

DIRECTORS' REPORT

On behalf of the Board of Directors and Management, It is indeed a great privilege for me to welcome you to the 22nd Annual General Meeting of the Company. We are pleased to place here with the Directors' Report and the Auditors' Report together with the Audited Financial Statements of the Company for the year ended June 30, 2023 for your valued consideration, adoption and approval. These were approved by the Board of Directors on August 21, 2023.

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

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.

Capital Market Scenario

It is gloomy to expect a significant improvement in 2023 given the recessionary global forecasts, the ongoing Ukraine crisis, and local variables including pre-election uncertainty, banking sector difficulty, tightening money market, devaluing Taka, and stressed currency reserve. The market entered 2022 anticipating a natural pullback and recovery after the pandemic's two significant winning years. However, the unexpected outbreak of the Ukraine War at the end of February severely damaged the market bulls. Even the most oppressive regulatory measures, such as floor price restrictions, were unable to mend their wounds by year's end. Instead, the limitations reduced the liquidity of the secondary market.

The blue-chip index DS30 experienced the greatest decline of 13.3% as a result of selling pressure from foreign investors and a natural correction of winners during the pandemic, including Beximco Ltd. DSEX, the Dhaka Stock Exchange's (DSE) broad-based index, closed 8.1% lower at 6,207. A lack of fresh funds going into stocks and the illiquid existing

investments plunged the daily average turnover by 35 per cent to Tk 9.61 billion in 2022, from Tk 14.75 last year.

For the first time in 2022, Treasury bonds and Sukuk were traded on the exchanges. However, there hasn't yet been a lively market for Treasury bonds. In contrast to a decline in equity capital raising through initial public offerings (IPOs) or right share issuances, bond issuers raised a respectable amount of money from the capital market. In total, 14 firms raised Tk1,233 crore through IPOs in 2021, however in 2022, just 6 companies had raised Tk713 crore.

From that perspective, 2022 was somewhat of a disappointment for many spectators. The speculative tendencies of a sizable number of investors propelled the market. The securities' market prices were not closely correlated with their intrinsic values, indicating that the capital market did not act efficiently. The world does not, however, have a flawless market. Different markets are far more efficient than others, and market efficiency varies widely. Financial markets in wealthy nations with many knowledgeable investors are often more efficient than those in developing nations with a small number of uninformed investors and insufficient corporate disclosures.

Demutualisation is beginning to show results as the BSEC moves forward with structural adjustments. The DSE has been ahead of its local counterpart, whereas the Chattogram Stock Exchange (CSE) has yet to secure a strategic partner. Even Nevertheless, the benefits of a successful transfer in corporate governance, cutting-edge technology, and operational excellence that investors had hoped from the Chinese investors in the DSE have yet to be realized. The Bangladesh Securities and Exchange Commission (BSEC) and the Financial Services Agency exchanged letters of cooperation on April 25, 2023. By encouraging the development of good financial regulatory framework and financial markets, this letter aims to improve the interchange of experience and knowledge in that direction. The market is expected to behave more maturely beginning in 2023, and we'll have a more efficient capital market that can help our country reach its goal of having a developed economy by 2041.

IT Sector performed well during the second half of the year and at the end of June 2023, the Sectoral P/E of IT Sector was Tk. 34.05 whereas the Market P/E was Tk. 14.34. IT Sector Market Capitalization at the end of June 2023 was Tk. 43,252.31 million representing 0.95% of total turnover. The close price and market capitalization of aamranet shares at the first trading day of July 2022 and at the last trading

day of June 2023 were Tk. 39.10 and Tk. 2,308.26 and Tk. 70.10 and Tk. 4,345.26 respectively.

ICT Industry

The global reach of Bangladeshi IT companies has greatly expanded; i 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 percent 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.

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. The Bangladesh Telecommunication Regulatory Commission (BTRC) has granted aamra networks limited an IPTSP (Internet Protocol Telephony Service Provider) license. IPTSP is a new product line for the company that is currently being implemented with funds raised through the sale of tiny data centers. The IPTSP business will be an extension of our principal business.

Business Strategy

Our strategic objective is to build a sustainable and

Directors' Report continued...

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.

Product Categories & Services

aamra networks limited maintains a wide range of product and service portfolio. Our product 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.

Shaping the Digital Future: aamra's Role in Bangladesh's IT Growth

aamra networks limited (ANL) has carved an illustrious path of success and innovation in the realm of information technology and telecommunications within the vibrant landscape of Bangladesh. This pioneering company has not only excelled but also revolutionized various facets of the IT industry, sparking a transformative ripple effect across the nation.

ANL has emerged as a frontrunner in the lucrative arena of Value-Added Services (VAS). With a meticulous focus on customer-centric solutions, they have consistently delivered innovative services, catering to the diverse needs and preferences of the Bangladeshi population. From entertainment and education to healthcare and finance, our VAS offerings have enriched lives and opened up new horizons of digital possibilities.

ANL's commitment to expanding nationwide networks has been nothing short of remarkable. Our relentless efforts in building a robust and extensive telecommunications infrastructure have fostered connectivity even in the remotest corners of Bangladesh. This expansion has not only bridged the digital divide but has also acted as a catalyst for economic development by enabling seamless communication and access to information.

The diversification of ANL into the domain of fiber optics is emblematic of their forward-thinking approach. By investing in cutting-edge fiber optic technology, we have not only enhanced the speed and reliability of internet connections but have also laid the foundation for future-proofing Bangladesh's digital infrastructure. This move has been instrumental in positioning the nation as a potential global IT hub. ANL's constant commitment to technological advancement is reflected in its continuous efforts to upgrade cabling and network equipment. Through the integration of state-of-the-art hardware and software solutions, we have not only optimized network performance but have also ensured the utmost reliability and security of their systems. This has resulted in a more robust and resilient IT ecosystem within Bangladesh.

ANL's foray into cloud computing has been pivotal in reshaping the IT landscape. By offering cloud services tailored to the specific needs of businesses and individuals, we have unlocked new levels of efficiency, scalability, and accessibility. This has empowered organizations to harness the power of cloud computing, thereby fostering innovation and growth.

In an age where cyber threats loom large, ANL has

been initiated as a formidable defender of digital assets. Our commitment to cyber security encompasses cutting-edge measures and best practices that safeguard the integrity and confidentiality of data. This proactive stance has not only protected businesses and individuals but has also instilled confidence in the digital ecosystem of Bangladesh. ANL's multifaceted achievements have had a profound and far-reaching impact on Bangladesh's IT industry. We have catalyzed growth, fostered innovation, and positioned the nation as a rising star in the global technology arena. By creating a conducive environment for digital transformation, ANL has paved the way for a brighter and more prosperous future for Bangladesh's IT sector.

In conclusion, aamra networks limited's journey of success, marked by VAS excellence, network expansion, fiber optics diversification, upgradation of network infrastructure, cloud computing, and cyber security, has not only elevated the company to a leadership position but has also played a pivotal role in shaping the future of Bangladesh's IT industry. Our firm commitment to innovation and excellence continues to chart a path toward a digitally empowered Bangladesh.

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 million 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 unprecedented 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.

Product or Segment wise performance

The revenue of the company is divided into three key sales segments. 1. Internet, WiFi bandwidth, and equipment sales 2. IT support and software; and 3. the EPZ project, in which categories 2 and 3 are exempt from taxation. When compared to FY 22, sales of these major stream products increased by 14.62 percent, 47 percent, and 53 percent, respectively. The company was able to end fiscal year 23 with a substantial profit since non-taxable unit sales scaled higher than taxable unit sales.

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

The company's sales have increased steadily throughout the year under evaluation. While expenses largely remained the close to last year, the rise in recurring and non-taxable unit sales significantly increased profitability and EPS of the company.

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, of the Company

amounted to BDT 371.23 million. The detailed note on acquisition of Property, Plant and Equipment is given under the note no. 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. 34 on 128 page of the Annual Report.

Additionally, a related party transaction (the sale of the mini data center to aamra holdings limited) was approved by the shareholders in the 2nd Extra Ordinary General Meeting held on December 31, 2022 for a sum of BDT 115 million, in accordance with notification no. BSEC/CMRRCD/2009-193/10/ Admin/118 of the Bangladesh Securities and Exchange Commission dated March 22, 2021. The company's earnings have increased by Tk. 0.36 as a result of the sale of this data center. The sum has been recorded in other income and stated in financial statement note no. 27

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 2023 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 August 21, 2023, aamra networks recommended 11 percent cash dividend. Details of the recommended dividend during the financial year are disclosed in Note 35 of the Financial Report.

Rights Share Issuance

The Board of Directors in its 136th meeting held on August 21, 2023 decided raising the Paid-up Capital through the issuance of Rights Share at a ratio of 1(R) : 2 Share i.e. 1 (One) Rights Share against 2 (Two) existing shares held by a shareholder at an Issue Price of Tk. 30 (Taka thirty) including premium of Tk. 20 (Taka twenty) for each Rights Share, subject to approval of the Shareholders in the ensuing Annual General Meeting, Bangladesh Securities and Exchange Commission (BSEC) and complying with the requirements embodied in relevant laws and Regulatory Authorities concerned. The Rights Issue is primarily for BMRE (networking system upgrades, network coverage extension), loan repayment, and other purposes. However, the project-specific use of proceeds from rights shares shall be explicitly disclosed to the shareholders in due course.

Material changes after Balance Sheet date (June 30, 2023)

There have been no material changes and commitments between the end of FY23 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 11 percent cash dividend for the year ended June 30, 2023 for approval of Shareholders in the twenty second Annual General Meeting. The Board proposed the following appropriations:

	Amount in million BDT
Net profit for the year 2023	225.67
Retained earnings at the beginning of 2022	1033.66
Total profit available for appropriation	1,259.33
Proposed Appropriations	
Proposed cash dividend	68.18
Retained earnings	1,200.20

Dividend

The Company will be paying 11% cash dividend for the year ended 2023. The Board of Directors in its meeting held on 21 August 2023 recommended "11% cash" dividend for the year 2023. 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 225.67 mn.

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

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

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. 98 of this annual report and also available at www.aamranetworks.com.

Contribution to the National exchequer and the economy

During the year 2023, the company contributed a total amount of BDT 9.29 million as Corporate Tax, BDT 27.08 million as TDS and BDT 64.75 million as VAT, in total BDT 91.83 million was paid to the national

exchequer. aamra networks always uphold its responsibilities to the development of the society and the country as a whole. We encourage our employees to participate in social and charitable programs.

Annual General Meeting

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

The notice of the twenty second 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 Statutory Auditors and compliance auditors.

Special Business: Approval for issuance of rights share

Notice of the Annual General Meeting

Notice of the Twenty second 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 given on page no. 38

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 57 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 57 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, 2023.

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 64 to 74 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/](https://www.aamranetworks.com/policies/Additional details on Board diversity are available in the corporate governance report that forms part of this Annual Report) 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, 2023, 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 2022-2023. The evaluation parameters and the process have been explained in the Board Evaluation policy.

Directors' meeting, attendance & remuneration -

During the year ended June 30, 2023 total five 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 62 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 22nd Annual General Meeting and being eligible offered the mselves for re-election as per Article 93 of the Articles of Association of the Company:

- i) Syeda Munia Ahmed
- ii) Fahmida Ahmed

The Nomination and Remuneration Committee reviewed the nomination of the above retiring directors and recommended the board for re-appointment. Accordingly, the board recommended 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 30 page.

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. 62 and 64 respectively of this annual report.

Pattern and distribution of shareholding-

As on June 30, 2023 the paid up capital of the Company is Tk. 619,866,080 subdivided by 61,986,608 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 2023 is shown in Annexure-II, page 62 of this Annual Report. The distribution of shareholdings as required by the regulatory authorities is also given in Annexure-IV, 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, 2023 is given in Annexure-II, page 62 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 third year of audit and thus not eligible to be reappointed as the statutory auditor of the company. Accordingly, K M Hasan & Co., Chartered Accountants expressed willingness to appoint as statutory auditor of the company for the FY-2023-2024. In this regard, the Audit Committee scrutinized and reviewed their

proposals and recommended to the Board to appoint K M Hasan & Co., Chartered Accounts as the external auditor of the Company for the FY-2023-2024.

The Board in its meeting held on August 21, 2023, recommended the shareholders to appoint K M Hasan & Co., Chartered Accounts at a remuneration of Tk. 3,00,000 plus VAT.

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

The Board in its meeting held on August 21, 2023 also recommended the shareholders to appoint G Kibria & Co., Chartered Accounts at a remuneration of Tk. 35,000 plus VAT as the compliance auditor for the year 2023-2024.

Credit Rating

Alpha Credit Ratings Limited is conducting their rating on the latest financial statements June 30, 2023. 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 136th meeting held on August 21, 2023 authorized the Chairman, Mr. Syed Faruque Ahmed to sign the Directors report and any addendum there to.

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, compliance 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, August 21, 2023