



**Minutes of Annual General Meeting  
2012/13 of Dhivehi Raajjeyge Gulhun Plc**

**12<sup>th</sup> August 2013,  
Nasandhura Palace Hotel, Male'**

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**A. OPENING AND QUORUM**

1. The Annual General Meeting 2012/13 of Dhivehi Raajjeyge Gulhun Plc (Dhiraagu) held on 12<sup>th</sup> August 2013 at Nasandhura Palace Hotel, Male' commenced with the recitation of the Holy Qur'an.
2. Having the required quorum of minimum 5 Shareholders representing a minimum of 20% of the Company's share capital as required under the Company's Articles of Association, the Chairperson Mr. Ibrahim Athif Shakoor declared the meeting open at 8:40pm with the presence of 15 Shareholders in person and 74 represented by proxies, representing a total of 71,993,966 shares.

**B. IN ATTENDANCE**3. Board of Directors

Mr. Ibrahim Athif Shakoor (Chairperson/Non-executive Director Government of Maldives)

Mr. Murad Ali Murad (Non-executive Director Batelco Group)

Mr. AbdulRazzaq Al Qassim (Non- executive Director Batelco Group)

Mr. Ihab Al Hinnawi (Non-executive Director Batelco Group)

Mr. Ibrahim Shareef Mohamed (Independent Director)

Mr. Ismail Waheed (Executive Director/Chief Executive Officer & Managing Director)



4. Ms. Idham Hussain (Non-executive Government of Maldives Director) was unable to attend the Meeting and sent her sincere apologies.

5. Ms. Maryam Manal Shihab (Company Secretary/Manager Investor Relations)

6. Auditors

Representatives from the Company's Auditors KPMG Ford, Rhodes, Thornton & Co. (Chartered Accountants), Mr Raditha Alahakoon was present..

7. Lawyers

Mr. Shahdy Anwar, a partner of Company's external lawyers Suood & Anwar LLP. was present.

8. Regulators

Mr. Fathimath Shafeega (Chief Executive Officer, Capital Market Development Authority)

Ms. Mariyam Visam (Director General, Capital Market Development Authority)

Mr. Hassan Manik (Managing Director, Maldives Stock Exchange)

Mr. Mujthaba Moosa (Officer, Maldives Stock Exchange)

9. Dhiraagu Senior Management

Mr. Ismail Rasheed (Chief Executive)

Mr. Avnish Jindal (Chief Financial Officer)

Mr. Ishaag Usman (Financial Planning and Analysis Manager)

Ms Hazrath Rasheed (General Counsel)

**C. AGENDA**

10. Chairperson read out the Agenda for the Meeting published on 28 July 2013 (in compliance with the legal and regulatory requirements) which reads as follows:

- i. Recitation of the Holy Qur'an.
- ii. Welcome Address and Introduction of Board Members.
- iii. Passing the Minutes of the previous years' General Meeting.
- iv. Passing of Resolution to Elect the Independent Director for the Company.
- v. Passing of Resolution to Approve the Annual Report and Audited Financial Statements 2012/13.
- vi. Passing of Resolution to Approve Final Dividend for the year 2012/13.
- vii. Passing of Standing Resolution to Offer Interim Dividend for the year 2013.
- viii. Passing of Resolution to Re-appoint KPMG (Chartered Accountants) as the Auditor of the Company.
- ix. Any Other Business.

11. The Agenda of the Meeting was approved and adopted by the Shareholders.

12. The Chairperson highlighted the following as housekeeping matters:

- Requested everyone present at the Meeting to switch mobile phones to silent mode;
- A general Q&A Session will be held at the end of the Meeting – but upon introduction of each resolution, time will be given for Shareholders to ask specific questions in relation to the resolution prior to being tabled for voting;



- Participation in the Q&A sessions during the Meeting will be limited solely to the Shareholders/Proxies present;
- Immediately upon conclusion of the AGM a press conference will be held by the Board of Directors for the Media.

#### **D. MINUTES OF MEETING OF PREVIOUS YEARS' GENERAL MEETING**

13. The Minutes of the 23<sup>rd</sup> General Meeting was published on the Company's Official Website within 30 days from the conclusion of the 23<sup>rd</sup> General Meeting. As there were no requests for changes/amendments from the Shareholders/Proxies at the Meeting, the Minutes of Previous years' General Meeting was taken as correct and adopted.

#### **E. NOTICE**

14. In compliance with the legal and regulatory requirements, the Notice of the Meeting, together with the explanatory notes was published on the Company's Official Website as well as on one television, radio and newspaper media on 28<sup>th</sup> July 2013 announcing 12<sup>th</sup> August 2013 as the date for the Meeting and the venue as Nasandhura Palace Hotel, Male' beginning at 2030hrs.
15. With the Shareholders' consent, the Notice of the Meeting was taken as read by the Chairperson.



#### **F. REVIEW OF THE YEAR**

16. A video illustrating the overview of the Company and its performance during the Financial Year 2012/13 focusing on the following aspects were shown:
- Background of the Company;
  - Telecommunications Network of the Company;
  - Distribution Network of the Company;
  - Company Employees;
  - Corporate Social Responsibility of the Company;
  - Share Structure of the Company and details of new majority Shareholder, Bahrain Telecommunications Company B.S.C;
  - Financial Highlights for the Financial Year ended 2012/13;

- Information on Dividend Declaration for the Financial Year ended 2012/13.

#### **G. VOTING PROCEDURE**

17. Chairperson outlined the rules and procedure for voting in the Meeting as per the Company's Articles of Association (Articles 58 and 59):

- voting is to be conducted and any resolution put to vote at the Meeting will be decided on a show of hands i.e. one vote per shareholder (unless a poll is demanded);
- a poll may only be called whereby it is demanded by Shareholder(s) (and/or their proxies) present at the Meeting who have at least ten per cent (10%) of the total of all Shareholders who have the right to vote at the Meeting;
- on a poll, every Shareholder present in person or represented by proxy will have one vote for every share he or she holds;
- as the resolutions proposed are ordinary resolutions, a simple majority of 51% of those shareholders/proxies present at the Meeting is required for the resolutions to pass.



18. The Chairperson announced that as total number of Shareholders present/represented at the Meeting were 89 (15 by person and 74 by proxy), a minimum of 45 votes in favour was required for a resolution to pass.

#### **H. RESOLUTION TO ELECT INDEPENDENT**

19. The 'Notice for Nomination for the Independent Director' and the 'Application Form for Directorship of Dhiraagu Plc' (Application Form) were published on 6th May 2013 with 20th May 2013 as the deadline for submission and set out the Evaluation Criteria as decided by the Remunerations & Nominations Committee. As no applications were submitted, the deadline for submission was extended to 27 May 2013 and published on the Company's website and various news media. Only 1 (one) completed Application Form was received before the extended deadline (i.e. that of Mr. Ibrahim Shareef Mohamed).

20. As per the recommendation from the Remunerations and Nominations Committee, the Board of Directors proposed to submit to the Shareholders for consideration and approval, the name and biographical details of Mr Ibrahim Shareef for the position of Independent Director of the Company Board of Directors until the conclusion of the next Annual General Meeting of the Company. Biographical details of Mr. Ibrahim Shareef recommended by the Board of Directors for the position of Independent Director of the Company's Board were presented to the Shareholders at the Meeting<sup>1</sup>.
21. As the Shareholders did not have any specific questions in relation to the proposed Resolution, the Chairperson then requested one of the Shareholders/Proxies present at the Meeting who did not participate in voting to volunteer to assist in and be present at the vote counting process for the election of the Independent Director, Mr. Hassan Shujau<sup>2</sup> volunteered and assisted with the vote counting process.
22. Voting was conducted on a show of hands with the 84 votes in favour of approving the nomination with 5 shareholders abstaining from voting.
23. Having received 84 votes in favour, the Chairperson declared that the Shareholders have **RESOLVED** to re-appoint Mr. Ibrahim Shareef Mohamed as the Independent Director to the Company's Board of Directors until the conclusion of the next Annual General Meeting of the Company.



#### **I. RESOLUTION TO APPROVE THE DIRECTORS' REPORT AND ANNUAL AUDITED ACCOUNTS**

24. The next Resolution proposed by the Board of Directors to the Shareholders was to approve Directors' Report and Annual Audited Accounts for the Financial Year 2012/2013.
25. As the Shareholders did not have any specific questions in relation to the proposed Resolution, the Chairperson presented the Directors' Report and the Annual Audited Accounts for the Financial Year 2012/2013 for the Shareholders' consideration and approval.

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<sup>1</sup> Biographical Briefs of Mr Ibrahim Shareef was published with the Notice of the AGM and hard copies provided to attendees of the Meeting.

<sup>2</sup> (A115358)

26. The Shareholders **RESOLVED** to adopt the Directors' Report and the Annual Audited Accounts for the Financial Year 2012/2013 with 84 Shareholders voting in favour.

**J. RESOLUTION TO APPROVE FINAL DIVIDEND**

27. The third Resolution proposed by the Board of Directors to the Shareholders was to approve a final dividend of MVR 374,706,000.00 at MVR 4.94 per ordinary share (equivalent to USD 24.3 million) for the financial year 2012/13.
28. Prior to tabling the Resolution for Shareholder consideration, the Chairperson invited shareholders to raise any questions with regards to the floor to the shareholder the CEO, Mr. Ismail Waheed and the Finance Team to explain the Dividend Policy of the Company.
29. One shareholder requested permission to ask a question, and noted that the dividend paid is MVR 706 million, where as the profit after tax is MVR 598 million and wanted clarifications on how dividend is determined, and also raised concern over the sustainability of such a dividend.
30. In response to the query, the chairman explained that as disclosed in the last AGM, Dhiraagu's dividend policy is based on cash availability rather than profit after tax. Under this policy, after determining the free cash available for distribution, the financial performance of the Company is considered and US\$ 15 million equivalent is reserved to ensure the smooth functioning of the Business. The excess free cash then available is distributed to the Company's Shareholders as dividends. The Chairman further explained that the Board of Directors have now resolved to review the dividend policy, which will be taken up as soon as possible, and if the board finds out that the dividend policy needs to be revised, the board will revise the dividend policy.
31. As the shareholders had no further questions, the Chairperson proposed to the Shareholders to declare and approve a final dividend of MVR 374,706,000.00 at MVR 4.94 per ordinary share (equivalent to USD 24.3 million) for the financial year 2012/13 payable to Shareholders registered with the Company at the close of business on 5<sup>th</sup> August 2013 in respect of shares registered then in their names.





32. With 85 Shareholders voting in favour, the Shareholders **RESOLVED** to declare a final dividend of MVR 374,706,000.00 at MVR 4.94 per ordinary share (equivalent to USD 24.3 million) for the financial year 2012/13 which is to be payable to Shareholders registered with the Company at the close of business on 5 August 2013 in respect of shares registered then in their names.

#### **K. STANDING RESOLUTION TO DECLARE INTERIM DIVIDEND**

33. The fourth Resolution proposed by the Board of Directors to the Shareholders was to approve a Standing Resolution granting authority to the Board of Directors to declare an Interim Dividend in accordance with the Company's Dividend Policy during the Financial Year 2013.
34. Following the same process which was adopted last year on the subject, the Chairperson proposed that the Shareholders approve a Standing Resolution granting authority to the Board of Directors to declare an Interim Dividend during the Financial Year 2013.
35. There being no questions, the Chairperson then tabled the Resolution requesting the Shareholders to approve a Standing Resolution granting authority to the Board of Directors to offer an Interim Dividend to Shareholders in respect of any dividends paid or declared before the Annual General Meeting in 2014 during the Financial Year 2013 in accordance with the Company's Dividend Policy.
36. With 84 Shareholders voting in favour, it was **RESOLVED** by the Shareholders to approve a Standing Resolution granting authority to the Board of Directors to declare any Interim Dividend in accordance with the Company's Dividend Policy during the Financial Year 2013.



#### **L. RESOLUTION TO RE-APPOINT AUDITORS**

37. The final Resolution proposed by the Board of Directors to the Shareholders was to appoint and set the remuneration of the Company's auditors until the conclusion of the next Annual General Meeting to carry out the nine month year-end statutory audit of the Company for the financial year 2013.

38. There being no specific questions from the Shareholders, the Chairperson proposed to the Shareholders to appoint and re-elect KPMG Ford, Rhodes, Thornton & Co. (Chartered Accountants) as the Company's Auditors, to hold office until the conclusion of the next Annual General Meeting, and to set the Auditors' remuneration at a maximum cap of USD 30,000.00 during the appointed term to carry out the nine month year-end statutory audit of the Company for the financial year 2013.
39. The Shareholders considered the proposal from the Board of Directors and **RESOLVED** to appoint and re-elect KPMG Ford, Rhodes, Thornton & Co. (Chartered Accountants) as the Company's Auditors to hold office until the conclusion of the next Annual General Meeting and to set the Auditors' remuneration at a maximum cap of USD 30,000.00 during the appointed term to carry out the nine month year-end statutory audit of the Company for the financial year 2013 with 86 Shareholders voting in favour.

#### M. ANY OTHER BUSINESS

40. The Chairperson opened the floor for the Shareholders and Proxies to table any other matters. There being no other matters proposed by the Shareholders, the Chairperson moved to the next item on the Agenda.



#### N. GENERAL Q&A SESSION

41. The Chairperson then opened the floor to all Shareholders and Proxies to ask questions – whether in relation to the Meeting or generally about the Company.
42. With the consent of the Chairperson, Mr. Mohamed Aalim<sup>3</sup> requested clarifications on the following observations from the Financial statements for the year ending 2012/2013.
- (i) Why there is a reduction in revenue of 0.7% despite positive improvement on services?

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<sup>3</sup> (A016026)

*Ismail Waheed explained that at the beginning of the year, the submarine cable suffered a damage which resulted in a prolonged disruption to the outgoing calls leading to a drop in revenue.*

- (ii) Why there are no significant financial impacts of the submarine cable investment of US\$ 27 million, captured in the financial statements.

*Mr Ismail Waheed highlighted that the submarine cable investment is the backbone which facilitates provision of broadband to the outer islands, and the justification of the investment was because Dhiraagu was running out of capacity to cater to outer islands. He also highlighted that the submarine cable allows for the introduction of value added services.*

*On the same note, Mr Ismail Rasheed added that following the implementation of the submarine cable in mid 2012, Dhiraagu has expanded its 3G services to outer islands and resorts, and noted that the submarine cable is the highway to additional services, and is part of a bigger programme of the national 3G rollout and with expected growth in revenue as customers increase in the future.*

- (iii) Why is it not enough growth (MVR 10 million only) in the internet services revenue when this is a high potential area of growth?



*Mr Ishaag Usman explained that the mobile data revenue increase of over MVR 38 million is not classified under the internet services, hence it does not capture the entire internet services.*

- (iv) Why have mobile revenue decreased although mobile users have increase?

*Mr Ismail Waheed explained that there is a significant shift from voice to data as there are many devices with data applications such as viber, which now use mobile data instead of voice, and growth of mobile data has lowered mobile voice usage, and he further explained that this is a common phenomenon across the globe now.*

- (v) What is the Support Services fees & how long is it expected to remain?

*Mr Ishaag Ismail clarified that the support services fees in the books refers to fees paid to the majority Shareholder CWC under the Support Services Agreement. Mr Ismail Waheed explained that the Support Service Agreement was entered with Cable and Wireless after they became the majority shareholder of Dhiraagu in 2009. Under the agreement, the company was required to pay an agreed amount for specialized management and technical services, including but not limited to internal audits, group benchmarks, capital and operational management, and noted that it spans over everything. He also explained that a benchmarking with international practices were done prior to entering into the agreement, and explained that it is normal for parent companies to have management contracts with up to 5% of revenue.*

*The Chairman also noted that the Board have agreed to review the contents of the Support Services Agreement.*

- (vi) What caused the increase of cost item Personnel Costs – Others?

*Mr Ishaag Usman clarified that the increase of MVR 4 million is a combination of items of staff costs including cost of an early retirement scheme.*



- (vii) What are the cost savings from moving to Dhiraagu Building that Dhiraagu has been able to achieve so far?

*Mr Ismail Waheed explained that since moving to the Head Office in 2012, Dhiraagu has managed to enhance staff efficiencies and staff numbers, and have been reduced from 670 to 627 as of now, and noted that it will take more time to fully realize the benefits of the building.*

- (viii) Why is there a continuous increase in staff training expense with no significant improvements to service quality?

*Mr Ismail Waheed highlighted that staff training has always been an important part of Dhiraagu, and noted that there were times when Dhiraagu has spent over a million dollars on staff training. However, with the availability of trained and experienced people, the training budget is now smaller compared to earlier years. He stressed that service quality is a key*

*element of Dhiraagu integral part of Dhiraagu, and Dhiraagu is committed improving its customer services and quality of products.*

*Murad Ali Murad highlighted that in the constantly evolving environment of the telecom industry, continuous training is important and it is important to have a training budget which will add value to the most important assets of the company, its people.*

*Abdul Razzak AlQassimi added that training is also required to be defensive and retain market share, and noted that it is unfair to base the quality of service to an individual experiences, and highlighted that Dhiraagu conducts regular surveys, and based on the outcomes of the surveys strategies are developed and Dhiraagu is always committed to providing a higher quality service.*

- (ix) What is the Finance Cost of MVR 64 million recorded in the financial statements?

*Mr Ishaag Usman explained that the MVR 64 million was the cost of buying foreign exchange from the market as Dhiraagu does not earn sufficient revenue in dollars for its forex requirements.*

43. In addition to the above queries on the financial statements, Mr Aalim also requested to know whether dividend is paid in US\$ for Dhiraagu's foreign shareholders, and if this is the case, the shareholders are bearing a cost of MVR 1 per share to buy the forex, and also requested to know whether this practice is allowed under the Articles of Association.
44. The Chairman explained that as the majority shareholder is a foreigner, and dividend is paid to them in in Dollars. He noted that the Shareholders Agreement between the Government of Maldives and the Foreign Shareholder allows foreign shareholder to remit all of their profits out of the Maldives, and Dhiraagu has always been paying dividends to its majority shareholder in US\$. With regards to the cost of conversion, the Chairman noted that Forex is required not only for dividend payments, but also for operational and capital expenditures. He further noted that the existing agreements between the Government of Maldives and Foreign shareholder allows payment of dividend in US\$ to its majority shareholders.



45. Mr Aalim stressed that Dhiraagu is no longer a private company, and highlighted that there are minority shareholders, who are bearing the cost of conversion.
46. The Chairperson thanked Mr. Aalim for his interest in the financial statements and observations and explained that the cost of conversion of Forex is an issue that is of concern to the Board and Management, and the Board has agreed to review ways of reducing the requirement of forex as well as seek ways of increasing access to foreign exchange.
47. With leave from the Chairperson, Mr. Mohamed Farshath<sup>4</sup> (H. Two-Hearts, Male) expressed concern over setting a time frame to submit proxies which contracted with the Articles of Association which allows proxies to be submitted until 48 hours before the Annual General meeting, whereas the Dhiraagu Notice for AGM required proxies to be submitted by 4:00pm two days before the AGM.
48. The Chairman assured that the Board of Directors and the management will ensure that the rights given to the shareholders in the Articles of Association are adhered to.

## O. CONCLUSION

49. The Chairperson concluded the business of the Meeting and thanked especially the Shareholders for attending and contributing to the Meeting.
50. The Chairperson thanked Shareholder, Mr. Hassan Shujau, Honeymoon, HDh. Kulhudhufuhi for his support in counting the votes.
51. With the consent of the Shareholders, the Chairperson declared the Annual General Meeting of Dhivehi Raajjeyge Gulhun Plc for the Financial Year 2012/13 closed at 9:45pm.



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<sup>4</sup> (A042814)

Chairperson:  
Date:

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Company Secretary:  
Date:



**ANNEX 1 – Summary of Attendance at the Annual General Meeting 2012/13**Shareholders Present in Person

1. Ms. Fathimath Muaza (to represent and vote on behalf of Government of Maldives)
2. And Shaikh Hamad bin Abdullah Al Khalifa ( to represent and vote on behalf of Bahrain Telecommunications Company (Batelco)).
3. Mariyam Shawadin Abdulla
4. Hassan Rasheed
5. Mohamed Farushath
6. Hussain Zaki
7. Hassan Shujau
8. Aishath Raufa
9. Mohamed Sifan
10. Aishath Saeedha
11. Abdulla Mohamed Didi
12. Mohamed Aalim
13. Mohamed Shiyaz
14. Ibrahim Imjad Jaleel
15. Ibrahim Shareef Mohamed

Shareholders Represented by Proxies

Mr. Ibrahim Shareef Mohamed (to represent and vote on behalf of 63 Shareholders)

Mr. Mohamed Farshath (to represent and vote on behalf of 11 Shareholder)