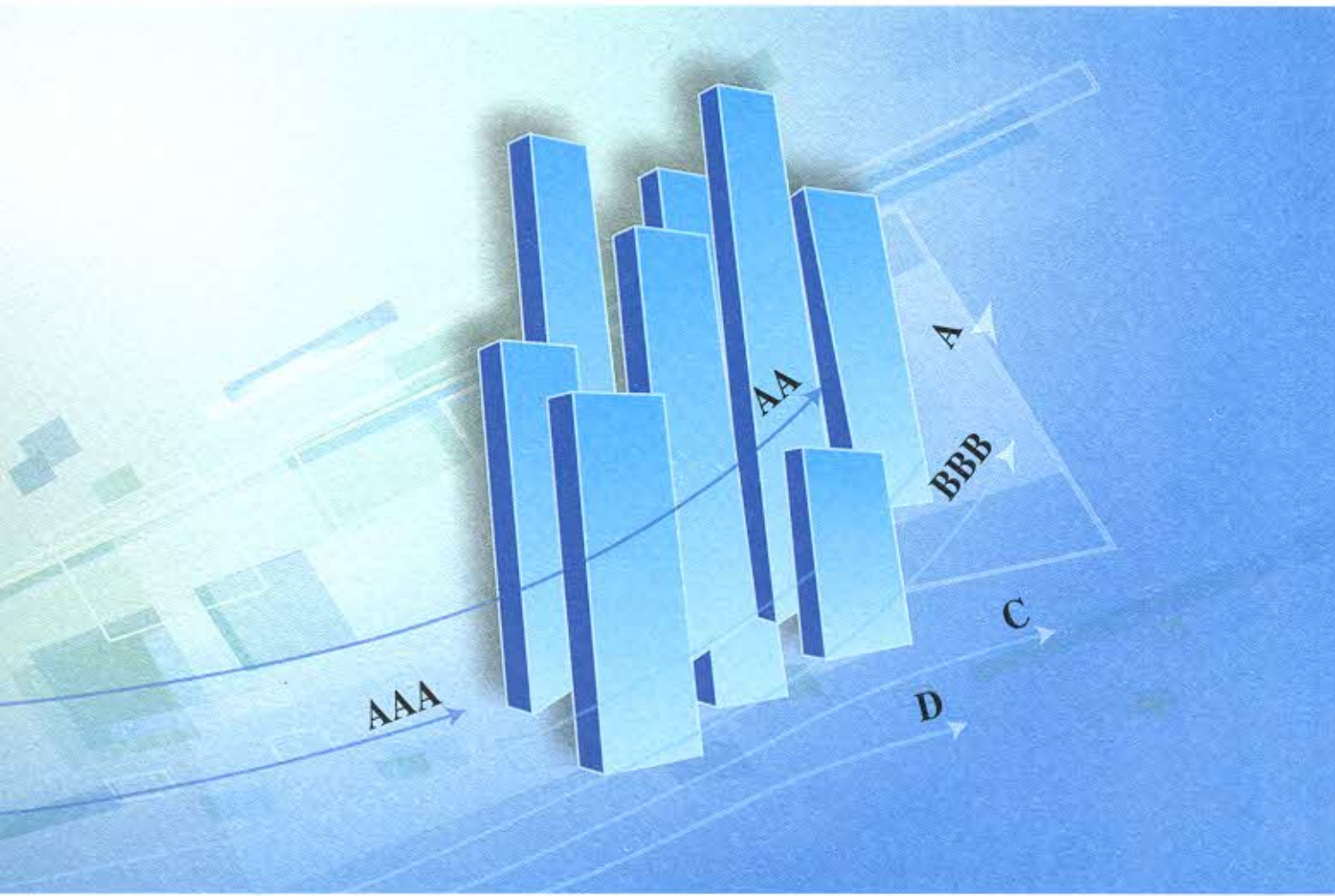


Credit Rating Report



Alpha Credit Rating Limited

AlphaRating

AAMRA NETWORKS LIMITED

*Safura Tower (9th, 12th & 15th Floor) 20, Kemal Ataturk Avenue, Banani Commercial Area,
Dhaka-1213.*

Disclaimer: Information used herein was obtained from sources believed to be accurate and reliable. However, Alpha Credit Rating Limited does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. The rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities or to finance in a project. All rights of this report are observed by Alpha Credit Rating Limited. The contents may be used by the news media and researchers with due acknowledgement. Under no circumstances Alpha Credit Rating Limited will or its affiliates will be liable for any special, indirect, incidental or consequential damages of any kind, including, but not limited to, compensation, reimbursement or damages on account of the loss of present or prospective profits, expenditures, loans or commitments, whether made in the establishment, development or maintenance of company reputation or goodwill, cost of substitute materials, products, services or information, cost of capital, and the claims of any third party, or for any other reason whatsoever.

10 October, 2023

Managing Director
Aamra Networks Limited
Safura Tower (9th, 12th & 15th Floor) 20, Kemal Ataturk Avenue, Banani Commercial Area,
Dhaka-1213.

Subject: Credit Rating of Aamra Networks Limited.

Dear Sir,

We are pleased to inform you that Alpha Credit Rating Limited (AlphaRating), vide credit rating Agreement No: 804 has assigned the following rating to **Aamra Networks Limited**.

| Date of Declaration | Valid From | Valid Till | Rating Action | Long Term Rating | Short Term Rating | Outlook |
|---------------------|-----------------|-----------------|------------------------------|------------------|-------------------|---------|
| 10 October, 2023 | 26 August, 2023 | 25 August, 2024 | 8 th Surveillance | A- | ST-3 | Stable |

The Long-Term & Short-Term rating is valid up to the earlier of 25 August, 2024 or the limit expiry date of respective credit facility. The rating may be changed or revised prior to expiry, if warranted by extraordinary circumstances in the management, operations and/or performance of the entity rated.

We, Alpha Credit Rating Limited, while assigning this rating to **Aamra Networks Limited**.
Hereby solemnly declare that:

- (i) We, Alpha Credit Rating Limited as well as the analysts of the rating have examined, prepared, finalized and issued this report without compromising with the matters of our conflict of interest, if there be any; and
- (ii) We have complied with all the requirements, policy and procedures of these rules as prescribed by the Bangladesh Securities and Exchange Commission in respect of this rating.

We hope the rating will serve the intended purpose of your organization.

With Kind Regards,


Tanzina Khaled
Chief Rating Officer

This letter forms an integral part of the credit rating report.

Aamra Networks Limited

Rating Type 8th Surveillance

A- Long Term Rating

ST-3 Short Term Rating

Stable Outlook

Date of Declaration 10 October, 2023

Valid From 26 August, 2023

Valid Till 25 August, 2024

| Business Risk | Liquidity | Profitability | Operating Cash Flow | Technical Expertise | Financial Support | Market Reputation | Sector |
|---------------|-----------|---------------|---------------------|---------------------|-------------------|-------------------|--------|
| Medium | Fair | Good | Positive | Excellent | Sufficient | Distinguished | IT |

ANL is one of the fastest growing ISP proved themselves with their excellence and nationwide coverage.

Previous Rating

Long Term Rating: A
Short Term Rating: ST-2
Outlook: Stable
Date of Declaration: 15 December, 2022
Valid From: 26 August, 2022
Valid Till: 25 August, 2023

Contact Analysts:

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taskin.sultana@alpharating.com.bd
Hasibur Rahman
hasibur@alpharating.com.bd

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Date of Incorporation:

10th January, 2001

Board Chairman:

Syed Faruque Ahmed

Managing Director:

Syed Farhad Ahmed

Total Asset:

BDT 3,236.43 million (As on 30 June, 2023)

Banks & FIs

Shahjalal Islami Bank Limited
The City Bank Limited
Alliance Finance PLC
Commercial Bank of Ceylon PLC

Loan/Investment Limit:

BDT 1,303.24 million

Outstanding:

BDT 728.02 million

Other Liability:

Limit: BDT 150.00 million
Outstanding: BDT 105.00 million

Rationale

Alpha Credit Rating Limited (AlphaRating) vide credit rating Agreement No: 804 downgrades long term rating to "A-" (Pronounced as "Single A Minus") from "A" (Pronounced as "Single A") and downgrades short term rating to "ST-3" from "ST-2" in favor of Aamra Networks Limited (herein after referred to as "ANL" or "the company"). The outlook for the rating is Stable.

AlphaRating considered financial performance, scale of the operation, quality of financial statements & data presentation, relationship with various stakeholders of the company with management and comparative strength of the company while assigning the rating. The above rating is based on the audited financial statements for the year ended 30 June, FY 2021-2023 and other qualitative information provided by the management.

The rating has been influenced by some positive factors such as increased revenue, sound profitability, sound liquidity position, positive CFO, low geared capital structure, adequate finance cost payment ability, improved net asset value, improved ROA & ROE, good cost control efficiency, improved cash conversion cycle, audit report and updated compliances. This improvement has become achievable because of insightful operation and long term experience of professional management team which was also considered while assigning the rating. AlphaRating observed that excellent track record, business development planning and increased demand has driven the company to retain outreach of its operation. Apart from this, good business relationship with all stakeholders was considered as one of the key strength behind the rating. In addition, quality financial reporting, positive attitude towards regulatory framework & strong corporate governance adherence has also been positively considered during the rating procedure.

However, the rating was constrained by irregular payment behavior with SMA status, overdue amount. Apart from this, increased competition & uncertain macro-economic environment has affected the rating. The Stable Outlook reflects AlphaRating's assessment on upside and downside risks to the rating which is currently well balanced.

Credit Metrics (BDT in Millions)

| | 2023 | 2022 | 2021 |
|--------------------|--------|--------|--------|
| Cash in Hand | 16.13 | 15.21 | 12.40 |
| Total Debt | 667.73 | 753.58 | 647.02 |
| Financial Charges | 68.56 | 68.32 | 44.28 |
| Debt to Equity (%) | 0.28 | 0.35 | 0.31 |
| Current Ratio (x) | 2.75 | 2.18 | 2.03 |
| Cash Ratio (x) | 0.04 | 0.03 | 0.02 |

Operating Summary (BDT in Millions)

| | 2023 | 2022 | 2021 |
|---------------------|----------|----------|--------|
| Sales | 1,274.17 | 1,029.24 | 999.45 |
| % Change | 23.80 | 2.98 | 2.81 |
| EBT | 234.96 | 119.76 | 131.26 |
| Net Profit | 225.67 | 109.29 | 120.39 |
| NP % of Net Sales | 17.71 | 10.62 | 12.05 |
| Operating Cash Flow | 382.33 | 502.33 | 291.83 |

Data obtained from audited financial statements of FY 2021-2023

ANL is availing external financing from Shahjalal Islami Bank Limited (Banani Branch), The City Bank Limited (Head Office Branch), Alliance Finance PLC (Gulshan Avenue Branch), Commercial Bank of Ceylon PLC (Gulshan Avenue Branch), Dhaka. As per bank information, payment behavior of the company is irregular in Commercial Bank of Ceylon PLC & The City Bank Limited. However, the company has an overdue of BDT 47.62 million with SMA status in Commercial Bank of Ceylon PLC. As per company information overdue arise due to late payment. AlphaRating considered only above mentioned banking facilities.


Tanzina Khaled
Chief Rating Officer
Alpha Credit Rating Limited

Company Profile

Bank Facilities

Industry Overview

Management Quality

Business Risk

Company Information

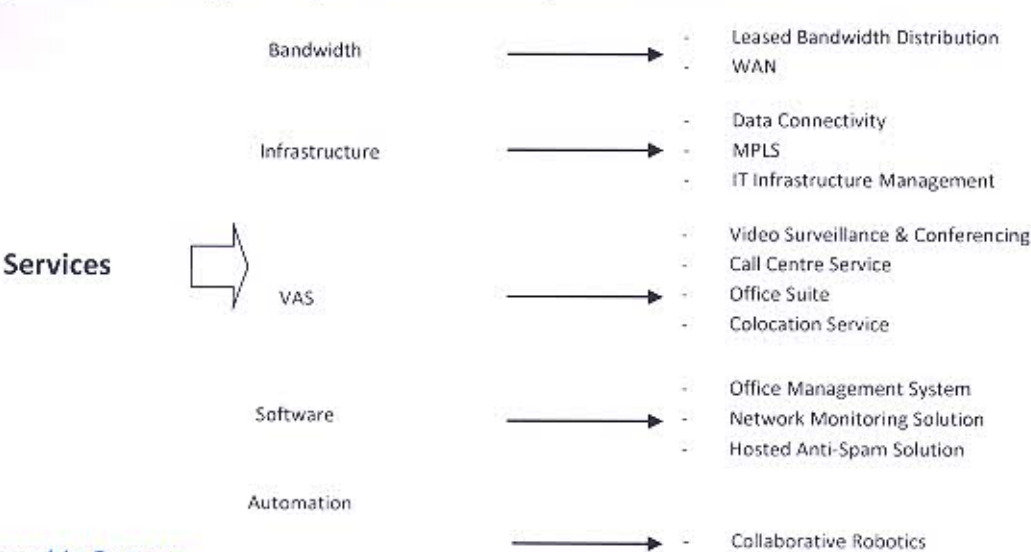
Financial Risk

Company Profile

Aamra Networks Limited is a renowned brand in the IT industry of Bangladesh. Over the last decade, the company has been providing state-of-the-art IT communication solutions and services ranging from internet access to web page development to leased port internet access, total network solution and maintenance services to its customers. The company has a rich customer profile that varies from banks, Govt. organizations, hotels, embassy, high commission etc. ANL is ISO certified internet service providers in the country, upholding the certification since 2003. In addition, the company has been complying with regulatory issues consistently. Aamra Networks Limited is one of the 18 concerns of Aamra Companies. Starting its journey in 1985, group has diversified investment in ICT, Textile, and Lifestyle sectors in Bangladesh.

Service Offered

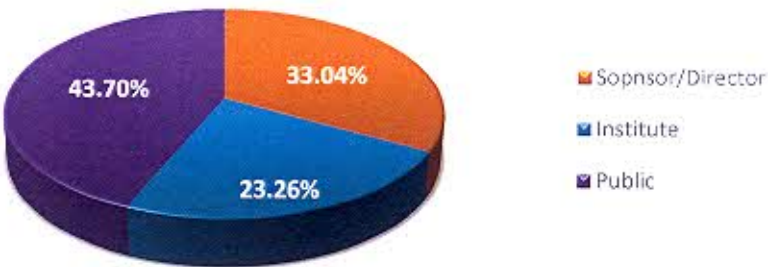
Being one of the industry pioneers, ANL offers following services to its clients:



Ownership Pattern

ANL was initially known as Global Online Services Limited. The company was incorporated on 10th January, 2001 as a private limited company. During 31st December 2007, the company has changed its name to Aamra Networks Limited and has been converted in to a public company limited by shares on 8th May, 2013. The company is now operating with authorized capital of BDT 1,000.00 million and paid up capital of BDT 619.87 million. The company became listed in the year of 2017 with market category 'A' and 'Y' electronic shares under Dhaka Stock Exchange and Chittagong Stock Exchange. Latest ownership of the company is pictured below:

As on 31 August 2023 (Source DSE)



Company Profile

Bank Facilities

Industry Overview

Management Quality

Business Risk

Company Information

Financial Risk

Optimal Revenue Mix

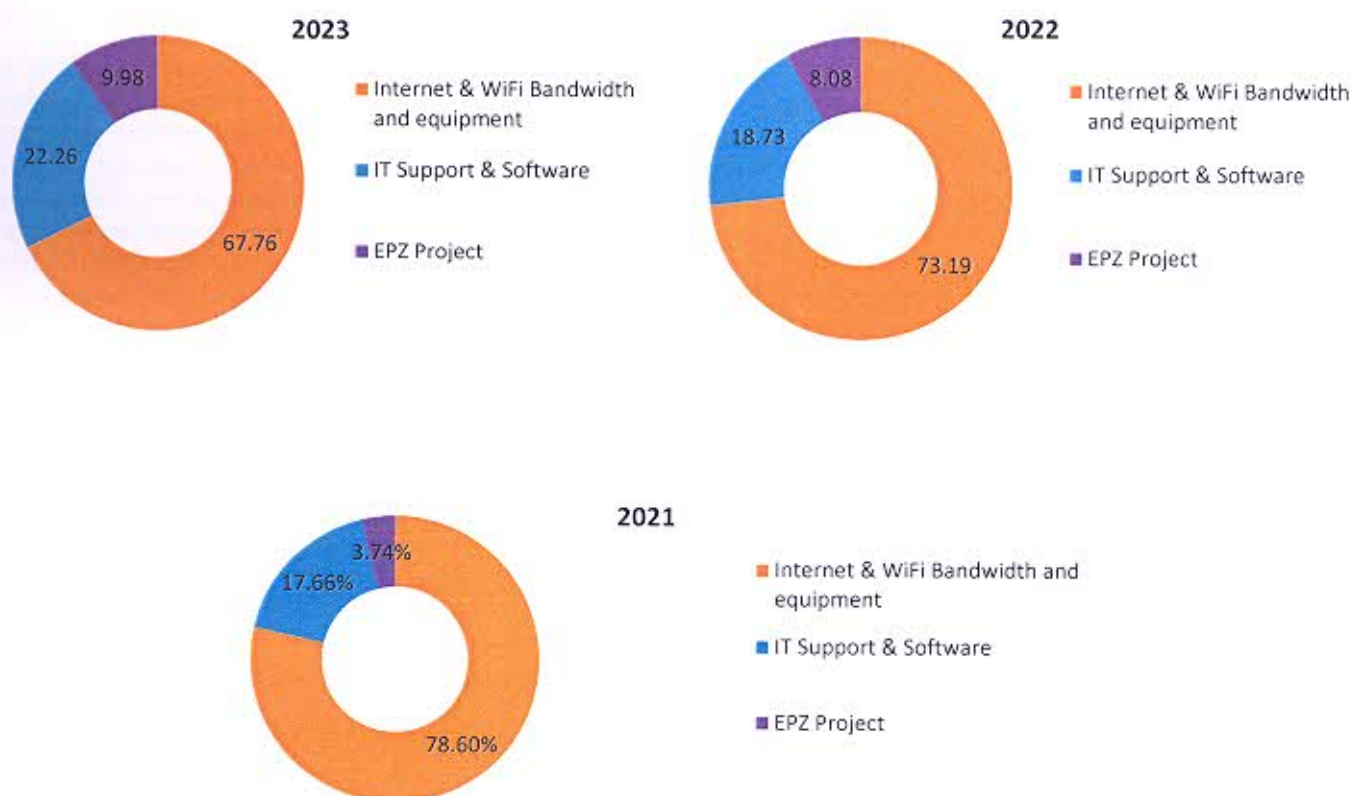


Figure: Revenue Mix in last 3 Years

Industry Overview

IT has become an integral part of modern economies, playing a critical role in transforming various sectors and contributing to economic growth and development. Its impact on the digital economy shapes how people work, communicate, and conduct business. As technology continues to evolve and disrupt traditional industries, understanding its effects on the economy is crucial for policymakers, investors, and individuals seeking to harness its potential for growth and development.

A particularly significant impact of IT on Bangladesh's economy has been the evolution of the outsourcing industry. Bangladesh has emerged as a popular outsourcing destination, particularly for software development, data entry, and customer services. This has been due to the nation's abundant supply of skilled labour and lower labour costs. The outsourcing industry has been instrumental in creating new job opportunities, particularly for the country's youth, and has substantially contributed to Bangladesh's export earnings. Over the past ten years, Bangladesh's software industry has experienced remarkable growth, according to data from the Bangladesh Association of Software and Information Services (BASIS). The industry's export earnings have risen from \$130 million in 2010 to \$800 million in 2020, representing a growth rate of over 500 percent. The software industry is now one of the fastest-growing sectors in the country, and its influence on Bangladesh's export earnings has been steadily increasing, and this growth rate demonstrates the industry's potential for further expansion. In 2020, this sector accounted for around 2 per cent of the country's total export earnings, a considerable increase from 0.3 per cent in 2010. This shows the substantial contribution of the software industry to the nation's economy and its potential to become a powerful player in the global software market. In 2021, the software industry's export earnings increased to \$1.1 billion, representing a growth rate of around 37.5 per cent. The industry's growth expects to continue in 2022 and 2023 due to various factors, including the rising demand for digital transformation services worldwide, development of e-commerce, and increasing adoption of IT across multiple sectors.

E-commerce based business is a new opportunity in Bangladesh. The use of e-commerce has seriously influenced the country's economy, enabling businesses to reach a broader customer base and reducing transaction costs. The growth of e-commerce has led to the emergence of new companies and allowed small and medium-sized enterprises (SMEs) to access new markets. The increased use of online payment systems has also reduced the reliance on cash transactions, promoting financial inclusion and transparency in the economy. IT has enabled the development of various payment systems, including mobile banking, digital wallets, and payment gateways, making transactions faster, more secure, and more convenient, thereby promoting e-commerce and driving economic growth. The adoption of IT has played a crucial role in reforming the Bangladesh finance sector, contributing to better customer services, enhanced efficiency, and economic growth. Technologies in the finance sector have implemented various initiatives to promote digital renovation in the industry. The widespread use of IT has enabled financial institutions to provide digital banking services, such as online banking, mobile banking, and ATM services, making banking more convenient and accessible to customers in remote areas. Financial institutions in Bangladesh use technology to monitor and manage risk more effectively, which includes detecting and preventing fraud and analyzing credit risk. This has enhanced the stability and security of the financial sector and enabled financial institutions to offer better customer services.

The integration of IT has changed the education sector in Bangladesh. E-learning has made education more accessible and affordable, enabling students to access education more efficiently. The COVID-19 pandemic has forced schools and universities to shift to online learning, making IT even more crucial. Online classes using video conferencing tools and learning platforms have allowed students to continue their studies from home, ensuring the continuity of education. Digital resources such as e-books and online assessments have reduced the need for physical textbooks and enabled students to access course materials anytime and anywhere. Training for teachers on digital tools and platforms has improved the quality of teaching and made the learning process more interactive and engaging. IT has played a vital role in ensuring that the education sector in Bangladesh continues despite the challenges posed by the pandemic. Adopting online learning platforms, digital assessments, educational apps, and teacher training has facilitated the continuity of education and helped mitigate the pandemic's impact on student's academic progress.

Source : <https://thefinancialexpress.com.bd/views/reviews/it-an-indispensable-factor-in-the-economic-growth>

Business Risk Analysis

Scale of Operation

The scale of player's operations is critical in the IT industry. The larger the scale, the greater the benefits of economies of scale and also the ability to withstand profitability pressure.

Over the last decade, ANL has been providing state-of-the-art IT communication solutions and services including internet access, web page development & hosting, leased port internet access, total network solutions, video conferencing solutions etc. to more than hundreds of its corporate clients. This certainly augments company's reliability to its customers.

Revenue Mix

AlphaRating analyses various vertical and horizontal segments in which a company operates. Vertical segments are defined in terms of client industries such as manufacturing, insurance, banking etc. A diversified presence across segments provides stability to earnings. Moreover, AlphaRating also considers a company's revenue mix in terms of the nature of contracts it implements.

ANL's client base is spread from renowned MNCs to hotels, universities, banks, embassy, international organizations and many more. The company works on fixed-price contracts for a definite time period. The contracts can be renewed by the parties after the expiry of the present contract. The diversified client based and fixed time contracts ensures revenue of the company for a specific time period. However, the company requires more projects and skilled project management to uphold its growth.

Geographic Diversity

The geographic spread of revenues is an important parameter in analyzing a company's business risk. With the increasing number of internet service providers, the company has extended its service area to almost each corner of the country to sustain in the competition. ANL also invests in IT enabled services and infrastructure services to be distinct from its peers.

Client Profile

In order to sustain in the competitive industry, the industry players need to build up well established relations with large clients. This leads to repeat business and provides stability to earnings. However, dependence on a single client increases risks as any setback in the event of a loss of client could be sizeable. New client acquisitions and the quality of such clients are good indicators of a company's marketing and delivery capabilities.

AlphaRating found that ANL has observed a smart growth rate in its new client acquisition during the last three years which confirms the competitiveness of the company in serving large number of client at a time.

Funding Risk

In order to finance its import of IT solution items, to support bid bond for tender security, to provide performance guarantee for execution of work order, the company is availing financing from a number of financial institutions. Interest rates charged for these facilities are only fixed for a certain period of time and the company is completely exposed to any adverse changes in the interest rates. This adverse change can decrease the profitability and operating cash flow of the company.

As per the financial intuitions' information, it is observed that the company has been performing well and is adjusting its liabilities within the time period. However, ANL has raised its fund through private placement and intended to use a portion of that proceed in debt payment to the financial institutes. The company is further planning to go for initial public offering which may help to arrange sufficient fund to finance its growth.

Human Resource and Knowledge Management

IT company's most important assets are human resources and accumulated knowledge. The outflow of professionals to developed markets has a two-fold impact on domestic firms. These are high employee attrition rates and increasing wages. In this circumstance, considering a company's ability to attract, train, motivate and retain quality manpower as critical to its business, AlphaRating emphasize on study of a company's HR policies.

ANL refers its recruitment process as 'Talent Acquisition' for the organization. Potential candidates have to go through a number of screening tests to ensure his place in the company.

Potential or Existing Government Regulations

IT companies have to comply with The Income Tax Ordinance, 1984; The Income Tax Rules, 1984; The value Added Tax Act, 1991; The value Added Tax Rules, 1991; The Customs Act, 1969 and Bangladesh Telecommunication Regulatory Commission Act, 2001 along with the Companies Act, 1994. Any adverse change in the policies can affect the overall performance of the industry players.

Financial Risk Analysis

AlphaRating performs financial analysis by dividing the financial portion into different categories which are Profitability Analysis, Liquidity Analysis, Cash flow Analysis and Capital Structure. Detailed analysis is presented below:

Profitability Analysis

Aamra Networks Limited has been operating in Bangladesh IT sector for a long time & became one of the leading service providers in Internet communication Solution. Through the longstanding business relationship with its customer's base, ANL is now able to accurately assess constantly changing customer requirement. Moreover provision of high quality IT & IT infrastructure solution & after sales service has enabled them to become a renowned brand in the Bangladesh market along with an extensive corporate client base.

During the analysis it has been observed that, the company earned revenue from diversified sources i.e. internet & WI-FI bandwidth & equipment sales, IT support & software and EPZ projects, contributing 67.76%, 22.26% and 9.98% of total revenue respectively in FY 2023. It is observed that, revenue of the company has been shown positive trend since FY 2021 and it has increased by 23.80% and reported amounting to BDT 1,274.17 million. The revenue growth was mainly supported by growth in revenue from internet & WI-FI bandwidth & equipment sales, IT support & software and EPZ projects. On the other hand, growth of cost of goods sold has increased by a slower pace compared to that of revenue growth, which has resulted to improve in GP margin in FY 2023. At the same time, Operating Profit Margin has also increased in the same period due to the positive impact of Gross Profit Margin. There is reasonable evidence that management had proper control over the operating cost to maintain high level of operational efficiency at operational level which reflected to improve OPM by 3.51% compared to that of last FY 2021. Net profit Margin has increased mainly due to the impact of increased operating profit margin & other income compared to previous year.

| Financial year | 2023 | 2022 | 2021 |
|-----------------------------|---------|----------|--------|
| Financial year ending | June | June | June |
| Revenue (BDT in Millions) | 1274.17 | 1,029.24 | 999.45 |
| Revenue Growth (%) | 23.80 | 2.98 | 2.81 |
| Gross Profit Margin (%) | 36.89 | 35.00 | 34.96 |
| Operating Profit Margin (%) | 22.33 | 18.82 | 18.22 |
| Net Profit Margin (%) | 17.71 | 10.62 | 12.05 |
| ROA (%) | 8.95 | 6.44 | 6.74 |
| ROE (%) | 9.55 | 5.04 | 5.77 |

Data obtained from audited financial statements of 2021-2023

Return on assets (ROA) indicates that how profitable a company is relative to its total assets & Return on equity (ROE) represents the amount of net income returned as a percentage of shareholders equity. It has been observed that ROA has been increased in FY 2023. This improvement was due to increasing operating profit in FY 2023. On the other hand, Return on Equity (ROE) has been also increased in FY 2023 as a result of higher improvement in profit after tax.

Liquidity Analysis

The ability of a company to meet its current obligations with the available assets can be assessed through liquidity analysis. The higher the current ratio, the more capable the company is of paying its obligations. The liquidity position of ANL showed more or less same result over the years and current level of liquidity has been found quite satisfactory while analyzing from different parameters. In FY 2022, current ratio of the company has been reported to 2.75 times suggesting that the company is in good position to meet all kinds of short term liabilities with its adequate current assets in FY 2021. Along with this, Quick Assets Ratio of the company has been reported to 1.16 times in FY 2022 which represents that the company has good liquidity position to meet all kind of short-term liabilities by their most liquid assets.

The cash ratio is another indicator of a company's liquidity. Above table reflects that, only 1.85% of total liabilities can be met by closing cash balance in FY 2023 compared to 1.59% in FY 2022. It is observed that, the company had BDT 16.13 million cash & cash equivalent on hand at 2023 year end. Cash ratio indicates that the company has been holding low cash and does not have enough capability to pay-off its short term liability through available cash amount.

Cash conversion cycle of ANL has decreased in FY 2023 by 62 days from that of FY 2022. CCC of ANL has decreased because of fall in receivable collection period by 08 days, decreasing the level of inventory holding periods by 55 days & trade payable days increased by 01 days. Currently the company can improve the cash conversion cycle by delaying the payment of payables and maintaining an optimum balance between receivables and payable days. However care must be taken that corporate relationship is not affected.

| Financial year | 2023 | 2022 | 2021 |
|------------------------------|------|------|------|
| Financial year ending | June | June | June |
| Current Ratio (x) | 2.75 | 2.18 | 2.03 |
| Quick Ratio (x) | 2.12 | 1.64 | 1.39 |
| Cash Ratio (x) | 0.04 | 0.03 | 0.02 |
| Trade Receivables (days) | 116 | 124 | 133 |
| Trade Payables (days) | 34 | 35 | 25 |
| Inventory Turnover (days) | 120 | 175 | 204 |
| Cash Conversion Cycle (days) | 202 | 264 | 312 |

Data obtained from audited financial statements of 2021-2023

Cash Flow Analysis

Cash flow from operation (CFO) is an important parameter for analyzing the performance of a company, as it provides information regarding the cash-generating abilities of a company from its core activities. From the table, we can easily say that ANL has been suffering high fall in CFO over last year. In FY 2023, CFO of ANL has been deteriorated due to high amount of cash paid to suppliers and employees.

The operating cash flow surplus will make the company less dependent on external finance. CFO interest coverage ratio states the company has sufficient capability to pay off its financial expenses with its available cash from operating activities. On the other hand, CFO Debt Coverage ratio reflects that the company was partially able to repay its debt by generated CFO.

| Financial year | 2023 | 2022 | 2021 |
|---|--------|--------|--------|
| Financial year ending | | | |
| CFO (BDT in Millions) | 382.33 | 502.33 | 291.83 |
| CFO Interest Coverage Ratio (x) | 5.58 | 7.35 | 6.59 |
| CFO Debt Coverage Ratio (x) | 0.54 | 0.67 | 0.45 |
| <i>Data obtained from audited financial statements of 2021-2023</i> | | | |

Leverage & Capital Structure Analysis

Capital structure of ANL depends both on finance introduced by the investors and short and long term loans. During FY 2023, Debt to Equity ratio of ANL has been reported 0.28 times, which is higher than previous year, but it is still stood at low geared position mainly because of increasing net asset value & decreasing short term & long term loan compared to that of last FY. On the other hand, Interest Coverage ratio shows that the company is fully able to repay its finance costs more than 4 times from operating profits.

Net Asset Value of company has been increased by BDT 196.06 million due to increase of retained earnings as well as share capital. This is a positive sign for the company as the company can use this fund as equity capital rather than availing debt finance.

| Financial year | 2023 | 2022 | 2021 |
|---|----------|----------|----------|
| Financial year ending | | | |
| | June | June | June |
| Debt to Equity (x) | 0.28 | 0.35 | 0.31 |
| Interest Coverage (x) | 4.15 | 2.83 | 4.11 |
| NAV (BDT in Millions) | 2,362.55 | 2,166.50 | 2,085.37 |
| <i>Data obtained from audited financial statements of 2021-2023</i> | | | |

Bank Facilities & Credit History

Bank Loan:

| Banks & FIs | Mode of facility | Limit | Outstanding (BDT in Millions) | Overdue | Status |
|--|--|----------|----------------------------------|---------|--------|
| Shahjalal Islami Bank Limited (As on 31.08.2023) | Murabaha Sight LC (Revolving) | 250.00 | Nil | | |
| | Subsequent Murabaha Post Import TR (Revolving) | (200.00) | nil | | |
| | Bank Guarantee (Revolving) | 200.00 | 59.51 | | |
| | Bank Guarantee (One-off) | 150.00 | 105.00 | | STD |
| | Bai-Muajjal Commercial TR (Work Order) (Revolving) | 80.00 | 82.64 | 20.10 | |
| | Bai-Muazzal (Commercial TR) (Work order) | 100.00 | 5.51 | | |
| | Ijarah (Equipment) | 350.00 | 274.11 | | |
| The City Bank Limited (As on 20.09.2023) | Term Loan | 118.86 | 125.80 | 25.00 | UC |
| Alliance Finance PLC (As on 31.08.2023) | Term Loan | 44.15 | 25.24 | | - |
| Commercial Bank of Ceylon PLC. (As on 31.07.2023) | MTL | 10.23 | 50.21 | 2.52 | SMA |
| Total | | 1,303.24 | 728.02 | 47.62 | |

ANL is availing external financing from Shahjalal Islami Bank Limited (Banani Branch), The City Bank Limited (Head Office Branch), Alliance Finance PLC (Gulshan Avenue Branch), Commercial Bank of Ceylon PLC. (Gulshan Avenue Branch), Dhaka. As per bank information, payment behavior of the company is irregular in Commercial Bank of Ceylon PLC & The City Bank Limited. However, the company has an overdue of BDT 47.62 million with SMA status in Commercial Bank of Ceylon PLC. As per company information overdue arise due to late payment. AlphaRating considered only above mentioned banking facilities.

Other Liability: Zero Coupon Bond

| Issue Manager | Loan Mode | Sponsor | Total Limit (BDT in million) | Outstanding (BDT in million) | As on |
|----------------------------------|------------------|---------------------|------------------------------|------------------------------|------------|
| Lanka Bangla Investments Limited | Zero Coupon Bond | Sonali Bank Limited | 150.00 | 105.00 | 30.09.2023 |
| Total | | | 150.00 | 105.00 | |

*as per company information

Securities

- 5.00% cash margin.
- Shipping Documents.
- One postdated MICR master cheque.
- Trust receipt.
- Hypothecation of fixed & floating Assets
- Hypothecation of stocks duly insured covering the possible risk.
- Hypothecation of stocks & receivables duly insured covering the possible risk under bank's mortgage clause.
- Hypothecation of machinery duly insured.
- Ijara agreement duly vetted by the BLA has to be executed by you.
- 60 nos of postdated MICR cheque.
- Work order assignment.
- Counter guarantee of individual users.
- Work order assignment in case of APG.
- Personal Guarantee of all the Directors of the company.
- Shipping Documents.
- Creation of Registered 1st charge on fixed and floating asset of the company with RJSC.
- Lien of 20,00,000 shares of Aamra Networks Ltd.
- Registration of vehicles
- Personal guarantee of Mr. Syed Faruque Ahmed & Mr. Syed Farhad Ahmed for BDT 212.50 million.
- Post Dated Cheque
- Lien of 20,00,000 share
- Registered 1st ranking pari passu charge
- Usual charge documents
- Registered mortgage over 0.98 acre land
- Pledge of 10,91,000 no of shares of Aamra Network Ltd.
- Cross corporate guarantee of Aamra Technologies Limited for BDT 212.50 million.
- Corporate guarantee of Aamra Technologies Ltd supported by board resolution.

Collateral (Shahjalal Islami Bank Limited)

| Particulars | Market Value (BDT in millions) | Forced Sale Value (BDT in millions) |
|--|-----------------------------------|--|
| Flat measuring 6096.79 sft including 02 car parking space located at Mouza: Gulshan Residential Model Town, District: Dhaka. | 160.04 | 128.03 |
| Total | 160.04 | 128.03 |

Management & Other Qualitative Factors

Board of Directors

The Board of Directors of the company consists of five members including Chairman, Managing Director and Independent Director. All of them are professionally skilled and experienced in the management, law and business. Their experience, professional expertise & personal attitude enable them to execute their responsibility individually & collectively in efficient way. The board is chaired by Syed Faruque Ahmed. During FY 2023, 05 board meetings were held by the company

Senior Management

The management operates within the guidelines, limits, policies as well as the budgetary control adopted by the Board. The team is headed by the Managing Director & CEO, Syed Farhad Ahmed who is responsible for implementing the policy and procedures adopted by the board. The CEO implements the internal control system, follow-up the day to day affairs of the management and also confirms the safety and security of the company. The senior management ensures the CEO about the company's improvement with the compliance of statutory and the regulatory requirements too. The CEO must represent the company's financial & business position in each Board Meeting for the Directors understanding and guidance.

Internal Control

ANL 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 were consistently followed.

Corporate Governance

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, finance provider, government and the community. Corporate governance facilitates the rules regulation to work in the best interest of stakeholders. As a publically listed company, ANL is committed to maintain high standard of corporate governance and it has been compiled as per notification of Bangladesh Securities Exchange Commission vide no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018. During FY 2022 the company achieved the certificate of good corporate governance from "K. M. Hasan & Co".

Audit Committee

The committee is headed by independent director A. K. M. Nurul Alam and he is assisted by two other members. It is the duty of the committee to review with the management and the external auditors the company's Annual Financial Statements & footnotes including external auditors report on the financial statements and any significant changes required by the external auditors in the statement prepared by the management. To conduct & investigate into any matters within the committee's scope of responsibilities is also done by this committee. During FY 2023, 05 meetings were held by the committee.

Nomination and Remuneration Committee

NRC committee has been formed according to the Corporate Governance Code of BSEC dated 03 June, 2018. The committee is headed by independent director A. K. M. Nurul Alam. The duty of the committee is to review the level and composition of remuneration of the company and the relation between remuneration and performance. To take initiative in formulating remuneration policy, review the policy for developing, recommending and reviewing annually the company's human resources and training. During FY 2023, 02 meeting were held by the committee.

Business Continuity & Disaster Recovery

ANL together with each of its subsidiaries and affiliates is committed to safeguarding the interest of its clients in the event of emergency. ANL has a documented corporate policy that requires developing a Business Continuity Plan. The company's Service, Support and Technical departments have the full time responsibility of coordinating the development, testing and maintenance of all ANL Business Continuity Plans. The company also manages contracts with recovery services vendors and is responsible for management reporting on all aspects of continuity. A formal process including a continuous review of internal controls enforces the corporate policy on continuity. Company's Business Continuity Plans have been developed, tested and approved by management for all ANL's business locations and IT systems & applications. The plan is claimed to be reside in a common database and are routinely updated by Application and Support staff. Database is replicated between two geographically separated sites. Recovery resources are identified in advance and are obtained from several sources including company's own capability or from vendors under contract. The company reported to have outsourced local crisis management teams who are responsible for recording and managing any potential or actual crisis.

ANL's Business Continuity Plans address the potential impact of different levels of disruptions to the company's employees, equipment's, computers and telecommunication systems. Though it is impossible to anticipate all type of disruptions that could affect the business, the company takes into account- terrorist's attacks, natural calamity, bomb threats, public transportation strikes, IT disruptions and cyber threats. The company stated maintaining back-up systems and power supplies that allow critical computer and telecommunications systems and facility functions to be maintained in case of minor disruptions. In the event of a major catastrophe, where it is not possible to conduct business from ANL's offices, the company has selected remote alternate site equipped with sufficient resources to support critical business operations. The company also stated that its networks and major business applications are replicated daily in a different geographical location, enabling it to access these systems from the remote site.

Human Resource

The company carries on its employee recruitment process following the recruitment rules guided by a set of Recruitment Policy. The recruitment policy contains a set of eligibility criteria and the qualified candidates have to go through several screening steps before getting the job. ANL stated that employees of the company have provident fund, group insurance with other admissible benefits. During FY 2023 there are total 354 employees working for the company.

Compliance Issues

| Particulars | Validity |
|------------------------|------------|
| Trade License | 2023-2024 |
| TIN | Registered |
| Income Tax Certificate | 2022-2023 |
| IRC | 30.06.2024 |
| ERC | 30.06.2024 |
| ISP License | 29.06.2025 |
| BASIS | 31.12.2023 |
| BCS | 31.12.2023 |
| MCCI | 31.12.2023 |
| ISPAB | 31.12.2023 |
| BEF | 31.12.2023 |
| VAT | Registered |
| ISO 9001:2015 | 04.11.2024 |
| Insurance | 01.10.2024 |

END OF THE REPORT

Company Information:

Board of Director

| | |
|---------------------|-------------------------|
| Syed Faruque Ahmed | Chairman |
| Syed Farhad Ahmed | Managing Director & CEO |
| Syeda Munia Ahmed | Director |
| Fahmida Ahmed | Director |
| A. K. M. Nurul Alam | Independent Director |

Auditor

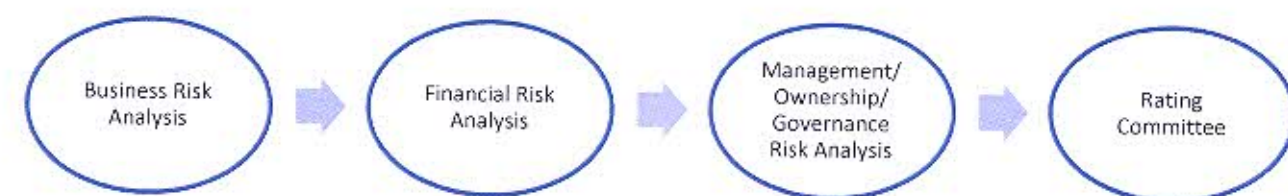
G Kibria & Co.
Chartered Accountants
Sadharan Bima Sadan (5th Floor) 24-25, Dilkusha Commercial Area, Dhaka-1000, Bangladesh

Registered Office

Safura Tower (12th Floor) 20, Kemal Ataturk Avenue, Banani Commercial Area, Dhaka-1213

Corporate Office

Safura Tower (9th, 12th & 15th Floor) 20, Kemal Ataturk Avenue, Banani Commercial Area, Dhaka-1213



Analysis is segmented into two or three sub sectors:

- ▶ Industry Outlook
- ▶ Competitive Position
- ▶ Operational Analysis

Analysis is segmented into four sub sectors:

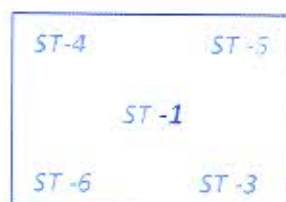
- ▶ Earnings
- ▶ Cash Flow Generating Ability & Debt Servicing Capacity
- ▶ Capital Adequacy
- ▶ Financial Flexibility

It is one of the key elements of the rating methodology since management decides what businesses to be in, what strategies should be pursued and how these activities should be financed.

Senior personnel review each company to determine the appropriate final credit rating.

- ▶ Review Modeling Assumption
- ▶ Approve Company-Specific Adjustments

Rating Outlook



| | |
|------------|--|
| POSITIVE | Rating may be raised |
| NEGATIVE | Rating may be lowered |
| STABLE | Rating is likely to remain unchanged |
| DEVELOPING | Rating may be raised, lowered or remain unchanged. |

| | |
|------|---|
| ST-1 | Strongest ability to meet Short term financial commitments |
| ST-2 | Above average ability to meet short term financial commitments |
| ST-3 | Average ability to meet Short term financial commitments |
| ST-4 | Below Average ability to meet short term financial commitments |
| ST-5 | Well below average ability to meet short term financial commitments |
| ST-6 | Failed to meet short term financial commitments |

| | |
|--------|---|
| AAA | Strongest Credit Quality |
| AA | Very Strong Credit Quality |
| A | Above Average Credit Quality |
| BBB | Average Credit Quality |
| BB | Slightly Below Average Credit Quality |
| B | Weak Credit Quality |
| CCC | Very Weak Credit Quality |
| CC & C | Extremely Weak Credit Quality |
| D | Failed to Meet Rated Financial Commitment On Time or When Due |

Note Long term rating from AA to B may be modified by the inclusion of a plus (+) or minus (-) sign to indicate relative strength within the rating category

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Chattogram Office:

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Gol Pahar More, O.R.Nizam Road,
Panchlaish, Chattogram.
