MANAGEMENT'S DISCUSSION AND ANALYSIS

On behalf of the Management, It is indeed a great privilege for me to present to you the discussion and analysis for the year ended June 30, 2023.

The Management and Analysis have been prepared in compliance with Code no. 5 (XXV) of BSEC's Corporate Governance Code.

World Economy

The global economy remains in a precarious state amid the protracted effects of the overlapping negative shocks of the pandemic, the Russian Federation's invasion of Ukraine, and the sharp tightening of monetary policy to contain high inflation. Inflation remains high and continues to erode household purchasing power. Policy tightening by central banks in response to inflation has raised the cost of borrowing, constraining economic activity. Immediate concerns about the health of the banking sector have subsided, but high interest rates are filtering through the financial system, and banks in advanced economies have significantly tightened lending standards, curtailing the supply of credit. Despite these headwinds, global economic activity was resilient in the first quarter of 2023, with that resilience driven mainly by the services sector. The post-pandemic rotation of consumption back toward services is approaching completion in advanced economies, and it accelerated in a number of emerging market and developing economies in the first quarter. However, as mobility returns to pre-pandemic levels, the scope for further acceleration appears more limited. At the same time, nonservices sectors, including manufacturing, have shown weakness, and high-frequency indicators for the second quarter point to a broader slowdown in activity. Amid softening consumption of goods, heightened uncertainties regarding the future geoeconomic landscape, weak productivity growth, and a more challenging financial environment, firms have scaled back investment in productive capacity. Gross fixed capital formation and industrial production have slowed sharply or contracted in major advanced economies, dragging international trade and manufacturing in emerging markets with them. International trade and indicators of demand and production in manufacturing all point to further weakness. Excess savings built up during the pandemic are declining in advanced economies, especially in the United States, implying a slimmer buffer to protect against shocks, including those to the cost of living and those from more restricted credit availability. Recent banking sector stress in advanced economies will also likely dampen activity through more restrictive credit conditions. The possibility of more widespread bank turmoil and tighter monetary policy could result in even weaker global growth. Rising borrowing costs in advanced economies could lead to financial dislocations in the more vulnerable emerging market and developing economies. Advanced economies continue to drive the decline in growth from 2022 to 2023, with weaker manufacturing, as well as idiosyncratic factors, offsetting stronger services activity. In emerging market and developing economies, the growth outlook is broadly stable for 2023 and 2024, although with notable shifts across regions. World trade growth is expected to decline. The decline in 2023 reflects not only the path of global demand, but also shifts in its composition toward domestic services, lagged effects of US dollar appreciation—which slows trade owing to the widespread invoicing of products in US dollars—and rising trade barriers.

Bangladesh Economy

A robust economic recovery from the COVID-19 pandemic was interrupted by Russia's war in Ukraine. Rising global commodity prices, supply disruptions, and slowing external demand have led to a sharp widening of the current account (CA) deficit, depreciation of the Taka, and a large decline in foreign exchange (FX) reserves. Russia's war in Ukraine has led to (i) headline inflation rising to a decade high of 9.94 percent year-on-year in May 2023; (ii) the CA deficit sharply widening to 4.1 percent of GDP in FY22 from 1.1 percent of GDP in FY21; (iii) the Taka depreciating by 23 percent year-to-date; and (iv) despite inward remittances in June 2023 have increased 19.5 per cent year-on-year to around $2.2 billion, the highest in 35 months, gross FX reserves declining to US$31.2 billion, as of end-June 2023, from their peak of US$40.7 billion in August 2021. Despite these abrupt changes, the overall external position remained broadly in line with the level implied by fundamentals and desirable policies in FY22.

GDP growth rose to 7.1 percent in FY22, notwithstanding rising inflation and external pressure in the second half of the fiscal year. Faster implementation of a government stimulus package and an accommodative monetary policy supported the recovery. However, challenging external conditions resulted in a significant BoP deficit beginning in the second half of FY22 and foreign reserves declined rapidly. A series of import suppression and foreign exchange (FX) rationing measures were adopted to slow the rising trade deficit, including restrictions on issuance of letters of credit (LC) for imported goods and rolling electricity blackouts to conserve energy. The trade deficit remained elevated in the first seven months (July-Jan) of FY23. Exports grew by 9.6 percent (y-o-y) with resilient demand and growing market share in major export markets, and import growth declined to 5.7 percent as numerous import suppression measures were adopted, reducing the issuance of letters of credit.

The industrial sector grew by 9.9 percent in FY22 as resilient external demand for RMG supported strong manufacturing growth. Country's merchandise export earnings have crossed the milestone of $50 billion for the second consecutive year is a notable achievement indeed. In FY2022-23, exports fetched a record $55.6 billion. However, gas and electricity shortages disrupted industrial production in the first half of FY23, including fertilizer, cement, and steel production. In addition to higher input costs, restrictions on issuance of LC to ration foreign exchange constrained access to key imported materials. Services growth of 6.3 percent in FY22 slowed in the first half of FY23, as consumer purchasing power declined with rising inflation. Rising aggregate demand contributed to higher prices in the first half of FY22 with a strong rebound in growth. Significant administered price adjustments of energy and electricity coupled with exchange rate depreciation raised input costs in the second half of FY22, with knock-on effects that are still working through the economy.

Growth in the agriculture sector decelerated to 3.1 percent in FY22 as the boro harvest was damaged by floods in eastern and northern regions of the country. Rice prices remained elevated, despite a reduction in VAT on imports. Sugar prices also rose significantly after India restricted sugar exports, and wheat price increased after imports from Russia and Ukraine were disrupted. Temporary export restrictions on edible oils in Indonesia contributed to higher prices. A resumption of exports and withdrawal of VAT on imports reduced edible oil prices in late FY22 and early FY23.

Private sector credit growth reached a three year high of 15.8 percent in November 2022, before slowing to 12.6 percent in January 2023. Higher growth partially reflects rising import costs due to the depreciation of the taka and increased margin requirements for LC issuance for some types of goods. Additionally, credit growth was supported by a series of subsidized lending schemes.

An accommodative monetary policy stance was tightened towards the end of FY22 and in the first half of FY23 as inflationary pressure accelerated. BB's substantial FX sales led to a deceleration in reserve money and broad money growth. Liquidity in the banking system dwindled as a result of BB dollar sales and a decline in deposits in the face of negative real interest rates and weakening depositor confidence. Financial sector vulnerabilities deepened.

In construction, higher cement and steel prices were partially offset by ongoing implementation of public infrastructure megaprojects. The Padma Bridge was inaugurated for public use in June 2022. The first segment of the first metro rail system was launched in Dhaka in December 2022. The Bangabandhu Sheikh Mujibur Rahman Tunnel under the Karnaphuli river in Chattogram is nearing completion. Similarly, the production from the Rooppur Nuclear Power Plant struggling to attain its December 2023 deadline. Four other fast-tracked projects have completion rates between 60 to 90 percent.

Following a sharp decline in foreign exchange reserves, Bangladesh requested additional World Bank and IMF support for key policy reforms and rebuilding external buffers. Bangladesh is also preparing for graduation from the United Nations Least Developed Country (LDC) status in 2026, which will gradually result in reduced access to preferential external market access for its exports under declining concessional financing. Structural reforms are needed to support a faster pace of growth over the medium term. To achieve the vision of attaining upper middle-income status by 2031, Bangladesh needs to create jobs and employment opportunities by creating a competitive business environment, diversifying exports, increasing human capital, building efficient infrastructure, deepening the financial sector, and establishing an enabling policy environment that attracts private investment.

GDP growth is expected to decelerate in FY23 to 5.2 percent before returning to its long-term trend. Inflation is projected to remain above the BB's 5.5 percent target in the near and medium term. External and fiscal sustainability will be stressed by elevated global commodity prices, with the pace of recovery contingent on policy reform implementation. Downside risks include slowing demand in Bangladesh's major export markets and unresolved financial sector vulnerabilities. Geopolitical tensions, which rose markedly after Russia's invasion of Ukraine, could increase further. At the same time, risks identified in recent global forecasts have materialized over recent weeks, with a series of bank failures in the United States and Europe. In this context, Bangladesh is facing near-term risks in sustaining economic growth, reining in inflation, and reducing the CAD without being disruptive to the supply side. The fiscal deficit could rise unexpectedly in the run-up to the general election in January 2024 if additional spending measures are adopted or policy reform implementation is deferred.

ICT Sector

The global reach of Bangladeshi IT companies has greatly expanded; in 2022, exports exceeded $1.4 billion. 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. 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. 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. Government initiatives to develop the ICT service sector, such as creating a high-tech park in every district, coupled with the low-cost workforce, have made Bangladesh a key player in the global outsourcing market.

Bangladesh's Information and Communication Technology (ICT) industry has grown 40% annually in the last 12 years, compared to the 9% annual growth in the neighbouring country of India. Two-thirds of the population in Bangladesh has a Mobile Financial Services (MFS) account, resulting in USD 10 Mn transactions daily. Moreover, e-commerce has gained increasing traction across the country, expected to grow to USD 3 Bn by next year. These trends demonstrate an increasing inclination towards inclusive digitization across the country, equipping the growing population with greater potential to harness the potential of startups.

Over the past decade, the government has led multiple initiatives to incentivize foreign investments in the country. As a part of maturing the ecosystem in Bangladesh, the ICT division of Bangladesh set up Startup Bangladesh Limited in 2020 as its flagship venture capital. The fund has recently signed investment agreements with over 20 startups, with an allocated capital of BDT 500 crores (USD 65 million). The country boasts more than 1,200 active startups, including one unicorn, and has increasingly gained the attention of international investors and a surge of investors at home. Startup investments have grown nearly ten times between 2020 and 2021, making up 0.10% of the total GDP in 2021. A growing MAC population and a younger, digitally savvy demographic drive consumption, proving an enormous opportunity for startups. The Middle and Affluent Consumers (MAC) population is expected to double to 34 Mn people by 2026, equal to the population of Malaysia. With a comparably young population that has a median age of 28 years, the country has an increasingly digitally savvy demographic. As such, one-half of all unique mobile subscribers use mobile internet, and a third of the total population has access to the internet. This gives homegrown startups a significant reach for their products and services.

Bangladesh is the first country in the South Asia region to implement the Geo-Enabling initiative for Monitoring and Supervision (GEMS) initiative of the World Bank. The GEMS initiative is helping the Bangladesh government to address knowledge gaps in operations and challenges to collecting data for its active development projects. Bangladesh leads the first nation-wide GEMS implementation effort in South Asia. Coinciding with the celebration of the 50-year partnership between Bangladesh and World Bank, the collaborative approach to roll out the program has not only brought success in Bangladesh, but it could also inspire other nations and development partners in the region to consider similar approaches to monitoring and supervising projects.

The adoption of Digital Bangladesh led to the growth of the digital economy in Bangladesh. 39 Hi- tech parks and IT incubators all around the country are being established. Nine parks are host to commercial activities. So far, these parks have garnered roughly $439m in international investment and about Tk 2,000 crore in domestic private investment. Major funding is being allotted for this sector to carry out future plan, which calls for increasing ICT exports to $5bn and IT-based employment to 3 million by 2025. With the right moves, there is no doubt that Bangladesh's ICT sector has the potential to soon establish itself as a significant economic pillar.

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. Internet banking transactions reached a record high amount of nearly Tk 50,000 crore in May 2023. The growth of digital banking has sped up as banks are becoming connected with mobile financial service (MFS) providers.

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. The Bangladeshi government, in collaboration with the Chinese government and companies, implemented the country's ICT (Information and Communication Technology) project which brought thousands of government offices across the country under nationwide connectivity. Under the comprehensive National eGovernment Master Plan, more than 2000 government functions have already been digitalized. Over the past ten years, the penetration of mobile internet increased six-fold. Mega-projects at the national level, including info-Sarker, Union Digital Centers, multimedia classrooms, etc., have introduced the populace to digital technologies. A total of 8,600 post offices across the country have been turned into digital ones using the infrastructure. Nearly 9,56,298 kilometers optical fibre cables have been set up at union levels across the country while 10 Gigabyte capacity has been ensured in every union, helping provide high-speed internet to the people and the government offices.

After attaining the goal of creating a Digital Bangladesh, the government has set a new goal of creating a Smart Bangladesh and a Smart Nation. There is no other option except to use cutting-edge technology to fulfil the goal of creating a Smart Bangladesh. Digital connectivity will be an essential component in the development of Smart Bangladesh. Digital connectivity will be the foundation for smart citizens, smart economies, smart governments, and smart societies. By 2023, the government also aims to have broadband coverage throughout the entire nation. The government has contracted with privately held firms to set up high-speed internet connections at 2,600 unions around Bangladesh. The government aspires to make the best possible use of digital technologies such as artificial intelligence, the internet of things, virtual reality, augmented reality, robotics, and big data. Bangladesh has so far achieved a bandwidth capacity of 3,400 GBPS, and the government wants to install a third underwater cable by 2024. The bandwidth capacity will increase to 7,200 GBPS by the middle of this year and will reach 13,200 GBPS following the installation of the third underwater cable. Internet users in Dhaka will benefit from speedier bandwidth thanks to the Padma Bridge, which has fiber-optic cables put on its lower deck to shorten the time it takes data to transit between the capital and the underwater cable landing station in Kuakata. Internet usage surged to 3,440 Gbps in March this year, up from 1,000 Gbps before the pandemic, according to the Bangladesh Telecommunication Regulatory Commission.

Recent Developments and Industry Outlook

The 23.59 per cent rise in allocation in the ministry comes as the government has set out a plan to make Bangladesh a smart nation by 2041. The budget for the 2023–24 fiscal year includes a Tk 452 crore increase to Tk 2,368 crore for the ICT Division, which may be used for a total of 28 projects. In order to put Smart Bangladesh 2041 into action, the government has adopted 14 action plans. Smart management policies, smart agriculture, smart trade, smart trade, smart education, and smart healthcare are some of Smart Bangladesh's key elements. Smart Bangladesh aims to integrate artificial intelligence (AI) into every sphere of life in order to make Bangladesh prosperous. Universities must build specialized labs and receive additional money in order to incorporate modern technology into their programs. Bangladesh has, of course, already begun with some initiatives; the construction of 57 such specialized labs, the Sheikh Kamal IT Training, and Incubation Centre in 64 districts, the creation of 92 Hi-Tech Parks and Software Technology Parks, thousands of Digital Centers, and Sheikh Russel Digital Labs are all currently under way.

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.

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 per cent profit repatriation and exemption on double taxation.

Bangladesh has the fourth-largest percentage of "unconnected" people in the world. Over 105 million people—61.1% of the population—remain "unconnected" to the internet, according to the Data Reportal. However, over the past year, there have been an estimated 9 million new internet users. To address the rising demand, the BSCCL will get 13,200 Gbps bandwidth via the third undersea cable, SEA-ME-WE 6, by 2025.

Over the next five years, the ICT market in Bangladesh is expected to grow at a CAGR of 1.83%. The market is expanding rapidly as a result of Bangladesh's growing focus on information technology, robotics, healthcare, cyber security, and artificial intelligence. Spending on cloud services and other digital services, such as analytics, artificial intelligence (AI)/machine learning (ML), cyber security, and user interface (UI/user experience (UX), is predicted to grow in the coming years.

The central bank's target of settling at least 75% of retail transactions through digital technology by 2027 may provide a significant boost to Bangladesh's digital transformation and shift from a cash-based to a cashless economy.

Operating and Financial Performance of the Company

The financial results of the Company for the year 2023 with a comparison of 2022 are summarized below:

(BDT in millions except per share data)

	2023	2022
Revenue	1,274.16	1,029.24
Gross profit	469.99	360.22
Operating profit	284.52	193.68
Profit before tax	234.96	119.76
Profit after tax	225.67	109.29
Earnings per Share (EPS)	03.64	01.76

We were tested this year by a difficult global macro-economic environment. Even as the pandemic receded, the Ukraine conflict entered a second year and the global interest rates stayed high. While technology adoption as a whole remained secular, in the second half of FY23, we saw some re-prioritization–more cost optimization and less discretionary spending–particularly in sectors like Banking Financial Services and Insurance and technology. Globally, verticals are showing signals of caution when it comes to spending on technology based on their short- and long-term priorities. High inflation and the possibility of a global recession have prompted businesses to invest in operational excellence, drive vendor consolidation, and drive cost optimization in their operations.

We concentrate our efforts and investments on achieving the best possible results, diving deeper in areas where we believe we have a competitive advantage, defocusing on others, and scaling up to establish leadership positions.

aamra networks saw 24% growth in top line revenue for the fiscal year 2022–2023 despite unprecendented challenges. The company's turnover increased year over year in 2022–23, reaching BDT 1,274.16 million from BDT 1,029.24 mn in FY 2021–2022 and BDT 972.13 mn in FY 2019–20. The company reported a profit before tax from ongoing operations of BDT 234.96 for the year, up 96% from BDT 119.76 the previous year. The profit after tax from continuing operations in the fiscal year 2022–23 increased by 106% to BDT 225.67 million from BDT 109.29 million in the previous fiscal year.

The gross profit increased by 30.48% in FY23 to BDT 469.99 from BDT 360.22 million in FY22. Although operating costs have risen, revenue and gross profit have increased, and there have been persistent financial charges associated with bank loans for infrastructure development, net profit has gone up substantially. The commitment to simplification, capital discipline, and culture enabled planned robust portfolio development. We are confident that the foundation we have been stewarding will continue to prosper in the years to come.

Five years data

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

Particulars	FY(2022-2023)	FY(2021-2022)	FY(2020-2021)	FY(2019-2020)	FY(2018-2019)
	Taka	Taka	Taka	Taka	Taka
Fixed assets	1,516,791,924	1,474,318,063	1,346,148,787	1,135,085,914	1,013,795,561
Current Assets	1,147,988,865	1,077,808,272	1,181,266,291	1,134,480,380	1,014,058,092
Share Capital	619,866,080	590,348,650	562,236,810	562,236,810	530,412,090
Retained Earnings	1,200,207,161	1,033,665,939	980,648,844	916,480,090	800,684,416
Current Liabilities	418,178,936	493,797,999	583,201,017	381,177,244	160,351,704
Revenue	1,274,166,545	1,029,242,788	999,450,492	972,139,225	1,132,418,024
Gross Profit	469,989,115	360,224,603	349,616,515	391,644,792	439,028,102
Profit from Operation	284,523,457	193,683,993	182,063,473	222,448,171	249,641,010
Profit/(Loss) before Tax	234,959,788	119,762,083	131,264,680	195,565,823	226,672,852
Net Profit after Tax	225,668,919	109,294,103	120,392,435	179,445,118	212,030,167
Net cash flows from operating activities	382,333,961	502,326,721	291,829,924	243,502,140	197,423,123
Net cash flows from investing activities	(266,037,132)	(578,216,260)	(535,616,489)	(522,245,311)	(224,801,663)
Net cash flows from financing activities	(115,377,234)	78,700,833	239,122,885	264,361,950	(50,801,475)

Ratios:

Performance Measure	Indicator Name	FY(2022-2023)	FY(2021-2022)	Y(2020-2021)	FY(2019-2020)	FY(2018-2019)
Liquidity Ratio	Current Ratio	2.75	2.18	2.03	2.98	6.32
	Quick Ratio	2.13	1.64	1.39	2.05	4.20
	Time Interest Earned Ratio	4.43	2.75	3.96	11.98	27.12
	Debt to Equity Ratio	0.28	0.35	0.31	0.18	0.04
Operating Ratios	Account Receivable Turnover Ratio	3.15	2.95	2.75	2.80	3.67
	Inventory Turnover Ratio	3.05	2.08	1.79	1.67	2.25
	Assets Turnover Ratio	0.40	0.34	0.37	0.43	0.57
Profitability Ratios	Gross Margin Ratio	36.89%	35.00%	34.98%	40.29%	38.77%
	Operating Income Ratio	22.33%	18.82%	18.22%	22.88%	22.04%
	Net Income Ratio	17.71%	10.62%	12.05%	18.46%	18.72%
	Return on Assets Ratio	7.10%	3.63%	4.45%	7.86%	29.04%
	Return on Equity Ratio	9.55%	5.04%	5.77%	8.88%	11.32%
	EBITDA Margin	38.36%	36.28%	36.10%	41.01%	35.66%
Coverage Ratios	Debt to Total Assets Ratios	0.27	0.31	0.28	0.19	0.09
Cash Flow Ratios	Net Operating Cash Flow Per Share	6.17	8.51	5.19	4.33	3.72
	Net Operating Cash Flow Per Share to EPS Ratio	1.69	4.60	2.42	1.36	0.99

Discussion on few ratios:

Current Ratio (Times): A current ratio larger than one indicates the company's ability to remain solvent after adjusting its debt in the short term. Though a greater current ratio suggests that the company is more capable of meeting its obligations, it also shows that it is not utilising its current assets properly, is not getting financing well, or is not managing its working capital well. However, the company has been managing its working capital more sensibly in recent years.

Debt to Equity Ratio (Times): The debt-to-equity (D/E) ratio compares a company's total liabilities to its shareholder equity and can be used to evaluate how much leverage a company is using. Low debt-to-equity ratio suits companies operating under volatile and unpredictable business environments as they cannot afford financial commitments that they cannot meet in case of sudden downturns in economic activity.

Accounts Receivable Turnover Ratio: The ARTR for the company does not indicate an acceptable situation. After a few years of reduction, it is showing signs of improvement this year. However, ARTR demonstrates a lack of credit and collection capacity. More concentrated effort is required by the company in order to crank up the ARTR. The management believe that the receivables will be collected within the time frame specified.

Operating Profit Ratio (%): The Operating Profit Ratio measures the business's operational efficiency. This ratio is used to calculate the firm's earning efficiency. Management is regarded efficient when the ratio is higher, and an increase in the ratio over the preceding period indicates an improvement in the company's operational efficiency.

Net Profit Ratio (%): The net profit ratio (%) is the most accurate indication of profitability and liquidity. Despite a very competitive market environment that is continually changing, our strategy approach has assisted us in regaining net profit margins during the last two years.

Return on Equity Ratio (%): We have consistently maintained a stable return on equity over many years.

We are focusing on long-term sustainability to ensure a consistent return for investors.

Net Operating Cash Flows per Share (NOCFPS): Operating cash flows per share, which better reflects the company's long-term core activities, evaluates the value of the company's operations. By examining the extent of the disparity between cash flows per share and earnings per share, an investor can gain insight into how the company is using its resources. Because the corporation uses its resources so effectively, there is very little difference between NOCFPS and EPS.

Comparison of Financial Performance in peer industry scenario: (For the year end 2022)

Particulars	aamranet	adntel	agnisysl	genexil	bdcom
	Taka	Taka	Taka	Taka	Taka
Fixed assets	1,474,318,063	1,264,659,194	531,041,010	1,308,111,941	337,110,832
Current Assets	1,077,808,272	1,198,274,156	706,757,617	734,659,697	724,327,827
Share Capital	590,348,650	646,516,660	725,561,920	1,135,464,000	570,864,990
Retained Earnings	1,033,665,939	721,572,758	150,020,101	848,628,603	214,652,901
Current Liabilities	493,797,999	497,272,010	151,453,444	989,306,874	250,253,301
Revenue	1,029,242,788	1,154,924,366	519,515,280	1,219,728,667	727,376,946
Gross Profit	360,224,603	474,016,526	173,623,333	509,853,820	393,268,964
Profit from Operation	193,683,993	201,137,408	85,584,413	342,778,473	84,460,762
Profit/(Loss) before Tax	119,762,083	191,743,044	79,770,517	389,487,754	105,477,488
Net Profit after Tax	109294103	167,634,852	72,957,688	381,677,090	80,179,244
Net cash flows from operating activities	502,326,721	212,017,764	96,423,068	569,695,734	92,913,862
Net cash flows from investing activities	(578,216,260)	(251,869,634)	(47,076,564)	(716,830,165)	(79,946,884)
Net cash flows from financing activities	78,700,833	55,398,106	(43,094,526)	148,656,949	(36,238,676)
Net Asset Value (NAV) per share	36.70	27.56	15.27	16.51	15.75
Earnings Per Share (EPS)	1.85	2.59	1.01	3.34	1.40
Net Operating Cash Flow Per Share	8.51	3.28	1.33	5.02	1.63

Accounting Policies and Estimation for preparation of Financial Statements

aamra networks limited followed International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) along with prevailing local rules and regulations applicable for the preparation of financial statements. A detailed description of accounting policies and estimation used for the preparation of the financial statements are disclosed in the Notes to the Financial Statements.

Changes in Accounting Policies and Estimation

aamra networks has adopted to follow consistent policies and estimation and thus, there are no such changes in accounting policies or estimation which has a material impact on financial statements.

Risk and concerns

The management recognizes that risk is inherent in the Company's pursuit and achievement of our strategic and operating objectives. The Board has oversight responsibility for the Company's risk management framework, which is designed to identify, assess, prioritize, manage and communicate risks to which the Company is exposed in our business, and foster a corporate culture of integrity. Consistent with this approach, the Board regularly reviews and consults and discusses with management on strategic direction, challenges and risks faced by the Company, and annual and quarterly financial results.

Management is responsible for the direct management and oversight of strategic, operational, legal/compliance, and financial risks and the Company's formal program to continually and proactively identify, assess, prioritize and mitigate enterprise risk. Critical risks are managed through cross-functional participation in senior-level management.

Risk Management

Risk is inherent with the IT business and the Company aims at delivering superior value to shareholders by achieving an appropriate trade-off between risk and return. Sound risk management and balancing risk-return trade-off are critical to a Company's success. Business and revenue growth has therefore to be weighed in the context of the risks embedded in the Company's business strategy. Of the various types of risks aamra networks is exposed to, the most important are credit risk, market risk, operational risk and technology reformation risk. The identification, measurement, monitoring and mitigation of risks, continued to be a key focus area for the Company. The risk management function attempts to anticipate vulnerabilities at the transaction level or at the portfolio level, as appropriate, through quantitative examinations of embedded risks. The risk management strategy of the Company is based on a clear understanding of various risks, disciplined risk assessment, risk measurement procedures and continuous monitoring for mitigation.

Principal Risks	Mitigation Action
Competition Risk	aamra networks has the vision to be the leading converged solutions company in Bangladesh delivering industry-leading network and connectivity. We are focused on driving efficiencies and innovation, via new technologies, products and services, processes and business models to provide an unmatched personalized experience to them.
Economic Risk	The business units in aamra networks have continuous revenue and cost optimization programs to drive improvements in their cost structures. Our business planning and management review processes involve the continuous monitoring of a rolling plan and actual expenditures to minimize the risk.
Operation Risk	We continue to expand our addressable market through ongoing network development. We proactively attract customers looking for an alternative to incumbent carriers that are unable to offer the desired routes, services, and total cost of ownership. We track and monitor services at a customer level to ensure continued low customer churn. We actively target high growth market segments. We actively seek to recruit and retain the talent necessary to maintain our standard of operational excellence.
People Risk	We continue to invest in our existing workforce and build up emerging capabilities through external professional/fresh graduates' hires. To develop and retain talent, we conduct regular skills assessment into the critical business areas and set out structured developmental roadmaps to fill new and emerging skills gaps.

Principal Risks	Mitigation Action
Technology Risk	We continue to invest in upgrading, modernizing and equipping our systems with new capabilities to ensure we can deliver innovative and relevant services to our customers. We continue to closely monitor key secular industry trends driving demand, developments in the Internet of things, cloud computing, artificial intelligence, big data, Virtual Reality, and ultra-high-definition video. We actively monitor competitor activity on key routes with regards to its focused products to ensure that its products and bandwidth solutions remain competitively positioned and differentiated. We work with suppliers to ensure that its cost base remains competitive, and to enable flexibility to respond to changing pricing and commercial dynamics.
Vendor/ Supply Chain Risk	We work closely with our third-party suppliers to ensure third party service levels meet customers' operational and commercial performance needs. We construct our network where possible to reduce third party dependencies, and we have sufficient access to capital to support planned development projects.
New Business Risk	We continuously update our organization structure, talent management and development program, reviewing our policies and processes, and by investing in new technologies to meet the changing needs.
Network Failure Risk	We continue to make our networks resilient and review our processes to prevent any network disruptions. We also have an effective communication process for timely updates to our stakeholders during any incidents and/or crisis. Our defined crisis management and escalation process enables our senior management to respond to emergencies and catastrophic events on time. Additionally, we have business continuity plans as well as insurance policies in place.

SWOT analysis

Strengths • 20+ years of experience • Robust infrastructure nationwide • 1600+ blue-chip customers in both public and private sector • Flexible, diverse, widespread and versatile products and services • Cloud-driven solutions with customer-centric approach • Best talents and employees available in the country • Ability to adapt and innovate in constantly changing market environments • Superior brand value and market positioning • High level partnerships with top OEMs, i.e. AWS, Cisco, HP, Honeywell, Schneider, Poly, HikVision etc	**Weaknesses** • B2B only, no B2C products • Dependencies on 3rd party infrastructure providers such as NTTNs, LSPs • Expensive to deliver premium customer experience • Expansion and purchase are contingent to profits
Opportunities • Focus on cloud-based software and application market • Untapped market of 'Private Leased Circuit' business • Explore retail internet market • Innovate and explore in video/audio communication and collaboration space • Increase businesses in data center, colocation, and other infrastructure products • Collaborate and partner with international companies and investors	**Threats** • Frequent cable cuts by various authorities causing connectivity disruptions • Lack of transmission infrastructure and NTTN coverage • Competitive market • Illegal ISPs and unregulated IT companies • High TAX/VAT on various products and services • Illegal and untaxed imports, lowering revenue on equipment sell

Strategy execution

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. Technology is transforming businesses in every industry around the world in a profound and fundamental way. Enterprises are leveraging models of the digital era to extend the value of existing investments and, in parallel, transform and future-proof their business. The need for professionals who are highly skilled in both traditional and digital technology areas are driving businesses to build strategic technology and IT partnerships to realize their transformation journeys. Our industry expertise, end to-end service capability and digital solutions, ability to scale, established platforms, superior quality and process execution, experienced management team, talented professionals and track record are often cited as clear differentiators. We see our approach helping support our clients by bringing all our capabilities and the strength of our entire employee-base to work for their benefit. With the changing economic environment, we positioned our Company to work with clients for their digital transformation as well as their cost efficiency and automation programs, enabling us to support them.

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 2022-2023, 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.

Business implications

The Company anticipates a continued slowdown in client technology spending in the near term, influenced by a broader global economic recession and impact to certain sectors. In the near term, this could result in continued lower demand for our services and solutions. However, in the longer term, we see increased opportunities for our business as enterprises accelerate their digital transformation initiatives. With some impact due to project deferrals and the softening of discretionary spending, there will be some margin pressure in the near term. In response to these new contours of projected demand, ANL is working to optimize its cost structure and operational rigor to ensure execution excellence of our operations. Some of the activities initiated are:

- Improve liquidity and cash management with a rigorous focus on working capital cycles, including collections, receivables and any other blocked cash.
- Accelerate operational cost optimization initiatives such as automation.

Prioritizing employees

At aamra, we believe in amplifying human potential and creating the next opportunity for people, businesses, and communities. For over two decades, we have been a people company that understands the immense potential of technology. As we look to the future, we recognize that the world is changing, and we need to acknowledge our extraordinary potential to be a force for good. Our people are at the center of this vision, and it is our constant endeavor to make aamra a place where people can be their best selves. Our purpose is to inspire our people with meaningful work and passionate teams, enabling them to find purpose and make an indelible impact. We believe that talent transformation is an important focus area, and it begins with sensing employee needs and responding with a value proposition that delivers meaning, purpose, and value for them. We are committed to building synergy between how we differentiate ourselves as a company and deliver on the expectations of our employees.

The organization culture, driven by our core values, is one of the main levers that drive our business. At aamra, we work to build and sustain an inclusive, non-discriminatory and equal opportunity workplace. We have strengthened our people practices by using technology and automation to improve workforce efficiency, engagement, transformation, and innovation. We strive to create a best employee experience by designing consistent and best-in-class policies, processes, programs, and systems.

Diversity and inclusion

Our vision is of an 'inclusive organisational culture', with a focus on making the changes that will achieve the biggest positive difference, such as developing the capabilities of our leaders who have a critical role in driving the business and enhancing our working culture and creating a safe space for all employees to have open conversation through our Employee Support Network groups. We aim to treat people fairly, equitably and without bias, creating conditions that encourage and value diversity, and promoting respect, dignity and belonging. We follow and promote diversity and inclusion legislation, complying with its letter and spirit, recognising we can continue to improve the employee experience.

Branding

The "aamra" Super brand award winner is a key intangible asset for the Company. It positions aamra networks as a next-generation internet connectivity services company that helps enterprises navigate their transformation.

In Appreciation

Finally, I would like to express my profound appreciation to our investors, clients, business partners, bankers, governmental organizations, and regulatory authorities for their unwavering support and belief in "aamra". My sincere appreciation to each and every devoted and diligent member of the aamra companies who made such valiant efforts and steadfast commitments to assisting us in achieving such productive achievements. My sincere gratitude also goes to my colleagues on the management team and the board, whose courageous leadership and astute observations enabled us to successfully navigate the year's difficult operating environment.

aamra will continue to make every effort to be flexible and market-relevant in the future. We continue to be cautiously hopeful that we will continue to produce steady growth as the market rapidly adopts digitalization. For our part, we'll make sure to maintain a firm focus on delivering creative solutions and top-notch services that will enhance the performance of our clients and provide sustainable value for our stakeholders.

For and on behalf of the Company,

Syed Farhad Ahmed
Managing Director & CEO
Dhaka, August 21, 2023