



DIRECTORS' REPORT

On behalf of the Board of Directors and Management, It is indeed a great privilege for me to welcome you to the 19th Annual General Meeting of the Company. We are pleased to place herewith the Directors' Report and the Auditors' Report together with the Audited Financial Statements of the Company for the year ended June 30, 2020 for your valued consideration, adoption and approval. These were approved by the Board of Directors on October 27, 2020.

The Directors' Report has been prepared in compliance with the Section 184 of the Companies Act 1994, BSEC's Notification of 2018, the Listing Regulations of Dhaka and Chittagong Stock Exchanges, and other applicable rules and regulations. Relevant disclosures and explanations relating to certain issues have been given by the Directors, which they consider important to ensure transparency and good governance practices.

Bangladesh Economy

The average annual real GDP growth of the Bangladesh economy during the last six years was over 6%, aided by conducive macroeconomic policies, strong export growth and favorable weather. GDP growth was broad based with agriculture, industry and service sectors performing well. During H1FY20, the pace of economic activities continued its normal trend due to strong domestic demand in Q1 and Q2 of FY20. Strong remittance inflows (35.3 percent growth) and higher government investment supported

domestic demand during Q2FY20. Economic activities portrayed a mixed picture in Q3FY20, amid global supply disruptions and looming economic recession originating from the global outbreak of the COVID-19.

After remaining buoyant in the first-three quarters of FY20, economic activities drastically shattered, in the fourth quarter, particularly in the industry and service sectors, disrupted by an unprecedented lockdown measures to limit the outbreak of COVID-19 pandemic. During this period, industrial production dropped significantly, driven mostly by a precipitous fall in manufacturing output, while the service sector activities stalled by the partial and often complete shutdown of transportation, trade, and hospitality industries. But the agriculture sector maintained firm growth during this period, aided by supportive government initiatives.

Nonetheless, the preliminary estimates by Bangladesh Bureau of Statistics (BBS) suggest that real GDP growth slipped to 5.24 percent in FY20 from 8.15 percent in FY19. The inflation increased to 6.02 percent in Q4FY20 from 5.48 percent in Q3FY20 amid some volatility, driven by a rise in food prices that emanated mostly from pandemic-induced global and domestic supply chain disruptions. Current account deficit widened to an eight-quarter high of USD 2439 million in Q4FY20, resulted from a sharper fall of exports than imports triggered by the pandemic. Nevertheless, the overall balance of

balance of payment witnessed a surplus of USD 3310 million during this period bolstered by record high quarterly financial inflows (USD 5216 million). On the fiscal side, budget deficit rose significantly in Q4FY20 and about 70 percent of deficit financing was met from domestic sources (banks and non-bank) during the last quarter of 2019-2020.

The pandemic severely weakened global trade, consumption, services, and the labour market in both developed and emerging markets. Global trade contracted by nearly 3.5 percent (year over year) in the first quarter, reflecting weak demand, collapse in cross-border tourism, supply chain disruptions, and supply dislocations triggered by shutdowns across the world.

Several policy measures taken by the government will help the economy to recuperate from lost investment and consumption and bounce back to the economic growth momentum observed in the last decade. A pragmatic agricultural and rural credit policy has been adopted by relaxing terms and conditions for inclusive loan disbursement. In view of the importance of the agriculture sector in terms of employment generation, food security, and poverty reduction in the country, the target disbursement of agricultural credit is set at BDT 262.92 billion for FY21 which is about 9 percent higher than that of FY19. It is expected that policy measures and strategy taken by the government such as easy monetary, fiscal, and financial policies shall facilitate the rapid recovery of the economy to the pre-COVID-19 level.

Capital Market Scenario

The capital market passed yet another gloomy year as the core index of the Dhaka Stock Exchange (DSE) lost 18.5 per cent year-on-year in 2019, after hitting a 42-month low. After the stock market crash in 2010-2011, the government came up with some instant market supportive measures. The market even after nine years of a fragile journey, failed to get a strong foothold, as investors were discouraged by one issue after another. The market has been in the doldrums almost throughout the year 2019 amid investors' confidence crisis. Round-the-year liquidity crunch in the banking sector, gloomy macroeconomic outlook, soaring non-performing loans, some policy changes and foreign investors' pulling funds out of the market worsened the situation. The financial sector remained volatile with liquidity crunch while soaring interest rate, huge non-performing loans and pressure on the exchange rate spilled over into the capital market.

The index was hovering between 4,390 and 5,950 points during the year. The index reached highest at 5,950 on January 24 while dipping to 42-month low to 4,390 on December 24 amid lack of institutional

investor participation. Market capitalization of the prime bourse also shed 13.22 per cent in the outgoing year to Tk. 3,395 billion. The daily turnover, another important gauge, stood at Tk. 4.80 billion on an average, down by 13 per cent year-on-year, in 2019.

The port city's bourse, Chittagong Stock Exchange (CSE), also saw sharp fall in the outgoing year with its CSE All Share Price Index - CASPI -losing 2,854 points or 17.44 per cent to settle at 13,505 and the Selective Categories Index - CSCX -plunging 1,707 points or 17.25 per cent to finish the year at 8,187.

The stock market stepped into 2020 amid concern over the depressing macroeconomic outlook, lingering tussle between GP and telecom regulator over an audit claim and little hope of an immediate market recovery. Most surprising that the large-cap stocks, considered as blue chips, suffered most during the year as foreign investors' pulling funds out of the market that worsened the situation.

COVID-19 worsening the already worsened mood of investors. The key index of the Dhaka Stock Exchange (DSE), DSEX, fell to its lowest level since January 2013. The government announced a public holiday from March 25 that extended till May 30. Considered "Non-essential," the two stock markets were also closed down. Bangladesh remained the only country where the stock markets were closed for two months due to the coronavirus pandemic. The last two years and the current pandemic crisis has greatly hurt investors' confidence in the country's capital market. On the other hand, capital markets elsewhere stumbled a bit but reached record-high levels as investors remain hopeful for an economic recovery. The policymakers, particularly Bangladesh Securities and Exchange Commission (BSEC), should take steps to regain investors' confidence which may include developed bond market. A vibrant bond market can provide investors with a less risky asset. This can increase participation in the country's capital market. Moreover, the fixed coupon payment of bonds can increase investors' confidence in the market. On the other hand, corporations will have a low-cost alternative to banks for funding.

IT Industry

The future of the world is digital economy. Digital economy accounts for \$12 trillion industry across the globe. In China, digital economy was worth \$5 trillion until last year. Digital economy is an idea that you can literally do everything digitally. Like, we use so many apps for so many services and the combined value of these products and services makes digital economy. Bangladesh has huge potential as the country has demographic dividend.

The digital economy is relatively small in the country and has a lot of scope of penetration. Digital Bangladesh is now not a dream but a reality. People are taking 150 types of services from digital centers around the country. Some 10,500 entrepreneurs provide over 6.4 million services every month while 36 million beneficiaries are availing of e-services. The government has been working to bring the country's all people under internet coverage. At the early stage of the journey of Digital Bangladesh, only 0.3 per cent people had internet connection. Now, 60 per cent people are enjoying internet facilities. The government also emphasizing in providing high speed internet facilities besides bringing all people under internet facilities.

Rise of platform economy, digitalization, automation, robotics have been reshaping the globe. Rapid technological transformation will be a key feature of the economy well into the future. At the national, regional, and global level, frontier technologies are offering promising new opportunities, but are also introducing new policy challenges. The march of technological innovation has long boosted economic performance, improved efficiency, accelerated the pace of globalization, and transformed human society in the process. The digital revolution demands renewed policy cooperation at all levels of governance. After all, the latest wave of technological change is especially broad, and it is coming fast. It is fundamentally altering how goods, services, and ideas are exchanged. And as rapidly declining costs make digital technologies even more affordable and accessible, they will continue to transform people's lives and livelihoods.

Software and computing technology is transforming businesses in every industry around the world in a profound and fundamental way. The continued reduction in the unit cost of hardware, the explosion of network bandwidth, advanced software technologies and technology-enabled services are fuelling the rapid digitization of business processes and information. The digital revolution is cascading across industries, redefining customer expectations, automating core processes and enabling software-based disruptive market offerings and business models. This disruption is characterized by personalized user experiences, innovative products and services, increased business agility, extreme cost performance and a disintermediation of the supply chain. Leveraging technologies and models of the digital era to both extend the value of existing investments and, in parallel, transform and future-proof businesses, is increasingly becoming a top strategic imperative for business leaders.

From an IT perspective, the renewal translates to re-imagining human-machine interfaces, extracting value out of digitized data, building next-generation

software applications and platforms, harnessing the efficiency of distributed cloud computing, modernizing legacy technology landscapes and strengthening information security and data privacy controls. The fast pace of technology change and the need for technology professionals who are highly skilled in both traditional and digital technology areas are driving businesses to rely on third parties to realize their business transformation. Several new technology solution and service providers have emerged over the years, offering different models for clients to consume their solution and service offerings such as data analytics companies, software-as-a-service businesses, digital design boutiques, and specialty business process management firms.

While these developments present strong market opportunities for the IT industry, there is also an imperative need for IT services and solutions companies to transition from fast-commoditizing traditional service offerings, to attract and retain quality talent, to reimagine cost structures and leverage automation for increased productivity.

The COVID-19 pandemic has disrupted demand and supply chains across industries, negatively impacting the business of companies and driving the global economy towards a recession. Governments in several countries have imposed stringent lockdown in a bid to contain the spread of the disease. This in turn has forced companies to reconfigure how their employees work and how their core business processes are supported and delivered. These events could cause companies to pause and reprioritize their spending on technology and business process outsourcing. However, it is becoming evident that companies that have previously digitized their operations have been more resilient. Consequently, in the medium to long term, it is very likely that businesses will continue to spend on technology related initiatives with a greater focus on automation, remote working, cloud-based applications, optimization of legacy technology costs, etc. Several sectors are also seeking technology-based solutions immediately to tackle the health and economic crises - notably in healthcare, life sciences, banking, telecommunications and essential retail.

The COVID-19 impact possesses a unique challenge for the IT industry as it is only in its growth stage in Bangladesh. Industry insiders expect the overall revenue for the 2020 year to decrease by 20-25 percent due to the pandemic. The COVID-19 stands to wipe out 1.1 percent of Bangladesh's gross domestic product, resulting in 894,930 jobs being lost as per a projection of the Asian Development Bank. It is highly likely that the IT and digital industry will fall into this crunch along with the RMG industry. Undeniably, it'll be impossible to not feel the impact

of the pandemic in any industry but precautionary and supportive policies will ensure the tech and digital industry will not be crippled in during and post COVID-19 economy. With the challenges now apparent for the IT and digital sector, it's crucial that the government pays significant attention to its third-engine during and post COVID Bangladesh.

Bangladesh is one of the top four countries in terms of 'improvement and remarkable growth' in digital economy in the last four years. Despite the fact that the internet use has increased significantly during the coronavirus outbreak but as almost all the corporate houses, the main revenue source for major ISPs, were closed for two months from March 26, the Broadband internet service providers were facing obstructions in revenue collections.

Industry outlook

The COVID-19 pandemic will result in ICT spending in 2020 being flat compared to 2019 and kept afloat by growth in new technologies. In 2021 through 2023, overall ICT spending will grow by at least 5% annually due to continued expansion in new technologies while traditional ICT will continue to see growth that tracks GDP. Growth in traditional hardware, software and services will be driven by cloud and mobile and will maintain a stable share of overall business and consumer spending. While some categories are declining, businesses continue to leverage traditional technologies as major components of digital strategies.

Traditional hardware was one of the hardest hit segments of the ICT market by COVID-19. Traditional software continues to represent a major contribution to productivity and drives much of the economic benefit of ICT spending, while investments in mobile and cloud hardware have created new platforms which will enable the rapid deployment of new software tools and applications. There will continue to be some cannibalization of traditional IT services (outsourcing, in particular), but cloud and mobile also create opportunities for IT and business services firms as organizations seek help with their migration to new platforms and the integration of new digital strategies with existing operations and metrics. Digital transformation is set to drive a large proportion of growth in the next 5-10 years, which will continue to ensure steady demand for professional services.

The emergence of IoT is already contributing to significant market growth, and within 5-10 years new technologies such as robotics, artificial intelligence, and AR/VR will also expand to represent over 25% of ICT spending. The COVID-19 pandemic has only slightly tempered the growth of these new technologies, and over the next few years, other new categories such as robots/drones and AR/VR

headsets (in addition to related software and services) will see similar growth. This increasing proportion of spending targeted at new categories will drive the overall industry to a new growth surge over the next decade as businesses move beyond prototyping into broader deployments of technologies such as augmented reality viewers and AI-enabled robots.

Bangladesh ranks among the most densely populated countries globally. However, economic constraints over the last few decades has resulted in under-investment in network infrastructure, with the result that the country has an under-developed fixed-line market, with the fixed-line penetration rate being the lowest in South Asia. According to BTRC, the ISP+PSTN represents only 8.28% i.e. 8.57 million users at the end of June 2020 out of total 103.47 million internet users. Related to the poor fixed-line infrastructure is the very low fixed broadband penetration rate, a situation compounded by the preference among consumers to adopt mobile broadband solutions for their data needs. To address these shortcomings the Executive Committee of the National Economic Council (ECNEC) approved the revival of the NGN modernization project to be undertaken by Bangladesh Telecommunications Company Limited (BTCL). In the years to 2024 steady growth is expected to arise from these efforts.

Moreover, the government is relentlessly working to reach broadband internet in every union. Under the Info-Sarker Phase 3 project the government is implementing the broadband connectivity, and till December 2019 the government has successfully connected 2400 unions with high-speed internet connectivity through optical fiber. This project will provide Internet access to 2700 Union Parishads, 488 Upazilla Parishads and 1000 police connectivity under 64 districts all over the country. The government is building the infrastructure only, rest of the services and maintenance will be conducted through the private organizations where Internet Service Providers (ISP) will have a pivotal role in this regard.

Principal Business

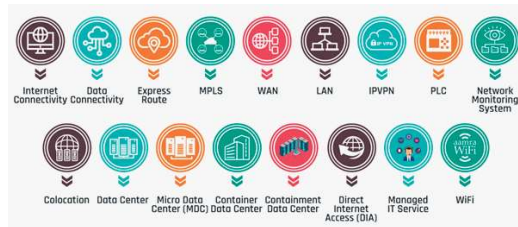
aamra networks limited (ANL) is an IT company involved in Leased Bandwidth distribution, IAAS, SAAS and IP enabled value-added services. ANL is one of the first private sector licensed Internet Service Provider (ISP) in Bangladesh. aamra networks limited over the last decade has consistently provided its customers with the state-of-the-art IT communication solutions and services which includes Internet Access, Web Page Development, and Hosting, Leased Port Internet Access, Total Network Solutions, Video Conferencing Solutions, Video Surveillance Solutions, Software Development and Maintenance Services etc. Additionally, aamra

networks limited has ventured into Infrastructure and Cloud solutions. To add to this, the company is constantly upgrading its international connectivity portfolio, i.e. MPLS, PLC and other forms of peer-to-peer connectivity. The company has also ventured into IOT solutions, Robotics and Automation.

Product Categories & Services

aamra networks limited maintains a wide range of product and service portfolio. Our products and service portfolio can be summarized in two broad categories - i) Internet and Infrastructure Solutions, ii) IOT Solutions.

Internet & Infrastructure



Internet of Things (IOT) Solutions



Nationwide Presence

ANL has spread its service throughout the country. The coverage of its services is illustrated in the map of Bangladesh:



Distributor of Global Brands

aamra networks limited is the authorized distributor of the world-renowned brands that cater to the Government Organizations, Multinational Companies, International Organizations, Manufacturing Industries, Financial Institutions and Small & Medium Businesses in Bangladesh. We make every effort to offer quality products and outstanding services that ensure utmost client satisfaction.

Some of the reputed brands we represent are Cisco, Fortinet, Sophos, Huawei, Juniper, Dell, HikVision, Samsung, Matrix, Poly, VMWare, Schneider, NBS etc.

aamra making significant progress in Bangladesh IT Industry

aamra has made significant progress in the IT industry in last year. Our internet and infrastructure portfolio has remained steady. We have expanded our MPLS portfolio significantly this year and strengthened our offerings by partnering with global brands. Historically we have always been very strong in metropolitan cities such as Dhaka and Chattogram. Last year, we have created strategic POPs and presence in sub-urban locations to make sure that our coverage is more widespread.

We have continued our aggressive expansion in promising and upcoming markets, such as South East and North East region of the country. In Jashore and Khulna region, we have onboarded significant number of clients. In North east region, Bagura-Niphamary-Rangpur we have not only expanded our business portfolio, we have invested in significant upgradation of network and infrastructure. We are hopeful, aamra shall be strategically placed to reap advantage of the potential these markets have to offer in near and far future.

In the Internet of Things (IOT) vertical, we have remained firm and consistent over the years. We have made steady progress in the Video Surveillance (VS) business and has retained our market leadership in the Video Conferencing (VC) business. In the video conference and collaboration space, we have made significant improvement and contributed with some ground-breaking innovations. For instance, we have built a unique solution combining Microsoft Teams and Poly's video conferencing device, which shall offer the clients enhanced video/audio experience and the convenience of collaboration any time and any where in the world. In light of COVID, and the changing trend of global technology space, we have prioritized collaboration solutions.

This year, aamra made significant strides in Infrastructure space. Our data center and colocation business are steadily increasing. Additionally, we

are making promising progress in new-age infrastructure solutions, such as Micro Data Center and Container Data Center. We are the first company in Bangladesh to commercially implement Micro and Container Data Center, enabling clients in rural and remote locations to operate with more operational and cost efficiency.

In terms of business, we have remained consistent and steadily progressing in multiple of our service lines. However, we are restricted by the global health crisis. Entire world is facing an unprecedented virus, COVID - 19 has significantly affected the way we do business. We foresee the effect of this to be lasting and prolonged. Having said that, our teams working round the clock to innovate and pivot in various directions, to make sure that our top line remains steady. We are confident to remain ahead of the curve in next financial year, also do everything within our capacity to ensure consistent and fruitful return to our shareholders.

Operating and Financial

Performance of the Company

The financial results of the Company for the year 2020 with a comparison of 2019 are summarized below:

(BDT in million except per share data)	2020	2019
Revenue	972.13	1132.41
Gross profit	391.64	439.02
Operating profit	222.44	249.64
Profit before tax	195.56	226.67
Tax	16.12	14.64
Profit after tax	179.44	212.03
Earnings per Share (EPS)	03.19	03.77

The COVID-19 pandemic has disrupted demand and supply chains across industries, negatively impacting the business of companies and driving the economy towards a recession. Despite devastating impact of COVID-19 aamra networks commitment to simplification, capital discipline and culture laid the foundation for a steady performance in FY2020. From these strong foundations, we are confident in the long-term outlook, with significant opportunities ahead to further transform our business and deliver value and returns for our shareholders.

During 2019-20, the turnover of the Company was BDT 972.13 mn as against BDT 1132.41 mn during FY 2018-19 registering a decrease of 14.15%. The Company posted a Profit Before Tax from continuing operation of BDT 195.56 mn during the year as against BDT 226.67 mn of previous year registering a decrease of 13.72%. The Profit After Tax from continuing operation during FY 2019-20 is BDT 179.44 mn as against BDT 212.03 mn in FY 2018-19 registering a decrease of around 15%.

During FY20, the gross profit is BDT 391.64 mn which was BDT 439.02 mn registering a decrease of 10.79%. During the year the company paid tax of BDT 16.12 mn which was BDT 14.64 mn in 2019, an increase of 10.11%. Higher service & maintenance cost, competitive sales price, minimum margin collectively impacted on the overall profitability of the Company.

Product or Segment wise performance

During FY20, the Internet, WiFi Bandwidth and equipment sales the main stream products of the company collectively generated BDT 658.89 mn which was BDT 766.46 mn registering a decrease of 14%. The Company's business is rolling to corporate clients only, during the last quarter of FY 20 the countrywide lockdown for controlling the spread of deadly Coronavirus sharply impacted the growth momentum in turnover. Additionally, the Company's IT Support services and equipment sales, which contributed 31% of total turnover in FY19, decreased by 18%.

Significant deviation in operating results & significant variance between quarterly and annual results

During the year under review, the company was able to maintain steady performance until the 3rd quarter. The company has mainly corporate clients and countrywide lockdown due to COVID for two months of the last quarter of this financial year disrupted to reach the expected revenue target. In addition to that, higher service & maintenance costs, competitive sales price, minimum margin collectively impacted the overall profitability of the Company. Moreover, the increased number of shares for the last year's bonus dividend also diluted the EPS of the Company. Therefore, a 14.15% decrease in turnover 15% decrease in net profit, and 15.38% decrease in EPS have been observed from the last years operating result.

Five years data

Key operating and financial data of preceding 5 (five) years of the Company has been summarized on page 7 of this Annual Report.

Capital Expenditure

The Total Capital Expenditure on acquisition of Property, plant, computer applications, software and equipment, of the Company amounted to BDT 1,135.09 million. The detailed note on acquisition of Property, Plant and Equipment is given under the note no 4 of the Financial statements.

Capital Infusion

During the year, there was an equity capital infusion of 3.18 crore resulted reflection of issuance of 3,182,472 equity shares at BDT 10 per share for 6% stock dividend for the year 2019. Consequent to this, the

paid-up equity share capital stands increased to 56.22 crore from 53.04 crore.

Related party transaction

Compliant steps have been taken by the Board to avoid any conflict of interests that may arise, in transacting with related parties as per the definition of IAS. A statement of related party transactions has been presented in note no. 34 of the financial report.

Events occurring after the reporting date

As at the date of this report, the directors are not aware of any matter or circumstance that has arisen since the end of the year 2020 that has significantly affected or may significantly affect the operations of the Company, the results of its operations or its state of affairs, which is not already reflected in this report other than the following:

On October 27, 2020, aamra networks recommended 10 percent cash dividend. Details of the recommended dividend during the financial year are disclosed in Note 35.2 of the Financial Report.

Material changes after Balance Sheet date (June 30, 2020)

There have been no material changes and commitments between the end of FY20 and the date of this report, affecting the financial position of the Company.

Appropriations of profit

Taking into account the profit available for distribution after complying with the regulatory requirements, the Board recommended 10 percent cash dividend for the year ended June 30, 2020 for approval of Shareholders in the Nineteenth Annual General Meeting. The Board proposed the following appropriations:

Amount in million BDT	
Net profit for the year 2020	179.44
Retained earnings at the beginning of 2020	800.68
Dividend 2019 paid	63.65
Total profit available for appropriation	916.47
Proposed Appropriations	
Proposed cash dividend	56.22
Retained earnings	860.25

Dividend

The Company will be paying 10% cash dividend for the year ended 2020. The Board of Directors in its meeting held on 27 October 2020 recommended "10% cash" dividend for the year 2020. As per article-89, Schedule-1 of the Companies Act 1994, dividend shall be declared out of profit i.e. from current year's profit and from previous years' retained profit. During the year ended the company has registered profit of BDT 179.44 mn.

aamra networks aims to provide commendable and sustainable rate of dividend to its shareholders and the Company has been paying dividend consistently for many years.

The Board of Directors affirm that no bonus share or stock dividend has been or shall be declared as interim dividend.

Issuance of Zero Coupon Bond

Digital Infrastructure development (both soft and hard) is the foundation of a digital economy. It has to be aligned with different maturity levels, where digital availability, access, appetite and abilities should be considered holistically. Digital infrastructure investments will rise between 6-11% on an annual basis between 2018 and 2030. Broadband infrastructure investment strongly correlated with social-economic benefits delivery in developing countries, like Bangladesh. Every 10% increase in broadband penetration increases GDP pa in developing countries by 1.38%. Doubling broadband speed leads to a 0.3% increase in GDP pc growth. Broadband access and high-speed technology will encourage the usage of the Internet and enables new user services. Along with the need for more bandwidth to support the new services, residential and business customers alike are expecting higher levels of network reliability and predictability at a lower and lower price per bit levels. The ability to predict and guarantee service levels and maintain QoS will not only add to customer or user satisfaction but also open up new competitive advantages by leveraging the network as a strategic asset.

Assuming the rapid growth in access bandwidth occurs, aamra networks assess the need to continue to expand the capacity of our core networks while at the same time getting the competitive edge on controlling costs, delivering higher reliability, offering an attractive mix of broadband access technologies and speeds, dynamically distinguishing between types of traffic, offering new value-added service options and enhancing customer service and customer satisfaction. Bearing in mind to ensure strong presence and growth continuity we are implementing the POP upgradation project.

By implementing this project aamra networks will enjoy delivering more than 1 Gbps bandwidth, strategic PoP locations to serve the customers and shall cover the locations we previously couldn't offer our services in, bandwidth stability, the PoP up-gradation shall prepare us for future business expansion and shall assist in implementing the competitive and cost-effective business model. As, we are operating in a very price-sensitive ISP market, to remain cost-effective for the customer, and offer competitive rates, we need robust infrastructure which shall be able to shoulder the infrastructure load for long-terms.

For financing of the aforesaid PoP upgradation and network expansion project, we got approval from the Bangladesh Securities and Exchange Commission for issuing Zero Coupon Bond (ZCB) worth BDT 1000 million. The majority of the fund to be collected by issuing the Zero Coupon Bond will be deployed in the project implementation and loan repayment. After completion of the project, we are expecting 10 percent year-on-year growth in revenue during the 5 years tenure of ZCB. The payback period of this project is approximately 3.5 years which is per the standard.

Contribution to the National exchequer and the economy

During the year 2020, the company contributed a total amount of BDT 10.58 million as Corporate Tax, BDT 16.55 million as TDS and BDT 43.28 million as VAT, in total BDT 59.83 million was paid to the national exchequer. aamra networks always uphold its responsibilities to the development of the society and the country as a whole. We encourage our employees to participate in social and charitable programs.

Annual General Meeting

Annual General Meeting is the biggest program for the Company in a year. All shareholders are encouraged to attend and/or participate in AGM to deliberately give their opinion regarding any facts of the company. Shareholders can attend in person or send a proxy as their representative. The notice of AGM and proxy form is also available for all shareholders in the official website.

The notice of the Nineteenth Annual General Meeting is given on page 3 of this Annual Report. A summary of the agenda is given below:

Ordinary Business :

- Adoption of Directors' Report, Auditors Report and Audited Financial Statements;
- Declaration of dividend;
- Re-appointment of retiring Directors;
- Re-appointment of managing Director;
- Appointment of Statutory Auditors.
- Appointment of Compliance Auditor.

Special Business : Nil

Notice of the Annual General Meeting

Notice of the Nineteenth Annual General Meeting of the Company is given on page 3 of the Annual report.

Management Discussion and Analysis

A management discussion and analysis signed by Managing Director regarding the Companies operation and position along with a brief discussion of changes in the financial statements has described in the page no 26

Directors' statement pursuant to the disclosure and transparency

The Directors confirm that to the best of each director's knowledge and belief:

- the financial statements, prepared in accordance with IAS/IFRS, give a true and fair view of the assets, liabilities, financial position and results of the Company, and
- the management report contained in the operational and financial review includes a fair review of the development and performance of the business and the position of the company, together with a description of principal risks and uncertainties that may face.
- the internal control system is properly designed, implemented and effectively monitored.

Accounting policies and maintenance of books of accounts

The Directors consider that in preparing the Financial Statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and that the International Accounting Standards have been followed. In preparing financial statements, information has been obtained from the books of accounts, which have been maintained properly as required by the applicable rules and regulations.

Directors' responsibilities of preparation of Financial Statements

The Directors are of the view that the Annual Report and Company's financial statements have been prepared in accordance with applicable laws and regulations and as per requirement of regulatory authorities. The Board confirms that a true and fair view of the state of the affairs of the Company has been ensured while preparing the Financial Statements of the Company.

Observance of IAS, BAS, BFRS & applicable laws

The Directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable to ensure that the financial statements comply with the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws. The Directors also confirm that the financial statements have been prepared in accordance with the International Accounting Standards and other applicable rules and regulations.

Fairness of the accounts

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates,

in conformity with International Financial Reporting Standards (IFRS) and the requirements of Companies Act, 1994. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of their profits for the year ended June 30, 2020.

Internal control

Internal control including financial, operational and compliance controls and risk management systems, maintained by Management and that was in place throughout the financial year and up to and as of the date of this report, is adequate to meet the needs of the company in its current business environment. The Internal Audit regularly reviews of the aamra networks operations, examine the business processes and evaluate the adequacy and efficiency of financial and operating controls and highlights significant risks. Management follow up and review the status of actions on recommendations made by the internal control. The Board reviews regular reports from the management on the key operating statistics, as well as legal and regulatory matters. The Board also approves any changes or amendments to the company's policies.

There are policies and procedures in place to ensure compliance with internal control and the prescribed laws and regulations. These policies and procedures are set out in the company's Standard Practice Instruction and are updated from time to time in tandem with changes to the business environment or regulatory guidelines.

Risk and concerns:

The Board of Directors is in charge of determining the Company's fundamental attitude toward risk while setting out the risk principles as well as the level of risk exposure. The Board of Directors are responsible for formulating risk policies, determining methods to measure and manage risk, setting commensurate risk limits and monitoring their performance.

Fundamental principles of aamra networks risk management philosophy are:

- Effectively managing and monitoring credit, interest rate, liquidity, market and operational risk and providing for appropriate allocation of capital among the types of risk.
- Managing risk in a forward-looking manner and identifying and analyzing risks from the beginning with the help of steering risk strategies, models and parameters.

- Creating maximum value for the shareholders, and employees in long term
- Being financially reliable and strong and establishing business relations with the stakeholders that will last for many years by creating the image of a profound institution that will stay in business permanently
- Complying with Companies Act, Rule and Regulations of BSEC, Listing Regulations of Stock Exchanges and other guiding principles of BSEC.

Going concern

The Board of Directors has reviewed the Company's overall business plans, strategies and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the financial statements of the Company are prepared based on the going concern concept.

Directors' Responsibilities for Financial Statements

The Board is responsible to present a fair, balanced and understandable assessment of the Company's position and prospect as part of good corporate governance and to that end the directors confirm to the best of their knowledge that-

- the Financial Statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- proper books of account as required by the law have been maintained;
- appropriate accounting policies have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgements;
- the Financial Statements prepared in accordance with IAS//IFRS;
- the Financial Statements prepared on going concern basis;
- the minority shareholders have been protected from abusive action by or in the interest of controlling shareholders acting either directly or indirectly and have effective means of redress;

Directors' Responsibility to Internal Control System

The Board of Directors are responsible to ensure that the system of internal control is sound in design and has been effectively implemented and monitored. In this regard, the board has taken proper steps and sufficient care in building a system of internal

control, which is reviewed, evaluated and updated regularly. The internal audit department of the Company conducts periodic audit to provide reasonable assurance that the established policies and procedures of the Company are consistently followed. The Audit Committee consists of three members from the Board of Directors. The Chairman of the Audit Committee is an Independent Director.

Corporate governance

Fundamentally, the conduct of the Company is guided by our core values, our code of ethics and a commitment to openness and transparency. ANL's Board of Directors endeavors always to provide learned and strategic direction for the Company through applying the highest standards of corporate governance practice. To this end, we comply with all reporting regulations and requirements as defined in the Code of Corporate Governance issued by the Bangladesh Securities and Exchange Commission. Strengthening the policies and procedures by accommodating the changes in legislation and perspectives is our routine application to protect the Company from risk and introduce new policies necessary to steer the company on right and clear strategic direction. We work to ensure all governance matters are transparent to stakeholders as well as shareholders through channels such as the Annual General Meeting (AGM), quarterly financial statements and this annual report. The Board of Directors of the Company has always committed to maintain and practice an effective corporate governance structure. A detailed report on corporate governance has been set out on page 68 to 78 of this Annual Report.

Directors' meeting, attendance & remuneration

During the year ended June 30, 2020 total 13 board meetings were held. During this year, all of the Directors serving on the Board attended were more than 85 percent of the aggregate of the total number of meetings of the Board of Directors. The attendance in the Board and Committee meetings by each Director is given in Annexure-I on page 53 of this Annual Report.

Directors to retire, re-appointment and biographies of the Directors

As per Article 91 of the Articles of Association of the Company, one-third of the Directors of the Company are required to retire by rotation at each Annual General Meeting (AGM). The retiring Directors are eligible to stand for re-election. In this connection the following Directors will retire in the 19th Annual

General Meeting and being eligible offered themselves for re-election;

- i) Syed Faruque Ahmed
- ii) Fahmida Ahmed

The Nomination and Remuneration Committee reviewed the nomination of the above retiring directors and recommended the board for re-appointment. Accordingly, the board recommended re-appointment of retiring directors for re-election.

Biographies of the Directors (including retiring Directors) and the names of the Company where they have interest are mentioned in this annual report on 18 page.

Reappointment of Managing Director

As per Article 117 and 118 of the Articles of Association of the Company the board in its 121st meeting held on October 27, 2020 reappointed Mr. Syed Farhad Ahmed as Managing Director of the Company for a period of five years. The board also recommended Tk. 3,25,000/- (taka three lac twenty five thousand) as monthly salary plus other admissible benefits as per company policy.

As per Section 2 (m) and 110 of Companies Act 1994, the reappointment of managing director for the aforesaid term and benefits shall be placed in 19th annual general meeting of the company for the approval of the shareholders.

Report on the compliance of the conditions of BSEC's notification

In accordance with the BSEC's Notification dated June 3, 2018, the Board of Directors are required to report on the compliance of certain conditions. The notification was issued for the purpose of establishing a framework for ensuring good governance practices in the listed companies for the interest of the investors and the capital market. The overall shareholding pattern and a statement on the compliance with the BSEC's conditions is given on Annexure-II and Annexure-III on page no. 53 and 55 respectively of this annual report.

Pattern and distribution of shareholding

As on June 30, 2020 the paid up capital of the Company is Tk. 562,236,810 subdivided by 56,223,681 shares of Tk. 10 each where the Sponsor Shareholders holding is 33.03%. The overall shareholding patterns of the Company as at the end of the year 2020 is shown in Annexure-II.

Substantial shareholdings

BSEC's Corporate Governance Notification dated June 3, 2018 requires a listed company to disclose

in the Directors' Report, the list of shareholders holding ten percent or more voting interest in the Company. Shareholders who hold ten percent or above shares in aamra networks including the shareholding status of all sponsors shareholders as on June 30, 2020 is given in Annexure-II.

Corporate responsibility

aamra networks defines Corporate Responsibility as operating with integrity at all the times, sustaining the Company's long-term viability while contributing to the present and future well-being of all stakeholders.

At aamra networks, we recognize that we have certain responsibilities to our clients, shareholders, employees and to the communities in general. But the biggest contribution of the Company has to make the long-term sustainability of its business.

We value our shareholders and their rights. We are always committed towards our shareholders to preserve their rights and to enhance their return as much as possible. Considering this fact the management of aamra networks gives its best effort to:

- Keep standard operating performance that ranks among the best in the industry;
- Ensure Effective corporate governance;
- Provide Full and complete financial information;
- Give attractive dividend.

aamra networks is committed to be equal opportunity employer, adhering to the highest social standards, the company seeks to provide a superior working environment for its employees based on diversity and respect for the importance of the individual. Based on these aamra networks is committed to:

- Provide a workplace in which employees are respected;
- Encourage a management style that empowers and develops employees;
- Ensure proficient training and development program that emphasis the employees to add value;
- Measure progress in employment practices and employee morale.

Business ethics

Our customer welfare comes first. We ensure understanding our client's need, extending facilities to the right clients at just terms. We care our clients to enjoy consistent continuous service wherever we operate. We have 24/7 dedicated customer care and also have complain box for taking care of customer complaints with highest priority. All our Board, Management and employees strictly follows

regulatory guidelines, instructions and all applicable laws, rules and regulations of the country.

Audit information

The Directors who held office at the date of this Director's Report confirm that:

- So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- The Directors have taken all the steps that they themselves ought to have taken as Directors in order to make themselves aware of any relevant information and to establish that the company's Auditors are aware of that information.

Auditors

The BSEC's order dated 27 July 2011 stipulated that an Auditor of a Financial Institutions cannot be appointed for more than three consecutive years. Moreover, section 210(10) of the Companies Act, 1994 also gives authority to shareholders of the company to fix the Auditor's remuneration. K. M. Hasan & Co., Chartered Accountants have completed their third year as statutory auditor of the company and hence not eligible for re-appointment.

G. Kibria & Co., Chartered Accounts have expressed their willingness to become the statutory auditor of the company for the FY-2020-2021. In this regard the Audit Committee scrutinized and reviewed their proposals and recommended to the Board to appoint G. Kibria & Co., Chartered Accounts as the external auditor of the Company for the FY-2020-2021.

The Board in its meeting held on October 27, 2020 recommended the shareholders to appoint G. Kibria & Co., Chartered Accounts at a remuneration of Tk. 2,00,000 plus VAT.

The Audit Committee scrutinized and reviewed the proposals of K. M. Hasan & Co., Chartered Accountants to be compliance auditor of the company and recommended to the Board for appointment.

The Board in its meeting held on October 27, 2020 also recommended the shareholders to appoint K. M. Hasan & Co., Chartered Accounts at a remuneration of Tk. 25,000 plus VAT as the compliance auditor for the year 2021.

Credit Rating

Alpha Credit Ratings Limited reaffirms A+ (A Plus) in the long term and ST-2 in the short-term rating of aamra networks limited on the basis of Company's latest year-end financials of 2019. This rating is valid till July 21, 2020.

Our employees and environment

The Management of aamra networks believes that Human Resources of any organization can make the difference in the Industry. Considering this thought aamra networks recruits competent people, develop them as per the demand of the time and situation, and retain them with competitive and standard motivation-award and retention policies and practices.

The Company is committed to creating a working environment based on the values of equal opportunity, diversity and meritocracy. All the Company's activities are reinforced by its governance structure, which complies with the leading codes of best practices.

With respect to issues that are relevant to its operating environment, aamra networks promises to:

- Avoid and discourage discrimination and provide equal opportunity and respect diversity;
- Ensure frequent interaction between employees and senior Management for constructive development in systems & procedure;
- Support employee efforts to achieve a healthy work-life balance;
- Organizing Training & Seminar for employee development
- Ensuring best HR practices
- An empowering Management style that develops employee and encourages performance;
- Aamra networks seeks to enhance employee motivation and performance in line with Company's

strategic objectives and in accordance with "aamra" brand promises: ethics, professionalism, innovation, pragmatism, team spirit and integrity.

Signing of Report

The Board in its 121st meeting held on October 27, 2020 authorized the Chairman, Mr. Syed Faruque Ahmed to sign Directors report and any addendum thereto.

Acknowledgement

We would like to acknowledge and place on record our gratitude to our valued clients, depositors and shareholders for the confidence in aamra networks. Our sincere appreciation to the Bangladesh Telecommunication Regulatory Commission, Bangladesh Securities and Exchange Commission, Dhaka and Chittagong Stock Exchanges, NBR, Banks and Financial Institutions, Other government bodies and statutory auditors for their constructive suggestions and cooperation. We also express our appreciation for the dedication and efforts put in by the employees at all levels of the Company.

For and on behalf of the Board,



Syed Faruque Ahmed
Chairman
Dhaka, October 27, 2020