

## DIRECTORS' REPORT

### Dear Shareholders,

On behalf of the Board of Directors and Management, it is indeed a great privilege for me to welcome you to the 34<sup>th</sup> Annual General Meeting of the Company. We are pleased to place herewith the Directors' Report and the Auditors' Report together with the Audited Financial Statements of the Company for the year ended June 30, 2023, for your valued consideration, adoption and approval. These were approved by the Board of Directors on October 28, 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 almost completed & waiting for inauguration. 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 aamratech shares at the first trading day of July 2022 and at the last trading day of June 2023 were Tk. 31.30 and Tk. 1837.45 million and Tk. 36.60 and Tk. 2368.29 million respectively.

### ICT Industry

The global reach of Bangladeshi IT companies has greatly expanded; in 2022, exports exceeded \$1.4 billion. More than 250 Bangladeshi companies exported ICT services to more than 60 countries

globally. According to USAID, North America is Bangladesh's main export destination for ICT outsourcing followed by the UK and other European countries such as Denmark and the Netherlands. Bangladesh is the second-largest digital workforce supplier of the world, fifth-highest national internet user base in Asia, has the seventh-largest data center of the world, ninth highest mobile phone users in the world and ninth-highest social media user in the world. More recently, Bangladesh is marketing Dhaka as a low-cost operating destination that offers significant cost savings of between 20-30 percent, compared to its competitors Bangalore (India) and Cebu (Philippines). Because of that reason, Bangladesh has attracted significant interest from key international outsourcing players. Government initiatives to develop the ICT service sector, such as creating a high-tech park in every district, coupled with the low-cost workforce, have made Bangladesh a key player in the global outsourcing market.

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

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

their products and services.

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

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

The digital market in Bangladesh has been on a constant rise, the current market size of the digital commerce industry is at \$3.1 billion and is expected to grow further. In the digital finance sector, 72 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

According to GSMA, smartphone adoption in Bangladesh will grow by 75% (138 Million) by 2025. The increasing population of adults in the country is increasingly using smartphones. Thus, the growing population will increase the demand for ICT products and services. The government is taking initiatives to boost the country's IT and telecom sectors because

of the growing demand for digital transformation. For Instance, The Bangladesh government's Posts and Telecommunications Division expanded its initiative on the project of fifth-generation (5G) mobile internet services in collaboration with Teletalk, intending to offer 5G technology-based mobile services to the general public. Such initiatives from the government will bring new growth opportunities for the Bangladesh ICT market. The demand for greater agility and flexibility in the IT infrastructure is driving the growth of the ICT market. For Instance, BDCCL (Bangladesh Data Center Company Limited) is a storage company specializing in data storage. It stores data using several forms of virtualized storage, which major organizations generally use. These businesses prioritize providing dependable and quick access. Furthermore, it assists them in meeting the stringent government standards for their safety. To achieve Digital Bangladesh's goal, Bangladesh has constructed the world's seventh-largest tier-IV data center in Kaliakoir, Gazipur. Such infrastructure initiatives will bring new growth opportunities for the Bangladesh ICT market.

Bangladesh has been able to manage the corona outbreak for two years better than many affluent countries, thanks in part to the advantages of Digital Bangladesh. Millions of individuals in the nation now have access to various services, including healthcare, different directions, and greater awareness thanks to technology. Technology is currently used in every facet of life to benefit Bangladesh's digital economy. With the use of technology, everyone is doing the tasks of many businesses from their homes, including telemedicine, home offices, online courses, and zoom.

The introduction of 'Binimoy' as an Interoperable Digital Transaction Platform (IDTP) stands out among them. The web-based platform 'Binimoy' is included in banks', MFSSs, and payment system operators' apps. It serves as a conduit for payments among customers, retailers, payment service providers (PSPs), e-wallets, banks, financial institutions, payment system operators, public agencies, and private businesses. The 'E-Insurance System' from Jiban Bima Corporation uses cutting-edge information technology and has several features. The E-Insurance System, launched only a few months ago, is an important development for Digital Bangladesh. Through the National Board of Revenue's e-return system, over a lakh income tax returns were successfully submitted online last year. The suffering of the common citizen has significantly decreased due to digitization, which encourages people to pay income tax.

Sheikh Kamal IT Business Incubator, the nation's first such facility, was established only last year. To support the work of entrepreneurs and researchers, this facility features a lab for artificial intelligence, one for machine learning, one for big data, an optical fiber backbone,

a substation, and solar panels. By fostering industry-academia collaboration, this incubator will help Bangladesh expand its global information technology opportunities.

Bangladesh currently consumes about 2600 Gigabytes per second bandwidth speed. Out of the total volume, 1,800 Gbps is delivered through the first and second submarine cables, the rest is delivered by the International Terrestrial Cable from India. Besides, BSCCL (Bangladesh Submarine Cable Company Limited) has announced to launch of the 3rd submarine cable of Bangladesh 'SEA-ME-WE-6' by June- 2024. According to BSCCL the 3rd cable will add another 6,000 Gbps bandwidth capacity. This is expected to meet the growing future demand for the internet in Bangladesh.

Bangladesh has the fourth largest 'unconnected' population in the world. Over 105 million Bangladeshis remain 'unconnected' from internet access, according to the Digital 2023 Global Overview Report by global data reference library Data Reportal. As of January 2023, Bangladesh has 105,138,000 people (roughly 61.1% of the total population) who do not have access to the internet across the country and ranks 4th in terms of unconnected populations worldwide.

However, at the start of 2022, there were 114.5 million people who did not use the internet (roughly 68.5% of the population). This indicates that more than 9 million new users have used the internet in the past year in the country.

The Bangladesh ICT Market is expected to grow at a CAGR of 1.83% over the next five years. Bangladesh's growing emphasis on digital technology, cyber security, artificial intelligence, robotics, healthcare, and IT is significantly driving the market's growth. The increasing demand to explore and adopt digital technologies and initiatives, the increase in the overall demand for digitalization and scalable IT infrastructure, the wide adoption of the 4G and 5G networks, and the rising penetration of technology giants are boosting the growth of the ICT market significantly. According to the IMF, Bangladesh's GDP is expected to grow to USD 4171.06 by 2027. The country's GDP is growing significantly with increasing IT investments, creating new growth opportunities for the Bangladesh ICT market. Key players in the ICT market are taking initiatives to deploy 5G services in Bangladesh. For Instance, Grameenphone began 5G trials in all divisional cities to escalate the transition of "Smart Bangladesh." In July last year, Grameenphone carried out the nation's first 5G trial run with a few use cases in Dhaka and Chattogram. Government authorities are working with private IT and telecom service providers to expand their telecom sector. For Instance, BASIS (The Bangladesh Association of Software and Information Services) held a special event in London to promote Bangladesh's ICT industry in the



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United Kingdom.

Our nation will become Smart Bangladesh by 2041, according to Prime Minister Sheikh Hasina, who announced a celebration for Digital Bangladesh Day last year. The plan for Smart Bangladesh, which follows Digital Bangladesh, is the most significant and long-term choice of this century because many developing nations have made substantial progress toward becoming smart nations, and the developed world has already undergone this transformation. If Bangladesh is to continue making progress, it must move much closer to the developed world. In terms of trade, international transactions, and communication, the nations that adopt the technology first will be in a better position in the future.

The nation may need more than 6000 gbps of international bandwidth by 2025. The BSCCL is set to receive 13,200 Gbps from the third submarine cable, SEA-ME-WE 6, in 2025. We still have and will continue to have a lot of bandwidth to suit our requirements. To fulfill the rising network demand in the nation, bandwidth is being exported to France, Saudi Arabia, and Tripura in India. The procedure to export bandwidth to Bhutan, Nepal, Assam, and Meghalaya in India is now in progress.

The central bank has set a goal so that at least 75 percent of retail transactions are settled through digital technologies by 2027, a move that may give Bangladesh's digital transformation a massive fillip and turn the cash-based economy into cashless.

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

In the past year, aamra technologies limited (ATL) has left an indelible mark on the technology ecosystem in Bangladesh, demonstrating our commitment to excellence and innovation. We've achieved significant milestones in various sectors, reflecting our dedication to delivering cutting-edge solutions to our customers and contributing to the growth of our nation.

In the IIG operation, we have overhauled and restructured our entire network. Because of this, we are currently capable of providing better service and lower latency to our customers nationwide. We have diversified the paths and structure of our network, making sure that we have enough redundancies, even during the time of any major maintenance or disaster. In addition to that, we have made substantial optimization internally, in terms of resource allocation and strategy, which we are confident to yield excellent results in the upcoming year.

This year, aamra technologies limited (ATL), has made remarkable strides Financial Services Industries (FSI) front. To begin with, we have reached an impressive figure of 55,000+ POS terminals distributed in the market through various scheduled Banks. In addition to conventional POS terminals, we are now serving the

market with NFC enabled terminals as well. While Banks may take years to generate a substantial number of NFC enabled instruments, we are ahead of the curve already by providing cutting-edge solutions, and we are enabling the Banks to embrace the future of payment transaction.

Our regular POS business has remained steady and substantial. Our work in the utility payment space has also seen sizable growth. Additionally, we have made remarkable progress in support this year. aamra technologies limited (ATL) has built an international standard POS repair center. This is the first of its kind in Bangladesh and has been certified by Verifone. In addition to ensuring faster and cost-convenient service delivery, this repair center shall also enable us to service Verifone POS machines of neighboring countries, i.e. Nepal, Myanmar etc. This initiative shall usher us in the future of service, in Bangladesh and beyond.

In addition to the POS hardware, we are also making significant progress in the software front as well. Majority of the POS distribute to our customers are currently being run on software designed and developed by aamra's own program team. This is not only a remarkable feat for a Bangladeshi company, but also opens up a horizon of business opportunities for the nation in the coming future.

Data protection is becoming the most important concern of Bangladesh in recent times. The Bangladesh Government is planning to pass a "Data Protection Act", which shall be groundbreaking and paradigm-shifting, in terms of how we perceive data security. ATL has always been at the forefront of data security, protection and safeguarding; and we want to stay ahead of our competitors in the data security space. As part of that effort, we have already taken initiatives to deploy military-grade data security for Banks and Non-Banking Financial Institutions, with our long-term partner Thales. We are confident we shall be able to place ourselves as the leading name in security in the coming years.

Moving ahead, we are emphasizing "Security as a Service" as one of our most potential scopes of expansion. Bangladesh is one of the most fast and vibrant global economies. At ATL, we look forward to the boundless opportunities that are yet to be explored.

### **Principal Business**

aamra technologies limited (ATL) has been at the forefront of technological breakthroughs of Bangladesh for over couple of decades. Our nationwide infrastructure and sturdy presence have helped us to ensure the best-in-class services for our clients. Throughout the years, we have built an impressive presence in internet services and the financial security industry. aamra technologies limited (ATL) is an IT company involved in IIG, Systems Integration,

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Information System Outsourcing, Core Banking Software and Storage & Networking. ATL is one of the first private sector licensed International Internet Gateway Service Provider (IIG) in Bangladesh. aamra technologies limited (ATL) is a pioneering technology company that has been dedicated towards providing the banking sector with the most advanced and revolutionary hardware, software, and connectivity solutions for close to three decades.

### Products and Services

aamra technologies limited has been at the forefront of technological breakthroughs of Bangladesh for over a decade. Our nationwide infrastructure and sturdy presence have helped us to ensure the best-in-class services for our clients. Throughout the years, we have built an impressive presence in internet services and the financial security industry.

A brief description of our products and services are given below:

#### Internet and Connectivity Services

**Internet Gateway & Connectivity:** Many of the largest foreign corporations in Bangladesh use our International Internet Gateway (IIG) services. We were the first business to make use of connectivity from SMW-4 and SMW-5 because of the rising demand for bandwidth from our extensive list of clients requiring secured connectivity to multiple offices abroad. 2 out of 4 of the telecom operators in Bangladesh rely on us for connectivity services, and we're the second largest IIG operator by bandwidth consumption. aamra is the only Bangladeshi company with a presence in five International Exchange points (IXPs) and two international POPs (Points of Presence), in Singapore (Equinix) and France (Interxion). This enables us to offer, the lowest latency traffic to multiple sites across the world. Additionally, we maintain an ever-expanding peering capacity with multiple CDN service providers.

#### Financial Service Industry Services

**Core Banking Solutions:** Through Infosys Finacle, aamra technologies limited is helping banks keep pace with digital transformation, offering customers convenient online and mobile banking services. aamra technologies limited (ATL) plays a vital role in enabling banks to stay competitive and meet the evolving demands of the banking sector.

**Security Systems:** aamra continues to protect the largest number of plastic cards in Bangladesh and has partnered with Matica Technologies to offer a wider range of software and hardware services for the Fintech sector. Several banks and financial institutions have relied on ATL's Hardware Security Modules (HSMs) for comprehensive encryption and core banking needs. We are leveraging Thales CipherTrust to enhance data security and encryption across its technology solutions.

**Point of Sale (POS):** aamra pioneered the POS-based

payment system in Bangladesh and now commands more than 50% of the market share in this segment. In addition to traditional point-of-sale terminals, aamra has also developed and delivered systems and solutions for NFC-enabled POS solutions and Mobile POS solutions.

**Utility Payment Solutions:** We have pioneered the first point-of-sale (POS) based utility payment solutions in the country. Customers of the Dhaka Power Distribution Company (DPDC) and the Dhaka Electric Supply Company Limited (DESCO) can pay their bills quickly and conveniently at any of a number of bank agents across the country.

**Terminal Management System:** We have successfully implemented VHQ, a cloud-based comprehensive solution provided by Verifone, a global leader in payment technology and services.

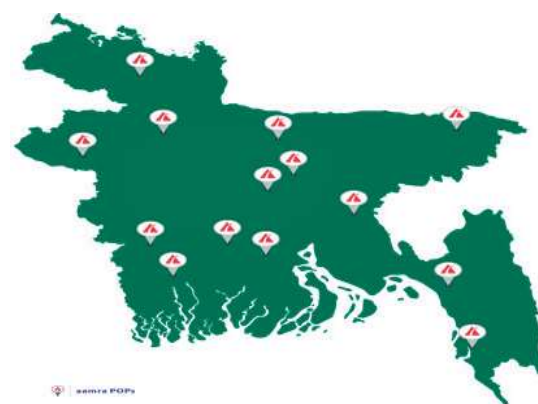
### Enterprise

**Server Storage System Implementation:** Database management systems, storage expansion racks, cloud computing architectures, cloud, and on-premises hardware integration middleware, bespoke software, operating systems, and server architectures are just some of the system integration technologies we offer.

**Software Defined Networking:** ATL has a partnership with HGC Global Communications Limited, which enables us to offer SDN services with extensive support; this enables us to combine our class-leading solutions backed by our team of amazing networks engineers, with certifications from leading OEMs. We work closely with global leaders in networking solutions and maintain partnerships with leading OEMs such as Cisco, Fortinet, Sophos, Huawei, Juniper, DellEMC, Vivanco, etc.

### Nationwide Presence

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



### Distributor of Global Brands

aamra technologies limited is the first IIG company to establish 11 POPs throughout the country as per BTRC guideline and presently it has total 30 POPs.

aamra technologies limited is the first Bangladeshi company to establish POP in Marseille, France. In addition, it has tier-1 global carriers with gtt, telia, NTT Communications, Tata Communications, CenturyLink, Level-3, Orange and Cogent.

ATL's presence in four major international IX;



aamra technologies limited (ATL) is actively supporting the transformation of financial industry of Bangladesh through Finacle (a leading core banking software solution), Verifone point of sales and lots of world-renowned business solutions app.



### Operating and Financial Performance of the Company

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

(BDT in millions except per share data)	2023	2022
Revenue	1,542.30	2,308.77
Gross profit	216.57	292.25
Operating profit	114.24	189.63
Profit before tax	55.31	129.48
Tax	7.30	21.04
Profit after tax	45.23	108.48
Earnings per Share (EPS)	0.70	01.78

During 2022-23, the turnover of the Company was BDT 1,542.30 mn as against BDT 2,308.77 mn during FY 2021-2022 registering a decrease of 33.20%. The Company posted a Profit Before Tax from continuing operation of BDT 55.31 mn during the year as against BDT 129.48 mn in the previous year registering a decrease of 57.28%. The Profit After Tax from continuing operation during FY 2022-23 is BDT 45.23 mn as against BDT 108.48 mn in FY 2021-22 registering a decrease of 58.30%.

During FY23, the gross profit was BDT 216.57 mn which was BDT 292.25 mn registering 25.90% decrease. During the year the company made provision for tax BDT 7.30 mn which was BDT 21.70 mn in 2022. The revenue decrease was mostly attributable to a steep drop in IIG sales, which represented for

84% of total revenue. Furthermore, IIG's margin is lower than that of other sales portfolios. In contrast, equipment sales also decreased due to the unpredictable dollar market, taka depreciation, and import restrictions. As a result, net profitability deteriorated.

### Product or Segment wise performance

During FY22-23, the sales of Bandwidth, equipment, and services the mainstream products of the company collectively generated BDT 1,542.30 mn which was BDT 2,308.77 mn in the previous year registering a decrease of 33.20%. Out of total revenue generated this year IIG, equipment, services and software contributed 84.38 percent, 21.83 percent, 9.11 percent, and zero percent respectively. During the year all the products segment showed decline pattern compared to last year.

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

EPS: The company's revenue fell significantly in 2023 compared to the year before, while all other expenses were slightly lower. As a result, EPS has significantly dropped.

NOCFPS: Cash collected from customers and other sources during the year that ended on June 30, 2023, is somewhat better than it was the year before. On the other hand, compared to the prior year, there has been a decrease in operating expenses, finance expenses, advance tax, and cash paid to suppliers. Consequently, there has been a notable increase in the NOCFPS.

### Five years data

Key operating and financial data of preceding 5 (five) years of the Company has been summarized on 10 page of this Annual Report.

### Capital Expenditure

The Total Capital Expenditure on acquisition of Property, plant, computer applications, software and equipment, of the Company amounted to BDT 251.81 million. The detailed note on acquisition of Property, Plant and Equipment is given under note no 4 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. 30 on 125 page of the Annual Report.

### Events occurring after the reporting date

As at the date of this report, the directors are not aware of any matter or circumstance that has arisen since the end of the year 2023 that has significantly affected or may significantly affect the operations of the Company, the results of its operations or its state



Directors' Report continued...

of affairs, which is not already reflected in this report other than the following:

On October 28, 2023, aamra technologies recommended 10 percent cash dividend. Details of the recommended dividend during the financial year are disclosed in Note 11.00 of the Financial Report.

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

Considering the profit available for distribution after complying with the regulatory requirements, the Board recommended 10% Cash dividend for the year ended June 30, 2023, for approval of Shareholders in the 34th Annual General Meeting. The Board proposed the following appropriations:

Amount in million BDT	
Net profit for the year 2023	45.23
Retained earnings at the beginning of 2023	357.26
Total profit available for appropriation	402.58
Proposed Appropriations	
Proposed cash dividend	64.70
Retained earnings	292.56

### Dividend

The Company will be paying 10% cash dividend for the year ended 2023. The Board of Directors in its meeting held on 28 October 2023 recommended "10% 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 registered profit of BDT 45.23 mn.

aamra technologies 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.

### Contribution to the National exchequer and the economy

During the year 2023, the company contributed a total amount of BDT 24.73 million as Corporate Tax, BDT 23.58 million as TDS and BDT 94.03 million as VAT, in total BDT 142.34 million was paid to the national exchequer. aamra technologies always uphold its responsibilities to the development of the society and the country. 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 thirty Fourth Annual General Meeting is given on page 09 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;
- Approval for appointment of Independent Director.
- Appointment of Statutory Auditors and compliance auditor.

Special Business: Nil

### Notice of the Annual General Meeting

Notice of the thirty Fourth Annual General Meeting of the Company is given on page no 09 of the Annual report.

### Management Discussion and Analysis

A management discussion and analysis signed by Managing Director regarding the Companies operation and position along with a brief discussion of changes in the financial statements has presented in the page no 35.

### 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

Directors' Report continued...

statements, information has been obtained from the books of accounts, which have been maintained properly as required by the applicable rules and regulations.

#### **Directors' responsibilities of preparation of Financial Statements**

The Directors are of the view that the Annual Report and Company's financial statements have been prepared in accordance with applicable laws and regulations and as per requirement of regulatory authorities. The Board confirms that a true and fair view of the state of the affairs of the Company has been ensured while preparing the Financial Statements of the Company. A statement of the Directors' responsibility in relation to financial statements has been given on page 56 of this Annual Report.

#### **Observance of IAS, BAS, BFRS & applicable laws**

The Directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable to ensure that the financial statements comply with the Companies Act, 1994, the Securities and Exchange Rules, 2020 and other applicable laws. The Directors also confirm that the financial statements have been prepared in accordance with the International Accounting Standards and other applicable rules and regulations.

#### **Fairness of the accounts**

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of Companies Act, 1994. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of their profits for the year ended June 30, 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 technologies 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 technologies 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;

Directors' Report continued...

- 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. ATL's Board of Directors endeavors always to provide learned and strategic direction for the Company through applying the highest standards of corporate governance practice. To this end, we comply with all reporting regulations and requirements as defined in the Code of Corporate Governance issued by the Bangladesh Securities and Exchange Commission. Strengthening the policies and procedures by accommodating the changes in legislation and perspectives is our routine application to protect the Company from risk and introduce new policies necessary to steer the company on right and clear strategic direction. We work to ensure all governance matters are transparent to stakeholders as well as shareholders through channels such as the Annual General Meeting (AGM), quarterly financial statements and this annual report. The Board of Directors of the Company has always committed to maintain and practice an effective corporate governance structure. A detailed report on corporate governance has been set out on page 62 to 73 of this Annual Report.

#### **Directors' meeting, attendance & remuneration**

During the year ended June 30, 2023 a total of four

meetings were held. During this year, all of the Directors serving on the Board attended were more than 90 percent of the aggregate of the total number of meetings of the Board of Directors. The attendance in the Board and Committee meetings by each Director is given in Annexure-I on page 60 of this Annual Report. Please note that the amount of total remuneration which has 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 34<sup>th</sup> Annual General Meeting and being eligible offered themselves for re-election as per Article 93 of the Articles of Association of the Company:

- i) Syed Faruque Ahmed
- ii) Fahmida Ahmed

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

Biographies of the Directors (including retiring Directors, managing director and independent director) and the names of the Company where they have interest are mentioned in this annual report on 26 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. 60 and 62 respectively of this annual report.

#### **Pattern and distribution of shareholding**

As on June 30, 2023, the paid up capital of the Company is Tk. 64,70,74,420 subdivided by 6,47,07,442 shares of Tk. 10 each where the Sponsor Shareholders holding is 30.01%. The overall shareholding patterns of the Company as at the end of the year 2023 is shown in Annexure-III, page 62 of this Annual Report. The distribution of shareholdings as required by the regulatory authorities is also given



Directors' Report continued...

in Annexure-II, on page 60 of this Annual Report.

#### **Substantial shareholdings.**

BSEC's Corporate Governance Notification dated June 3, 2018 requires a listed company to disclose in the Directors' Report, the list of shareholders holding ten percent or more voting interest in the Company. Shareholders who hold ten percent or above shares in aamra technologies including the shareholding status of all sponsors shareholders as on June 30, 2023, is given in Annexure-II, page 60 of this Report.

#### **Corporate responsibility**

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

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

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

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

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

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

#### **Business ethics**

Our customer welfare comes first. We ensure understanding our client's need, extending facilities to the right clients at just terms. We care our clients to enjoy consistent continuous service wherever we

operate. We have 24/7 dedicated customer care and also have complain box for taking care of customer complaints with highest priority. All our Board, Management and employees strictly follows regulatory guidelines, instructions and all applicable laws, rules and regulations of the country.

#### **Audit information**

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

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

#### **Auditors**

K. M. Hasan & Co., Chartered Accountants have expressed their willingness to be re-appointed as the 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 Accountants, as the statutory auditor of the Company for FY-2023-2024.

The Board in its meeting held on October 28, 2023, recommended the shareholders to appoint K M Hasan & Co., Chartered Accounts at a remuneration of Tk. 2,75,000 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 October 28, 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**

Upon expiry on December 21, 2023, of present rating status of AA- (Minus) in the long term and ST-2 in the short-term rating of aamra technologies limited the National Credit Ratings Limited is conducting their ratings on the yearend financial statements 2021-2022.

#### **Our employees and environment**

The Management of aamra technologies believes that Human Resources of any organization can make a difference in the industry. Considering this thought, aamra technologies recruit 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

Directors' Report continued...

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 technologies promises to:

- Avoid and discourage discrimination and provide equal opportunity and respect diversity.
- Ensure frequent interaction between employees and senior Management for constructive development in systems & procedure.
- Support employee efforts to achieve a healthy work-life balance.
- Organizing Training & Seminar for employee development
- Ensuring best HR practices
- An empowering Management style that develops employee and encourages performance.
- Aamra technologies 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 252nd meeting held on October 28, 2023, authorized the Chairman, Mr. Syed Faruque

Ahmed to sign Director's report and any addendum thereto.

#### **Acknowledgement**

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

For and on behalf of the Board,



Syed Faruque Ahmed

Chairman

Dhaka, October 28, 2023