



ANNUAL REPORT 2021-22

AGNI SYSTEMS LIMITED

ANNUAL REPORT 2021-22



NARROWING THE DIGITAL DIVIDE

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LETTER OF TRANSMITTAL

All Esteemed Shareholders, Agni Systems Limited

Bangladesh Securities & Exchange Commission

Registrar of Joint Stock Companies & Firms

Dhaka Stock Exchange Limited

Chittagong Stock Exchange Limited

National Board of Revenue & Other Stakeholders

Dear Sir(s)/Madam(s),

Subject: Annual Report for the year ending June 30, 2022

We are pleased to enclose a copy of the Annual Report containing the Directors' Report along with the Audited Financial Statements of Agni Systems Limited for the year ending June 30, 2022, comprised of a Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows along with notes there to for your kind information and records.

Yours Sincerely,



Md. Enamul Haq ACS

Deputy Company Secretary

NOTICE OF THE 26th ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the Shareholders of the Company will be held on Thursday 15th December 2022 at 5:00 p.m. (Bangladesh Time) by using a Digital Platform to transact the following businesses:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ending June 30, 2022, along with the Report of the Auditors and the Directors thereon.
2. To approve the Dividend as recommended by the Board of Directors for the year ending June 30, 2022.
3. To appoint the Statutory Auditor of the Company for the Financial Year 2022-2023 and to fix their remuneration.
4. To appoint the Corporate Governance Compliance Auditor of the Company for the Financial Year 2022-2023 and to fix their remuneration.
5. To elect and approve the appointment/re-appointment of Directors of the Company.

All the shareholders of the company are requested to make it convenient to attend the meeting.

Dhaka
November 20, 2022

□By Order of the Board of Directors



Md. Enamul Haq ACS
Deputy Company Secretary

Notes:

1. The Record date has been fixed on November 17, 2022. The shareholders, whose name would appear in the Register of Members of the Company or Depository record on "Record date" November 17, 2022, will be eligible to attend/participate and vote in the Annual General Meeting through the Digital Platform and to receive dividends. The Board of Directors has recommended a 4.50% Cash Dividend (i.e. Tk. 0.45 per share) for the year ending June 30, 2022.
2. Pursuant to the BSEC Notification No. BSEC/CMRRCD/2006-158/208/ Admin/81 dated 20 June 2018, the Annual Report 2021-2022 will be duly sent in the soft form to the members/shareholders' email address available in their BO account maintained with the depository, and the Annual Report 2021-2022 and proxy form will also be available on the company's website: www.agni.com
3. A member eligible to attend and vote in the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf either for or against each agenda or resolution. Scanned copy of the proxy form duly signed with Revenue Stamp of Tk. 20.00 (Twenty) must be mailed to cs@agni.com not later than 48 hours before the meeting.
4. The link for joining the virtual platform is <https://agni.bdvirtualagm.com> and the detailed login process will also be notified to the respective members through email and SMS. The login/participation process for the Digital Process of AGM be available on the Company's website: www.agni.com
5. The members will be able to submit the question/comments and vote electronically before 24 (twenty-four) hours of the Commencement of the AGM and during the AGM.
6. The Stock Brokers are requested to provide a "Consolidated Customers' Bank Account (CCBA)" and the Merchant Bankers and the Portfolio Managers of Margin Shareholders are requested to provide a "Separate Bank Account" along with their clients list having shares on "Record Date" to pay off the Cash Dividend as per Bangladesh Securities and Exchange Commission's Directives and also requested to mail the same at cs@agni.com (in PDF & MS Excel format) within 15-12-2022. In case of non-submission of such option within the stipulated time, the dividend will be paid off as deemed appropriate by the Company.
7. As per BSEC notification no. SEC/CMRRCD/2009-193/154 dated October 24, 2013, no benefits in cash or kind shall be given to the Shareholders at the 26th Annual General Meeting of the Company.



Vision

To achieve corporate vision with special focus on creating values by:

Partnering with clients to understand and fulfill their needs considering the development of technology.

Maximizing shareholders value through strong performance and returns.

Developing and rewarding employees to effectively manage client relationships.

Diligently serving our communities with integrity and pride.

Mission

Understanding the clients' needs and to connect with them. By doing so benefit our shareholders, employees and the community where we do business.

Goal

To be a market leader in providing internet services with special focus on creating values for our clients, shareholders, employees and communities.

Corporate Information

Name of the Company
Agni Systems Limited

E-mail
info@agni.com

Legal Status
Public Limited Company

Name of the Chairman
Mr. Reaz Islam

Date of Incorporation & Commercial Operation
November 4, 1995

Name of the Managing Director
Mr. Mohammed Abdus Salam

Authorized Capital
1000 Million

External Auditors
FAMES & R Chartered Accountants

Paid up Capital
725.56 Million

Compliance Auditor
J.U. Ahmed & Co.
Chartered Accountants

Member of the Share Market(s)
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.

Credit Rating Agency
Bangladesh Rating Agency Limited
(BDRAL)

Registered Office
Navana Tower, 11th Floor, Suite - A
45 Gulshan Avenue, Gulshan-1
Dhaka-1212

Insurer
Green Delta Insurance Company Ltd.

Telephone No.
+88 09606100700; Short Code: 16620

No. of Employees
278

Website of the Company
www.agni.com



Branch Network

Head Office:

Navana Tower, 11th Floor,
Suite A, 45, Gulshan Avenue,
Gulshan 1, Dhaka - 1212

Banani:

United Benesion, Block-D,
Road-17, House-1, Flat-4A,
Dhaka-1213

Dhanmondi:

Concord Royal Court
(2nd Floor),
House: 275 (G), Suite: 2 - B1
Road: 27 (Old)
Dhanmondi, Dhaka 1205

Uttara:

North Tower, 8th Floor,
Plot-107, Sector-7
Uttara, Dhaka

Motijheel:

Azad Center, 10th floor,
55 Purana Paltan,
Motijheel, Dhaka

Gazipur:

Royal Builders &
Holdings Ltd., 7-B, Block-C,
Holding-16, Ward-16,
Autpara, Gazipur

EPZ:

Md. Ashek Ali Home
Walton Showroom Building
(Top Floor) Zirabo,
Ashulia, Savar, Dhaka.

Agni ICX:

7th Floor, Facilities Tower,
Kha-199/2, Middle Badda,
Pragati Sarani,
Dkhaka-1212

Chattogram:

Shahjadi Chamber (6th Floor)
1331/B , Sk. Mujib Road,
Agrabad C/A,
Chittagong -4100

Kushtia:

10, Samsul Obayed Road,
Thana Para, Kushtia Sadar,
Kushtia-7000.

Board of Directors



Mr. Reaz Islam
Chairman
(Nominated by
LR Global Bangladesh AMCL)



Mr. Mohammed Abdus Salam
Managing Director



Mr. Zia Shamsi
Director



Mr. Md. Mofizur Rahman
Director
(Nominated by
Investment Corporation
of Bangladesh)



**Mr. Muhammad Omar
Soeb Chowdhury**
Director
Nominated by
LR Global Bangladesh AMCL



**Mr. Mohammad
Ridhwanul Haq, Ph.D.**
Independent Director
& Chairman, NRC



Dr. Mansura Akter
Independent Director
& Chairman
Audit Committee

Audit Committee

Dr. Mansura Akter	Independent Director & Chairman
Mr. Md. Mofizur Rahman	Director & Member
Mr. Reaz Islam	Director & Member
Mr. Muhammad Omar Soeb Chowdhury	Director & Member

Nomination and Remuneration Committee

Mr. Mohammad Ridhwanul Haq, Ph.D	Independent Director & Chairman
Mr. Md. Mofizur Rahman	Director & Member
Mr. Reaz Islam	Director & Member
Mr. Muhammad Omar Soeb Chowdhury	Director & Member

Chief Financial Officer
Mr. Sheikh Jamal Uddin

Deputy Company Secretary
Mr. Md. Enamul Haq, ACS

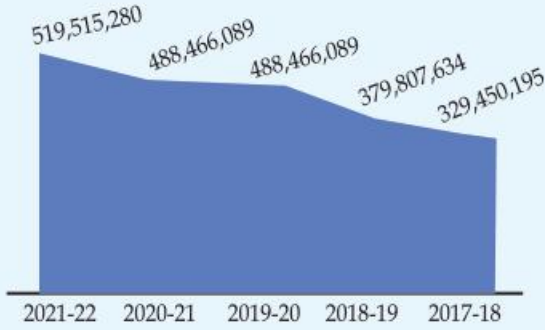
Chief Technology Officer
Mr. Mozammel Hoque

Head of Sales
Mrs. Farhana Haque

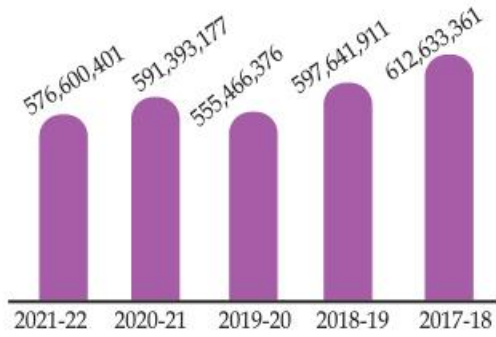
Financial Highlights of Past Five Years

Year	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Revenue	519,515,280	488,466,089	474,366,425	379,807,634	329,450,195
Non-Operating Income	130,111	248,337	1,364,435	454,804	74,180
Cost of Goods Sold & Services	345,891,947	335,926,087	365,144,479	234,998,541	170,785,228
Operating Expenses	88,038,920	79,140,989	77,812,482	72,364,243	61,886,934
Total Non-current Assets	576,600,401	591,393,177	555,466,376	597,641,911	612,633,361
Total Current Assets	706,757,617	641,470,245	596,688,027	580,014,619	579,040,982
Total Assets	1,283,358,018	1,232,863,422	1,152,154,404	1,177,656,530	1,191,674,343
Total Current Liabilities	151,453,444	138,729,007	118,670,703	115,835,512	118,660,356
Total Net Assets	1,108,150,521	1,060,587,500	1,019,235,650	1,047,832,809	1,028,316,668
Paid up Capital	725,561,920	725,561,920	725,561,920	725,561,920	691,011,360
Gross Profit	173,623,333	152,540,002	109,221,946	144,809,093	158,664,967
Net Profit before Tax (NPBT)	79,770,517	67,367,094	9,887,278	64,186,949	83,459,917
Net Profit After Tax (NPAT)	72,957,688	55,863,088	22,192,176	54,066,717	69,551,963
Current Ratio	4.67	4.62	5.03	5.01	4.88
Return On Equity (ROE)	6.58 %	5.27%	2.18%	5.16%	6.76%
Return On Assets (ROA)	5.68 %	4.53%	1.93%	5.59%	5.84%
GP Margin	33.42%	31.23%	23.02%	38.13%	48.16%
NP Margin	14.04%	11.44%	6.25%	14.24%	21.11%
Dividend	32,650,286	25,394,667	14,511,238	50,789,334	69,101,136
Dividend %	4.50%	3.50% Cash	2% Cash	7%Cash	5% C 5%B
EPS	1.01	0.77	0.31	0.75	1.01
Net Assets Value per Shares (NAVPS)	15.27	14.62	14.05	14.44	14.88
Net Operating Cash Flow per Share (NOCFPS)	1.33	1.25	0.76	1.56	0.91

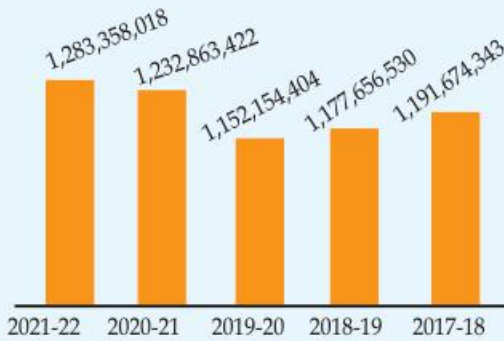
Revenue



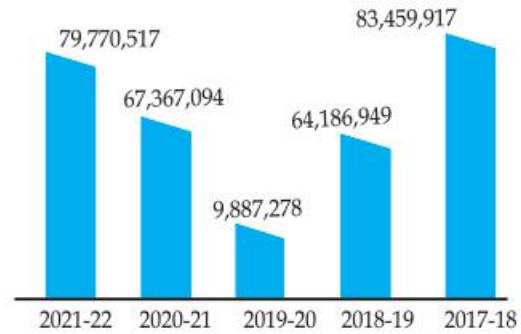
Total Non-Current Assets



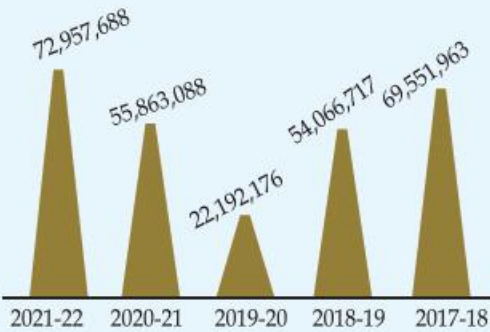
Total Assets



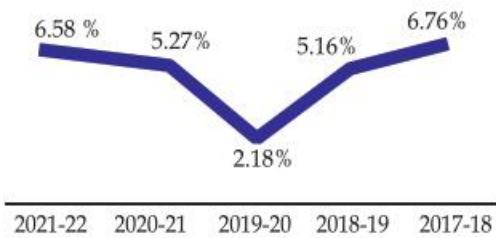
Net Profit before Tax (NPBT)



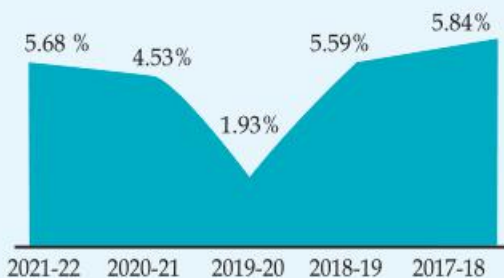
Net Profit After Tax (NPAT)



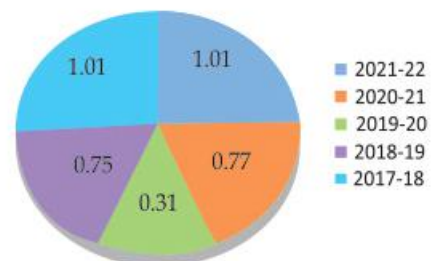
Return On Equity (ROE)



Return On Assets (ROA)



EPS



BRIEF PROFILE OF THE BOARD OF DIRECTORS



Mr. Reaz Islam

Chairman

Nominated by the LR Global Bangladesh AMCL

Mr. Reaz Islam is the honorable Chairman of the Board of Directors of Agni Systems Limited. He is a Nominee Director, Nominated by the LRG AMCL. He is an entrepreneur and a seasoned investment/financial services professional with more than 30 years of leadership, innovation, restructuring, business development, and execution expertise across various public and private markets in both start-ups and well-established companies.

Mr. Islam spent 18 years at Citigroup in New York out of which he spent 12 years as the Managing Director, SIO, and Chief Investment Officer of the Citigroup Fixed Income Alternatives Unit, part of the Alternative Investments Group managing over USD\$ 50 Billion in assets. Mr. Islam left Citigroup to follow his visionary instincts and became a Managing Partner and Chief Investment Officer at LRG, a frontier market public and private investment firm founded by J. Murray Logan (President Rockefeller & Co.) & Rockefeller & Co., in New York. Mr. Islam founded its Asian operation in 2008, including LRG Bangladesh.

He is currently Senior Advisor to various regional companies regarding investments and governance issues and represents investors as a Board Member.

He attended Cornell University in New York, where he earned a B.S. specializing in Economics and Statistics; and an MBA with double majors in Finance and Operations Research (Financial Engineering Track) from New York University Stern School of Business.



Mr. Mohammed Abdus Salam

Managing Director

Mr. Mohammed Abdus Salam is the Managing Director of Agni Systems Ltd. He was born into a respectable Muslim family in Dhaka on February 01, 1966. He has completed a BSBA Degree in Business Administration from Northeastern University, Boston, Massachusetts, USA where he graduated Magna Cum Laude. After graduation, Mr. Salam worked extensively as an IT Consultant. Currently, he is performing as the Chairman of Songbird Telecom Limited, an International Gateway Operator, and as the Vice Chairman of the IGW Operators Forum. In the past, he has led the ISP Association of Bangladesh as the President.

He has traveled to different parts of the world in connection with the business.

His pleasant personality and amiable disposition are commendable.



Mr. Zia Shamsi

Director

Mr. Zia Shamsi is the Director of Agni Systems Ltd. He was born in Dhaka on December 30, 1963. He completed Bachelor's Degree in Commerce from Dhaka University. He is directly involved in the day-to-day operations of Agni Systems Limited. He has extensive business experience in the industry. He also trained himself as an e-commerce professional. He is also involved with various social and economic activities.

He has traveled to different parts of the world in connection with the business.

His pleasant personality and amiable disposition are commendable.

BRIEF PROFILE OF THE BOARD OF DIRECTORS



Mr. Md. Mofizur Rahman

Director

Nominated by the Investment Corporation of Bangladesh (ICB)

Mr. Md. Mofizur Rahman is the Director of Agni Systems Limited. He is a Nominee Director, Nominated by the Investment Corporation of Bangladesh (ICB). He was born on 5th May 1968 in Dhaka. He has Completed BSC Engineering in Electrical & Electronic Engineering (EEE) from Bangladesh Information Technology, (BIT) Chattogram. Moreover, he also completed MBA from Bangladesh Open University. Currently, he is the General Manager of ICB, CEO and Director of ICB Securities Trading Company Limited. He has held various positions like Systems Manager, Software Division, ICB; Chief Executive Officer (Additional In-charge), ICB Capital Management Limited; Senior System Analyst, EEFNN Agro Department and Programmer, Bangladesh Power Development Board. He also worked on the Prime Minister Access to Information (A2I), Digital Bangladesh implementation project.

Mr. Rahman attends various training and seminar at home and abroad. His knowledge and management skills provide countless value to the Board and the Company.



Muhammad Omar Soeb Chowdhury

Director

Nominated by the LR Global Bangladesh AMCL

Mr. Muhammad Omar Soeb Chowdhury is the Director of Agni Systems Limited. He is a Nominee Director, Nominated by the LR Global Bangladesh AMCL. Mr. Chowdhury has been working as a Manager (Legal & Compliance) at LR Global Bangladesh AMCL for the last 3 years. He has been certified as a Barrister in the year of 2014 by the Honorable Society of Lincoln's Inn, London, UK. He completed his Post Graduate Diploma in Law (PGDL) in 2013 from the City University of London, UK. He also completed his LL.B and Diploma-in-Law from the University of London, UK.

Before joining LR Global, Mr. Omar worked as an Associate at "Huq & Company" under the direct supervision of Late Barrister Mr. Rafique-ul Huq, Former Attorney General and Senior Advocate of the Supreme Court of Bangladesh. In 2016, he was enrolled as an Advocate of the District & Session Judge Court, Dhaka. Subsequently, in 2019, he registered as an Advocate with the Supreme Court of Bangladesh. During this tenure, he actively assisted his senior, Mr. Huq in preparing the cases and also in the hearing before different courts, both higher and lower judiciary.

He is specialized and has extensive experience in documentation including but not limited to drafting all sorts of petitions, affidavits, agreements, deeds, wills, notices, and all kinds of legal instruments. He is a diligent and detail-oriented Barrister with a solid track record of success in diverse fields of law. He is focused on completing work quickly to consistently meet targets within deadlines and is accustomed to taking on challenging tasks and dedicated to achieving the success of the company.

BRIEF PROFILE OF THE BOARD OF DIRECTORS



Mr. Mohammad Ridhwanul Haq, Ph.D

Independent Director

Mr. Mohammad Ridhwanul Haq, having a brilliant academic background, was appointed as an Independent Director of Agni Systems Limited on 23 May 2021. He is the Chair of the Company's Nomination and Remuneration Committee (NRC). He was born into a reputable Muslim family in Dhaka on February 07, 1978. He has completed MBA & BBA Major in Marketing from Dhaka University. He also obtained a master's degree from The Australian National University and a Ph.D. in Marketing from the University of Western Sydney, Australia respectively.

Currently, he is working as a Professor at the Institute of Business Administration, University of Dhaka.

His experience and leadership skills provide great value to the board and the company. He is also involved with various social and economic activities.



Dr. Mansura Akter

Independent Director

Dr. Mansura Akter, having a brilliant academic background, was appointed as an Independent Director of Agni Systems Limited on 23 May 2021. She is the Chair of the Company's Audit Committee. She has completed BBA & MBA Major in Marketing from the University of Dhaka. Dr. Mansura has also obtained Ph.D. in Management (International Business) from the University of Lincoln, United Kingdom. She has been awarded by different national and international organizations. In 2008, she has been awarded Ruqayyah Memorial Foundation Gold Medal for excellent academic results and extra curricular activities. Furthermore, in 2017, she has been awarded the LIBS Studentship Scholarship from the University of Lincoln, United Kingdom for the Ph.D. program.

Presently, Dr. Akter is working as an Associate Professor in the Department of International Business, at the University of Dhaka. Her experience and leadership skills provide boundless worth to the Board of Directors and the Company at large.

She is involved with innumerable social and economic activities. She is a member of the Asiatic Society of Bangladesh.



MESSAGE FROM THE HONOURABLE CHAIRMAN

Dear Shareholders

It is an honor and privilege to welcome you to the 26th Annual General Meeting of Agni Systems Limited. On behalf of the Board of Directors, I express my heartiest gratitude and appreciation for your continuous trust in the company, even in times of great challenges.

The combination of effective responses to the challenging market conditions and the successful implementation of the Company's strategy continues to pay dividends and all the Company's main brands performed relatively well. Similarly, all regions produced results ahead of our expectations.

Our 2022 strong performance despite the headwinds reflects the resilience of our business model and our growth potential in the future.

The Company's Net Profit after Tax has increased from last year's Tk. 55,863,088 to Tk. 72,957,688 reflecting above a 30% profit growth. Similarly, the Earnings Per Share (EPS) of the company has increased from last year's Tk. 0.77 to Tk. 1.01. The EPS growth has been primarily driven by an increase in organic Revenue and active management of controllable expenses including Cost of Goods Sold & Services as well as operating expenses. The Net Asset Value (NAV) Per share of the Company has increased from last year's Tk. 14.62 to Tk. 15.27. The Net Operating Cash Flow Per Share (NOCFPS) has also increased from last year's Tk. 1.25 to Tk. 1.33. The Net Operating Cash Flow improved due to accelerated cash collection and active credit management while negotiating improved payment terms with suppliers during the year.

Let's combine our efforts

When the world economy was slowly recovering from the COVID pandemic, and our customers across industries were getting back to their full capacities, we faced another global challenge. Unfortunately, we faced the war between Ukraine and Russia that not only materially disrupted the global supply chain including putting further inflationary pressure on commodity prices especially oil. The impact of this protracted conflict is significant for the world economy as the modern world is connected and interdependent, and the conflict zone is in a very sensitive area that is also a nerve center for international business.

The effects of war are always disastrous, and the adverse impact will be exponentially higher on the path of global recovery including Bangladesh. The evolution of the pandemic and the effects of the post-war scenario in the world will determine the course of economic growth in the coming years for the world as well as Bangladesh. However, we must strive to create opportunities out of these challenging conditions. We are completely focused on strengthening our position in the industry by introducing innovative value-added products, and solutions while controlling our costs and expenses. We will explore all our activities by ensuring better risk management, developing the quality of human resources, and improving the corporate governance system. Working together, we can find solutions, overcome local and global challenges, and help people, businesses, and communities thrive in a changing world. In-sha-Allah, we will further maximize the value for all stakeholders in the coming days.

Vote of Thanks

With each passing year, we increasingly recognize just how important our stakeholders are to our sustainable growth journey. Interdependency and interconnectedness of organizations and their ecosystems were made even more evident by the pandemic, highlighting, on the other side, the importance and power of multi-stakeholder collaborations and cooperation. With this in mind, I would like to thank all our stakeholders for their continued and invaluable support extended to the company. A special note of appreciation to my fellow colleagues on the Board and to our senior leadership team. I also extend my gratitude to all regulatory bodies of the Bangladesh Government, especially the Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, National Board of Revenue, Dhaka and Chittagong Stock Exchanges, Central Depository Bangladesh, and Financial Reporting Council. Your ongoing support and guidance are much appreciated. Finally, my sincere appreciation to each member of ASL team who continues to uphold our core values and, in doing so, add value to all the lives we touch in one way or another.

Sincerely,

Reaz Islam
Chairman



REVIEW FROM THE DESK OF THE MANAGING DIRECTOR

Distinguished Shareholders, Honorable Chairman, Board of Directors, and dear colleagues, welcome to the 26th Annual General Meeting of the Company.

Year after year, we have received immense support and continued inspiration from our most valued shareholders. We thank you for your trust in Agni Systems Limited. Throughout our glorious journey in the IT and Telecommunication industry of Bangladesh, many achievements have been added to our list of achievements. Needless to say, Agni Systems Limited is now a well-known brand in the world of Information and Telecommunication Technology.

Financial and Economic Scenario of the Country and the Globe

Russia's invasion of Ukraine and its effects on commodity markets, supply chains, inflation, and financial conditions have steepened the slowdown in global growth. One key risk to the outlook is the possibility of high global inflation. This could eventually result in a sharp tightening of monetary policy in advanced economies, leading to financial stress in some emerging markets and developing economies. A forceful and wide-ranging policy response is required to boost growth, bolster macroeconomic frameworks, reduce financial vulnerabilities, and support vulnerable groups.

The Economic impact of war is so bad on this integrated interdependent economy and it is more costly than the war itself. We have been experiencing this since the onset of the Russia-Ukraine war. With the responses of many countries, the situation emerged with uncertainties and challenges from many fronts.

Being an import-dependent country Bangladesh's economy was mostly affected negatively which also hampered the recovery from the pandemic stress.

Accounting policies and estimation for preparation of Financial Statement

The financial statements of Agni Systems Limited have been prepared on a going concern basis under historical cost convention in accordance with International Financial Reporting Standards (IFRSs). The disclosures of information are made in accordance with the requirements of the Companies Act 1994, and the Securities and Exchange Rules 1987, and the financial statements have been prepared in accordance with International Accounting Standard (IAS)-1 using the accrual basis of accounting. In the preparation of these financial statements, management used available information to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. Actual results may differ from those estimates.

Comparative analysis of Financial Performance

Even amid the adverse economic scenario the year ending June 30, 2022, was one of the most successful years of Agni Systems Limited. By providing the highest quality product and services to its customers the company was able to generate Tk.519, 515,280 in revenue.

The key operating and financial performances of the company for the last 5 years are annexed on page 08. The company considered the three publicly listed Internet Service Providers and created a peer analysis from the publicly available data.

Comparative analysis of Financial Performance with the peer industry scenario

Particulars	ASL (Audited till 30 June 2022)	ADNTEL (Audited till 30 June 2022)	AAMRANET (Un-Audited till 31 st March 2022)	BDCOM (Un-Audited till 31 st March 2022)
	12 months	12 months	09 months	09 months
Net Profit Before Tax (Tk. in millions)	79.77	191.74	85.46	91.02
Net Profit After (Tk. in millions)	72.95	167.63	76.28	64.45
Total Assets (in million)	1,283.35	2,555.30	3,133.79	1,221.13
Total Current Liabilities (Tk. in millions)	151.45	497.27	529.84	288.69
Net Operating Cash Flow (Tk. in millions)	96.42	212.01	256.81	65.18
Net Asset Value per share	Tk. 15.27	Tk. 27.56	Tk. 36.14	Tk. 15.48
EPS	Tk. 1.01	Tk. 2.59	Tk. 1.29	Tk. 1.13
NOCFPS	Tk. 1.33	Tk. 3.28	Tk. 4.35	Tk. 1.14

Risks and concerns issues related to the financial statements

The risk factors and the management of these factors are set out on the page no 19 of the Directors' Report.

Future plan or projection or forecast for the company


Our core strategy will remain on continued investment in growing our geographic footprint, infrastructure, processes, and our outstanding employees. After a successful 2021-2022, we remain convinced that Agni is extremely well positioned to capture the opportunities offered by the industry and remain in the position of a leading ISP in the country.

Gratitude and thanksgiving

We would like to acknowledge the strength of our team. Each member works tirelessly, harnessing all their energy and skills to meet the needs of our customers and partners. They do whatever it takes to get the job done.

Lastly, I would like to thank BTRC, PTD Division of Ministry of Post and Telecommunications, Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited and various other government and regulatory bodies for their cooperation.

Sincerely,


Mohammed Abdus Salam
Managing Director

Report of the Board of Directors of Agni Systems Limited

Dear Shareholders,

The Board of Directors has the great pleasure to welcome you to the 26th Annual General Meeting of the Company. We are also pleased to present the Financial Statements of the Company for the year ending 30th June 2022. The statements include the Auditor's Report and reports of the company's performance and other matters as per the Companies Act 1994, Guidelines issued by the Bangladesh Securities and Exchange Commission, and Bangladesh Accounting and Financial Reporting Standards.

Agni Systems Limited was established in the year of 1995 as a Technology Company. During the last 27 years of operation, we have strived hard to evolve with the changes in the industry with new and creative products and services. Because of continued focus on innovation and improvements, our products and services have enjoyed sustained popularity in the marketplace. Despite the adverse socio-economic conditions posed by the COVID-19 Pandemic and Russia Ukraine war, we continued to guide the company and its business towards greater sustainability by focusing on minimizing risk and maximizing opportunity. We are confident that we will be able to continue to create long-term value for all of our stakeholders this year and in the years to come.

Global Economic Outlook

The global economy is experiencing a number of turbulent challenges. Inflation higher than seen in several decades, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. The global economy's future health rests critically on the successful calibration of monetary policy, the course of the war in Ukraine, and the possibility of further pandemic-related supply-side disruptions. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic and reflects significant slowdowns for the largest economies. About a third of the world economy faces two consecutive quarters of negative growth. Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024. Upside inflation surprises have been most widespread among advanced economies, with greater variability in emerging markets and developing economies. Risks to the outlook remain unusually large and to the downside. Monetary policy could miscalculate the right stance to reduce inflation. Global tightening in financing conditions could trigger widespread emerging market debt distress. And geopolitical fragmentation could impede trade and capital flows, further hindering climate policy cooperation.

The balance of risks is tilted firmly to the downside, with about a 25 percent chance of one-year-ahead global growth falling below 2.0 percent-in the 10th percentile of global growth outturns since 1970. Warding off these risks starts with monetary policy staying the course to restore price stability.

Fiscal policy's priority is the protection of vulnerable groups through targeted near-term support to alleviate the burden of the cost of living crisis felt across the globe. But its overall stance should remain sufficiently tight to keep monetary policy on target. Addressing growing government debt distress caused by lower growth and higher borrowing costs requires a meaningful improvement in debt resolution frameworks. With tightening financial conditions, macro-prudential policies should remain on guard against systemic risks. Intensifying structural reforms to improve productivity and economic capacity would ease supply constraints and in doing so support monetary policy in fighting inflation. Policies to fast-track the green energy transition will yield long-term payoffs for energy security and the costs of ongoing climate change.

Bangladesh Economy:

Between 2010 and 2020 the Bangladesh economy performed extraordinarily well, with the rapid growth of GDP, the balance of payments in surplus, full employment, and moderate inflation. The strong efforts to prevent a large drop in aggregate demand in the advanced economies during the Covid-19 pandemic resulted in a strong level of demand triggering substantial inflation of the order of 8-10% per annum. The previous decade's inflation rate had been 2%. This resulted in a sharp increase in the dollar price of Bangladesh's imports. Energy markets became extremely volatile. There were multiple causes. The volatile Chinese economy; the slowing American economy and the decline in drilling in the US Shale markets for gas and oil. The continuing demands to reduce fossil fuel production to achieve climate change mitigation goals. Finally, the war in Ukraine and the uncertainties of the Russian supply of gas and oil to Western and Eastern Europe. The spot market price rose to above \$40 and Bangladesh decided to stop purchases and reduced the supply of electricity to the market.

Food prices in local market increased due to the war in Ukraine. Both Russia and Ukraine were major sources of wheat to the world market, as a result, reduced supply raised the prices. There was also an impact on the edible oil market and the fertilizer market. This raised food prices in Bangladesh. These increases are continuing as there is no sign of global inflation slowing.

In Bangladesh, expectations of readymade garment (RMG) sales became pessimistic. There are many thoughts expressed about RMG exports over the next 18 months, and the consensus is pessimistic.

These factors led to a sharp shift in Bangladesh's balance of payments in FY22 compared to FY21. In FY21 the overall balance was +\$9.3 In FY22 -\$5.4 billion a change of \$14.7 billion. Exports and imports increased in dollar terms at 33% and 36% respectively with the trade balance decreasing by \$10 billion. The net services decreased by \$900 million; net primary income decreased by \$100 million; secondary income [remittances] declined by \$3.7 billion. Altogether this resulted in the current account deficit declining by about \$14.1 billion. The capital and financial accounts led to a decline of \$700 million. Hence there were two major reasons for the shift in the balance of payments -- the change in the trade balance and the decline in remittances. The volume of imports is consistent with the high level of exports, economic growth of about 7.5%, and a high-level investment. The change in the balance of payments took place throughout the year. By December 2021 the overall balance was -\$1.79 billion. Bangladesh Bank was fully aware that the balance of payments was shifting into a significant deficit. By the end of the third quarter of FY22, the picture was very clear. At the end of the third quarter of FY22 L/C openings were 50% higher than at the same time of FY21.

Industry outlook and future Development

The ICT industry is going through a great change in the positive direction and with the aim of materializing through a massive change in the positive direction and with the aim of materializing Bangladesh Government's vision 2021 to build a Digital Bangladesh. The Government has comprehensive plans to transform itself and implement its plan.

Establishing E-governance and service delivery utilizing information and communication technology is the goal of Digital Bangladesh. With this in mind, the ICT industry is going through changes to implement digitization in every aspect of the economy with the priority of taking services to citizens' doorsteps.

Connectivity is the key to the process of digitization. Internet subscribers reached 123.82 million at the end of December 2021, providing the ICT industry with opportunities.

Under the guidance of BTRC, ISPs are playing a major role in developing digital infrastructure.

Core Activities of the Company

Agni systems Limited directly operates an ISP business and an ICX business. We have been operating the ISP business since 1995. Initially using dial-up phone lines but later switching to wireless and fiber infrastructure, we were one of the pioneers in bringing the Internet to the country. Our ICX business carries inter-operator voice calls and plays an important role in ensuring Government revenue from the country's voice traffic.

Emerging growth of the industry

Digital connectivity project: In a move that could cover corners of the country with the latest ICT infrastructure, the government is set to undertake a significant investment in digital connectivity projects, making almost all government services digital and increasing the use of ICT at field levels.

Under this project, the government will establish more than 1 lac broadband and user connections, almost 10,000 digital labs, and 57 specialized labs, a central cloud platform and frontier technology center of excellence, IT infrastructure in district and Upazila complexes, and training facilities.

This project will transform government services into e-services, making them more accessible to the public.

The increasing broadband penetration will ease the accessibility of ICT across the country, ensuring good governance at all levels of the government, and human resource development. Besides ensuring internet facilities for all, the government is also working on the digitalization of 90% of its services by this year. The government has prioritized several issues, which are: quality education, job creation, creating an environment for research and innovation, increasing IT-based capabilities creating ICT infrastructure, developing branding in the IT sector, and ensuring IT-based services in rural areas.

Hi-Tech Park

Bangladesh Hi-tech Park Authority is establishing hi-tech parks, software technology parks, and IT training and incubation centers throughout the country to attract local and foreign investors for the development of hi-tech and IT industries which are creating employment opportunities and producing skilled workers. It offers opportunities to invest in the hi-tech industry and promote businesses that are based on knowledge, software technology, biotechnology, renewable energy, green technology, IT-enabled services, and research and development, etc. are major areas of investment in the hi-tech industry in Bangladesh. Currently, eight hi-tech parks including Bangabandhu Hi-tech city are ready for investment, while three more are awaiting inauguration.

National Data Center

Bangladesh already has a national data center that appears to be the world's seventh largest. The national data center will provide many services in the future, such as cloud computing, cloud desk, and cloud storage. These services will help people and the government easily take advantage of e-services when they demand them. The Government is planning to set up more data centers in the future in different capacities.

Overall the ICT sector of Bangladesh is looking more promising than ever before with massive transformation

underway providing huge opportunities for the industry to grow manifold while enabling the nation with the power of the internet. The possibilities are endless in the Bangladeshi ICT industry right now and together, we can make the dream of Digital Bangladesh a reality.

ISP industry

With the increasing internet penetration rate in Bangladesh, the ISP industry is also growing rapidly in the last few years. The number of broadband users increased especially during the Covid-19 pandemic, as reliance on the Internet kept on growing for essential tasks such as working from home, online classes, and meetings. According to BTRC, the total number of Internet Subscribers reached 123.82 Million at the end of December 2021.

Future Outlook of the Company

Our core strategy will remain on continued investment in geographic footprint, infrastructure, processes, and our outstanding employees. After a successful 2021-2022, we remain convinced that Agni is extremely well positioned to capture the opportunities offered by the industry and remain in the position of a leading ISP in the country.

Share Capital

The authorized capital of the Company is Tk. 1,000 million divided into 100 million shares of Tk. 10/- each. The issued and Paid-up Capital of the Company as on June 30, 2022, was Tk. 725.56 Millions.

Business Overview: 2021-22

Here is a little review of the total operational and financial performance of our Company from 1st July 2021 to 30th June 2022. The revenue of the Company was Tk. 519.52 million, 6.36% up from the previous fiscal year. This positive revenue growth translated into increased Net Profit, which stood at Tk. 72.96 million; this positive financial performance caused the earnings per share (EPS) to increase from Tk. 0.77 to Tk. 1.01 during the year. Here are the key financial numbers in a table:

Particulars	2021-2022	2020-2021	Increase/ Decrease Taka	Increase /Decrease %
Revenue	519,515,280	488,466,089	31,049,191	6.36
Gross Profit	173,623,333	152,540,002	21,083,331	13.82
Net Profit Before Tax	79,770,517	67,367,094	12,403,423	18.41
Net Profit After Tax	72,957,688	55,863,088	17,094,600	30.60
Total Current Assets	706,757,617	641,470,245	65,287,372	10.18
Total Current Liabilities	151,453,445	138,729,007	12,724,438	9.17
Total Net Assets	1,108,150,521	1,060,587,500	47,563,021	4.48

Products & Services

-High-speed Internet and Data Services

As the business world evolves, so too must every business evolve with it or risk being left in the dust by competitors. Thanks to the rise and growth of the Digital Era, an era of paperless offices and increased co-working has developed. High-speed internet access for co-working spaces is arguably now one of the most important features of any successful workspace.

Agni Systems Limited Provides high-speed, secure, and reliable internet services throughout the country. To provide seamless and smooth services, ASL's internet infrastructure is connected to both submarine and terrestrial cable. Additionally, ASL is connected to different International Internet Gateways (IIG) and National Internet Exchange (NIX). We are always dedicated to serving our customers. It is not simply another link in the chain of voice and data supply in Bangladesh. Our pioneering spirit is evidenced by the creation of a fully resilient network and the continuous testing and adoption of emerging communications platforms. As a result, we have earned the reputation of a communications provider whose focus is solidly addressing business communications requirements.

-Email Hosting Services

Email hosting is a service in which a hosting provider rents out email servers to its users. While there are free versions available with many hosting companies, many businesses take advantage of the flexibility and power of professional email services. Professional email hosting takes place when both incoming and outgoing emails are managed by a shared or dedicated mail server. These services are considered premium and are significantly different from free webmail services. Corporate houses and individuals require their email services to be uninterrupted and flawless. Agni has earned a name for itself by being the most reliable email hosting service provider in the country. Agni has email hosting plans for personal, and big corporate houses.

-Web design and hosting solutions

Website development, dynamic and static, along with Hosting Service is another area where Agni enjoys an excellent market reputation. It is important for a Company to make its web presence in the most effective way possible and also make sure that the site is hosted with a reliable hosting service provider.

-Cloud Solution

Cloud solutions, also known as cloud computing or cloud services, deliver IT resources on demand over the Internet. Cloud service providers such as Amazon Web Services, Microsoft Azure, and Google Cloud Platform can deliver everything from applications to data centers on a pay-for-use basis to their subscribers. With cloud solutions, IT resources can scale up or down quickly to meet business demands. Cloud solutions enable rapid access to flexible and low-cost IT resources without large upfront investments in hardware or time-consuming installation and maintenance.

-Network design, installation, and administration services

Agni has the perfect know-how for designing, sourcing, and installing any size network infrastructure. We provide a wide range of services to support our comprehensive portfolio of industrial data communications products for use in applications such as factory automation, IP CCTV, data centers, access control, and IP telephony applications. We are specialized in providing networking solutions for use in harsh environmental conditions, resilient network operations, and industry-specific approvals.

- IP Telephony Service

IP telephony (Internet Protocol telephony) is a general term for technologies, products, and services that use the Internet Protocol's packet-switched connections to support voice calling, voicemail, video calling, and video conferencing, faxing, and instant messaging (IM). Our IPTSP subscribers are able to get telephone services anywhere in Bangladesh. Products available are SIP trunks, National number range, IP phones, and Softphones. The IP PABX solution is popular among Call Centers and corporate houses having offices in multiple locations.

-Domain name registration and hosting Services

When it comes to creating a website, secure and reliable hosting is a must. Web hosting is the process by which website, including its content and files (as well as its code and images), is delivered to the internet. Our people at the Domain Registration and Hosting Services desk are busy all over the year. Agni's good name and reliability attract corporate houses to renew their Domain Name and hosting on a yearly basis with us.

- VPS

VPS is a more secured and stable solution than shared hosting. However, it's smaller scale and cheaper than renting an entire server. VPS hosting is usually chosen by website owners who have medium-level traffic that exceeds the limits of shared hosting plans but still don't need the resources of a dedicated server. We have VPS server packages for our customers.

- WiFi Solution (Residential & Commercial)

Wi-Fi is a wireless networking technology that allows devices such as computers (laptops and desktops), mobile devices (smartphones and wearables), and other equipment (printers and video cameras) to interface with the Internet. It allows these devices--and many more--to exchange information with one another, creating a network. Internet connectivity occurs through a wireless router.

Agni Systems Limited provides nationwide high-speed, secured and reliable internet services and we have different packages of the internet both for residential and commercial purposes. We have a great name and fame for WiFi solutions and are experts in turning homes, offices, and open spaces into WiFi Zones.

-ICX Service

In addition to its core business of Internet and Data, Agni acquired an ICX license from the Telecom Regulator, The BTRC. This license allows it to take national and International voice traffic from ANS operators and terminate these calls to other ANS and IOS operators.

-AgniTalk App

Agni Talk is a part of Agni Systems Limited and it is a free, secure, and easy-to-use communication platform that allows anyone to make unlimited calls and text via internet. With a mobile data plan and Wi-Fi connection, anyone can connect to other for FREE.

On top of core communication features such as instant messaging, HD quality voice, and video calls, AgniTalk allows you to share photos, documents, voice messages, and locations individually or within a group in high quality. Messages between devices and servers are encrypted in line with international security standards (TLS). The application has a unique low data using technology which will consume very less data compared to other voice calling apps.

Property, Plant & Equipment

During the year under review, the Company invested a sum of Tk. 531.04 million in properties, plants, and equipment which is disclosed under note no. 4 of the audited financial statements of the Company on page No. 59 of the annual report.

Risks and Concerns

The Board of Directors recognizes the importance of sound risk management practices and internal controls to safeguard shareholders' investments and the Company's assets. The Board affirms its overall responsibility for the Company's systems of risk management and internal control, which includes the establishment of an appropriate controlled environment and framework, along with reviewing its integrity and adequacy. The details of the risk are disclosed under note no 38 of the audited financial statements of the Company on pages 31 and 32 of the Audited financial report and page No. 69 of the annual report.

Discussion on Cost of Goods Sold, Gross Profit Margin, and Net Profit Margin

The Statement of Profit or Loss and Other Comprehensive Income shows that the Cost of Goods Sold & Services for the year ended June 30, 2022, is Tk. 345.89 million against Tk. 335.93 million for the previous year. Gross Profit for the year ended June 30, 2022, is Tk. 173.62 million against Tk. 152.54 million for the previous year. Net Profit after tax for the year ended June 30, 2022, is Tk. 72.96 million against Tk. 55.86 million for the previous year.

Even though Covid 19 pandemic slowed down the economy significantly, our Company was successful in increasing the overall gross profit to Tk. 17.09 million.

Discussion on Continuity of any Extraordinary Gain or Loss

There was no significant gain or loss recorded during the reporting period requiring adjustment or disclosure in the financial statements of the Company.

Related Party Transaction

Disclosure of all related party transactions, including the basis for such transaction, has been provided in note No. 3.09 in the audited financial statements of the Company on page No. 55, 56 of this annual report.

Variance within Quarterly and Annual Financial Statements

There was no significant variance between quarterly and annual financial performances during the year.

Corporate and Financial Reporting

The Directors are pleased to confirm the following:

The Financial Statements together with the notes thereon have been drawn up in conformity with the Companies Act 1994, Securities and Exchange Rules 1987 & International Financial Reporting Standards (IFRS). These statements fairly present the company's state of affairs, the result of its operations, cash flows, and changes in equity. In compliance with the requirement of Bangladesh and Exchange Commission's Notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018, the Managing Director and the Chief Financial Officer have given their declarations about the fairness of the Financial Statements which is shown in Annexure-A of the report.

Books of Accounts

Proper books of accounts of the Company have been maintained.

Appropriate Accounting policies

Appropriate Accounting Policies have been selected and applied consistently in the preparation of financial statements, and the accounting statements are made based on reasonable and prudent judgment. The company records the financial transactions on an accrual basis with the required disclosures and also prepares the financial statements accordingly.

Internal Control

An internal control system includes a set of rules, policies, and procedures an organization implements to provide direction, increase efficiency and strengthen adherence to policies. These are important for achieving the business objective. The systems of internal controls of this organization are sound and have been effectively implemented and monitored.

Minority Shareholders' Interest Protection

The Corporate Governance philosophy of this Company emphasizes fairness and transparency to all stakeholders. The Company has a separate investor relation department through which minority shareholders can interact with the management or Board and express their concerns. Any Shareholder can communicate any grievance to the Company Secretary's office, where complaints are tracked to closure. The Board of Directors oversees the redressal of these complaints.

Going Concern/Forward-Looking Statement

After reviewing the company's present and potential business growth, the performance of the company and financing arrangements, the directors of the company are satisfied that the company has adequate resources to continue to operate in the foreseeable future and confirm that there is no material issue threatening the company's going concern. For this reason, the directors will continue to adopt the going concern basis in preparing these financial statements. So, there are no significant doubts about the Company's ability to continue as a going concern.

Significant Deviations from Last Year's Operating Result

There are a few deviations in the operating results of the business of the company compared to last year.

Deviation in Earnings per share (EPS): Revenue has been increased and the Cost of Goods Sold & Services and operating expenses have been controlled by the company. As a result, EPS has increased compared to the previous year.

Deviation in Net Operating Cash Flow per Share (NOCFPS): Payments to suppliers and others have been decreased after negotiation for better credit periods to the suppliers during the year. In addition, collection from customers increased due to better credit management. As a result, the Net Operating Cash Flow per Share (NOCFPS) has been increased.

Key operating and Financial Data of the preceding 5 (five) years

Despite the prolonged effect of the CODID-19 Pandemic, the Russia-Ukraine war, increasing in the price of essential commodities, increasing in dollar price, the operating profit of the company has increased by 16.60% in the year ending June 30 2022 and net profit after tax increased to Taka 17.09 million. The key operating and financial performances of the Company for the last 5 years are annexed on page No 8 of the annual report.

Responsibilities towards the Employees

Health and safety of the employees:

A healthy, talented, committed, skilled, and fully motivated team of human resources is the main driving force behind providing better, faster, and coordinated services to the clients and contributing at the highest level to the organization. Considering this fact, Agni Systems Limited is giving high priority to the health and safety of its employees. The company has taken several steps to ensure the health and safety of its employees.

Staff welfare:

The company's strategy is to attract, retain, and motivate the most talented people by providing them with a healthy, safe, and progressive working environment and a competitive compensation package. The company's policy is to look after people who want to have a long-term career with the company and that's why the company is formulating a Provident Fund for the confirmed Employees of the Company. Besides, as per Labor law-2006, the company is paying 5% of its net profit to the Workers Profit Participation Fund (WPPF). Furthermore, the company is also giving sales incentives and collection incentives to its employees.

Corporate Social Responsibility

Agni has committed to a distance education program for underprivileged children in remote locations. This online School program has been run by Jaago Foundation for the 8 years.

Directors' Remuneration

Only two Directors take remuneration from the company. Total remuneration expenses of the Directors have been disclosed as an expense under Governance of Administrative Expenses in the notes 24.01 of the financial statements. The Independent Director did not take any remuneration from the company.

Appropriation of Profit

Considering the overall situation of the IT sector and the current strength of the Company, the Board of Directors has recommended a 4.50% Cash dividend (i.e Tk. 0.45 per share) for the year ended June 30, 2022, against the paid-up capital of Tk. 725.56 million for the members whose names shall appear in the share register/ depository record as on 17th November 2021.

The Board recommends the dividend for the year 2021-2022 as follows:

Description	Amount in Tk.
Net profit for the year 2021-2022	72,957,688
Retained earnings brought forward from last year	102,457,080
Retained earnings available for appropriation	150,020,101
Proposed Dividend	32,650,286
Transfer to Retained Earnings	40,307,402

Dividend

The Board of Directors recommended a 4.50% cash dividend for the year ended June 30, 2022, which will be paid after approval of the same in the Annual General Meeting of the Company as per respective shareholding position on the record date i.e. 17th November 2022. There has been no bonus share or stock dividend declared as interim dividends.

Management's Discussion and Analysis

Management's Discussion and Analysis have been highlighted in the Managing Director's speech.

Declaration of the Managing Director and CFO

Declaration by the Managing Director and CFO as required under condition no. 1(5) (xxvi) of the Corporate Governance Code of BSEC has been given in Annexure A. It is mentioned on page No. 39 of this annual report.

Board Meeting and attendance of directors

Board Meeting and attendance during the year ended June 30, 2022, are as follows:

Name of Directors	Number of Meetings held during the year ended 30.06.2022	Number of Meetings attended
Mr. Mohammed Abdus Salam		8
Mr. Zia Shamsi		8
Mr. Md. Mofizur Rahman Nominated by Investment Corporation of Bangladesh (ICB)		8

Mr. Mohammad Ridhwanul Haq, Ph.D	8	8
Mrs. Dr. Mansura Akter		8
Mr. Reaz Islam Nominated by LR Global Bangladesh Asset Management Company Limited.		1
Mr. Muhammad Omar Soeb Chowdhury Nominated by LR Global Bangladesh Asset Management Company Limited.		1

Note: Mr. Reaz Islam and Mr. Muhammad Omar Soeb Chowdhury were appointed to the Board of Directors on 22-05-2022.

Shareholding Pattern

Shareholding pattern of the Company as on 30th June 2022 as required under condition No. (5) (xxiii) of the Corporate Governance code of Bangladesh Securities and Exchange Commission has been Shown in on page No. 23 of this financial report.

Rotation, Retirement, and Removal of Directors

In accordance with the provisions of Section 91 of the Companies Act 1994, Section 79-87 of Schedule I of the Act, and Articles of Association of the Company, one-third of the directors shall retire from office in every subsequent year and shall be eligible for re-election upon retirement immediately. Accordingly, Mr. Md. Mofizur Rahman and Mr. Zia Shamsi, directors of ASL will retire and be reappointed at the 26th Annual General Meeting.

Corporate Governance Compliance Certification

The Company has also complied with all requirements of the Corporate Governance Code as required by the Bangladesh Securities & Exchange Commission. According to Bangladesh Securities and Exchange Commission's notification no BSEC Notification No. SEC/CMRRCD/2006-158/207/ Admin/80: dated 3rd June 2018 a Corporate Governance Compliance Report is enclosed.

Credit Rating

Agni Systems Limited has been rated by Bangladesh Rating Agency Limited (BDRAL). BDRAL performed the rating surveillance based on audited financial statements for the financial year ending June 30, 2021, and Unaudited Financial Statements as of 30th September 2021 and other relevant information. They rated the company as "A" under the "Long Term" category and "ST-3" under the "Short Term" category. The outlook of the company is rated as "Stable".

Appointment of Statutory Auditors

The auditors, FAMES & R, Chartered Accountants, have completed the audit for the year 2021-2022. As per Bangladesh Securities and Exchange Commission (BSEC) Rules, the existing auditor is eligible for appointment for performing an audit of the company for next year since they did not cross the 3 years limit.

Moreover, Statutory Auditors did not engage with the company to perform any services which are laid down on condition no 7 of BSEC notification No. BSEC/CMRRDC/2006-158/207/ Admin/80 dated 03 June 2018.

Therefore, the Board of Directors has proposed to reappoint existing auditor FAMES & R, Chartered Accountants subject to the approval by shareholders in the 26th Annual General Meeting for the Financial Year 2022-2023.

Appointment of auditor to provide the Certificate on Compliance of Conditions of Corporate Governance Code of BSEC

J.U. Ahmed & Co., Chartered Accountants in practice had conducted the investigation work on compliance of the code of corporate governance by this company as issued by the BSEC Notification No. SEC/CMRRCD/2006-158/207/Admin/80: dated 3rd June 2018 during the FY 2021-2022.

The Board of Directors of this Company has recommended appointing J.U. Ahmed & Co., Chartered Accountants in practice, for the purpose of compliance certification of the corporate governance by this company under the BSEC Code for the FY 2022-2023 and placing the matter before the Members of this company in the 26th Annual General Meeting for its approval.

Trade body memberships

As a premier IT company in Bangladesh, Agni is an active member of the following associations:

- Internet Service Providers Association of Bangladesh (ISPAB)
- Association of ICX Operators Bangladesh (AIOB)
- Bangladesh Computer Samity (BCS)
- Bangladesh Association of Software and Information Services (BASIS)

Membership with BAPLC

As a Public Listed Company, Agni Systems Limited is a member of Bangladesh Association of Publicly Listed Companies (BAPLC). The certificate of BAPLC membership has been given on page 76 of this annual report.

Contribution to National Exchequer

Agni Systems Limited has contributed BDT 86,453,879 (approx.) to the National Exchequer during the financial year that ended June 30, 2022. Which is equivalent to 16.64% of the annual net turnover of the company. The last three years' comparative data are as follows:

Particulars	Amount in BDT		
	Taka 2021-2022	Taka 2020-2021	Taka 2019-2020
Advance Income Tax	34,377,046	25,436,655	18,215,200
VAT	36,805,313	33,103,567	32,368,447
License Fee	15,271,520	15,263,900	14,375,000
Total	86,453,879	73,804,122	64,958,647

Dividend

The Board of Directors of the Company has recommended a 4.50% Cash Dividend for the year ending June 30, 2022. Over recent years, the Board of Directors has declared dividends out of profit to shareholders at attractive rates. The Board of Directors confirm that no bonus share or stock dividend has been declared as an interim dividend.

Vote of Thanks

The Board of Directors would like to express its profound gratitude to the employees, and shareholders for their dedication as well as our business partners and customers around Bangladesh for the trust they have placed and continue to place in us.

Besides, we also appreciate the role of BTRC, Ministry of Post & Telecommunications, Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, and various other government and regulatory bodies for their cooperation.

On behalf of the Board of Directors

Sd/-
Reaz Islam
Chairman

Shareholding Pattern

In pursuant to condition no. 1(5) (xxiii) of the Corporate Governance Code of Bangladesh Securities and Exchange Commission, the shareholding pattern of the Company as on 30th June 2022 is stated below

Name of the Shareholders	Status	Shares held	Percentage
(a) Parent or Subsidiary or Associated Companies and other related parties		Nil	Nil
(b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children:			
Directors:			
LR Global Bangladesh Asset Management Company Ltd. Represented by Mr. Reaz Islam	Chairman	64,97,495	8.96
LR Global Bangladesh Asset Management Company Ltd. Represented by Mr. Muhammad Omar Soeb Chowdhury	Director		
Investment Corporation of Bangladesh (ICB) Represented by Mr. Md. Mofizur Rahman	Director	1,050,0957	14.47
Mohammed Abdus Salam	Managing Director	53,21,070	7.33
Zia Shamsi	Director	14,52,931	2.00
Mohammad Ridhwanul Haq, Ph.D	Independent Director	Nil	Nil
Dr. Mansura Akter	Independent Director	Nil	Nil
CS, CFO, HIAC:			
Md. Enamul Haq ACS	Deputy Company Secretary	Nil	Nil
Sheikh Jamal Uddin	Chief Financial Officer	Nil	Nil
Md. Abu Jafor	Head of Internal Audit and Compliance	Nil	Nil
Spouses and minor children of Directors, CEO, CS CFO & HIAC:		Nil	Nil
(c) Executive (Top 5 salaried employees of the company other than Directors/CEO/CS/CFO/HIAC):			
Ahmed Ur Rahman	Head of ICX Operations	Nil	Nil
Md. Mozammel Hoque	Chief Technology Officer	Nil	Nil
Farhana Haque	Head of Sales	Nil	Nil
Md. Monzurul Hassan	Assistant General Manager	Nil	Nil
Jabbar Miah	Assistant General Manager	Nil	Nil
(d) Shareholding 10% or more voting right`	Stated as above		

Report on the Activities of the Audit Committee

Audit Committee

The audit Committee (AC) was formed as a sub-committee of the Board of Directors to protect the interests of stakeholders. The AC possesses the principal responsibilities of engaging in systematic and continuous review, monitoring, and assessment of organizational performance against evolving regulatory requirements. Its roles and responsibilities were defined in line with the Corporate Governance Code of the Bangladesh Securities and Exchange Commission.

Constitution of the Audit Committee

In compliance with the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRC/2006-158/207/Admin/80 dated June 3, 2018, on Corporate Governance, the Board of Directors has reconstituted the Board Audit Committee in its Meeting No. 157 held on June 20, 2022, consisting of the following five members:

Name of the Directors	Designation	Position in AC
Dr. Mansura Akter	Independent Director	Chairman
Md. Mofizur Rahman (Nominated by ICB)	Director	Member
Mr. Reaz Islam (Nominated by LR Global Bangladesh AMCL)	Director	Member
Mr. Muhammad Omar Soeb Chowdhury (Nominated by LR Global Bangladesh AMCL)	Director	Member

Major Roles and Responsibilities of the Audit Committee:

- Oversee the financial reporting process;
- Monitor choice of accounting policies and principles;
- Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;
- Oversee hiring and performance of external auditors;
- Hold meetings with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;
- Review along with the management, the annual financial statements before submission to the Board for approval;
- Review along with the management, the quarterly and half-yearly financial statements before submission to the Board for approval;
- Review the adequacy of the internal audit function;
- Review statement of all related party transactions submitted by the management;

- Review Management Letters or Letters of Internal Control weakness issued by statutory auditors;
- Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed, and time required for effective audit and evaluate the performance of external auditors.

Major activities of the Audit Committee during the financial year 2021-2022:

The Audit Committee held 5 (five) Meetings during the financial year 2021-2022. The Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) attended the meetings by invitation.

- Reviewed the internal control system and the quarterly and annual financial statements during the financial year 2021-2022 and subsequently recommended them to the Board of Directors for consideration and approval;
- Recommended the appointment of External Auditors and fixation of their remuneration;
- Reviewed the effectiveness and independence of the statutory auditors;
- Recommended for appointment of compliance auditor;
- Reviewed the adequacy of internal control;
- Reviewed the financial reporting process;
- Reviewed the choice of accounting policies and principles;
- Reviewed the related party transactions;
- Reviewed the determination of audit fees based on scope and magnitude, level of expertise deployed, and time required for effective audit and evaluated the performance of external auditors;
- Reviewed the work of the Internal Audit department and made suggestions for improvement;
- Recognized the observations of the Internal Audit department regarding internal control and suggestions made to improve operational systems and procedures and their implementation.

Based on the review and above discussion, the Audit committee is of the view that the internal control and compliance of the procedures of the company are adequate to present a true and fair view of the activities and financial status of the company and to ensure that its assets are safeguarded properly.

Acknowledgment

The Audit Committee would like to express its thanks to the Members of the Committee, the Board of Directors, key Management personnel, and all employees for their cooperation in carrying out their duties and obligations during the year ended June 30, 2022.

On behalf of the Audit Committee

Sd/-
Dr. Mansura Akter
 Chairman, Audit Committee

Report on the activities of the Nomination & Remuneration Committee (NRC)

Nomination & Remuneration Committee (NRC)

According to the Corporate Governance Code of Bangladesh Securities Exchange Commission, the Board of Directors of Agni Systems Limited has constituted a Nomination and Remuneration Committee (NRC). The NRC assists the Board in the formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences, and independence of directors and top-level executives as well as a policy for the formal process of considering remuneration of directors, and top-level executives.

Constitution of NRC

As per the Corporate Governance Code of Bangladesh Securities Exchange Commission, the Board of Directors of Agni Systems Limited has constituted the Nomination & Remuneration Committee (NRC) with the following 04 (four) members where an Independent Director is appointed as the chairman of the committee:

Name of the Directors	Designation	Position in the NRC
Mr. Mohammad Ridhwanul Haq, Ph.D	Independent Director	Chairman
Mr. Md. Mofizur Rahman (Nominated by ICB)	Director	Member
Mr. Reaz Islam (Nominated by LR Global Bangladesh AMCL)	Director	Member
Mr. Muhammad Omar Soeb Chowdhury (Nominated by LR Global Bangladesh AMCL)	Director	Member

The roles of the NRC according to Bangladesh Securities and Exchange Commission's Corporate Governance Code are as follows:

- (i) Formulating the criteria for a Director and recommending a policy to the Board relating to the remuneration of the Directors/top-level executive, considering the following:
 - (a) The level & composition of remuneration is reasonable and sufficient to attract, retain and motivate directors to run the company successfully.

- (b) The relationship of remuneration to performance is velar and meets performance bench marks.
- (c) Remuneration to Directors/top-level executives involves a balance between fixed and incentive pay reflecting short and long-term performance objectives.
- (ii) Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background, and nationality.
- (iii) Identifying persons who are qualified to become directors/top-level executives and recommending their appointment and removal to the Board.
- (iv) Formulating the criteria for evaluating the performance of Independent directors and the Board.
- (v) Identifying the company's needs for employees at different levels and determining their selection, transfer/replacement, and promotion criteria.
- (vi) Developing, recommending, and reviewing annually the company's human resources and training policies.

The Major activities of the NRC during the year were as follows:

During the period, 1 (one) meeting of the committee was held where all the members of the Committee, the Chief Financial Officer (CFO), and the Manager (HR) attended the meeting by invitation.

- Reviewed the minutes of the 4th Meeting of the committee.
- Recommended a Provident Fund for the employees of the company.

Acknowledgment

The Nomination & Remuneration Committee would like to express its thanks to the Members of the Committee, the Board of Directors, key Management personnel, and all employees for their cooperation in carrying out their duties and obligations during the year ended June 30, 2022.

On behalf of the Committee

Sd/-
Mohammad Ridhwanul Haq, Ph.D
 Chairman, NRC

**Report to the Shareholders
of
Agni Systems Limited
on
Compliance on the Corporate Governance Code**

We have examined the compliance status to the Corporate Governance Code by Agni Systems Limited for the period from July 01, 2021 to June 30, 2022. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above-mentioned Corporate Governance Code issued by the Commission;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The governance of the company is satisfactory.

Place: Dhaka
15 November 2022



Md Enayet Hossain, FCMA, FCA
Partner
J U Ahmed & Co.
Chartered Accountants

Agni Systems Limited

Compliance Report on BSEC's Notification on Corporate Governance Code Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No - BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

Condition No.	Title	Compliance Status	Remarks (if any)
1.	Board of Directors		
1 (1)	Size of the Board of Directors The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	Complied	The Board of Directors of ASL is comprised of 7 Directors.
1 (2)	Independent Directors All companies shall have effective representation of independent directors on their Boards, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following: -		
1 (2) (a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	Complied	There are 2 (Two) Independent Directors on the Board of Directors of ASL.
1 (2) (b)	For the purpose of this clause "independent director" means a director		
1 (2) (b) (i)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	Complied	The Independent Directors are not holding any share of the company.
1 (2) (b) (ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above-mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	Complied	
1 (2) (b) (iii)	who has not been an executive of the company in immediately preceding 2(two) financial years;	Complied	
1 (2) (b) (iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	Complied	
1 (2) (b) (v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	Complied	
1 (2) (b) (vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market	Complied	
1 (2) (b) (vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	Complied	

Condition No.	Title	Compliance Status	Remarks (if any)
1 (2) (b) (viii)	who is not independent director in more than 5 (five) listed companies;	Complied	
1 (2) (b) (ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	Complied	
1 (2) (b) (x)	who has not been convicted for a criminal offence involving moral turpitude;	Complied	
1 (2) (c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	Complied	The appointment of Independent Directors was made by BSEC and duly approved by the Board of Directors
1 (2) (d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	Complied	
1 (2) (e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only: Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]: Provided further that the independent director shall not be subject to retirement by rotation as per the কোম্পানী আইন, 1994 (1994 সনের ১৮নং আইন) Companies Act, 1994.	Complied	
1 (3)	Qualification of Independent Director		
1 (3) (a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	Complied	The qualification and background of IDs justify their abilities as such.
1 (3) (b)	Independent director shall have following qualifications		
1 (3) (b) (i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	Not Applicable	
1 (3) (b) (ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	Not Applicable	
1 (3) (b) (iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or	Not Applicable	

Condition No.	Title	Compliance Status	Remarks (if any)
1 (3) (b) (iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	Complied	Both the Independent Director of ASL are University Teacher
1 (3) (b) (v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	Not Applicable	
1 (3) (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	Complied	
1 (3) (d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	Not Applicable	
1 (4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer		
1 (4) (a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	Complied	Chairman of the Board of Directors and the Managing Director are different individuals.
1 (4) (b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	Complied	The Managing Director is not holding the same position in any other listed company.
1 (4) (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	Complied	The Chairperson is elected from among the non-executive directors.
1 (4) (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	Complied	
1 (4) (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	Complied	
1 (5)	The Directors' Report to Shareholders		
1 (5) (i)	An industry outlook and possible future developments in the industry;	Complied	
1 (5) (ii)	The segment-wise or product-wise performance;	Complied	
1 (5) (iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	Complied	
1 (5) (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	Complied	
1 (5) (v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	Not Applicable	
1 (5) (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions	Complied	
1 (5) (vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments	Not Applicable	
1 (5) (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;	Not Applicable	
1 (5) (ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	Complied	

Condition No.	Title	Compliance Status	Remarks (if any)
1 (5) (x)	A statement of remuneration paid to the directors including independent directors;	Complied	
1 (5) (xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	Complied	
1 (5) (xii)	A statement that proper books of account of the issuer company have been maintained	Complied	
1 (5) (xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	Complied	
1 (5) (xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	Complied	
1 (5) (xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	Complied	
1 (5) (xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	Complied	
1 (5) (xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	Complied	
1 (5) (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	Complied	
1 (5) (xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	Complied	
1 (5) (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	Not Applicable	
1 (5) (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	Complied	
1 (5) (xxii)	The total number of Board meetings held during the year and attendance by each director;	Complied	
1 (5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by		
1 (5)(xxiii) (a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	Complied	
1 (5)(xxiii) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details)	Complied	
1 (5) (xxiii)(c)	Executives; and	Complied	
1 (5) (xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	Complied	
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders		
1(5)(xxiv)(a)	a brief resume of the director	Complied	
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas; and	Complied	
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	Complied	



Condition No.	Title	Compliance Status	Remarks (if any)
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on		
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	Complied	
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	Complied	
1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	Complied	
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	Complied	
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	Complied	
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	Complied	
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	Complied	
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	Complied	
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	Complied	
	Meetings of the Board of Directors		
1(6)	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	Complied	
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer		
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	Complied	
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	Complied	
2	Governance of Board of Directors of Subsidiary Company		
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company	Not Applicable	There is no subsidiary company of ASL.
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	Not Applicable	
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	Not Applicable	
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	Not Applicable	

Condition No.	Title	Compliance Status	Remarks (if any)
2 (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	Not Applicable	
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)		
3 (1)	Appointment		
3 (1) (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	Complied	
3 (1) (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	Complied	
3 (1) (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	Complied	
3 (1) (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	Complied	
3 (1) (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	Complied	
3 (2)	Requirement to attend Board of Directors' Meetings		
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	Complied	
3 (3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)		
3 (3) (a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	Complied	
3 (3) (a) (i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	Complied	
3 (3) (a) (ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	Complied	
3 (3) (b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	Complied	
3 (3) (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	Complied	
4	Board of Directors' Committee. For ensuring good governance in the company, the Board shall have at least following subcommittees:		
4 (i)	(i) Audit Committee; and	Complied	
4 (ii)	(ii) Nomination and Remuneration Committee.	Complied	
5	Audit Committee		
5(1)	Responsibility to the Board of Directors		
5 (1) (a)	The company shall have an Audit Committee as a sub-committee of the Board;	Complied	

Condition No.	Title	Compliance Status	Remarks (if any)
5 (1) (b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	Complied	
5 (1) (c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	Complied	
5 (2)	Constitution of the Audit Committee		
5 (2) (a)	The Audit Committee shall be composed of at least 3(three) members;	Complied	
5 (2) (b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	Complied	
5 (2) (c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	Complied	
5 (2) (d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	Complied	
5 (2) (e)	The company secretary shall act as the secretary of the Committee;	Complied	
5 (2) (f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	Complied	
5 (3)	Chairperson of the Audit Committee		
5 (3) (a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	Complied	The chairman of Audit committee is selected by the Board who is an ID.
5 (3) (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	Complied	
5 (3) (c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	Complied	
5 (4)	Meeting of the Audit Committee		
5 (4) (a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	Complied	



Condition No.	Title	Compliance Status	Remarks (if any)
5 (4) (b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	Complied	
5 (5)	Role of Audit Committee the Audit Committee shall		
5 (5) (a)	Oversee the financial reporting process;	Complied	
5 (5) (b)	monitor choice of accounting policies and principles;	Complied	
5 (5) (c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	Complied	
5 (5) (d)	oversee hiring and performance of external auditors;	Complied	
5 (5) (e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	Complied	
5 (5) (f)	review along with the management, the annual financial statements before submission to the Board for approval;	Complied	
5 (5) (g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	Complied	
5 (5) (h)	review the adequacy of internal audit function;	Complied	
5 (5) (i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	Complied	
5 (5) (j)	review statement of all related party transactions submitted by the management;	Complied	
5 (5) (k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	Complied	
5 (5) (l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	Complied	
5 (5) (m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.	Not Applicable	
5 (6)	Reporting of the Audit Committee		
5 (6) (a)	Reporting to the Board of Directors		
5 (6) (a) (i)	The Audit Committee shall report on its activities to the Board.	Complied	

Condition No.	Title	Compliance Status	Remarks (if any)
5 (6) (a) (ii)	The Audit Committee shall immediately report to the Board on the following findings, if any		
5 (6) (a) (ii) (a)	Report on conflicts of interests;	-	No such event occurred
5 (6) (a) (ii) (b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	-	No such event occurred
5 (6) (a) (ii) (c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	-	No such event occurred
5 (6) (a) (ii) (d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	-	No such event occurred
5 (6) (b)	Reporting to the Authorities If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	-	No such event occurred
5 (6) (7)	Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	Complied	
6	Nomination and Remuneration Committee (NRC)		
6 (1)	Responsibility to the Board of Directors		
6 (1) (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	Complied	
6 (1) (b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	Complied	
6 (1) (c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	Complied	
6 (2)	Constitution of the NRC		
6 (2) (a)	The Committee shall comprise of at least three members including an independent director;	Complied	
6 (2) (b)	All members of the Committee shall be non-executive directors;	Complied	
6 (2) (c)	Members of the Committee shall be nominated and appointed by the Board;	Complied	
6 (2) (d)	The Board shall have authority to remove and appoint any member of the Committee;	Complied	
6 (2) (e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	Complied	

Condition No.	Title	Compliance Status	Remarks (if any)
6 (2) (f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	Not Applicable	
6 (2) (g)	The company secretary shall act as the secretary of the Committee;	Complied	
6 (2) (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	Complied	
6 (2) (i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	Complied	
6 (3)	Chairperson of the NRC		
6 (3) (a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	Complied	
6 (3) (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	Complied	
6 (3) (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.	Complied	
6 (4)	Meeting of the NRC		
6 (4) (a)	The NRC shall conduct at least one meeting in a financial year;	Complied	
6 (4) (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	Complied	No such event occurred
6 (4) (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6 (2) (h);	Complied	
6 (4) (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	Complied	
6 (5)	Role of the NRC		
6 (5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	Complied	
6 (5) (b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	Complied	

Condition No.	Title	Compliance Status	Remarks (if any)
6 (5) (b) (i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to 13 the remuneration of the directors, top level executive, considering the following:	Complied	
6 (5) (b) (i) (a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	Complied	
6 (5) (b) (i) (b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	Complied	
6 (5) (b) (i) (c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	Complied	
6 (5) (b) (ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	Complied	
6 (5) (b) (iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	Complied	
6 (5) (b) (iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	Complied	
6 (5) (b) (v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	Complied	
6 (5) (b) (vi)	developing, recommending and reviewing annually the company's human resources and training policies;	Complied	
6 (5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	Complied	
7	External or Statutory Auditors		
7 (1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:		
7 (1) (i)	appraisal or valuation services or fairness opinions;	Complied	In practice
7 (1) (ii)	financial information systems design and implementation;	Complied	In practice
7 (1) (iii)	book-keeping or other services related to the accounting records or financial statements;	Complied	In practice
7 (1) (iv)	broker-dealer services;	Complied	In practice

Condition No.	Title	Compliance Status	Remarks (if any)
7 (1) (v)	actuarial services;	Complied	In practice
7 (1) (vi)	internal audit services or special audit services;	Complied	In practice
7 (1) (vii)	any service that the Audit Committee determines;	Complied	In practice
7 (1) (viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	Complied	In practice
7 (1) (ix)	any other service that creates conflict of interest.	Complied	In practice
7 (2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	Complied	In practice
7 (3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	Complied	In practice
8	Maintaining a website by the Company		
8 (1)	The company shall have an official website linked with the website of the stock exchange.	Complied	
8 (2)	The company shall keep the website functional from the date of listing.	Complied	
8 (3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	Complied	
9	Reporting and Compliance of Corporate Governance		
9 (1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	Complied	The company obtained the certificate from M/S. J U Ahmed & Co. Chartered Accountants regarding the compliance of conditions of Corporate Governance of the Commission and such certificate is disclosed in the Annual Report.
9 (2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	Complied	M/S. J U Ahmed & Co. Chartered Accountants was appointed by the shareholders in the AGM.
9 (3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	Complied	Details status disclosed in the Annexure-C and published in the report.

Agni Systems Limited

Declaration by the Managing Director and Chief Financial Officer

[As per condition No. 1(5)(xxvi) of the Corporate Governance Code]

Date: 25-10-2022

The Board of Directors
Agni Systems Limited**Subject: Declaration on Financial Statements for the year ended on 30 June 2022.**

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June 2018 under section 2C of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Agni Systems Limited for the year ended on June 30, 2022 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

- (i) We have reviewed the financial statements for the year ended on June 30, 2022 and that to the best of our knowledge and belief:
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Mohammed Abdus Salam
Managing Director



Sheikh Jamal Uddin
Chief Financial Officer

Independent Auditors' Report

To the Shareholders of Agni Systems Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Agni Systems Limited which comprise the Statement of Financial Position as at June 30, 2022, and Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Financial Statements give true and fair view, in all material respects, of the Financial Position of the company as at June 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), The Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our

responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the 'International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and informing our opinion thereon, and we do not provide separate opinion on these matters.

Risk	Revenue Recognition
Our response to the risk	
<p>We identified revenue recognition as key audit matter and a significant risk of material misstatement because of the risk related to the timing and accuracy of the recognized amounts of revenue. The total revenue generated for the year ended was Taka 519,515,280/-</p> <p>Recognition of revenue is complex due to several types of customer contracts utilized, including internet service, sale of software, ICX, IPTSP.</p>	<p>➤ Our audit procedures comprised the testing of internal controls in connection with the revenue recognition including the application controls in the most important IT applications impacting the financial reporting. We performed analytical procedures that focused on analyzing the development of turnover. In addition, we performed audit procedures such as compared revenue transactions near year end to the supporting documentation, analyzed general ledger journal entries in order to identify abnormal entries as well as compared trade receivables to the payments received.</p>

There is also a risk that revenue may be overstated /understated due to the timing differences.

We focused on this area as recognition of revenue involves significant judgment and estimates made by management including whether contracts contain multiple performance obligations which should be accounted for separately and the most appropriate method for recognition of revenue for identified performance obligations. This comprises allocation of consideration to the individual performance obligations of multi-element contracts as noted above, assessing whether performance obligations under supply and installation contracts are satisfied at a point in time or over time.

Further, it comprises the point in time when transfer of control has occurred regarding sale of software and assessing the degree of completion of project and service contracts, which are accounted for over time.

- We tested the relevant internal controls used to ensure the completeness, accuracy and timing of revenue recognition.

- We read a sample of both project and service contracts to assess whether the method for recognition of revenue was relevant and consistent with IFRS-15 and had been applied consistently. We focused on contract classification, allocation of income and cost to the individual performance obligations and timing of transfer of controls. Where a contract contained multiple elements, we considered Management's judgments as to whether they comprised performance obligations that should be accounted for separately and in such cases, challenged the judgments made in the allocation of the consideration to each performance obligation.

- We evaluated and challenged the significant judgments and estimates made by management in applying the company's accounting policy to a sample specific contracts and separable performance obligations of contracts and we obtained evidence to support them including details of contractual agreements, delivery records, receipts and project plans.

Please see to the Statement of profit or loss & other Comprehensive Income.

Valuation of Inventory

As at June 30,2022 the reported amount of inventory is Tk.18,353,663/-held in its business place.

On the reporting date, inventories are carried at the lower of cost and net realizable value. As such, the companies apply judgment in determining the appropriate values of inventory in accordance with International Accounting Standards.

Considering the risk as stated above the valuation of Inventory is a key audit matter to the Financial Statements.

We verified the appropriateness of, management's assumptions applied in calculating the value of the inventory as per International Accounting Standard (IAS) by:

- Evaluating the design and implementation of key inventory controls operating across the factory, warehouse
- Inventory counts and reconciling the results have been done by the management and the Auditor.
- We have collected inventory count data sheet and relevant certification of inventories which indicates inventory items were maintained in good condition and maintaining all compliances.
- Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the year
- Obtaining a detailed review with the subsequent sales to compare with the net realizable value.

Please see note no. 08 to the Financial Statements

Valuation of consolidated Property, Plant & Equipments

The carrying value of the Property, Plant & Equipments is Tk. 531,041,010/- as at June 30,2022 which is 45% of total assets. The valuation of Property, Plant & Equipments was identified as a key audit matter due to significance of this balance to the Financial Statements.

The expenditures are classified as an asset, if it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

The useful lives of Property, Plant & Equipments items are based on management's estimates regarding the period over which an asset is expected to be available for use. The estimates of the useful life of the assets is a matter of judgments based on the experience of the entity with similar assets and also take into consideration the physical condition of the assets.

Our audit included the following procedures:

- We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent.
- We obtained a listing of capital expenditures incurred during the year and, on a sample basis, checked whether the items were procured during the year.
- We evaluated whether the useful lives determined and applied by the management were in line with the nature of assets, the physical condition of the assets and its uses.
- We checked whether the depreciation of tangible fixed assets items was commenced from the date of ready to use and found the depreciation had been started accordingly.

Please see note no. 04 to the Financial Statements

Recoverability Assessment of Accounts & Other Receivables

The total amount of Account Receivable is Tk. 386,542,634/- at June 2022. There are significant large numbers of individual customers. Customers in different business segments and jurisdictions are subject to their independent business risk.

The increasing challenges over the economy and operating environment in developing the software and sale of service during the year have increased the risks of default on receivables from the customers. In particular, in the event of insolvency of customers, the company is exposed to potential risk of financial loss when the customers fail to meet their contractual obligations in accordance with the requirements of the agreements.

Accordingly, we identified the recoverability of Receivables as a key audit matter because of the significance of Receivables to Company's Financial Position and because of the significant degree of management judgment involved in evaluating the adequacy of the allowance for doubtful debts.

Our audit procedures of assess the recoverability of trade receivables including the following:

- Tested the accuracy of aging of Receivables at year end on a sample basis;
- Evaluating the Company's policy for making allowance for doubtful debts with reference to the requirements of the prevailing accounting standards;
- Assessing the classification of account receivables in the debtors ageing report by comparison with sales invoice and other underlying documentation on a taste basis;
- Assessed the recoverability of the debtors on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers, historical payment pattern of customers and
- Inspecting subsequent bank receipts from customers and other relevant underlying documentation relating to account receivable balances at June 30, 2022;

Please see note no. 09 to the Financial Statements

Evaluation of Intangible Assets

The intangible asset reported in the financial statements is Tk.23,659,580/-which we identified as a key audit matter due to the significance of this balance to the financial statements along with its nature.

The intangible assets include the purchased software license, implementation and integration and system development costs related to the software.

Periodic impairment testing of these intangible requires determination of recoverable amounts and value in use. Both these values involve significant management's estimates and judgments that can give rise to material misstatements or management bias.

- We assessed the processes and controls put in place by the company over the review of intangible assets and its impairment analysis.
- We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the recognition of intangible assets, impairment testing including controls over market data inputs into valuation models, model governance and valuation adjustments.
- We evaluated the appropriateness of future cash flows that is to be generated from the use of intangible assets.
- Overall, we considered the measurement inputs and assumptions used by management to be in line with our expectations and to lie also within a range that we consider reasonable.
- Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.

Please see note no. 07 to the Financial Statements

Valuation of Capital Work in progress

The work-in-progress as at June 30, 2022 was of Tk. 21,899,810/- which we considered key audit matter to the financial statements due to its nature.

Our audit procedures were designed to focus on the development stages of the software that involves significant judgment and estimates made by Management including, whether contracts contain multiple performance obligations and these are transferred to assets based on those obligations and contracts. It comprises the point in time when transfer of control due to its usable condition has occurred regarding the software and assessing the degree of completion of project and service contracts, which are accounted for over time.

- We tested the design and operating effectiveness of the company's controls over the recognition of the work in progress to relevant category of assets that are critical to financial reporting.
- We assessed the processes and controls put in place by the company over the work in progress to be transferred as assets and whether economic benefits is to flow to the company at the time of its recognition.
- Overall, we consider the measurement inputs and assumptions used by management to be in line with our expectations and to lie also within a range that we consider reasonable.
- Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.

Please see note no. 05 to the Financial Statements

Other Information

Management is responsible for the other information. The other information comprises all of the information in the annual report other than the Financial Statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with IFRSs, The Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 require the management to ensure effective internal audit, internal control and risk management functions of the company.

In preparing the Financial Statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance

about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

■ Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and event in a manner that achieves fair presentation.

■ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the Financial Statements we are responsible for the direction, supervision and performance of the company audit. We are solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

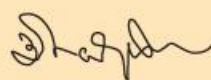
In accordance with the Companies Act 1994, and The Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report that:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the company so far as it appeared from our examinations of those books;

c) The Statement of Financial Position, Statement of Profit or Loss & Other Comprehensive Income and Statement of Changes in Equity and Statement of Cash Flows of the Company dealt with by the report are in agreement with the books of accounts and returns; and

d) The expenditure incurred was for the purpose of the Company's business.



Fouzia Haque, FCA
Partner
FAMES & R
Chartered Accountants
DVC # 2210301032AS285954

Date : October 30, 2022
Place : Dhaka

Agni Systems Limited
Statement of Financial Position
As at June 30, 2022

Particulars	Notes	Amount in Taka	
		30 June 2022	30 June 2021
ASSETS			
Non-current assets			
Property, Plant and Equipment	4.00	531,041,010	553,746,704
Capital Work-In-Progress	5.00	21,899,810	17,209,646
Investment in associates	6.00	1	1
Intangible assets	7.00	23,659,580	20,436,826
Total Non-Current Assets		576,600,401	591,393,177
Current assets			
Inventories	8.00	18,353,663	18,929,743
Accounts & Other Receivables	9.00	386,542,634	364,444,779
Advance, Deposits & Prepayments	10.00	246,286,082	208,772,463
Cash and Cash equivalents	11.00	55,575,239	49,323,260
Total Current Assets		706,757,617	641,470,245
Total Assets		1,283,358,018	1,232,863,422
EQUITY AND LIABILITIES			
Capital & reserves			
Share capital	12.00	725,561,920	725,561,920
Share premium		232,568,500	232,568,500
Retained earnings	13.00	150,020,101	102,457,079
Total equity		1,108,150,521	1,060,587,500
Non-current liabilities			
Long Term Borrowing	14.00	3,321,453	7,437,190
Lease Liability	15.00	19,279,433	24,660,263
Deferred tax liability	16.00	1,153,166	1,449,462
Total Non-current liabilities		23,754,053	33,546,915
Current liabilities:			
Current portion of Lease liability	15.00	19,279,433	24,660,263
Current portion of Long Term Loan	17.00	4,672,038	6,350,787
Accounts & Others Payables	18.00	24,180,629	10,787,824
Unclaimed Dividend	19.00	1,532,789	2,676,502
Accured expenses	20.00	12,942,513	12,516,713
Provision for Income tax	28.00	88,846,043	81,736,918
Total Current Liabilities		151,453,444	138,729,007
Total Equity and Liabilities		1,283,358,018	1,232,863,422
Net Asset Value (NAV) Per Share	31.00	15.27	14.62

The annexed notes form an integral part of this financial statements


Managing Director



Director


Chairman


Company Secretary


Chief Financial Officer

Signed in terms of our separate report of even date annexed


Fouzia Haque, FCA
Partner

Date: October 30, 2022
Place: Dhaka

FAMES & R
Chartered Accountants
DVC # 2210301032AS285954

Agni Systems Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2022


Particulars	Notes	Amount in Taka	
		2021-2022	2020-2021
Revenue	22.00	519,515,280	488,466,089
less: Cost of Goods Sold & Services	23.00	345,891,947	335,926,087
Gross profit		173,623,333	152,540,002
Operating expenses			
Less : Operating expenses	24.00	88,038,920	79,140,989
Operating profit		85,584,413	73,399,013
Less : Financial expenses	25.00	1,955,481	2,070,687
Net operating profit		83,628,932	71,328,326
Add: Investment loss	26.00	-	(841,215)
Add: Non operating income	27.00	130,111	248,337
Profit before BPP & WF		83,759,043	70,735,448
Less: Workers Profit Participation & WF		3,988,526	3,368,355
Profit before income tax		79,770,517	67,367,094
Income tax expenses			
Current tax	28.00	(7,109,125)	(6,109,454)
Deferred tax income/(expense)	16.00	296,296	(5,394,552)
Total Tax expenses		(6,812,829)	(11,504,006)
Net Profit after tax		72,957,688	55,863,088
Other Comprehensive income		-	-
Total comprehensive income		72,957,688	55,863,088
Basic Earnings Per Share (EPS)	29.01	1.01	0.77
Diluted Earnings Per Share (DEPS)	29.02	1.01	0.77

The annexed notes form an integral part of this financial statements


Managing Director



Director


Chairman


Company Secretary


Chief Financial Officer

Signed in terms of our separate report of even date annexed


Fuzia Haque, FCA
Partner

FAMES & R
Chartered Accountants
DVC # 2210301032AS285954

Date: October 30, 2022
Place: Dhaka

Agni Systems Limited
Statement of Changes in Equity

For the year ended June 30, 2022

Amount in Taka

Particulars	Share Capital	Share Premium	Retained Earnings	Total
Balance as at 01 July 2021	725,561,920	232,568,500	102,457,080	1,060,587,500
Cash dividend @ 3.50%	-	-	(25,394,667)	(25,394,667)
Profit during the year	-	-	72,957,688	72,957,688
Balance as at 30 June 2022	725,561,920	232,568,500	150,020,101	1,108,150,521

For the year ended 30 June 2021

Particulars	Share Capital	Share Premium	Retained Earnings	Total
Balance as at 01 July 2020	725,561,920	232,568,500	61,105,230	1,019,235,650
Cash dividend @ 2%	-	-	(14,511,238)	(14,511,238)
Profit during the year	-	-	55,863,088	55,863,088
Balance as at 30 June 2021	725,561,920	232,568,500	102,457,080	1,060,587,500


Managing Director


Director


Chairman


Company Secretary


Chief Financial Officer

Date: October 30, 2022

Place: Dhaka


Agni Systems Limited
Statement of Cash Flows
For the year ended June 30, 2022

Particulars	Notes	Amount in Taka	
		2021-2022	2020-2021
Cash Flow from Operating Activities			
Cash received from customers	33.00	497,417,425	478,603,501
Cash paid to suppliers and others	34.00	(331,923,063)	(342,449,726)
Payment for expenses & others	35.00	(33,608,984)	(18,417,063)
Cash Generated from Operations		131,885,378	117,736,712
Income tax paid	36.00	(34,377,046)	(25,436,655)
Interest received		130,111	248,337
Financial expenses		(1,215,375)	(1,658,387)
Total Cash Flow from Operating Activities (A)		96,423,068	90,890,006
Cash Flow from Investing Activities			
Acquisition of Property, Plant and Equipment		(42,386,400)	(97,532,120)
Capital Work-in-progress		(4,690,164)	(1,354,646)
Total Cash Flow from Investing Activities (B)		(47,076,564)	(98,886,766)
Cash Flow from Financing Activities			
Repayment against long term borrowings		(16,556,146)	42,533,895
Dividend paid		(26,538,381)	(14,042,970)
Total Cash Flow from Financing Activities (C)		(43,094,526)	28,490,925
Net cash inflow/(outflow) for the period (A+B+C)		6,251,978	20,494,165
Add: Cash & Cash Equivalents at the beginning of the year		49,323,260	28,829,095
Cash & Cash Equivalents at the end of the year		55,575,239	49,323,260
Net Operating Cash Flow per Share (NOCFPS)	30.00	1.33	1.25


Managing Director


Director


Chairman


Company Secretary


Chief Financial Officer

Date: October 30, 2022
Place: Dhaka



Notes to the Financial Statements

Agni Systems Limited

Notes to the Financial Statements

As at and for the year ended June 30, 2022

1.00 Reporting Entity:

1.01 Legal form of the Company

Agni Systems Limited (the Company) was incorporated on November 04, 1995 as a private company limited by shares registered under the Companies Act 1994 vide registration no. 29635(923)/95. Subsequently the company was converted into a Public company limited by shares on August 28, 2002 and is listed both in Dhaka Stock Exchange (DSE) & Chittogram Stock Exchange (CSE) under the symbol of AGNISYSL.

1.02 Address of the Registered Office

The registered office of the company is located at Navana Tower, 11th floor, Suite-A, 45 Gulshan Avenue, Gulshan-1, Dhaka-1212.

1.03 Nature of Business Activities

The main activities of the company are to render service of electronic mail, internet access, electronic data communication, computer networking, electronic data processing, electronic data entry, software development, to provide service of consultancy, to buy, set-up, install, produce, rent and deal otherwise in all types of computer, computer peripherals, fax/data modem, computer networking equipment, related accessories, archiving contentment, access network, web listing, IT support & software maintenance service, domestic and international gateways for all type of communication & computer software.

2.00 Basis of Preparation:

2.01 Statement of Compliance

The financial statements have been prepared in accordance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), Companies Act 1994 and other applicable laws and regulations in the country.

2.02 Other Regulatory Compliances

As required, Agni Systems Limited complies with the following major legal provisions and other applicable laws and regulations:

The Companies Act 1994;
The Securities and Exchange Rules, 1987;
The Securities & Exchange Ordinance, 1969;
The Income Tax Ordinance, 1984;
The Income Tax Rules, 1984;
The Value Added Tax and Supplementary Duty Act, 2012;
The Customs Act, 1969;
The Bangladesh Labor (Amendment) Act 2013, 2006;
International Accounting Standards (IAS);
International Financial Reporting Standards (IFRS) and
The Listing Regulations of Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd.

2.03 Components of the Financial Statements

According to the International Accounting Standards (IAS) 1 "Presentation of Financial Statements", the complete set of Financial Statements includes the following components:

- i) Statement of Financial Position;
- ii) Statement of Profit or Loss and Other Comprehensive Income ;
- iii) Statement of Cash Flows ;
- iv) Statement of Changes in Equity and
- v) Notes to the financial statements (comprising summary of significant accounting policies and other explanatory

2.04 Statement of Cash Flows

Statement of Cash Flows is prepared in accordance with IAS 7: **Statement of Cash Flows** and the cash flow from the operating activities have been presented under direct method considering the provision of paragraph 19 of IAS-7 which provides that enterprises are encouraged to report cash flow from operating activities using the direct method.

2.05 Compliance of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)

While preparing the financial statements, Agni Systems Limited applied most of IAS and IFRS a. Details are given below:

Name of International Accounting Standards (IAS)	IAS No.	Status
Presentation of Financial Statements	1	Complied
Inventories	2	Complied
Statement of Cash Flows	7	Complied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Complied
Events after the Reporting Period	10	Complied
Income Taxes	12	Complied
Property, Plant and Equipment	16	Complied
Employee Benefits	19	Complied
Borrowing Costs	23	Complied
Related Party Disclosures	24	Complied
Investments in Associates	28	Complied
Financial Instruments: Presentation	32	Complied
Earnings per Share	33	Complied
Interim Financial Reporting	34	Complied
Impairment of Assets	36	Complied
Provisions, Contingent Liabilities and Contingent Assets	37	Complied
Intangible Assets	38	Complied
Financial Instruments: Recognition and Measurement	39	Complied
Name of International Financial Reporting Standards (IFRS)	IFRS No.	Status
Financial Instruments: Disclosures	7	Complied
Financial Instruments	9	Complied
Disclosure of Interests in Other Entities	12	Complied
Fair Value Measurement	13	Complied
Revenue from Contracts with Customers	15	Complied
Leases	16	Complied

2.06 Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from the estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 4: Property, Plant and Equipment (Useful Life of Depreciable Assets)
- Note 7: Intangible Assets (Useful Life of Assets)
- Note 16: Deferred Tax (asset)/liability (manner of recovery of temporary differences for determination of deferred tax (asset)/liability)
- Note 28: Current Tax Expense
- Note 16: Deferred Tax (Income)/Expense

2.07 Reporting Period

The financial period of the company covers one year from July 01, 2021 to June 30, 2022.

3.00 Significant Accounting Policies

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect within the framework of IAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and all prior periods presented.

For proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the IAS-1 "Presentation of Financial Statements". The recommendations of IAS-1 relating to the format of financial statements were also taken into full consideration for fair presentation.

3.01 Property, Plant and Equipment

(A) Initial Recognition and measurement

Property, plant and equipment are capitalized at cost of acquisition and subsequently stated at cost or valuation less accumulated depreciation in compliance with the requirements of IAS-16: **Property, Plant and Equipment**. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties, non-refundable taxes and un-allocated expenditures etc.

B) Disposal of Property, Plant and Equipment

On disposal of Property, Plant and Equipment the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the Profit or Loss and Other Comprehensive Income, which is determined with reference to the net book value of the assets and net sale proceeds. Depreciation charged on disposal of assets upto the date of assets disposal.

C) Depreciation

Depreciation is recognized in the statement of profit or loss and other comprehensive income using 'Reducing Balance Method' over the estimated useful lives of each fixed assets. No depreciation is charged on Land & Land Development. Depreciation is charged on additions to fixed assets from the date when the assets are available for use. Depreciation on disposals of fixed assets, ceases at the earlier of the date that the assets are disposed. Depreciation is allocated as 60% as direct expenses and 40% as administrative expenses. The rates of depreciation being charged on different assets are given below:

Category of Fixed Assets	Rate of Depreciation
Land & Land Development	-
Building	2.50%
Furniture & Fixture	10%
Motor Vehicle	
Freehold	15%
Leasehold	15%
ICX Equipment	15%
Machinery and Equipment:	
a) Air Conditioner	15%
b) Power Backup Equipment:	
Freehold	15%
Leasehold	15%
c) Internet Equipment	
Freehold	15%
Leasehold	15%
d) Other Equipment	15%
e) Wireless Equipment	15%
f) Telephone Installation	10%
g) Cable Fiber Optic	10%
Computer & Accessories:	
a) Computer & Accessories	15%
b) Software	15%
WiMAX Equipment	10%
Sundry Assets	10%

D) Gains or Losses on Disposal

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amounts and are recognized net.

E) Assets Obtained under Lease Agreements

IFRS 16: "Leases" has come into force on January 01, 2019, Agni Systems Limited applied IFRS 16 its financial statements using modified retrospective approach where the company measured the lease liability at the present value of the remaining lease payments, discounted it using the incremental borrowing rate at the date of initial application, and recognized a right-of-use asset at the date of initial application on a lease by lease basis. Due to applying modified retrospective effect, prior year results have not been restated.

Right-Of-Use assets (ROU)

The Agni Systems Limited recognizes right-of-use assets at the date of initial application of IFRS 16. The ROU asset is initially measured at cost at the amount of the lease liability plus any initial direct costs incurred by the lessee and depreciated using the straight line methods from the commencement date (from the beginning of July 2020) to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The ROU assets are presented under Property, Plant and Equipment (Note 4).

Lease Liability at the commencement date of lease, the Agni Systems Limited recognizes lease liabilities measured at the present value of the lease payments to be made over the lease term using incremental borrowing rate at the date of initial application. Lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments.

Short-term lease and leases of low value assets

The Agni Systems Limited has elected not to recognize ROU assets and lease liabilities for leases of low value assets less than valuing of BDT 240,000 and short term lease, i.e. for which the lease term ends within 12 months of the date of initial application. The Agni Systems Limited recognizes lease payments associated with these leases as an expense.

The impact of the new standard on lessees' financial statements are:

- An increase in recognized assets and liabilities;
- More lease expenses recognized in early periods of lease, and less in the later periods of a lease;
- A shift in lease expense classification from rental expenses to interest expense and depreciation

As per IFRS 16: "Leases", summary of lease related information is provided in the table below:

Summary of IFRS 16:

Particulars	ROU Assets	Lease
Opening Balance	55,392,245	49,320,526
Addition during the year	-	-
Depreciation/Interest Expense during the year	13,207,978	4,438,847
Accumulated Depreciation/Lease Payment	26,415,956	38,392,925
Closing Balance (Notes 4.00 & 15.00)	42,184,267	38,558,866

3.02 Intangible Assets:

i) Recognition and Measurement

Intangible assets that are acquired by the company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible assets are recognized when all the conditions for recognition as per IAS 38: **Intangible assets** are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

Assets are reviewed for impairment at each year and impairment is charged if appropriate. This year no impairment was recognized.

ii) Subsequent Costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

iii) Amortization

Intangible assets are amortized under a combination of straight line & reducing balancing method. All the intangible assets are amortized at a rate of 20% on reducing balance method and Software development is amortized at a rate of 6.67% on straight line method because after 15 years the license will be expired & need to renew again.

3.03 Capital Work -In -Progress

Capital work-in-progress is recorded at cost to the extent of expenditure incurred up to the date of statements of Financial Position. Upon completion of construction, the cost of such assets together with the cost directly attributable to construction that will be transferred to the respective assets. No depreciation is charged on capital work in progress.

3.04 Investments in Share

Investments in share of listed companies are presented at fair value (Market Value). Any unrealized gain or loss arising from changes of fair value (market value) has accounted for through statement of profit or loss and other comprehensive income in these financial statements.

3.05 Associates

Where the company has the power to participate in the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognized in the consolidated statement of financial position at cost. Agni Systems Limited has representation in the board and ownership of 25% of paid up capital of Songbird Limited which has made Songbird Limited an Associate of this Company and therefore recognized accordingly. The Company's investment in associate company is accounted for in the financial statements using the Equity Method in accordance with IAS-28 "Investment in Associates". Investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of investee's profit or loss is recognized in the investors profit or loss.

3.06 Inventories

Inventories comprise various Modems, Media Converter, Router, Switch, Cables, Nano Station, Gipon, Vigor, IP Phone, Well Gate, Bullet and others. They are stated at the lower of cost and net realizable value in accordance with IAS 2: **Inventories**

The cost is calculated on average method consistently. Costs comprise expenditure incurred in the normal course of business in bringing such inventories to its location and conditions.

3.07 Financial Assets

i) Cash and Cash Equivalents

For the purpose of statement of financial position and statement of cash flows, cash in hand and bank balances represent cash and cash equivalents considering the IAS 1: **Presentation of Financial Statements** and IAS 7: **Statement of Cash Flows**, which provide, that cash and cash equivalents are readily convertible to known amounts of cash and are subject to and insignificant risk of changes in value and are not restricted as to use.

ii) Accounts & Other Receivables

Accounts receivable represent the amounts due from different customers for sale of internet services, software development service, software maintenance services, ICX service, network installation and other services and includes billed portion of such services at the date of statement of financial position. Accounts receivables are stated net of provision for doubtful debts.

3.08 Financial Liabilities

The company initially recognizes financial liabilities on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include creditors and accrued expense and provisions.

These are recognized when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits.

i) Payable and Accrued Expenses

Liabilities are recognized for amounts to be paid in the future for goods and services received, whether or not billed by the supplier.

ii) Provisions

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.09 Related Party Disclosures

As per IAS 24: '**Related Party Disclosures**', parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties.

(i) Directors of Agni Systems Limited (ASL) and their interest in the company (as on 30 June 2022)

Sl. No.	Name of Directors	Address	Status with ASL	Date of Appointment/ Reappointment	No. of shares held in ASL
1	Mr. Reaz Islam	Apt-A/5, House-15, U.N Road, Baridhara, Gulshan, Dhaka	Chairman- Nominated by LR Global Bangladesh Asset Management Company Ltd.	22-05-2022 Appointed	64,97,495
2	Mr. Muhammad Omar Soeb Chowdhury	24/1 Lake Circus Road, Kalabagan, Dhanmondi, Dhaka	Director- Nominated by LR Global Bangladesh Asset Management Company Ltd.	22-05-2022 Appointed	
3	Mr. Mohammed Abdus Salam	39/C, Banani, Road No. 06, Banani, Dhaka-1213	Managing Director	Existing	5,321,070
4	Mr. Zia Shamsi	House No. 06, Road No. 19, Sector-12, Uttara, Dhaka-1230	Director	15-12-2021 Reappointed	1,452,931
5	Mr. Md. Mofizur Rahman	537/1, Monipur, Kazipara, Mirpur, Dhaka.	Director- Nominated by Investment Corporation of Bangladesh (ICB)	12-10-2021 Appointed	10,500,957
6	Mr. Mohammad Ridhwanul Haque. Ph.D	67/1/A, Zikatalla, Dhaka-1209	Independent Director	23-05-2021 Appointed	Nil
7	Mrs. Dr. Mansura Akter	278/1, Elephant Road, Dhaka-1205	Independent Director	23-05-2021 Appointed	Nil

(ii) Particulars of Directors and their interest in other entities (as on 30 June 2022)

Sl. No.	Name of Directors	Status with ASL	Name of the firms/companies/ institutions in which they have interest	Status with the firms/companies/ institutions
1	Mr. Reaz Islam	Chairman	LR Global Bangladesh Asset Management Company Limited.	Chief Investment Officer
2	Mr. Mohammed Abdus Salam	Managing Director	Songbird Telecom Ltd	Chairman
3	Mr. Zia Shamsi	Director	Songbird Telecom Ltd	Director- Representative of Agni Systems Ltd.
4	Mr. Md. Mofizur Rahman	Director	Investment Corporation of Bangladesh (ICB)	General Manager
5	Mr. Muhammad Omar Soeb Chowdhury	Director	LR Global Bangladesh Asset Management Company Limited.	Manager (Legal & Compliance)
6	Mr. Mohammad Ridhwanul Haque. Ph.D	Independent Director	Institute of Business Administration (IBA). University of Dhaka.	Professor
7	Mrs. Dr. Mansura Akter	Independent Director	Department of International Business, University of Dhaka.	Associate Professor

(iii) Related party transaction disclosure during the year 2021-2022 (in compliance with IAS 24)

Sl. No.	Name of Related Party	Relationship	Number of Transactions	Nature of Transaction	Transaction during the year
1	Songbird Telecom Ltd	Associate	12	Administrative Expenses	2,682,648

(iv) Key Management Personnel Compensation

Sl. No.	Name & Designation	Short-term employee benefits	Post-employee benefits	Other long-term benefits	Termination benefits	Share-based payment
1	Mr. Mohammed Abdus Salam, Managing Director	9,214,400	N/A	N/A	N/A	N/A
2	Mr. Zia Shamsi, Director	5,171,400	N/A	N/A	N/A	N/A
3	Mr. Muhammed Shariful Islam	1,069,640	N/A	N/A	N/A	N/A
4	Mr. Sheikh Jamal Uddin, CFO	1,534,000	N/A	N/A	N/A	N/A
5	Mr. Mozammel Hoque, CTO.	2,626,910	N/A	N/A	N/A	N/A

3.10 Audit Committee disclosures

In compliance with the circular no. BSEC/CMRRCD/2006-158/207/Admin/80 Dated June 03, 2018 of the Bangladesh Securities & Exchange Commission, an Audit Committee of Agni Systems Limited was constituted by the Board of Directors.

Sl. No.	Name	Status with ASL	Status with the committee
1	Dr. Mansura Akter	Independent Director	Chairman
2	Mr. Reaz Islam	Chairman	Member
3	Mr. Md. Mofizur Rahman	Director	Member
4	Mr. Muhammad Omar Soeb Chowdhury	Director	Member

3.11 Advance, deposits and prepayments

Advance are initially measured at cost. After initial recognition, advance is carried at cost less deductions, adjustments or charges to other account heads such as Property, Plant and Equipment, Inventory or Expenses.

Deposits are measured at payment value. Pre-payments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to the Statement of Profit or Loss and Other comprehensive income.

3.12 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits and other short term/ fixed deposits with banks and non-banking financial institutions which are held and available for use by the company without any restriction.

Cash and cash equivalents other than reporting currency is translated at closing rate as per ISA-21 "The Effects of Changes in Foreign Exchange Rates". Resulting translation difference is recognized as income through other comprehensive income.

3.13 Revenue Recognition

In accordance with the provisions of the IFRS-15: "Revenue from Contracts with Customers"; revenue from contracts with customers represents the amount that reflects the considerations to which entity expects to be entitled in exchange for goods supplied and service provided to customers during the year. Revenue from contracts with customers is recognized in the statement of profit or loss and other comprehensive income when the performance obligation (supply of promised goods and services) is satisfied. Performance obligation is satisfied at a point in time when customer obtains the control of goods and services. Revenue has been recognized at the time of invoice made for the services rendered by the company.

The interest income is recognized on accrual basis as agreed terms and conditions with the banks.

Dividend income on shares is recognized when the shareholders' right to receive payment is established which is usually occurred when dividend is declared and ascertained.

Non operating income are recognized at the time of receive of money from other purpose than the normal course of business of the Company.

3.14 Financial Expenses

Financial expenses comprise of interest expense on long term loan, short term loan and finance lease. All such costs are recognized in the Statement of Profit or Loss and Other Comprehensive Income except those are capitalized in accordance with IAS 23: **Borrowing Cost**.

3.15 Workers' Profit Participation Fund

This is made in terms of **Section 234(1)(b)** of Bangladesh Labour Law (Amendment) Act 2013, 5% of the net profit of each year, not later than nine (9) months from the close of that period, is required to be transferred to the Fund, the proportion of the payment to 3 of the Funds being 80:10:10. this amount will be transfer to 3 of the funds - 1) Participation Fund- 80% 2) Welfare Fund- 10% 3) Government Welfare Fund 10% (**Section- 242**) . Participation Funds are distribud in 2 of the Funds called -1) Unit Fund-2/3 and Investment Fund- 1/3 (This amount will be distributed in the eligible investment). The Fund will be managed by the Board of Trustee of the Agni Systems Limited.

3.16 Software Development Cost

Software development cost was incurred for development of own software of Agni Systems Limited. The cost is amortized every year @ 20% by using reducing balance method consistently. License acquisition cost is amortized every year 1/15 by using straight line method as per condition of license period.

3.17 Earnings Per Share (EPS)

The company calculates Earnings Per Share (EPS) in accordance with IAS 33: **Earnings Per Share**, which has been shown at the bottom of the Statement of Profit or Loss and Other Comprehensive Income and the computation of EPS is stated in note # 29.01.

a) Basic Earnings Per Share

This represents earnings for the period attributable to the ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit for the period has been considered as fully attributable to ordinary shareholders. Basic earnings per share has been calculated by dividing the net profit or loss by the weighted average number of ordinary shares outstanding during the year. Computation of weighted average number of ordinary shares are required as number of shares outstanding has been changed during the year.

b) Diluted Earnings Per Share

The company has no scheme/option for dilutive potential ordinary shares. As a result, calculation and presentation of diluted EPS is not applicable for the company.

3.18 Comparative Information

Comparative information have been disclosed in respect of the year ended in 2021 for all numerical information in the Financial Statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

3.19 Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the entity, the asset is treated as if it had been purchased outright. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analyzed between capital and interest. The interest element is charged to the statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

3.20 Income Tax

Income tax comprises current and deferred tax. Income tax expense/(income) is recognized in the Statement of Profit or Loss and Other Comprehensive Income.

i) Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Agni Systems Limited is a publicly traded Company. As per the Income Tax Ordinance, 1984, provision for tax has been made at the existing rate of 20.00% in respect of business income.

ii) Deferred Tax

Deferred tax has been recognized in accordance with the provision of IAS 12: **Income Taxes**, based on the deductible or taxable temporary difference between the carrying amount of assets/liabilities and its tax base. Deferred tax asset or liability is the amount of income tax recoverable or payable in the future periods recognized in the current period. Deferred tax asset or liability does not create a legal recoverability or liability from or to tax authority. Related deferred tax income/expense is recognized as well in the statement of comprehensive income. Deferred tax assets and liabilities are offsetted if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each date of statement of financial position and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.21 Events after the Reporting Period

All material events occurring after the Statement of Financial Position date are considered and where necessary, adjusted for or disclosed in note # 45.

3.22 Responsibility for Preparation and Presentation of Financial Statements

The Board of Directors is responsible for the preparation and presentation of Financial Statements under Section 183 of the Companies Act 1994, the Securities and Exchange Rules 1987 and as per the provisions of the Framework for the Preparation and Presentation of Financial Statements issued by the International Accounting Standards Committee (IASC).

3.23 Approval of Financial Statements

These financial statements were approved by the Board of Directors on 25 October, 2022.

3.24 Going Concern

The Board of Directors are convinced after making appropriate enquiries at the time of approving the financial statements that the company has adequate resources to carry out its operational existence for the foreseeable future. It is therefore appropriate to adopt going concern basis in preparing the financial statements

3.25 Contingencies

Contingencies arising from claim, litigation assessment, fines, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can reasonably be measured.

3.26 Impairment

The carrying value of the Company's assets other than inventories, are reviewed to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the assets or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the statement of profit or loss and other comprehensive income in the year concerned. However, no facts and circumstances indicate that the company's assets may be impaired. Hence, no evaluation of recoverability of assets was performed.

3.27 General

- i) Figures appearing in these Financial Statements have been rounded off to the nearest integer.
- ii) Prior year's figures have been shown to ensure comparability with the current year's figures.
- iii) Bracket figures denote negative.

Notes	Particulars	Ref. Notes	Amount in Taka	
			30 June 2022	30 June 2021
4.00 Property, Plant and Equipments	This is made up as follows:			
	A) Cost			
	Opening balance		984,524,805	886,992,685
	Add: Addition during the year		34,082,084	97,532,120
	Less: Adjusted during the year		-	-
	Total		1,018,606,889	984,524,805
	B) Accumulated Depreciation			
	Opening balance		430,778,100	375,205,764
	Add: Charged during the year		56,787,779	55,572,336
	Less: Adjusted during the year		-	-
	Total accumulated depreciation		487,565,879	430,778,100
	Written Down Value (A-B)		531,041,010	553,746,704

Details of Property, Plant & Equipment and Depreciation are shown in the **Annexure-1**.

5.00 Capital Work-In-Progress:

Shed Construction

This is made up as follows:

Opening balance	17,209,646	15,855,000
Add: Addition during the year	4,690,164	1,354,646
Less: Adjusted during the year	-	-
Total	21,899,810	17,209,646

All amount of Work In Progress (WIP) for acquisition of Property, Plant & Machinery which are not available in use & construction work is on going for shed construction. The amount WIP will be transferred to appropriate asset category when the asset is available in use.

Notes	Particulars	Ref. Notes	Amount in Taka	
			30 June 2022	30 June 2021
6.00 Investment in Associates				
	Investment in share capital (20,02,500 shares @ Tk. 10 each)		1	1
	Unrealize gain/(loss) on fair value measurement of Investment in associate charge upto investment		-	-
	Total		1	1
7.00 Intangible Assets				
	This is made up as follows:			
	A) Cost			
	Opening balance		64,958,386	64,958,386
	Add: Addition during the Year		8,304,316	-
	Less: Adjusted during the year		-	-
	Total cost		73,262,702	64,958,386
	B) Accumulated Amortization			
	Opening Balance		44,521,556	41,079,016
	Add: Charged during the year		5,081,562	3,442,540
	Less: Adjusted during the year		-	-
	Total accumulated amortization		49,603,118	44,521,556
	Written Down Value (A-B)		23,659,580	20,436,826
	Details of Intangible Assets and amortization are shown in Annexure-2 .			
8.00 Inventories				
	This is made up as follows:			
	Modem		15,000	980,000
	Media Converter		1,109,575	1,218,700
	Cambium		130,000	-
	Router		942,162	785,000
	LAN Accessories		153,678	-
	Switch		2,320,818	2,378,503
	Air Fiber		70,000	-
	Fiber Cable		2,035,485	1,891,114
	Others		2,153,417	2,124,670
	Epon		2,028,568	1,881,770
	Nano Station		4,000	181,918
	Vigor		1,040,000	989,789
	Mikrotik		224,460	-
	IP Phone		2,655,000	2,544,145
	Well Gate		-	276,567
	Bullet		25,000	201,444
	ATS		71,000	-
	WiMAX modem		3,375,500	3,476,123
	Total		18,353,663	18,929,743
9.00 Accounts & Other Receivables				
	This is made up as follows:			
	Accounts receivables		389,532,801	364,444,779
	Less: Provision for bad & doubtful debts		2,990,167	-
	Total		386,542,634	364,444,779
	Trade receivables are accrued in the ordinary course of business and have been stated at their nominal value & considered good by the management. Break up of above is as under:			
	up to 1 month		51,280,180	44,330,710
	1 to 3 months		79,815,609	79,936,139
	3 to 6 months		91,245,800	91,366,330
	6 to 12 months		99,812,560	99,933,090
	above 1 year		64,388,485	48,878,510
	Total		386,542,634	364,444,779

Notes	Particulars	Ref. Notes	Amount in Taka	
			30 June 2022	30 June 2021
10.00	Advance, Deposits & Prepayments			
	This is made up as follows:			
	A) Advance:			
	Office rent		2,645,892	2,645,892
	Other advance		19,775,001	14,750,930
	Advance Tax	10.01	187,061,390	152,684,344
	VAT		3,462,380	6,244,872
	Total advance		212,944,663	176,326,038
	B) Deposits:			
	Bangladesh T & T Board		612,000	612,000
	AKTEL		125,065	125,065
	Grameen Phone		17,000	17,000
	BTRC		1,000,300	1,000,300
	Tender Earnest Money		1,866,731	971,737
	Deposits for bandwidth fee		1,892,935	1,892,935
	Other Deposit		4,879,479	4,879,479
	IPTSP		100,000	100,000
	Fiber cable		800,000	800,000
	IIG		1,695,000	1,695,000
	Telephone Installation & Deposits		4,260,400	4,260,400
	Total deposit		17,248,910	16,353,916
	C) Prepayments			
	Insurance		821,543	821,543
	License & renewal fee- BTRC		12,666,890	12,666,890
	Advertisement		1,479,810	1,479,810
	Membership fee		1,124,266	1,124,266
	Total prepayments		16,092,509	16,092,509
	Total (A+B+C):		246,286,082	208,772,463
10.01	Advance Tax			
	This is made up as follows:			
	Opening balance		152,684,344	127,247,689
	Add: Paid/deducted at source during this year		34,377,046	25,436,655
			187,061,390	152,684,344
	Less: Adjustment made during the year		-	-
	Closing Balance		187,061,390	152,684,344
11.00	Cash and Cash Equivalents			
	This is made up as follows:			
	Cash in Hand	11.01	19,794	87,418
	Cash at Bank	11.02	55,555,445	49,235,842
	Total		55,575,239	49,323,260
11.01	Cash in Hand			
	Cash in hand as on June 30, 2022 was Tk. 19,794 which existed in Head office. We have conducted physically verify the cash in hand as on June 30, 2022. However, we have obtained cash certificate from the provided cash certificate to the auditor.			
11.02	Cash at Bank			
	The Cash at Bank amount has been lying with Twenty individual account. We have verified the Bank balance along with the Bank Statement and Bank Re-conciliation statement and found in agreement. Details as under:			

Notes	Particulars	Ref. Notes	Amount in Taka	
			30 June 2022	30 June 2021
	Name of the Bank	A/C Number		
	Standard Chartered Bank Ltd.	01110570101	CA 15,679,137	10,272,054
	Eastern Bank Ltd.	1041060001128	CD 12,858	3,013,638
	Eastern Bank Ltd.	1041220120719	SND 156	1,072,346
	Bank Asia Ltd.	1236050515	SND 3,588,450	412,708
	Sonali Bank Ltd.	116433000967	CA 526,243	288,598
	ICB Islamic Bank Ltd.	001003500000084	CA -	12,229
	Woori Bank	923008495	CD -	32
	Dhaka Bank Ltd.	2061000003451	CA 618,948	1,150,228
	Bank Asia Ltd.	436000777	SND 459,570	453,562
	Bank Asia Ltd.	1236050494	SND 533,207	1,400,298
	Bank Asia Ltd.	1236050631	CA 10,707,894	15,575,482
	Bank Asia Ltd.	1233053136	CA 7,983,910	4,504,459
	Bank Asia Ltd.	1233054434	CA 424,846	468,317
	Bank Asia Ltd.	1255060821	FDR 11,101,607	5,544,320
	BRAC Bank	1546300130099000	FDR 2,836,743	2,774,066
	Shahjalal Islami Bank Ltd.	403011100000771	CA 63,647	1,489,240
	BRAC Bank	1501100130099002	CA -	15,116
	Islami Bank Ltd.	1245213622	SND -	1,000
	EBL Credit Card	5407159800657423	CA 228,544	-
	Bank Asia Ltd.	1233054645	CA 543,560	-
	Bank Asia Ltd.	1233053465	SND 246,126	788,149
	Total Cash at Bank		55,555,445	49,235,842

12.00 Share Capital

This is made up as follows:

Authorized:

100,000,000 Shares @ Taka 10 each

1,000,000,000 **1,000,000,000**

Issued, Subscribed & Paid-up:

72,556,192 Shares @ Taka 10/- each fully paid-up in cash

725,561,920 725,561,920

725,561,920 **725,561,920**

Shareholding Position was as follows:

Name of shareholders	Percentage of Shareholding		Value (Taka)	
	2021-2022	2020-2021	2021-2022	2020-2021
Promoters	32.76	9.34	237,724,530	67,740,010
Institution (Local)	10.91	44.97	79,141,960	326,309,470
Public	56.29	45.63	408,445,160	331,063,230
Non-Resident	0.03	0.06	250,270	449,210
	100.00	100.00	725,561,920	725,561,920

Distribution Schedule-Discloser under the Listing Regulation of Stock Exchange:

This distribution schedule showing the number of shareholders and their shareholdings in percentage have been disclosed below which is a requirement of the listing regulations of Dhaka & Chottagram Stock Exchange:

Shareholders Range in Number of Share	Number of Share Holders	% of Total Share Holdings	Number of Shares	Amount of Share Capital
Upto 500 Shares	2,655	0.68	491,095	4,910,950
501 to 5000 Shares	3,406	9.27	6,727,623	67,276,230
5001 to 10000 Shares	610	6.42	4,658,051	46,580,510
10001 to 20000 Shares	360	7.36	5,337,099	53,370,990
20001 to 30000 Shares	164	5.62	4,081,005	40,810,050
30001 to 40000 Shares	62	3.03	2,197,626	21,976,260
40001 to 50000 Shares	58	3.69	2,680,779	26,807,790
50001 to 100000 Shares	95	10.07	7,308,030	73,080,300
100001 to 1000000 Shares	68	21.89	15,880,888	158,808,880
Over 1000000 Shares	9	31.97	23,193,996	231,939,960
Total	7,487	100.00	72,556,192	725,561,920

Notes	Particulars	Ref. Notes	Amount in Taka	
			30 June 2022	30 June 2021
13.00	Retained Earnings			
	Opening balance		102,457,080	61,105,230
	Less: Cash dividend		(25,394,667)	(14,511,238)
	Add: Profit after Tax during the year		72,957,688	55,863,088
	Total		150,020,101	102,457,080
13.01	Earnings per Share (EPS) Disclosure under IAS 33 "Earnings per Share"			
	Basic Earnings per Share			
	Net Profit after Tax		72,957,688	55,863,088
	Less: Provision for Dividend on Preference Share		-	-
	Earning Attributable to Ordinary Shareholders		72,957,688	55,863,088
	Number of Outstanding Ordinary Shares		72,556,192	72,556,192
	Basic EPS		1.01	0.77
13.02	No diluted earnings per share is required to be calculated as there was no scope for dilution during the year.			
14.00	Long Term Borrowing			
	Car Loan from Bank Asia		1,755,070	2,277,469
	Loan from IDLC		1,566,383	5,159,721
	Total		3,321,453	7,437,190
15.00	Lease Liabilities			
	Opening Balance		49,320,526	-
	Add: During the year		-	68,600,223
	Add: Interest charged during the year		4,438,847	3,912,721
			53,759,373	72,512,944
	Less: Paid during the year		15,200,507	23,192,418
	Total		38,558,866	49,320,526
	Lease Liabilities			
	Payment less than 1 year		19,279,433	24,660,263
	Payment more than 1 year		19,279,433	24,660,263
	Total		38,558,866	49,320,526
16.00	Deferred Tax			
	This has been arrived as under:			
	Opening Balance		1,449,462	(3,945,090)
	Addition/(Written back) during the Year		(296,296)	5,394,552
			1,153,166	1,449,462
	Deferred Tax Expense/(Income)			
	Carrying amount of Assets			
	Property, Plant and Equipment		531,041,010	553,746,704
	Accounts base Assets		531,041,010	553,746,704
	Tax Base Assets			
	Property, Plant and Equipment		525,275,180	547,304,652
	Tax Base Assets		525,275,180	547,304,652
	Taxable Temporary Difference		5,765,830	6,442,052
	Effective Tax Rate		20.00%	22.50%
	Deferred Tax (Assets)/Liability		1,153,166	1,449,462
	Opening Deferred Tax		1,449,462	(3,945,090)
	Deferred Tax Income		(296,296)	5,394,551
	To find out the tax base value of Property, Plant and equipment depreciation rates of major portion of assets have been reduced resulting increased written down value of assets and also reduction of temporary difference.			
17.00	Current Portion on Long Term Borrowing			
	Car Loan from Bank Asia		1,357,346	1,281,156
	Term loan from Bank Asia		-	970,455
	Loan from IDLC		3,314,692	4,099,176
	Total		4,672,038	6,350,787
18.00	Accounts & Others Payable			
	This has been arrived as under:			
	Revenue sharing of ICX to BTRC		5,521,033	2,287,623
	Payable for other services	18.01	15,197,216	5,614,714
	VAT payable		3,462,380	2,885,487
	Total		24,180,629	10,787,824

Notes	Particulars	Ref. Notes	Amount in Taka	
			30 June 2022	30 June 2021
18.01	Payable for other services			
	This is made up as follows:			
	SkyTel Communications Ltd.		10,394,492	2,825,345
	Fiber @ Home		3,626,437	1,689,567
	Others		1,176,287	1,099,802
	Total		15,197,216	5,614,714
19.00	Unclaimed Dividend			
	In compliance with the clause 3 (vii) of the BSEC directive No. BSEC/CMRRCD/2021-386/03 dated 14th January 2021, the summary of the unclaimed dividend is as follows:			
	Financial Year 2018-2019		564,382	2,676,502
	Financial Year 2019-2020		424,846	-
	Financial Year 2020-2021		543,560	-
	Total		1,532,789	2,676,502
20.00	Accrued expenses			
	This is made up as follows:			
	Salaries & Allowances		6,890,798	6,540,086
	Directors' remuneration		1,106,600	926,000
	Electricity bill		156,100	146,600
	Audit & Professional fees		383,333	294,444
	Mobile bill		67,156	60,728
	Contribution to WPPF	20.01	3,988,526	3,368,355
	AGM Expenses		350,000	1,180,500
	Total		12,942,513	12,516,713
20.01	Beneficiaries' Profit Participation & Welfare Fund (BPP&WF)			
	Opening Balance		3,368,355	10,908,634
	Add: Provision made during the year		3,988,526	3,368,355
	Sub-Total		7,356,881	14,276,989
	Less: Payment made during the year		3,368,355	10,908,634
	Total		3,988,526	3,368,355
21.00	Provision against Investment in Shares			
	Opening Balance		-	(690,633)
	Add: Provision made during the period		-	-
	Less: Adjustment during the year		-	690,633
	Total		-	-
22.00	Revenue			
	This is made up as follows:			
	Internet & Wi-Fi Bandwidth and Equipment Revenue	22.01	475,290,387	448,252,124
	IT support & Services (Non Taxable unit)	22.02	35,187,437	34,017,000
	EPZ project (Non Taxable unit)	22.03	9,037,456	6,196,965
	Total		519,515,280	488,466,089
22.01	Internet & Wi-Fi Bandwidth and Equipment Revenue			
	This is made up as follows:			
	Internet & Wi-Fi Bandwidth		264,082,251	207,602,166
	Computer & related accessories and equipment sale		15,295,328	14,704,208
	Income from ICX		231,158,928	258,105,444
			510,536,507	480,411,818
	Less: Value Added Tax (VAT)		35,246,120	32,159,694
	Total		475,290,387	448,252,124
22.02	IT support & Services (Non Taxable unit)			
	This is made up as follows:			
	IT support & services		19,754,298	13,256,000
	Software & website services		16,516,677	21,449,050
			36,270,975	34,705,050
	Less: Value added tax (VAT)		1,083,538	688,050
	Total		35,187,437	34,017,000

Notes	Particulars	Ref. Notes	Amount in Taka	
			30 June 2022	30 June 2021
22.03	EPZ project (Non Taxable unit)			
	This is made up as follows:			
	Internet service		7,512,350	5,116,464
	Equipment sale		1,025,530	612,544
	IT support & services		975,231	723,780
			9,513,111	6,452,788
	Less: Value added tax (VAT)		475,655	255,823
	Total		9,037,456	6,196,965
23.00	Cost of Goods Sold & Services			
	This is made up as follows:			
	Internet & Wi-Fi Bandwidth and Equipment Sales (Taxable Unit)	23.01	316,818,167	304,108,953
	IT Enable Services & Software (Non Taxable unit)	23.02	24,984,342	29,108,658
	EPZ project (Non Taxable unit)	23.03	4,089,438	2,708,477
	Total		345,891,947	335,926,087
23.01	Internet & Wi-Fi Bandwidth and Equipment Sales (Taxable Unit)			
	This is made up as follows:			
	Salaries & Allowances		54,764,963	54,715,600
	Bandwidth Purchase		31,227,864	26,729,141
	Revenue sharing of ICX		93,670,517	93,121,319
	Fiber lease - NTTN		69,143,657	61,830,085
	POP rent & Roof rent		1,391,856	1,680,150
	Utilities expenses		1,176,943	2,480,150
	Repairs & maintenances		972,939	478,500
	Cost of equipment & computer related accessories		16,899,423	16,360,635
	License renewal & other fees		13,645,869	13,601,650
	Entertainment expenses		325,108	265,780
	Depreciation		33,599,028	32,845,944
	Total		316,818,167	304,108,953
23.02	IT support & Services (Non Taxable unit)			
	This is made up as follows:			
	Salaries & Allowances		14,535,690	14,467,505
	Cost of IT support & software		5,855,309	10,658,323
	Utilities expenses		461,889	364,414
	Repairs & maintenances		550,354	224,500
	License renewal & other fees		1,625,651	1,662,250
	Entertainment expenses		110,252	100,045
	Research & development		87,366	109,207
	Communication expenses		1,363,132	1,107,865
	Depreciation		394,699	414,548
	Total		24,984,342	29,108,658
23.03	EPZ project (Non Taxable unit)			
	This is made up as follows:			
	Salaries & Allowances		810,254	718,150
	Bandwidth purchase		1,050,250	718,452
	Fiber lease - NTTN		985,553	608,150
	Cost of equipment & computer related accessories		650,497	318,250
	POP rent		333,465	118,265
	Utilities expenses		90,225	72,150
	Communication Expenses		90,254	72,150
	Depreciation		78,940	82,910
	Total		4,089,438	2,708,477
24.00	Operating Expenses			
	This is made up as follows:			
	Internet & Wi-Fi Bandwidth and Equipment Sales (Taxable Unit)	24.01	78,778,500	72,096,056
	IT support & Services (Non Taxable unit)	24.02	9,010,141	6,759,394
	EPZ project (Non Taxable unit)	24.03	250,279	285,539
	Total		88,038,920	79,140,989

Notes	Particulars	Ref. Notes	Amount in Taka	
			30 June 2022	30 June 2021
24.01	Internet & Wi-Fi Bandwidth and Equipment Sales (Taxable Unit)			
	This is made up as follows:			
	Salaries & Allowances		13,635,978	13,639,866
	Director's remuneration		13,939,200	12,767,000
	Overtime		215,221	115,134
	AGM expense		585,575	922,237
	Communication expenses		1,913,166	3,541,752
	Office supply		480,622	227,807
	Office stationery		654,828	390,000
	Business promotion expenses		656,456	588,112
	Mobile bill		658,890	703,883
	Board Meeting Fee		515,200	-
	Consultancy Fee		1,890,000	-
	Legal and Regulatory expenses		1,654,013	-
	Tours & Travels		95,782	70,000
	Newspaper & Periodicals		7,205	7,480
	Courier bill		29,843	301,000
	Insurance - General		689,718	-
	Office maintenance expenses		1,023,234	992,450
	Office rent		2,548,705	2,133,123
	Interest expense for leases		3,612,901	3,312,550
	Clearing & Forwarding expenses		-	288,000
	Advertising Expenses		995,514	-
	Security expenses		1,481,519	211,262
	Bad & doubtful debts		470,022	2,218,156
	Domain purchase		780,632	794,515
	Web Related Expenses		1,247,866	-
	Expense for electric equipment		230,235	187,400
	Other expense		847,433	745,290
	Postage & Stamp		20,695	9,990
	Expense for tender submit		504,500	2,698,421
	Amortization of license acquisition cost		4,994,196	3,333,333
	Depreciation		22,399,352	21,897,296
	Total		78,778,500	72,096,056
24.02	IT support & Services (Non Taxable unit)			
	This is made up as follows:			
	Salaries & Allowances		1,325,460	1,279,006
	Overtime		532,354	205,018
	AGM expense		150,656	533,144
	Communication expenses		565,980	999,628
	Office supply		525,354	598,150
	Office stationery		205,190	176,182
	Audit & Professional fees		734,717	454,164
	Bad & doubtful debts		2,520,145	453,724
	Mobile bill		127,863	119,138
	Tours & travels		287,612	250,000
	Newspaper bill		1,025	10,101
	Courier bill		60,664	102,813
	Office rent		910,355	729,426
	Interest expense for leases		825,946	600,171
	Depreciation		236,820	248,729
	Total		9,010,141	6,759,394
24.03	EPZ project (Non Taxable unit)			
	This is made up as follows:			
	Salaries & Allowances		105,320	101,150
	Office stationery		15,250	12,444
	Mobile bill		9,143	7,856
	Communication expenses		20,854	18,562
	Courier bill		5,451	12,451
	Office maintenance expenses		15,321	50,166
	Depreciation		78,940	82,910
	Total		250,279	285,539

Notes	Particulars	Ref. Notes	Amount in Taka	
			30 June 2022	30 June 2021
25.00 Financial Expense	This is made up as follows:			
	Bank charge & commission		740,106	412,300
	Interest expense on lease finance		1,215,375	1,658,387
	Total		1,955,481	2,070,687
26.00 Investment income/(Loss)	This is made up as follows:			
	Investment Income/(Loss)		-	(841,215)
	Total		-	(841,215)
27.00 Non operating income	This is made up as follows:			
	Interest income		130,111	248,337
	Total		130,111	248,337
28.00 Current year Provision for Income Tax	This is made up as follows:			
	Net Profit before Tax		79,770,517	67,367,094
	IT support & Services (Non Taxable unit)		(35,187,437)	(34,017,000)
	EPZ project (Non Taxable unit)		(9,037,456)	(6,196,965)
	Taxable Income		35,545,624	27,153,129
	Provision for Tax @ 20.00%		7,109,125	6,109,454
	Provision for Income Tax			
	Opening balance		81,736,918	75,627,464
	Add: Current Year Tax		7,109,125	6,109,454
			88,846,043	81,736,918
	Less: Adjustment during the year		-	-
	Closing balance		88,846,043	81,736,918
29.00 Earnings Per Share (EPS):				
29.01 Basic Earnings Per Share (EPS):	This is made up as follows:			
	Profit Attributable to Ordinary Shareholder		72,957,688	55,863,088
	Weighted Average Number of Ordinary Shares		72,556,192	72,556,192
	Basic Earnings Per Share		1.01	0.77
29.02 Diluted Earning per Share:	This is made up as follows:			
	Profit attributable to ordinary shareholder		72,957,688	55,863,088
	Total number of existing share		72,556,192	72,556,192
	Diluted Earning Per Share		1.01	0.77
	EPS has been calculated as per IAS 33.			
30.00 Net Operating Cash Flow Per Share:	This is made up as follows:			
	Net Cash Flow from Operating Activities		96,423,068	90,890,007
	Total		96,423,068	90,890,007
	Total number of existing share		72,556,192	72,556,192
	Net Operating Cash Flow Per Share		1.33	1.25
31.00 Net Asset Value Per Share (NAV):	This is made up as follows:			
	Share Capital		725,561,920	725,561,920
	Share Premium		232,568,500	232,568,500
	Retained earnings		150,020,101	102,457,079
	Net Asset Value (NAV)		1,108,150,521	1,060,587,500
	Total number of Existing share		72,556,192	72,556,192
	Net Asset Value (NAV) Per Share		15.27	14.62

32.00 Reconciliation of cash flows from Operating Activities through Indirect Method

As per clause no 5(2)(e) of notification no BSEC/CMRRCD/2006-158/208/Admin/81, Dated: 20 June 2018. A reconciliation of Net Operating Cash Flows under Indirect Method is provided below:

Particulars	Amount in Taka	
	2021-2022	2020-2021
Cash flow from operating activities:		
As per direct method:	<u>96,423,068</u>	<u>90,890,007</u>
As per Indirect method:		
This is made up as follows:		
Net Profit before tax	79,770,517	67,367,094
Depreciation	56,787,779	55,572,336
Investment income (loss) in investing activities	-	841,215
Amortization of intangible assets	5,081,562	3,442,540
(Increase)/Decrease in Accounts receivable	(22,097,855)	(9,862,588)
(Increase)/Decrease in Inventory	576,080	(2,957,128)
(Increase)/Decrease in Advance, deposits & prepayments	(37,513,619)	(12,309,551)
Increase (decrease) in Accounts & other payables	13,392,805	(3,566,510)
Increase (decrease) of liabilities for expenses & provisions	-	-
Increase in accrued expenses	425,800	(7,637,400)
Net Cash from Operating Activities	<u>96,423,068</u>	<u>90,890,007</u>
Net Operating Cash Flow per share (NOCFPS)	1.33	1.25
33.00 Cash Received from Customers:		
This is made up as follows:		
Revenue during the year	519,515,280	488,466,089
Changes in accounts receivable	(22,097,855)	(9,862,588)
Total	<u>497,417,425</u>	<u>478,603,501</u>
34.00 Cash Paid to Suppliers & Others:		
This is made up as follows:		
Cost of Goods & Services	(345,891,947)	(335,926,087)
Changes in Inventories	576,080	(2,957,128)
Changes in Accounts and other Payable decrease	13,392,805	(3,566,510)
Total	<u>(331,923,063)</u>	<u>(342,449,726)</u>
35.00 Paid for Operating Expenses & Others:		
This is made up as follows:		
Change in Advances, Deposits and Pre-payments	(37,513,619)	(12,309,551)
Change in accrued expenses	425,800	(7,637,400)
Advance income tax	34,377,046	25,436,655
Administrative expenses	(88,038,920)	(79,140,989)
Change in Workers Profit Participation Fund	(3,988,526)	(3,368,355)
Bank charges	(740,106)	(412,300)
Depreciation	56,787,779	55,572,336
Amortization expenses	5,081,562	3,442,540
Total	<u>(33,608,984)</u>	<u>(18,417,063)</u>
36.00 Income Tax Paid:		
This is made up as follows:		
AIT deducted during the period	(34,377,046)	(25,436,655)
Advance Tax adjust during the period	-	-
Prior year adjustment	-	-
Assessed Tax paid during the period	-	-
Total	<u>(34,377,046)</u>	<u>(25,436,655)</u>
37.00 Finance Lease		

Agni Systems Limited leases 03 (Three) of its motor vehicles (net carrying value Tk. 4,881,075). These assets are classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and Agni Systems Limited has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Future lease payments are due as follows:

Not later than one year
Between one year and five year
Later than five years

Minimum lease payments	Minimum lease payments
3,314,692	4,099,176
1,566,383	5,159,721
-	-
4,881,075	9,258,897

38.00 Financial Risk Management

The management of the company has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies have been established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risks from its use of financial instruments.

- * Credit Risk
- * Liquidity Risk
- * Market Risk

38.01 Credit Risk

Credit risk is the risk of a financial loss to the company if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables.

(a) Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Particulars	Amount in Taka	
	30 June 2022	30 June 2021
Financial assets (HFT)-Investment in shares	-	-
Accounts receivable, net	386,542,634	364,444,779
Total	386,542,634	364,444,779

The maximum exposure to credit risk for trade and other receivables as at the statement of financial position date by geographic regions was:

Domestic	386,542,634	364,444,779
Total	386,542,634	364,444,779

38.02 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they falls due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

The following are the contractual maturities of financial liabilities of the company:

Particulars	Amount in Taka	
	30 June 2022	30 June 2021
Loans and borrowings	3,321,453	7,437,190
Current portion of long term loan	4,672,038	6,350,787
Accounts & Others Payable	24,180,629	10,787,824
Income tax payable	88,846,043	81,736,918
Accured expenses	12,942,513	12,516,713
Total	133,962,676	118,829,432

38.03 Market risk

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The company is not exposed to fluctuation in interest rates as it has no floating interest rate bearing financial liabilities and it did not enter into any type of derivative instrument in order to hedge interest rate risk as at 30 June 2021.

Fixed rate instruments

Financial liabilities

7,993,491

13,787,977

Total**7,993,491****13,787,977****39.00 Foreign Exchange Earned and Payment**

During the year under audit the company has not been earned or make payment any amount in foreign currency.

40.00 Payment/ Perquisites to Directors and Officers

i) No compensation was allowed by the company to the Directors of the company other than directors remuneration as reported in note no. 24.01.

ii) No amount of money was expended by the company for compensating any member of the board for special services rendered.

41.00 Capital Expenditure Commitment

There has been significant capital expenditure commitment of the company as per prospectus which is not yet completed.

42.00 Claim not Acknowledged

There was no such claim against the company as not acknowledged as debt as on 30 June 2022.

43.00 Commission, Brokerage or Discount against services

No commission brokerage or discount was allowed during the year under audit.

44.00 Events after the Reporting Period**i) Proposed dividend**

The board of directors in its board meeting held on 25 October, 2022 has recommended 4.50% cash dividend for the year ended June 30, 2022 subject to approval of the shareholders at the ensuing Annual General Meeting (AGM).

ii) **Appointment of Director:** The Board of Directors of Agni Systems Limited in its meeting held on 22th May 2022 was appointed as a Chairman Mr. Reaz Islam and a Director Mr. Muhammad Omar Soeb Chowdhury, Nominated by LR Global Bangladesh Asset Management Company Limited. They holds 64,97,495 shares of the Company which translates to 8.96% of total outstanding shares of the Company.

45.00 Related Party Relationship and Transaction

The company has no other related party transaction except IGW operation with Song Bird Ltd. as mentioned in the note no. 3.09 (iii).

46.00 Special Reports as per the Companies Act, 1994

i) Number of employees and remuneration thereof as per the schedule XI of the Companies Act, 1994 the number of employees engaged for the whole year or part thereof who received a total remuneration above Taka 96,000 per annum or above Taka 8,000 per month were 278 for the year 2021-2022.

ii) There was non-resident Bangladeshi shareholder of the company during the year under audit. Percentage of shareholding of the non-resident Bangladeshis has been disclosed in note no.12.

47.00 Balance Confirmation letters have been sent to various parties i.e. debtors, creditors, advances etc. to confirm their balances directly to the statutory auditors but no responses has yet been received.

48.00 Significant deviation in Earnings per share (EPS):

Revenue has been increased and the Cost of Goods Sold & Services and operating expenses have been controlled by the company. As a result, EPS has increased compared to the previous year (Note no. 29.01)

49.00 Significant deviation in Net Operating Cash Flow Per Share (NOCFPS):

Payments to suppliers and others have been decreased after negotiation for better credit periods to the suppliers during the year. In addition, collection from customers increased due to better credit management. As a result, the Net Operating Cash Flow per Share (NOCFPS) has been increased (Note no. 30.00).a result Net Operating Cash Flow per Share (NOCFPS) increased (Note no. 30.00).


Managing Director


Director


Chairman


Company Secretary


Chief Financial Officer

Agni Systems Limited
Schedule of Property, Plant and Equipments
As at June 30, 2022

Annexure-1
Amount in TK.

Sl. No.	Name of Assets	C O S T				D E P R E C I A T I O N				Written down Value as at June 30, 2022 12=(6-11)
		Opening balance as at July 01, 2021 3	Addition during the year 4	Sales/ Transfer/ Adjustment 5	Balance as at June 30, 2022 6=(3+4-5)	Rate (%) 7	Opening balance as at July 01, 2021 8	Charged during the year 9	Adjustment during the year 10	
1	2									
	Freehold:									
1	Land & Land Development	142,854,938	-	-	142,854,938	-	-	-	-	142,854,938
2	Building	20,419,462	-	-	20,419,462	2.5	5,630,456	369,725	-	14,419,281
3	Furniture & Fittings	11,693,082	5,400	-	11,698,482	10	8,451,100	324,738	-	8,775,838
4	Motor Vehicle	11,690,813	-	-	11,690,813	15	8,003,802	553,052	-	3,133,959
5	ICX Equipment	141,591,845	7,760	-	141,599,605	15	104,333,620	5,589,898	-	31,676,087
	Machinery and Equipment:									
6	Air Conditioner	4,011,600	-	-	4,011,600	15	3,384,701	94,035	-	532,864
7	Power Backup Equipment	6,590,376	1,602,400	-	8,192,776	15	5,628,621	384,623	-	2,179,532
8	Internet Equipment	133,496,091	15,639,766	-	149,135,857	15	101,186,684	7,195,376	-	40,773,797
9	Other Equipment	406,825	-	-	406,825	15	336,615	10,531	-	347,147
10	Wireless Equipment	79,837,169	1,005,800	-	80,842,969	15	71,370,678	1,420,844	-	72,791,521
11	Telephone Installation	2,526,544	-	-	2,526,544	10	2,149,853	37,669	-	2,187,522
12	Optical Fiber	35,148,518	13,829,860	-	48,978,378	10	14,992,765	3,398,561	-	18,391,326
13	Computer & Equipments	22,242,869	527,510	-	22,770,379	15	18,432,267	650,717	-	19,082,983
14	Software	2,535,461	-	-	2,535,461	15	1,610,915	138,682	-	785,864
16	Sundry Assets	2,010,355	-	-	2,010,355	10	1,601,346	40,901	-	368,108
17	WiMAX Equipment	274,268,634	-	-	274,268,634	10	52,111,040	22,215,759	-	199,941,834
	Sub Total	891,324,582	32,638,496	-	923,963,078	-	399,224,464	42,425,111	-	441,649,575
	Leasehold									
1	Motor Vehicle	22,380,000	1,443,588	-	23,823,588	15	16,524,156	1,094,915	-	17,619,070
	Machinery and Equipment:									
2	Power Backup Equipment	1,600,000	-	-	1,600,000	15	1,312,795	43,081	-	1,355,875
3	Internet Equipment	620,000	-	-	620,000	15	508,709	16,694	-	525,402
4	ROU Assets	68,600,223	-	-	68,600,223	-	13,207,978	13,207,978	-	26,415,956
	Sub Total	93,200,223	1,443,588	-	94,643,811	-	31,553,637	14,362,667	-	45,916,304
	Total as at 30 June 2022	984,524,805	34,082,084	-	1,018,606,889	-	430,778,101	56,787,779	-	487,565,879
	Total as at 30 June 2021	886,992,685	97,532,120	-	984,524,805	-	375,205,765	55,572,336	-	430,778,101

Allocation of Depreciation:

Particulars	2021-2022	2020-2021
Cost of Goods Sold & Services-		
Internet & Wi-Fi Bandwidth and Equipment Sales (Taxable Unit)	33,599,028	32,845,944
IT support & Services (Non Taxable unit)	394,699	414,548
EPZ project (Non Taxable unit)	78,940	82,910
Sub Total	34,072,667	33,343,402
Operating Expenses-		
Internet & Wi-Fi Bandwidth and Equipment Sales (Taxable Unit)	22,399,352	21,897,296
IT support & Services (Non Taxable unit)	236,820	248,729
EPZ project (Non Taxable unit)	78,940	82,910
Sub Total	22,715,111	22,228,934
Grand Total	56,787,779	55,572,336

Agni Systems Limited
Schedule of Intangible Assets
As at 30 June 2022

Annexure-2

Amount in Tk

Sl. No.	Particulars	Cost			Balance as at June 30, 2022	Rate	Amortization			Balance as at June 30, 2022	Written Down Value as at June 30, 2022
		Opening as at July 01, 2021	Addition during the Year	Adjustment			Charge during the year	Adjustment	11=(8+9-10)		
1	2	3	4	5	6=(3+4-5)	7	8	9	10	11=(8+9-10)	12=(6-11)
Software Development (RedHat Equipment)											
1	Next Generation Mail Server Software	2,772,300	-	-	2,772,300	20%	2,722,358	9,988	-	2,732,347	39,953
2	Agni Buy & Sell	3,460,500	-	-	3,460,500	20%	3,398,161	12,468	-	3,410,629	49,870
3	Agni Exam	1,220,400	-	-	1,220,400	20%	1,195,713	4,937	-	1,200,650	19,749
4	Network Management Software	6,548,086	-	-	6,548,086	20%	6,265,467	56,524	-	6,321,991	226,095
5	Subscriber Management Software	957,100	-	-	957,100	20%	939,858	3,448	-	943,307	13,792
	Total	14,958,386	-	-	14,958,386		14,521,557	87,366	-	14,608,923	349,460
ICX License Acquisition Cost											
6	ICX Development Cost	50,000,000	-	-	50,000,000	6.67%	29,999,998	3,333,333	-	33,333,331	16,666,669
7	Software	-	8,304,316	-	8,304,316	20%	-	1,660,863	-	1,660,863	6,643,453
	Total	50,000,000	8,304,316	-	58,304,316		29,999,998	4,994,196	-	34,994,194	23,310,122
	Total as at June 30, 2022	64,958,386	8,304,316	-	73,262,702		44,521,555	5,081,562	-	49,603,117	23,659,580
	Total as at June 30, 2021	64,958,386	-	-	64,958,386		41,079,015	3,442,540	-	44,521,555	20,436,826

Agni Systems Limited
Schedule of Fixed Assets (As per 3rd Schedule)
As at June 30, 2022

Annexure- 3
Amount in Tk

Sl. No.	Name of Assets	Cost			Depreciation		Written down Value as at June 30, 2022
		Opening balance as at July 01, 2021 (WDV)	Addition during the year	Balance as at June 30, 2022	Rate (%)	Charged during the year	
1	2	3	4	5=(3+4)	6	7	8=(5-7)
1	Land & Land Development	142,854,938	-	142,854,938	0	-	142,854,938
2	Building	5,206,813	-	5,206,813	10	520,681	4,686,132
3	Furniture & Fittings	3,167,362	5,400	3,172,762	10	317,276	2,855,486
4	Motor Vehicle	5,614,943	1,443,588	7,058,531	20	1,411,706	5,646,825
5	Air Conditioner	408,919	-	408,919	20	81,784	327,136
6	Power Backup Equipment	1,598,479	1,602,400	3,200,879	10	320,088	2,880,791
7	Computer & Equipments	1,468,985	527,510	1,996,495	20	399,299	1,597,196
8	Internet Equipment	13,696,535	15,659,766	29,356,301	20	5,871,260	23,485,041
9	Wireless Equipment	6,070,182	1,005,800	7,075,982	20	1,415,196	5,660,785
10	Telephone Installation	338,990	-	338,990	10	33,899	305,091
11	Optical Fiber	19,084,697	13,829,860	32,914,557	10	3,291,456	29,623,101
12	Other Equipment	89,355	-	89,355	10	8,936	80,420
13	Software	832,840	-	832,840	10	83,284	749,556
14	Sundry Assets	674,688	-	674,688	10	67,469	607,219
15	ICX Equipment	68,647,086	7,760	68,654,846	10	6,865,485	61,789,361
16	WiMAX Equipment	222,157,594	-	222,157,594	10	22,215,759	199,941,834
17	ROU Assets	55,392,245	-	55,392,245	-	13,207,978	42,184,267
Total as at June 30, 2022		547,304,652	34,082,084	581,386,736		56,111,556	525,275,180

AGNI SYSTEMS LIMITED

DIVIDEND DISTRIBUTION POLICY

INTRODUCTION:

In compliance with Directives No. BSEC/CMRRCD/2021-386/03 of Bangladesh Securities and Exchange Commission (BSEC) dated January 14, 2021; Agni Systems Ltd. ("the Company") formulated a policy known as "Dividend Distribution Policy." The highlights of the said policy are given below:

PURPOSE:

The purpose of the policy is to comply with the Directives of the Bangladesh Securities and Exchange Commission (BSEC). Particularly, the BSEC Directive No. BSEC/CMRRCD/2021-386/03 dated January 14, 2021, which requires the Company to formulate a "Dividend Distribution Policy" clearly set forth in writing policies related to dividend distribution thereof. The parameters set out in the policy apply to the dividend distribution.

DIVIDEND RECOMMENDATION AND APPROVAL PROCESS:

Dividend to be recommended and approved as per applicable acts and regulatory directives issued from time to time.

ENTITLEMENT OF DIVIDEND:

Shareholders whose names shall appear in the Members Register of the Company or in the Depository Register of CDBL on the 'Record Date' for the respective period or year will receive the entitled dividend.

PARAMETERS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND:

In determining dividend payment, Agni Systems Limited takes into consideration of its operating results as well as long-term returns to shareholders. The dividend is paid out of the profit of the Company. A dividend payable to the shareholders is recognized as a liability and deducted from the shareholders' equity when the shareholder's right to receive the dividend is established.

The Board of Directors of the Company will consider the following internal or external parameters while recommending/declaring dividend:

1. Current & prospective financial performance
2. Past dividend payouts
3. Growth & investment opportunities
4. Tax implication
5. Macro & micro economic factors including regulatory requirements

PROCESS OF DISTRIBUTION OF CASH DIVIDEND:

Cash dividend shall be paid directly to the bank account within 30 (thirty) days from the date of approval by the Shareholders in the AGM subject to compliance of circulars/directives of BSEC or other regulatory authorities from time to time.

- i. Through Bangladesh Electronic Funds Transfer Network (BEFTN);
- ii. Through bank transfer or any electronic payment system as recognized by the Bangladesh Bank (if not possible through BEFTN);
- iii. In case of margin loan and claim by loan provider, through the Consolidated Customer's Bank Account (CCBA);
- iv. To the separate bank account of the merchant Banker or portfolio manager through BEFTN;

- v. Through the security custodian following Foreign Exchange Regulation for non-resident sponsors, director, shareholders, unit holders or foreign portfolio investors (FPI);
- vi. Through the issuance of a Cash Dividend warrant and sending it through the post in case of non-availability of information of the shareholder or unit holder.
- vii. Amount of declared cash dividend payable for the concerned year/period shall be kept in a separate bank account as per circular of BSEC or other regulatory authority from time to time.

MANNER AND PROCEDURE OF STOCK DIVIDEND DISTRIBUTION:

The stock dividend shall be credited within 30 (thirty) days of approval subject to the clearance of the regulatory requirement [if any from BSEC, exchange(s) and the Central Depository Bangladesh Limited (CDBL)]:

- i. To the BO account;
- ii. To the suspense BO Account for undistributed or unclaimed stock dividend/bonus shares. A new Suspense BO Account will be opened in every year for the respective period's/year's suspense shares;
- iii. The bonus dividend shall be transferred to the suspense BO account if BO account is not available or BO account is inactive;
- iv. The sale proceeds of fractional bonus dividend shall be paid off as per circular of BSEC or other regulatory authority from time to time.

UNPAID OR UNCLAIMED OR UNSETTLED CASH DIVIDEND:

Unpaid or unclaimed or unsettled cash dividends shall be settled as per instructions of BSEC or other regulatory authorities from time to time.

UNPAID OR UNCLAIMED OR UNSETTLED STOCK DIVIDEND:

Unpaid or unclaimed or unsettled stock dividends shall be settled as per instructions of BSEC or other regulatory authorities from time to time.

TAX MATTERS:

Tax will be deducted at source as per applicable tax laws of Bangladesh.

SUBMISSION OF DIVIDEND DISTRIBUTION COMPLIANCE REPORT:

In compliance with the Dhaka Stock Exchange (Listing) Regulation-2015 and another regulatory requirement, the Company shall submit a Dividend Distribution Compliance Report to BSEC, DSE and CSE within 7 days from the date of completion of dividend distribution of the concerned year.

AMENDMENTS / MODIFICATIONS:

To the extent any change/ amendment is required in terms of any applicable law or change in regulations, the regulations would prevail over the policy, and the provisions in the policy would be modified in due course to make it consistent with the law of the land. Such an amended policy shall be placed before the Board for approval.

DISCLOSURE POLICY:

The Dividend Distribution Policy is available on the Company's website and annexed to its Annual Reports.

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: **CM-2022/257**

BAPLC

Date of issue : **June 19, 2022**

Renewed Certificate


This is to certify that

AGNI SYSTEMS LIMITED

is an Ordinary Member of Bangladesh Association of Publicly Listed Companies and is entitled to all the rights and privileges appertaining thereto.

This certificate remains current until 31st December 2022.




Secretary General



NARROWING THE DIGITAL DIVIDE

AGNI SYSTEMS LIMITED

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