



DIRECTORS' REPORT

On behalf of the Board of Directors and Management, It is indeed a great privilege for me to welcome you to the 21st 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, 2022 for your valued consideration, adoption and approval. These were approved by the Board of Directors on October 25, 2022.

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 economic impacts of the COVID-19 pandemic are waning. Infections and deaths surged during the Delta (July to August 2021) and Omicron (January to February 2022) waves of the pandemic. However, narrow targeting of movement restrictions and wider vaccine coverage limited the impact on economic activity. Officially recorded real GDP growth rebounded to 6.9 percent in FY21 and high frequency indicators of trade, industrial activity, and credit growth pointed to a continuing expansion in the first half of FY22. However, the recovery faces new headwinds following the surge in global commodity prices in the context of the war in Ukraine.

Bangladesh entered the pandemic with strong policy buffers to mitigate the negative impacts of the pandemic. An extensive stimulus program and accommodative macroeconomic policies protected productive capacity in the manufacturing sector and helped offset income losses.

Inflation was moderate in FY21, reaching 5.6 percent by the end of the fiscal year. However, headline inflation rose to 6.2 percent in February 2022, driven by a rise in both food and non-food prices. Food inflation rose by 114 basis points to 6.2 percent, as the prices of edible oil, rice, and potato, remained elevated. Non-food inflation also accelerated, reaching 6.1 percent by February 2022. Non-food inflation was driven by higher prices for transport and communication, clothing and footwear, household equipment, and services. Transportation costs surged by more than 20 percent following the adjustment of government-administered fuel and transportation prices.

After declining in FY20, exports grew by 9.2 percent in FY21 and 28.4 percent in H1 FY22, with recovery in global demand for readymade garments (RMG). Bangladesh gained market share in Europe and the United States, as buyers diversified global supply chains. In addition to RMG, exports of home textiles, pharmaceuticals, engineering, and agricultural products also recorded strong growth. A 55.8 percent increase in imports of consumer goods in H1 FY22 points to a strong recovery in private consumption. Public investment rose by 9 percent (y-o-y) in FY21 as government infrastructure megaproject implementation progressed, although preliminary data from FY22 points to a slower pace of expenditure growth. A gradual acceleration in growth of credit to the private sector and a sharp increase in capital goods imports demonstrate a continued recovery of private investment as well.

BB foreign exchange interventions to defend the value of the taka, which contributed to slower NFA (net foreign assets) growth (y-o-y), resulted in a decline in reserve money growth to 6.5 percent in December 2021. The broad money (M2) growth rate consequently declined to 9.6 percent in December 2021, below the BB's target of 13.8 percent. In contrast to NFA, the growth of net domestic assets (NDA) increased on the back of rising credit to the public and private sector.

Credit to the private sector recovered in FY21, as pandemic-related restrictions were lifted. As activity regained pace, demand for private credit rose in FY22, reaching a growth rate of 10.7 percent in December 2021, approaching the BB's target of 11.0 percent. However, the overall advance-to-deposit ratio (ADR) remained at 72 percent in September 2021, well below the regulatory limit of 87 percent. This largely reflected underperformance by state-owned commercial banks.

Despite a widening trade deficit, the balance of payments (BoP) surplus increased to US\$ 9.3 billion at the end of FY21, led by a 36.1 percent (y-o-y) surge in official remittance inflows. The surge in official remittance inflows in FY21 correlates with substantial disruptions in informal remittance transfer channels as the movement of people and goods was constrained by COVID-19 travel restrictions. The surplus in the financial account reflected increasing foreign direct investment (39.3 percent) and medium and long-term (MLT) loan disbursements (78.3 percent). However, these trends reversed in FY22. The current account deficit widened in H1 FY22 due to a sharp increase in import payments (52.4 percent) and a decline in official remittance inflows (-20.9 percent). Official remittance inflows declined as travel restrictions were lifted, supporting normalization of informal transfer channels. This trend was reinforced by a rising informal exchange rate premium, which reached 2.7 percent by March 2022. The financial account surplus narrowed as loan disbursements and portfolio investments slowed. As a result, the BoP deficit reached US\$ 1.8 billion in H1 FY22, compared to a surplus of US\$ 6.1 billion during the same period of FY21.

The Bangladeshi taka (BDT) remained stable against the US dollar at 84.8 BDT/US\$ throughout FY21. The exchange rate depreciated to BDT 85.8 per US\$ in December 2021 as imports surged, international travel resumed, and official remittance inflows declined. BB sold US\$2.5 billion of reserves in H1 FY22, reversing the direction of its FY21 foreign exchange interventions. Gross foreign exchange reserves declined in H1 FY22 but remained adequate at US\$ 44.5 billion. In the context of an elevated BoP deficit, vigilance, and greater exchange rate flexibility are required to safeguard reserves.

Despite the ambitious target in the budget to expand expenditure to expedite the economic recovery and support vulnerable sectors, total nominal expenditure grew only 9.8 percent in FY21, below the average growth rate of the previous ten years (16.5 percent) and 19.3 percent below the budget target. Current expenditure rose modestly in FY21 as the government continued a policy to limit non-essential expenditure such as the purchase of vehicles, construction of

office buildings, and travel of government officials. Though construction of infrastructure megaprojects progressed, overall capital expenditure grew by only 4.2 percent in FY21, reflecting deferral of smaller projects and slow implementation in the fourth quarter due to movement restrictions. In the health sector, only 59.9 percent of the FY21 budget allocation was executed, despite the ongoing pandemic response. The percentage of the Annual Development Program (ADP) executed in H1 FY22 remained below the pre-pandemic level.

The revenue target for FY21 was an aspirational 42.3 percent nominal increase over FY20 collections. Though revenue collection rose by 23.5 percent (y-o-y) based on provisional estimates, it was still 14 percent lower than the target. Nominal tax revenues increased by 16.8 percent in H1 FY22, led by growth in trade-related tax revenues (22.4 percent growth) as imports rose. Government revenues remained among the lowest in the world at 9.4 percent of GDP, with limited adoption of tax policy or structural reforms in recent years and persistent weaknesses in tax administration systems.

Bangladesh Bank (BB) adopted accommodative monetary policies in response to the COVID-19 pandemic in FY20, reducing the cash reserve ratio to 4 percent (from 5.5 percent) and the repo rate to 4.75 percent (from 6 percent) and increasing the advance-to-deposit ratio (ADR) to 87 percent (from 85 percent). These policies remained in place in FY21. As a result of accommodative monetary policy and BB foreign exchange interventions to limit the appreciation of the taka, reserve money growth increased to 22.4 percent in FY21, exceeding the 13.5 percent BB target. Consequently, broad money growth accelerated to 13.6 percent in FY21.

GDP growth is expected to remain resilient in the medium term with waning pandemic-related economic disruptions and continuation of supportive macroeconomic policies. Inflation is projected to remain above the BB's target of 5.3 percent. External and fiscal sustainability will be stressed by rising global commodity prices and increased uncertainty following the war in Ukraine. Downside risks include continued high commodity prices that could worsen inflation dynamics and impact the external balance, weaker global demand for Bangladesh's exports, and potential new waves of COVID-19 that could require further containment measures.

Capital Market Scenario

The country's capital market passed yet another eventful year with a 25 per cent return in the core index of the main bourse despite tussles between the two regulatory bodies concerned over some policy issues. During the year 2021, the Dhaka Stock Exchange (DSE) also posted a decade-high

daily turnover value along with a rise in market cap to GDP (Gross Domestic Product) ratio. The daily turnover, an important gauge, stood at Tk 14.75 billion on an average in 2021, up by 127 per cent year-on-year. The DSE witnessed the second highest-ever turnover worth above Tk 3.54 trillion.

The DSE market capitalisation to GDP ratio stood at 18.01 per cent, while the market P/E (price earnings) stood at 17.58 at the end of 2021. A consistent rally enabled the DSE broad index - DSEX - to stay above 6,700 points, as buoyancy added strength to the equity indices despite worries over virus-infused shocks to the country's economy in the first half of the year.

The market was bullish amid the investors' growing confidence - driven by the regulator's various market supportive measures, which lured the investors to park fresh funds on stocks. The regulatory initiatives to restore governance in the market and other reforms, including removal of floor price, and re-listing of OTC companies, positively impacted the market. Introduction of SME board, corporate restructuring, development initiatives for Sukuk and bond market, new initial public offering (IPO) allotment rules, and change of circuit breaker for IPOs contributed towards building a vibrant capital market.

IT Sector also performed well throughout the year and at the end of June 2022, the Sectoral P/E of IT Sector was Tk. 28.38 whereas the Market P/E was Tk. 14.44. IT Sector Market Capitalization at the end of June 2022 was Tk. 33,551.83 million representing 3.72% of total turnover. The close price and market capitalization of aamranet shares at the first trading day of July 2021 and at the last trading day of June 2022 were Tk. 41.70 and Tk. 2,344.53 and Tk. 39.10 and Tk. 2,308.27 respectively.

ICT Industry

Bangladesh's ICT sector had an impressive annual growth facilitated by CBDF and the ICT exports of Bangladesh stood about at \$2 billion in 2021 and experienced an impressive growth over the past decade.

Bangladesh, one of the fastest-growing economies in the world, is also experiencing considerable growth in its IT sector. Automation technologies are largely being used by the telecom, banking, pharmaceutical, and ready-made garment industry in Bangladesh. The COVID-19 pandemic has accelerated digital transformation at both the business and consumer levels throughout the world. The Covid 19 was a serious test for the country's ICT infrastructure. The lockdowns have had an impact on the lives of the people as education, offices and most outside activities were forced to rely on the 'new normal', the country has seen adopted the new norms well.

The digitization has in some way or other worked in positive lights. Cultures have also been shifted due to the sudden change of the regular workflow. The country has seen a new breed of online based workforce that might be a much-needed leapfrog towards the Fourth Industrial Revolution.

As the world is getting more digitised, Bangladesh also needs to expand its IT infrastructure to keep up with the 4IR. The telecom sector, financial institutions, pharmaceutical companies, and ready-made garments (RMG) industry had all started to introduce large scale business process automation projects, which led to a substantial growth in the number of local software development companies. More than 250 Bangladeshi companies exported ICT services to more than 60 countries globally. According to USAID, North America is Bangladesh's main export destination for ICT outsourcing followed by the UK and other European countries such as Denmark and the Netherlands. More recently, Bangladesh is marketing Dhaka as a low-cost operating destination that offers significant cost savings of between 20-30 percent, compared to its competitors Bangalore (India) and Cebu (Philippines). Because of that reason, Bangladesh has attracted significant interest from key international outsourcing players.

Bangladesh has been experiencing rapid financial inclusion in sync with faster adoption of digital technology. The central bank of Bangladesh is statutorily mandated to support attainment of the country's developmental aspirations along with maintaining price and financial stability. It made an honest effort to respond to this call by strategizing financial inclusion to uphold the domestic demand, particularly following global financial crisis during 2007-08. In fact, the focus on financial inclusion by Bangladesh Bank (BB) has further increased recently as a part of its pro-active response to Covid-19. Despite many challenges, the pandemic has also accelerated the digital transformation of the businesses, including MSMEs benefiting widely from the pioneering moves of BB for multifaceted financial inclusion.

Rapidly growing information and communication technologies (ICTs) have brought new dynamism in access to health and education services, creating new sources of income and employment. Being able to access and use ICTs has become a major factor in driving competitiveness, economic growth, and social development.

Bangladesh's first geostationary communication satellite, Bangabandhu-1, has accelerated digital work. The satellite, which was launched in 2018, extends Bangladesh's internet coverage to its remotest regions, allowing even rural Bangladeshis to receive telemedicine support, e-learning, and e-banking.

During the pandemic, the use and need of internet has increased a lot in the country. According to BTRC, the number of broadband internet connections in the country stood at 9.8 million at the end of last March. Even a year ago, the number of connections was less than 1.8 million. This new initiative is great news for software engineers, mobile app developers, outsourcing professionals as well as e-commerce platforms outside the capital. The country has seen 18,000 government offices equipped with high-speed internet and the 25,000-website collective of a government web portal. More than 2600 unions are connected by Info Sarkar Project. The Info Sarkar Project under ICT division (BCC) of Bangladesh Government is a benchmark initiative of Bangladesh Government to make Bangladesh digital by connecting all its people, organisations, and resources of all tiers through the internet. Over 600 Unions have been Initiated by 'Connected Bangladesh' which is a project to ensure internet facilities in all schools, colleges, madrasas, growth centres, and telecom operators in remote areas.

Bangladesh is the second-largest digital workforce supplier of the world, fifth-highest national internet user base in Asia, has the seventh-largest data center of the world, ninth highest mobile phone users in the world and ninth-highest social media user in the world. The National budget for Information and Communications Technology (ICT) has been set at over \$255 million. Apart from this, there is a budget allocation for ICT industry export which is over 1.6 billion, over \$435 million for start-up investment, over \$419 million for Hi-Tech FDI and over \$750 million for digital outsourcing. The digital market in Bangladesh has been on a constant rise, the current market size of the digital commerce industry is at \$3.1 billion and is expected to grow further. In the digital finance sector, 72 per cent of digital transactions are done via Mobile Financial Services (MFS); there are over 102 million MFS users and over 10 million daily transactions and more than 15 banks integrated with over \$200 million daily transactions.

The Bangladesh government is promoting a digital ecosystem and prioritising the ICT sector, while simultaneously facilitating business growth for a successful domestic and international outsourcing model. Bangladesh has entered the low value ICT outsourcing space by serving companies in the US, Europe, and Southeast Asia. The recent boom in the ICT sector indicates that Bangladesh can harness the potential opportunities of digital technologies to not only compete with its regional rivals, but also increase pace to catch up with high-income countries. Bangladesh has positioned itself as a key operationally attractive location, an abundant supply of qualified manpower at significantly lower costs, investment

friendly policies and rapid development of internet technologies.

Recent Developments and Industry Outlook

The Executive Committee of the National Economic Council (ECNEC) approved a Taka over 58.83 billion big project to establish broadband internet connectivity all over the country. The broadband internet connectivity will be set up across all the eight divisions, 64 districts, all upazilas, all unions and even up to village-level to reach the government services easily and speedily to the people.

The Bangladesh Telecommunication Regulatory Commission (BTRC) has set a flat price for broadband internet across the country. At the consumer level, the price of 5 Mbps (megabytes per second) speed internet has been set at Tk 500 all over the country.

The governments 'Made in Bangladesh - ICT Industry Strategy', aims to turn Bangladesh into a world class ICT products manufacturing hub, create employment in the sector, attract foreign investment, and boost export of local products. The draft strategy is structured into three timeframes - short-term (2021-2023), medium-term (2021-2028), and long-term (2021-2031). The aim is to implement 65 action plans over these three periods. Four vital pillars would need to be strategically prepared before the action plans are implemented, and these are: 1) Build local public and private capacity; 2) Create awareness and branding; 3) Research and innovation and 4) Stimulus and policy support.

Bangladesh government is working hard to craft policies that support the information technology industry. It recently started issuing freelancer identification cards to approximately 650,000 self-employed professionals in Bangladesh, he said, adding that the IDs permit freelancers to enjoy benefits previously known only to those who held salaried jobs.

Bangladesh's youthful population (nearly 65% are under the age of 25) is well-positioned to take advantage of Digital Bangladesh and the new types of employment it affords. Bangladesh retooled its educational system and now graduates 500,000 digital workers annually. The government has given importance to four basic orders of business to the success of the Digital Bangladesh i.e. human resource development, connecting citizens, digital governance and the promotion of the ICT industry. As far as human resource development is concerned, Bangladesh has taken various initiatives to create a digital-ready workforce. Over 6.6 lakh youth have been trained in ICT Skills by ICT Division, more than 33,000 of the total youth trained on Hi-Tech Skills by BHTPA, and more than 7.5 lakh of total freelancers have been created.

By the end of this year or the beginning of next year, the educational institutes will be connected to optical fiber cables. Coding will also be introduced for the students and all educational institutions will have digital labs. Apart from this, the government is aspiring that, each district will have a Hi-Tech Park which will generate more than twenty thousand employment opportunities and by 2030 Hi-Tech parks will be created all over Bangladesh. The major focus area of the government is the development of digital infrastructure.

The Government of Bangladesh will be providing various incentives to investors which include 10 years of corporate tax exemption on IT/ITES companies and 12 years for park developers, exemption of Income Tax on expatriate professionals for 3 years, import duty exemption of capital machinery and assets, 100 per cent equity is allowed for foreign companies; no cap on FDI limits, bonded warehouse facility for the companies in the Hi-Tech parks, VAT exemption on utilities uses, easy exit option, exemption on stamp duty and registration fee for land registration, 100 percent profit repatriation and exemption on double taxation.

The ICT Division will also make an outline for exploring maximum benefits by utilising Fourth Industrial Revolution technologies, establishing a centre for 4IR, conducting research on priority basis on 4IR technologies including advanced materials, autonomous vehicles, synthetic biology, Augmented Reality, Robot, Blockchain, 3D printing, IoT etc during short, mid and long term. There are projections that the spending on cloud services and other digital services, including analytics, artificial intelligence (AI)/machine learning (ML), cyber security, and user interface (UI)/user experience (UX) is likely to expand dramatically over the next few years.

The ICT based industries are still in the earliest stages. This is a sector that is showing immense potentials. In the 2020-21 financial year, the IT based industries have 1.3 billion USD of export earnings which is a 0.76 percent of the country's GDP. This industry is also created 1 million jobs. The growing strength of the ICT Industry underpins the vital pillars that will support Bangladesh's transformation to a digital economy.

Principal Business

aamra networks limited (ANL) is an ISP 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.

Business Strategy

Our strategic objective is to build a sustainable and resilient organization that remains relevant to the agenda of our clients, while creating growth opportunities for our employees, generating profitable returns for our investors and contributing to the communities that we operate in. Our clients and prospective clients are faced with transformative business opportunities due to COVID. These organizations are dealing with the challenge of having to reinvent their core offerings, processes and systems rapidly and position themselves as 'digitally enabled'. The current economic climate and volatility, resulting from the COVID-19 pandemic, in their operations has accelerated their adoption of digital technologies - to enhance organizational resilience, get competitive advantage and optimize cost structures.

The journey to the digital future requires not just an understanding of new technologies and new ways of working, but a deep appreciation of existing technology landscapes, business processes and practices. Our strategy is to be a navigator for our clients as they ideate, plan and execute on their journey to a digital future.

In fiscal 2021-2022, we continued to focus our strategy to strengthen our relevance to clients and drive accelerated value creation. We believe the investments we have made, and continue to make, in our strategy will enable us to advise and help our clients as they tackle these market conditions, especially in the areas of digitization of processes, migration to cloud-based technologies, workplace transformation, business model transformation, enhanced cyber security controls and cost structure optimization in IT. Further, we have successfully enabled our employees to work remotely and securely thus achieving the operational stability to deliver on client commitments and ensuring our own business continuity.

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

As the effects of the COVID-19 pandemic subsided, and businesses started reopening, aamra gradually retained its position as the market leader with unprecedented coverage; but this time with a thoroughly tested support system backed by our experienced engineers and technical staff.

As government organizations and law enforcement agencies brace for digitalization they have been relying extensively on our ecosystem since the pandemic: ranging from access control, and office internet to video surveillance and video conferencing solutions for conducting remote office work.

However, with the avid uptake of digital solutions for infrastructure modernization and increase in Internet bandwidth consumption, our supply of equipment has been affected by (i) a global chip shortage due to a lack of semiconductor materials and (ii) the global geopolitical issues arising from the ban imposed on Chinese manufacturers, preventing access to critical components and the outbreak of the Russia-Ukraine war. Though, we have maintained constant growth in terms of bandwidth riding on the backbone of our IIG wing.

To address the issue of supply chain disruption, we have moved a significant number of our orders to the next fiscal year. This enabled us to weather excessive costs arising from the abnormal change in the exchange rate against USD that we as a supplier might have incurred. Thankfully, Bangladesh Bank under the directives of our incumbent government had taken necessary steps to curtail the abnormal fluctuation in exchange rates.

Additionally, we have made moderate upgrades in our data centers to ensure that we can serve our customers better. Dhaka and Chattogram metro have always been key sources of our revenue stream. We have retained our market share in these metro locations and also expanded our business.

Over the last few years, we have strengthened our foothold in the South-East and North-East regions of Bangladesh. Aamra maintains a strong and growing presence in the Jashore-Khulna-Mongla region. In addition, we have made significant progress in the Bagura-Nilphamary-Rangpur region. In both regions, we are the selected service provider for the majority of national defense organizations. We are also very

glad to have several high-value public and private clients in these regions, in our internet and IoT portfolio.

As we move forward to explore newer avenues with changing times, we try not to forget our clients who helped us grow over the years. Our 'client first, business second' approach has helped many of our customers and this in turn has reciprocated long-term dividends for the benefit of this company.

Operating and Financial Performance of the Company

The financial results of the Company for the year 2022 with a comparison of 2021 are summarized below:

(BDT in million except per share data)	2022	2021
Revenue	1,029.24	999.45
Gross profit	360.22	349.61
Operating profit	193.68	182.06
Profit before tax	119.76	131.26
Tax	10.46	10.87
Profit after tax	109.29	120.39
Earnings per Share (EPS)	01.85	02.04

Despite the COVID-19 pandemic adversely impacting trade, supply chains, business models, employment, and consumer behaviours, economies and industries are witnessing a strong yet imbalanced recovery. The pandemic has rapidly accelerated digital transformation for many organizations and has led to the adoption of digital business models driven by online customer service, remote working, supply chain reinventions, and automation for operational excellence. Owing to the accelerated rates of vaccination, its effectiveness, and the reduction in mobility restrictions, most economies are expected to reach its pre-pandemic levels. The consumption demand has improved; however, the recovery is uneven due to factors like imbalanced labor market, global supply chain disruptions, geo-political conflicts, inflation, and the dearth of talent. There is no direct impact on business from the ongoing geo-political conflict between Russia and Ukraine, however, your Company continues to monitor these developments. The continuous increase in demand for skilled talent has been building pressure on IT services providers amidst a significant increase in hiring, salary hikes and higher subcontracting costs.

Amidst unprecedented challenges, the Company recorded growth in top line in the financial year 2021-22. Planned robust portfolio growth was hampered due to slower post COVID recovery rate but the company's commitment to simplification, capital discipline and culture laid the foundation for a steady performance in FY2022. During 2021-22, the turnover of the Company was BDT 1029.24 as against BDT 999.45 mn as against BDT 972.13 mn

during FY 2019-20 registering year on year growth. The Company posted a Profit Before Tax from continuing operation of BDT 119.76 during the year which was BDT 131.26 last year registering a decrease of 8.76%. The Profit After Tax from continuing operation during FY 2021-22 is BDT 109.29 mn as against BDT 120.39 mn in FY 2020-21 registering a decrease of 9%.

During FY22, the gross profit is BDT 360.22 which was BDT 349.61 mn in FY21 registering an increase of 3%. Despite a positive growth in revenue and gross profit the net profit declined due to higher financial charges associated with bank loans for infrastructural development. We believe our investment strategy has built the foundation to flourish in near future.

Product or Segment wise performance

During FY22, the Internet and WiFi Bandwidth sales the main stream products of the company collectively generated BDT 594.41 mn which was BDT 513.24 mn registering an increase of 15.18%. The revenue growth in main stream products has ensured retaining the growth momentum despite a significant decreased in sales of the Company's IT Support services and equipment sales. Additionally, a 123% increase in EPZ non taxable unit sales assisted to close the FY 22 with profitability.

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

During the year under review, the company was able to ensure growth in revenue. Though most of the expenses changed a bit compared to last year the enhancement of financial charges impacted negatively in profitability and EPS.

Five years data

Key operating and financial data of preceding 5 (five) years of the Company has been summarized on. 09 page of this Annual Report.

Capital Expenditure

The Total Capital Expenditure on acquisition of Property, Plant & Equipment equipment, of the Company amounted to BDT 511.07 million. The detailed note on acquisition of Property, Plant and Equipment is given under the note no. 4, 6 of the Financial statements.

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. 35 on. 131 page of the Annual 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 2022 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 25, 2022, aamra networks recommended 5 percent cash and 5 percent stock dividend. Details of the recommended dividend during the financial year are disclosed in Note 36 of the Financial Report.

Material changes after Balance Sheet date (June 30, 2022)

There have been no material changes and commitments between the end of FY22 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 5 percent cash and 5 percent stock dividend for the year ended June 30, 2022 for approval of Shareholders in the twenty first Annual General Meeting. The Board proposed the following appropriations:

Amount in million BDT	
Net profit for the year 2022	109.29
Retained earnings at the beginning of 2022	980.64
Total profit available for appropriation	1,089.94
Proposed Appropriations	
Proposed stock dividend	29.51
Proposed cash dividend	29.51
Retained earnings	1,033.66

Dividend

The Company will be paying 5% cash and 5% stock dividend for the year ended 2022. The Board of Directors in its meeting held on 25 October 2022 recommended "5% cash and 5% stock" dividend for the year 2022. 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 109.29 mn.

The Board while recommending stock dividend considered the Notification of BSEC gazetted on August 31, 2021 in this regard and decided to retain the stock dividend amount as capital for utilizing the amount for nationwide network expansion with the view to comply the regulatory requirement (under BMRE). The Board also noted the following;

- the stock dividend or bonus shares has declared from the current year's profit;
- the stock dividend or bonus shares has not declared-
- from the accumulated profit or retained earnings; and
- from capital reserve or revaluation reserve or any unrealized gain or profit earned prior to incorporation of the company or through reducing paid up capital
- as the stock dividend or bonus shares has declared complying the above so, the post dividend retained earnings will not be negative or debit balance;

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.

Dividend Distribution Policy

The Board, in complying with the requirements of BSEC's notification approved dividend distribution policy, in its 127th meeting held on October 28, 2021. According to the said notification the details policy has been disclosed in page no. 96 of this annual report and also available at www.aamranetworks.com.

Status of Issuance of Zero Coupon Bond

Considering the rapid growth in access bandwidth occurs and 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, a POP upgradation project was continuing and the sourcing of the fund was presumed mainly through issuing ZCB.

However, according to the approval of the Bangladesh Securities and Exchange Commission for issuing Zero Coupon Bond (ZCB) worth BDT 1000 million within the timeline up to June 2022 the company has issued a total BDT 150 mn worth ZCB to a single client Sonali Bank Limited.

Contribution to the National exchequer and the economy

During the year 2022, the company contributed a total amount of BDT 10.46 million as Corporate Tax, BDT 19.63 million as TDS and BDT 52.42 million as VAT, in total BDT 82.51 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 twenty first Annual General Meeting is given on page 08 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;
- Appointment of Independent Director;
- Re-appointment of Statutory Auditors and compliance auditors.

Special Business : Nil

Notice of the Annual General Meeting

Notice of the Twenty first Annual General Meeting of the Company is given on page no. 08 of the Annual report.

Management Discussion and Analysis

A management discussion and analysis signed by the Managing Director regarding the Companies operation and position along with a brief discussion of changes in the financial statements has attached on page no. 37.

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 the 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. A statement of the Directors' responsibility in relation to financial statements has been given on page 56 of this Annual Report.

Observance of IAS, IFRS & 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. A separate report on Directors' Responsibilities as to the preparation of financial statement is set out on page 56 in this Annual Report.

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, 2022.

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, depositors 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. Our corporate governance practices are a reflection of our value system encompassing our culture, policies, and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times.

Corporate governance is about maximizing shareholder value legally, ethically and sustainably. At ANL, the Board exercises its fiduciary responsibilities in the widest sense of the term. 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 62 to 73 of this Annual Report.

Board diversity

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical backgrounds, age, ethnicity, race and gender that will help us retain our competitive advantage.

The Board Diversity Policy adopted by the Board sets out its approach to diversity. The policy is available on our website, at <https://www.aamranetworks.com/policies/>. Additional details on Board diversity are available in the corporate governance report that forms part of this Annual Report.

Policy on directors' appointment and remuneration

The current policy is to have an appropriate mix of executive, non-executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As of June 30, 2022, the Board had five members, one of whom are executive director, one non-executive chairman, one independent director and two non-executive directors. Two of the non-executive directors of the Board are women. The details of Board and committee composition, tenure of directors, areas of expertise and other details are available in the corporate governance report that forms part of this Annual Report.

The policy of the Company on directors' appointment and remuneration, including the criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under Bangladesh Securities and Exchange Commission

Corporate Governance Code is available on our website, at www.aamranetworks.com

Board evaluation

The evaluation of all the directors, committees, Chairman of the Board, and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The Board evaluation process was completed for fiscal 2021-2022. The evaluation parameters and the process have been explained in the Board Evaluation policy.

Directors' meeting, attendance & remuneration-

During the year ended June 30, 2022 total four meetings were held. During this year, all of the Directors serving on the Board attended were more than 95 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 60 of this Annual Report. The amount of total remuneration which has been paid to the Directors including Independent Directors is given in Notes to the Financial Statements.

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 21st Annual General Meeting and being eligible offered themselves for re-election as per Article 93 of the Articles of Association of the Company:

- i) Syed Faruque Ahmed
- ii) Syeda Munia 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 the re-appointment of retiring directors for re-election.

Biographies of the Directors (including retiring Directors) and the names of the Company where they have an interest are mentioned in this annual report on 28 page.

Changes in the Board of Directors

During the year 2021-22, changes in the Board of Directors have taken place due to the expiry of second consecutive term of Independent Director Mahbub Mustafizur Rahman. The Board in its meeting held on January 30, 2022 appointed A K M Nurul Alam as Independent Director which has subsequently consented by the BSEC. According to BSEC Corporate Governance Notification the Independent Directors appointment is required to be approved by the shareholders in the annual general meeting. The Board places the agenda for approval of his

appointment in the ensuing 21st annual general meeting.

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. 60 and 61 respectively of this annual report.

Pattern and distribution of shareholding-

As on June 30, 2022 the paid up capital of the Company is Tk. 590,348,650 subdivided by 59,034,865 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 2022 is shown in Annexure-II, page 60 of this Annual Report.

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, 2022 is given in Annexure-II, page 60 of this Annual Report.

Corporate responsibility

aamra networks defines Corporate Responsibility as operating with integrity at all 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 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 Complete financial information;
- Give attractive dividend.

aamra networks is committed to being an 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 emphasizes 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 needs, extending facilities to the right clients at just terms. We care for our clients to enjoy consistent continuous service wherever we operate. We have 24/7 dedicated customer care and also have complaint box for taking care of customer complaints with the highest priority. All our Board, Management and employees strictly follow 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 ought to have taken as Directors to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information.

Auditors

According to the BSEC's order dated 27 July, 2011 an Auditor of cannot be appointed for more than three consecutive years. Besides, section 210(10) of the Companies Act, 1994 also gives authority to shareholders of the company to fix the Auditor's remuneration.

G. Kibria & Co., Chartered Accounts have completed their second year of audit and expressed willingness to be reappointed as the statutory auditor of the company for the FY-2022-2023. 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-2022-2023.

The Board in its meeting held on October 25, 2022, recommended the shareholders to reappoint G. Kibria & Co., Chartered Accounts at a remuneration of Tk. 2,45,000 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 reappointment.

The Board in its meeting held on October 25, 2022 also recommended the shareholders to appoint K. M. Hasan & Co., Chartered Accounts at a remuneration of Tk. 30,000 plus VAT as the compliance auditor for the year 2023.

Credit Rating

Alpha Credit Ratings Limited is conducting their rating on the latest financial statements June 30, 2022. According to regulatory guideline the rating will be communicated/published to investors within the stipulated timeframe in this regard.

Our employees and environment

The Management of aamra networks believes that the Human Resources of any organization can make a 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 employees 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 131st meeting held on October 25, 2022 authorized the Chairman, Mr. Syed Faruque Ahmed to sign the Directors report and any addendum thereto.

Acknowledgment

We would like to acknowledge and place on record our gratitude to our valued clients, depositors and shareholders for their 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 25, 2022