

IPO NOTE: AAMRA NETWORKS LIMITED



“পুঁজিবাজারে বিনিয়োগ ঝুঁকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন”

“Investment in capital market involves certain degree of risks. The investors are required to read the prospectus and risk factors carefully, assess their own financial conditions and risk taking ability before making their investment decisions.”

IPO NOTE

OF



aamra networks limited

TOTAL SIZE OF FUND TO BE RAISED BDT 562,500,000/-

MANAGER TO THE ISSUE



LANKABANGLA INVESTMENTS LIMITED

CREDIT RATING STATUS

Rating Particulars	Long Term	Short Term
Entity Rating	A+	AR-2
Outlook	Stable	
Rated by	Alpha Credit Rating Limited	

If you have any query about this document, you may consult the issuer, issue manager. A person interested to get a prospectus may obtain from the following links:

1. www.lankabangla-investments.com 2. www.aamranetworks.com

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Registrar to the Issue :

ICB Capital Management Limited

Underwriters:

LankaBangla Investments Limited
ICB Capital Management Limited
Sigma Capital Management Limited

Auditors:

K. M. Hasan & Co.
Chartered Accountants

FORWARD LOOKING STATEMENTS

This document contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “will”, “will continue”, “will pursue”, “should”, or other words or phrases of similar important. Similarly, statements that describe the Company’s strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are based on proposed plans, estimates and expectations subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties. Important factors that could cause actual results to differ materially from the Company’s expectations include, but are not limited to, the following:

- failure to manage growth and scalability or adapt to industry trends, consumer behavior and technological developments;
- inability to provide better products or services than the competitors;
- failure to maintain and enhance awareness of the brand;
- inability to control cost related to the service;
- unprecedented and challenging economic conditions; and
- political instability or change in economic liberalization and deregulation policies.
- the downturn in the global economy and the risk of a protracted recession;
- the risk of a potential fall in export;
- the integration of companies or business acquired by the Company;
- the implementation of new projects, including future acquisitions and financings;
- the Company’s substantial indebtedness and ability to meet its debt service obligations;
- changes in government regulation;
- terrorist attacks, civil disturbances, regional conflicts, accidents and natural disasters;
- general economic and business conditions in the markets in which the Company operates and in the local, regional and national economies;
- increasing competition in or other factors affecting the industry segments in which the Company operates;
- changes in laws and regulations relating to the industries in

which the Company operates;

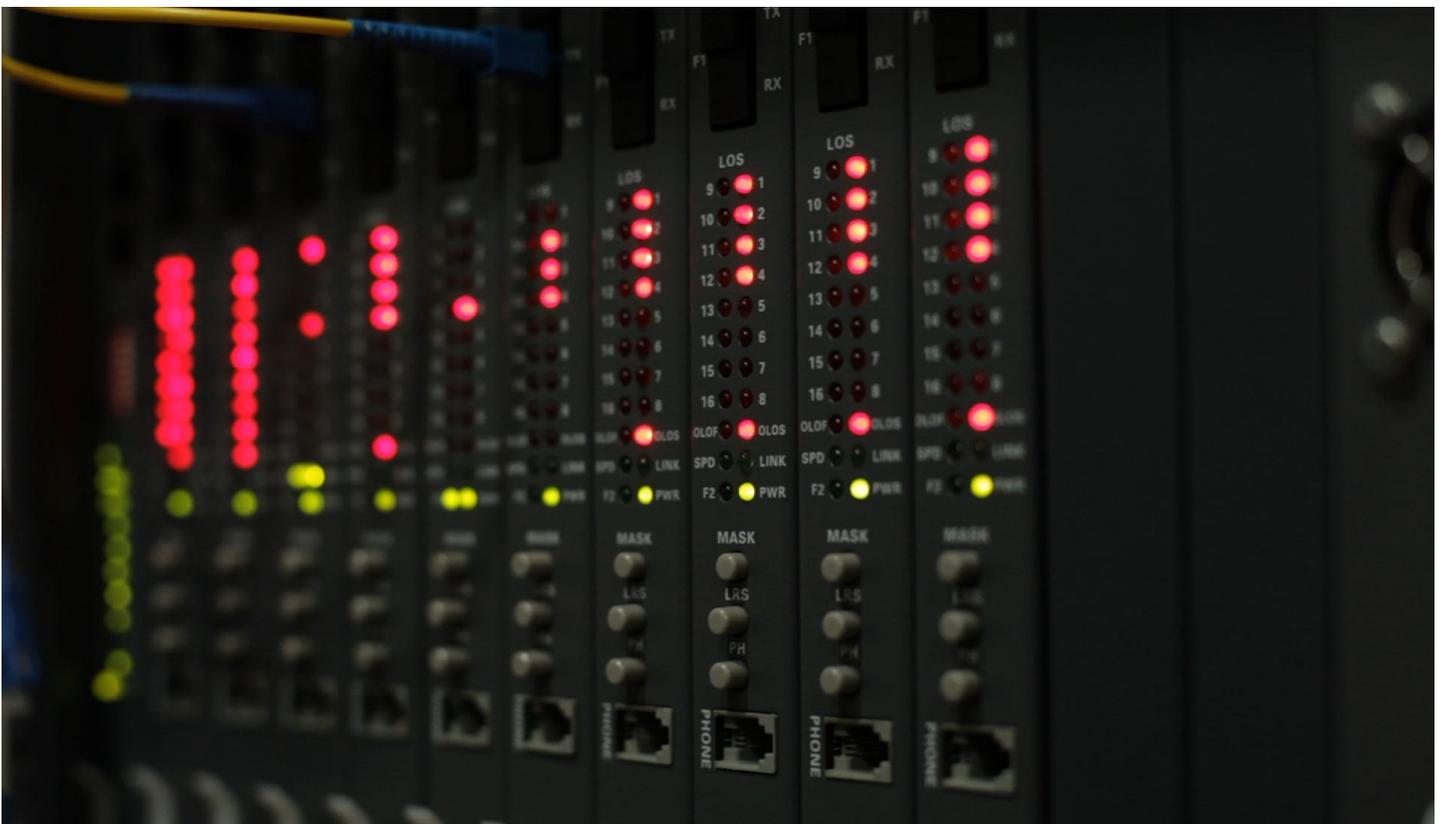
- the Company’s ability to meet its capital expenditure requirements or increases in capital expenditure requirements;
- fluctuations in operating costs and related impact on the financial results of the Company;
- the Company’s ability to attract and retain qualified personnel;
- changes in technology in the future;
- any adverse outcome in legal proceedings in which the Company is or may become involved including, with respect to product liability claims.

For further discussion of factors that could cause the actual results to differ from the expectations, please see the section titled “About the Issuer” and section titled “Risk Factors and Management’s Perceptions about the Risks” in the Red-Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect the current views as on the date of this document and are not a guarantee of future performance. These statements are based on the Management’s beliefs and assumptions, which in turn are based on currently available information. Although ANL believes the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither the Company, the Directors, the Issue Manager nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. The Company will ensure that investors in Bangladesh are informed of material developments until the time of the grant of listing and trading permission by the designated Stock Exchange(s).

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**ABOUT THE INDUSTRY
&
THE ISSUER**

The Industry

Bangladesh's IT industry has been developing slowly over the past three decades leading to millions of dollars of value addition every year. The industry has seen strong growth over recent years. Bangladesh is now considered to be among the next high prospect destinations in the segment, with accolades from AT Kearney, Gartner, Goldman Sachs and a host of others.

The IT industry can be divided into two broad categories; IT and ITES. The ITES category consists of specialized services that rely on technology for delivery. It includes Platform as a Service (PAAS), Software as a Service (SAAS) models to help businesses reach their goals. Software development on the other hand is another part of the IT services segment. The software and information technology enabled services (ITES) industry is one of the most promising sectors of Bangladesh, with several growth drivers like skilled personnel, collaborative environment with the government, dynamic leadership from Bangladesh Association of Software and Information Service (BASIS) and positive media involvement.

The Government of Bangladesh has declared 'Vision 2021' with a target to make Bangladesh as a middle income country by using Information and Communication Technology (ICT) and by developing favorable business environment for Hi-Tech industries. ICT has been identified as the "thrust sector" for the economy of Bangladesh. Government has taken various initiatives to achieve the target like tax holidays, hi-tech park establishments etc. to ensure a positive boom in IT sector.

Internet Service Provider (ISP)

In June 1996, the first very small aperture terminal (VSAT) base data circuit in the country was commissioned and the Bangladesh Telegraph and Telephone Board (BTTB) granted licenses to two Internet Service Providers (ISPs). In subsequent years more

SEAMEWE4 Bandwidth Capacity

Total Capacity – **200 Gbps**

Existing Usage – **73 Gbps**

BW Import through ITCs from India

Total Capacity – **50 Gbps**

Existing Usage – **15 Gbps**

liberal government policies led to a rapid expansion of the industry, resulting in over 180 registered ISP's by 2005. ISPs are regulated by the Bangladesh Telecommunication Regulatory Commission (BTRC) through the Bangladesh Telecommunications Act. In 2016, there are 119 licensed ISPs providing services nationwide and 65 ISPs providing services in the central zone.

Data Market Aspect

The data market consists of the internet and other data services such as intranet/networking services.

Internet Segment

In June 1996, the Satellite connectivity was established for the first time in the country. Upon VSAT commissioning, internet connectivity was also established and its services were made available to the public. At the end of 1996, there were only two ISPs in the country and the number of internet users was close to only one thousand. As the industry grew, more ISPs broke into the market. By the end of 1997, the total number of ISPs increased to a dozen and the subscriber number surpassed 10,000. More liberal Government policies followed in the subsequent years led to a rapid expansion of the industry, eventually resulting in over 180 registered ISPs by 2005.

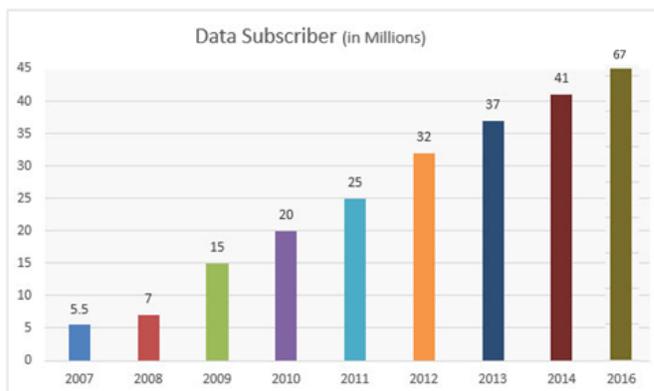
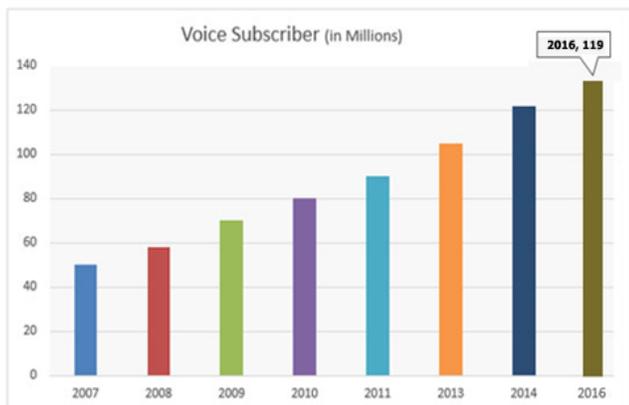
In 2006, Bangladesh got connected to the SEA-ME-WE 4 submarine cable. With this development, many ISPs found the opportunity to connect to the submarine cable via BTCL. In 2014 the new SEA-ME-WE 5 cable is expected to provide an alternative operating at 100 Gbit/s, roughly 10 times faster than the current connection. With the submarine cable access, the quality of internet enhanced substantially and internet tariffs reduced. However, the tariff structure was still not affordable to the mass market, with only the affluent section of the population being able to use the internet. As a result, the internet penetration remained at 0.2% with a subscriber base of 300,000. The internet penetration started to pickup since 2007 and the total number of internet subscribers reached at 42.8 Million on January 2015, according to Bangladesh Telecommunication Regulatory Commission (BTRC). Today in Bangladesh, all the licensed ISP organizations under BTRC are divided into two categories: "Nationwide ISP License" and "Non-Nationwide ISP License." Under Nationwide ISP License, there are 94 organizations



providing their services throughout the country. Furthermore, there are six Mobile and 13 PSTN Operators providing Internet services to their subscribers under Value Added Services (VAS). Currently ISPs have been providing Internet services to about 5,437,000 users and this number is growing day by day. The average growth rate is 3.83%. In order to spread the internet facilities into the rural areas of Bangladesh, BTRC has been working hand in hand with the ISP organizations. The following

graph indicates how the percentage of internet users grew in Bangladesh. The internet subscribers recorded an unprecedented growth of 866.67% to 2.9 million in 2008. In the first half of 2009, the subscriber base grew to 5.5 million recording

like NBFIs and insurance companies. The usage of modern data services in the corporate sector is also relatively low with only a few corporate houses having opted for networking/connectivity solutions. However, with increasing competition



Penetration Rates for Voice and Data - Bangladesh

an annualized growth rate of 179.3%. Accordingly, by June 2009, the internet penetration reached 3.52% in Bangladesh. This steep growth in internet penetration since 2007 was driven by two main factors namely tariff reductions and introduction of mobile internet by mobile phone operators. Having identified the importance of internet being available to the mass market, the Government made three significant tariff reductions since 2007. Accordingly, the bandwidth price of 1MB internet connection which was at BDT 72,000/- in Q4 2007 came down to BDT 2,800/- by 2015 and BDT 960/- by 2016 which augmented the Internet penetration in the country.

Other Data Services

Other data services include intranet and other secured network services. An intranet is a private computer network that uses Internet Protocol technologies to securely share any part of an organization's information within the same organization. Intranet services are presently used mainly by banks in Bangladesh for the purpose of connecting branches and ATMs. In Bangladesh, there are 56 scheduled banks with approximately 8000 branches throughout the country. In addition, there are 33 Non Banking Financial Institutions (NBFIs), 62 insurance companies, about 374 stock dealers & brokers and a large number of garment/textile manufacturers, retail distribution companies, NGOs and other manufacturing companies with operations in multiple locations in the country. Private sector banks are aggressively expanding the branch network in both urban and rural areas of the country. As an example, 330 new bank branches were opened only in 2009. It is essential for the branches of these institutions to have connectivity with their headquarters and/or within branches to transmit/share information. Presently, only 50% of bank branches are online while connectivity ratio is even lower for other financial institutions

and demand for faster response time, corporate houses are gradually realizing the need for timely availability of information.

In another positive development, most of the larger manufacturing enterprises are moving into integrated IT services such as Enterprise Resource Planning (ERP). As such, demand for corporate networking solutions and secured mode of data transmission are expected to increase rapidly in the future.

Demand and Supply Forecasts for the Sector

The IT Sector, especially internet service related business is expected to grow in a positive manner in the upcoming years. The number of internet users was 5.41 crore at the end of 2015, which rose to 6.68 crore in September 2016, according to data from Bangladesh Telecommunication Regulatory Commission (BTRC). Bandwidth used at the end of 2016 was no less than 400gbps according to data from The Internet Service Providers Association of Bangladesh. The record shows that number of internet subscriber reached five-crore user landmark in July last year (2015), and in the following nine months it added one crore active internet connections. That indicates that the demand of Internet will have a positive boom in the recent years and supply must be ensured to meet such demand.

About The Issuer

aamra networks limited formerly known as Global Online Services Limited was incorporated and commenced its business in Bangladesh under the Companies Act, 1994 on 10 January, 2001 vide registered No. C- 42228(1587)/2001 as a Private Limited Company by shares. The Company changed its name from Global Online Services Limited to aamra networks limited on December 31, 2007. Subsequently, the Company was converted into a Public Limited Company by shares on May 08, 2013. ANL has its registered office at Safura Tower (12th Floor), 20, Kemal Ataturk Avenue Banani, Dhaka - 1213. The corporate office of the company situated at Faruque Rupayan Tower (17th Floor), 32, Kemal Ataturk Avenue Banani, Dhaka – 1213. Also the Company has a liaison office in SFA Tower (3rd floor) 132, Panchlailash Chittagong – 4203, Bangladesh.

Nature of Business

aamra networks limited (ANL) is a IT company involved in Leased Bandwidth distribution, IAAS (Infrastructure as a Service), SAAS (Software as a Service) and IP enabled value added services. ANL is one of the first private sector licensed Internet Service Provider (ISP) in Bangladesh.

Principal products or services of ANL

A. Internet Bandwidth, Equipment Sale & Others:

(a) Internet Bandwidth:

aamra networks limited (ANL) is one of the first Internet Service Providers (ISPs) in Bangladesh starting its operation in 2001 with a view to provide Internet access for Business houses only. Clients go beyond boundary with ANL's Leased Line Internet Access. ANL offers a suite of high speed interconnected redundant backbones with round the clock proactive monitoring. Few achievements of ANL Internet service are:

- BEPZA partner Connectivity in all EPZs covering significant number of plot holders
- Seamless connection- data travels smoothly around the world (and back) with fewer delays due to strategically located global exchange points
- Bangladeshi company having private peering with Google and Facebook
- Deployed free Wi-Fi in most frequented campuses, clubs, restaurants, hotels, shopping centres, hospitals, airports all over Bangladesh
- Offer professional ticketing system for customer care, introduced 24/7 contact centre facilities & independent third-party proactive monitoring system for all the active devices and customer routers/gateways

(b) Equipment Sale

To deliver state-of-the art IT solution, ANL requires a stack of equipments for setting up the network backbone that ensure optimal access and speed. Internet & IT Enabled Value Added Services (ITES) equipment options that ANL offers for networking services ensure seamless connectivity, security and ease of Internet use. Some of the equipments that ANL offers are Audio & video equipment, Security & surveillance equipment, Radio device & related equipment, Switch & router, Computer & related accessories, Fiber optic cable, Fiber optic equipment, LAN accessories and Power, UPS & related accessories.

B. IT Support & Software:

IT Support

aamra networks limited (ANL) provides IT Infrastructure Management Service to satisfy your company's information technology needs. By subscribing to this solution, our clients are able to completely focus on their core business rather than dealing with their internal IT issues. ANL takes all the responsibilities of your infrastructure and LAN maintenance by our highly skilled & experienced personnel who goes to client end to solve their IT issue on payment basis. Our infrastructure outsourcing services help clients reduce costs and gain efficiency, flexibility and scalability.

Contact Center Support

ANL is the first among the ISPs to offer professional ticketing system for customer care, introduced 24/7 Contact Centre support facilities with dedicated customer relationship managers. Our Contact Center facility handles incoming or outgoing customer calls round the clock to clarify the queries & provide IT support. A contact center agent handles account inquiries, customer complaints, support issues etc.

Software

aamra networks limited is a leading System Integrator (SI) in Bangladesh. ANL customizes standardized software according to local context. We develop custom applications and business software. Such applications automate everyday workflow of a company or organization and makes life easier. Our technical professionals have experience in their specialized arena of expertise.

ANL also ensure after sales services, Networking solutions and Value added services such as Software Installation, management and administration services. ANL offers number of software services like:

NoSpam Solution: Integrated hardware and software solution for complete protection of your email server. It provides a powerful, easy to use, and affordable solution to eliminating spam and viruses of your email.

Networking Monitoring Solution: It is a complete solution to monitor network devices & servers of small & medium server rooms. It identifies the areas of network problems and helps to take proactive action.

Ticketing System: HelpDesk is a browser-based application where your customers and staff access and raise tickets regarding technical issues. It is an intuitive interface that makes it easy for customers to find the solutions of their problems instantly.

Email & Web Hosting Solution: ANL provides email as a service under Microsoft and Zimbra Platform. Our email solution in cloud platform is effective for Enterprise-grade infrastructure and security.

School Management System: It is an organized communication tool for Students, Parents, Teachers and Management. With multiple channels of communications like emails, SMS, portal, audio and video and so on, School Management System is a solution to benefit education institutes.

Total Office Solution: It is Business E-mail and hosting solution that leverages your resources with a premium outsourced email solution. It's priced to give you a real return on your communication by helping to prevent sabotage, accidental loss and unnecessary downtime of email system.

Employee Management System (EMS): The System is designed for all kinds of business to undertake the responsibility of the entire time and attendance issue of company. It is process management software that allows an organization to use a system of integrated applications to manage the business and

automate many back office functions related to technology, services and human resources.

Website Services

ANL develops Web Page & Networking Installation & Website Hosting to the clients. Things that are considered during website design are adhering to web design standards, designing to usability guidelines, minimizing download times, designing for visitors and search engines.

How the Products or Services are Distributed with Details of the Distribution Channel

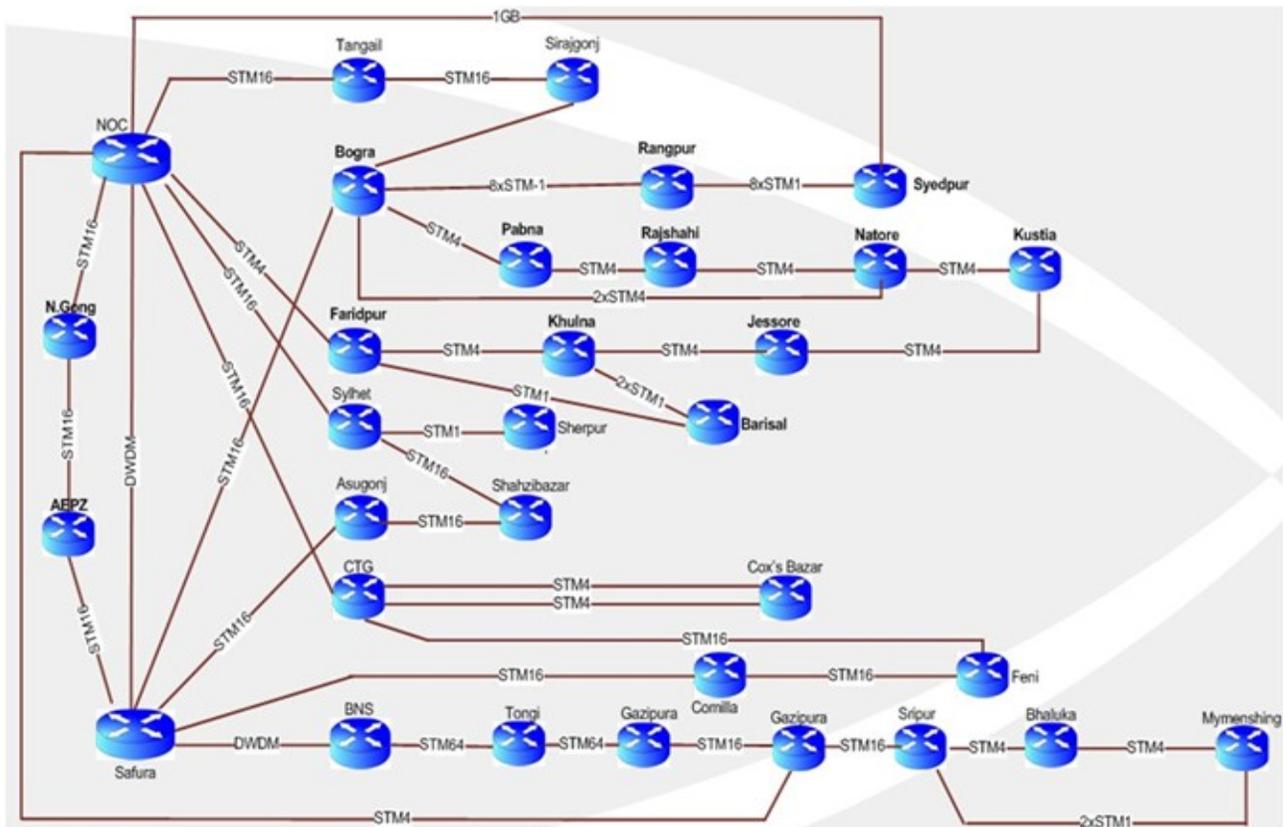
Sales and Marketing

ANL is in the business of Leased Bandwidth, IP enabled value added services and equipment sales. The company uses Direct Marketing and Sales processes thus ensuring customer focus, satisfaction and accountability. The Company sales its products and services directly to the customers. Moreover, the Company maintains stocks for quick delivery to customer.

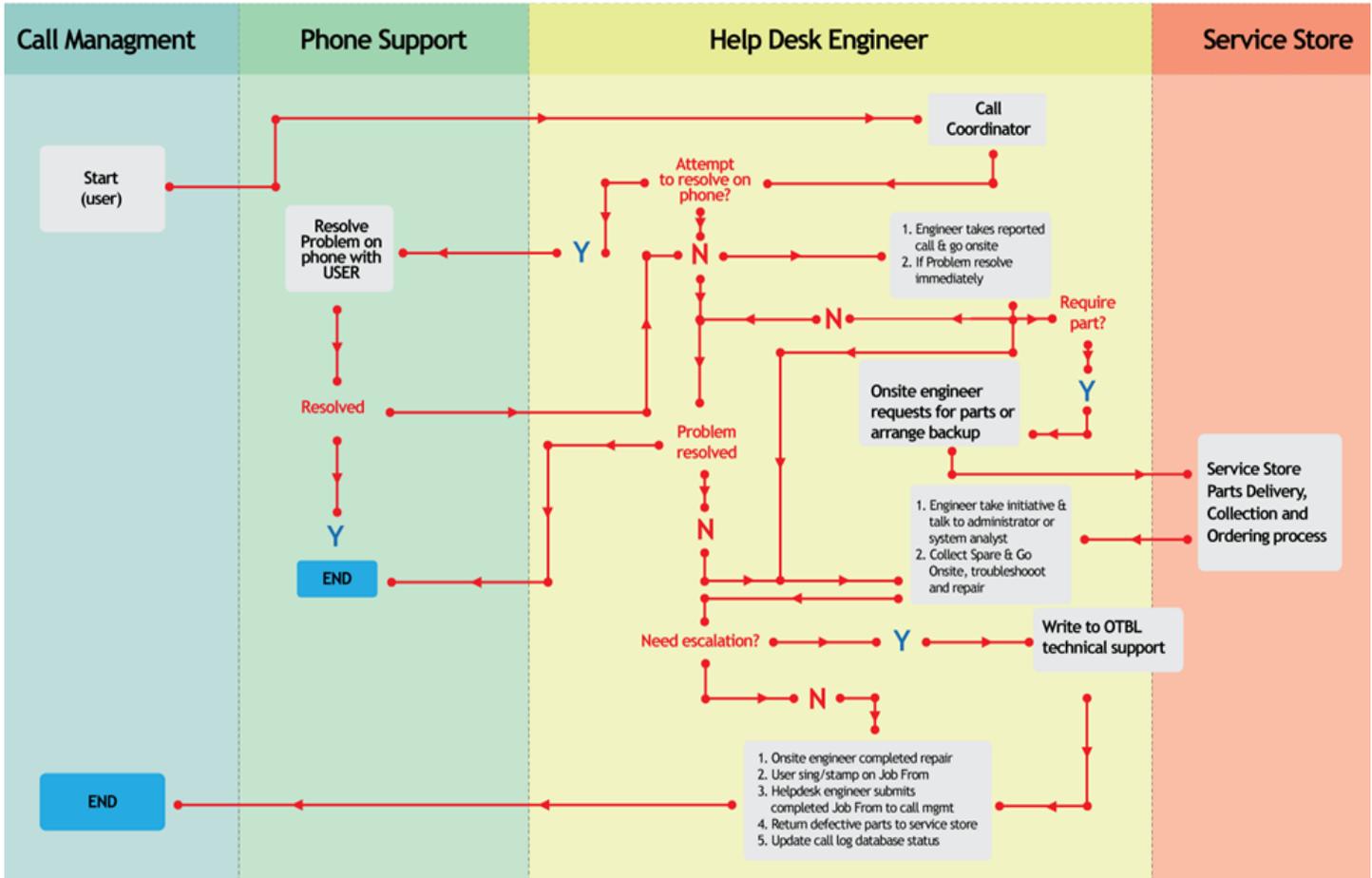
Capacity Distribution Flow Chart

The company is authorized to sell or lease Bandwidth & Capacity services nationwide through its multiple Point of Presence (POPs) throughout the nation.

Bandwidth Distribution Flow



Support Service Process



Competitive Conditions in Business with Names

In Bangladesh a number of listed companies are engaged in IT Sector. Major competitors are:

1. aamra technologies limited	5. Intech Limited
2. Agni Systems Ltd.	6. Information Services Network
3. BDCOM Online Ltd.	7. IT Consultants Limited
4. Daffodil Computers Ltd.	

Apart from this, as per annual report of the listed companies and audited financial statements of aamra networks limited, the sales amounts are presented below:

Name of the Company	Sales During 2014-15 (BDT)	Year End (2014-15)
aamra networks ltd.	662,948,637	31 st December
Daffodil Computers Ltd.	478,577,029	30 th June
BDCOM Online Ltd.	361,553,343	30 th June
Agni Systems Ltd.	311,984,468	30 th June

There is no data available regarding market shares of the respective listed company in their annual report.

Principal Customers

The company has agreement with the following principal customers:

Name
Lafarge Surma Cement Ltd
Unilever Bangladesh Ltd.
ABB Ltd.
Chevron Bangladesh Ltd.

Major Events in the History of the Issuer

Related to formation of the company:

- Date of Incorporation : January 10, 2001;
- Conversion of Private to Public Limited Company: May 08, 2013;
- Name Change (Global Online Services Limited to aamra networks limited): December 31, 2007.

Capacity/facility creation, launching of plant, products, marketing:

- First internet Bandwidth launching with BTCL 10 MBPS on May 24, 2006;
- September 2012 it stands at 1000 MBPS;
- December 2015 it stands at 14000 MBPS.

Infrastructure Backbone

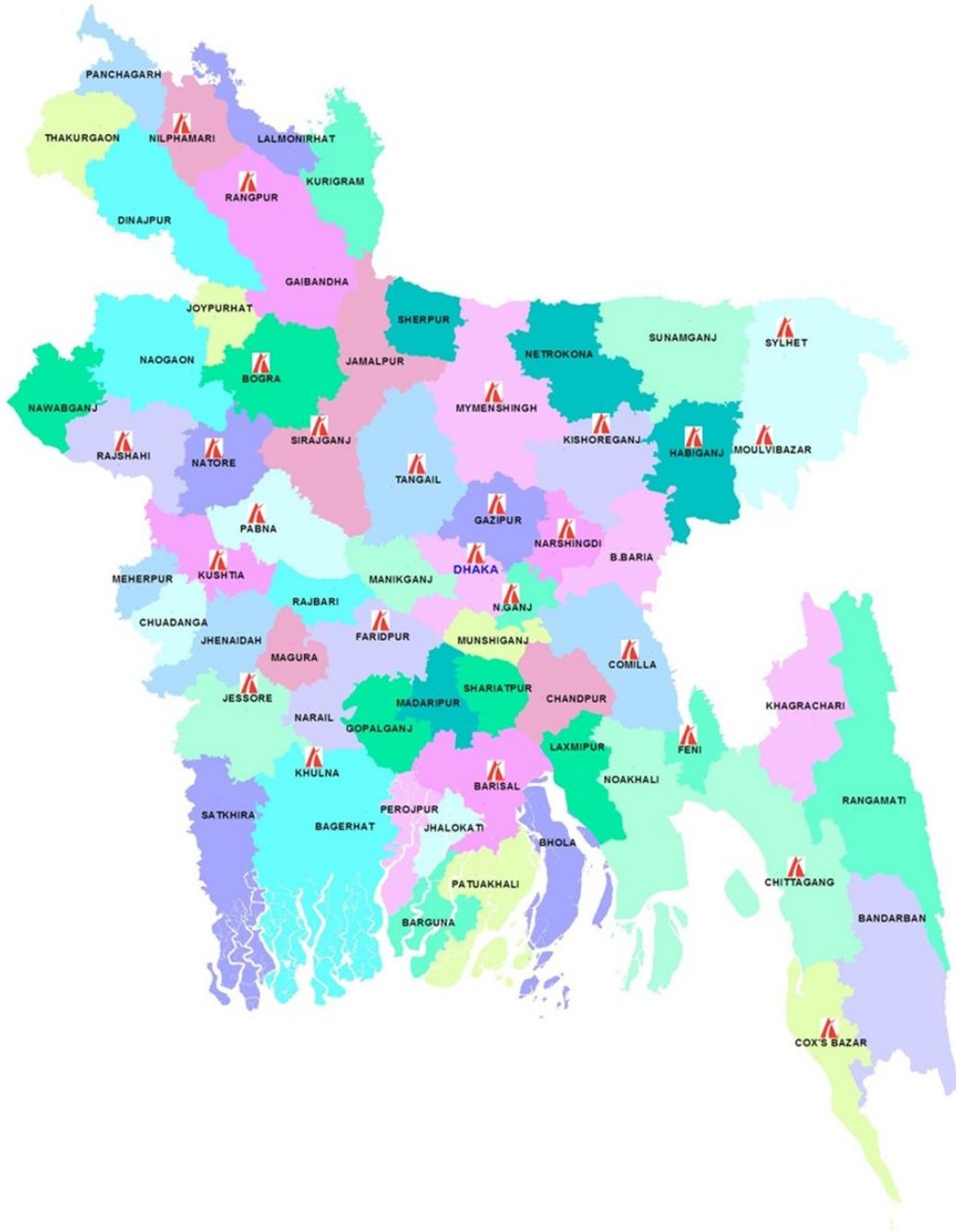
Network operations center (NOC) is a central location from which ANL network administrators manage, control and monitor one or more networks. We have NOC in different locations throughout Dhaka in Banani, Gulshan, Uttara, Karwan Bazar, Motjheel, DEPZ and Chittagong.

Our NOCs are vital technically sensitive network infrastructure in Bangladesh. We use state-of-the-art cutting edge technology

in NOC which is of the best quality latest hardware available in the market.

Point of presence (POP) is the point at which two or more different networks or communication devices build a connection with each other. ANL has 54 POPs throughout the country. Fiber Optic Connectivity is used to connect between NOC and POP and POP to end user's location.

Nationwide Connectivity of ANL



CAPITAL STRUCTURE & THE BOARD OF DIRECTORS

Capital Structure

Particulars	No. of Ordinary Shares	Amount (BDT)
Authorized Capital	100,000,000	1,000,000,000
Issued, Subscribed and Paid up capital	38,000,000	380,000,000
Total paid up capital before IPO	38,000,000	380,000,000

Holding Structure of Different Classes of Securities

Category of Shareholders	No. of Shares	Percentage (%)
Directors & Sponsors	17,522,030	46.11%
Institutional	17,377,970	45.73%
Individual	3,100,000	8.16%

Major (5% or more) Institutional Shareholders

- Augere Holdings (Netherlands) B.V
- Investment Corporation of Bangladesh
- Food Chain Asia Ltd

The Board of Directors

Name	Designation
Mr. Syed Faruque Ahmed	Chairman Representing aamra holdings limited
Mr. Syed Farhad Ahmed	Managing Director & CEO Representing aamra resources limited
Ms. Syeda Munia Ahmed	Director Representing aamra holdings limited
Ms. Fahmida Ahmed	Director Representing aamra resources limited
Mr. Mahbub Mustafizur Rahman	Independent Director

Short Bio-Data of the Directors

Mr. Syed Faruque Ahmed

Chairman

Syed Faruque Ahmed is the current Chairman of aamra networks limited as well as aamra Companies (formerly known as The Texas Group Bangladesh) and is one of its founder shareholders. The aamra Companies are a dynamic, futuristic and leading business group in the country involved in a wide range of businesses sectors like the Garments & Textile, ICT. Faruque, a post-graduate in Finance, helped starting the opening companies of aamra as one of the founder shareholders. He was the Director Finance of the Group from 1985. After having played a key role in setting up the Group's export oriented readymade garment business unit from 1985 to 1988, he left for USA in 1988 in pursuit of exploring the Group's garment export market. Through his 4 years stay in the U.S., he garnered a much wider exposure to the garment industry, in particular the US garment industry, as well as gained a rare insight into the corporate America. Upon returning home, Faruque engaged himself back into the family business with an added zeal to improve the processes and operations; much from what he learnt in the US. He successfully implemented computer automation throughout the Group companies for MIS and Accounting that eventually had far reaching implications on the rapid growth and success of aamra Companies. His effort in establishing the vigorous use of IT throughout the organization, for example in initiating use of network computing in the areas of Accounting, Sales and Production, resulted in huge savings of time and resources, as well as immensely improved the dynamism and responsiveness of the Group. Faruque takes the lead in the internal development of the aamra organizations and plays an active role in continual improvements in Human Resources, Organizational Development, MIS and Corporate Governance. Over the years he has helped introduce a number of important and far-reaching initiatives.

Mr. Syed Farhad Ahmed

Managing Director

Syed Farhad Ahmed, a well acknowledged marketing expert and the driver of many successful business ventures in Bangladesh, leads one of the most successful IT companies in Bangladesh, aamra networks Limited, as well as aamra Companies, as its Managing Director. Farhad is a founder shareholder of aamra Companies (formerly known as The Texas Group Bangladesh) and started his career immediately after university graduation in the groups garments venture in 1985 (set up by his late father Mr. SSF Ahmed, a renowned Chartered Accountant of the country) as its Director of Operations. With this aspiration he concentrated on expanding business in new areas and in the country's ICT field to boost the overall growth and advancement of the country. Under his able leadership, combined with his charismatic personality and motivational capabilities, he tends to bring out the very best in all of aamra's team members. Taking the responsibility of overseeing the operations of the Group's 11 companies dealing with ICT (Information & Communication Technology), Garments & Textile and Lifestyle and HR Development as its Managing Director, he also directly oversees aamra group's sales and marketing initiatives. Farhad has been an active participant in numerous business and professional organizations including: France-Bangladesh Chamber of Commerce & Industry, Bangladesh Garments Manufactures and Exporters Association, Bangladesh Computer Samity and Internet Service Providers Association of Bangladesh. Farhad was also an Executive Committee Member & Vice Chairman, Marketing Committee of the Bangladesh Cricket Board. He is a past president of France-Bangladesh Chamber of Commerce & Industry.

Ms. Syeda Munia Ahmed

Director

Syeda Munia Ahmed, daughter of AHM Shafiul Islam was born in 1970. She is an M.A. in English from Dhaka University. She has also got "Special Diploma in Leadership and Diploma in Early Childhood" from Eaton house Singapore. Syeda Munia Ahmed has 20 years of teaching experience both in Bangladesh and Singapore. Syeda Munia Ahmed is also engaged in various cultural and social welfare organizations. With a higher educational background and vast experience she is a very active Director of aamra networks limited.

Ms. Fahmida Ahmed

Director

Fahmida Ahmed, daughter of Late Khalid Ibrahim, was born in 1972. After completing her graduation, Fahmida became the Director of aamra networks limited and has been participating in making various policies and regulations of ANL. Fahmida plays an active role in guiding the marketing and promotional activities of ANL, including assisting the management in identifying and securing sponsorship opportunity for increasing the brand value of ANL.

Mr. Mahbub Mustafizur Rahman

Independent Director

Mr. Mahbub Mustafizur Rahman is a well-known and coveted figure in the Banking & Financial sector of Bangladesh. Mr. Rahman, completed his MBA from the reputed Institute of Business Administration, Dhaka University and joined Bangladesh Development Bank Limited (then named as BSRS) in 1976. During his tenure in BDBL, he worked in different significant positions. He was largely responsible for implementation of several critical projects and loan recovery including security enforcement. He held the position of Assistant General Manager (AGM) when he left BDBL in the year 1993. He later joined Pubali Bank in 1994 where he was responsible for wholesale, retail syndication, SME & consumer credit related operation. He retired from Pubali Bank in the year of 2011 as the Deputy Managing Director. During his illustrious professional career, he attended several overseas training in Indonesia, Nepal, Singapore and USA. Currently he is working as the Training Facilitator & Consultant, Financial Excellence Ltd.

Mr. Rahman joined the board of aamra networks limited in the year 2016 as Independent Director, since then he has made invaluable contribution in preparing organization policies of aamra networks limited.

VALUATION OF SECURITIES & USE OF PROCEEDS

Valuation of Securities

Qualitative Factors

Valuation Methods	Fair Value (BDT)
Net Asset value (NAV) per share at Historical Cost	21.98
Earning-based value per share (Considering Avg. Sector P/E)	62.24
Earning-based value per share (Considering Avg. Market P/E)	37.85
Average Market Price of Similar Stocks Based Valuation	22.32
P/BV multiple of Similar Stocks Based Valuation	31.33
P/E multiple of Similar Stocks Based Valuation	44.55
EV/EBITDA Multiple based Valuation	67.68
Valuation based on Discounted Cash Flow	35.15

Qualitative Factors:

- aamra networks limited (ANL) is a corporate internet service and IT solution provider with more than 1,500 clients. It has more than 15 years' experience in corporate ISP segment;
- ANL has major competitive advantage since most of the large corporate houses in Bangladesh are connected to ANL data centers through its network backbone and are therefore capable of activating any IT enabled service without the hassle of investing multiple times on infrastructure. Any hosted/managed services can be commissioned very effectively and efficiently;
- Business activities are transforming in Bangladesh and increasingly becoming dependent on internet for communication, growth, recruiting, monitoring and marketing. Cloud computing is also becoming very popular for which high speed internet is a must and ANL serves only corporate clients;
- Video Conferencing Solution of ANL is capable of saving 50% of communication expenses borne by the clients;
- ANL is a complete solution provider of Video Surveillance System with more than 10 years of experience;
- The company is run by very qualified and experienced management;
- The company enjoys tax exemption on its Information Technology Enabled Services (ITES) as per Income Tax Ordinance, 1984, clause 52 related with Income Tax Rules, 1984 Clause 16.

Use of Proceeds

aamra networks limited will raise their capital through Initial Public Offering (IPO) in order to meet increasing need for fund for the purpose of expansion and repayment of its debt. Total project costs of aamra networks limited have been estimated at BDT 457,301,429. For expansion, BDT 432,712,375 will be utilized from IPO proceeds and remaining BDT 24,589,054 will be financed through Financial Institution.

Details of the estimated projects cost for this expansion project and financing has been planned as under:



Loan Repayment

BDT 129,787,624

Approx. date of Completion: Within 30 days

Loan with Shahjalal Islami Bank Limited and LankaBangla Finance Limited

BMRE for Infrastructure Development

BDT 154,667,531

Approx. date of Completion: Within 9 months

Expansion of capacity & connectivity through upgrading different PoPs located in Karwan Bazar, Gulshan, Motijheel, Chittagong, Bogra, Khulna and Sylhet



Data Center Setup

BDT 143,246,850

Approx. date of Completion: Within 9 months

Setup Data Center complying with TIA-942 standard with Tier -3 rating in Telecommunications, Electrical and Mechanical domains & Tier-2 in Architecture domain

Wi-Fi Hotspot Setup

BDT 134,797,994

Approx. date of Completion: Within 9 months

Setup 1,500 Wi-Fi Hotspot in different locations in the country domains though Tier-2 in Architecture domain



Total: BDT 562,500,000

Note:

1. The above mentioned loan amount represents the outstanding balance amount as on September 20, 2016 as per the bank statements of Shahjalal Islami Bank Limited and Balance Confirmation Certificate of LankaBangla Finance Limited.

As per the audited financial statements of June 30, 2016 the outstanding balance of loan amount was BDT 94,764,077. Subsequently, the Company has taken further debt finance from the above-mentioned institutions. Thus the current loan amount is BDT 129,787,624 as on September 20, 2016.

2. Estimated IPO expenses will be determined after the determination of cut-off price through bidding process and will be adjusted accordingly with the IPO proceeds.

3. Projected Date of Commercial Operation of the Projects: After 3 months of the completion of the project.

FINANCIAL HIGHLIGHTS

Financial Condition

As per Audited Accounts

Particulars	As on Jun 30, 2016 (Half Year)	As on Dec 31, 2015	As on Dec 31, 2014	As on Dec 31, 2013	As on Dec 31, 2012	As on Dec 31, 2011
	(Amount in BDT)					
RESULTS FROM OPERATION						
Net Revenue	381,639,816	662,948,637	595,085,403	515,106,448	414,952,807	336,594,140
Gross Profit	147,009,852	264,202,468	238,599,503	220,307,012	175,683,502	132,556,957
Profit from operation	77,775,216	141,411,306	120,873,041	110,835,193	88,386,254	63,344,331
Profit before income tax	69,216,356	130,786,943	89,881,201	89,372,016	80,523,745	62,575,409
Provision for income tax	(5,215,503)	(10,705,456)	(4,995,814)	(6,834,354)	(5,584,281)	(4,360,521)
Net Profit after Tax (C-D)	<u>64,000,853</u>	<u>120,081,487</u>	<u>84,885,387</u>	<u>82,537,662</u>	<u>74,939,464</u>	<u>51,861,654</u>
CHANGES IN FINANCIAL POSITION						
Non-Current Assets	690,494,918	637,491,067	471,796,465	393,646,891	127,097,829	95,879,855
Current Assets	389,935,757	305,661,744	387,026,921	207,592,988	187,782,005	138,440,567
Total Assets	<u>1,080,430,675</u>	<u>943,152,811</u>	<u>858,823,386</u>	<u>601,239,878</u>	<u>314,879,834</u>	<u>234,320,422</u>
Share Capital	<u>380,000,000</u>	<u>380,000,000</u>	<u>260,000,000</u>	<u>260,000,000</u>	<u>54,000,000</u>	<u>54,000,000</u>
Total Shareholders' Equity	899,157,265	835,156,412	569,805,618	355,274,975	272,801,203	197,861,739
Non-Current Liabilities	15,816,386	14,093,201	62,020,140	100,236,238	-	-
Current Liabilities and Provisions	165,457,024	93,903,198	226,997,628	145,728,665	42,078,631	36,458,683
Total Equity and Liabilities	<u>1,080,430,675</u>	<u>943,152,811</u>	<u>858,823,386</u>	<u>601,239,878</u>	<u>314,879,834</u>	<u>234,320,422</u>
CHANGES IN CASH FLOWS						
Net Cash Flows from Operating Activities	31,002,884	148,517,179	81,328,250	160,048,351	37,885,245	84,026,895
Net cash used in investing activities	(97,884,312)	(230,359,298)	(138,018,334)	(274,538,229)	(52,308,897)	(50,809,466)
Net cash used/provided in/by financing activities	56,482,806	(46,772,169)	165,720,730	142,500,000	-	-

Basic Earning Per Share & Net Asset Value (NAV) Per Share

Particulars	As on Dec 31, 2015	As on Jun 30, 2016 (Half Year)
Basic Earning Per Share	3.16	1.68
Net Asset Value (NAV) Per Share	21.98	23.66

Reporting Period

Previously the company followed the reporting period for 12 months from January to December of each year and accordingly the Financial Statements are prepared and consistently followed. Now, in compliance with the Section-2(35) of the current Income Tax Ordinance 1984, the Financial Statements need to be prepared for the period of 12 months commencing from 01 July each year onwards 2016, which shall be considered income year for the Company. For compliance with the current law, the Company prepared the Financial Statements for half yearly ending June 30, 2016.

Ratios: Industry Average Compare with aamra networks limited

Sl.	Financial Ratio	31-Dec-15		31-Dec-14		31-Dec-13		31-Dec-12		31-Dec-11	
		ANL	Industry Avg.								
Liquidity Ratio											
1	Current Ratio	3.26	2.60	1.70	5.14	1.42	7.07	3.89	8.55	2.98	6.97
2	Quick Ratio	2.12	2.08	1.31	4.51	1.21	6.30	3.16	8.03	2.77	6.51
3	Times Interest Earned Ratio	18.25	21.80	3.79	9.86	5.49	7.23	23.19	11.43	28.44	7.88
4	Debt Equity Ratio (In times)	0.05	0.22	0.53	0.15	0.56	0.14	0.07	0.25	0.08	0.28
Operating Ratios											
1	Accounts Receivable Turnover Ratio (In times)	6.82	5.72	6.61	6.76	7.11	6.10	9.28	5.24	11.22	5.05
2	Inventory Turnover Ratio (In times)	4.08	4.71	5.95	5.82	9.53	2.60	12.43	2.84	42.60	2.91
3	Asset Turnover Ratio (In times)	0.74	0.54	0.82	0.48	1.12	0.40	1.51	0.37	1.66	0.42
Profitability Ratio											
1	Gross Margin Ratio %	0.40	0.39	0.40	0.43	0.43	0.50	0.42	0.46	0.39	0.48
2	Operating Profit Ratio %	0.21	0.15	0.20	0.18	0.22	0.23	0.21	0.20	0.19	0.17
3	Net Profit Ratio %	0.18	0.14	0.14	0.16	0.16	0.21	0.18	0.22	0.17	0.22
4	Return on Assets Ratio (ROA) %	0.13	0.06	0.12	0.07	0.18	0.07	0.27	0.07	0.29	0.07
5	Return on Equity Ratio (After Tax)%	0.14	0.08	0.19	0.08	0.23	0.08	0.27	0.08	0.29	0.08
6	Earning Per Share Ratio (EPS)	3.16	1.31	2.23	0.90	2.17	0.87	1.97	0.78	1.53	0.62
7	EBITDA Margin	0.31	0.23	0.31	0.30	0.29	0.35	0.27	0.57	0.25	0.32
Coverage Ratios											
1	Debt to total Assets Ratio	0.11	0.27	0.34	0.19	0.41	0.15	0.13	0.17	0.16	0.19
2	Debt Service Coverage Ratio	0.60	1.95	0.47	1.81	1.13	0.91	4.51	5.00	9.18	12.73
Cash Flow											
1	Net Operating Cash Flow Per Share	3.91	0.87	3.13	1.08	4.88	0.93	4.40	1.41	11.78	0.71
2	Net Operating Cash Flow Per Share/ Earning Per Share (EPS)	1.24	0.72	1.40	1.00	2.25	0.80	2.23	1.36	7.71	0.37

The stand-alone ratio of aamra networks limited has been calculated based on Audited Financial Statements and Industry average ratios are calculated on the basis of financial data collected from Annual Report of following five publicly traded Companies corresponding accounting years:

Sl.	Name of the Company	Considered Accounting Years	Remarks
1	aamra technologies limited	For the year ended 30 June 2011, 2012, 2013, 2014 and 2015	-
2	Agni Systems Ltd.	For the year ended 30 June 2011, 2012, 2013, 2014 and 2015	-
3	BDCOM Online Ltd.	For the year ended 30 June 2011, 2012, 2013, 2014 and 2015	-
4	Daffodil Computers Ltd.	For the year ended 30 June 2011, 2012, 2013, 2014 and 2015	-
5	Intech Limited	For the year ended 31 December 2011, 2012, 2013 and 2014	Annual Report for the year 2015 not available.

Note:

- For wider range of data, we communicated with Bangladesh Bureau of Statistics, Internet Service Providers (ISP) Association Bangladesh and Bangladesh Bank. But, we were informed that none of them maintains such ratios with regard to industry concern;
- The companies considered as peer of ANL are listed in the Stock Exchanges of Bangladesh, which are Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited;
- We have considered the companies listed under IT Sector only to make the comparison more relevant;
- Data used here is taken from Dhaka Stock Exchange Limited and last published annual Financial Statements, available on September 2016;
- Negative figures have not been considered to avoid distortion;
- Companies having annually published data have been considered only.

MANAGEMENT DISCUSSION & LEGAL STATUS

Key Strategic Objectives of ANL

- Introduce new and cutting-edge products and technology which contributes towards building long-lasting and sustainable relationship with businesses and consumers.
- Concentrate on product and service diversification (enhancing WiFi, Data Center and Infrastructure capacity) and continuously evolve our corporate portfolio.
- Increase organizational capacity and competence to enhance our already existing reputation of being a “reliable IT brand” amongst the financial institutions, local and international conglomerates and MNCs.
- Expand both nationally (throughout the country) and internationally (starting with different parts of Asia) in terms of product/service offerings and build a strong logistical network to support this expansion.
- Explore the newest technologies and build one of the best tech R&D teams of Bangladesh.
- Ensure premium international standard of service delivery, quality management and increase organizational capacity to adapt to international IT best practices.
- Increase communication and relationship with like-minded organizations, service providers, vendors and other concerned stakeholders.
- Build sustainable, long-lasting and fruitful business relationship with our investors.

Opportunities and Strengths of ANL

- The only Business-to-Business ISP of the country of such scale since 15 years;
- Biggest ISP of the country in terms of bandwidth delivery;
- ISO 9001:2008 Certified and Dun and Bradstreet listed top 500 companies of Bangladesh;

- Rich existing customer base and huge potential to buy more IT products;
- Strategic partnership with local and International institutions like Bangladesh Cricket Board and Polycom;
- One of the biggest IT Infrastructure buyers of the country from NTTNs;
- More than 1500 existing corporate clients and presently catering only small portion of their IT needs. Opportunity is to sell more IT products and services to existing 1500 businesses;
- The country’s IT requirement is growing rapidly and being one of the top IT companies, ANL shall experience automatic growth with present resources;
- Since ANL is the largest ISP of the country and Bangladesh is the 8th largest country (in terms of population) the company shall always attract foreign investors and expertise.

Major Challenges for ANL:

- Changes in business scope by regulatory authorities;
- Threat of sabotage/defamation as being the largest ISP of the country;
- Price reduction by Government owned service providers;
- Only offer High Quality, High Price IT Services. The structure doesn't allow reducing prices or catering small volume customers;
- More than 90% of the business is from Dhaka and Chittagong;
- Being the largest ISP of the country the company doesn't own much infrastructure. Need to rent infrastructure when it requires.



Managerial Competence

All the members of the management team of the company are highly qualified, trained & skilled professionals, well experienced and extremely devoted. The management team is led by Mr. Syed Farhad Ahmed, Managing Director & CEO and acts for the best interest of the company.

The expert team of ANL, which consists of and a good number of professionals from various disciplines, are seasoned and experienced enough to use the facilities for service to fulfill the demand of target customers.

Successive strong financial performance is the result of unwavering commitment of the promoters, management efficiency, employees' sincerity, use of appropriate technology, among others.

The Managing Director & CEO of aamra networks limited is appointed by the Board of Directors and is responsible for the daily management of the company as directed by the Board.

Mr. Syed Farhad Ahmed, Managing Director & CEO of aamra networks limited, guides the senior management on a day to day basis on the overall governance of the company and also has a keen interest in the R&D wing of the company. He also focuses in particular on recruitment of senior executives, sales and profitability, marketing, expansion, and development of new projects.

Mr. Sharful Alam is the Chief Operating Officer of the company and oversees the everyday operations and functionality of the company. He monitors work program of the organization and reports to the company's Managing Director & CEO. He administers the designing, improvement and implementation phases the company uses to deliver its services.

Mr. AKM Quamruzzaman is the Company Secretary, he ensures

the compliance related issues and also represent in the Board and different committees.

Mr. Md. Anamul Haque is the Chief Financial Officer of the company and oversees financial function like financial reporting, setup strategies, policies, fund management and monitoring day to day financial operations.

Major Business License & Certificate

Internet Service Provider (ISP) License

Authority : Bangladesh Telecommunication Regulatory Commission

ISO 9001:2008 Certification

Authority : ISOQAR Ltd

Status of Payment of VAT, Income Tax, Customs Duty

The Company has no such unpaid VAT, income tax, customs duty.

Partial Exemption on Tax

The Company is enjoying a Tax exemption on its Information Technology Enabled Services (ITES) as per Income Tax Ordinance, 1984, Clause 52 related with Income Tax Rules, 1984 Clause 16.

VAT exemption on Software sales

As per SRO No. 119-Act/2015/725-VAT company enjoy VAT exemption on Software sales.

Status of Corporate Governance

The company has complied with all the conditions of Corporate Governance Guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC).



LOCK-IN & ALLOCATION OF SHARES

Provisions for Lock-in

As per Rule-10 of Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015:

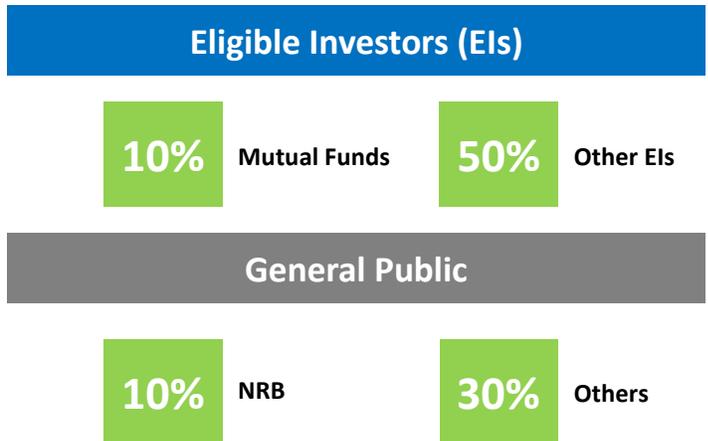
Ordinary shares of the issuer shall be subject to lock-in, from the date of issuance of prospectus or commercial operation, whichever comes later, in the following manner:

1. All shares held, at the time of according consent to the public offer, by sponsors, directors and shareholders holding 5% or more shares, other than alternative investment funds, for 03(three) years;
2. All shares allotted, before 02(two) years of according consent to the public offer, to any person, other than alternative investment funds, for 03(three) years;
3. In case any existing sponsor or director of the issuer transfers any share to any person, other than existing shareholders, within preceding 12 (twelve) months of submitting an application for raising of capital or initial public offer (IPO), all shares held by those transferee shareholders, for 03 (three) years;
4. 25% of the shares allotted to eligible investors, for 03 (three) months and other 25% of the shares allotted to them, for 06 (six) months;

5. All shares held by alternative investment funds, for 01 (one) year; and
6. Shares allotted, within two years of according consent to the public offer, to any person other than the shares mentioned in sub-rules (1), (2), (3), (4), and (5) above, for 01 (one) year.

Provided that ordinary shares converted from any other type of securities shall also be subject to lock-in as mentioned above.

Allocation of Shares



Eligible Investors (EIs)

Merchant Bankers	Asset Management Companies	Mutual Funds	Stock Dealers
Banks	Financial Institutions	Insurance Companies	Alternative Investment Fund Managers
Alternative Investment Funds	Foreign Investors	Recognized Pension Funds and Provident Funds	Other Institutions as approved by the Commission

There is a presence of certain degree of risk associated with investing in the securities in the capital market. The potential investors are requested to read the Red-Herring Prospectus carefully and understand the business potential of the company before making investment decision.



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