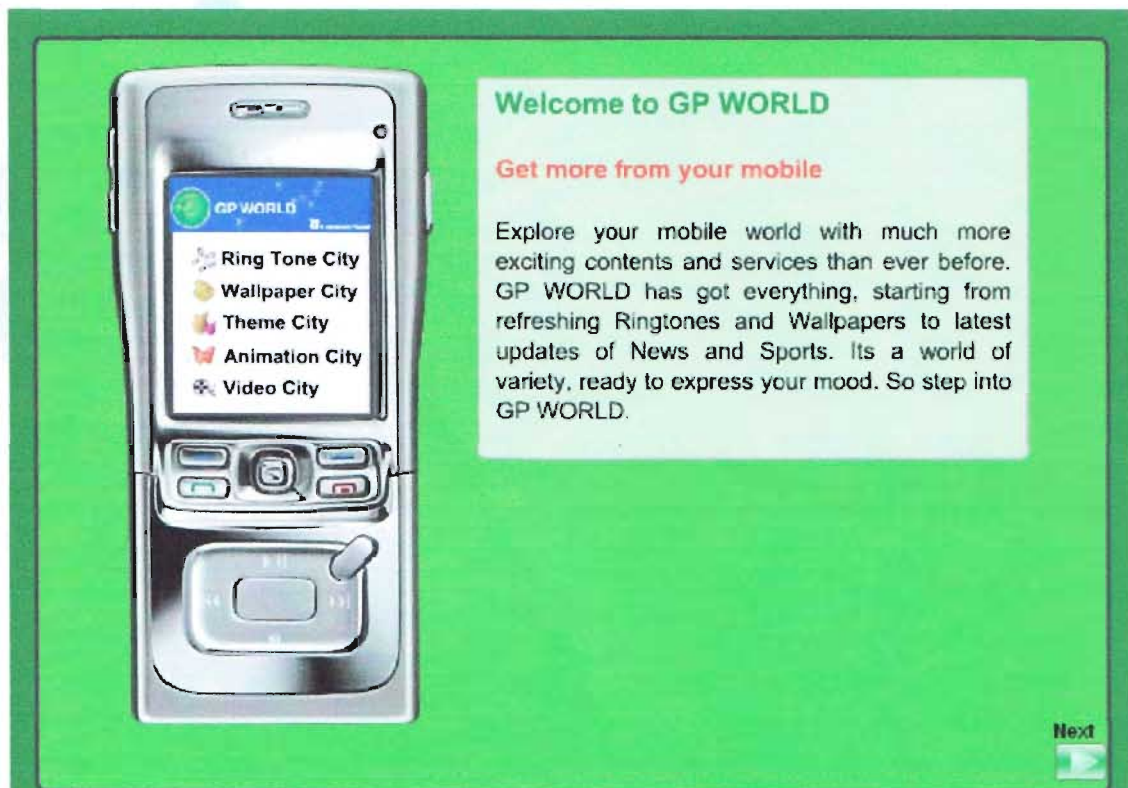
WAP setting process:
 To obtain WAP settings, send following SMS to 8089 -
 WAP <Handset Name> <Model Number>. Save the reply SMS with PIN 1234, if required.

- Handset must be configured with gp-wap for browsing and downloading
- Browsing and Content Downloading charge applicable
- Conditions apply

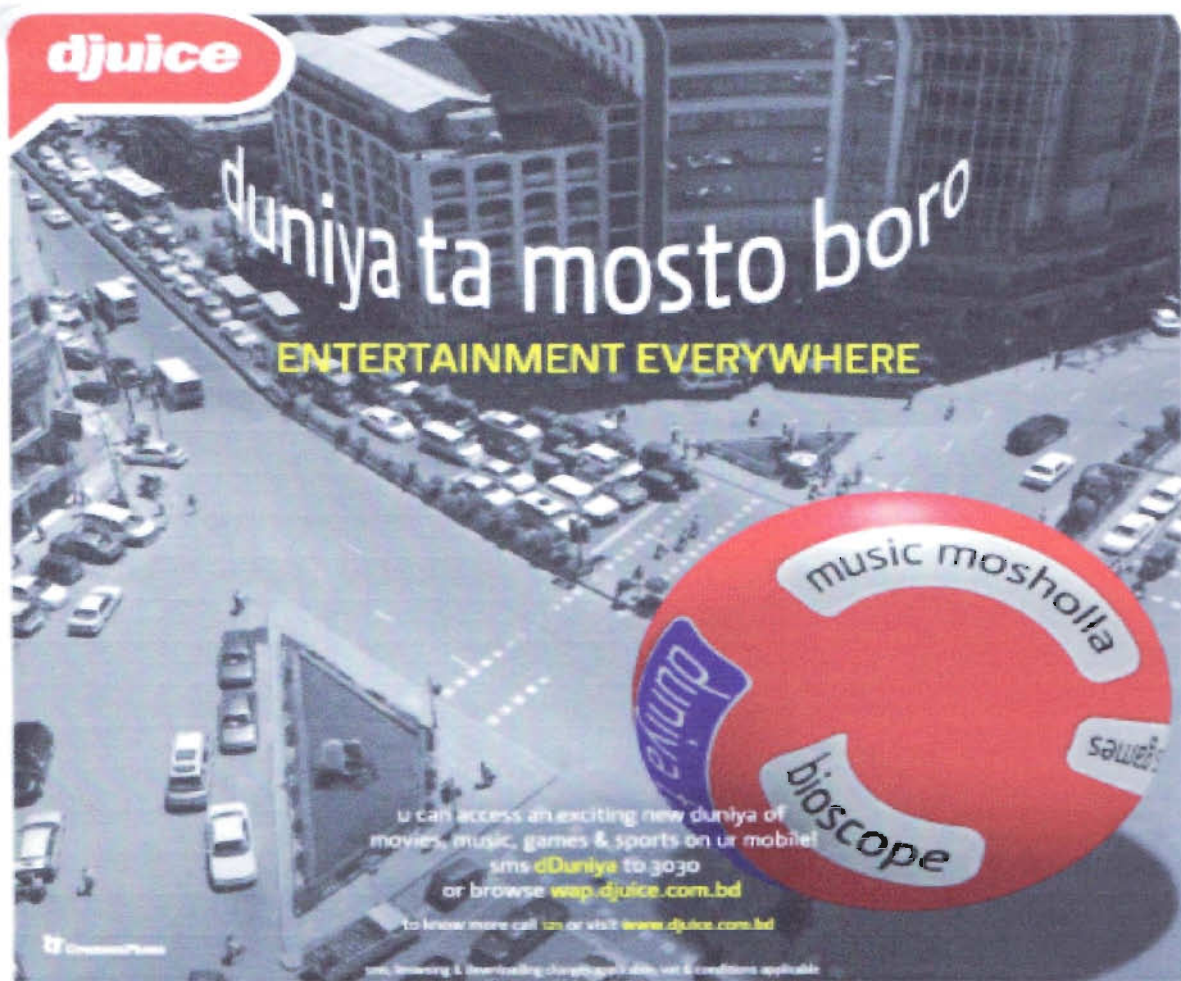


GrameenPhone

Gp world and Dduniya both are Grameenphone own promotional activity. Dduniya is specially targeted for youth group. Dduniya is a promotional activity with the product of Djuice. A subscriber can explore much more exciting contents and services from here. GP world has got everything, starting from refreshing ring tones and wall papers to latest updates of news and sports. From Dduniya a subscriber can download exclusive categories of ring tones, wall papers, music, themes etc.



For using these two website one subscriber has to have an GPRS or EDGE enable set and he or she has to be GPRS or EDGE activated.



4.7.3 Health Services

Health Line 789

- Medical Advise/Consultation from registered physicians available 24 hours a day, 7 days a week and 365 days a year. (Please note that to get this service customers will have to register and get a PIN number.)
- Drug & Pharmacy Information (Ex: In case the pharmacist gives the subscriber a medicine which is not matching as prescribed by the Doctor and the patient is confused in that case they get the clarification from 789 hotline).



- Laboratory Test Report interpretation (Ex: Suppose a customer is curious to know his/her test result, s/he can get the interpretation by calling at 789).
- Doctors & Medical Facility Information (Ex: suppose customer wants to know if there is a Dentist in Mirpur 12 no. or not and get the location as well).
- SMS reporting of Pathology tests & Radiology (EX: Customer wants to get his/her report over SMS. For this s/he has to fill in a form at the Laboratory where he/she is doing the tests and seek SMS reporting)
- Next day home delivery of lab test reports. (As per customers requirement and consent this service is also available)



কল করুন হেল্থলাইন 789

স্বাস্থ্য সংক্রান্ত যেকোন প্রয়োজনে অভিজ্ঞ ডাক্তারের পরামর্শ যেন সর্বসময় আপনার পাশে থাকে, সেজন্য গ্রামীণফোন নিয়ে এসেছে হেল্থলাইন সার্ভিস। দিনে বা রাতের যেকোন সময়ে যেকোন জিপি সংযোগ থেকে সন্ধ্যার 789 নম্বরে কল করুন।

হেল্থলাইন 789 এ যেসব সুবিধা পাবেন:

- চিকিৎসক এক স্বাস্থ্য সেতুর কোন সময় বা ঠিকানা
- ঔষধ সম্পর্কিত জরুরী তথ্য
- যেদিনের রিপোর্ট সম্বন্ধীয় তথ্য নিয়ে পরামর্শ
- জরুরী প্রয়োজনে পরামর্শ/এম্বুলেন্স সার্ভিস
- পারিবারিক অসুস্থতায় ডাক্তারী পরামর্শ *

*এই সার্ভিসটি নিতে হলে আপনাকে রেজিস্ট্রেশন করতে হবে।
রেজিস্ট্রেশন পদ্ধতিটি বিস্তারিত নিচের পাতায় দেখুন।



সেবারে সার্ভিস সঠিকভাবে

Telenor Bangladesh
Telenor Bangladesh Ltd



গ্রামীণফোন

How to Register

- Customers need to Register to get a PIN if they opt for Medical advise through 789 hotline.
- The Registration form will be available in nearest GPSDs (Grameen Phone Service Desk).
- The Annual fee is Tk 500/- which will be taken through flexiload.

Tariff Information

- The First three minutes will be charged at Tk 15/- (No pulse applicable, meaning if a customer talks for one minute within first 3 minutes of call s/he will be charged Tk 15/-).
- Tk 5/- will be charged after the first three (3) minutes onwards per minute.
- The Annual Registration fee Tk 500/- is not applicable for GP employees but the tariff and charges are applicable.

4.7.4 Thank you, program



16 Lakh subscribers received
Thank you **Bonus!**

16 lakh Pre-paid subscribers have received **Thank you** bonus talk time this October!
And more than 40,000 of them have received the highest bonus talk time of Tk. 1000!
Stay active & enjoy more bonus talk time in future.

www.grameenphone.com



30/09/08

ThankYou program is one of the most popular programs for the GP subscribers only. This program is divided into two parts. One is, provide the bonus as a talk time to the subscriber based on his or her total usage of a specific period, known as ThankYou Bonus. Another part of ThankYou program is, all Gp Subscribers will be able to get a specific discount from some specific outlets, known as ThankYou Discount.

Below I will provide the all particulars for getting the ThankYou bonus and after that ThankYou Discount

ThankYou Bonus for Postpaid product:

This offer is not applicable to VP, HVU, GPPP, SME, ERS and Corporate subscribers. Subscribers can get maximum of Taka 1000 no matter how much their usage is.

Monthly Discount Rate For General Postpaid Connections			
Years With GP	Tk. 401-2000	Tk. 2001-3000	Tk. 3001+
Greater than 6	10%	11%	12%
Greater than 3 but less than 6	9%	10%	11%
Greater than 1 but less than 3	8%	9%	10%
Less than 1	6%	7%	8%

- Post Paid Cash Back is calculated on total amount generated from outgoing voice calls only to any mobile, BTTB / PSTN phones excluding BTTB incoming/outgoing/other charges, ISD calls, Roaming, Special number calls, vat/ any other taxes and monthly line rent.

- Post Paid Cash Back is given on a bill cycle based on what a subscriber's age status is on the last day of that bill. Eg. - A subscriber whose bill cycle is January 1 to January 31 and is less than 6 years age on January 1, will get Cash Back for his/her usage in January 1 through January 31 bill cycle if he/she becomes over 6 years age on January 20.
- Cash Back received in last billing cycle will be displayed as GP Cash Back Rewards on subscriber's post paid monthly bill.
- Postpaid subscribers will be able to check their free talk time and total balance. This can be checked by typing thankyou and SMS to 9000.

ThankYou Bonus for Prepaid product:

Subscribers can get maximum of Taka 1000 no matter how much their usage is. Quarters are defined as - January - March, April - June, July - September, October - December.

Quarterly Bonus Rate For General Postpaid Connections			
Years With GP	Tk. 1381 to 1725	Tk. 1726 to 2415	Tk. 2416+
Greater than 6	6%	11%	12%
Greater than 3 but less than 6	5%	10%	11%
Greater than 1 but less than 3	0%	9%	10%
Less than 1	0%	7%	8%

- Prepaid Cash Back calculation to be given in form of free talk time is based on outgoing voice calls only excluding vat/any other tax, BTTB incoming/outgoing/other charges, ISD calls, Special number calls and Roaming.
- Only the subscribers Active on the last day of a quarter will be qualified for Prepaid Cash Back Rewards.
- Pre Paid Cash Back is given on a quarterly based on what membership status a subscriber had on the last day of that quarter.
- Prepaid Cash Back in the form of free talk time can only be used to call another GP number and must be used within 30 days of receipt. If not used within 30 days, free talk time will automatically expire.
- Charges from phone calls will be deducted from Cash Back amount first when subscriber makes a GP to GP call before any amount is deducted from amount received through purchase.
- Free talk time received in a quarter or any other free talk time received with any other offer will not count towards qualifying usage to receive future Cash Back in form of free
- All prepaid subscribers will get their bonus amount within 8 days of a quarter ends. And they will be able use the free talk time only for 30 days from 8th of the following month of a quarter.

Thank You Discount

Every time a subscriber goes to a partner place and sends SMS to 9000 to get coupon will get discount. Any GP subscriber (with 180 days or longer active subscription) who sends Partner Code to 9000 will receive an sms immediately, where the discount rate will be mention. Below I am providing the ThankYou partners name and the discount rate-

Partner_Code	Partner_Name	Partner_City	DiscountRate
1039	Mount Diagnostic center	Chittagong	15
1064	Sensiv Diagnostic Center	Chittagong	5
1096	ABC Diagonostic Centre	Sylhet	10
1038	M/S Janata Pharmacy	Chittagong	10
1040	Life Style Fitness	Chittagong	10
1010	Samorita Hospital Ltd.	Dhaka	10
1016	Mukti Clinic	Rajshahi	5
1065	Center Point Hospital	Chittagong	10
1101	Raffles Hospital	Dhaka	5
1007	Japan Bangladesh Friendship Hospital Ltd	Dhaka	12
1097	Central Hospital	Sylhet	10
1059	Hotel Mukta International	RAJSHAHI	10-May
1049	Hotel Naz Garden	BOGRA	20
1063	Uniresort	Dhaka	30
1089	Heritage Hotel	Sylhet	10
1031	The Grand Park Hotel	Chittagong	25-40
1025	The Hotel Millennium Ltd	Khulna	10
1072	Hotel Royal International	Khulna	10
1034	Top Clean Bangladesh Ltd	Dhaka	7
1019	Music Station	Rajshahi	15-May
1075	Yafi Electronics	Bogra	10
1079	Titas Multimedia	Chittagong	5
1082	Music Mantra	Chittagong	5
1092	Sumons	Sylhet	5
1042	Shoe Land	Khulna	7
1050	Shad Sports	RAJSHAHI	10
1070	New Shoes n Shoes	Khulna	7
1109	n/a	Dhaka	15
1046	CD Media	Khulna	15
1058	Momtaz	RAJSHAHI	10

1067	D Studio	Chittagong	10
1069	V. City	Khulna	7
1077	Pickys Point	Bogra	5
1105	Paan Shupari	Dhaka	15
1047	Shell Antics	Khulna	7
1052	Mita Studio	RAJSHAHI	5
1055	Classic Collection	RAJSHAHI	5
1074	MEGA SHOP	Bogra	10-Jul
1094	Genius Technology	Sylhet	10
1068	A R Enterprise	Chittagong	10-May
1028	MFC	Chittagong	15
1001	Flambe	Dhaka	10
1002	CASA GREEK	Dhaka	15-Oct
1004	Abacus	Dhaka	10
1005	Saltz	Dhaka	12
1006	El Toro	Dhaka	12
1013	Nanking Chinese Restaurant	Rajshahi	8
1029	Flamingo, Laguna restaurants --The Peninsula Chittagong	Chittagong	15
1030	The Pavillion	Chittagong	10
1033	The Mesquite Grill	Dhaka	12
1035	Heritage	Dhaka	10
1043	Grill House and Restaurant	Khulna	10
1048	Cozy Café	BOGRA	10
1076	Red Chillies	Bogra	10
1086	Snoopy	Chittagong	10
1090	Heritage Restaurant	Sylhet	5
1103	Boishakhi	Dhaka	10
1104	Deng De Lion	Dhaka	10
1107	n/a	Dhaka	10
1108	n/a	Dhaka	10

1018	Chillis Kabab	Rajshahi	10
1060	Thai House	Dhaka	12
1106	n/a	Dhaka	10
1091	Tunatuni	Sylhet	10
1014	Nanking Bazar	Rajshahi	5
1020	FKC Swimming Pool	Rajshahi	25
1003	ACE WORKSHOP	Dhaka	10
1032	Speedway Karting Ltd	Dhaka	20
1015	Nanking Beauty Center	Rajshahi	15
1044	Ritzy	Khulna	7
1083	Fair Touch	Chittagong	10
1093	Silsila Beauty Parlor	Sylhet	7
1012	Book House	Rajshahi	20-50
1008	Fit Elegance Ltd	Dhaka	7
1022	Howlader Bastralay	Khulna	5
1023	Rajshahi Silk House	Khulna	7
1026	Crocodile	Dhaka	10
1041	Fashion Hut	Khulna	10
1045	Star Boys	Khulna	7
1053	Koyel Collection	RAJSHAHI	6
1054	Mens Wear	RAJSHAHI	5
1009	Adroit International	Dhaka	7
1088	Probarton	Sylhet	5
1024	Choowa	Khulna	10
1084	Valencias Secret	Chittagong	5
1071	Apanjana	Khulna	5-Mar
1078	Woodpecker	Bogra	10-May
1061	Femina Fashion	Dhaka	10
1080	Shoipik	Chittagong	5
1087	Prachya	Sylhet	10
1100	Rupahali	Dhaka	10

1027	Revlon	Chittagong	10
1099	Charka	Dhaka	10
1085	Paris Gallery	Chittagong	5
1095	Rongpolli	Sylhet	5
1011	Ross Bohumukhi Farm Ltd	Dhaka	5
1017	Chillis Fast Food	Rajshahi	10
1021	Burger King	Khulna	10
1036	Shawarma House	Dhaka	10
1073	Quick Fast food	Khulna	10
1102	Western Grill	Dhaka	10
1037	Ocean café	Chittagong	10
1098	TABAQ	Dhaka	17
1056	Nagordola	RAJSHAHI	10
1057	Hallmark	RAJSHAHI	7
1062	Triangle	Dhaka	7
1066	Gift Gallery	Chittagong	5
1051	Hallmark	RAJSHAHI	7
1081	Karu Dhara	Chittagong	7

4.7.5 International Roaming

International Roaming (IR) service enables a subscriber to use his/her own mobile number in foreign operators' networks and to enjoy the same facilities those operators provide to their own subscribers. Charges are determined subject to International

Roaming agreement between the Home operators and those particular foreign operators. GrameenPhone has been offering International Roaming facility to its subscribers since March 1999. GrameenPhone is the first Cellular Operator providing this premium service to its valued subscribers and till today it is the only company offering International Roaming Service in Bangladesh.



While traveling abroad, a GP IR subscriber can use and enjoy all the operators' network coverage and other facilities (with whom GP has International Roaming Agreement). Subscribers of those Roaming Partner Operators' can also enjoy network coverage and facilities of GrameenPhone while visiting Bangladesh. Currently GrameenPhone has 273 International Roaming partners with networks spread across 108 countries in 6 continents as of December 2006. GrameenPhone is a GSM 900/1800 network and most of its Roaming Partners have GSM 900 or 1800 networks. However GrameenPhone also has some GSM 1900, CDMA, 2.5G, 3G and other types of operators as Roaming Partners.

GrameenPhone is recently providing two types of Roaming Services. One is voice roaming, where a subscriber (inbound or outbound) can use the Grameenphone outside of his or her own territory. Another is SMS Roaming service, a subscriber is able to send & receive only SMS. No voice call is attempted.

Roaming Procedures

How to Acquire International Roaming Services (Voice)

- Subscriber must have a GP Post paid connection (Xplore Package) with both way BTTB (local, NWD & ISD) connectivity.
- Subscriber must hold an International Credit/Debit card in his/her own name
- GP will charge BD Tk. 20,000/50,000 (Bangladeshi/Foreign nationals) from the subscriber's Int'l Credit card as refundable or adjustable Security Deposit. or GP will charge BD Tk. 10,000 (for both Bangladeshi/Foreign nationals) in the basis of subscriber's "Auto Debit" instruction.
- No Security Deposit for Corporate customer but auto debit mandatory.

SMS Roaming

With SMS Roaming, if a subscriber is not subscribed to International Roaming Service, he or she can still send and receive SMS while traveling

abroad using Xplore connection. You do not have to pay any subscription fee or submit any security deposit for availing SMS Roaming Services.

From your mobile, write SRON and send to 7000. Your SMS Roaming will be activated. To deactivate the service Type SROFF and send to 7000. The service will be deactivated.

When a subscriber will activate the SMS roaming service then automatically other voice services will be barred. After coming back to Bangladesh subscriber has to deactivate the SMS roaming service. There is a certain charge per SMS which is dependent upon the country where the subscribers are visiting.

4.7.6 Flexi Load:

This is a new pre-paid package from GP that allows consumers to recharge their account with their own desired amount without having to rely on scratch cards. Customers can recharge their accounts and even their friends' accounts with any denomination they choose, starting from Tk. 10 all the way until Tk. 10,000. Flexi Load service is now even popular to the post-paid subscribers. Because, they can pay their bill through Flexi Load which relieves them from waiting in a long queue.



There are more than 2500 dealers and retailers around the country from where post paid and pre-paid subscribers can get this advantage.

4.7.7 GP Crown Features

Based on usage range of subscribers, they will become classified. This will be done on a specific date every month. This is offered to Xplore Package 1, Xplore Package 2, Business Solution, Corporate, SME. A subscriber needs to be with us for at least 6 months before qualifying for this benefit.

The usage criterion is –

**Average Usage in last 6 months (bill cycle wise)	Membership Status
2500 to below 4500	Silver
4500 to below 6500	Gold
6500 and above	Platinum

N.B. - A subscriber's total bill for each month (excluding previous due) in last 6 months will be divided by 6 to find the average usage.)

Crown members will get different types benefits from any Grameenphone centre for different purposes. Grameenphone has two crown partners from which crown subscriber will get different benefits. These two crown partners are-

1. Bangkok Hospital
2. Raffle Hospital Singapore

4.8 Value Added Service:

In addition, GrameenPhone offers a number of Value-added Services (VAS) to its subscribers. With Grameenphone VAS, a subscriber can use his or her mobile phone to:

- Send and receive text messages, picture messages, voice messages
- Download ring tones, logos, wallpapers
- Obtain news updates, cricket score updates

- Browse the Internet and also send and receive e-mails
- Transfer data and send fax
- Participate in competitions and vote for your opinions

You will be able to use all these services whenever you need them, wherever you are. All you need is to have a GP mobile phone to get these services.

- Messaging Services
- Information Alerts
- Data Transfer
- Fax
- Entertainment Services
- Browsing the Internet
- Send and receive e-mails
- Download Contents
- Customize Your Handset
- Participate in Competitions
- Vote your Opinions

SMS (Short Message Service):

With this service, you can receive and send Text Messages (a maximum of 160 characters per message) to any other GP or City Cell mobile and to foreign operators' (international) mobiles as well (conditions apply).

How to activate SMS:

The GP Short Message Service Centre (SMSC) number is +88 017 00000 600 and it is by default stored in your SIM card. If your handset is configured with any other SMSC number, then please reset your SMSC number as +8801700000600.

SMS Push-Pull Services:

With Push-Pull service, you can enjoy more than 160 contents (Ex: Usage Info, Payment Status of last bill, Sports news, Emergency numbers, Restaurants, Airline and Railway timing, travel info etc.).

For example, to know the contact numbers of taxi cab companies:

- ✚ Go to the message option of your handset
- ✚ Write 'taxi'.
- ✚ Send the SMS to 2000.
- ✚ You will receive the list of taxi cab company numbers in return.

Voice Mail Service (VMS):

VMS works like an answering machine. When you are not available or outside the coverage area or simply busy, the caller can leave a message in your voice mail box, which you may listen or retrieve at your convenience.

How to Activate VMS:

- 🔑 Please call GP Customer Relations Hotline 121(24 hrs) to activate your Voice Mail Service.
- 🔑 After activation (min 72 hrs), you may divert the incoming calls to 100 (voice mail box number).
- 🔑 To listen or retrieve your voice mail, dial 101 from your mobile phone.
- 🔑 You can also record your customized welcome message. For details, please call GP Customer Relations Hotline (121) from your mobile phone or follow the instructions by dialing 101.

Fax and Data:

This service enables a GrameenPhone subscriber to send/receive fax and data through their handsets by connecting to a PC/Laptop. Currently, this service is offered to corporate clients only.

News Service (2221/2222):

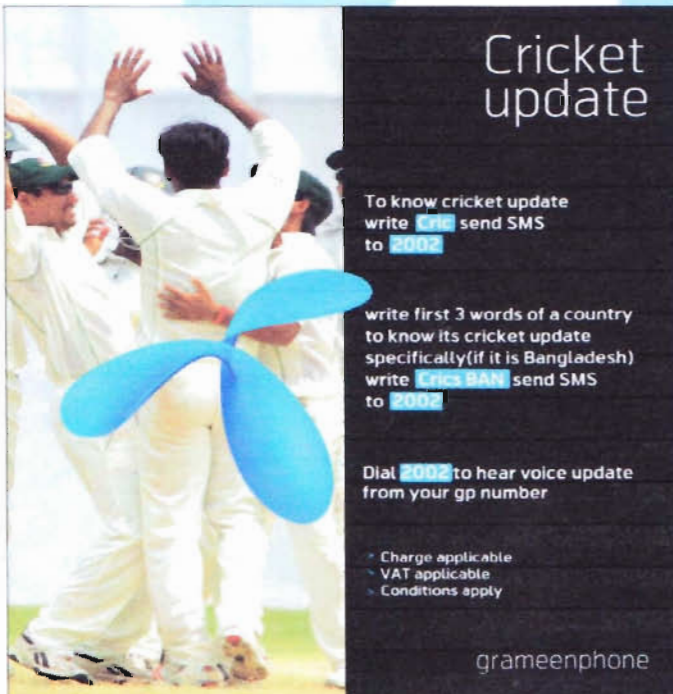
This is a news broadcasting service jointly provided by Prothom Alo and The Daily Star. A subscriber can call 2221 (Bengali)/2222 (English) from his/her GP mobile phone and listen to the latest news highlights.

Channel-I Program Schedule (2525):

2525 is a Channel -I Program schedule service. A subscriber can dial 2525 from his/her GP mobile phone and listen to Channel I program (daily) highlights.

Channel-I GP Information Services (2626):

2626 is Channel -I and GP information service whereby a subscriber can avail information on news, events of the day, transport schedule and horoscope.



Cricket update

To know cricket update write **CRIC** send SMS to **2002**

write first 3 words of a country to know its cricket update specifically (if it is Bangladesh) write **CRIC BAN** send SMS to **2002**

Dial **2002** to hear voice update from your gp number

- Charge applicable
- VAT applicable
- Conditions apply

grameenphone

Event Based Sports Update (2002):

This is an event based Sports Update service. In respect to special sport's events (For ex. international and national Cricket events). GrameenPhone updates the latest news, which can be accessed by dialing 2002.

4.9 GSM Features

GrameenPhone provides the following call handling GSM features to its valued Post-Paid subscribers.

Call diverts/ forward

Means divert or forward your incoming calls to another number. All GP subscribers can divert their calls to Voice Mail and enjoy the service. Only Post-Paid subscribers can divert the incoming calls to another mobile or fixed-line phone as per the respective product feature.

Four (4) divert options are available:

- **Not Reachable:** Incoming calls will be diverted to the Divert Number if the mobile phone is switched off or out of coverage.
- **Busy:** Incoming calls will be diverted to the Divert Number if the mobile phone is found busy/ engaged.
- **No Reply:** Incoming calls will be diverted to the Divert Number if the subscriber does not receive the call.
- **All Calls:** All Incoming calls will be diverted to the Divert Number, unconditionally and without ringing. It is not possible to receive any call until this divert is cancelled.

Select one or more divert options and press the following keys to activate or cancel divert from your handset:

Divert Type	Activate	Cancel	To view status
NOT REACHABLE	** 62 * Divert Number # SEND	# # 62 # SEND	* # 62 # SEND
BUSY	** 67 * Divert Number # SEND	# # 67 # SEND	* # 67 # SEND
NO REPLY	** 61 * Divert Number # SEND	# # 61 # SEND	* # 61 # SEND
ALL CALLS	** 21 * Divert Number # SEND	# # 21 # SEND	* # 21 # SEND

To cancel all divert simultaneously # # 002 # send

Please note that following/ Useful Information & TIPS:

Divert Number means the number where the incoming calls would be diverted. For Voice Mail Service Divert Number is 100. To access mailbox and retrieve voice message, please dial 101. Subscribers can also apply the divert feature from Call Divert/ Forward option of the handset menu. Any combination of the divert options can be activated but divert to all calls takes priority over the other options. Please cancel active barring (if any) before enabling divert.

Charges

Divert charge is applicable for diverting calls to another number except Voice Mail. There is no charge for diverting calls to Voice Mail but access to mail box and retrieval of voice message is charged at normal airtime.

Call barring:

Call Barring enables you to restrict certain types of call from your SIM card. Three Call Barring facilities are available:

- **Bar all outgoing international calls:** No ISD calls can be made through the mobile
- **Bar all outgoing calls:** No calls can be made through the mobile
- **Bar all incoming calls:** No incoming calls will be received by the mobile

Key the following as per the procedure (below) to use the service:

Bar Type	Activate	Cancel	To view status
BAR ALL OUTGOING INTERNATIONAL CALLS	* 331 * Password # # SEND	# 331 * Password # SEND	* # 331 # SEND
BAR ALL OUTGOING CALLS	* 33 * Password # SEND	# 33 * Password # SEND	* # 33 # SEND
BAR ALL INCOMING CALLS	* 35 * Password # SEND	# 35 * Password # SEND	* # 35 # SEND

Password

Password is always 4 digits and the default password for a new subscription is 0000. To change this password to another number, key the following:

To change password

* * 03 * 330 * Old Password * New Password * Repeat New Password # Send

Please note that following:

Subscribers can also apply barring feature from the Call barring option of the handset menu. Please cancel active diverts (if any) before enabling barring. In case the password is blocked due to any wrong password input, then the subscriber needs to inform us in writing with the valid signature (as signed on the subscription form) to unblock the password.

Call hold:

Call holding allows you to put the call you are talking to on hold, receive a waiting call or make a new call. Once the second call is connected, you can switch back & forth between the two calls. The button you need to press to do so depends on your handset.

Call waiting:

Call waiting is a special soft beep calling tone which lets you know that a second call is waiting during an ongoing call. You can then choose to:

- Reject the waiting call by pressing Disconnect button
- End the First call and answer the waiting call by pressing 1 and SEND
- Put the 1st call on hold and take the waiting call by pressing 2 and SEND

To activate Call Waiting simply press * 43 # SEND or activate the feature from Call Waiting option of the handset.

Call conference/ multi-party calling

Call conference allows GP Post-Paid subscribers to set up and continue a joint conversation with two or more persons (up to 5) at a time. To create a conference call, you must have one ongoing call and one call on hold. To join the two calls into a conference call depends on your handset menu and varies. Please check with the handset brochure.



Financial Overview



Chapter – 5

5.1 SWOT Analysis

Strengths

- Brand Name.
- Skilled Human Resource and excellent working environment.
- Financially Sound.
- Most & strong Geographical Coverage.
- Access to the widest rural distribution network.
- Excellent relations with media & channel partners.
- Market Leader

Weaknesses

- Coordination among different units is weak.
- Bureaucracy in recruitment & high employee turnover.
- Complicated package & expensive price structure.
- Inadequate promotion in the current competitive market.

Opportunities

- Better interconnection & optical fiber facility.
- Economic growth of Bangladesh.
- Huge demand of telecom service.
- Competitive market price & lower price of handset.

Threats

- Government regulation
- More influence of competitors on the fixed network.
- Non-cooperation of government and fixed PSTN operators
- Price war.
- Devaluation of Taka.
- Private companies are their ways to offer land phone likes Onetel, Bangla phone and so on.

5.2 Cost of Debt:

GrameenPhone debt financing is not specific to any particular project. The debt is gathered for a one year term at the beginning of the year. This is based on the company's forecasts regarding the cash requirements of the company as a whole for the year. Thus, the expected rate of return on equity remains the same regardless of the risk nature of the project. The rate of borrowing is considered to be 15%, even though currently it is below 15% for GrameenPhone.

An official at GrameenPhone quoted that the rate has not been revised as the company is not much concerned about the rate since return for the company remains extremely high.

5.3 Cost of Equity

GrameenPhone's equity portion comprises of investments of Telenor and Grameen Telecom. The expected rate of return for Telenor's investment could not be gathered. However we can use a surrogate to estimate the expected return of Telenor's investments. The Return on Equity of Telenor's Shares in the past year has been 14.33%¹. Assuming this to be the expected return on equity for Telenor's share portion at GrameenPhone we can calculate the total expected return on the equity of GrameenPhone. GrameenPhone assumes that the expected return on the investments of Grameen Telecom would be 20%. Therefore the weighted average expected return on Equity at GrameenPhone would be around 15%.

Assuming that the Low Risk investments have the same risk as the whole company, the expected rate of return on equity of these projects is considered to be equal to the expected rate of return on GrameenPhone's equity portion. The calculation for the expected rate of return on equity is as follows:

¹ source: www.telenor.com

Expected Rate of Return on Equity = (Expected Rate of Return of Telenor X Telenor's Share) + (Expected Rate of Return of Grameen Telecom X Grameen Telecom's Share)

$$= 14.33\% \times 62\% + 20\% \times 38\%$$

$$= \mathbf{16.6\%}$$
 (Approx.)

For calculation of expected rate of return on other projects, a risk premium is added to this base rate. This risk premium is decided based on the company's previous experiences and judgmental factors.

The cost of equity of projects at GrameenPhone depends on the risk of the project. An additional risk premium is added for higher risk projects. The cost of equity of different types of projects is as follows:

Type of Project	Cost of Equity
Low Risk	16.70%
Average Risk	20.00%
High Risk	25.00%

Table 1: Cost of Equity of Various Projects

5.4 Project Risk Assessment

At GrameenPhone projects can be classified under the following categories:

(a) Low Risk Projects:

Strategic Projects are considered to be low risk projects. Projects that serve the internal customers are categorized as strategic projects. These projects serve the company to become more productive and efficient thus ultimately serves the external customers. For example, a Common Service Framework (CSF) for the company was built. Under the CSF the total IT platform of the organization was merged. As a result every activity came under one umbrella and helped to integrate work.

Again, projects necessary to increase efficiency of the internal customers are considered to be low risk projects. For example, each and every employee of the organization has been provided with a PC to make the company a paper less organization; providing mobile phones to the employees has increased efficiency. These projects are necessary for the organization and guaranteed to be utilized. Thus these projects are considered to be of low risk.

(b) Medium Risk Projects:

Projects that have been tested elsewhere and have proven to be successful but have not yet been introduced to Bangladesh are considered to be medium risk projects. A recent introduction of a new Mobile Switch Control that was not previously used in Bangladesh, but was tested elsewhere was considered to be an average risk project.

Again, certain market moves are considered to be of medium risk. For example, project to launch 'Flexi LOAD' was considered to be of medium risk. 'Flexi LOAD' is a facility where the consumers can refill and transfer credit electronically. Research showed that the market would accept the feature and revenue would be generated from the project.

There lies little difference between low risk projects and medium risk projects. Most projects are categorized under 'medium risk project' as the company prefers to be extra cautious.

(c) High Risk Projects:

Projects that require high initial investment or projects that have not been launched in the target market are considered to be high risk projects. Introduction of new technology, packages and brands fall under this segment. Recent example of one such project is the launch of the new brand *djuice* which is targeted towards the youth segment of the market. The project was considered to be of high risk as the youth market of Bangladesh may have rejected the brand.

Another high risk project currently under consideration is the '**3-G Project**'. GrameenPhone would be required to change its whole network base to incorporate 3-G. Huge amount of initial investment would be required for the project. Even though this new technology has proven successful in developed countries, research indicates the market of Bangladesh does not have a need for such a product. Thus the project has been categorized to be of high risk.

5.5 Assessing Project Timeframe

The timeframe of the projects at GrameenPhone Ltd. vary from 3 to 10 years depending on the type of the project. Government regulations play an important role in determining the timeframe. The Depreciation Schedule formulated by the Bangladesh Government has a huge impact in developing the timeframe of the project. The timeframes of the different types of projects are as follows:

IT Projects

Projects related to information technology are categorized under IT Projects. For example acquiring and installing software, purchasing computer hardware, or installing and maintaining IVR of Call Center fall under IT Projects.

IT projects have the shortest timeframe among all the projects. According to the depreciation schedule of Bangladesh Government the useful life of software is 3 years. Again, the IT projects are assessed at shorter timeframes as technology becomes obsolete at a rapid pace and GrameenPhone has to repeatedly upgrade its technology to keep up with the competition. Thus all IT projects are considered to have a timeframe of 3 years.

Technical Projects:

Technical projects are not solely based on information technology, rather a whole infrastructure to support a particular function. Projects regarding to network, towers, transmission systems, heavy equipment are considered to be technical projects.

These projects are usually assessed using a time frame of 5-8 years. According to the depreciation schedule network equipments have a useful life of 5 years, while heavy equipments have a useful life of 8 years. Thus technical projects are considered to have 5-8 years timeline. These projects are usually undertaken in such a way that they would be able to sustain the growth of the company for that particular timeframe.

General Projects:

General projects, such as purchasing furniture, office equipment, etc are usually assessed with a timeframe of 5 – 10 years. This timeframe has been determined to completely abide by government regulations where normal equipments have a useful life of 5 years and furniture having a useful life of 10 years.

5.6 Estimation of Future Cash Flow

The cash flow of the project is assessed by the cash inflow and outflow of the project. At the proposal phase of the project a research is done on the cost of the project and its possible benefits. (However, this is skipped when the project is a routine project). For instance, when the new GPRS system of GrameenPhone, Edge, was launched GrameenPhone first looked at the scenario in countries around us – i.e. India, Pakistan and Sri Lanka. They made observations regarding the changes in user base and usage of the services in 12 to 36 months intervals. The major costs are also identified from their observations in other countries. The changes required in the existing infrastructure are identified.

At the second phase of this analysis, a market research is done in Bangladesh to find out the feasibility of the project in the country. GrameenPhone's internal and external consultants participate in this process. After the market potential of the project is determined, the

pricing strategy is set. GrameenPhone, though the market leader in the mobile phone industry, is now facing serious challenges from Aktel and BanglaLink. Therefore, competitors' expected pricing plan is taken into account when GrameenPhone's pricing plan is developed. The pricing plan then evolves into a rate plan which the ultimate end users see.

The outflows of the project are usually the operating expenditures required to run the project on a daily basis and capital expenditure required to setup the project. The operating expenditure usually includes day to day office maintenance, consultancy charge, training costs, annual maintenance, staff salary, etc. The capital expenditure is assessed at the vendor quoted price given after the final round of negotiations. By practice to get a project approved GrameenPhone must get quotations from at least three vendors. The procurement department then assesses the offers based on the feedback of the related department and issues pay orders if the receive clearance from finance.

Besides regular expenses the company has to calculate its working capital requirements for the project. Each project comes with its own set of working capital needs. For GrameenPhone it comes basically as inventory needed to keep the project running smoothly. The cash inflow is usually calculated as based on the revenue generated from the projected or the cost saved by the project. Cost saving is assessed through opportunity costs and the revenue figures are generated from sales figures.

5.7 Mitigation of Risk in Cash Flow:

In order to be prepared for unexpected results of projects GrameenPhone conducts sensitivity analysis of High risk projects. For example, the Edge/GPRS project: One of the features of GPRS is video streaming. Now a sensitivity analysis was done on how much the youth segment would use this feature.

In a positive situation, 5% of the users in this segment would use this feature, in a normal situation 3% of the youth of Bangladesh would use it and in case of a negative scenario only 2% of the youth would utilize the feature.

The NPV is calculated in each of these scenarios to see the variance in the. Besides considering the market share variable, other variables are also considered for sensitivity analysis in conjunction with the usage percentage variable.

5.8 Risk factors and Mitigates

There are several factors that may affect GP's ability to make timely repayments under the Facilities. The key risks and the respective mitigates are as follows:

Market risk

Risks:

GP's subscriber base may be lower than that projected. This may be a result of (a) the Bangladesh mobile market growing at a rate lower than that projected or (b) lower than projected market share for GP. An increase in competition may result in higher subscriber churn rates from other operators.

Mitigates:

The mobile market in Bangladesh has been growing at a cumulative annual growth rate of 98% over the period 2000-2004. As per GP's estimates, the addressable mobile subscriber market in Bangladesh is 38.8 million (compared with the base case financial model which assumes

a mobile market of 29.7 million by 2011). A sensitivity analysis with a 10% reduction in subscriber indicates that GP would still meet the various financial covenants and service the debt as per schedule. GP completing its planned expansion in coverage by 2006 and thereafter its capex is primarily for expansion in capacity (for the additional subscribers being added into GP's network). GP therefore has the ability to amend its capex plans depending upon the actual subscriber additions.

The ARPU (Average Revenue per User) assumption has been made on a conservative basis and has been projected to drop from BDT 900 (in 2004) to BDT 378 (2011). The ARPUs in 2005 and 2006 have been assumed to drop sharply by 29% and 22%, respectively. A further sensitivity analysis based on a 2.5% reduction in ARPU as compared to the base case indicates that GP would still meet the various financial covenants and service the debt as per schedule.

The initial cost borne by the subscriber in Bangladesh is in the range of BDT 1,000 which is a substantial sum for an average customer and works as a major disincentive for a subscriber to switch operators. Various packages offered by mobile operators incentivizing subscribers to increase usage within the network puts GP in a string position compared to other operators, given its larger existing subscriber base and superior coverage.

Project implementation risk

Risks:

During the implementation period of the expansion phase of 2006 there may be delays in supply and implementation of the equipment for this project which may result in a lower market share for GP and also in lower cash flows for GP. Furthermore the quality of the equipment may not be consistent or may be incompatible with GP's existing network resulting in further delays and cost over runs.

Mitigates:

GP has been procuring key equipment from world class companies (Ericsson AB for switches, radio equipment, Corning and Taihan for fiber optic backbone, Cisco for routers, etc.), Ericsson has been the key equipment supplier for GP till date. GP has developed in-house capability for project management and for installation of radio equipment. Ericsson is a world renowned company with the ability to manufacture, deliver and install the equipment GSM equipment. Ericsson has been the leader in the GSM telecom equipment market and is a financially strong company, with a long

term credit rating. Ericsson is one of Telenor's core suppliers worldwide and has a very good track record with GP and the Telenor Group.

Technological risk

Risks:

The global and local telecommunications industry is one of the fastest growing industries in the World. As a result, the equipment used to provide the service becomes obsolete quite quickly. Furthermore, GSM may not be the right technology choice and may become obsolete or more expensive than other available / emerging technology with similar capability

Mitigates:

Accurate and timely decision making, financial ability to meet substantial capital expenditure required to upgrade equipment is considered imperative to sustain the growth and for the continued profitability. In this respect Telenor's involvement in GP has placed the Company in an advantageous position.

GSM technology is the most widely accepted digital system in the world and used by approx. 75% of all mobile users worldwide. GSM brings the most advanced developments in cellular technology at a reasonable cost by spurring severe competition among manufacturers and driving down the cost of equipment.

Interest rate risk

Risks:

GP will have substantial amount of debt in three currencies (USD, NOK, and BDT) and the financial expenses will be a function of the LIBOR, NIBOR, BDT interest rates over the tenor of the loans. A rise in interest rate may adversely affect GP's ability to make timely repayments under the loans or strain to meet financial covenants.

Mitigates:

Several sensitivity tests have been run under the assumption increase in LIBOR rate by 3% and increase in BDT interest rate (for long term loan) by 5%. The results indicate that that GP's projected cashflows remain sufficient to meet its financial obligations and comply with financial covenants.

In order to minimize this risk, GP is also evaluating the merits of Interest Rate Derivatives products.

Foreign exchange risk**Risks:**

Majority of GP's debt is denominated in foreign currency, primarily USD. Give that majority of GP's revenues are in BDT, the operations of GP are therefore highly vulnerable to exchange rate fluctuations. There is no currency swap product available for hedging long term exchange rate risk

between BDT and any other currency. Therefore, above average depreciation of BDT against USD may lead to cash flow constraints for making timely debt repayment and also in meeting financial covenants:

Mitigates:

Under the sensitivity analysis despite the depreciation rate assumption of 10% p.a., the projected cashflows are sufficient for debt repayment and meeting financial covenants.

It must be noted that all telecom operators are also equally exposed to this risk and therefore it is likely to be passed on the consumers in the form of higher tariff rate.

Management risk

Risks:

Whether the management team and structure of GP is ideal to ensure the continuation of the success they have so far had in the market:

Mitigates:

GP has one of the best and most professional management teams in Bangladesh. They have best quality resources in all functional areas. GP also immensely benefits from migrating best practices from Telenor Group. On GP's Board, there is good representation from both the shareholder groups and the relationship between the management and the shareholders is also harmonious well structured and formalized.

Country risk (risk of expropriation, capability to source foreign currency)

Risks:

There is a risk of expropriation of the operation / assets of GP and also the risk of insufficient foreign currency in the market to enable GP to make its debt repayments under the loans.

Mitigates:

The regulatory framework of Bangladesh gives strong protection to foreign investors against expropriation and nationalization. GP is also one of the biggest success stories of GOB in terms of bringing in FDI in the country.

GOB has always been extremely cautious in managing the countries FX reserves and flows to ensure that there is never a non-availability of FX scenario. GOB for its own repayment of external debt has an absolutely clean record. As far as the private entities foreign borrowings are concerned, there has not been any incidence since inception of Bangladesh where a private company has defaulted due to non-availability of FX in the country. In three out of last four financial years, the countries current account balance was positive.

Regulatory risk

Risks:

There may be potential disputes relating to GP's license or other rights of operation that may compromise GP's profit potential and thereby making it difficult for GP to fulfill debt obligations or meet financial covenants.

As per the licenses granted to all mobile operators in Bangladesh, operators are required to collect an annual license fee and royalty from each subscriber. In November 2002, pursuant to a stay order issued by the Supreme Court, BTRC instructed operators to stop collecting the fee from customers. In August 2004, the stay order was vacated and, in September 2004, BTRC issued a letter to GP instructing it to make a payment in respect of the fee and royalty. It is unclear, at present, whether this instruction applies to fees and royalties that would otherwise have been collected in 2002, 2003 and 2004, or if it only applies from the date of the letter onwards. The issue is currently being considered by the courts. If the court determines that GP is required to make a payment for the entire period, it will be difficult to collect such amounts directly from the subscribers. GP will consider introducing additional tax-fees on customers or to subsidize the fees.

Mitigates:

GOB stated telecom policy is towards increasing the teledensity in the country. Mobile telephony is playing a key role in this, with GP being in the forefront. Considering the benefits to an economy with increasing teledensity, GOB may be expected to maintain its policies towards facilitating proliferation of mobile telephony. Since its inception in 1997, GP has always been a law abiding corporate citizen well accepted and regarded by the community and the regulators.

As mentioned earlier, GP is one of the largest contributors to the national exchequer of the GOB therefore it would be in the interest of GOB for GP to run successful operations.

6.0 Observations and Recommendations

Some of the weaknesses of the project evaluation system observed at GrameenPhone are:

1. The profitability/revenue forecasts of a particular project are often times recommended by the concerned department. Therefore, the natures of the managers of the different divisions affect the process. If the manager is an optimistic one, he would obviously paint a rosy picture of the future expected revenue and cost savings.
2. In most of the cases the decision to finance the project is made before even calculating the NPV of the project. Competitive pressure often forces the company to act reactively forgoing a thorough analysis of the projects. Besides, once the decisions are made at the top level of the organization, the financial analysis of the project basically becomes a pointless exercise – only designed to support the managers in their decisions.

The expected rate of return on equity used at GrameenPhone even for high risk projects is 25%. In 2005, 2004 and 2003, the return on equity for GrameenPhone was 37.9%, 50.2%, and 50%² respectively. Using such a low expected rate of return makes most of the projects at GrameenPhone a profitable one. It ignores the fact that on an average the expected return on equity for the stockholders is higher than what the project would give.

The changes that can be made to avoid these problems are as follows:

- I. Adjust the expected rate of return used in calculating the weighted average cost of capital to reflect the actual returns of companies operating in this sector. Proper analysis should be conducted keeping various risk factors of the market in to consideration.
- II. Track the performance of each type of project, evaluating the difference between forecasted results and actual outcomes to identify and correct errors in forecasting cash flows for future projects.

² source: Annual Report 2003, 2004, 2005

7.0 Conclusion

GrameenPhone is one of the largest foreign direct investments in Bangladesh. The company, after its inception in 1996, has grown rapidly into the leading mobile phone service provider of the country.

GrameenPhone operates in a very fast growing and increasingly competitive market. The decisions made by the company at this stage are crucial in securing its future position as the leading mobile phone service provider in the country.

The company uses a set discount rate based on the weighted average cost of capital and adjusts it by adding risk premiums to suit different risk characteristics of the projects. There are set guidelines for categorizing projects based on their risk profiles. The timeframe they use is basically based on government regulations on the estimated lifespan of the equipments and infrastructure. The cash flow is estimated based on input from the different divisions regarding the profitability and market potential of the project. Sensitivity analysis is conducted to evaluate the impact of different variables on the projects outcome.

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