MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

World Economy:

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

Bangladesh Economy

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

GDP growth rose to 7.1 percent in FY22, not with standing 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.

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 per cent of digital transactions are done via Mobile Financial Services (MFS); there are over 102 million MFS users and over 10 million daily transactions and more than 15 banks integrated with over $200 million daily transactions. Internet banking transactions reached a record high amount of nearly Tk 50,000 crore in May 2023. The growth of digital banking has sped up as banks are becoming connected with mobile financial service (MFS) providers.

The country has seen 18,000 government offices equipped with high-speed internet and the 25,000-website collective of a government web portal. More than 2600 unions are connected by Info Sarkar Project. The Info Sarkar Project under ICT division (BCC) of Bangladesh Government is a benchmark initiative of Bangladesh Government to make Bangladesh digital by connecting all its people, organisations, and resources of all tiers through the internet. Over 600 Unions have been Initiated by 'Connected Bangladesh' which is a project to ensure internet facilities in all schools, colleges, madrasas, growth centres, and telecom operators in remote areas. The Bangladeshi government, in collaboration with the Chinese government and companies, implemented the country's ICT (Information and Communication Technology) project which brought thousands of government offices across the country under nationwide connectivity. Under the comprehensive National eGovernment Master Plan, more than 2000 government functions have already been digitalized. Over the past ten years, the penetration of mobile internet increased six-fold. Mega-projects at the national level, including info-Sarker, Union Digital Centers, multimedia classrooms, etc., have introduced the populace to digital technologies. A total of 8, 600 post offices across the country have been turned into digital ones using the infrastructure. Nearly 9,56,298 kilometers optical fibre cables have been set up at union levels across the country while 10 Gigabyte capacity has been ensured in every union, helping provide high-speed internet to the people and the government offices.

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

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 out break 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', MFSs, 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 dem and 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 county'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 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.

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 55.15%. 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.

Five years data

Particulars	FY(2022-2023)	FY(2021-2022)	FY(2020-2021)	FY(2019-2020)	FY(2018-2019)
	Taka	Taka	Taka	Taka	Taka
Fixed assets	633,340,474	488,654,511	432,542,114	399,543,355	446,761,390
Current Assets	2,437,522,492	2,562,465,470	2,406,186,290	2,131,446,061	1,948,955,844
Share Capital	647,074,420	610,447,570	581,378,640	581,378,640	553,693,950
Retained earnings	329,149,916	357,260,961	306,974,615	281,023,921	251,281,853
Current Liabilities	1,531,804,050	1,504,525,010	1,295,589,755	955,486,211	851,460,826
Revenue	1,542,308,449	2,308,778,634	1,724,851,424	1,615,505,874	1,457,609,873
Gross Profit	216,568,776	300,456,478	243,786,754	253,549,985	251,820,679
Profit from Operation	114,239,644	189,626,132	147,185,808	158,770,752	164,365,849
Profit/(Loss) before Tax	55,309,760	129,485,262	97,725,218	100,024,024	102,755,748
Net Profit after Tax	45,230,744	108,480,679	84,088,558	85,111,455	76,387,684
Net cash flows from operating activities	243,846,695	155,970,326	122,312, 192	169,781,462	339,052,708
Net cash flows from investing activities	(252,945,965)	(356,226,684)	(120,303,814)	(45,006,912)	(261,316,778)
Net cash flows from financing activities	9,717,215	200,061,627	(2,725,044)	(128,543,155)	(73,853,642)
Net Asset Value (NAV) per share (Re-stated)	22.85	24.09	22.79	23.48	23.62
Earnings Per Share (EPS) (Re-stated)	0.70	1.78	1.38	1.46	1.38
Net Operating Cash Flow Per Share (Re-stated)	3.77	2.56	2.00	2.92	6.12

Ratios:

Performance Measure	Indicator Name	FY(2022-2023)	FY(2021-2022)	FY(2020-2021)	FY(2019-2020)	FY(2018-2019)
Liquidity Ratio	Current Ration	1.59	1.70	1.85	2.23	2.37
	Quick ration	1.06	1.15	1.26	1.42	1.45
	Time Interest Earned Ratio	1.88	3.15	3.3	2.7	2.99
	Debt to Equity Ratio	0.53	0.50	0.37	0.33	0.69
Operating Ratios	Account Receivable Turnover Ratio	1.64	2.46	1.99	2.01	1.8
	Inventory Turnover Ratio	1.62	2.51	1.94	1.78	1.45
	Assets Turnover Ratio	0.47	0.75	0.63	0.64	0.59
Profitability Ratios	Gross Margin Ratio	14.04%	13.01%	14.10%	15.69%	18.45%
	Operating Income Ratio	6.86%	8.21%	8.53%	9.83%	12.04%
	Net Income Ratio	2.56%	4.70%	5.07%	5.27%	5.60%
	Return on Assets Ratio	1.20%	3.52%	3.20%	3.38%	3.30%
	Return on Equity Ratio	2.67%	7.38%	6.27%	6.24%	5.84%
	EBITDA Margin	18.89%	16.25%	18.87%	21.31%	23.65%
Coverage Ratios	Debt to Total Assets Ratios	0.55	0.55	0.52	0.47	0.47
Cash Flow Ratios	Net Operating Cash Flow Per Share	3.77	2.56	2.00	2.92	5.83
	Net Operating Cash Flow Per Share to EPS Ratio	5.39	1.44	1.4	1.99	4.44

Discussion on few ratios:

Current Ratio (Times): The current ratio greater than one indicates the ability of the company to remain solvent after adjustment of its debt at a time in the short-term. Though the higher current ratio reflects the more capable of paying the obligations but on the other hand it indicates that it's not using its current assets efficiently, is not securing financing very well, or is not managing its working capital. The Company's current ratio is reducing consistently, which is reflected in efficient use of current assets.

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

Accounts Receivable Turnover Ratio: The company's ARTR declined from the previous year, indicating that management must be more cautious. However, management believes that the receivables will be collected within the specified time frame.

Operating Profit Ratio (%): The operating profit ratio measures how efficiently a company operates. For the past few years, the operating profit ratio has been gradually declining, attracting conservative operational efficiency. Management needs to give special attention to controlling the costs and expenses involved with business operations.

Net Profit Ratio (%): This method of calculating liquidity and profitability is the most precise. Our decision to conduct fewer business and incur fewer losses considering the unstable global environment turned out to be the right one. It is expected that the current instability will soon pass, and profitability will rise again.

Return on Equity Ratio (%): we have been maintaining a steady return on equity over many years. We are focusing on long term sustainability to keep the consistency in return of an investor.

Net Operating Cash Flows per Share (NOCFPS) : Operating cash flows per share is a useful metric for assessing a company's worth as it provides a more accurate representation of its long-term core activities. Our constant goal is to use the company's resources more effectively. The disparity between NOCFPS and EPS has widened as the company's EPS has sharply decreased.

Comparison of Financial Performance in peer industry scenario: 2022

Particulars	aamratech	adntel	agnisysl	genexil	bdcom
	Taka	Taka	Taka	Taka	Taka
Fixed assets	1,346,148,787	1,222,023,149	553,746,704	1,284,573,949	357,415,900
Current Assets	1,181,266,291	1,100,154,547	641,470,245	838,454,953	757,112,498
Share Capital	562,236,810	646,516,660	725,561,920	1,032,240,000	543,680,950
Retained Earnings	980,648,844	618,589,572	102,457,080	848,628,603	161,657,697
Current Liabilities	583,201,017	455,618,104	138,729,007	579,923,239	297,362,893
Revenue	999,450,492	1,141,044,570	488,466,089	1,022,600,112	657,605,369
Gross Profit	349,616,515	455,821,640	152,540,002	493,749,440	347,972,299
Profit from Operation	182,063,473	196,044,705	73,399,013	348,451,890	47,681,631
Profit/(Loss) beforeTax	131,264,680	189,685,001	67,367,094	332,481,683	73,668,494
Net Profit afterTax	120,392,435	165,862,622	55,863,088	332,416,295	60,030,658
Net cash flows from operating activities	291,829,924	135,847,391	90,890,007	497,073,985	84,757,160
Netcashflowsfrom investing activities	(535,616,489)	(147,364,251)	(98,886,766)	(559,809,648)	(42,899,691)
Net cashflowsfrom financing activities	239,122,885	(107,140,227)	28,490,925	95,049,293	(15,308,411)
Net Asset Value (NAV) per share	35.32	25.97	14.62	18.22	15.57
Earnings Per Share (EPS)	2.04	2.57	0.77	3.22	1.10
Net Operating Cash Flow Per Share	4.94	2.10	1.25	4.81	1.56

Accounting Policies and Estimation for preparation of Financial Statements

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

Changes in Accounting Policies and Estimation

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

Risk and concerns

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

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

Risk Management

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

Principal Risks	Mitigation Action
Competition Risk	aamra technologies has the vision to be the leading converged solutions company in Bangladesh delivering industry-leading solutions, services and bandwidth supply. We are focused on driving efficiencies and innovation, via new technologies, products and services, processes and business models to provide an unmatched personalized experience to the clients.
Economic Risk	The business units in aamra technologies have continuous revenue and cost optimization programs to drive improvements in their cost structures. Our business planning and management review processes involve the continuous monitoring of a rolling plan and actual expenditures to minimize the risk.
Operation Risk	We continue to expand our addressable market through proactively attract customers looking for an alternative to incumbent carriers that are unable to offer the desired routes, services, and total cost of ownership. We track and monitor services at a customer level to ensure continued low customer churn. We actively target high growth market segments. We actively seek to recruit and retain the talent necessary to maintain our standard of operational excellence.
People Risk	We continue to invest in our existing workforce and build up emerging capabilities through external professional/ fresh graduates' hires. To develop and retain talent, we conduct regular skills assessment into the critical business areas and set out structured developmental roadmaps to fill new and emerging skills gaps.
Technology Risk	We continue to invest in upgrading, modernizing and equipping our systems with new capabilities to ensure we can deliver innovative and relevant services to our customers. We actively monitor competitor activity on key routes with regards to its focused products to ensure that its products and bandwidth solutions remain competitively positioned and differentiated. We work with suppliers to ensure that its cost base remains competitive, and to enable flexibility to respond to changing pricing and commercial dynamics.
Vendor/ Supply Chain Risk	We work closely with our third-party suppliers to ensure third party service levels meet customers' operational and commercial performance needs.
New Business Risk	We continuously update our organization structure, talent management and development program, reviewing our policies and processes, and by investing in new technologies to meet the changing needs.
Network Failure Risk	We continue to make our networks resilient and review our processes to prevent any network disruptions. We also have an effective communication process for timely updates to our stakeholders during any incidents and/or crisis. Our defined crisis management and escalation process enables our senior management to respond to emergencies and catastrophic events on time. Additionally, we have business continuity plans as well as insurance policies in place

SWOT analysis

Strengths	Weaknesses
▪ 30+ years of experience ▪ Robust national IIG infrastructure ▪ 2 international POPs, connected with 5 IXs, ensuring fastest connectivity ▪ Rich IIG clientele in telco and ISP sector ▪ Diverse and versatile FSI and Enterprise products and services ▪ Strong presence and lasting relationship with majority of scheduled banks and financial organizations ▪ Ability to adapt and innovate in constantly changing market environments ▪ Superior quality and service ▪ Superior brand value in national market	▪ B2B only, no B2C products ▪ Dependencies on 3rd party infrastructure providers, i.e. NTTNs ▪ Premium customer service is expensive and labor intensive
Opportunities	**Threats**
▪ Increased IIG engagement with local ISPs ▪ Launch utility payment solutions in with new utility providers ▪ Explore cyber security and 'security as a service' businesses ▪ Collaborate and partner with international companies and investors ▪ Leverage from the growing national market of internet and IOT	▪ Instability of ITC, SMW4 and SMW5 fibers ▪ Frequent cable cuts by various authorities ▪ Lack of transmission infrastructure and NTTN coverage ▪ Potential political turbulence in the election year ▪ High TAX/VAT on various products and services ▪ Illegal and untaxed imports, lowering revenue on equipment sell ▪ Dubious, unlawful and unethical exercises by competitors, compromising business growth ▪ Overall economic downfall ▪ Competitive marketplace

Prioritizing employees

We acknowledge the commitment, competence and dedication of our employees at all areas of business. ATL is committed to nurture, enhance and retain best talent through investment in its people to upgrade their technical, domain and leadership capability. To retain leadership position, the Company continuously innovates and customizes its Human Resource (HR) strategy to meet changing employee need. In keeping with our employee-first approach, we quickly instituted measures to trace all employees of the Company and to assure ourselves of their well-being. We set up communication channels to ensure constant updates of status, consistent communication of decisions and to alleviate concerns of our employees and clients. These included a 24x7 helpdesk, regular tele-conferences and video-conferences with the Company leadership, employees and extensive email communication. We also set up counselling sessions for employees to provide them emotional support and health tips for their well-being in the current situation. To provide a safe work environment for our employees and partners, the following actions have been taken:

- Established processes for reporting, quarantining and supporting any personnel suspected of or confirmed having tested positive for the disease.
- Established detailed protocol for evacuation and sanitization of our office premises in the event of a suspected or confirmed health incident.
- Increased cadence of sanitization of our office facilities and transport vehicles, and implemented various social distancing measures in our premises.
- Ensured availability of thermal scanners, masks, hygiene products, medicines and medical facilities at our offices.
- Issued travel advisories to our employees and partners in line with government regulations and restricted participation in events that have large gatherings.
- Promoted work from home and created detailed plans for enabling return-to-work in a phased manner, that emphasize social distancing and hygiene.

Strategy execution

We embraced a strategy to strengthen our relevance with clients and drive accelerated value creation. We continued to execute on this strategy and generated significant outcomes. In the coming years, we will continue to execute our strategy along the same dimensions. The client market segments we serve are faced with challenges and opportunities arising from the COVID-19 pandemic and its resulting impact on the economy. We believe the investments we have made, and continue to make, in our strategy will enable us to advise and help our clients as they tackle these market conditions.

Branding

The “aamra” the super brand award winning is a key intangible asset for the Company. It positions aamra technologies as a next-generation internet connectivity services company that helps enterprises navigate their transformation.

In Appreciation

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

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

For and on behalf of the Company,

Syed Farhad Ahmed

Managing Director & CEO

Dhaka, October 28, 2023