Case Study 02 – BSCCL

BSCCL stands for **Bangladesh Submarine Cable Company Limited**. It is a state-owned company in Bangladesh responsible for providing high-speed internet connectivity through submarine cable systems. BSCCL manages the country's submarine cable operations, ensuring international data transmission and connectivity. It plays a critical role in the country's telecommunication infrastructure by operating and maintaining submarine cable systems that connect Bangladesh to global internet networks.

Progress Over the Last 10 Years

Over the past eight years (2013–2024), Grameenphone has demonstrated consistent growth in revenue and profitability, supported by significant investments in technology and infrastructure. However, operational costs, regulatory challenges, and market competition have influenced its financial stability. The company has also emphasized sustainability and customer-centric innovations during this period.

BSCCL Ratio Analysis (2014-2023)

01.Profitability Ratios

Gross Profit Margin = ((Gross Profit ÷ Revenue) × 100); This measures operational efficiency and profitability.

**Analysis:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **GPM** | **Gross Profit** | **Revenue** |
| 2013-14 | 68.7% | 517,828,751 | 753,744,790 |
| 2014-15 | 51.65% | 279,302,944 | 540,683,784 |
| 2016-17 | 65.85% | 682,676,986 | 1,036,725,252 |
| 2017-18 | 56.39% | 792,267,089 | 1,405,036,220 |
| 2018-19 | 26.26% | 1,334,911,461 | 1,955,665,973 |
| 2019-20 | 75.82% | 1,894,475,457 | 2,498,642,388 |
| 2020-21 | 82.6% | 2,848,613,515 | 3,448,526,860 |
| 2021-22 | 84.84% | 3,747,781,217 | 4,417,441,269 |
| 2022-23 | 82.99% | 4,277,924,681 | 5,154,911,960 |
| 2023-24 | 79.07% | 3,151,488,184 | 3,985,484,227 |

**Insight:** The gross profit margin is mostly between 70-80%, reflecting good operational efficiency.

02. Liquidity Ratios

Current Ratio = (Current Assets ÷ Current Liabilities); This ratio evaluates the company's ability to meet short-term obligations with short-term assets.

**Analysis:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **Current Ratio** | **Current Asset** | **Current Liability** |
| 2013-14 | 6.49 | 2,599,323,034 | 400,772,368 |
| 2014-15 | 2.40 | 1,553,310,091 | 647,317,577 |
| 2016-17 | 3.49 | 2,712,755,209 | 778,384,565 |
| 2017-18 | 2.48 | 3,166,318,254 | 1,277,640,618 |
| 2018-19 | 2.60 | 4,547,382,812 | 1,747,312,724 |
| 2019-20 | 2.60 | 5,665,478,464 | 2,175,928,393 |
| 2020-21 | 3.40 | 7,086,118,262 | 2,084,957,245 |
| 2021-22 | 3.32 | 8,721,400,799 | 2,626,441,902 |
| 2022-23 | 3.35 | 7,688,620,099 | 2,291,700,780 |
| 2023-24 | 4.20 | 8,173,854,655 | 1,946,098,816 |

**Quick Ratio:**

03. Debt Ratio

Debt Ratio = (Total Liabilities ÷ Total Equity); This ratio measures the financial leverage of the company.

**Analysis:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **Debt Ratio** | **Total Equity** | **Total Liability** |
| 2013-14 | 0.15 | 4,054,468,522 | 711,301,663 |
| 2014-15 | 0.29 | 4,033,609,513 | 1,665,450,059 |
| 2016-17 | 0.40 | 6,008,997,673 | 3,954,018,434 |
| 2017-18 | 0.44 | 5,884,371,531 | 10,168,777,184 |
| 2018-19 | 0.44 | 6,387,676,847 | 5,024,589,796 |
| 2019-20 | 0.44 | 6,750,015,017 | 5,399,871,184 |
| 2020-21 | 0.38 | 8,656,670,966 | 5,249,951,109 |
| 2021-22 | 0.37 | 10,662,571,054 | 6,205,981,769 |
| 2022-23 | 0.33 | 14,025,513,555 | 6,803,692,240 |
| 2023-24 | 0.30 | 15,345,995,967 | 6,693,222,809 |

**Insight:** The Debt Ratio is consistently high, indicating a heavy reliance on debt financing.

04. Activity Ratio

Asset Turnover Ratio= (Revenue ÷ Total Assets); This evaluates the efficiency of asset utilization.

**Analysis:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **Total Asset Turnover** | **Total Asset** | **Revenue** |
| 2013-14 | 0.16 | 4,765,770,184 | 753,744,790 |
| 2014-15 | 0.09 | 5,699,059,487 | 540,683,784 |
| 2016-17 | 0.10 | 9,963,016,041 | 1,036,725,252 |
| 2017-18 | 0.13 | 10,433,680,222 | 1,405,036,220 |
| 2018-19 | 0.17 | 11,412,266,642 | 1,955,665,973 |
| 2019-20 | 0.21 | 12,149,886,201 | 2,498,642,388 |
| 2020-21 | 0.25 | 13,906,622,078 | 3,448,526,860 |
| 2021-22 | 0.26 | 16,868,552,827 | 4,417,441,269 |
| 2022-23 | 0.25 | 20,829,205,798 | 5,154,911,960 |
| 2023-24 | 0.18 | 22,039,218,780 | 3,985,484,227 |

BSCCL Asset Analysis (2013-2024)

1. Non-Current Assets

Non-Current Assets include Property, Plant, and Equipment, Intangible Assets, Right-of-Use Assets, and Other Non-Current Assets, which are critical for long-term operations. Other Non-Current Assets have fluctuated over the years, indicating adjustments in long-term holdings.

2. Current Assets

Current Assets include Inventories, Trade Receivables and Others, Cash and Cash Equivalents, and Total Current Assets, which are essential for short-term liquidity. Total Current Assets have seen fluctuations, which can impact the company's liquidity.

BSCCL Equity & Liability Analysis (2013-2024)

1.Shareholder’s Equity

Shareholders' Equity represents the ownership stake in the company and is a critical indicator of its financial stability. This section includes Share Capital, Share Premium, Retained Earnings, and Total Equity.

Over the period from 2013 to 2024, the equity components have shown stability, indicated consistent ownership and retained profits. Below is the detailed trend analysis:

**Share Premium:** The share premium remained stable, indicating no additional shares issued at a premium.

**Retained Earnings:** Retained earnings have fluctuated slightly, reflecting changes in profit reinvestment. For instance, retained earnings were highest in 2023 (detailed in graph).

**Total Equity:** While total equity has shown moderate growth, it was largely influenced by retained earnings.

This stability in equity demonstrates Grameenphone's focus on consistent shareholder returns and reinvestment of profits.

1. **Liabilities**

Liabilities indicate the obligations of the company, categorized as Non-Current Liabilities and Current Liabilities. Understanding the liabilities provides insights into the company’s financial risk and operational health.

**Non-Current Liabilities:** These have fluctuated slightly over the years.

**Current Liabilities:** This highlight increasing operational obligations.

**Total Liabilities:** This increase suggests higher reliance on external financing for operations and expansions.

While liabilities are increasing, the company has balanced its financial structure to manage long term obligations effectively.

Complete Analysis Summery (2013-2024)

BSCCL demonstrates a robust liquidity position, as evidenced by strong quick and current ratios. This indicates the company's capacity to meet its short-term obligations without significant reliance on less liquid assets like inventory. Such a healthy liquidity profile suggests BSCCL's ability to manage its financial commitments effectively, which is crucial for sustaining operations and ensuring investor confidence.

Over recent periods, BSCCL has experienced notable revenue growth, driven by the increasing demand for internet bandwidth and the expansion of its submarine cable infrastructure. This growth has solidified its position as a critical player in the telecommunications sector, enabling it to leverage new market opportunities and enhance its competitive advantage in both local and international markets.

The company has made significant strides in improving operational efficiency by streamlining processes and controlling costs. These efforts have translated into higher profitability margins, underscoring BSCCL's ability to generate value for its stakeholders. The company's strategic focus on innovation and service diversification further supports its potential for long-term growth and resilience in an evolving industry landscape.

BSCCL's financial analysis reveals a strong liquidity position, indicating its capability to meet short-term obligations effectively. The company's steady revenue growth, fueled by increasing demand for internet services and strategic infrastructure investments, underscores its prominent market position. Additionally, BSCCL's focus on operational efficiency has led to improved profitability, reflecting its commitment to sustainable growth. Overall, BSCCL is well-positioned to capitalize on future opportunities, maintaining financial stability and enhancing shareholder value.